

# PT INDOCEMENT TUNGGAL PRAKARSA TBK. ("INDOCEMENT") EMPLOYEE ETHICS POLICY

## 1. Foreword

Welcome to Indocement Excellence!

The company's history of continuing growth and success is to a large extent the result of conducive working conditions and effort of all employees striving together to reach their mutual goals and objectives. The declaration of Quantum Challenge, the theme of our voyage to the achievement of Indocement Excellence, enhances the Values, the guiding principles of our conduct.

The purpose of this booklet is to help you understand and respect the ethics in performing works and conduct business in Indocement to enrich the dignity and integrity as corporate citizen and personally.

## 2. Mission Statement and Corporate Values

Indocement's Vision is "We are in the business of providing quality shelter, cement and related construction materials and related services at competitive prices, in a way that promotes sustainable development". To accomplish our mission, we must strive for Indocement Excellence which is defined as the organizational capability to constantly assess and respond to perceived changes in the business ecosystem in a manner that preserves competitiveness and sustains profitability.

Directing our effort in pursuing for Indocement Excellence is our corporate value. Indocement Excellence as output value that our stakeholders pay attention to when assessing our performance, could only be achieved if we can integrate, in synergy and harmony, the inherent values of all employees (input values) and the excellent management and leadership (process value).

The input values, which should be within each employee's characters and ways of life, are Integrity, Intelligence, Discipline, Responsibility, Initiative, Team-playership, Service Mindedness, and Willingness to Learn.

The process values which we should pay attention to in managing our business process and the people are: Transparency, Fairness, Teamwork, and Innovation (Excellence Leadership), and Competence, Strive for Excellence, Accountability and Continuous Improvement (Excellence Management).

## 3. Indocement Work Ethics

### The Framework

Indocement work ethics is the set of values, moral conducts and habits on the basis of no discrimination principles i.e. gender, race, religion, etc., that should be possessed by all employee and reflected in form of attitude and professionalism that produces added-value to the company and its stakeholders.

The framework of Indocement work ethic is divided into three main guidelines, namely:

#### 3.1 Employee and Work Place.

Provide guidelines on Input Value (please see Annex 1) as the core value for every employee, such as Relationship with Colleagues and Superior, Personal Appearances, Personal Use of Company's Assets, Grievances, Sexual Harassment, Public Speeches and Information Inquiries, Safety and Security, Good Housekeeping, and Drug and Alcohol Free Work Place.

#### 3.2 Toward External Parties

Our corporate image depends on how we can develop positive perception by showing good attitude and professional excellence. The guidelines shows how to interact with Customers, Business Partners, Society and Competitor.

#### 3.3 Conflict of Interest

In carrying out duties and interacting with colleagues, customer, society, business partner, or competitor, we may encounter circumstances and situation that could lead to conflict of interest between personal and Company's.

The guideline show several issues such as: Gifts and Entertainment, Outside Employment and Activities, Business Activities and Financial Interests, Nepotism and Working Relatives, and Inside Information.

The scope of this policy is extended not only to employee, but members of employees immediate family or groups whom the employee could be considered to have interest in benefiting as well. In case of doubt, please consult your Manager or Personnel Department Head at each Operating Unit or HR Manager at Head Office.

## 4. Employee and Work Place

### 4.1. The Employee

#### **To be an Excellent Work Force**

We are interested in long-term employment relationships with people in line with the value of the Company as attached in Annex 1 that offer opportunities for personal development and on-going education.

#### **4.1.1. Relationship with Colleagues and Superior.**

The principles of building good relationship are as follows:

- a. Employee shall respect other colleagues and superior by maintaining a level of courtesy. Company does not tolerate any discrimination based on sex, religion, ethnic group, races, culture, language, physical incapability, and rank or grades.
- b. Employee shall responsibly provide services and assistance to each other in a professional manner.
- c. Employee shall obey superior's instruction in relation to the employee's position and responsibility, work ethics and rulings. The company does not tolerate insubordination. Appropriateness of superior's order can be discussed in extreme circumstances.
- d. Difference in opinions and ideas should be discussed in a courteous and professional manner without physical violence, harassing, or threatening colleagues and superiors.
- e. Superior shall provide equal opportunities in career development to all subordinates.

A more detailed explanation on employee obligations and what is prohibited including sanctions are described in Collective Labor Agreement (PKB) for non staff and Staff Code (PTSMI) for staff.

#### **4.1.2. Personal Appearance**

The personal appearance of each employee is an important factor in representing the value of the company and determines the way our customers, our business partners and the society perceive our company's image. Therefore, it is important for employee to put forth an image of professionalism, competence and a good attitude. The company is proud of the professionalism and good appearance displayed by its employees.

- a. Employees should use good judgment in the style they wear. A neat, well-groomed business-like appearance and cheerful manner are important assets to you and as well as to the company.
- b. Factory's employee in plant site must wear company uniform during working hours.

#### **4.1.3. Personal Use of Company's Assets**

Company provides assets such as facilities, equipment, or vehicle to enable employees to perform their duty and assignment. The employees are not allowed to use the Company's assets for personal purposes. Utilization of specific assets such as operational vehicles, telephones, and computers for personal use will be administered by separate guidelines.

#### **4.1.4. Grievances**

A grievance is any complain or dissatisfaction with working conditions, treatments, safety and security standards, supervision or interpersonal relationships that cause an employee to be unhappy in their job situation. The employee shall use proper channels such as described in Collective Labor Agreement (PKB) for non staff and Staff Code (PTSMI) for staff.

#### **4.1.5. Sexual Harassment**

All employees have the right to work in an environment free from any type of discrimination, including freedom from sexual harassment. The company prohibits employees from engaging in sexual harassment of others on the job. In addition, we will not tolerate the sexual harassment of employees by other employees and or non-employees, such as clients or vendors of the Company, or of non-employees by employees.

Any employee who feels that he or she has been the victim of sexual harassment may report the incident immediately to superior or manager or the personnel department head at each operating unit or Corporate Human Resources Division Manager at head office without fear of repercussions.

#### **4.1.6. Public Speeches and Information Inquiries**

In relation with company's operation and business, as employee you might be asked to talk in public or interviewed by press, or you may have to encounter any other form of information inquiries through letters and phones by other parties. Under such circumstances, the company's policies are as follows:

- a. The company has established a specific division to communicate and release company's information and assign specific employee to act as company's speaker. Please clarify and make a confirmation before releasing any information, as the public, press or others may perceive your personal opinion as company's stance.
- b. Employee shall not release any information or company documents without proper authorization from superior and the respective department.

## 4.2. The Work Place

### 4.2.1 Safety and Security

The management and employees shall create safety and secured work premises. It is our duty to prevent any kind of accident and security cases from happening anywhere at any company facilities. Accident and security cases will cause not only physical injury and financial loss of company's image, company's assets and personnel, but also could demoralize employees as well. Therefore, the company puts high concern on safety and security issues. The company expects its employee to have high concern and build awareness on safety and security.

### 4.2.2 Good Housekeeping

Good housekeeping is the responsibility of all employees. An irregular housekeeping practice is unacceptable. Good housekeeping is the foundation of having a safe, secure, and healthy environment. It is the company's objective to maintain clean and orderly offices and plants. Poor housekeeping practice is an unsafe condition and may lead to accident in work place.

- a. Employees shall keep their own workplace clean and in an orderly manner.
- b. Employees shall process waste of their own office or plant in accordance with standard operating procedure.

### 4.2.3. Drug, Narcotics and Alcohol Free Work Place

We require for employees to come to the work place in fit and good health, therefore we prohibit for the abuse of drugs, narcotics, and alcohol that can have serious impact on how competently an employee can perform the job, and has an impact on the company in terms of morale, productivity, safety, health and focus.

Any violations of this policy will result in disciplinary action, up to and including termination and may also have legal consequences.

## 5. Ethics Toward External Parties

### 5.1. Customer

#### **To establish a long-term trusting and profitable customer relationship for mutual success.**

The sales force must behave in a manner in accordance to the Sales Policy and clauses. Employees should not disclose confidential information regarding the Company to any third party.

#### **5.1.1 Indocement will establish a permanent trusting relationship with the customer.**

- a. Employees must share among themselves their experiences with different customers, so that we can provide better services at the next opportunity.
- b. Employee shall always deliver valuable and quality product and services and will collect information of the customers' need by utilizing the available means.
- c. Employee must treat all customers' information with strict confidentiality and shall not disclose it without proper authorization.
- d. Employee must accept all opinions from customers with deepest sincerity, to listen and to understand that opinions for gathering feed back and further improvement.
- e. In case of complaints, employee shall not one-sidedly blame the trouble on neither the customers nor blindly defending the company.
- f. In order to find new business chances, our employees shall explore potential needs that even customers do not yet recognize.

#### **5.1.2 We will never betray the trust of the customers**

- a. Employee shall never conceal unfavorable information, nor will we provide inaccurate information to the customers to secure a deal.
- b. Employee will not make the customers wait for longer than necessary or delay the product or service delivery for our own convenience and uncertain reasons.
- c. Employee shall not discriminate against customers who are using our competitor's product.
- d. Employee shall not provide the customers with product or services compromising safety and quality that betray expectations of the customers.

### 5.2. Society

#### **To achieve a cooperative relationship and contribute to society for mutual benefits.**

We will contribute to the improvement of the quality of life in our country through the development, production and sale of building materials and related services in a way that comply to Law and environmentally safe. We respect the law in all our activities and participate in shaping and improving local and regional conditions. We support educational and charitable initiatives selectively in the vicinity of our activities and participate as good citizens in cultural and social events at local and regional levels.

We believe that establishment of cooperative relationship and contribution to society is effective way to maintain and improve our corporate image.

**5.2.1 Be a good corporate citizenship.**

- a. The company will abide by all applicable local, regional, state and international regulation governing its business. Further, it is the company's intent to assume a leadership position in promoting the betterment of the communities in which we operate.
- b. Employee should put their best effort to perform in an environmentally safe manner.
- c. The company does not support any illegal activities and practices such as bribes, kickbacks, or other inducements that is intended to gain preferential treatment.

**5.2.2 To contribute and to establish cooperative relationship with society.**

- a. All employees must support company's community development sincerely and responsibly without vested interest.
- b. In order to prevent misunderstanding and to ensure effective information release of company's community development program, employee shall not make any comment or promise without a proper authorization. No statement which involves the company and its policy is to be given out by any person other than authorized representative.

**5.2.3. Indocement employee with responsibility and sense of belonging shall maintain corporate image.**

- a. Employee shall respect the local culture and traditions in the area around company's facilities

**5.3. Shareholder****To create value for the mutual advantage of company and employee.**

We will make effort for sustainable growth and for everlasting support and trust from our shareholder by way of

**5.3.1 Better corporate governance and practices.**

- a. We will submit our business reports to our shareholders, and the concerned government institution with fairness, timeliness and accuracy to establish trusting relationship with them.
- b. Employee shall not harm Shareholder interests by abusing information regarding company's business activities.
- c. Employee shall not conceal information on company real performance and or to fake data and information that may lead to wrong decision by Management and Shareholders.
- d. We and all employees will not take advantage of "undisclosed significant information" regarding our own company, affiliated companies and suppliers for securities trading purposes or insider trading.

**5.3.2 To create added value efficiently and effectively.**

- a. Employees shall utilize company's resources in an efficient and effective manner.
- b. Employee must utilize their working hour or available time for producing result and behave toward Excellence.

**5.4. Business Partner****To form Win-Win Partnership**

The Company will seek broadly for appropriate business partners and establish Win-Win relationships to create values for our shareholders. Therefore we and our employees shall not compromise to pursue self-interest or vested interest.

**5.4.1 To select with fairness and discretion**

- a. We will search for our partners widely from around world, not being bound by superficial evaluation including our past contractual history with and the business scale of the candidate companies.
- b. Employee must carry out our business partners evaluation with integrity without any vested interest. Should there any family relationship with candidate partners, employee must disclose such information to respective and other concerned division.
- c. Employee shall carry out the evaluation objectively and shall treat candidate partners equally without any discrimination based on religion, tribes, or races.
- d. Employee shall not disclose any information that may lead to unfair competition or to favor one candidate partners over another.
- e. Gifts and entertainments can be accepted within certain limitation in line with commonly accepted practices and provided that these are declared to the immediate superior and shall not create a conflict between the individual and the Company interests and may not be thought to influence professional judgment.

**5.4.2 To take full advantage of the partnership to maximize our value for our customers and shareholders****5.5 Competitor**

Employee shall open their mind to learn weaknesses, to look for new opportunities and ideas, for self-development and strengthen company's competitive position.

## 6. Conflict of Interest

The company expects that its employee avoid any circumstances and situation that could lead to conflict of personal interests with company's interests. Therefore employees are expected to give full commitment to company's interest and responsibly to avoid personal vested interest and financial interests.

The scope of this policy is extended not only to employee but members of employee's family and any other persons or groups whom the employee could be considered to have an interest in benefiting as well. The followings are examples of what things that may lead to conflict of interest:

### 6.1. Gift and entertainment

Presents, grants, favors, or offers of entertainment to business contacts must be approved by his or her superior manager.

### 6.2. Outside Employment and Activities

- 6.2.1. Company expects its employees to totally contribute to the company's activities. Therefore, for any reason they shall not be involved with any activities that could conflict with or endanger Indocement's interest and corporate image.
- 6.2.2. Employees shall not take an outside commitment or employment which could limit time or attention that should be given to Indocement's employment or which may prevent them from devoting their abilities to perform their duties. Outside commitment shall not relate to Company's business and activities.
- 6.2.3. Employee may serve other company or other Institution for Indocement's business interest and in such case it shall require Director's approval and if necessary further approved by the appropriate regulatory body.

### 6.3. Business Activities and Financial Interests

- 6.3.1. Employees should not take for themselves or divert to others any business opportunities that could be the interest of Indocement.
- 6.3.2. Employees shall not conduct any business or any activities that have financial interest within company facilities and workplace, utilizing company's facilities, and during working hours.
- 6.3.3. Employee or member of the employee's immediate family shall not have interest or conspire to have interest in property, real estate or any form of assets which will be sold, purchased or leased by the company.
- 6.3.4. When an employee is aware that he or she has a family or other personal link with company's competitor or in any company that has the same business interest with Indocement, this must be disclosed to prevent conflict of interest.

### 6.4. Nepotism and Working Relatives

#### 6.4.1. Recruitment.

Nepotism refers to recruiting policies that favor family members. The company has adopted a policy to prevent the appearance of favoritism, to prevent the conflict of interest that may arise if one relative is directly or indirectly supervising another, to protect the confidentiality of information and to maintain effective internal control within the company.

#### 6.4.2. Working Relatives.

If, after you are hired, you develop a relationship with another employee and form an inter-employee marriage. In such case ones should inform the company so that any potential conflict of interest can be avoided.

### 6.5. Inside Information

Confidential, unpublished, unaudited or informally announced information obtained as a result of employment, shall not be used or disclosed for personal gain or otherwise, directly or indirectly.

## 7. Closing

- 7.1 Indocement Work Ethics shall be distributed to employees and superior is responsible to provide necessary explanation, to nurture, to oversee and enforce the implementation of the work ethics.
- 7.2 Indocement Work Ethics is provided as guidelines for employees. Should there any doubts about the applications of the work ethics, you should consult with your superior. Any inquiries about the principles set out in this paper should be directed to Personnel Department Head at each operating unit or HR Manager at head office.
- 7.3 Indocement Work Ethics shall be reviewed to ensure its applicability, its ability to cope with current changes and business competition. The company shall institutes an ethics committee to develop our work ethics, coordinate training program, and oversee its company wide implementation.

## ANNEX 1

**Input values** is a set of core values that we believe to be the basic foundation for our employees to perform, to behave and to interact with fellow employees and superior. We must hand in hand build this value into ourselves and nurture each other in disseminating this core value.

The input value is as follows:

- ◆ **Integrity**  
Integrity dictates that one be guided by the belief that honesty is the best policy. Integrity makes one trustworthy and able to guard company secrets.  
An Indocement employee:
  - shall be honest
  - shall obey the company rules and regulation all the time.
- ◆ **Responsibility**  
Responsibility is displayed when one conscientiously performs assigned tasks. One passed the responsibility test when he or she is willing to accept the consequences of failure if it occurs.  
An Indocement employee:
  - shall conscientiously performs and accomplish all assigned tasks.
  - must be willing to accept consequence of failure or mistakes if it occurs.
- ◆ **Discipline**  
Discipline is reflected in the consistency of one's behavior. On the job, this calls for compliance with company rules and regulation. In working with others, it implies a respect for agreed timeliness and proper documentation. On a daily basis, it is reflected in such simple things as coming to work and starting and ending meeting on time.  
An Indocement employee:
  - must behave consistently obeying company rules and regulation.
  - shall perform and accomplish task in accordance with standard operating procedure, and company rules and regulation.
  - must consider the timeliness in performing the tasks and the determined target time.
- ◆ **Team Playership**  
Team playership is reflected when one works well with others. One must be able to place group interest above self-interest.  
An Indocement employee:
  - shall be able to work well with colleagues in the group.
  - shall place group's interest above self-interest.
  - must understand well his/her own role and what is the expected contribution by his/her group.
- ◆ **Service Mindedness**  
Service mindedness entails nurturing a desire to serve the customer. Such desire requires the ability to anticipate the needs of the customer.  
An Indocement employee:
  - must develop and nurture a desire to provide the best services to customer.
  - must provide the services wholeheartedly, responsively, accurately, and in a timely manner.
- ◆ **Initiative**  
Initiative implies that one does not wait for instructions before taking action. It also means that one looks for new ways of doing things.  
An Indocement employee:
  - must be able to take correct and appropriate action without passively waiting for instruction.
  - shall always trying to find new ways, a better way in accomplishing the tasks.
- ◆ **Willingness to Learn**  
Willingness to learn implies making a relentless effort to gain knowledge. Such an outlook makes one want to explore new ways of getting things done.  
An Indocement employee:
  - must always be willing to develop skill and knowledge. Be an open-minded person.
  - must have persistence in learning and developing skill and knowledge.
  - shall proactively sharing new knowledge and skill to colleagues.
  - shall respect other fellow employee's ideas, seek to understand first, never underestimate it or expressing cynical attitude and skepticism behavior.
- ◆ **Intelligence**  
Intelligence implies a good capacity to understand new things. To be intelligent means that one has the ability to think logically.  
An Indocement employee:
  - should posses the capability to understand new things quickly.
  - should be able to think and analyze logically.
  - Employee should possess passion for innovation, being creative, quality and service-minded to continually improving performance.