

PT. Indo-Rama Synthetics Tbk

Internal Audit Unit Charter

I. Introduction

In order to improve the effectiveness of risk management, corporate governance control and processes based on the Good Corporate Governance principles, PT. Indo-Rama Synthetics (the "**Company**") introduced an internal control system by establishing an Internal Audit Unit.

This Internal Audit Unit Charter is prepared with reference to the Rule No. 56/POJK.04/2015 as required in the Decree of the Chairperson of the Board of Commissioners of the Financial Services Authority dated December 23, 2015 regarding "Establishment and Guidelines for Preparation of Internal Audit Unit Charter" and stipulated as a written basis for the Internal Audit Unit in performing its duties and functions.

II. Structure and Position of the Internal Audit Unit

- a) The Internal Audit Unit is led by a Head of the Internal Audit Unit.
- b) The Head of the Internal Audit Unit is appointed and dismissed by the President Director with the approval of the Board of Commissioners.
- c) The President Director may dismiss/discharge the Head of the Internal Audit Unit, after obtaining approval from the Board of Commissioners, if the Head of the Internal Audit Unit does not meet the requirements as an auditor of the Internal Audit Unit as set out in this rule and or fail or incompetent to perform his/her duties.
- d) The Head of Internal Audit Unit is responsible to the President Director.
- e) The Auditors assigned in the Internal Audit Unit is responsible directly to the Head of the Internal Audit Unit.

III. Duties and Responsibilities of the Internal Audit Unit

- a) Preparing and implementing an annual Internal Audit plan.
- b) Testing and evaluating the implementation of internal control and risk management system in accordance with the Company's policy.
- c) Examining and assessing the efficiency and effectiveness in the field of finance, accounting, operations, human resources, marketing, information technology and other activities.
- d) Providing recommendations for improvements and objective information about the activities audited at all levels of management.
- e) Preparing the audit report and submitting the report to the President Director and the Board of Commissioners.
- f) Monitoring, analyzing and reporting the implementation of improvements follow-up that has been recommended.
- g) Collaborating with the Audit Committee.

- h) Preparing a program to evaluate the quality of the internal audit activity performed.
- i) Conducting special audit if necessary, which shall be approved and assigned by the President Director.

IV. Authority of the Internal Audit Unit

- a) Accessing all relevant information about the Company related to its duties and functions.
- b) Communicating directly with the Board of Directors, the Board of Commissioners, and/or the Audit Committee and members of the Board of Directors, the Board of Commissioners, and/or the Audit Committee.
- c) Holding regular and incidental meetings with the Board of Directors, the Board of Commissioners, and/or the Audit Committee. d) Coordinating its activities with the activities of the external auditors.

V. Internal Audit Code of Conduct

- a) The Internal Audit Unit has a professional code of conduct, which refers to the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors. The Internal Auditors are required to uphold and abide by the code of conduct in performing their duties.

VI. Internal Auditor Requirements

- a) Having integrity and professional behavior, independent, honest, and objective in performing their duties.
- b) Having technical knowledge and experience regarding the audit and other relevant disciplines in their respective field of duties.
- c) Having knowledge of laws and regulations in the field of capital market and other related laws and regulations.
- d) Having the ability to interact and communicate both verbally and in writing effectively.
- e) Mandatory to comply with professional standards established by the Internal Audit Association.
- f) Mandatory to comply with the Internal Audit code of conduct.
- g) Mandatory to maintain the confidentiality of information and/or data of the Company related to the implementation of Internal Audit duties and 3 responsibilities unless required otherwise by the laws and regulations or ruling/verdict of the court of law.
- h) Understanding the principles of good corporate governance and risk management.
- i) Willing to improve the knowledge, skills and professional capabilities continuously.

VII. Accountability of the Internal Audit Unit

- a) Reporting periodically the realization of the audit findings out of the targets set down in the annual Internal Audit plan.
- b) Following and reporting the follow-up results over the audit findings to ensure that the appropriate actions have been implemented.
- c) Improving the quality and expertise of Internal Auditors on an ongoing basis.

VIII. Restrictions of the Internal Auditor Position in the Operating Activities

The Head of Internal Audit Unit and the Auditors assigned in the Internal Audit Unit are prohibited from having the duties and/or holding double/concurrent positions in the implementation of operating activities of the Company and its Subsidiaries.

IX. Closing

- a) This Internal Audit Unit Charter shall be effectively valid as from the date of its stipulation.
- b) This Internal Audit Unit Charter will be evaluated and reviewed periodically to adjust to the Company's developments and requirements.
- c) This Internal Audit Unit Charter is stipulated by the Board of Directors and approved by the Board of Commissioners.

Jakarta, February 29, 2016

The Board of Directors
