

## INDOCEMENT'S CODE OF CONDUCT

### Opening Remarks by the President Director

Dear individuals in the Company,

A convenient workplace which is resulted from a harmonious relationship among all of the stakeholders is a basic foundation of maintaining a sustainable growth of the Company. The Company has made the necessary adjustments to its policies in anticipation of the changes that may occur and affect corporate governance. These include redefining the values and the leadership style in order to add corporate cultural benefits in the implementation of governance and leadership at Indocement based on common values.

This Code of Conduct has been prepared for the purpose of providing a guideline for all of the "Company's Individuals" in putting into practice the values and the leadership style. A code of conduct, which consists of business and work ethics, is not only based upon the values and the leadership style, but also on a reference to the legal standards and general principles applicable to the Company, either as an entity, or as an individual.

This Code of Conduct should be applied to any interactions among employees and interactions with all stakeholders of the Company; from the strategic planning, to the day-to-day operational activities for Directors as well as managers and employees who share there responsibility of maintaining

the conduct of all Company's Individuals in compliance with this Code of Conduct for continuing growth of the Company in the future.

All individuals are required to comply with this Code of Conduct, being fully aware, rather than simple as a matter of formality, of the spirit contained in it. Each individual should also strictly abide by applicable laws.

**Jakarta, 1 November 2018**

**Christian Kartawijaya**

President Director

## 1. Introduction

The reputation of PT Indocement Tunggal Prakarsa Tbk (hereinafter referred to as the "**Company**" or "**Indocement**") as a leading cement company in Indonesia should be maintained with high standards of integrity and transparency by implementing the Code of Conduct and complying with the applicable laws and regulations.

As the law and circumstances continuously grow, the Company needs to update its Code of Conduct in order to maintain its reputation and ensure the continuity of business of the company and its stakeholders.

This Code of Conduct consists of Business Ethics, which are business conducts that relate to stakeholders, and Work Ethics, which are work conducts of the Directors, the Commissioners and the Employees (hereinafter referred to as the "Company's Individuals").

The purposes of the Indocement Code of Conduct are:

- To guide the behaviors and contribution of the Company's Individuals towards achieving its vision and mission.
- To serve as a guide in the interaction between the Company and the stakeholders.
- To ensure business continuity of the Company and the stakeholders.
- To build and maintain the Company's reputation.

### **1.1. Vision and Mission**

The Company sets its mission to do a business of supplying good quality cements and construction materials, at competitive prices, and concern to the principle of continuous development.

The Company's vision is the objective willing to be achieved by the Company as a leading cement producer in Indonesia. The Company's vision and mission are evaluated periodically by the Board of Directors.

### **1.2. Company's Values and Leadership Style**

In order to achieve the vision and mission, the Company's Individuals should implement the values and leadership style adopted by the Company.

Indocement's corporate values are abridged as "**ASIST**", as follows:

#### **1. Accountability**

The obligation and desire of each individual to accept and perform duties and to assume responsibilities.

#### **2. Strive for Excellence**

The enthusiasm to work more than what is expected in order to achieve the best result.

#### **3. Integrity**

The belief to act correctly, honestly, transparently and full of integrity.

#### **4. Service-mindedness**

A will to serve and meet the needs of customers.

## **5. Teamwork**

The enthusiasm to work as a team and set aside personal conflicts in order to achieve the Company's objectives.

The leadership style built within the Company by practicing 5 Styles of Leadership "**We Care & Proud**":

### **1. We Centric**

Work together to achieve the Company's objectives by prioritizing common interests over personal ones.

### **2. Care**

Care for the co-workers (core value), the Company, (corporate image & cost), the community (community & customers) and the environment (carbon).

### **3. Process Driven-Performance Oriented**

Focus on work result and process continuously based on the vision and mission of the Company.

### **4. Open Communication**

Two-way open communication is established in order to communicate information and opinion clearly.

### **5. Decisiveness**

Dare to be committed to making changes decisively and persistently, at the right time.

The Company's values and leadership style must be implemented and should therefore be translated into a guideline that provides for business conducts in interacting with stakeholders and work conducts in the Company, as set out in this Code of Conduct.

## **2. Indocement's Code of Conduct**

Indocement's Code of Conduct contain a set of values, moral behaviors, and customs, which should be adopted by the Company's Individuals and reflected in work attitudes and professionalism that give added values to the Company and the stakeholders.

This Code includes the Company's conduct in dealing with the stakeholders (Business Ethics) and the Company's Individuals' behaviors in daily interactions and in the performance of work (Work Ethics).

### **2.1. Business Ethics**

Business Ethics are the standard behaviors which are set by the Company in interacting with internal and external stakeholders.

The Business Ethics have been prepared to ensure that the Company has a code of conduct in the business interaction with its stakeholders and to enable it to do business and compete fairly in compliance with the applicable laws.

#### **2.1.1. Relationship with Customers**

Indocement Customers are the company's stakeholders that have huge contribution to the continuity of its business and it therefore endeavors to continuously improve its customers' satisfaction.

The Company is committed to:

1. Provide reasonably priced and quality-guaranteed products that comply with the applicable standards.
2. Provide customers with accurate product information through various channels, such as websites, advertisements, promotional media, and product packages of the Company.
3. Provide services professionally.
4. Respect the rights of the customers as set out in applicable laws, rules and regulations.
5. Comply with business competition rules, by:
  - a. implementing circumspection in receiving information from customers.
  - b. not requiring customers to buy products or services they are not interested to buy as a condition to the purchase of what they want.
  - c. not making use of a customer as an intermediary to obtain sensitive information from or regarding a competitor.
  - d. not entering into any agreement prohibited by the applicable business competition laws.

#### **2.1.2. Relationship with Business Partners**

The Company establishes a mutually beneficial partnership and creates added values.

The Company is committed to:

1. Select a competent business partner after considering its track record and meet the applicable laws and regulations, including, among others, the standards set by the Company, the standards set by Heidelberg Cement Group, and the regulation of corruption.
2. Provide fair and transparent opportunities in tender processes pursuant to the applicable rules.
3. Set out the cooperation agreement between the Company and its business partner in a contract pursuant to the applicable regulations and laws of the Company, including, without limitation to matters related to human rights, manpower, occupational health and safety, environment and intellectual property rights.
4. Perform each contract agreed upon between both parties.
5. Meet the business competition rules, by:
  - a. implementing circumspection in receiving information from business partners.
  - b. not making use of a business partner as an intermediary to obtain sensitive information from or regarding a competitor.
  - c. not entering into any agreement prohibited by the applicable business competition laws.

### **2.1.3. Relationship with Competitors**

The Company maintains good relationship with and respects the existence of its competitors.

The Company is committed to:

1. comply with the principles and rules of business competition, namely not doing any of, but not limited to, the following:
  - a. Price fixing in any form, among others, through price discrimination, selling at a loss, price fixing for resale, determination of profit.
  - b. Joint marketing in any form, among others, through distribution of marketing regions, boycotting of other business players, cartel agreements, establishment of a Trust, conclusion of closed (exclusive and tying) agreement and market control.
  - c. Sharing of information relating to price, cost, and corporate confidential information other than information obtained from public sources.
  - d. Tender conspiracy in which competitors team up in the submission of offers to a customer without the knowledge and consent of the customer.
2. Comply with the business competition principles and rules that provide for abuse of dominant position in a market.

#### **2.1.4. Relationship with the Government**

The Company strives to be a good citizen.

The Company is committed to:

1. Comply with the relevant rules in conducting its operation and business.

2. Implement the good governance principles: Transparency, Accountability, Responsibility, Independency, and Fairness.
3. Establish good relationship with the government.

#### **2.1.5. Relationship with the Communities**

The Company establishes harmonious relationship with the communities living around the area in which the Company operates.

The Company is committed to:

1. Contribute to improve quality of life in Indonesia through development of production and sales of construction materials.
2. Adopt an approach to build harmonious relationship with local communities.
3. Build and develop communities to ensure that they will grow independent and share values with the Company.
4. Implement Social and Environmental Responsibility (SER) with a sustainable development approach (SDGs and the application in Indonesia) and in line with the Heidelberg Cement Group's sustainability commitment.
5. Develop two-way good communication with the communities through dialogs, meetings, or other medium of communication.

#### **2.1.6. Relationship with the Employees**

The Company increases its engagement with the employees in order to achieve its vision and mission.

The Company is committed to:

1. Comply with human rights-related regulations.
2. Abide by the applicable manpower regulations.
3. Create a convenient workplace.

#### **2.1.7. Relationship with the Shareholders**

The Company strives for optimal added values and continuing benefits for the shareholders.

The Company is committed to:

1. Manage its business with circumspection.
2. Oriented towards generating added values and continuing benefits.
3. Provide accurate and transparent information.
4. Implement the principle of equality in providing the rights of the shareholders.

#### **2.1.8. Relationship with the Media**

The Company builds its relationship with the media on the basis of transparency and mutual respect with the purpose to improve the Company's reputation and the public's trust.

The Company is committed to:

1. Maintain communication and collaboration with the media through various efforts, such as media gathering,

working visit, public presentation, press conference, or press release.

2. Proactively provide information accurately.
3. Respond to news that affects the Company's reputation pursuant to the applicable rules.

## **2.2. Work Ethics**

Work ethics are a set of values adopted by the Company's Individuals in interactions and used as a guideline in the performance of day-to-day jobs.

### **2.2.1. Compliance with Laws**

The Company's Individuals always try to be a good corporate citizen by complying with the applicable laws, including legislations, rules, regulations, standards and agreements.

The Company's Individuals are committed to:

1. Understand and implement the applicable laws within the context of their jobs.
2. Avoid any acts and behaviors that may result in the violation of law.
3. Take control and supervisory measures for the jobs in the units for which they are responsible.
4. Give notice of any indication of violation of the law.

### **2.2.2. Anti-Corruption**

The Company's Individuals comply with anti-corruption law and regulations in the performance of their duties.

The Company's Individuals are committed to:

1. not take any actions to enrich themselves or a group that may harm the Company.
2. not misuse the authority, opportunity or objective of the Company for personal or group gains.
3. not take any forms of fraud or conspiracy.
4. not offer, promise to offer, authorize or permit, request or accept for personal or group gains in any form.
5. not commit in any form of exploitation.

### **2.2.3. Gratification**

No individual in the Company may receive gifts, unjustifiable benefits, or items of value, directly or indirectly, such as loans, discounts, commissions, valuable guarantees or titles to lands, jobs, releases from performance of obligations or other liabilities, travel tickets, lodging facilities, tour travels, and other supports or benefits of service.

The Company's Individuals are committed to:

1. not accept any kinds of gratifications which are known or reasonably known to be given as a stimulation to do or not to do something which is within their responsibilities or against their obligations.
2. comply with the limit of giving or receipt of gifts or hospitalities, but subject always to risks of

corruption and the applicable laws and regulations, as follows:

- a. It occurs rarely (once or twice a year per business partner).
- b. It is insignificant in value, as set out in the Board of Directors Decision.
- c. It is given only out of the Company's customary hospitality and normal business practice.
- d. Receiving it would not constitute a violation of law or regulation.
- e. It is reasonably unlikely to conclude that the decision to be bound by a contract with another party is influenced by the receipt of that gift or hospitality.

#### **2.2.4. Conflict of Interests**

None of the Company's Individuals is involved in any conflict of interests, a situation in which the interests of the Company conflict with personal interests.

The Company's Individuals are committed to:

1. not directly or indirectly abuse their power and position to gain personal or group purposes/benefits.
2. not maintain any job or commitment other than with the office which could reduce the time or attention which should be dedicated to their jobs for Indocement or which may prevent them from bringing out their

capabilities in the performance of their jobs for Indocement.

3. not grab the business opportunities intended for the Company for their own or to be directed to another party.
4. not be allowed to do any businesses or activities other than those related to their jobs.
5. not allowed to do any businesses or activities that are related to a competitor or a business partner that may harm the Company.
6. not be allowed to do any other business or activity using the Company's facilities.
7. not be allowed to have interests or to involve in a conspiracy to own property, housing or asset of any kind whatsoever, which can be sold, purchased or leased by the Company.
8. not be allowed to do nepotism, i.e., showing favoritism to their family or group members.
9. not actively or passively engage in practical politics within the Company.
10. disclose to their supervisors if they or their family members or parties having personal relationship with them - are related to a competitor or a company which has the same business interests as the Company, or in

any company which has relationship with Indocement, in order to avoid conflict of interests.

#### **2.2.5. Anti-Discrimination**

The Company's Individuals respect the human rights and implement anti-discrimination, i.e., equal treatment without discrimination according to ethnic group, religion and race against fellow individuals in the Company.

The Company's Individuals are committed to:

1. grow a sense of mutual respect.
2. build relationship and cooperation on the basis of behaviors that reasonably and fairly show tolerance and etiquette.
3. give a fair job opportunity based on performance and competency including recruitment process, placement, development and promotion.
4. provide the rights, benefits and facilities in accordance with the applicable rules.
5. Perform active roles in creating a convenient workplace.

#### **2.2.6. Company's Assets**

The Company's Individuals manage the Company's assets effectively and efficiently. The Company's assets may be physical (such as equipment, infrastructures, facilities, tools or vehicles, and others) or non-physical (such as, software, intellectual property rights, Company's image, and others).

The Company's Individuals are committed to:

1. use the Company's assets effectively and responsibly.
2. implement good housekeeping, maintain and protect the Company's assets.
3. respect and maintain the intellectual property rights of other party.
4. avoid activities that may cause damage to the Company's assets, unnecessary costs, or other losses to the Company.

#### **2.2.7. Confidentiality of Data & Information**

The Company's Individuals shall keep confidential any data and information which are exclusively intended for particular purposes.

The Company's data and information may include documents, guidelines, procedures, records, reports, presentations and others; either in print (hardcopy) or in electronic (softcopy) form.

The Company's data and information cover each stage in the activities of the Company.

The Company's Individuals are committed to:

1. designate, documentation, and update any confidential data and information.
2. keep, protect and maintain any confidential data and information of the Company or of a third party.

3. control each parson who may access confidential information and data.
4. use confidential data and information in accordance with their roles and responsibilities and for their intended purposes.
5. keep and protect the use of confidential data and information from use by unauthorized persons or harming the Company.
6. disclose any confidential data and information required by law.
7. not do any securities transaction using insider information and comply with capital market rules.
8. not use or disseminate any confidential data and information of the Company to any party, whether during employment, or after leaving the Company.
9. not illegally collect or obtain any data or information from other parties.
10. require a third party receiving confidential information to execute a confidentiality agreement.

#### **2.2.8. Disclosure of Information**

The Company's Individuals shall disclose information with circumspection and subject to rules.

The Company's Individuals are committed to:

1. provide information clearly, accurately and understandably according to the intended use by the

recipient and comply with rules on media and Electronic Information and Transactions.

2. establish and use appropriate medium of communication, such as internet, website, email, social media or other means.
3. avoid misuse of means of communication and inaccurate or illegal disclosure of the Company's information.
4. Information disclosure shall be made by officers or personnel appointed by the Company, i.e., director, corporate secretary or his/her representative, communication manager or his/her representative, and investor relations officer.

#### **2.2.9. Occupational Health, Safety and Security and Environment**

The Company's Individuals shall endeavor to create a safe, healthy and secure as well as environmentally friendly working condition.

The Company's Individuals are committed to:

1. understand and comply with all relevant laws, standards and requirements regarding occupational health, safety and security and environment.
2. manage risks and opportunities as to aspects of occupational health, security and safety and environment.

3. take any measures to control and prevent any security interruptions, incidents, occupational diseases and environmental protection as well as continuing improvements.
4. provide means and equipment to prepare for emergency response.

#### **2.2.10. Ethical Behaviors towards Fellow Employees**

The Company's Individuals shall strive to create a convenient working atmosphere.

The Company's Individuals are committed to:

1. perform the obligations and avoid the prohibitions set out in the Company rules and the Collective Labor Agreement.
2. make self development and implement the values of the Company.
3. implement the Company's leadership style and be an example.
4. establish relationship and cooperation based upon sincerity, good faith and mutual respect.
5. promote integrity and build an openness atmosphere by sharing knowledge and best practice.
6. not exert intimidations, sexual abuses, breach of morality, and other acts which are against the applicable laws and regulations.

### **3. Suggestions, Guidance and Reporting**

The Company's Individuals are expected to promote, implement, maintain and develop this Code of Conduct in order to ensure that their behaviors reflect the commitments set out in this Code.

Any breach of this Code is subject to sanctions pursuant to the Company rules or the Collective Labor Agreement.

In the event that the Company is necessary to behave in certain manners which may be different from those set out in this Code, exception may apply to orders or approvals of the Company's Board of Directors.

In case of facing a problem that is related to ethics, Company Individuals and stakeholders shall notify, ask or report to their supervisors or the handling officers.

In the event that it is inappropriate to resolve the problem with the supervisor or the handling officer, the Company's Individuals and stakeholders may report to the Ethics Committee or via MySafeWorkplace or the available channels. The Ethics Committee is determined by the Decree of the Board of Directors.