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**PT MIZUHO LEASING INDONESIA Tbk**

**INTERNAL AUDIT CHARTER**

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**INTERNAL AUDIT CHARTER**  
**PT MIZUHO LEASING INDONESIA Tbk**

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**A. BACKGROUND**

Internal Audit has an important role in ensuring the running of governance, risk management and internal control that is needed by the company. By having an important role for the company and management, internal audits are required to be independent and objective.

Therefore, in order to function more effectively, the internal audit unit must hold the clear mandate, which is agreed upon by the stakeholders and approved by the highest leadership. The mandate in the best practice of internal audit is called the Internal Audit Charter.

In the Regulation of the Financial Services Authority of the Republic of Indonesia Number 56/POJK.04/2015 dated December 23, 2015 concerning **the Establishment and Guidelines for the Preparation of the Internal Audit Unit Charter**, the Internal Audit Charter is prepared to regulate the existence and function of Internal Audit which includes the vision, mission, objectives, authorities, scope and relationship with internal/ external Company and Audit Committee.

And the International Professional Practices Framework (IPPF) as an International standard for Internal Professional Audit Practices issued by The Institute of Internal Auditors (IIA) regarding the Internal Audit Charter :

**“The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.”**

**B. LEGAL BASIS**

1. Regulation of the Financial Services Authority of the Republic of Indonesia Number 56/POJK.04/2015 dated December 23, 2015 concerning the Establishment and Guidelines for the Preparation of the Internal Audit Unit Charter.
2. International Professional Practices Framework (IPPF) as an International standard for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors (IIA).
3. Applicable company's code of ethics.

**C. DEFINITIONS**

1. **The Otoritas Jasa Keuangan (OJK)**, hereinafter abbreviated as OJK, is an independent institution that has the functions, duties and authority of regulation, supervision, inspection and investigation as referred to in the Law governing OJK.
2. **The Company** is PT. Mizuho Leasing Indonesia Tbk domiciled in Menara Astra Building, 32<sup>nd</sup> Floor, Jl. Jendral Sudirman Kavling 5-6, Jakarta Pusat 10220.
3. **Directors** are Directors of PT Mizuho Leasing Indonesia Tbk.

4. **Board of Commissioners** is the Board of PT Mizuho Leasing Indonesia Tbk.
5. **Internal Audit** is an activity of providing confidence and consultation that is independent and objective, with the aim is to increase the Company value and operations, through a systematic approach, by evaluating and improving the effectiveness of risk management, control, and corporate governance processes.
6. **Internal Audit Unit** is a work unit within an Issuer or Public Company that carries out the Internal Audit function.

#### **D. SCOPE**

The scope of Internal Audit covers all entities at PT Mizuho Leasing Indonesia Tbk such as to determine whether the risk management, control and governance processes of the Company designed and carried out by Management are adequate and cover the risks that may occur and to ensure :

1. The required resources are obtained economically, used efficiently and managed properly.
2. Action and employees behavior in accordance with applicable policies, standards, procedures, as well as laws and regulations.
3. Continuous improvement continues to be carried out by all employees and Management in accordance with the commitments that have been made.
4. Regulatory policies that have the potential to have a significant impact on the Company have been identified and reviewed quickly and accurately.

#### **E. STRUCTURE AND POSITION**

1. The Internal Audit Unit is led by a Head of Internal Audit who reports directly responsible to the President Director. To support Independence and ensure the smooth running of the Audit process and monitor follow-up actions, the Head of Internal Audit, in addition to reporting to the President Director, also reports to the Board of Commissioners through the Audit Committee.
2. The Head of the Internal Audit Unit is appointed and dismissed by the President Director with the approval of the Board of Commissioners and reported to the Financial Services Authority.
3. The Internal Auditor who is under the structure of the Internal Audit Unit is responsible directly to the Head of Internal Audit.

#### **F. VISION, MISSION, AND OBJECTIVES**

##### **1. VISION**

Carry out Internal Audit functions that have integrity, are professional and in accordance with International Best Practice and become a trusted advisor who pro-actively provides analysis, strategic advice and services so as to provide added value to the Company in the implementation of Good Corporate Governance.



## **2. MISSION**

Providing independent confidence and objectives to assist the Company, especially the President Director and Board of Commissioners to improve operational value and performance through a systemic approach by evaluating and improving the effectiveness of risk management, control and corporate governance.

## **3. PURPOSE**

- a. Identify and evaluate risks and provide analysis and advice on risk management and internal control systems.
- b. Provide analysis of effectiveness and efficiency throughout the Company's operational activities.
- c. Provide information on the results of compliance assessment to the applicable laws and regulations.
- d. To secure the Company assets.
- e. To Provide suitable recommendations to improve the corporate governance process.
- f. To Help improving internal control within the Company to prevent fraud, through testing the adequacy and effectiveness of the control system.
- g. To Provide an independent view to the Board of Commissioners and Management on the adequacy of internal control and evaluate compliance with policies and procedures.
- h. To Provide consulting services that provide added value and improve the company's operational performance.

## **G. DUTIES AND RESPONSIBILITIES**

Internal Audit has duties and responsibilities such as :

1. Prepare and develop a flexible annual Audit work plan using suitable risk-based planning methods, including risks and controls identified by Management and approved by the President Director.
2. Carry out the annual audit plan that has been approved, including special tasks requested by the Management and the Board of Commissioners through the Audit Committee.
3. Maintain audit staff so that they are always professional, have adequate knowledge, expertise and experience.
4. Provide consulting services, apart from internal audit assurance services to assist management in achieving company goals.
5. Evaluating and assessing the merger/ consolidation of functions, changes in services, processes, operations and control processes in relation to the International Standard for The Professional Practices of Internal Auditing from the Institute of Internal Auditors (IPPF/IIA) and align with the Financial Services Authority Regulations.
6. Provide suggestions for improvement and objective information about the activities examined at all levels of management.
7. Make a report on the results of the examination and submit the report to the President Director and the Board of Commissioners through the Audit Committee.
8. Establish and ensure the follow-up process for inspection results to monitor and ensure that the improvement process has been carried out effectively and efficiently.

9. Conduct investigations into alleged fraud that occurred within the Company, including coordination with other work units in conducting investigations.

## **H. AUTHORITIES**

Internal Audit has the authority to :

1. Have full, free and unrestricted access to all functions, records, assets and personnel of the Company that are relevant to their duties and functions.
2. Have full access in holding regular and incidental meetings to the Board of Directors, Board of Commissioners and Audit Committee.
3. Allocating resources, determining frequency, selecting subjects, determining the scope of work and applying the techniques needed to achieve audit objectives.
4. Obtaining the support personnel needed to carry out audits and other services.

## **I. CODE OF ETHICS**

The Head and members of Internal Audit must comply with the Internal Auditor's code of ethics standards which refers to the code of ethics established by The Institute of Internal Auditors (IIA) and PT Mizuho Leasing Indonesia Tbk, which must apply the principles :

### **1. Integrity**

Internal auditors have integrity which is the basis for determining the assessment. The Internal Auditor will not accept fees or gifts in any form from the auditee, partners or other parties in order to maintain the integrity of the Auditor.

### **2. Objectivity**

Demonstrate the level of objectivity in collecting, evaluating and communicating information related to the activity or process being examined. The Internal Auditor conducts a balanced examination of the objects being examined.

### **3. Confidentiality**

Uphold the value and ownership rights of the information obtained and must not disclose information without the consent of the authorities unless there is a legal obligation.

### **4. Competence**

Apply the knowledge, skills and experience required in all Internal Audit activities.

## **J. AUDITOR REQUIREMENTS**

The Head and members of Internal Audit individually and collectively must have the knowledge, skills and competencies, such as :

1. Have integrity and professional, independent, honest and objective behavior.
2. Have knowledge, experience regarding audit techniques, risk management, internal control systems and other relevant capabilities in accordance with their field of duty.
3. Have knowledge of laws and regulations in the field of financing, capital markets and other regulatory policies.

4. Have the ability to interact and communicate both orally and in writing effectively.
5. Have an understanding of the principles of good corporate governance and risk management.
6. Comply with professional standards issued by the institute of Internal Auditors.
7. Willing to continuously improve knowledge, skills, professional abilities and effectiveness and quality of Auditor's work.
8. Not carrying out concurrent duties and positions related to the company's operations.

**K. OTHERS**

The Internal Audit Charter is the result of the evaluation of the 2019 Internal Audit Charter and will be evaluated periodically for improvement. The Internal Audit Charter is effective since it was ratified with the approval of the Board of Directors and the Board of Commissioners.