

PT. INDO-RAMA SYNTHETICS TBK

AUDIT COMMITTEE CHARTER

Introduction

This Audit Committee Charter was established by the Board of Commissioners of PT. Indo-Rama Synthetics Tbk (herein-after referred to as the "**Company**") as required in the Decree of the Chairperson of the Board of Commissioners of Financial Services Authority number 55/POJK.04/2015, dated December 23, 2015 regarding Formation and Guidelines for the Establishment and Guidelines for Work Implementation of the Audit Committee.

The function and purpose of this Audit Committee Charter is as a framework for the Company's Audit Committee in performing their roles and responsibilities more effectively in order to administer, manage and run the Company in accordance with the prevailing laws and regulations.

This Audit Committee Charter will be reviewed and reassessed at least annually by the Audit Committee and any proposed changes will be submitted to the Board of Commissioners for approval.

Members of the Audit Committee are appointed and dismissed by the Board of Commissioners.

1. Composition, Structure and Requirements of Membership

- a) The Audit Committee shall consist of at least three (3) members who originate from the Independent Commissioners and external parties of the Company.
- b) The Audit Committee is chaired by an Independent Commissioner.
- c) Independent Commissioner shall meet the following requirements:
 - i. he/she is not a person employed or having the authority and responsibility for planning, directing, controlling, or supervising the Company's activities within the last six (6) months;
 - ii. he/she has no shares, either directly or indirectly in the Company;
 - iii. he/she is not affiliated with the Company, the members of the Board of Commissioners, the members of the Board of Directors, or the majority shareholders of the Company; and
 - iv. he/she does not have a business relationship, either directly or indirectly related to the Company's business activities.
- d) The members of the Audit Committee shall meet the following requirements:
 - i. he/she shall have high integrity, ability, knowledge, experience in accordance with his/ her field of work, and able to communicate well;
 - ii. he/she shall understand the financial state-ments, the Company's business, particularly related to the Company's services or business activities, audit

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- process, risk management, and laws and regulations in the field of Capital Market as well as other related laws and regulations;
- iii. he/she shall comply with the Audit Committee code of conduct established by the Company;
 - iv. he/she is willing to continuously improve his/her competence through education and training;
 - v. the committee shall have at least one member with the educational background and expertise in the field of accounting and/or finance;
 - vi. he/she is not a person who worked with a Public Accounting Firm, Law Firm, Public Appraisal Service Office or other parties who provided assurance services, non-assurance services, appraisal services and/ or other consulting services to the Company within a period of the last six (6) months;
 - vii. he/she is not a person employed or having the authority and responsibility for planning, directing, controlling, or supervising the Company's activities within a period of the last six (6) months;
 - viii. he/she has no shares, either directly or indirectly in the Company;
 - ix. In the case the members of the Audit Committee acquire the Company's shares, either directly or indirectly as a result of any legal event, the shares shall be transferred to any other party within a maximum period of six (6) months after acquiring such shares;
 - x. he/she is not affiliated with the members of the Board of Commissioners, the members of the Board of Directors, or the main shareholders of the Company; and
 - xi. he/she does not have a business relationship, either directly or indirectly related to the Company's business activities.

2. Duties and Responsibilities as well as Authority

The Audit Committee is assigned to assist the Board of Commissioners, including identifying any matters that require attention of the Board of Commissioners. In carrying out its functions, the Audit Committee has the following duties, responsibilities and authority:

- a) Reviewing the financial information to be published by the Company to the public and/or the relevant authorities, among others, financial statements, projections, and other reports related to the Company's financial information;
- b) Reviewing the compliance to the laws and regulations related to the Company's activities;
- c) Providing independent opinion in the event of disagreements between the management and the Accountants for the services rendered;
- d) Providing recommendations to the Board of Commissioners regarding the appointment of Accountants based on the independence, the scope of assignment and the fee;

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- e) Reviewing the implementation of audit by internal auditors and supervising the follow-up implementation by the Board of Directors on the internal auditor findings;
- f) Conducting a review of the implementation of risk management activities carried out by the Board of Directors, if the Company does not have a risk monitoring function under the Board of Commissioners;
- g) Examining any complaints related to accounting processes and financial reporting of the Company;
- h) Reviewing and providing advices to the Board of Commissioners related to the potential conflict of interest of the Company; and
- i) Keeping the confidentiality of documents, data and information of the Company.

In performing its duties, the Audit Committee has the following authority:

- i. Accessing documents, data, and information of the Company about the employees, funds, assets and resources required by the company;
- ii. Communicating directly with the employees, including the Board of Directors and the party who performs the function of internal audit, risk management, and Accountants related to the duties and responsibilities of the Audit Committee;
- iii. Involving independent parties outside the members of the Audit Committee which are required to assist the performance of its duties (if required); and
- iv. Performing other authority granted by the Board of Commissioners.

3. Working Program and Procedures

The Audit Committee prepares and implements the Audit Committee Planning Meeting which is the working programs and procedures of the Audit Committee. The plan includes the schedule, the time and the frequency of meetings for the current year, the parties involved in the meeting, including, among others the Company's management, internal auditors, independent accountants and other parties, and issues/topics to be discussed in the meeting. The topics shall include, but not limited to the financial statements and other matters related to the Company's financial information, independent accountants, internal auditors and others.

4. Proceedings of Meeting

- a) The Audit Committee holds the meeting regularly at least once in three (3) months.
- b) The Audit Committee Meeting may only be held if it is attended by more than a half (1/2) of the total members.
- c) Resolutions of the Audit Committee shall be adopted based on deliberation or discussion leading to mutual consensus.

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- d) Each meeting of the Audit Committee shall be stated or declared in the minutes of meeting, including if there are dissenting opinions, which shall be signed by all members of the Audit Committee present in the meeting and such minutes of meeting shall be submitted to the Board of Commissioners.

5. Activity Reporting

- a) The Audit Committee shall make a report to the Board of Commissioners on any given assignment.
- b) The Audit Committee shall make an annual report on the implementation of the Audit Committee activities which shall be disclosed in the Company's Annual Report.
- c) The Company shall submit to the Financial Services Authority any information regarding the appointment and dismissal of the Audit Committee within a maximum period of two (2) workdays after the appointment or dismissal.
- d) Information regarding the appointment and dismissal as referred to in letter c shall be uploaded in the stock exchange website and/or the Company's website.

6. Provisions Concerning the Handling of Complaints or Reports in connection with the Alleged Violations Related to the Financial Reporting

The Audit Committee will conduct a review if there are employees of the Company who raised any concerns about the possible allegation of violation related to the financial reporting or other matters, and ensure that an independent investigation of the matters has been carried out and appropriate follow-up measures have been taken.

7. Term of Office

The term of office of the Audit Committee members shall not be longer than the term of office of the Board of Commissioners as provided for in the Company's Articles of Association and may be reelected only for another term of office.

Jakarta, February 29, 2016

The Board of Commissioners