

PT INDO KORDSA TBK.
AUDIT COMMITTEE CHARTER

1. PURPOSE

The purpose of the Audit Committee shall be to assist the Board of Commissioners in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the company's process for monitoring compliance with laws and regulations and the code of conduct.

2. STRUCTURE AND COMPOSITION

The Audit Committee will consist of at least three members. Independent commissioner, who is appointed to be one of the members of the Audit Committee, will automatically become the chair of the Audit Committee. Board of Commissioners appoints two other independent parties as the member of the Audit Committee. The Board of Commissioners, at its sole discretion, can add new member to the Audit Committee.

The chair of Audit Committee must fulfill the following criteria:

- a. Not a person who has authority and responsibility to plan, lead, control and supervise the Company's operation within the last 6 months,
- b. Do not have share, directly or indirectly, in the Company,
- c. Do not have affiliated relationship with the Company, the Board of Commissioner member, the Board of Director member, the majority shareholder of the Company, and
- d. Do not have business relationship, directly or indirectly with the Company,
- e. Not a person from accounting firm, law firm, actuarial firm or other assurance, non-assurance, actuarial and consulting firm who give service to the Company within the last 6 months,

3. QUALIFICATION

- a. Have high integrity, ability, knowledge, experience and able to communicate effectively,
- b. Understand financial statements, the Company's business, audit processes, risk management, rules and regulations in the capital market and other relevant rules,
- c. Comply to the code of ethics of the Audit Committee,
- d. Shall continually improve their competency through education and training,

- e. Have at least one member with accounting or financial expertise,
- f. Not a person who has authority and responsibility to plan, lead, control and supervise the Company's operation within the last 6 months,
- g. If Audit Committee member hold the Company's share, directly or indirectly, the share must be transferred to another party within 6 months since the share obtained,
- h. Do not have affiliated relationship with the Company, the Board of Commissioner member, the Board of Director member, the majority shareholder of the Company, and
- i. Do not have business relationship, directly or indirectly with the Company.

4. RESPONSIBILITIES

The Audit Committee will carry out the following responsibilities:

Financial Statements

- Review the Company's financial reporting activities, including annual report, and accounting standards and principles, significant changes in such standards or principles or in their application and the key accounting decisions affecting the Company's financial statements, and any other matters required to be reviewed under applicable legal and regulatory requirements.
- Review and clarification of financial reports, such as financial statements to be published, projection and consider whether they are complete, reliable, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review the Company's risk assessment and risk management practices and the guidelines, policies and processes for risk assessment and risk management.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.

Internal Control

- Evaluation of the effectiveness of internal control, by reviewing the design and implementation of the policy and procedure to ensure the effectiveness internal control to avoid any possible misconduct in financial reporting, misuse of assets and violation against the laws.

- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Internal Audit

- Review with management and the Head of Internal Audit, the Internal Audit Charter, objectivity, authority, activities, staffing, and organizational structure of the Internal Audit department.
- Have final authority to review and approve the annual audit plan and all major changes to the plan.
- Evaluate audit implementation, includes reviewing audit program and working paper by sampling.
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Head of Internal Audit.
- Review major findings, recommendations and action plans of Internal Audit report.
- Resolve any disagreements between management and the Internal Auditor regarding audit findings and monitor the follow up actions.
- Review the effectiveness of the Internal Audit function, including compliance with The Institute of Internal Auditors' *International Professional Practices Framework for Internal Auditing consisting of the Definition of Internal Auditing, Code of Ethics and the Standards*.
- On a regular basis, meet separately with the Head of Internal Audit to discuss any matters that the committee or Internal Audit believes should be discussed privately.

External Audit

- Pre-approve all auditing and non-audit services (including the fee structure) to ensure that the services provided would not impair the independence of the external auditor.
- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with Internal Audit.
- Review major findings, recommendations and action plans of external audit report.

- Resolve any disagreements between management and the external auditor regarding financial reporting.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the company, including non-audit services, and discussing the relationships with the auditors.
- Monitor regular rotation of audit partners by the external auditors as required by law.
- On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

Compliance

- Compliance with laws and regulations, by monitoring to assure that the Company operation activities has been conducted in accordance with the prevailing law applied in Capital Market and other regulation related to the Company's operation.
- Review Company's policies and practices on conflict of interest, ethics, fraud and legal.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review the process for communicating the code of conduct to company personnel, and for monitoring compliance therewith.
- Obtain regular updates from management and company legal counsel regarding compliance matters.

Other Responsibilities

- Implementation of special tasks by the Board of Commissioners through written notice by stating the members' name, characters and scope of works, goals and objective of works, time frame and other administrative related with special tasks.

- Review the Board of Directors' compensation and remuneration, including fringe benefits.
- Institute and oversee special investigations as needed.
- Retain external counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
- Implementation of self-assessment duties of Audit Committee, regarding the effectiveness of its performance and update its charter periodically.
- Confirm annually that all responsibilities outlined in this charter have been carried out.

5. AUTHORITY

Audit Committee is authorized by the Board of Commissioners to:

- a. Directly communicate and get all information needed from the Board of Directors or other management members, and all employees are directed to be cooperative with the Audit Committee.
- b. Obtain all Company's finance and accounting information from appointed external auditor, without the presence of Board of Directors, but with their consent.
- c. Hear the opinion from legal counsels and other independent counsels and to keep the presence of external parties who have skills and experiences relevant to it, if necessary.
- d. Do another authority as delegated by the Board of Commissioners.

If Audit Committee needs opinions from external parties in regard of its duty, then, the member who requests for the opinion has to obtain the approval from the chair of Audit Committee. This request has to be submitted to President Director.

6. MEETINGS

- a. The committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. All committee members are expected to attend each meeting, in person or via tele- or video-conference. Audit Committee meetings may be held with minimum half of its members present.

- b. The committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors and executive sessions.
- c. The resolution of the meeting shall be determined through discussion.
- d. Meeting agenda will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared and should be signed by all members of Audit Committee who present. The minutes of meeting will be circulated to all members of Audit Committee and the Board of Commissioners.

7. REPORTING

- a. Audit Committee must prepare annual report regarding Audit Committee activity which is attached in the Company's annual report,
- b. The Audit Committee will report regularly to the Board of Commissioners on the Committee's activities, findings, and recommendations, including the results of the Committee's self-evaluation and any recommended changes to the Committee's charter,
- c. Provide an open avenue of communication between Internal Audit, the external auditors, and the Board of Directors.
- d. Review any other reports the company issues that relate to committee responsibilities,
- e. The Company must inform Indonesia Financial Services Authority (OJK) regarding the appointment and dismissal of Audit Committee within two working days of the appointment or dismissal,
- f. Information regarding the appointment and dismissal as described in point e, must be published in the IDX's website and/or in the Company's website.

8. LENGTH OF SERVICE

The length of service of the Audit Committee member shall not exceed the length of service of the Board of Commissioners as prescribed in the Company's Article of Association. The Audit Committee member may be re-elected for the next one period only.

This Audit Committee Charter will be periodically reviewed and will be published in the Company's website.