



**PT PERTAMINA ROSNEFT  
PENGOLAHAN & PETROKIMIA**

**ANTI-CORRUPTION POLICY**

**No. PED-001/PRPP-130/2021-S0**

Revision Number  0  1  2  3  4

**COMPLIANCE  
PT PERTAMINA ROSNEFT PENGOLAHAN DAN PETROKIMIA**

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## Approval & Stipulation Sheet

### Approved

#### Board of Commissioners

No.	Title	Name	Signature
1	President Commissioner/ Independent Commissioner	Alexander Romanov	
2	Vice President Commissioner	Budi Santoso Syarif	
3	Commissioner	Amir Hamzah Siagian	
4	Commissioner	Alexander Zubchenko	
5	Commissioner	Beni Syarif Hidayat	

### Stipulated

#### Board of Directors

No.	Title	Name	Signature
1	President Director	Kadek Ambara Jaya	
2	Director of Finance	Pavel Vagero	
3	Director of Development	Eriyadi	

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## INTRODUCTORY PROVISIONS

### PURPOSE

The Policy sets a number of interrelated principles, procedures and specific measures for preventing and combating corporate fraud and corruption, as well as compliance with the requirements of the anti-corruption legislation of Indonesia, the applicable anti-corruption legislation of any other country where the Company operates or plans to operate.

The Policy defines measures aimed at establishing corporate culture, organizational structure, rules and procedures that ensure prevention of corporate fraud and corruption.

The Policy has been developed in accordance with requirements of the anti-corruption legislation of Indonesia, the Joint Venture Agreement, Articles of Association, Code of Conduct, Corporate Governance Code of PT Pertamina Rosneft Pengolahan dan Petrokimia (“Company”, “PRPP”) as part of the Corporate Governance system, and shall be its integral part.

### SCOPE

This Policy shall be binding upon: members of the Company’s Board of Commissioners, Board of Directors, management, all employees of the Company.

None of the internal regulations or any other by-laws shall contradict this Policy.

### VALIDITY PERIOD AND AMENDMENT PROCEDURE

This Policy shall be a permanent internal regulative document.

This Policy can be introduced and enacted by a resolution of the Board of Directors after approval by the Company’s Board of Commissioners.

Amendments to the Policy shall be introduced and enacted based on a resolution of the Board of Directors after approval by a resolution of the Board of Commissioners.

The Policy shall be amended in the following cases: changes in applicable anti-corruption legislation, practice of its enforcement, powers of responsible persons or business units, identification of insufficient efficiency of measures to counteract corporate fraud and corruption, etc.

The Board of Commissioners, Board of Directors, the Audit and Risk Subcommittee and CEO, and Company’s Compliance Manager shall initiate amendments to the Policy. Other top managers and business units of the Company shall initiate amendments in coordination with the Company’s Compliance Manager.

## 1. TERMS AND DEFINITIONS

**CLOSE RELATIVES AND FAMILY MEMBERS** – persons who are in close relationship or relationship by marriage with an officer/employee: parents (including adoptive parents), children (including adopted children), blood and half-brothers (including cousins), sisters (including cousins), grandmothers, grandfathers, grandchildren, spouses, as well as parents (including adoptive parents), children (including adopted children), brothers (including cousins), sisters (including cousins), grandmothers, grandfathers and grandchildren of spouses, spouses of blood and half-brothers and sisters.

Note: Relationship by marriage means a relationship between people arising from the marriage of one of the relatives: relationship between a spouse and relatives of

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the other spouse, as well as between the relatives of spouses. Characteristics of relationship by marriage: a) arises from a marriage; b) is not based on blood ties; c) arises when there are living relatives of a husband and/or wife when entering into marriage.

**COMPLIANCE HOTLINE AND WHISTLEBLOWING SYSTEM** – communication channels for reporting by the employees on any facts or elements of corruption, bribery, conflict of interest, thievery, fraud and/or violation of laws and Company’s Regulations, by means of: email or Compliance Hotline.

**COMPLIANCE RISK** - a risk arising from the Company’s failure to comply with applicable laws, industry standards, and regulations, business ethics standards that may lead to:

- imposition of sanctions;
- significant financial loss;
- reputational loss.

Note: The risk of corporate fraud and corruption is an integral part of compliance risk arising from the Company’s failure to comply with applicable anti-corruption legislation, as well as internal regulations governing the activities of counteracting corporate fraud and corruption.

**COUNTERPARTY** - any local or foreign legal entity or individual that the Company enters into a contract with, except for employment contract.

**CONFLICT OF INTEREST** - a situation when personal interests (direct or indirect) of the Company’s employees affect or may affect their proper, unbiased and impartial job performance.

**CORPORATE COMPLIANCE SYSTEM** - a set of measures and actions, aimed at preventing violations of legislation, industry standards and Company’s regulations, ensuring high professional and ethical standards, minimizing the risks of non-compliance with legislation and regulations, and preventing significant financial and reputational losses.

**CORPORATE FRAUD** - the actions or inaction of individuals and/or legal entities aimed at obtaining personal advantage and/or any other person’s advantage to the detriment of the Company’s interests, and/or causing pecuniary and/or non-pecuniary losses for the Company through fraud, abuse of trust, misleading, etc.

Note: Corporate fraud is manifested in the form of distortion of financial and non-financial statements, corruption, as well as other abusive practices, including deliberate damage to the Company’s assets.

**CORRUPTION ACTIVITIES (CORRUPTION)** - abuse of power, abuse of authority, commercial bribery, offering, giving, promising, extorting or receiving bribes, mediating in bribery, making payments to facilitate administrative, bureaucratic and other formalities, in any form (including, in the form of cash, other valuables, services or provision/receipt of unreasonable pecuniary and/or non-pecuniary gain from any persons/organizations or for any persons/organizations, including government and public representatives, private companies and politicians) for the purpose of obtaining personal advantage and exercising personal interest for themselves or third parties.

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**PERSONAL ADVANTAGE** - an interest in obtaining non-pecuniary gain and advantages by an officer/employee and/or persons being in close relationship or relationship by marriage with him/her.

**PERSONAL INTEREST** - the ability to receive income in the form of cash, other property (including property rights, property services, the results of works performed or any advantages) by an officer/employee and/or persons being in close relationship or relationship by marriage with him/her (parents, spouses, children, brothers, sisters, as well as brothers, sisters, parents, children of spouses and spouses of children), citizens or organizations, and/or persons being in close relationship or relationship by marriage with him/her bound by property, corporate, or other close relationship.

**PUBLIC ENTITY** means executive, legislative, judicial and other institutions with the functions and main duties related to state governance (all or part funding of which originates from State Revenue and Expenditure Budget and/or the Local Revenue and Expenditure Budget), or non-governmental organizations (provided that all or part of funding of which originates from State Revenue and Expenditure Budget and/or the Local Revenue and Expenditure Budget, public donation, and/or foreign origin).

**POLITICIAN** - a person engaged in political activities, including as an official of a political party.

**POLITICALLY EXPOSED PERSON:**

- a person, permanently, temporarily or by special authority exercising the functions of a representative of state or municipal authority;
- a person permanently, temporarily or by special authority exercising organizational, administrative or administrative and economic functions in a state authority, a local self-government body, in a state or municipal institution;
- any candidate/applicant for a state or municipal office, a position in a state or municipal service, including a position in the Government of Indonesia;
- a foreign official, meaning any appointed or elected person holding a position in the legislative, executive, administrative or judicial body of a foreign state, and any person exercising any public function for a foreign state, including a public agency or a public enterprise;
- an official of public international organizations, meaning a member of parliamentary assembly of international organizations to which Indonesia is a party;
- officials of public organizations;
- other persons according to the applicable anti-corruption legislation.

**REPRESENTATIVE OF A PUBLIC ENTITY:**

- any official or employee of a public entity;
- any candidate/applicant to fill a position in a public entity.

**APPLICABLE ANTI-CORRUPTION LEGISLATION** - a set of regulations, standards and rules aimed at combating corruption, including but not limited to, the

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Constitution of Indonesia, generally recognized principles and rules of international law, international treaties concluded by Indonesia, laws of Indonesia, as well as foreign laws and regulations that apply to the Company and/or its employees by virtue of relevant circumstances (e.g., doing business in the territory of a particular country, terms and conditions of a contract with a foreign counterparty).

***DUE DILIGENCE PRINCIPLE*** - a principle under which the Company and its employees prior to establishment of a contract are responsible for conducting business transactions or taking managerial decisions to provide utilization of sufficient information when developing reasonable opinion on a counterparty's or a job seeker's integrity.

***COMBATING CORPORATE FRAUD AND CORRUPTION*** - activities of the management bodies of the Company, business units and employees of the Company aimed at:

- preventing corporate fraud and corruption by identification of corporate fraud and corruption and risk assessment;
- suppressing, disclosing and investigating cases of corporate fraud and corruption offences;
- minimizing and/or eliminating consequences of corporate fraud and corruption offences.

***PROCEDURES FOR PREVENTING AND COMBATING CORPORATE FRAUD AND CORRUPTION*** – *sequence* of measures for taking the required actions to prevent and counteract corporate fraud and corruption, established by the Company's regulations.

***EMPLOYEE*** - an individual who has an employment contract with the Company.

***REPUTATION RISK*** - a risk of damage to the Company's reputation as a result of negative perception thereof by customers, counterparties, creditors, investors, shareholders, supervisors, analysts, leading to losses of the Company, due to the influence of internal and external risk factors, including:

- the Company's failure to comply with applicable legislation and regulations (including internal regulations), customary business practices, business principles and corporate ethics, publication of unreliable reports, non-fulfilment of contractual obligations;
- lack of mechanisms in the Company regulations that would effectively regulate the conflict of interest, as well as minimize the negative consequences of the conflict of interest, including preventing lawsuits by counterparties and/or taking enforcement actions by regulatory and supervisory bodies;
- shortcomings of personnel policy when selecting and placing personnel;
- publication of negative information about the Company, members of management bodies, affiliates and/or employees of the Company in the media.

***THIRD PARTIES*** - business entities where the Company has no direct or indirect share, non-profit organizations whose bodies do not include representatives of the Company, as well as persons who are not employees and do not hold positions in the management bodies of the Company.

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**PRIVATE INTERESTS** - any personal, social, property, financial, political and other interests of an employee or his/her kith and kin.

## 2. DESIGNATIONS AND ABBREVIATIONS

**COMPANY** - PT Pertamina Rosneft Pengolahan dan Petrokimia (or PRPP).

**THE COMPANY MANAGEMENT BODIES** - General Meeting of the Company Shareholders, the Company's Board of Commissioners, the Company's Board of Directors, the Company's Management, Chief Executive Officer.

**THE COMPANY INTERNAL AUDIT FUNCTION** –The Company's employee or Service, tasked with providing assurance that the Company's risk management, governance and internal control processes are operating effectively. .

**BUSINESS UNIT** - a unit of the Company with independent functions, objectives and responsibilities as defined by Company regulations.

**TOP MANAGER(S) OF THE COMPANY** - the Company's President Director, Vice Presidents, Directors, Deputy Directors, Managers and Chiefs responsible for certain areas of Company's activities.

## 3. OBJECTIVES AND GOALS

- Implementing the corporate compliance system in combating corporate fraud and corruption activities.
- Confirming the Company's commitment to the principle of zero tolerance to corporate fraud and corruption in any form and manifestation, and ensuring uniform understanding of this principle by employees and members of the Company's management bodies.
- Ensuring that the Company's activities comply with anti-corruption legislation.
- Developing mechanisms for implementing principles of combating corporate fraud and corruption activities.
- Identifying the main risks of corporate fraud and i corruption, and developing measures to minimize them.
- Ensuring the protection of shareholders' interests.
- Ensuring counterparty due diligence and analysis of their anti-corruption procedures, as well as preventing and eliminating conflicts of interest.
- Communicating principles and requirements of anti-corruption legislation of Indonesia and international conventions;
- Facilitating reporting corporate fraud and corruption.
- Ensuring that the Company complies with the principles and requirements of applicable anticorruption legislation.

## 4. LEGAL FRAMEWORK

The activities of the Company and the actions of its employees in any state of the world must comply with the requirements of applicable anti-corruption legislation.

When developing this Policy, the principles and rules contained in the following regulatory documents have been used:



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- United Nations Convention against Corruption;
- The Penal Code of Indonesia of 19.05.1999;
- Law No. 31 of 1999 as updated by the Law No. 20 of 2001 on Corruption Eradication;
- Law No. 11 of 1980 on Bribery;
- Law No. 8 of 2010 on Prevention and Eradication of Criminal Act of Money Laundering
- Law No. 19 of 2003 on State-owned Enterprises;
- Law No. 40 of 2007 on Limited Liability Company;
- Law No. 13 of 2003 on Manpower;
- UK Bribery Act 2010;
- US Foreign Corrupt Practices Act 1977 (FCPA).

## 5. **METHODOLOGY**

Methodological framework of the Policy includes:

- Recommendations of the UK Ministry of Justice on Developing and Implementing a System of Adequate Procedures to Comply with the UK Bribery Act 2010;
- Resource Guide on the US Foreign Corrupt Practices Act;
- Transparency International the 2010 UK Bribery Act Adequate Procedures Guidance on Good Practice Procedures for Corporate Anti-Bribery programs;
- Recommendations of the Basel Committee on Banking Supervision, Principles for enhancing corporate governance, October 2010;
- ICC Rules on Combating corruption;
- Transparency International Anti-Corruption Plain Language Guide 2010;

## 6. **KEY PRINCIPLES**

### 6.1 **ZERO TOLERANCE TO CORPORATE FRAUD AND CORRUPTION**

The Company adheres to zero tolerance to corporate fraud and corruption principle in its operations, investments and other activities.

Zero tolerance principle means a strict prohibition for employees, members of the management bodies of the Company and other persons directly or indirectly acting on behalf of the Company or for its benefit, to participate in corporate fraud and corruption activities, personally or through any intermediary, regardless of the business practice in a particular country.

The Company emphasizes that corporate fraud and corruption, including acting under conflicts of interest, whether involving politically exposed persons, public entities, private companies, politicians and other persons, or involving employees of the Company through abuse of their position due to personal interest or benefit, are unacceptable.

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The Company considers corporate fraud and corruption unacceptable, regardless of the amount of damage caused to the Company, and takes active measures to counteract corporate fraud and corruption.

The Company reserves the right to publish information about persons, who violated the requirements of the applicable laws and this Policy, within applicable legislation.

## **6.2 INEVITABILITY OF DISCIPLINARY ACTION**

The Company shall investigate all reasonably justified allegations of violations of procedures to enforce responsibility in accordance with the applicable legislation, regardless of position, term of employment, status and other relations with the Company.

The Company shall make all possible reasonable and lawful efforts to put an end to any violation as soon as possible.

## **6.3 SEGREGATION OF INCOMPATIBLE DUTIES**

The Company to the best possible extent shall ensure segregation of incompatible job duties and shall not allow assigning business and control/evaluation functions to the same employee in order to minimize corporate fraud and corruption.

## **6.4 LEGALITY**

The Company shall strictly follow the laws of Indonesia and other countries, in which the Company operates or plans to operate, and shall ensure that any of its actions or inactions are in compliance with anti-corruption legislation.

## **6.5 TOP MANAGEMENT COMMITMENT**

All key executives (top managers of the Company) shall declare zero tolerance to corporate fraud and corruption at all levels, demonstrate, follow and implement this principle in practice.

## **6.6 REGULAR ASSESSMENT OF FRAUD AND CORRUPTION RISK**

The Company shall identify, assess and periodically reassess the corporate fraud and corruption risks. When identifying the risks, the Company shall take into account all available information on its activities and plans.

## **6.7 SYSTEMATIC AND BALANCED PROCEDURES**

The Company shall develop and implement a system of procedures for preventing and combating corporate fraud and corruption. The Company shall make the procedures as transparent, clear, feasible and relevant to the identified risk as possible.

## **6.8 CENTRALIZED STRUCTURE**

The Company shall ensure a centralized structure for combating corporate fraud and corruption, a clear allocation of responsibilities, and for combating corporate fraud and corruption.

## **6.9 DUE DILIGENCE**

The Company shall conduct due diligence on counterparties and job seekers for their good faith, zero tolerance to corporate fraud, corruption, and conflict of interest before deciding whether to commence or continue business/labor relations.

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## 6.10 PREVENTION OF CONFLICT OF INTEREST

The Company expects that each employee when performing duties will put a priority to the Company's interests as compared to their private interests and prevent any conflict of interest, as well as comply with the requirements of internal regulations on managing of conflicts of interest.

## 6.11 COMMUNICATION AND TRAINING

The Company shall publish this Policy and make it available on the Company official Internet website <https://prpp.pertamina.com> and shall declare zero tolerance to corporate fraud and corruption.

The Company shall make reasonable efforts to inform and clarify the principles and rules of the applicable laws, the Company's Code of Conduct, this Policy and other internal regulations on combating corporate fraud and corruption, including training and testing of employees, and, where necessary and appropriate, counterparties, for fundamentals of combating corporate fraud and corruption.

The Company shall ensure that employees of the Company familiarize, against signature, with internal regulations on preventing and combating corporate fraud and corruption activities.

## 6.12 MONITORING AND SUPERVISION

The Company shall oversee execution of procedures on preventing and combating corporate fraud and corruption for efficiency and compliance.

The Company shall ensure control over economic rationale of all expenses incurred, including high-risk areas such as: gratification, charity and sponsorship activities, payment of remuneration to external consultants, agents, intermediaries, marketing expenses. The procedure for origination, authorization (acceptance) and execution of the Company's payments shall be governed by the relevant Company regulations on financial management.

## 6.13 CONTINUOUS IMPROVEMENT

The Company shall encourage the employees of the Company and other parties to report suspicions, possible violations and non-compliance, as well as propose measures to improve the system for preventing and combating corporate fraud and corruption.

The reports may be sent in the following ways:

- through Compliance Hotline (anonymous call) phone number: ..... or to email address: [hotlinePRPP@pertamina.com](mailto:hotlinePRPP@pertamina.com); address to Patra Jasa Office Tower, 3A Floor, Jl. Gatot Subroto Kav. 32-34, Jakarta 12950, Indonesia;
- to the Compliance Manager of the Company;
- his/her supervisor/head of business unit.

The Company shall arrange a Compliance Hotline - a safe, confidential and an accessible way of informing the Company's Compliance Manager, the Audit and Risk Subcommittee of the Company's Board of Directors about the facts of violations of legislation, internal procedures, the Company Code of Conduct by any employee and/or any member of any management body or any controlling body or business unit of the Company.

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The Audit and Risk Subcommittee can receive proposals on improving anti-corruption procedures and other internal control procedures through “Compliance Hotline”.

The Company shall guarantee confidentiality to all employees of the Company and other persons who report corporate fraud and corruption offences, as well as their protection against any form of pressure, persecution and discrimination.

Employees of the Company shall report any cases, when they are contacted by any person, soliciting them to commit corporate fraud and/or corruption, to his/her supervisor / head of business unit and the Company’s Compliance Manager.

The Company shall undertake disciplinary actions against any person who fails to disclose any information about cases of contacting and soliciting by any person to commit corporate fraud and corruption.

#### **6.14 NON-RETALIATION FOR WHISTLEBLOWERS**

No sanctions can be applied to an employee or a counterparty of the Company for:

- refusal to give or receive a bribe, to engage in commercial bribery or to mediate in a bribery, including cases when the Company incurred losses as a result of such refusal, lost profits, failed to obtain commercial and/or competitive advantages;
- fair reporting of alleged violations, corporate fraud and corruption or inefficiency of existing control procedures, other abuses.

If an employee of the Company or another person provides knowingly false information or attempts to obtain benefits at the cost of Company’s interests, then such a person shall be liable in accordance with the current legislation and/or internal regulations.

#### **6.15 INTERACTION AND COORDINATION**

The Company shall ensure coordination of actions of all business units in combating corporate fraud and corruption, as well as interaction with government authorities, local government and law enforcement bodies.

### **7. KEY ACTIVITIES**

#### **7.1 BUSINESS GRATIFICATION**

The Company shall recognize the exchange of business gifts and entertainment allowance, including business entertainment, as a necessary part of doing business and a generally accepted business practice. The Company shall encourage honesty and transparency regarding business gifts and business hospitality.

At the same time, the Company considers this area vulnerable in terms of the risk of involvement in corruption, therefore, all such transactions on behalf of the Company or for its benefit shall meet the following criteria:

- compliance with applicable laws, the Company’s Code of Conduct, other internal regulations;
- having no direct or indirect purpose of facilitating decisions by a politically exposed person or any other person that may affect the activities of the Company;

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- being directly related to the legitimate objectives of the activity;
- not implying any obligations to a donor or organizer of business entertainment events;
- not creating a reputational risk for the Company, employees of the Company and any other persons;
- not having form of cash or non-cash money, securities, precious metals and any other types or cash equivalents;
- not a luxury item;
- not a systematic and regular exchange of gifts and business hospitality with the same politically exposed persons or representative of the Company's counterparty.

The procedure of gratification, as well as obtaining approval for business gifts and business hospitality, shall be determined by the relevant internal regulations.

## **7.2 CONFLICT OF INTEREST**

Employees of the Company shall not directly or indirectly influence the Company's decision-making under potential or actual conflict of interest, including private interests of their close relatives and/or family members, with the interests of the Company and its shareholders.

The Company shall treat untimely reports on events with potential or actual conflict of interest as corporate fraud and shall take disciplinary actions against persons who failed to report information on a conflict of interest in accordance with applicable laws and internal regulations.

The procedure for conflicts of interest resolution shall be determined by the relevant internal regulations.

## **7.3 CHARITY AND SPONSORSHIP**

The Company shall not involve in charity and sponsorship for facilitating decisions by politically exposed persons or other persons in favor of the Company, or if such assistance can be regarded as an attempt for such a facilitation.

Charity and sponsorship shall be provided in accordance with applicable law and Company's internal regulations.

## **7.4 PARTICIPATION IN POLITICAL ACTIVITIES**

The Company shall not be engaged in political activities for any purpose of facilitating decisions by politically exposed persons or other persons, that may influence Company's activities, or if such activities can be regarded as an attempt to exert such a facilitation.

According to the principles in the Company's Code of Conduct, the Company shall not give any preference to any political forces or organizations and shall not sponsor political parties. Employees of the Company shall inform their supervisor/head of business units on their intention to engage in political activities to avoid potential conflicts of interests.

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## 7.5 RELATIONS WITH COUNTERPARTIES, INTERMEDIARIES, PAYMENTS TO THIRD PARTIES

The Company shall refrain from engaging intermediaries, agents, partners, other persons, acting on behalf of the Company or in its interests, and from participating in joint ventures with the purpose of making payments or any other actions, violating the principles and requirements of this Policy, the Company's Code of Conduct, or creating risk, for the Company resulting in reputational losses, as well as for Company's employees and other persons (in case of disclosure of information about such payments made).

Before making a decision to start or continue cooperation with an intermediary, agent, partner or other counterparty or participate in a joint venture, the Company shall:

- collect, review and verify information about potential counterparties and partners in joint ventures, their reputation, zero tolerance to corporate fraud, corruption and absence of conflict of interest;
- conduct preliminary due diligence of potential counterparties (including beneficiaries of the transaction and beneficial owners) prior to establishing business relations with them; this shall cover source of funds, banks, the jurisdiction of funds origin, in order to counteract money laundering;
- inform potential counterparties and partners in joint ventures on the principles and requirements of this Policy.

The Company shall welcome the adoption by counterparties of internal policies, similar to this Policy.

The terms of contracts with counterparties shall include assurance and liability for compliance with the requirements of the applicable anti-corruption laws and this Policy.

The Company shall ensure a standard anti-corruption clause.

The Company shall reserve the right to terminate contracts with counterparties and partners in case of revealing facts of corporate fraud and corruption.

## 7.6 ACQUIRING AND SELLING ASSETS

When acquiring and selling assets, the Company shall:

- carry out due diligence before/after transactions;
- voluntarily disclose any revealed violations to the relevant governmental regulatory bodies;
- exercise monitoring and prevent corporate fraud and corruption in acquired assets.

The procedure for acquiring and disposing of assets shall be determined by appropriate external and internal regulations.

## 7.7 INTERACTION WITH POLITICALLY EXPOSED PERSONS

The Company shall refrain from paying any expenses of politically exposed persons, as well as of their close relatives and/or family members, or expenses made in their interests, including obtaining personal advantage/personal interest

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from the Company, with a purpose of obtaining any commercial and/or competitive advantages.

## **7.8 ACCOUNTING AND MANAGERIAL RECORD KEEPING AND REPORTING**

In compliance with the Company's Code of Conduct, the Company shall strictly adhere to the requirements of applicable laws and rules in preparing financial statements and other reports. Performance of business operations without reflecting them in accounting, deliberate distortion of accounting data or supporting primary accounting documents, submitting documents not reflecting actual business activities to accounting records, and submitting of deliberately distorted financial statements to public authorities shall be regarded as corporate fraud and shall be investigated in accordance with the Company's procedures.

The use of forged documents and submission of distorted reports to public authorities shall also be regarded as corporate fraud and shall be investigated in accordance with the Company's procedures.

## **7.9 CONTROL AND AUDIT**

The Company shall ensure periodic assessment of the risk management and internal control function with regards to prevention and combating corruption, including evaluation of procedures reliability in terms of ease of making illegal actions, abuse, committing fraud and corruption, forgery in financial and managerial accounting, as well as compliance with applicable legislation, internal regulations, principles and requirements established by this Policy, laws on combating the money laundering.

The Company's Internal Audit shall assist the Company's executive bodies in investigating illegal actions of employees and third parties, including negligence, fraud, corruption, abuse and various wrongful acts that may damage the Company.

Since the Company can become responsible for the participation of Company's employees, counterparties and/or third parties, acting on behalf of the Company or in its interests, in corporate fraud and corruption, all reasonably suspicious cases of corporate fraud and corruption will be thoroughly investigated in compliance with internal regulations governing the internal investigations.

The Company may initiate an external independent assessment of the risk management and internal control process on prevention and combating corruption, should internal audit findings reveal signs of corporate fraud, corruption activities, and significant violations of anti-corruption procedures. Involvement of an independent assessor shall be considered by the Audit and Risk Committee of the Company's Board of Commissioners and by the Board of Directors.

## **7.10 ANTI-CORRUPTION EXPERT REVIEW**

The Company shall conduct anti-corruption review of draft internal regulations (policies and procedures) and amendments thereto, in order to exclude the risks of introduction prerequisites for corruption.

## **7.11 INDEMNIFICATION AND DISCIPLINARY ACTIONS**

The Company shall require indemnification in each case when a person/persons proved guilty of committing or being involved in corporate fraud and corruption.

A proven damage, shall be indemnified if caused by the Company's

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employee/employees, regardless of any other legal, administrative or criminal liability imposed under applicable laws and internal regulations governing the indemnification of losses and damage caused to the Company.

## **8. ORGANIZATIONAL STRUCTURE**

### **8.1 COMPANY BODIES FOR COMBATING CORPORATE FRAUD AND CORRUPTION**

The Company's entities implementing and ensuring the effective system for combating corporate fraud and corruption include:

- Board of Commissioners (and related Subcommittees)
- Board of Directors (and related Subcommittees).
- President Director of the Company.
- Compliance Function.
- HR Department
- Corporate and Legal Affairs Function;
- Corporate Ethics Council, that shall be comprised of the Head of Compliance Function, Head of HR Department, Head of Corporate and Legal Affairs Function
- other Company's officers and business units within their responsibilities, established by the relevant internal regulations on business units functions.

Duties and responsibilities of the Company's bodies for combating corporate fraud and corruption shall be defined in internal regulations, including this Policy.

### **8.2 SEGREGATION OF DUTIES, POWERS AND RESPONSIBILITIES**

8.2.1 The Board of Directors shall develop and the Board of Commissioners shall approve the Company's policy on combating corporate fraud and corruption, and changes thereto.

8.2.2 The Audit and Risk Subcommittee of the Board of Commissioners shall assist the Company's Board of Commissioners in protecting shareholders' interests by controlling reliability and efficiency of the system for combating corporate fraud and corruption, namely:

- conducting preliminary review of internal regulations on managing conflicts of interest at the "Policy" level and assessing the efficiency of implementation thereof;
- monitoring and ensuring compliance with procedures as well as the Company's Code of Conduct;
- reviewing Company's Internal Audit reports on the risk management and internal control system assessment, the Company executive bodies' reports on the risk management and internal control system assessment, reports on implementation of risk mitigation measures and on efficiency of internal controls and compliance procedures;
- overseeing the conduct of functional audit, internal investigations of corporate fraud, corruption, other unscrupulous actions of the Company's employees.



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### 8.2.3 The President Director shall:

- ensure implementation of this Policy on combating corporate fraud and corruption, and exercising responsibilities by business units for specific procedures, including the development and timely updating of internal regulations on combating corporate fraud and corruption;
- make decision on disclosure of persons that were proved guilty of committing or being involved in corporate fraud and corruption in accordance with applicable laws and internal regulations.

### 8.2.4 Corporate Ethics Council shall:

- consider violations of corporate ethics and compliance procedures;
- provide expertise for improving procedures to stimulate ethical behaviour in the Company;

### 8.2.5 the Company's Internal Audit Function shall:

- conduct on a regular basis independent and objective assessment of the risk management and internal control efficiency for combating corruption, propose measures to increase its reliability and efficiency. The results of the assessment shall be submitted to the Audit and Risk Subcommittee for review;
- monitor implementation of internal auditors' proposals on improvement of the risk management and internal control in the area of preventing and combating corruption, eliminating violations and deficiencies identified during audits;
- evaluate compliance of the Company's executive bodies members and the Company's employees with the provisions of the Company's Code of Conduct, laws and Company's internal documents concerning insider information and combating corruption;
- assist the Company's executive bodies in investigating illegal actions of employees and third parties, including negligence, fraud, corruption, abuse and wrongful acts that are damaging the Company;
- investigate illegal actions of employees and third parties, including negligence, corporate fraud, corruption, abuse and wrongful acts that are damaging the Company, jointly with the Company's Compliance Function.

### 8.2.6 the Company's Compliance Function shall:

- perform overall coordination of processes on combating corporate fraud and corruption;
- develop a set of corruption prevention measures that reduce reputational risks or a risk of penalties imposed on the Company;
- conduct jointly with the Company's Corporate and Legal Affairs Function anti-corruption review of drafts of internal regulations Company prior to approving and/or enacting;
- conduct internal investigations of corporate ethics violations, corporate fraud and corruption;
- interact with state authorities, local authorities, scientific, educational

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organizations and institutions on combating corporate fraud and corruption;

- prepare an annual Report on the implementation, execution and effectiveness of the risk management and internal control procedures aimed at combating corporate fraud and corruption, and send it to the Company Business Ethics Council for approval.
- identification and assessment of the corporate fraud and corruption risks in order to identify the areas of Company's activity most exposed to such risks, and development of appropriate measures to counteract corporate fraud and corruption;
- develop measures aimed at preventing and combating corporate fraud and corruption, including the development and updating of the Company's regulations on prevention and combating corruption;
- develop procedures for ensuring compliance of the Company's activities with applicable laws, Code of Conduct, and internal procedures;
- coordinate identification of compliance risks;
- prepare proposals for the development of a compliance risk matrix and measures to manage compliance risk.
- conduct due diligence on counterparties and applicants for conflicts of interest prior to commencing or continuing business relations;
- conduct preliminary verification of information on corruption, corporate fraud, abuse of authority, violations of control procedures in the Company, conduct internal investigations in accordance with internal regulations governing the matters of internal investigations
- in conjunction with Corporate and Legal Affairs Function prepare conclusions on the efficiency of sponsorship projects monitor conduct and coordination of activities under the approved sponsorship agreements.

8.2.7 the Company's Corporate and Legal Affairs Function shall:

- conduct jointly with the Company's Compliance Function anti-corruption expert examination of drafts of internal regulations.
- advise executive bodies, and heads of business units on the applicable anti-corruption legislation;
- develop and ensure the implementation of Company charity procedures.
- assess the sponsorship proposals;
- in conjunction with Compliance Function prepare conclusions on the efficiency of sponsorship projects monitor conduct and coordination of activities under the approved sponsorship agreements.

8.2.8 The Company's Risk and Internal Control Function shall:

- determine principles of risk management and internal control system;

8.2.9 The Company's Administrative Function shall:

- ensure compliance with procedures for business gratification.

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8.2.10 The Company's HR Function shall:

- implement measures on creating a corporate culture that has zero tolerance to corporate fraud and corruption;
- organize and conduct training and testing of the Company employees on preventing and combating corporate fraud and corruption;
- familiarize new employees with internal regulations on combating corporate fraud and corruption.

8.2.11 The Company's top managers and heads of business units shall:

- be responsible within the scope of their duties for prevention of corporate fraud and corruption, compliance with applicable laws, Code of Conduct and internal regulations;
- ensure that Company's employees are familiar with internal regulations on prevention and combating corporate fraud and corruption activities.

Responsibility for the prevention of corruption, as well as for violation of Code of Conduct and internal policies and procedures, failure to take measures to resolve conflicts of interest, and other obligations to counteract corporate fraud and corruption by the Company's top managers and heads of business units shall be included in employment contracts.

8.2.12 The Company's employees shall:

- strictly comply with the applicable laws, rules and principles, Company's Code of Conduct, this Policy, other internal regulations aimed at combating corporate fraud and corruption;
- refrain from acting/ failing to act if their actions or inaction that can be reasonably regarded as corporate fraud and corruption or deliberate violation of the internal controls;
- inform their supervisor/head of business unit and Company's Compliance Function on potential or actual conflict of interest, and any evidence on soliciting them to commit corporate fraud and corruption;
- assist in conducting due diligence, functional audits and internal investigations, including providing of explanations and necessary documents and information as prescribed by applicable laws, internal regulations.

8.2.13 All employees and members of the Company executive bodies, irrespective of the position, shall be responsible for complying with principles and requirements of this Policy, and for actions/inaction of subordinate employees in violation of these principles and requirements. Responsibility shall be included in job duties of all employees and members of the Company's executive bodies.

8.2.14 Persons that were proved guilty of violating the requirements of this Policy may be brought to disciplinary actions and/or civil or criminal responsibility by the Company, law enforcement agencies or other persons in accordance with the relevant procedure and the laws of Indonesia and Company's internal regulations and in appropriate cases, if applicable, in accordance with the applicable provisions of the UK Bribery Act 2010, the US Foreign Corrupt Practices Act 1977 and other regulations of foreign countries where the Company operates or plans to operate.

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## 9. REFERENCES

1. United Nations Convention against Corruption;
2. Law No. 7/2006 on Ratification of United Nations Convention against Corruption (2003);
3. The Penal Code of Indonesia of 19.05.1999;
4. Law No. 31/1999 as updated by the Law No. 20 of 2001 on Corruption Eradication;
5. Law No. 11/1980 on Bribery;
6. Law No. 8/2010 on Prevention and Eradication of Criminal Act of Money Laundering;
7. Law No. 19/2003 on State-owned Enterprises;
8. Law No. 40/2007 on Limited Liability Company;
9. Law No. 13/2003 on Manpower;
10. UK Bribery Act 2010;
11. US Foreign Corrupt Practices Act 1977 (FCPA).
12. UK Bribery Act 2010 approved by the UK Parliament and Queen Elizabeth II on 08.04.2010 and enacted on 01.07.2011.
13. US Foreign Corrupt Practices Act 1977 (FCPA).
14. The Company's Code of Conduct.
15. The Company's Code of Corporate Governance.

## APPENDICES

### List of Appendixes to the Company's Policy

APPENDIX NUMBER	APPENDIX NAME
1	List of procedures for preventing and combating corporate fraud and corruption
2	List of business areas/business processes potentially exposed to corporate fraud and corruption risks

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## **APPENDIX 1. List of Procedures for Preventing and Combating Corporate Fraud and Corruption**

To implement this Policy, the Company shall develop internal regulations containing the following procedures for preventing and combating corporate fraud and corruption, including, but not limited to:

- (a) reporting violations that have become known to an employee with signs of corporate fraud and corruption, other employees, counterparties of the organization or other persons and the procedure for considering such reports;
- (b) non-retaliation against employees who reported corporate fraud and corruption violations in the Company's activities;
- (c) reporting cases of soliciting an employee to commit corporate fraud and corruption violations and the procedure for reviewing such reports;
- (d) reporting conflicts of interest and the procedure for resolving thereof;
- (e) interaction with officials, foreign officials, officials of a public international organization;
- (f) control over business areas/business processes with high corruption risks, including but not limited to:
  - background checks of applicants/employees of the Company and business reputation of counterparties;
  - procurement;
  - business gratification;
  - charity;
  - marketing and sponsorship;
  - giving discounts and bonuses;
  - approval of payments with high corruption risk;
  - anti-corruption review of drafts of internal regulations;
  - accounting data and reporting, availability of primary accounting documents and its compliance with internal regulations and laws;
  - entering contracts (including employment contracts with employees);
  - settlements with debtors;
  - hiring, transfer and promotion of employees;
  - internal investigations;
  - communication and training of employees in respect of applicable anti-corruption legislation.

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## **APPENDIX 2. List of Business Areas/Business Processes Potentially Exposed to Corporate Fraud and Corruption Risks**

The Company shall determine the list of business areas/business processes potentially exposed to corporate fraud and corruption risks, including, but not limited to:

- interaction with authorities and politically exposed persons;
- interaction with suppliers, buyers, intermediaries/dealers, business partners and counterparties;
- acquisition and selling of assets (mergers and acquisitions / divestment);
- transfer of property rights;
- obtaining licenses, permits and registration of products;
- business gratification, gifts and hospitality, reception of delegations;
- sale of products/services;
- marketing and sponsorship;
- charity;
- procurement;
- closing/opening bank accounts;
- high-risk payments;
- irrecoverable debts writing-off / creating doubtful debts allowance;
- accounting and financial statements;
- entering new contracts;
- hire, transfer and promotion of an employee.

Prepared by:	Approved by:
Compliance Manager	President Director
Vladislav Smetanin	Kadek Ambara Jaya
Date: 12/01/2021	Date: 12/01/2021