

# **PT. Indo-Rama Synthetics Tbk (“Indorama”)**

## **Risk Management Policy**

### **Introduction**

Indorama is committed to managing risk, in a manner consistent with its values, so as to:

- (a) Protect its people, communities, the environment, its assets, and reputation;
- (b) Ensure good governance and legal compliance; and
- (c) Enable it to realize opportunities and create long-term shareholder value.

### **Scope**

This policy summarizes Indorama’s risk management framework. The framework is used by Indorama to consistently and comprehensively apply risk management and internal control practices to material risks encountered in its business.

### **Risk Management Framework**

The risk management framework that Indorama follows includes, in summary:

- (a) Identification of material risks;
- (b) Use of appropriate and relevant risk management techniques and methodologies to analyze and quantify risks;
- (c) Determination of a mitigation and/or action plan for identified risks and for the plan to be implemented;
- (d) Development and implementation of specific policies, processes and procedures where considered appropriate or necessary to address particular risks;
- (e) Communication and consultation, between the Board of Directors and the management, and between management and the broader organization, to develop an appropriate risk culture;
- (f) Regular assessment of risks by management (including with the assistance of the internal audit function) and reporting of results to the Board of Directors; and
- (g) Allocation of necessary and appropriate resources in support of risk management.

The following types of risks are important to the business activities of Indorama:

- (1) Reputational risks
- (2) Compliances including environmental risks
- (3) Risks that have long term impact, loss of business opportunities, and/or impairment of assets
- (4) Events having impact on cyclicity and integrity of the business
- (5) Currency risks
- (6) Insurable risks

### **Responsibilities**

#### **Board of Directors**

The Board of Directors has overall responsibility for ensuring that Indorama has in place a sound system of risk management, and reviewing the effectiveness of the implementation of that system. The Board of Directors takes a pro-active approach to management of risk.

#### **Internal Audit Department**

Indorama has an Internal Audit Department that assists the Board of Directors in relation to compliance of the Company’s risk management policies together with periodically reviewing their adequacy and effectiveness.

### **Management and Employees**

Management is responsible for establishing and implementing the system for adequately managing risks, including communication of, and promotion of, the risk management strategy within their respective business units. Management is also responsible for developing and enhancing specific risk policies, processes and procedures.

All employees are responsible for supporting and contributing to active management of risk. Each employee is accountable for recognizing and responding to material business risks, and for implementing risk mitigation and/or action plans, associated with their role.