

INTERNAL AUDIT CHARTER **PT. CARSURIN**

The main objective Internal Audit Charter is to define the purpose, objectives, scope of duties, authority and role of Internal Audit in PT. Carsurin and subsidiaries (“CARSURIN”).

Therefore, management of CARSURIN, hereby resolved as follows:

Clause 1 **VISION AND MISSION OF INTERNAL AUDIT**

Vision of Internal Audit

As an internal auditor, our mission is to function as an autonomous unit, conducting unbiased assessments and providing advisory services that enhance the effectiveness and efficiency of the company's internal controls, risk management, and governance processes. Our objective is to promote transparency, integrity, and accountability throughout the organization while adding value and safeguarding its assets.

Mission of Internal Audit

Our mission as internal auditors within this company is to aid in the achievement of its goals by employing a disciplined and systematic approach to evaluate and improve the efficiency and effectiveness of control systems, risk management practices, and governance processes. Through our assessments, insights, and recommendations, we aim to enhance the company's performance, ensure the integrity of its operations, and contribute to its overall success.

Clause 2 **SCOPE & ROLE OF INTERNAL AUDIT**

The Internal Audit Division plays a crucial role in overseeing all organizational activities, ensuring effective corporate management, and providing valuable input and recommendations to enhance value, monitor risks, and ensure the adequacy of internal controls. By conducting comprehensive audits and assessments, we actively mitigate risks and identify areas for improvement to safeguard the organization's interests and enhance its resilience. Through our diligent efforts, we support the company in effectively managing risks and achieving its strategic objectives.

The scope of our internal audit function is designed to achieve the following objectives:

1. **Risk Management:** Identify and appropriately manage risks that may impact the organization, ensuring they are mitigated effectively.
2. **Financial, Managerial, and Operational Integrity:** Verify the accuracy, reliability, and timeliness of financial information, as well as the integrity of managerial and operational activities.
3. **Compliance and Adherence:** Ensure that employee activities align with existing procedures, standards, and legal requirements.
4. **Resource Optimization:** Verify that resources are acquired in accordance with the budget and utilized efficiently and responsibly.
5. **Program Achievement:** Evaluate the effectiveness of work programs, plans, and goals to ensure successful implementation.
6. **Process Control and Continuous Improvement:** Support quality performance and drive continuous improvement by monitoring and enhancing process controls.
7. **Regulatory and External Audit Compliance:** Address significant findings from regulators or external audits that may impact the company's performance, ensuring appropriate handling and resolution.
8. **Enhancing Management Controls:** Identify opportunities to improve management controls, earnings, and the company's reputation, delivering valuable recommendations for improvement.

Clause 3

AUTHORITY AND RESPONSIBILITY OF INTERNAL AUDIT

The Internal Audit Division is vested with the following authorities and responsibilities:

1. **Unrestricted Access:** We possess unrestricted access to all functions within the organization, including access to relevant notes, employees, resources, and company assets associated with audit work. Additionally, we have the authority to provide recommendations during the course of our audits.
2. **Direct Communication:** We maintain direct and open lines of communication with management, enabling effective collaboration and information exchange.
3. **Resource Allocation:** We have the authority to allocate resources as needed, determining the frequency of audits, selecting auditees, and defining the scope of each audit to achieve the objectives set forth.
4. **Support from Auditee:** We rely on the necessary support and cooperation from auditees, both within the internal organization and external entities, to facilitate smooth audit processes and ensure the availability of required information and assistance.

By exercising these authorities, we are able to conduct thorough and comprehensive audits, ensuring the integrity, transparency, and effectiveness of the internal control systems while upholding the highest standards of professionalism and objectivity.

The responsibilities of the Internal Audit Division encompass the following:

1. **Ensuring Adequacy:** We are responsible for assessing and ensuring the adequacy of risk management practices, internal controls, and governance processes within the operational activities of the entire organization structure.
2. **Risk Management:** We play a key role in evaluating and monitoring the effectiveness of the organization's risk management framework, ensuring that risks are identified, analyzed, and appropriately mitigated.
3. **Internal Controls:** We assess the design, implementation, and effectiveness of internal controls, aiming to safeguard assets, promote operational efficiency, and mitigate risks associated with the organization's processes and activities.
4. **Governance Processes:** We scrutinize the governance processes in place, including decision-making structures, compliance with laws and regulations, and adherence to ethical standards, ensuring that they align with best practices and contribute to the organization's overall success.

The Head of Internal Audit and Internal Audit Specialists bear the following responsibilities:

1. **Annual Audit Plan:** They are accountable for developing the annual audit plan, which outlines the key areas to be audited based on risk assessment and management priorities.
2. **Scope Optimization:** They strive to optimize the scope of internal audit activities by identifying critical areas that require attention, considering the organization's objectives, risks, and control environment.
3. **Implementation of Audit Plan:** They execute the approved annual audit plan and also undertake special tasks assigned by management, ensuring that all planned audits are conducted in a timely and effective manner.
4. **Reporting to Management:** They regularly provide comprehensive reports to management, summarizing the outcomes of audit activities, highlighting significant findings, and offering valuable insights and recommendations for improvement.
5. **Enhancing Competency and Professionalism:** They focus on continuously improving the competency and professionalism of the internal audit team in terms of knowledge, skills, and experience. This may involve providing training, staying updated with industry best practices, and fostering a culture of professional development.

Clause 4

POSITION OF INTERNAL AUDIT

The Head of Internal Audit holds the following key responsibilities in relation to the President Director and Compliance Officer of the Company:

1. **Reporting Structure:** The Head of Internal Audit reports directly to the President Director and Compliance Officer, establishing a clear line of communication and accountability.
2. **Audit Independence and Authority:** They are responsible for supporting and ensuring the independence and authority of the internal audit function. This includes maintaining a separate and unbiased perspective while monitoring the follow-up actions resulting from audit findings.

3. Communication with the Board of Commissioners: The Head of Internal Audit has the authority to directly communicate with the Board of Commissioners to inform them about various matters pertaining to the audit. However, it is essential that any information shared with the Board of Commissioners is duly reported to the President Director and Compliance Officer.

Clause 5

INTERNAL AUDIT INDEPENDENCE

The members of the Internal Audit team adhere to the following guidelines and responsibilities:

1. Exclusive Focus: They are prohibited from holding concurrent positions or engaging in other operational activities within the organization. This ensures their undivided attention and commitment to the internal audit function.
2. Conflict of Interest: Members of the Internal Audit team actively avoid any actual or potential conflicts of interest. They maintain independence, objectivity, and impartiality in their audit work, ensuring that their judgments and recommendations are free from any undue influence.
3. Professional Standards: They apply the appropriate audit methodologies in line with professional standards and generally accepted auditing standards. They also adapt these methodologies to suit the unique field conditions and circumstances, while upholding the principles of generally accepted standards.
4. Auditee Selection: Members of the Internal Audit team have the discretion to determine the auditees to be assessed. They consider various factors such as risk assessment, organizational priorities, and the scope of the audit plan when selecting auditees.

Clause 6

INTERNAL AUDIT CODE OF CONDUCT

1. Integrity
 - Upholding honesty and taking responsibility in carrying out audit duties.
 - Adhering to professional rules and legislation governing internal audit.
 - Avoiding the misuse of authority for personal gain.
 - Avoiding the misuse of company assets for personal gain.
 - Refraining from engaging in illegal activities or activities that conflict with the function of internal audit.
 - Respecting and contributing to the company's goals and objectives.

2. Objectivity

- Avoiding involvement in activities or relationships that may influence the objectivity of audit reviews and results.
- Declining any goods or services that may influence the objectivity of audit reviews and results.

3. Confidentiality

- Exercising caution when accessing and using company reports, ensuring the confidentiality of company information is protected from unauthorized parties.
- Prohibiting the use of company data and information for personal gain or any other interests that conflict with the law or the organization's goals.

4. Competency

- Applying knowledge, skills, and consistently seeking self-improvement when performing audit assignments.
- Conducting internal process audits in accordance with professional standards of internal auditing, such as the Standard for the Professional Practice of Internal Auditing.
- Continuously enhancing audit skills, effectiveness, and quality through ongoing professional development.

**Clause 7
CLOSING**

Internal Audit Charter is effective from 15 August 2022

Appointed in : Jakarta

On Date : 15 August 2022

PT. Carsurin

Sheila Tiwan

CEO & President Director