

A K R O S

# **Akros Index Engineering**

## **Internal Audit Policy**

Akros Index Engineering Inc.

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## 1. Overview

### 1.1. Policy for Internal Audit

Akros Index Engineering (“AIE” or the “Company”) is the benchmark administrator for benchmarks that are operated under the Akros Indices brand.

The mission of the internal audit at AIE is to assist members of Board of Directors and management in the effective discharge of their duties and responsibilities. To this end, the internal audit will provide independent assurance to AIE’s Board of Directors (the “Board of Directors”) and Audit Committee (if exists) that all significant and material corporate governance matters and business risks are being appropriately controlled through furnishing them with analyses and recommendations, counsel and information.

The objectives of the internal audit at AIE are:

- To provide advice to the Board of Directors and Audit Committee on all aspects of corporate governance across AIE, and independent assurance on the compliance with AIE corporate governance;
- To provide independent assurance to the Audit Committee, and the Board of Directors by performing and issuing internal audit reports covering the adequacy and appropriateness of AIE to control and manage its business;
- To provide assistance to managers and senior management in carrying out their internal control responsibilities including matters of risks, policies, and procedures;
- To reduce any unnecessary risk exposure across AIE by assuring control mechanisms are appropriate for levels of risk;
- To provide advice to benchmark the effectiveness and efficiency of control;
- To share effective risk management and control processes within AIE.
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## **2. Role of the Internal Audit Function**

The Internal Audit function at AIE is an independent and objective assurance and consulting activity designed to add value and improve AIE's operations. It helps AIE accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

## **3. Authority**

- 3.1. The Internal Auditor is authorized to oversee a comprehensive, risk-based program of internal auditing within AIE.
- 3.2. The Internal Audit function has unrestricted access to all records, physical properties, and personnel relevant to any review.
- 3.3. The Internal Auditor reports directly to the Board of Directors and has direct access to them when necessary.

## **4. Independence**

- 4.1. The Internal Audit function is independent from operational and business functions to ensure a fair and unbiased assessment of internal control systems.
- 4.2. Internal auditors are free from undue influence in selecting audit scope, techniques, procedures, and programs.
- 4.3. No legitimate source of information is closed to the internal auditors.

## **5. Responsibilities**

- 5.1. The Internal Auditor has no direct responsibility or authority over any activities or operations it reviews. It is a control function that measures and evaluates the effectiveness of various controls in place.
- 5.2. Senior Management is responsible for implementing the recommendations provided by the Internal Audit.
- 5.3. The Internal Auditor is responsible for ensuring timely and complete responses to requests from regulatory authorities.

## **6. System Implementation**

The Internal Audit participates in an advisory capacity in the planning, development, implementation, and modification of major systems to ensure adequate controls, thorough testing, complete documentation, and that the intended purposes are met.

## **7. Scope**

The scope of internal auditing encompasses examining and evaluating the adequacy and effectiveness of AIE's internal controls and the quality of performance in carrying out assigned responsibilities. This includes:

- Risks are appropriately identified, quantified and their impact assessed;
- Reviewing the reliability and integrity of financial and operational information.
- Ensuring compliance with internal and regulatory requirements.
- Assessing risk management systems.
- Safeguarding AIE's and clients' assets.
- Assisting in fraud deterrence by evaluating control adequacy.
- Conducting special reviews as requested by Management or the Board of Directors.

## **8. Audit Frequency and External Audit Appointment**

- 8.1. The frequency of audits will be proportionate to the size and complexity of AIE's operations. Annual audits are typical, but more frequent audits may be conducted for more complex operations.
- 8.2. An independent external auditor with appropriate experience will be appointed to periodically review adherence to methodologies and manage potential conflicts of interest. The frequency of external audits will align with the size and complexity of AIE's benchmark operations and stakeholder use.

## **9. Reporting**

- 9.1. At the conclusion of each audit, a meeting will be held with the relevant team to discuss findings and recommendations.
- 9.2. A draft audit report will be prepared and shared with the team for feedback. The final audit report, including the team's responses, will be distributed to Senior Management and made available to the Board of Directors.
- 9.3. Follow-up reviews will be conducted to ensure the implementation of recommendations.

## **10. Detection, Investigation, and Reporting of Fraud**

- 10.1. Internal Audit shall be notified of any circumstances suggesting a reasonable possibility of asset loss due to security breaches.
- 10.2. Internal Audit will identify weaknesses in procedures that allowed the loss and recommend improvements. Future audits will incorporate tests to detect similar weaknesses.
- 10.3. Any potential breaches or non-compliance with laws or rules must be disclosed to the relevant regulatory authority.

## **11. Documentation and Regulatory Cooperation**

- 11.1. Relevant documents, audit trails, and other materials will be maintained and made readily available to regulatory authorities. Audit trails shall be maintained for at least five years.
- 11.2. The Internal Auditor is responsible for ensuring prompt and complete responses to requests from regulatory authorities, facilitating their regulatory and supervisory duties.

## **12. Qualifications of the Internal Auditor**

The Internal Auditor at AIE is recommended to possess:

- Relevant education and certifications (e.g. CIA, CPA, CISA).
- Significant experience in auditing, including leadership roles.
- Strong analytical, communication, and ethical standards.
- Knowledge of industry regulations and audit practices.

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