

# Toyota Astra Financial Services

## Internal Audit Charter

### 1. Internal Audit Charter

The Internal Audit Charter (The Charter) is the Toyota Astra Financial Services (TAFS) Management authorization of the internal audit function. It describes internal audit organizational reporting and defines its role in the Toyota Financial Services and Astra International Group.

Internal Audit standards, policies, procedures, and other administrative practices are documented in the Internal Control Manual.

### 2. Internal Audit Mission

To assist management identify, and mitigate risk through the independent, objective evaluation of the adequacy and effectiveness of internal controls and business processes.

To facilitate achievement of the Company objectives; and safeguard the Company value and reputation through effective provision of quality assurance and consulting services.

### 3. Purpose

Internal Audit is an independent, objective assurance and consulting activity established to examine and evaluate the activities of TAFS as a service to management. It is designed to add value to TAFS by helping the organization improve its operations and achieve its objectives through a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control, and governance processes.

### 4. 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.
- The Internal Audit Head is appointed by the President Director and endorsed by the BOC.
- The President Director may terminate the Internal Audit Head with the BOC's endorsement 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.
- The Internal Audit Head and other Internal Audit Staff shall not hold any other operational functions within the Company.

#### 5. Scope - according to Internal Control Manual

The scope of internal audit encompasses all activities of TAFS and includes, but is not limited to:

- Adequacy, effectiveness and compliance with policies and Training Manuals;
- Compliance with relevant government laws and regulations;
- Compliance with internal policies, procedure and training manuals;
- Monitoring the quality of judgmental lending;
- Appropriateness of business expenditures;
- Compliance with corporate objectives and goals;
- Reliability and integrity of financial/operational information;
- Adequacy and effectiveness of the business control framework;
- Adequacy of asset and corporate image safeguarding;
- Fraud prevention and detection;
- Security, efficiency and integrity of financial and operational IT systems;
- Efficiency and effectiveness of resource utilization; and
- Implementation of sound business practices.

It is the duty of all management and staff to carry out their responsibilities and duties in a manner that prevents the opportunity for fraudulent activity. Where management and/or staff have identified fraud or the potential for fraudulent activity, they are obliged to report the matter immediately to the Internal Auditor who shall treat all information in the strictest confidential. All fraudulent activity, whether it is actual fraud or potential fraud, shall be investigated and reported on by the internal Auditor.

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.

#### 6. Responsibility

- Develop and execute risk based internal Audit Plan for the Company.
- Monitor compliance with Internal Audit Policies and Procedures through reviewing the quality of Internal Audit works.
- Identify opportunities to raise effectiveness and efficiency in the use of funds and resources.
- Undertake special projects as requested by President Director, Vice President Director, Senior Management and/or Audit Committee in a manner that does not conflict with the objective of independence.
- Coordinate, as appropriate, efforts with the external auditors to share information and to reduce the duplication of effort.

- Prepare a program to evaluate the quality of internal audit activity that has been done.
- Working together with the Audit Committee.

#### 7. Authority

- The Internal Auditor has authority for full and complete access, as delegated by the Board of Directors, to all sources of information held by all levels of management and staff. The Board of Directors requires open and unconditional disclosure by all management and staffs, who may not bar, limit or restrict in any way, the Internal Auditor from conducting their activities. Any restrictions placed on obtaining information should be reported to the Board of Directors.
- To communicate directly with BOD, BOC, and/or audit committee.
- Conduct regular or incidental meetings with BOD, BOC, and/or audit committee.

#### 8. Reporting responsibility - according to Internal Control Manual

The Internal Auditor shall communicate the issues/findings identified during a review by way of a formal audit report.

Final audit reports shall be distributed to the following parties:

- President / Vice President Director;
- Director;
- Head of Risk Management;
- Business Unit Manager; and
- Division Head of the Business Unit.

#### 9. Standards

The international Standards for the Professional Practice of Internal Auditing, issued by The Institute of Internal Auditors, will be used as a guide for TAFS Internal Audit Standards.

#### 10. Requirement of Internal Audit Staff

- Maintain a character of integrity and carry out his/her duties with professionalism, independence, honesty, and objectivity.
- Be knowledgeable and experienced with auditing techniques and other disciplines relevant to his/her field of responsibilities.
- Be knowledgeable with the rules and regulations of the stock market and other relevant rules and regulations that impact the Group's operations.
- Be able to communicate effectively using oral or written means.
- Safeguard the confidentiality of information and/or data received as a result of carrying out internal audit duties except where such information/data is required by regulation or court rulings.
- Understand risk and business management principles.
- Seek to continuously improve his/her professional knowledge, experience, and ability.
- Follow the Internal Audit Code of Ethics.

## 11. Independence

Internal auditors shall be independent of the activities and operations that they review, and shall not have any direct responsibility or any authority over such activities or operations. They are prohibited from developing or implementing systems or procedures, preparing records, or engaging in activities, which would normally be subject to internal audit review, and that could reasonably be construed to compromise an auditor's independence or objectivity.

Internal auditors may assist management or participate in projects in a consulting or advisory role.

Internal auditor independence is not adversely affected by recommending standards, modifications, or improvements in internal controls when business management is responsible for the decision to accept and implement the recommendations.