

# **Whistleblowing System**

Guidelines on Violation Reporting System

## **Reporting Media / Report Can Be Submitted to :**

- Violation Reporting Team  
PT Bakrieland Development Tbk  
Wisma Bakrie 1, 6th Floor  
Jl. H.R. Rasuna Said Kav. B-1  
Jakarta 12920
- E-mail to: [whistleblowing@bakrieland.com](mailto:whistleblowing@bakrieland.com)
- PO BOX Bakrieland – JKTM 12700

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# Acknowledgement

*Assalamualaikum Wr. Wb.*

Improving the quality of the implementation of Good Corporate Governance has become a necessity for any company. As it has been proven, companies that consistently implement and improve these principles are able to survive even when faced with global crisis situations.

The implementation of Good Corporate Governance is the responsibility of the leaders as well as all employees and external parties associated with the Company. For this purpose, a mechanism that can encouraged the employees and the community's participation is needed for bringing the Company towards a culture of honesty and transparency.

The company is committed to protect whistleblowers with good intention in order to provide them with a sense of safety and security, so that employees and communities are encouraged to act on preventing violations and frauds by reporting possible allegations to the contingents authorized to handle the matters.

Effective Violation Reporting System – referred to as *Sistem Pelaporan Pelanggaran/SPP*, requires appropriate structure and process, therefore guidelines on how individuals may submit their reports of possible violations are needed.

This Guidelines on Violation Reporting System and Procedures, together with such other guidelines as the Code of Conduct and other Company's Policies, is one of the tools expected to complement each other. If these toos are utilized properly by all elements of the Company, it is expected to help improve the implementation of corporate governance in PT Bakrieland Development Tbk and its subsidiaries, as part of the efforts to achieve The Company's set vision and mission.

Last but not least, the Board of Directors would like to extend our gratitude to all elements of the Company for their participation in helping improve the implementation quality of Good Corporate Governance in PT Bakrieland Development Tbk and its Subsidiaries, which in turn provides value creation for all parties related to the company's business.

*Wassalammu'alaikum Wr. Wb.*

PT Bakrieland Development Tbk.

[signed]

**Hiramsyah Sambudhy Thaib**  
President Director & CEO

**DECREE OF THE BOARD OF DIRECTORS OF  
PT BAKRIELAND DEVELOPMENT TBK.  
No.: 118/SK/Dir-BLD/VIII/09**

**REGARDING**

**THE ESTABLISHMENT AND APPOINTMENT OF THE SPECIAL  
TEAM ON VIOLATION REPORTING (*TIM KHUSUS PELAPORAN  
PELANGGARAN/TKPP*)  
(WHISTLEBLOWING SYSTEM – WBS)**

**THE BOARD OF DIRECTORS OF  
PT BAKRIELAND DEVELOPMENT, Tbk.**

**Considering:**

1. that in order to improve the quality of the implementation of Good Corporate Governance in PT Bakrieland Development Tbk., it is deemed necessary to set forth the Board of Directors' Decision on the Establishment of the Special Management Team and the Guidelines on Violation Reporting System – *Sistem Pelaporan Pelanggaran/SPP* (Whistleblowing System – WBS).
2. that the implementation of good corporate governance is the responsibility of all of the Company's Leaders, Employees as well as the Company's related external parties;
3. that it is therefore expected for all parties involved to take part in the implementation of good corporate governance through violation-reporting channels, including but not limited to irregularities and violations of business and work ethics, Company's regulations, prevailing laws, Company's Articles of Association, contractual agreements with external parties, corporate confidential information, provisions on conflict of interest and any other material/significant irregularities and violations as a form of implementing the Whistleblower Policy in the Company.

**Bearing in mind:**

1. Guidelines on Violation Reporting System – *Sistem Pelaporan Pelanggaran/SPP* (Whistleblowing System – WBS) issued by the National Committee on Governance Policy (*Komite Nasional Kebijakan Governance/KNKG*);

2. Guidelines on Good Corporate Governance (GCG Code) of PT Bakrieland Development Tbk;
3. Board Manual for the Boards of Directors and Commissioners of PT Bakrieland Development Tbk;
4. Corporate Code of Conduct and Work Ethics of PT Bakrieland Development Tbk;
5. Articles of Association of PT Bakrieland Development Tbk and its amendments.

**DECIDED:**

**Stipulated: THE BOARD OF DIRECTORS' OF PT BAKRIELAND DEVELOPMENT TBK. DECISION ON THE ESTABLISHMENT OF THE SPECIAL TEAM TO MANAGE VIOLATION REPORTING – SPP (WHISTLEBLOWING SYSTEM – WBS)**

Article 1

Establish and appoints the Special Team on Violation Reporting (TKPP) that consists of:

1. Audit Internal Division Head
2. Corporate Legal Division Head
3. HRD & GA Division Head
4. Corporate Secretary

Article 2

The Violation Reporting Special Team (TKPP) 's main duty is to receive and verify reports submitted by employees or any other parties with good intention to report violations committed by employees (including BOD and BOC) of PT Bakrieland Development Tbk. and the subsidiaries of PT Bakrieland Development Tbk in the form of irregularities and violations of business ethics and work ethics, company regulations, prevailing laws, company Articles of Association, agreements/contracts entered into by the Company with other parties, corporate confidential information, provisions on conflict of interest and any other material/significant irregularities and violations, providing that the reports are based on facts and relevant to the Company's business.

Article 3

In performing its duties, TKPP should always uphold the principles of confidentiality, presumption of innocence, professionalism, honesty, independence, and other principles which are not in contrary to the Company's policies.

#### Article 4

TKPP provides protection to the reporting parties / whistleblowers including those assisting in the reporting process of the occurrence of irregularities and violations of the foregoing matters.

#### Article 5

The Guidelines for Implementation related to complaint procedures and organization structure of TKPP will be further regulated by TKPP and refers to the Guidelines on Violation Reporting System – SPP (Whistleblowing – WBS) issued by the National Committee on Governance Policy dated November 10, 2008.

#### Article 6

This decree is effective from the date of stipulation and may be subject to review or subsequent adjustments as necessary.

Thus this Decree is made to be implemented and understood by all relevant parties.

Stipulated in: Jakarta  
On: August 13, 2009.

Section I

# INTRODUCTION

## 1. Background

In relation to the implementation of good corporate governance which includes the eradication of corruption, bribery and other fraudulent practices, research from various institutions, such as the Organization for Economic Cooperation and Development (OECD), the Association of Certified Fraud Examiner (ACFE) and the Global Economic Crime Survey (GECS), concluded that whistleblowing system is one of the most effective ways to prevent and combat practices conflicting with good corporate governance.

A survey conducted by the Institute of Business Ethics (2007) concluded that one in four employees was aware of the violations, but more than half (52%) of those aware of the violations remain silent and did not act on it. An effective, transparent, and accountable implementation of the Guidelines on Violation Reporting System (Whistleblowing System) is expected to overcome the reluctance of employees to report violations that they witness or aware of and thus increasing the level of employees' participation in reporting the violations. Therefore, to implement good corporate governance practices and an internal control system that help prevent nonconforming and fraudulent practices, the implementation of effective Violation Reporting System – SPP needs to be encouraged in around Bakrieland Group, both in the holding company and its subsidiaries.

## 2. Definition

Guidelines on Violation Reporting System – SPP (Whistleblowing System) is a mechanism for disclosure of violation or disclosure of unlawful acts, unethical/immoral acts or any other acts which may harm the organization or the stakeholders, carried out by the employees or the organization's management towards the management of other organizations or institutions that may take action on the violation. Such disclosure is generally made in confidential manner.

Disclosure should be done in **good faith** and not as a personal complaint of a specific corporate policy (grievance) or based on a bad will (defamation).

## 3. Objectives & Benefits

The objectives of the Violation Reporting System (WBS) are:

- a. Creating a conducive climate and encouraging reporting on matters which may result in financial and non-financial losses, including those that may damage the Company's image;
- b. Facilitating the management to effectively deal with reports of violations and simultaneously protecting the confidentiality of the reporting party's / whistleblower's identity and the parties assisting in informing the violation by maintaining the information in a secured file / archive;
- c. Establishing a policy and infrastructure to protect the reporting parties / whistleblowers from internal and external reprisal;
- d. Reducing the loss incurred by the violations through early detection;
- e. Improving the Company's reputation.

Some of the benefits to achieve from implementing the Violation Reporting System – SPP (Whistleblowing System) among others are:

- a. The availability of a mechanism to deliver information important and critical to the Company to the parties that should immediately handle in a secure manner;

- b. More people become reluctant to commit violations as there are more willingness to report violations because of the belief in such effective reporting system;
- c. The availability of an early warning system mechanism on the possibility of problems resulting from a violation;
- d. The availability of an opportunity to deal with internal violations first, before it becomes a public violation issue / matter;
- e. Reducing number of risks the organization deals with, resulting from violations in terms of finance, operations, law, safety, and reputation;
- f. Reducing the costs in handling the consequences of a violation;
- g. Increasing the Company's reputation in the eyes of the stakeholders, regulators, and general public; and
- h. Providing the Company with input to look beyond critical areas and working processes that have weakness of internal control, and to design the necessary corrective actions.

#### **4. Scope**

The scope of this Violation Reporting System covers the management of violation reporting from employees and the public related to the operations of PT. Bakrieland Development, Tbk both in the holding company and its subsidiaries.

Aspects of the guidelines on violation reporting system (WBS) consist of the Special Team (TKPP) structure, the reporting mechanism, the protection of the reporting parties, as well as monitoring and review. The TKPP structure describes the position, duties and functions of the Special Team for Managing the Violation Reporting. The reporting mechanism controls issues and procedures for violation reporting. The protection of the whistleblowers contains the Company's commitment and technical aspect on how the Company provides a guarantee and security to the whistleblower who are in good faith.

#### **5. Legal & Regulatory Basis**

##### **a. Related regulations in Indonesia**

Several regulations which partially deal with violation reporting and protection of reporting parties are as follows:

- 1) Law No. 28 of 1999 regarding the Organization of a State which is Clean and Free from Corruption, Collusion and Nepotism article 9;
- 2) Law No. 31 of 1999 on the Eradication of Criminal Acts of Corruption article 31 and article 41 paragraph (2) item e;
- 3) Law No. 15 of 2002 jo Law No. 25 of 2003 regarding Money Laundering Act articles 39 to 43;
- 4) Law No. 13 of 2003 regarding Labor article 153 paragraph (1) letter l and article 158 paragraph (1) letter i;
- 5) Law No. 7 of 2006 on the Ratification of United Nations Convention Against Corruption (UNCAC), Section 33 of UNCAC;
- 6) Law No. 13 of 2006 regarding Witness and Victim Protection article 10 paragraph 1;
- 7) PP No. 71 of 2000 on the Procedures for the Performance of Public Participation and Grant of Awards in the Prevention and Eradication of Corruption Act article 6;
- 8) PP No. 57 of 2003 regarding the Special Protection Procedures for Reporting Parties and Witnesses of Money Laundering Act;
- 9) Chief of Police's Regulation No. 17 of 2005 on Special Protection Procedures for Reporting Parties and Witnesses of Money Laundering Act;
- 10) Bapepam Regulations and its implementation;

11) Law on Limited Liability Company.

**b. The Company's Internal Regulations**

In PT Bakrieland Development Tbk, implementing WBS regulations are focused on the existing internal regulations. The Company's internal regulations are as follows:

- 1) The Company's Articles of Association;
- 2) General Guidelines for Good Corporate Governance (GCG Code);
- 3) Guidelines for the Board of Directors and Board of Commissioners (Board Manual);
- 4) Corporate Code of Conduct and Work Ethics;
- 5) Policy on the Implementation of Violation Reporting System (Whistleblowing System Policy).

**6. Definition**

**a. What is a "violation" (wrongdoing)?**

The definition of "violation" (wrongdoing) as in the guidelines, is the act that disobeys the laws and regulations; related industrial regulations/standards and internal regulations of the organization, and viable to be reported. Included in such violating activities among others are:

- 1) Violating the legislation, for example, falsification of signature, corruption, embezzlement, mark-ups, use of narcotic drugs, and destruction of goods.
- 2) Violating the Company's ethical guidelines, such as conflict of interest, harassment, engagement in prohibited community activities.
- 3) Violating the general accounting principles.
- 4) Violating the Company's operational policies and procedures, or any other policies, procedures, or regulations deemed necessary by the company.
- 5) Other fraudulent actions which may result in financial or non-financial loss.
- 6) Actions of occupational hazards.

**b. Who are referred to as "reporting parties" (whistleblowers)?**

The party enforcing violation report (whistleblower) is generally an employee of the organization itself (internal party), however it is possible that the reporting parties (whistleblowers) are external (customers, suppliers, general public). The reporting parties (whistleblowers) should provide clear evidence, information, or indication of reported violation so that it can be traced or followed up. Without adequate information, the report will be difficult to follow up.

**c. The difference between Witness and Reporting Party (Whistleblower)**

A Witness is a person who personally sees and hears or experiences an act of violation committed by the reported party/ies and is willing to provide a testimony before the court. A whistleblower may be a witness, but not all whistleblowers can be witnesses.

A whistleblower is someone who reports a violation, but may not have seen nor hear the act of violation itself, but has the documentation or tool of evidence (records, pictures, etc.) that proof a violation has occurred.

**d. Company** is PT Bakrieland Development Tbk. and its subsidiaries viable for using the directives outlined in this Guidelines;

- e. **Corruption** is a fraudulent or unlawful conduct carried out by members of the Board of Directors, members of the Board of Commissioners, the Management, Manager or employee of the Company, against the Company's interests, or the abuse of authority/trust of the position given to them in order to enrich themselves, others or corporation;
- f. **Fraud** is a dishonest act that poses a potential or actual loss to the Company or employees of the Company or any other individuals, but not limited to the embezzlement of money and goods, fraud, forgery. Also included in this act is falsification, concealment or destruction of documents/reports, or the use of false documents for business purposes, or leaking Company's information to external parties;
- g. **Investigation** is an activity to seek for evidence related to the violations committed by employees or companies, which have been reported through Violation Reporting System (Whistleblowing System);
- h. **Employee** is an individual who works for the Company or earns a salary/wage from the Company. Included in this definition are members of the Board of Directors, members of the Board of Commissioners, members the Board of Commissionary Committees.
- i. **Administrative Immunity** is a protection granted by the company to the whistleblower as a result of his/her involvement in reporting the violation. An example is a fraud committed by a group of employees and he/she receives a share of the fraudulent results, but he/she reports the fraud and returns the portion he/she received.
- j. **The Designated Officer** is an employee appointed to hold one of the positions in the organizational structure responsible for implementing the Violation Reporting System (Whistleblowing System); such as the officer who receives violation report, the reporting investigating officers.

Section II

## TKPP STRUCTURE

### 1. Structure and Position of TKPP

In Act No.40 of 2007 concerning the Limited Liability Company (UUPT), Article 1 paragraph 5 states that the Board of Directors is a Corporate Body authorized and fully responsible for the management of the Company for the interest of the Company, in accordance with the purposes and objectives of the Company and for representing the Company, both within and outside the court in accordance with the provisions of the Articles of Association. On the other hand, the Board of Commissioners according to Article 1 point 6 of the Act on Limited Liability Company (UU PT) is a Corporate Body whose duty is to conduct general and/or special supervision in accordance with the articles of association and to advise the Board of Directors.

Considering that WBS is part of the Company's control to prevent fraud, this is a matter of the management of the Company, thus the Company's management issues in the implementation of the Violation Reporting System (Whistleblowing System) lies in the Board of Directors, especially the Presiden Director. The Board of Commissioners shall supervise the adequacy and effectiveness of the implementation of the system.

Based on the above, through the Decree Letter of the Board of Directors of PT Bakrieland Development Tbk No.118/SK/Dir-BLD/VIII/09, the Board of Directors have decided to establish and appoint the Special Team to Manage Violation Reporting (TKPP). This team reports directly to the Board of Directors of PT Bakrieland Development Tbk., while monitoring activities on the implementation of the Guidelines of Violation Reporting System (Whistleblowing System) will be assigned to the Audit Committee.

The members of the Special Team for Managing Violation Reporting (TKPP) consist of:

- 1) Internal Audit Division Head,
- 2) Corporate Legal Division Head,
- 3) HRD&GA Division Head,
- 4) Corporate Secretary.

In performing its functions, the team will be independent and has access to the top management of the Company.

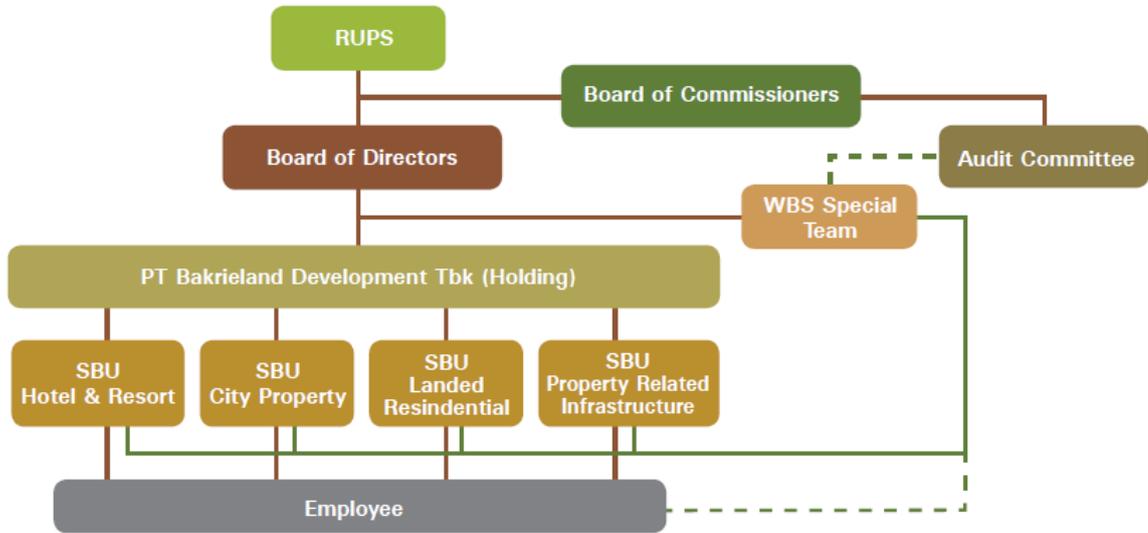


Figure 1: The Position of the Special Team for Managing the SPP

## 2. Duties and Responsibilities of TKPP

The duties and responsibilities of TKPP include the following:

- a. prepare program plans for the Violation Reporting System (Whistleblowing System);
- b. prepare materials for policies, guidelines and other supporting provisions;
- c. prepare supporting facilities and infrastructure for the Violation Reporting System (Whistleblowing System);
- d. launch and promote SPP programs;
- e. evaluate received reports, investigate and report results to the President Director;
- f. ensure that all reported and verified violations are handled properly;
- g. maintain confidentiality of the whistleblowers' identities and provide maximum protection to whistleblowers in good-faith;
- h. developed programs to evaluate the quality of activities in violation reporting management.

## 3. Term of Office of TKPP

Membership of the Special Team for Managing Violation Reporting (TKPP) is valid as long as the relevant officers takes the position as referred to above. Member(s)' term of office is automatically terminated when the person(s) officially no longer hold the position as referred to previously and has been accounted for his/her responsibilities and obligations as member of TKPP.

SECTION III

## REPORTING MECHANISM

### 1. Matters / Issues that Can be Reported

**Acts (violations)** that can be reported are, in the view of whistleblowers with good intention, acts of the following:

- a. Corruption;
- b. Fraud;
- c. Dishonesty;
- d. Crime (including theft, the use of force against employees or the management, extortion, use of narcotic drugs, harassment, any other criminal acts)
- e. Violation of tax provisions, or other legislation (environment, mark-up, under invoice, employment, etc.);
- f. Violation of Corporate Code of Ethics or violation of norms of decency in general;
- g. Acts which jeopardize occupational safety and health, or endanger corporate security;
- h. Acts which may result in financial or non-financial loss to the company or harm the interests of the Company;
- i. Violation of standard operating procedures (SOP) of the company, mainly related to the procurement of goods and services, benefits and remuneration.

### 2. Reporting Procedures

The whistleblowers may submit his or her report **with sufficient and relevant evidence** by including the following information:

- 1) Reporting date;
- 2) Name of the whistleblower;
- 3) Address of the whistleblower;
- 4) Status of the whistleblower; (company's employee, customer, supplier, contractor, creditor, government agency, NGO, public, etc.);
- 5) Problems reported;
- 6) Personnel reported; (in case personnel is considered as the source of the problem);
- 7) Expectation. (please state expectation of the whistleblower on the settlement the reported matter).

### 3. Media for Complaint/Violation Reporting

Complaints may be submitted through the following media:

- 1) Special Team for Managing Violation Reporting  
PT Bakrieland Development, Tbk.  
Wisma Bakrie 1, 6th Floor  
Jl. HR. Rasuna Said Kav. B-1  
Jakarta 12920
- 2) E-mail: [whistleblowing@bakrieland.com](mailto:whistleblowing@bakrieland.com)
- 3) PO BOX Bakrieland – JKTM 12700
- 4) Complaint box / Whistleblower Box

#### 4. Source of Complaint

The complaint may come from the employees, group of community, individuals, institutions, government agencies, and any other interested parties.

#### 5. Matters Prohibited for Reporting

Whistleblowers are **not allowed** to submit reports on the following matters:

- 1) False reporting;
- 2) Defamation;
- 3) Personal issues;
- 4) Other matters not relevant to the content of the Guidelines on Violation Reporting System (Whistleblowing System/SPP) of PT Bakrieland Development Tbk.

Whistleblowers who make false reports and/or defamation may be subject to sanctions in accordance with applicable laws and regulations, such as Criminal Code articles 310 and 311 or company's internal regulations (Corporate Code of Ethics).

#### 6. Classification of Complaint Report

A classification is necessary as a tool to determine the root of the problem, how to handle it and who will handle it. The classification consists of:

a. Type/characteristic of the complaints:

- 1) Informative Complaint  
Included in this characteristic is any complaints that can be resolved by providing further details to the whistleblowers.
- 2) Reporting of Problems (Irregularities)  
Included in this characteristic is any complaints which in its completion needs further handling measures.

b. Category of Problems

Indications of irregularities can be determined from the analysis and clarification results of the root of the reported problems. Based on the root of the cause of the indicated irregularities, the complaints can be divided into 7 (seven) categories as follows:

- 1) Category 1 = Mechanism and procedures violations:  
Pertaining to complaints caused by the irregularities of the established mechanism and procedures .
- 2) Category 2 = Irregularity of funds:  
Pertaining to complaints caused by irregularities, misappropriation or misuse of funds.
- 3) Category 3 = Negative intervention:  
Pertaining to complaints caused by negative intervention which may result in some loss for the public and for project/program interests.
- 4) Category 4 = Policy Issues:  
Pertaining to complaints resulting from changes/violations of a policy/provision in line with its individual level.
- 5) Category 5 = Force Majeure Events:  
Pertaining to complaints due to events of *force majeure* (beyond human limitation), such as natural disasters, mass riots and the likes.
- 6) Category 6 = Violation of code of conduct/performance of the offender:

Pertaining to complaints caused by violations of code of ethics or performance of the offender.

7) Category 7 = Others

Pertaining to complaints caused by anything outside categories 1,2,3,4,5 and 6.

## **7. Time of Complaint**

The whistleblowers must have appropriate reasons to submit a report on violation or potential violation. The reporting should be carried out immediately and not later than three months, the longer the delay, the more difficult the investigation and follow-up will be. Likewise, the whistleblowers may lose the reasons to report if conditions may have been corrected that no further evidence can be found.

## **8. Anonymous Reporting**

An anonymous whistleblower (not including the identity of the whistleblower) is acceptable, but any communication and clarification of the reports will be difficult.

## **9. Investigation Process**

### **a. Execution of Investigation**

Communication with the Whistleblower will be carried out through one of the Whistleblower Protection Officer who receives the violation report. In this communication, the whistleblower will also obtain information regarding the reported case, whether or not it will be followed-up.

All violation reports will be further investigated, with the objective to collect all available evidence wherever possible, so as to draw a conclusion whether the violation report is true or otherwise, there is insufficient evidence to support the follow-up.

This investigation will be conducted by the Officer of Investigation Sub-Unit; it may also involve the Internal Audit division in this investigation process. The independence of the investigation officers is important, since objectivity and fairness as well as equality in providing assessment of the findings will determine the credibility of the implementation of the Violation Reporting System/WBS (Whistleblowing System). The investigation process should be free of bias and is not dependent on who reports or who is reported on the violation. The reported party shall be given full opportunity to provide explanation on the evidence found, including the defense where necessary.

In serious and sensitive cases, consideration should be given to use an independent external investigators/auditors to investigate the violation reports.

If the whistleblower is a Company's employee, the Company shall provide information on the progress of handling the results of violation reporting. The provision of this information is done in discreet/confidentiality between the whistleblower and the Company, including the confidentiality of what is done to the whistleblower. This disclosure of confidentiality by the whistleblower will remove the Company's liability for the granted confidentiality assurance and in certain cases this may result in the loss of protection to the whistleblower.

In the event that the whistleblower is an outsider and not the Company's employee, the communication policy with the whistleblower remains in force. This applies if he/she is willing

to sign a written agreement on the confidentiality of the information either he/she receives from the Company, or submitted to the company.

**b. The Principles Executing Investigation**

The implementation of the investigation will be carried out related to the following principles:

- 1) The investigation is carried out in accordance with the allocation of resources provided, so that the project management principles related to the objectives, time and cost should be used. Therefore, the objectives and stages of the investigation process should be clearly stated;
- 2) The investigation process should be open to the possible review on administrative, operational and judicial basis. Thus, an audit trail should be well documented, so that the investigation process related to the objectives to be achieved and important decisions taken during the process can be reviewed;
- 3) The management of investigation process should be reasonably flexible. The communication used should be clear and not floating, the multi-disciplinary approach should be used if necessary. In the event that some stages of the procedure cannot be carried out, it may be necessary to find a compromised solution that is acceptable to all parties, without losing track of the objectives and goals. In such circumstances, it may be necessary to request for the opinion of an external expert.

**10. Reporting Flowchart**

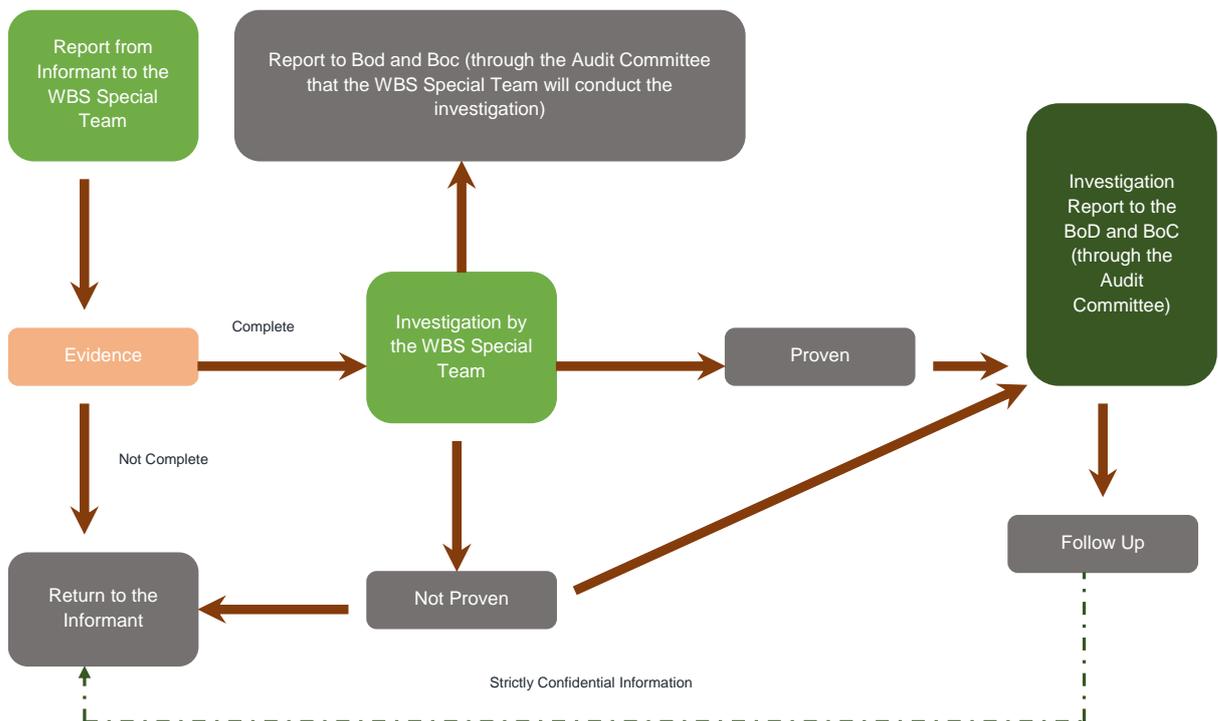


Figure 2: Flowchart of Reporting Process

**11. Criteria In Which An Issue is Considered Completed**

The Complaint is declared completed / solved:

- 1) If the problem is caused by wrong/different information, the problem is deemed completed or finished/solved, if the party receiving the different information has received the actual information and is acceptable to the party submitting the complaint.
- 2) If the problem is about the mechanism or procedures of some irregularities, the activities with which the mechanism or procedure is misappropriated can be corrected in accordance with applicable rules and guidelines.
- 3) If the problem is caused by money embezzlement for purposes other than the TKPP provisions, all the embezzled money has been returned and can be re-used by the Company.
- 4) If the problem is caused by negative intervention, the negative intervention can be stopped, and the resulting activities are running according to the applicable rules, mechanisms and procedures.
- 5) If the problem is caused by changes in policies, the problem is deemed solved when synchronization occurs between policies and the matter in question.
- 6) With regard to the issues declared to be truly due to force majeure conditions, to the maximum extent possible that a corrective action remains to be pursued to the activities which have been damaged, either through the Company's internal self-reliance or any other parties that may assist in the improvement effort. If activities concerning the loans are revolving, the decision-making process should be based on the investigation team in advance to verify the truth.
- 7) If the problem is caused by the performance of the subjects/code of ethics, the non-optimal activities due to the relevant subjects can be running optimally in accordance with the applicable rules. And the subjects are aware of the error and ready to fix.
- 8) If the handling of problem has reached the jurisdiction, it is declared solved if the process has been handled by the legal apparatus. However, TKPP must keep monitoring and reporting the development process.

SECTION IV

## PROTECTION TO THE REPORTING PARTIES (WHISTLEBLOWERS)

### 1. Confidentiality Warranty of Whistleblower and the Reports' Content

#### a. Whistleblower Protection

Violation Reporting System (Whistleblowing System) of PT Bakrieland Development, Tbk. provides the following facilities and protection (whistleblower protection):

- 1) Independent, free and confidential reporting channel facilities (phone, mail, e-mail);
- 2) Protection of the identity of the whistleblowers. This protection is provided when the whistleblowers provide identity and information that can be used to contact the whistleblowers. Anonymous reporting, without identity, is not recommended. Anonymous reporting resulting in difficulty to communicate for follow-up on the reporting;
- 3) Protection against retaliation from the reported parties or organization. Protection from pressure, from postponement of promotion, dismissal, lawsuit, property, to physical action. This protection is not only for the whistleblowers but can also be extended to family members of the whistleblowers;
- 4) Information on the implementation of follow-ups is in the form of when and how and to which institution the follow-up is submitted. This information is conveyed confidentially to the whistleblowers that provide a complete identity.

#### b. Confidentiality and Protection of the Whistleblowers

Any whistleblowers who wish to remain anonymous is guaranteed the confidentiality of his/her personal identity, in accordance with the type of reported violation. If this reaches the court, there is a possibility of a legal process requiring his/her testimony or statements. In such circumstances, the whistleblower's identity will certainly be disclosed. The maximum legal protection to be provided is the one that is guaranteed in the whistleblower protection policy, which is the provision of information without face-to-face with the reported parties at each level of case investigation.

The information and identity of the whistleblower is limited only to the Whistleblower Protection Officer and the files are kept in a safe place. The Whistleblower Protection Officer will verify whether the information on the violation is indeed on the right track and requires follow-up investigation. If not, it will be communicated to the whistleblower to submit his/her report or complaint on the appropriate path to it. If true, the information about the violation will be delivered only to the investigation officer. The delivery of information for the investigation process is conducted without disclosing the source of information.

In addition to the guarantee of confidentiality, a good-will whistleblower also receives protection from the Company against adverse treatment such as:

- a) Unfair dismissal;
- b) Demotion;
- c) Harassment or discrimination in all its forms;
- d) Adverse note in his/her personal data file (personal file record).

### **c. Administrative Immunity**

In order to develop a culture that encourages employees to be courageous to report the violation acts that they are aware of, the Company provides immunity for administrative sanctions to whistleblowers with good intention.

The above policy may be granted to whistleblower who has not committed violent violation, or if he/she is "forced" to be involved in a serious violation, but in good faith reports the offense. Immunities to administrative sanctions are only valid internally within the Company, but it does not provide legal immunities, except for matters governed by law or granted by the Prosecutor, the General Prosecutor (the right of opportunity).

In addition to the above protections, for a whistleblower with good intention, the company will also provide legal protection, in accordance with article 43 of Act No.15 of 2002 jo Act No.25 of 2003 on Money Laundering Act and article 13 of Act No.13 2006 on Witness and Victim Protection, and article 5 of PP No.57 of 2003 on Special Protection Procedures for Reporting Parties (Whistleblowers) and Witnesses in Money Laundering Acts as follows:

- a) Protection from criminal and/or civil charges;
- b) Protection of personal security, and/or family of the Whistleblower from physical and/or mental threats;
- c) Protection of the Whistleblower's property;
- d) The confidentiality and disguise of the identity of the Whistleblower; and/or
- e) Provision of information without face-to-face / indirection with the whistleblower, at each level of case investigation in case the violation is categorized as a court dispute.

In the event that the whistleblower feels the need, he/she may also request for assistance to the Witness and Victim Protection Agency (LPSK), pursuant to Act No.13 of 2006.

## **2. Sanctions for Reporting Party (Whistleblower) of Misusing the SPP**

Protection shall not be provided to whistleblowers proven to give false report and/or defamation. Whistleblowers who provide false reports and/or defamation may be subject to sanctions/punishment in accordance with applicable laws, such as Criminal Code 310 and 311 or internal company rules (Corporate Code of Conduct).

## **3. Incentives for the Whistleblower**

The Company will reward whistleblowers with attractive incentives that will help motivate others to report more violations. The award is in the form of money or charter and the premium or prize in the form of money is two per thousand (two permil) of the amount of loss that the Company successfully returned. This is expected to be an acceleration to change the "silent culture" into a "culture of honesty and transparency".

Note: