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OFFICIAL TRANSLATION



**CONFLICT OF INTEREST  
(COI)  
GUIDELINES**

**NUMBER: A-004/PHE040/2018-S9**

**REVISION: 0**

**PT. PERTAMINA HULU ENERGI  
RELATIONS**

**JOINT COMMITMENT STATEMENT**



**THE BOARD OF DIRECTORS AND THE BOARD OF COMMISSIONERS  
PT PERTAMINA HULU ENERGI**

We agree that PT Pertamina Hulu Energi in carrying out its activities must always comply with the Principles of Good Corporate Governance relaized in the Corporate Values and the Conflict of Interest.

Jakarta, October 31, 2018

**THE BOARD OF DIRECTORS**

**THE BOARD OF COMMISSIONERS**

*signed*

Huddie Dewanto  
**Acting President Director**

*signed*

Nicke Widyawati  
**President Commissioner**

*signed*

Abdul Mutalib  
**Exploration Director**

*signed*

R. Panji Sumirat  
**Commissioner**

*signed*

Afif Saifudin  
**Development Director**

*signed*

Djoko Siswanto  
**Commissioner**

*signed*

Ekariza  
**Operation and Production Director**

*signed*

Prahoro Nurtjahyo  
**Commissioner**

*signed*

Huddie Dewanto  
**Finance and Business Service Director**

*signed*

Moh. Oemar  
**Independent Commissioner**

**NOTES ON CHANGES TO DOCUMENTS**



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**CHAPTER I**
**GENERAL**

In the Company's business activities, in general, it is inseparable from the relationship and interaction between internal and external parties who establish harmonious, good and sustainable cooperation with each other by not forgetting the ethics and principles of Good Corporate Governance.

Related to business relationships, the something that often happens in the practice of daily work activities always arises and unavoidable is the existence of a Conflict of Interest from one party to another party. Therefore, to maintain the business relationships with the stakeholders, it is necessary to regulate matters related to the Conflict of Interest and the reporting procedures/mechanisms within PT Pertamina Hulu Energi ("PHE"). This is important to be cultivated within PHE as a learning process for the PHE Personnel to realize PHE Personnel who have high value, dignity and image in business relationships with their stakeholders.

**A. PURPOSE**

The purpose of the preparation of this guideline is to provide direction and reference for all PHE Personnel



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with regard to Conflict of Interest (CoI) within PHE, in order that it is in accordance with the principles of Good Corporate Governance (GCG), so as to encourage the implementation of high business ethics and prevent fraud as well as other behavioral deviations.

### B. SCOPE

The scope of this guideline is about the matters related to ethics in Conflict of Interest (CoI) and its reporting mechanism within PHE.

### C. DEFINITION

1. **Immediate Supervisor** shall mean the direct leader of the PHE Personnel at least at Manager level.
2. **Chief Compliance Officer (CCO)** shall mean an official appointed by the President Director who is responsible for the Company's compliance program and ensures that the Board of Commissioners, the Board of Directors, the Management and employees/workers comply with the regulations and provisions issued by the government, the company and other applicable provisions as well as organizational behavior in accordance with the Company's Code of Conduct.



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3. **PHE Code of Conduct (COC)** shall mean a guideline that explains the code of conduct of the PHE Personnel to implement Good Corporate Governance practices.
4. **PHE Code of Corporate Governance (CoCG)** shall mean a guideline that explains the structure and processes used by corporate organs to improve business success and accountability in order to realize shareholder values in the long term with due observance of the interests of other stakeholders.
5. **Compliance Function** shall mean a function that has the duty to develop, guide, implement and enforce the Good Corporate Governance (GCG) practices.
6. **Good Corporate Governance (GCG)** shall mean the principle that directs and controls the Company in order to achieve a balance between the strength and authority of the Company in providing accountability to shareholders in particular, and stakeholders in general. This is related to the arrangement of the authority of the Shareholders, the Board of Commissioners, the Board of Directors, the authorized officials, and other parties related to the management of the Company.



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7. **Gifts/Souvenirs** shall mean objects of receiving, giving, and asking for in the widest sense of the word which includes receiving/giving/asking for money/cash equivalents, goods, rebates (discounts), commissions, interest-free loans, travel tickets, lodging facilities, travel tours, free medical treatment, and other facilities. The gifts/souvenirs are both received domestically and abroad as well as carried out by using electronic means and/or without going through electronic means.
8. **Entertainment** shall mean everything either in the form of words, places, objects, behavior that is entertaining and enjoyable. In general, entertainment may take the form of invitations to dinners, music, films, operas, dramas, or in the form of games and even sports and tourism.
9. **PHE Personnel** shall mean the Board of Commissioners, the Board of Directors, and Employees/Workers who work for and on behalf of PHE or within PHE as well as personnel who work within PHE including their family members (core family members consisting of



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father, mother and children).

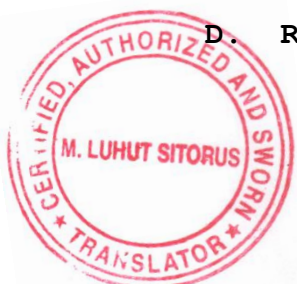
10. **Conflict of Interest** shall mean a situation where the PHE Personnel who has power and authority or is suspected of having a personal interest in the use of certain powers/authorities he/she has so that it can affect the quality and performance that should be.

11. **Local Highest Management** shall mean the highest local official at the minimum level of Vice President (VP)/equivalent or General Manager in the operation area of the upstream business activities of Subsidiaries/Joint Venture/Affiliates of PHE.

The Local Highest Management must appoint an official one level below him/her who is responsible for receiving, managing and making gratification reports.

12. **General Meeting of Shareholders (GMS)** shall mean a company organ that has authority that is not given to the Board of Directors or the Board of Commissioners within the limits as provided for in the law and/or the Articles of Association.

### D. REFERENCE





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1. Law Number 31 of 1999 as already amended by virtue of the Law Number 20 of 2001 regarding Eradication of Criminal Acts of Corruption.
2. Law Number 40 of 2007 regarding Limited Liability Companies.
3. Code of Corporate Governance (CoCG) of PHE.
4. Code of Conduct of PT Pertamina (Persero).
5. Conflict of Interest (CoI) Guidelines of PT Pertamina (Persero)



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**CHAPTER II**
**CONFLICT OF INTEREST**
**A. BASIC PRINCIPLES**
**1. Personal, Family and/or Group Conflicts of Interest**

All PHE Personnel other than their family members (core family members) who due to their position, if they find a potential or conflict of interest condition/situation, **shall be PROHIBITED** from continuing their activities/carrying out the obligations of their position.

**In the implementation of potential, or conflict of interest conditions/situations, the PHE Personnel:**

- a. **Shall be prohibited** from making transactions and/or using company assets for the benefit of themselves, their families or groups.
- b. **Shall be prohibited** from receiving and/or giving gifts/benefits in any form related to their position in the Company from business partners, providers of goods and services as well as the companies that are competitors of the partners.
- c. **Shall be prohibited** from receiving and/or giving



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goods/parcels/money/cash equivalents or in any form on religious festivity holidays according to applicable provisions.

- d. **Shall be prohibited** from allowing the partners or the third parties to provide anything in any form to the PHE Personnel.
- e. **Shall be prohibited** from receiving refunds and other personal benefits that exceed and/or are not the right of the hotel or any other party in the framework of official service or things that may give rise to a potential Conflict of Interest.
- f. **Shall be prohibited** from being discriminatory, unfair to win a goods/services provider of certain partners with the intention of receiving compensation for services for personal, family and or group interests.
- g. **Shall be prohibited** from using the Company's confidential information and business data for purposes other than for the benefit of the Company.
- h. **Shall be prohibited** from being directly or indirectly involved in the management of



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competing companies and/or partner companies or other potential partners.

- i. **Shall be prohibited**, either directly or indirectly, from intentionally participating in chartering, procurement, or leasing, which at the time the act was carried out, either in whole or in part, the PHE Personnel were assigned to manage or supervise the same.
- j. **Shall be required** to make a statement on the Potential Conflicts of Interest if they have blood relations in the core family relationship with the members of the Board of Directors and/or the members of the Board of Commissioners.

The PHE Personnel, if they find a conflict of interest condition that is not in accordance with the applicable provisions, they are required to **MAKE A STATEMENT LETTER OF POTENTIAL CONFLICT OF INTEREST** upon this condition by providing an explanation of these policies and rules to their Immediate Supervisor or Local Highest Management. If necessary, the PHE Personnel can convey this rule to a third party as part of the socialization of this rule.



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### 2. Prioritizing the Public Interest

- a. Every PHE Personnel must pay attention to the general principles of good governance in providing services to the community in accordance with applicable provisions.
- b. In making decisions, every PHE Personnel must pay attention to the prevailing laws and policies regardless of personal or affiliate gain/interest with religion, profession, party or politics, ethnicity, and family.
- c. Every PHE Personnel may not include elements of personal interest in making decisions and taking actions that can affect the quality of their decisions. If there is a conflict of interest, the PHE Personnel may not participate in making official decisions that may be influenced by their personal and affiliate interests.
- d. Every PHE Personnel must avoid personal actions that benefited from inside information obtained from his/her position, while this information is not publicly available.
- e. Every PHE Personnel may not seek or receive



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improper benefits so that it can affect the implementation of their duties. Every PHE Personnel is also not allowed to receive improper benefit from the position he/she holds, including obtaining certain information in such position.

**3. Creating Transparency in the Handling and Monitoring of Conflicts of Interest**

- a. Every PHE Personnel must be transparent about the work they do. This obligation is not only limited to complying with the provisions of laws and regulations but also must comply with the values of interest free, impartiality, and having integrity.
- b. The personal interests and affiliate relationship of each PHE Personnel that may hinder the performance of the Company's duties must be disclosed and declared in order that they can be controlled and handled adequately.
- c. Every PHE Personnel must forward and follow up on complaints from the community with regard to Conflicts of Interest that occur in accordance



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with the provisions of the Company's regulations.

- d. Every PHE Personnel must ensure the consistency and transparency in the process of resolving or handling Conflict of Interest situations in accordance with the existing legal framework.

#### **4. Encouraging Personal Responsibility and Exemplary Attitude**

- a. Every PHE Personnel must maintain the integrity so that they can become role models for other PHE Personnel and for the community.
- b. Every PHE Personnel should be able to separate personal affairs from Company affairs so as to avoid Conflict of Interest that harm the Company's interests if such a Conflict of Interest occurs.
- c. Every PHE Personnel must be responsible for resolving the Conflict of Interest that occurs.
- d. Every PHE Personnel must demonstrate commitment and professionalism in the implementation of Conflict of Interest handling policies.

#### **5. Creating and Fostering an Organizational Culture**



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**that is Intolerant of Conflicts of Interest**

- a. Management policies and practices that have been formulated and implemented so as to encourage effective monitoring and handling of Conflicts of Interest.
- b. The creation of a climate that encourages every PHE Personnel to disclose and discuss Conflicts of Interest that occur.
- c. The creation of a culture of open communication, as well as encouraging continuous dialogue about integrity.
- d. The implementation of continuous direction and training to improve understanding of the rules and code of ethics.

**6. Corporate Conflict of Interest**

Several forms of Conflict of Interest that often occur and are faced by the PHE Personnel including:

- a. A situation that causes a person to receive gratification or the giving/receiving of gifts for a decision/position.
- b. Situations that cause the use of company assets for personal/group interests.





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- c. Situations that cause confidential position/company information to be used for personal/group interests.
- d. Holding concurrent positions in several companies that have direct, indirect, similar or dissimilar relationships so as to resulting in inappropriate use of a position.
- e. Situations where PHE Personnel provide special access to certain parties, for example in the recruitment of employee without complying with proper procedures.
- f. Situations that cause the supervisory process not to comply with the procedures due to the influence and expectations from the supervised party.
- g. Situations where the authority for making and evaluating an object is possessed or owned by the same PHE Personnel.
- h. Situations where there is an opportunity for abuse of office.
- i. Post employment (in the form of trading influence, position secret).
- j. Situations where the PHE Personnel determine



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themselves the amount of salary/remuneration.

- k. Moonlighting or outside employment.
- l. Situations that allow the use of discretion that abuses the authority.

**Sources of Conflict of Interest include:**

- a. Power and authority of the PHE Personnel.
- b. Holding concurrent positions, namely the PHE Personnel holding two or more positions so that they cannot perform their positions in a professional, independent and accountable manner.
- c. Affiliate Relationship is the relationship owned by the PHE Personnel with certain parties, either due to blood relations, marital relations, or friendship relations that can influence their decisions.
- d. Gratification is giving/receiving/asking for Gifts/Souvenirs and/or Entertainment.
- e. Weaknesses in the organizational system are conditions that become obstacles to achieving the objectives of implementing the authority of the PHE Personnel due to the existing rules, structure and corporate culture.



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f. Personal interest (vested interest) is a desire/ need of the PHE Personnel with regard to personal matters.

To prevent potential Conflicts of Interest in the Company including its subsidiaries and affiliates in carrying out business activities, in connection with the transaction plan, the Company must:

- a. Appoint the independent parties to conduct an independent assessment of the transaction plan for which the Shareholders' approval will be requested. The said opinion is the opinion of an independent assessor on the feasibility and fairness of the value of transaction plan.
- b. Opinions of the independent legal consultants who provide legal opinions on services transactions as described based on the laws and regulations prevailing in Indonesia.

In the implementation, every PHE Personnel:

- a. **Shall be prohibited** from making transactions and/or using company assets for the benefit of themselves, their families or groups.
- b. **Shall be prohibited** from giving Gifts and/or



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Entertainment in any form related to the Company to civil servants, departments, government/state officials, fellow work partner, providers of goods and services as well as the companies that are competitors of the partners/work partners with the intention of bribing and/or giving privileges that should not be received by the Company, including giving goods/parcels/money/cash equivalent or in any form on religious festivity holidays that are not in accordance with the rules.

- c. **Shall be prohibited** from receiving Gifts and/or Entertainment in any form related to their position in the Company from the civil servants, departments, government/state officials, fellow work partner, providers of goods and services as well as the companies that are competitors of the partners/work partners with the intention of bribing and/or giving privileges that should not be received by the relevant PHE Personnel according to the applicable provisions.
- d. **Shall be prohibited** from allowing the work



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partners or the third parties to give anything in any form to the civil servants, departments, government/state officials, fellow work partner, providers of goods and services as well as the companies that are competitors of the partners/work partners with the intention of bribing and/or giving privileges that should not be obtained by the Company excessively.

- e. **Shall be prohibited** from being discriminatory, unfair to win a goods/services provider of certain partners/work partners with the intention of receiving compensation for services for personal, family and/or group interests.
- f. **Shall be prohibited** from using confidential information and business data of other companies, the third parties or competing companies that are carried out outside those determined by prevailing regulations in the benefit or interest of the company.

### B. STAGES IN HANDLING CONFLICTS OF INTEREST

#### 1. Formulation of Policy Framework

In the formulation of the policy framework for



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handling Conflict of Interest, there are several main aspects that are interrelated and need to be considered, namely:

- a. Definition of Conflict of Interest that has the potential to endanger the integrity of the Company and individuals.
- b. Management commitment in implementing Conflict of Interest policies.
- c. Good understanding and awareness of Conflict of Interest to support compliance in handling the Conflict of Interest.
- d. Adequate disclosure of information related to the handling of Conflicts of Interest.
- e. Involvement of the stakeholders in handling the Conflicts of Interest.
- f. Monitoring and evaluating the Conflict of Interest handling policies.
- g. Development and adjustment of policies and procedures for handling the Conflicts of Interest based on the results of the above monitoring and evaluation.

### 2. Identification of Conflict of Interest Situations



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At this stage, identification of situations that fall into the category of Conflict of Interest will be carried out. In this case, it is necessary to have a clear description of the situation and affiliate relationship that gives rise to a Conflict of Interest in accordance with the main duties and respective functions. Identification of Conflict of Interest situations must be consistent with the basic idea that there are various situations where the personal interests and affiliate relationship of each PHE Personnel can lead to a Conflict of Interest.

### 3. Formulation of the Conflict of Interest Handling Strategy

The Conflict of Interest policy needs to be supported by an effective strategy in the form of:

- a. Formulation of the code of ethics.
- b. Training, direction and counseling that provide practical examples and steps for handling the Conflict of Interest situations.
- c. **Compliance Function** Support in the form of:
  - 1) Administrative support that ensures the effectiveness of the reporting process so



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that information can be assessed correctly and can be continuously updated.

- 2) Reporting & recording of personal interests (vested interest) shall be carried out in official documents so that the respective Functions can show how to identify and handle Conflicts of Interest.

d. Declaration of Conflict of Interest in the following manner:

- 1) Initial report or statement (disclosure) on the existence of personal interests that may conflict with the implementation of their position when a person is appointed as a PHE Personnel.
- 2) Follow-up reporting and statements if there is a change in conditions after the initial reporting and statement.
- 3) Reporting includes detailed information to be able to determine the level of Conflict of Interest and how to handle it.

#### **4. Preparation of a Series of Actions to Handle Conflict of Interest**





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To handle a Conflict of Interest, a clear series of actions is required if every PHE Personnel is in a Conflict of Interest situation.

The preparation of these actions is needed as a follow-up step after the PHE Personnel has reported the Conflict of Interest situation they are facing, considering that the existence of the report does not guarantee that the PHE Personnel has been out of the Conflict of Interest situation. In addition, the preparation of this action is also needed when a Conflict of Interest has occurred even though without any reporting from the person concerned.

A series of actions that can be prepared as a follow-up step in handling Conflict of Interest that can be used as guidelines are as follows:

- a. Reduction of personal interests of the PHE Personnel in their positions.
- b. Withdrawal from the decision-making process in which the PKE Personnel have an interest.
- c. Limiting access of the PHE Personnel to certain information if the person concerned has an interest.



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- d. Transferring the PHE Personnel to other positions that do not have a Conflict of Interest.
- e. Transferring the duties and responsibilities of the relevant PHE Personnel.
- f. Resignation of the PHE Personnel from positions that causes a Conflict of Interest.
- g. Intensifying supervision of the PHE Personnel.
- h. Imposing strict sanctions for those who violate it.

### **C. SUPPORTING FACTORS FOR THE SUCCESSFUL HANDLING OF CONFLICTS OF INTEREST**

#### **1. Management Commitment and Exemplary**

Management must use its authority properly by taking into account the interests of the Company, the interests of the community, the interests of the PHE Personnel and various other related factors.

#### **2. Participation and Involvement of the PHE Personnel**

The implementation of policies to prevent Conflict of Interest requires the involvement of the PHE Personnel. The PHE Personnel must be aware of and understand the issue of Conflict of Interest and must be able to anticipate and at the same time prevent a Conflict of Interest.



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To encourage the participation and involvement of the PHE Personnel, the following matters can be done, among others, by:

- a. Publishing the Conflict of Interest policies.
- b. Periodically reminding the PHE Personnel of the Conflict of Interest policies.
- c. Ensuring that the rules and the procedures are easily accessible and known.
- d. Providing guidance/direction on how to handle Conflicts of Interest.
- e. Providing consultation and advice for those who do not understand the Conflicts of Interest handling policies, as well as to the external parties related to the relevant institution.

### 3. Special Attention to Certain Things

Special attention needs to be paid to certain things that are considered high risk of causing a Conflict of Interest situation. Matters that need special attention include:

- a. Holding concurrent Position
- b. Affiliate relationship
- c. Gratification



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- d. Extra or additional works
- e. Inside information
- f. Involvement in the procurement of goods and services
- g. Family and community demands
- h. Position in other organizations
- i. Activities after the term of office

#### 4. Preventive Measures

Various preventive measures can be taken to avoid a Conflict of Interest situation. For examples of preventive measures related to the PHE Personnel in making decisions areas follows:

- a. The agenda for the meeting to be held needs to be submitted to the PHE Personnel prior to the holding of the meeting in order to identify and handle Conflict of Interest situations at an early stage.
- b. There is a meeting rule of order that regulates the procedure for withdrawing from meetings decision-making where the PHE Personnel is in a Conflict of Interest situation.

These preventive measures will grow in an open PHE



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culture, where it is possible to discuss issues of Conflict of Interest freely among the workers, workers' representatives and other parties who are concerned with the Conflict of Interest issues.

### 5. Enforcement of Conflict of Interest Policy

Enforcement of Conflict of Interest policies is not easy. In order for the policy to run effectively it requires the following matters:

- a. Identification mechanisms to detect violations of existing policies.
- b. Instruments for handling Conflicts of Interest which are regularly updated.
- c. Adequate sanctions.

### 6. Monitoring and Evaluation

The Conflict of Interest Policy also needs to be monitored and evaluated on a regular basis to keep it effective and relevant to a changing environment. If necessary, the policy can be changed or adjusted/ adapted to the needs at that time.

#### D. LIMITATIONS TO PREVENT CONFLICT OF INTEREST

1. The PHE Personnel who receive a gift or promise, even though it is known or reasonably suspected that



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the gift or promise was given to mobilize them to do or not do something in their position, which is contrary to their obligations.

2. The PHE Personnel who receive a Gift, even though it is known or reasonably suspected that the Gift is given as a result or due to having done or not doing something in their position that is contrary to their obligations.
3. The PHE Personnel who with the intention of unlawfully benefiting themselves or other parties, or by abusing their power or authority to force someone to give something, pay, or receive a discounted payment, or to do something for themselves.

**With respect to the Conflict of Interest, every PHE Personnel:**

1. Professionally avoiding Conflict of Interest in any form and personally always prioritizing the interests of the Company above personal or other parties interests.
2. Must resign from the decision-making process if in a position that has a Conflict of Interest.
3. Not making transactions and/or using the Company



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assets for personal, family or group interests.

4. Not receiving and/or giving gifts/benefits in any form related to their position in the Company.
5. Do not take advantage of the Company's confidential information and business data in interests outside the Company.
6. Do not take advantage and use of the Company's copyright or trademark that can harm the interests or hinder the development of the Company.
7. Do not invest or have business relationship with other parties who have direct or indirect business relationships with the Company.
8. Not holding any position in other companies/institutions that want and/or are doing business with the Company or that want and/or are competing with the Company.
9. Not taking advantage of position to give preferential treatment to their family, relatives, groups and/or other parties at the expense of the Company.
10. Do not give preferential treatment to customers, suppliers, business partners, government and/or other parties beyond the policy set by the Company.



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11. Disclosing and/or reporting any interests and/or activities outside the Company, namely to Immediate Supervisor for the Company's employees/workers, to the Shareholders for the Board of Commissioners and to the Shareholders and the Board of Commissioners for the Board of Directors.

### E. IMPLEMENTATION

In order to ensure that this Guideline can be known by all PHE Personnel other than their core family members and all third parties related to PHE, so that all related parties within PHE do the following matters:

1. Including provisions on the prohibition of Conflict of Interest in every announcement in the goods/services procurement process.
2. Assigning the Compliance Function and the Relations Function in the PHE's Subsidiaries to continuously provide information to all employees/workers and third/external parties related to the existence of this guideline.
3. Assigning the SCM Function, the Finance Function and other functions/working units within PHE that have a working relationship with third parties to





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submit this Conflict of Interest Guidelines to all related parties in the supply chain within the PHE (goods/services providers, agents, distributors, consultants, auditors/assessors and customers and other the stakeholders).

4. Providing clear information to any party related to the provisions contained in this guideline.
5. Chief Compliance Officer monitors the implementation of the contents of this guideline and provides periodic reports (at least every 6 months) to the President Director with regard to its implementation, including reports making after this provision.

### F. REPORTING PROCESS

The PHE Personnel or third parties who are aware of a violation of the provisions contained in this guideline, must immediately report such violation in accordance with the provisions applicable in the Company or **report such violation through the Whistle Blowing System (WBS) channel.**

The Company guarantees that the reporting process carried out by the PHE Personnel and third parties will be kept confidential.



## GUIDELINES

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### G. SANCTIONS FOR VIOLATIONS

Violation of the provisions in the Conflict of Interest Guidelines will be subject to sanctions applicable to Company that are categorized as a form of **serious violation**.

Prepared by:			Approved by:
VP Relations , PT PHE,  <i>signed</i>  <b>Ifki Sukarya</b>	VP QHSSE, PT PHE  <i>signed</i>  <b>Rio Dasmanto</b>	Finance and Business Services Director as Chief Compliance Officer, PT PHE,  <i>signed</i>  <b>Huddie Dewanto</b>	The President Director, PT PHE,  <i>signed</i>  <b>Huddie Dewanto</b>
Date: April 27, 2018	Date: June 06, 2018	Date: August 08, 2018	Date: August 08, 2018

I, **Manimbul Luhut Sitorus**, certified, authorized and sworn translator, appointed by virtue of the Decree of the Governor of Jakarta Special Capital Region number 5226/1998 SK GUB DKI, dated June 17, 1998, registered with the USA, United Kingdom, and Australian Embassies in Jakarta, and also registered with the Ministry of Law and Human Rights of the Republic of Indonesia, hereby certify that to the best of my ability this translation is correct and true to the document written in the Indonesian language which was submitted to me.  
Jakarta, March 04, 2022.

