

PT KGI SEKURITAS INDONESIA

INTERNAL AUDIT POLICY

1. OBJECTIVES

The objectives of the Internal Audit Function (“IAF”) are:

- a. To examine and evaluate the activities and internal controls of PT KGI Sekuritas Indonesia (the “Firm”) so as to provide an independent and objective assurance to senior management on the adequacy and effectiveness of internal controls, financial reporting systems, corporate governance processes and risk management framework.
- b. To report to Board of Directors on the implementation of Internal Audit and to recommend cost-effective improvements which are agreed with management and tracked until implementation.
- c. To identify irregularities and indicators that fraud might have been committed within the Firm.

2. SCOPE OF RESPONSIBILITIES

- a. Reviewing the reliability and integrity of financial and operating information.
- b. Reviewing and appraising the adequacy of accounting, financial, information systems and internal controls.
- c. Reviewing the procedures on safeguarding the Firm’s assets and that of clients and, as appropriate, verifying the existence of such assets.
- d. Monitoring, identifying and taking follow-up action on matters related to Internal Audit that warrants the attention of the Board of Directors as explicitly stated under Article 38(1)(d) of OJK Reg. No. 57/POJK.04/2017 on Corporate Governance.
- e. Reviewing the systems established to ensure compliance with those policies, guidelines, procedures, rules and regulations.
- f. Tracking and reporting on the rectification status of all audit findings arising from both internal and external audits.
- g. Co-ordinating with the external auditors while executing their assigned duties.
- h. Carrying out special review as requested by Board of Directors and/or Commissioners and/or senior management of the Parent Company.

3. INDEPENDENCE

- a. IAF is independent of the day-to-day business of the Firm. IAF assumes no operational responsibilities and shall have no direct authority or responsibility over activities it audits.
- b. Under Article IV.1.g.2).b).(3) of OJK Circular Letter No. 55 on Corporate Governance, IAF is required to submit to OJK by the 15th February of each year a Declaration Statement of Independence signed by the Director who is responsible for IAF.

4. SCOPE OF AUTHORITY

- a. IAF is authorized to examine the internal controls, risk management and corporate governance in all areas of the Firm.
- b. To accomplish its objectives, IAF has full, free and unrestricted access to all Firm’s properties, personnel and business and financial records, including but not limited to trading records, client records, management and financial accounts, etc.

5. REPORTING LINE

- a. Under Article 38(1)(d) and Article 39(1) of OJK Reg. No. 57/POJK.04/2017 on Corporate Governance, IAF is responsible to the Board of Directors.
- b. Under Article 39(2) of OJK Reg. No. 57/POJK.04/2017 on Corporate Governance and Article 12.a.5(k) of OJK Regulation V.D.3, IAF is required to report on the implementation of internal audit to the Board of Directors (“BOD”) with the Board of Commissioners copied on.
- c. Functionally, IAF reports directly to BOD as well as Regional Function Head of Internal Audit of the Parent Company.

6. STAFFING

IAF shall maintain professional audit staff with sufficient knowledge and experience to meet the requirements of this Policy.

7. AUDIT PLAN

Prior to the commencement of each year, IAF will prepare an audit plan with the proposed scope and time schedule to be approved by the Board of Commissioners and Directors.

8. EFFECTIVE DATE

This Policy and subsequent amendments (if any) shall become effective immediately upon its announcement following the approval by the Board of Commissioners and Directors.

PT KGI SEKURITAS
INDONESIA