

## **PT. Indo-Rama Synthetics Tbk ("Company")**

### **Board of Commissioners' Guidelines**

#### **Introduction**

The Board of Commissioners' Guidelines was established by the Board of Commissioners of the Company as required by the Regulations of Financial Services Authority Number: 33/POJK.04/2014 dated December 8, 2014 concerning the Board of Directors and the Board of Commissioners of the Issuer or the Publicly Listed Company and the Regulations of Financial Services Authority Number: 34/POJK.04/2014 dated December 8, 2014 concerning Nomination and Remuneration Committee of the Issuer or the Publicly Listed Company.

#### **Legal Basis – Composition, Structure and Requirements for Membership**

1. The members of the Board of Commissioners shall be appointed and dismissed by a General Meeting of Shareholders ("GMS") and they shall be entitled to resign from their position before their term of office has come to an end under the Company's articles of association, the provisions of Law on Limited Liability Companies ("UUPT") and the existing laws and regulations in the field of Capital Market.
2. The Board of Commissioners shall consist of at least 3 (three) members, consisting of 1 (one) President Commissioner, at least 1 (one) Vice President Commissioner and at least 1 (one) member of the Board of Commissioners, with regard to the total number of Independent Commissioner shall at least 30% (thirty percent) of the total members of the Board of Commissioners.
3. The members of the Board of Commissioners shall be appointed and dismissed/discharged by a GMS; the said appointment shall be valid commencing from the date as stipulated in a GMS which decides his/her/their appointment and shall cease at the closing of the 5th (fifth) Annual GMS after the date of his/her/their appointment and may be reappointed.
4. Those who are entitled to be members of the Board of Commissioners are the individual who fulfill the requirements (at the time of his/her appointment and during his/her term of office) of the provisions of UUPT, the laws and regulations in the field of Capital Market and the laws and regulations related to the Company's business activities and including but not limited to the following matters:
  - a. having good character, morality and integrity;
  - b. legally competent;
  - c. within 5 (five) years prior to his/her appointment and during his/her term of office:
    - i. never been declared bankrupt;

- ii. never become a member of the Board of Directors and/or a member of the Board of Commissioners declared guilty of causing a company to go bankrupt;
  - iii. never been convicted of committing a criminal offense that is detrimental to the State financial and/or relating to the financial sector; and
  - iv. never been a member of the Board of Directors and/or a member of the Board of Commissioners that during his/her/their term of office/service:
    - 1. never hold an Annual GMS;
    - 2. his/her accountability as a member of the Board of Directors and/or a member of the Board of Commissioners was once not accepted by the GMS or once not giving accountability as a member of the Board of Directors and/ or a member of the Board of Commissioners to the GMS; and
    - 3. once caused a the company having a license, approval, or registration from the Financial Services Authority (OJK) not fulfilling its obligations to submit the annual report and/or financial statement to the Financial Services Authority (OJK).
  - d. having commitment to comply with the existing laws and regulations;
  - e. having commitment to upholding the values of the Company; and
  - f. having knowledge and/or expertise in the field as required by the Company.
5. Those who are entitled to be Independent Commissioners of the Company are individual who fulfill the additional requirements (at the time of his/her appointment and during his/her term of office) as follows:
- a. Not being a person working or having the authority and responsibility for planning, directing or controlling, or supervising the Company activities within the last 6 (six) months, except for reappointment as an Independent Commissioner of the Company in the following period;
  - b. having no shares either directly or indirectly in the Company;
  - c. having no affiliation relationship with the Company, other members of the Board of Commissioners, members of the Board of Directors, or the main shareholders of the Company; and

- d. having no business relationship either directly or indirectly related to the business activities of the Company.
6. The members of the Board of Commissioners may hold concurrent position as long as it does not conflict with the other laws and regulations as:
- a. a member of the Board of Directors at the most in 2 (two) Issuers or other Publicly Listed Companies;
  - b. a member of the Board of Commissioners at the most in 2 (two) Issuers or other Publicly Listed Companies, in case such member of the Board of Commissioners is not holding concurrent position as a member of the Board of Directors, the relevant member of the Board of Commissioners may hold concurrent position as a member of the Board of Commissioners at the most in 4 (four) Issuers or other Publicly Listed Companies;
  - c. a committee member at the most in 5 (five) Issuers or Publicly Listed Companies in which the relevant committee member also serves as a member of the Board of Directors or a member of the Board of Commissioners.
7. An Independent Commissioner who has served for 2 (two) term of services may be reappointed for the following term of service as long as the Independent Commissioner declared him/herself to remain independent to the GMS. In case an Independent Commissioner also serves as a member of the Audit Committee, the relevant Independent Commissioner may only be reappointed as a member of the Audit Committee for another term of service.

### **Duties, Responsibilities and Authority**

8. The Board of Commissioners shall exercise supervision and control over the management policy, the running of the company's management in general, both with regard to the Company and Company's business and to give advices to the Board of Directors.
9. Under certain circumstances, the Board of Commissioners shall be obliged to hold an Annual GMS and other GMS in accordance with its authority as provided for in the laws and regulations and articles of association.
10. The members of the Board of Commissioners shall be obliged to carry out his/her duties and responsibilities in good faith, in responsible and prudent manner.

11. In order to support the effectiveness of the implementation of duties and responsibilities, the Board of Commissioners shall be obliged to establish an Audit Committee and may establish another committee. The Board of Commissioners shall be obliged to evaluate the committee's performance assisting the implementation of its duties and responsibilities at the end of each financial year.
  
12. Since the Board of Commissioners does not establish a Nomination and Remuneration Committee separately, the Board of Commissioners shall carry out the function of Nomination and Remuneration as follows:
  - a. The Board of Commissioners has duties and responsibilities related to the Nomination function of the Board of Directors and/or the Board of Commissioners in determining:
    - i. the composition of position of the members of the Board of Directors and/or the members of the Board of Commissioners;
    - ii. the policies and criteria required in the process of Nomination; and
    - iii. the performance evaluation policy for the members of the Board of Directors and/or the members of the Board of Commissioners;
    - iv. assessment/evaluation of the performance of the members of the Board of Directors and/or the members of the Board of Commissioners based on the benchmark or standard that has been developed as an evaluation material;
    - v. capability development program of the members of the Board of Directors and/or the members of the Board of Commissioners;
    - vi. proposed candidates who are qualified as the members of the Board of Directors and/or the members of the Board of Commissioners to be presented to a GMS;
    - vii. recommendation to a GMS for any proposal for appointment, dismissal, and/or replacement of the members of the Board of Directors and/or the members of the Board of Commissioners.
  - b. In carrying out the Nomination function, the Board of Commissioners shall be obliged to establish procedures for:
    - i. preparing composition and process of Nomination of the members of the Board of Directors and/or the members of the Board of Commissioners;

- ii. preparing the policy and criteria required in the process of Nomination of prospective members of the Board of Directors and/or prospective members of the Board of Commissioners;
  - iii. evaluating the performance of the members of the Board of Directors and/or the members of the Board of Commissioners;
  - iv. preparing capability development program of the members of the Board of Directors and/or the members of the Board of Commissioners; and
  - v. reviewing and recommending the prospective members who are qualified as the members of the Board of Directors and/or the members of the Board of Commissioners to the General Meeting of Shareholders (GMS).
- c. The Board of Commissioners has duties and responsibilities related to the function of Remuneration of the Board of Directors and/or the Board of Commissioners to determine:
- i. the structures, policies and amount of Remuneration;
  - ii. the assessment of the performance according to the remuneration received by each member of the Board of Directors and each member of the Board of Commissioners.
- d. In carrying out the function of Remuneration, the Board of Commissioners shall be obliged to establish the procedures for determining the structures, policies and the amount of Remuneration (in the form of salary, honorarium, incentive; and/or fixed and/or variable allowances) for the members of the Board of Directors and/or the members of the Board of Commissioners with due observance of:
- i. Remuneration applicable in the industry in accordance with the similar type of business activities and scale of business of the Company in the industry;
  - ii. duties, responsibilities and authority of the members of the Board of Directors and/or the members of the Board of Commissioners associated with attainment of objectives and the performance of the Company;
  - iii. the performance target or the performance of each member of the Board of Directors and/or each member of the Board of Commissioners; and
  - iv. the balance between the fixed and variable allowance, and the structures, policies and the amount of Remuneration must be evaluated by the Board of Commissioners at least once a year.

13. Each member of the Board of Commissioners shall be jointly as well as severally responsible for the Company losses caused by errors or the negligence of the members of the Board of Commissioners in carrying out his/her/their duties. The members of the Board of Commissioners are not responsible for the Company losses if the following matters can be proved:
  - a. such losses are not due to errors negligence of the members of the Board of Commissioners;
  - b. having taken management action in good faith, in responsible and prudent manner in the interest and in line with the purposes and objectives of the Company;
  - c. having no conflict of interest either directly or indirectly in the management action causing such losses; and
  - d. having taken any action to prevent the occurrence and continuation of such losses.
14. The Board of Commissioners shall be authorized to temporary suspend members of the Board of Directors from his/her/their office by specifying the reasons thereof and may manage the Company under certain circumstances for a certain period of time under the provisions of the articles of association or resolutions of a GMS.

### **Meeting Policy**

15. The Board of Commissioners shall be obliged to hold the Board of Commissioners' meeting periodically at least once in 2 (two) months. In the event the agenda of Nomination and/or Remuneration shall be entered in the Board of Commissioners' meeting at least once in 4 (four) months.
16. The Board of Commissioners' meeting may be held if it is attended by a majority of all members of the Board of Commissioners and particularly a meeting on the agenda of Nomination and/or Remuneration, including one of the members of the Independent Commissioners.
17. The Board of Commissioners shall be obliged to hold a joint meeting with the Board of Directors periodically at least once in 4 (four) months.
18. The Board of Commissioners must schedule the above-mentioned meetings for the following year prior to the expiry of the financial year.
19. The materials of the meeting shall be distributed to the participants of the meeting no later than 5 (five) days prior to the holding of such meeting.

20. In the event of a meeting held out of the schedule that has been determined, the materials of the meeting shall be distributed to the participants of the meeting at the latest prior to the holding of such meeting.
21. Decisions/resolutions of the Board of Commissioners meeting shall be made based on deliberation and discussion leading to mutual agreement/consensus; in the event that a decision/resolution to be made based on deliberation and/or discussion (leading to mutual agreement) is not reached, such decision/resolution shall be made based on majority votes.
22. The decisions/resolutions of the Board of Commissioners meeting shall be contained in the minutes of meeting signed by all members of the Board of Commissioners present in the meeting, and the same shall be reported to all members of the Board of Commissioners, if there is dissenting opinion in the decision making process with regard to the agenda of the meeting of Nomination and/or Remuneration, such dissenting opinion shall be clearly contained or stated in the minutes of meeting along with the reasons thereof.
23. The decisions/resolutions of joint meeting of the Board of Directors and the Board of Commissioners shall be contained or stated in the minutes of meeting signed by the members of the Board of Directors and the members of the Board of Commissioners present in the meeting and the same shall be reported to all members of the Board of Directors and all members of the Board of Commissioners.
24. In case a member of the Board of Directors and/or a member of the Board of Commissioners is present in the meeting but does not affix his/her signature on the decisions/resolutions of the meeting, the relevant member of the Board of Directors and/or member of the Board of Commissioners shall be obliged to specify/ state the reasons thereof in writing in a separate letter and attached to the minutes of meeting.

### **Reporting and Accountability**

25. The Board of Commissioners shall be obliged to submit all reports as provided for in the Company's articles of association, the laws and regulations in the field of Capital Market and provisions of UUPT.

Jakarta, November 30, 2015

**The Board of Commissioners**