APP Business Code of Conduct “BCoC”

Values & Integrity
Asia Pulp & Paper group (APP) is a trade name for a group of pulp and paper manufacturing companies in Indonesia and China. APP is one of the world's largest vertically-integrated pulp and paper producers. Our combined pulp, paper packaging and converting capacity in Indonesia and China amounts to more than 19 million tones per annum. APP markets its products in more than 120 countries across six continents.

Vision:
APP's vision is to become a leading and respected global pulp-and paper company that provides superior values to customers, community, employees and shareholders—responsibly and sustainably.

We Value:
- Our employees, who are integral to our success.
- The environment, as we depend on it to ensure we can run our operations sustainably.
- Our customers and suppliers who keep our business going at both ends of the supply chain.
- Our shareholders, and the community at large to whom we are accountable for all that we do.
- The principles of good governance, as we continue to build a sustainable business.
Dear Colleagues,

I believe that upholding ourselves to the highest ethical standards with integrity is key in all aspects of our operations. It is one of the key elements in APP new leadership model and it is one of core values upheld closely by our founding father, Pak Eka Tjipta Widjaja. In today’s business environment, achieving long term sustainability and growth cannot come about without upholding high standard of ethical conduct in business operation and interaction with stakeholders. It is our commitment to do the right thing in all that we do. This means acting honestly and treating each other and our customers, suppliers, partners, and communities fairly and with dignity.

Our Business Code of Conduct (“BCoC”) has been developed to guide us with a set of standards of ethical conduct expected in operating our business. Sometimes, we encounter difficult situations full of uncertainty and ambiguity. When this happens, our BCoC can help us make decision and act according to our values and standards.

Do take the time to read and understand the BCoC fully. I expect full compliance and violations of BCoC will not be tolerated regardless of your position.

Most importantly, all of us have a duty to seek guidance when we are unsure about the right course of action and to speak up when we see something that conflicts with our BCoC. Please do not hesitate to contact Ethics Call Center (ECC). We handled all requests confidentially and we will not tolerate retaliation against any employee who raises concerns in a good faith.

APP’s good reputation is entrusted in each of us. Never compromise your integrity. Together, we uphold the standards in our BCoC and this is an integral part of achieving our aspiration to become the most respected paper company in the world by all measures. I thank you for your commitment to the highest ethical standards and integrity.

Best Regards,

Linda Wijaya
Contents

Our Business Code of Conduct (BCoC)  5
  Why Do We Have BCoC?  6
  What Are Our Responsibilities?  6
    Comply with BCoC
    Supervisor Responsibilities
    Doing The Right Thing
    Violations of BCoC
    Reporting Your Concerns
    Non-Retaliation Policy
    Training & Education
    Signature & Acknowledgement

Employees  12
  Respect Diversity & Non-Discrimination  13
  Human Rights  14
  Workplace Safety  15
    Health & Safety Rules Regulations
    Drugs & Alcohol Use
    Smoking
    Preventing Workplace Violence  16

Environmental Stewardship Policy  17

Business Partners & Third Parties  20
  Treating Customers Appropriately  21
  Treating Suppliers & Business Partners Appropriately  22
  Fair Competition  23
  Quality Assurance  24

Shareholders  25
  Use of Company Resources  26
  Confidential Information  27
  Computer Usage & Access Policy  29
  Records Accuracy  30
  Fraud Prevention  31
  Investigations  31

Business Practices  32
  Gifts & Entertainment  33
  Political Activity  34
  Avoiding Conflict of Interest  35
  Anti-Money Laundering Policy  38

Frequently Asked Questions (FAQ)  39

Where To Go For Assistance?  47
Our Business Code of Conduct ("BCoC")
Why Do We Have BCoC?

At APP, we believe that maintaining the highest ethical standards is the important key to long term sustainability and growth of our business.

Our daily conduct is the key to uphold the company’s reputation among other employees, suppliers, customers, competitors and also the community. We all respect the law, act with integrity and honesty in all matters, and be accountable for our actions.

The BCoC, as outlined in this document, has been developed to provide guidance on how we should behave as representatives of APP, to ensure we are acting inline with the company’s values.

What Are Our Responsibilities?

• Comply with BCoC

All employees, regardless of level, are required to read, understand and comply with the BCoC. It sets out the legal and ethical responsibilities that you are expected to fulfill.

You must think about how the BCoC applies to your daily job, and consider how you might handle situations to avoid improper, illegal or unethical conduct.

As a global business, we are committed to comply with the laws of the countries in which we operate. Global laws and regulations are complex; however, following our Code and policies will help to ensure your compliance with the applicable local laws.

In addition, if you are dealing with any third party or business partner, you are required to ensure that they are aware of the BCoC and our expectation that they also act in accordance with its principles.
Of course, the BCoC cannot address all possible daily situations you might face.

If a situation is not addressed by this document or you have difficulties in interpreting the code, you should promptly seek guidance from your supervisor, manager, and/or relevant specialist within the company such as the Corporate and Legal Division (CLAD), Internal Audit & Control Division (IAC), or Corporate Human Resources (CHR).

Make sure you also participates each year in our online test.

- **Supervisor Responsibilities**

  Each supervisor is expected to adopt and enforce BCoC. Your responsibilities:
  - Ensure that BCoC is fully understood and complied with.
  - Ensure that your subordinates receive the guidance, resources and training that they need to enable them to do their job in compliance with the BCoC and relevant policies and procedures.
  - Create an open environment that encourages your team to raise questions and concerns on the BCoC and relevant policies and procedures.
  - Act to prevent and stop violations of the BCoC and/or the law.
  - Encourage your team to report any BCoC violations in good faith without fear of any consequences.
  - Ensure employees receive BCoC Training.
Our BCoC

• Doing The Right Thing

Our company reputation and success depend on all of us doing the right thing. Unethical behavior can significantly compromised the trust of shareholders and the public and lead to regulatory or legal proceedings.

Of course, not every situation that you may face can be covered by our BCoC. In those situations you should apply common sense and good judgment, and follow the spirit of the BCoC.

If you are still unsure, ask for guidance from your direct supervisor, your manager, or you can contact the ECC.

• Violations of BCoC

Employees of all levels are expected to comply with the BCoC. Violations will not be tolerated. Any alleged violation will be investigated and if the allegations are found to be true, the company will take action.

This action may include: a verbal warning, warning letter, suspension or termination, depending on the severity of the incident.

Questions to Consider Before You Act:

✓ Is my action complied with laws, regulations and our policies?
✓ Is my action consistent with the BCoC and APP’s core values?
✓ Could my action be perceived by other as inappropriate or unethical?
✓ Could my action damage the company’s reputation?
• Reporting Your Concerns

Each of us has an obligation to speak up if we suspect that someone in the company or its subsidiaries is acting illegally or not in accordance with company policy.

We recommend you report any violation as soon as it occurs to prevent further damage to the business and its reputation.

Do the following steps to seek guidance or make report:

- Try to remedy the situation. If possible, discuss the concern directly with the person involved.
- Ask guidance from your supervisor, manager, and Human Resource Manager.
- If you are not comfortable bringing the concern to your supervisor or you do not believe your supervisor has dealt with the matter appropriately, you should raise the matter immediately through the ECC—an official channel for reporting fraud, misuse of authority and assets, collusion, conflict of interest, and any other misconduct that might happen in the workplace.
- ECC should be used if you have a strong belief that misconduct is occurring. It is not necessary to have all the supporting facts to use the Program, as long as the report is made in good faith.

- If you do not want to use your name, you can report anonymously, but we strongly suggest you to provide an active contact number or an active email so our ECC operator can contact you if they need additional information.
- Report in good faith, APP will not tolerate deliberate fraudulent reporting of misconduct against an innocent person.
If you have reported any violation to ECC, you can expect that:
- incidents reported to the ECC operator are reviewed and thoroughly investigated. The results of the investigation are reported to APP’s board of director.
- the information you provide will be kept confidential, inline with a confidentiality agreement that has been signed by ECC operator.
- The investigated result will not be shared to you, because ECC operator shall ensure their investigation is objective, confidential and they should only report it to APP’s Board of Director.

• **Non-Retaliation Policy**

APP will go to any length to protect our employees from any retaliation as a result of reporting work place violations of the law, the BCoC, or any other company policy.

Retaliation in this context includes contract termination, forced transfer, being left out of professional and social activities, physical abuse, harassment.

APP is committed to maintaining a work environment that is free of any sort of abuse, whether from other employees, vendors, clients or customers.

Retaliation against an employee for reporting an issue in good faith is itself a violation BCOC, hence may result in disciplinary action, up to and including termination.

An employee who knowingly makes a false or malicious allegation will be subject to equally serious disciplinary action.

If you believe someone, even your supervisor or manager, has retaliated against you, please report to the ECC.
Our BCoC

• **Training & Education**

All employees are expected to participate in regular training to learn about the company’s business ethics standards and expectations.

Managers and supervisors are required to communicate APP’s high expectations regarding ethical business conduct to all employees and reinforce these expectations to them.

• **Signature & Acknowledgement**

All employees must sign an acknowledgement form confirming that they have read and understand BCoC. You must disclose any potential conflict of interest or any other possible exception to compliance with BCoC.

Failure to complete the certification process can be a BCoC violation and can subject you to disciplinary action and/or impact your performance reviews.

Failure to read the BCoC or sign the acknowledgement form does not excuse an employee from compliance with the BCoC.


Respect Diversity and Non-Discrimination

APP is committed to provide equal employment opportunities to all prospective and current employees and complies with applicable laws governing non-discrimination in every location in which we operate.

We aim to ensure that all employees are treated fairly, that they are fairly remunerated for their contributions and that everyone has equal opportunity to develop their potential.

These commitments apply to all areas of employment, including hiring, placement, promotion, termination, transfer, leave of absence, compensation, and training.

You play an important role in creating an open work environment which all the employees and business partners feel valued for their contributions.

Examples of discriminative behavior and harassment in the workplace include, but are not limited to:

- Comments or behavior that demeans, threatens, intimidates, or humiliates others. This is include interactions between employees, customers, contractors or visitors in the workplace.

- Basing your employment decisions (e.g. hiring, training, promoting, and compensation) on non-job related characteristics such as race, ethnicity, national origin, gender, age, religion, disability and any other legally protected status. Decisions regarding employees and applicants must always be based on merit, qualifications and job-related performance.
Human Rights

Human rights have always been a priority for APP. In accordance with the United Nation’s “Protect, Respect and Remedy” framework for respecting human rights, we believe we have a responsibility to avoid infringing on the rights of others, while addressing harms that do occur.

Furthermore, we also abide by the International Labor Organization (ILO) Core Conventions, which cover:
- Freedom of association for our employees
- Elimination of all forms of forced or compulsory labor
- Prohibition of child labor
- Elimination of discrimination in the workplace and for employment

We also recognize the importance of promoting and maintaining human rights across our supply chain, which includes our suppliers and contractors. In addition to the rights of our workforce, we also recognize the rights of the communities and indigenous people who live in the areas in which we operate.

Always ensure that you do not violate any of the basic human rights principles mentioned above. If you suspect a human rights abuse within our business or supply chain, report it to your supervisor, manager, Human Resource Manager, or ECC.

You respect diversity and non-discrimination if you:
- Treat others fairly, professional and with respect
- Value the input and ideas of others
- Avoid actions that someone might consider discrimination.
Employees

Workplace Safety

APP values human life above all else. We committed to provide a safe and healthy working environment for our employees.

Every APP employee must strive to maintain a safe and healthy working environment. Our facilities must operate in compliance with applicable health and safety regulations, as well as company standards, which may be more stringent.

• Health & Safety Rules Regulations

All APP facilities shall provide essential resources to implement our Occupational Health and Safety Management System (SMK3, OHSAS or similar Health and Safety Standard). These resources include equipment, technology, infrastructure, and trained personnel.

Your responsibilities in maintaining a safe and healthy workplace:
- Being involved in the workplace health and safety system.
- Adhering to procedures and using correct equipment.
- Wearing protective clothing and equipment when required.
- Promptly reporting any pain, discomfort, accidents, or any thing else that might present a risk to health and safety. Reporting minor work-related injuries, minor accidents and “near-misses” is important, as it helps us to identify hazards and take corrective action before serious injuries occur.
- Helping new employees and visitors to understand the correct workplace safety procedures and why they should play an active role.
- Telling your supervisor of any health and safety concerns as soon as they arise.
- Keeping the workplace tidy to minimize the risk of any slips and falls.
• **Drugs & Alcohol**

Alcohol and drug use at work, pose a threat to the health and safety of employees and to the security of company property. As such, all employees are prohibited from being under the influence of alcohol or illegal drugs when at work on company premises or engaged in company business. Moderate consumption of alcohol as a part of work-related external relations activity, is acceptable where appropriate.

Unauthorized buying, selling, manufacturing or dispensing of alcohol or drugs is strictly prohibited within company premises. This policy applies to all employees, visitors and subcontractors.

• **Smoking**

Due to the nature of APP operations, smoking can be dangerous not only because it affects the personal health of employees but also be cause it can lead to fires in plantations and manufacturing areas.

It is therefore required that every APP mill and office has its own smoking regulations, relevant to the specific conditions at each site. Every employee must adhere to these regulations, which will be prominently displayed and communicated at each location.

---

**Preventing Workplace Violence**

APP is committed to preventing workplace violence and maintaining a safe working environment. All employees, customers, vendors and business associates should be treated with courtesy and respect at all times.

APP does not tolerate acts of verbal or physical abuse or behavior that makes another individual feel threatened or unsafe.

Your responsibility in maintaining a safe and healthy workplace:
- Not possessing or using weapons while on company premises or on company business.
- Not threaten, intimidate or coerce another employee, customer, vendor or business associate.
- Not use company resources (tools, materials, spare part, etc) to threaten, stalk or harass anyone at or outside of the workplace.
- Report as soon as possible any direct or indirect threats of violence, incidents of actual violence and suspicious individuals or activities to supervisor, security personnel, human resources, any member of senior management, and/or ECC.
Environmental Stewardship Policy
Environment is one of the three sustainability pillars that form the basis of APP’s sustainability initiatives. As a leading Indonesian company, APP fully supports the nation’s commitment to protect the environment.

APP’s business requires the use of various natural resources such as wood fiber, energy, and water. To maintain sustainability in our operations, APP has committed to carefully and responsibly manage these resources. We have taken the following steps to ensure we operate in the most environmentally responsible way:

- Ensuring that our facilities meet and exceed the relevant regional, national and international standards wherever we operate.
- Ensuring that our main raw material, wood fiber, comes from sustainable sources, through the implementation of best practices such as Chain of Custody systems, High Conservation Value (HCV) and High Carbon Stock (HCS) assessments and protection, and Sustainable Forest Management certification.
- Using our production materials as efficiently as possible by using the Reduce-Reuse-Recycle approach across our operations.
- Continuously reviewing our operations and where possible, introducing innovative systems and technology to reduce the quantity and increase the quality of our effluent and air emissions.
- Supporting the national and international goals to reduce man-made Greenhouse Gas emissions from our operations. We regularly monitor our GHG emissions in accordance with the GHG Protocol and implement programs to reduce them.
- As part of our commitment to the UN Global Compact’s CEO Water Mandate program, we continuously improve our water management systems in our operations.
- Implementing a robust environmental management system in our facilities in accordance with international standards such as ISO 14000.
- Providing information, education and training to our employees, contractors and suppliers, to ensure clear understanding of APP’s policies and environmental goals.

Make Sure You:

✓ Demonstrate awareness of and commitment to APP’s environmental policies.
✓ Promptly report any environmental risks, hazards, or any potential violation of our environmental policies.
✓ Encourage our suppliers, contractors, customers and other third parties to engage in responsible stewardship practices.
My supervisor asked me to perform a task that I believe violates environmental regulations. What should I do?

Never guess about environmental regulations. If you are uncertain, check with your supervisor to be sure you have understood the request. If you still feel the request violates environmental regulations, report the concern to local management.

Does our goal of continuous improvement mean that I should always select the most environmentally beneficial option?

You must strive to find a balance between environmental and business considerations, usually where the cost differential between options is not significant and a real environmental benefit will result, the more environmentally beneficial option should be selected. It is also important that the costs and benefits should be evaluated over the entire lifetime of the item from production through use and final disposal, and not just be based on the initial purchase.
Business Partners and Third Parties
Treating Customers Appropriately

APP sells products through both sales agents and company owned sales offices around the world. APP customers include multinational companies that buy a diverse range of products from APP, and smaller, more bespoke converters, printers and publishers.

We are committed to acting fairly and in accordance with the highest standards in our customer relationships. It is therefore important that customers and employees work together in a mutually respectful way.

Make Sure You:

✓ Treat all customers fairly and honestly
✓ Communicate with customers and distributors in a respectful and helpful manner, so that they understand the terms of our business relationships.
✓ Endeavor to understand what our customers want from us and react to any concerns immediately.
✓ Never reveal a customer’s data, or other confidential information without prior written permission.
✓ Never make false or misleading remarks in any sales or promotional efforts.
✓ Never accept gifts, hospitality or favors if this could influence the way decisions are made.
Treating Suppliers & Business Partners Appropriately

APP is committed to acting fairly in the way it chooses suppliers and other business partners. They are chosen based on their continuity of supply, timely delivery, quality of products, services and value.

APP also favors suppliers who are aligned with our own ethics and values. APP also applies various initiatives to ensure fair procurement practices for both parties. This include electronic procurement and material supply monitoring.

We also expect all suppliers comply with our BCoC as a condition of doing business with us.

Make Sure You:

- Treat all potential suppliers fairly and honestly.
- Respect the independence of our suppliers and treat them as equals.
- Comply with the internal procurement procedures when awarding business to a supplier.
- Never reveal a supplier’s pricing, technology or other confidential information.
- Never make false or misleading remarks to others about suppliers or their products or services.
- Never receive gifts or hospitality and avoid any arrangement that could, in the long term, prevent fair competition.
- Terminate business relationships with suppliers that do not adhere to company policy and values.
Fair Competition

APP strives to compete fairly, legally and ethically, and comply with all applicable competition and anti-trust laws. All employees are required to abide by the rules of fair competition and to avoid behavior that can lead to a violation of anti-trust laws. Employees may use information about our competitors, but only in a legal and ethical manner.

Information can be obtained from publicly available sources, such as media reports, trade journals, annual reports, governmental filings, speeches of company executives, and from customers in the context of meeting competitive offers.

Because we respect the non-public information of the other companies, we should never obtain the information about our competitors through misrepresentation, trespassing or theft.

Make Sure You:

✓ Never discuss sensitive business topics such as prices, sales terms, business or marketing plans, margins, costs, production capacity, inventory levels, trade programs, or discounts with competitors.
✓ Never discuss prices with a competitor or anything which might affect prices such as costs, discounts, terms of sale, or profit margins.
✓ Never discuss your future pricing, marketing, or policy plans with competitors.
✓ Never discuss the company’s customers with competitors.
Quality Assurance

APP supplies a wide range of paper based products to over 120 countries around the world, from packaging to office paper. In a global marketplace our customers demand the highest standards of product sustainability.

As such, our mills are certified to various global environmental management system and Chain of Custody standards such as LEI and PEFC, to ensure fiber traceability across our supply chain. Environmental and product safety certifications have also been obtained by individual product lines where required.

The labels have strict criteria which covers the sourcing of raw materials right through to production and quality testing of the product.

Make Sure You:

✓ Comply with all product and quality assurance procedures for production and sale.
✓ Never do anything that would damage the trust consumers have in our company.
✓ Always strive to ensure that our brands and associated products are safe for our employees, customers, and consumers.
✓ Ensure that business partners, including vendors follow the quality assurance as implemented within our business unit or location.
✓ If you notice anything that could adversely affect the safety or quality of our product, report it immediately.
Shareholders
Use of Company Resources

Collectively, we have a responsibility to safeguard and make proper and efficient use of company property and resources. These can include (but are not limited to):

- Funds
- Land and buildings
- Equipment, machinery, tools and spare parts
- Materials and supplies
- Computer, telephones, copiers, fax machines, printers, and other technology resources
- Confidential information and records, including hardcopy and electronic data and documents
- Intellectual property such as trademarks, copyrights and patents
- Scrap and used material
- Company vehicles
- Energy and electricity

Company resources are the property of APP, and must be returned at the request of APP or upon termination of employment.

APP reserves the right to inspect its facilities and property, including computers, telephone records, lockers, email, internet usage, business documents, offices, and other workspaces, subject to applicable local laws and regulations.

Make Sure You:

✓ Use company resources only for business purposes. Any personal, community, charitable or other use must have prior authorization.
✓ Manage company assets and property to ensure that they are not damaged, misused, lost, stolen or wasted.
✓ Manage budgets, expenses, and other funds properly and accurately.
✓ Ensure daily efficient use of company resources.
✓ Follow APP’s travel rules and policies.
Confidential Information

Any company information can be deemed confidential and must therefore not be communicated verbally or otherwise without approval from your authorize person. Confidential Information is secret and proprietary to the Company. It may include, but is not limited to:

- Analysis, forecasts, compilation, research results related to financial, technical issues, operational, and business concepts, documents, software development, designs, drawings, specifications, original template, data, coding, documentation, user guideline, diagrams, scheme, research, procedures, know-how, targets, materials, marketing plans and business improvement, customer names, or other information related to customers, pricelists, pricing policies and other financial information, and any information related.
- Information provided by a business partner that should be kept confidential. Confidential Information does not include information that has become public knowledge or can be gained without violating the Code of Conduct.

Do your part to protect confidential information:

- Do not, without Company approval, share any confidential information (verbal and written), to any unauthorized recipients.
- Do not, except within the scope of employment, remove, make or cause to be made any copies of confidential drawings, reports, correspondence or other writings or samples relating to the Company. Employees cannot use, except within the scope of employment, any trade secrets and other confidential information, data or knowledge relating to the Company.
- All documents, drawings and information must be returned to the Company upon termination of employment or at anytime upon request.
- Destruction of Confidential Information requires written approval from authorized personnel.
- If an employee believes confidential information must be disclosed to a third party, they should consult with their authorize person.
- Password(s) for computer log in, lotus note, e-portal login, e-office log in or any other system login should not be shared.
- Be cautious when discussing confidential and commercially sensitive company information in public areas.
- Do not write about confidential or commercially sensitive information in social media such as blogs, Facebook, twitter, wikis, networking sites, etc.
Shareholders

- Do not forward emails or other internal communication that contain confidential company information, to external unrelated parties unless it is within the scope of your job.
- Refer any financial and commercial questions from investors, analysts, and the media to the Corporate Affairs & Communications Division or the Investor Relations Department.
- Refer any questions about product and pricing from customers to Customer Service or Sales and Marketing Division.
- Even within our company and among your co-workers, you must only share confidential information on a need-to-know basis.
- Refer any questions from the media to the Corporate Affairs & Communication Division.

Computer Usage & Access Policy

Computer resources are the property of APP and its subsidiaries and may only be used for legitimate business purposes. Users (including all employees, independent contractors, consultants, temporary workers and other persons or entities who use APP computer resources) are provided access to computer resources to assist them in the performance of their job.

To ensure the company’s computer resources are used appropriately by all users, APP has created the Computer Usage and Access Policy. The rules and obligations described in this policy apply to all users, wherever they may be located. All users have a responsibility to use APP’s computer resources and the Internet in a professional, lawful and ethical manner. Violations will be taken very seriously and may result in disciplinary action, including possible termination, and civil and criminal liability.

Make sure you...
- Not use the company’s Internet connection to download games or other entertainment software (including screensavers), or to play games over the internet.
• Not used company’s computer resources to disseminate, view or store commercial or personal advertisements, solicitations, promotions, destructive code (e.g., viruses, self-replicating programs, etc.), political material, pornographic text or images, or any other unauthorized materials, without prior written permission.

• Not illegally copy material protected under copyright law or make that material available to others for copying.

• Unless expressly authorized to do so, users are prohibited from sending, transmitting, or otherwise distributing proprietary information, data, trade secrets or other confidential information belonging to Company.

• Not reveal or lend their user id and password to any persons or entities. If these are exposed or lost, users must immediately notify their supervisors and the IT Department.

• No uploading, posting, emailing, or otherwise distributing any content that is discriminatory or harassing, obscene, pornographic or X-rated, unlawful, harmful, threatening, abusive, defamatory, vulgar, libelous, violates the legal rights (such as rights of privacy and publicity) of others, is hateful, racially, ethnically or otherwise objectionable.

• Not install own personal software onto company’s computer. Only software provided by the Company may be used on Company computers. Exceptions require prior approval from your manager and CIT with the condition that the software is a legal licensed software and the installation is supervised by CITD (Corporate IT Division).

• No posting non-business-related messages to large numbers of use net newsgroups (newsgroup spam).

• APP has the right to monitor, investigate, block and record activities of users of APP’s computer resources. Data created or stored in the company's computer system belongs to the company and as such must be treated with proper security and confidentiality in accordance with the Policy. In the event of any suspected or proven violations, APP reserves the right to revoke any access without prior notice and the user will be subject to disciplinary action, including possible termination, civil and/or criminal liability.
Records Accuracy

Company records are important company resources that must be prepared accurately and truthfully. They can include expenditure reports, job logs, sales report, materials and stock reports, finished goods and production reports, waste reports, measurements, etc. Preserving the records is necessary to protect our legal rights, for tax documentation and other regulatory purposes.

Deliberately falsifying business records and/or concealing errors will not be tolerated and can be considered an illegal act punishable by law.

Make Sure You:

- Prepare records accurately with applicable accounting procedures and government regulation.
- Comply with APP’s policy and procedures for confidential data and information disclosure.
- Act in good faith, responsibly, with due care, competence, and diligence, without misrepresenting facts or allowing your independent judgment to be influenced by others.
- Ensure company records are complete, accurate, and contain all significant information, so that management can make sound business decisions.
- Always provide clear and truthful information and cooperate fully during audit programs to ensure compliance with our policies, controls and procedures.
Fraud Prevention

Fraud maybe motivated by the opportunity to gain something of value (such as meeting a performance goal or obtaining a payment) or to avoid negative consequences (such as discipline).

APP does not tolerate fraud. Any violation within the company can affect the company’s image and business sustainability.

APP obliges all employees to act with honesty and integrity when working with company resources and to take responsibility for preventing fraudulent act.

The term fraudulent act can include, but is not limited to:
- Counterfeiting or altering documents such as contracts, loans, leases, assignments, time keeping records, production records, analytical results, inventory records.
- Counterfeiting or altering checks, drafts, promissory notes and securities.
- Any misappropriation of funds, securities, suppliers or any other company asset.
- Any irregularity in the handling or reporting of money transactions.
- Stealing of materials, spare parts, scrap, tools, machinery or any other company asset.

Investigations

Company investigations are conducted by management or authorized parties under the direction of Internal Audit and Control Division (IAC), Corporate Legal and Administration Department (CLAD), or Corporate Human Resources Division (CHRD).

Make Sure You:

✓ Cooperate fully and communicate honestly.
✓ Never discuss the investigations with others. Whether you don’t know about a matter they are investigating, don’t ask others. They will speak to other employees to seek additional information.
Gifts & Entertainment

Receiving gifts and/or entertainment from APP business partners, such as suppliers, vendors and customers, can become risky because it may inappropriately influence business decisions.

APP has policies and procedures relating to the receiving of gifts or entertainment. All employees should ensure they comply with these policies and procedures, and are required to communicate or report any potential or actual violation.

You are expected not to receive or accept any gift, entertainment, or any favors from any person or entity who is seeking to do business with APP, or is a competitor of APP, or any person or any entity who is seeking to receive or grant a loan or to secure other financial commitments from APP, or any person who is seeking employment from APP, such as, but not limited to:
- Cash or cash equivalent.
- Loans.
- Expensive items, such as Notebook, computer, camera, scanner, printer, recorder, Ipad, hand phone, DVD player, and other expensive items.
- Special discount and/or gift card
- Any gift or entertainment offered or received during a bidding process.

However, the following types of gifts and entertainment are still allowed by still report it through e-GE:
- Promotional items or merchandises with company logo (pens, calendars, agenda, hat, t-shirt).
- Occasional reasonably-priced meals with business partner.

If the gifts/entertainment does not conform to any of the conditions mentioned, do the following options:
- Refuse and explain that our policy does not allow it.
- If it is not possible or practical for you to refuse, you must report the gift/entertainment through e-GE (electronic Gift and Entertainment) application to determine what you should do with it.

Example:
If you attend any kind of events at the Company’s expense and you won a laptop as a lucky draw, you should report it to e-GE system and register it as a company’s asset.
Regarding gifts/entertainment provided to external business partners, such as suppliers or customers:

✓ They should be reported through the relevant system/procedure.
✓ They should be approved in advance through relevant system/procedures.
✓ To ensure efficient operation and reduce unnecessary administration, each division/department is encouraged to develop its own guidelines on providing gifts to external business partners, which must be approved by Top Management. The guidelines shall include, among others, the type and maximum value that is allowable.
✓ Company-sponsored sales contests or incentive programs for company are not considered business gifts.

**CAUTION:** Providing gifts/entertainment to public officials, even gift/entertainment of small / low nominal value, can be considered illegal in certain conditions. You should consult to the Corporate and Legal Division (CLAD), Internal Audit & Control Division (IAC), Strategic Business and Internal Control Division (SBIC), and/ or Corporate Human Resources (CHR) for additional guidelines if in doubt.

### Political Activity

The Company does not prohibit any employee from participating in political and governmental process, or from communicating personal views to appointed and elected officials.

However, employees cannot identify themselves as representatives of APP or any of its affiliate companies, contractors and suppliers when communicating personal views.

The company name may not be used in political campaigns or to promote the interests of political parties or candidates.

Employees may not engage in personal political activities during paid working hours or when using company resources (such as funds, email, phones and meeting rooms) without receiving pre-approval since such activities maybe considered to be an unethical or illegal political contribution by APP.
Avoiding Conflict of Interest

A conflict of interest occurs when a private or family interest interfere, or appear to interfere, with your ability to make decisions on behalf on our company.

Employees have to make business decisions in the best interest of the company at all times. Accordingly, company policy prohibits any conflict of interest that might hinder an employee from doing this.

Any situation that creates, or appears to create, a conflict of interest between personal interests and the interests of the company must be avoided, eliminated, resolved or appropriately disclosed, so that company could review the situation and determine what steps, if any, should be taken to manage the potential conflict.

You must also disclose these relationships in the e-Kinship system which must be updated every year.

Any potential conflict of interest at the Division Head or Mill Head level shall be reported to Board of Directors.

Any potential conflict of interest at the staff level shall be reported to the Division Head or Mill Head.

Board of Directors, Division Head/Mill Head based on the above chain of reporting shall determine whether a conflict of interest exists and will decide on a course of action to be taken.

Every employee must declare their family relationship that fit to Family Relationship Matrix if their family work at the same company, sister company, vendor/supplier/contractor or competitor company.

If you have any potential conflict of interest, ask yourself the following questions:

- Do my personal interests interfere me to make an objective decision for company?
- Do I take any personal gain in this situation?
- Would I feel uncomfortable or embarrassed if I read about the action I am considering in a newspaper?
The following acts are deemed by APP to be in conflict with the interests of company:

- As an employee, we shall not for personal financial gain solicit or sell or have any financial interest in the supplying of any goods, wares, merchandise materials, supplies, services, or equipment to APP.

- We shall not, for personal financial gain, solicit or sell or have any financial interest in the sale of any goods, wares, merchandise, materials, supplies, equipment, or services to other employees in office premises/mills.

- We shall not act as an agent for any manufacturer, vendor, dealer, or services company seeking to sell any goods, wares, merchandise, materials, supplies, services, or equipment to the APP.

- We shall not receive or accept any gift, reward, gratuity, or other compensation from any supplier, customer or business partner for influencing or recommending to APP that it supplies services or equipment.

- We shall not receive or accept any gift, reward, gratuity, or other compensation from any person or company seeking to do business with APP, or is a competitor of APP.

- We shall not receive or accept any gift, reward, gratuity, or other compensation from any person or company, who is seeking to receive a grant, loan, any other financial commitment or employment from APP.

- We shall not use for personal financial gain, any company facilities, supplies, equipment, in the manufacture, creation, or repair of any goods for distribution or sale. However, this provision shall not prohibit the renting of company facilities to employees in accordance with APP’s Property Policy, subject to approval from Division Head/Mill Head and acknowledged by Board of Directors.

- We shall not engage in any other employment or in any private business during the hours required to fulfill assigned company duties.

- We shall not engage in employment with APP’s competitors or any private business with APP’s competitors.

- We shall not use for personal financial gain, the power that we have with respect to the position/title that we hold, nor shall we use such power to intimidate others to do something for our personal financial benefit.
Business Practices

- We shall not invest in customers, suppliers, or competitors if they are not publicly traded on a national securities exchange or traded on the over-the-counter market.

- We shall not enter into personal transactions with our suppliers or customers other than on terms and conditions generally available to the public or Company employees, unless approved in advance by the Audit Committee.

- In order to avoid any conflict of interest, no administrator or supervisor shall be responsible for the direct supervision and/or evaluation of their relatives. No member of APP staff is permitted to directly supervise and evaluate the performance of his/her spouse or relative or supervise the evaluation of their spouse’s supervisor.

- Members of the same family are not permitted to hold senior administrative positions at the same time, except with the Board of Directors approval.
Anti Money Laundering Policy

As the implementation of good corporate governance (GCG), APP is committed to implement the anti-money laundering policy and disseminate to all relevant staff to raise awareness.

Money laundering is any act that violates existing regulations such as placing, transfer, divert, spend, pay, grant, leave, bring overseas, change form, exchange with other currency or securities or other actions on assets that is known.

Basically the modes of money laundering can be classified into three types, which do not always occur in stages, but sometimes done simultaneously. The three stages are: placement, separation (layering), and incorporation (integration).

Placement is an attempt to put the money resulting from a criminal activity into the financial system.

Separation (layering) is an attempt to separate the money resulted from criminal offenses from the source, i.e, through several stages of financial transactions to conceal or disguise the origin of funds.

Incorporation (integration) is an attempt to combine or use assets that seem legitimate, both to be used immediately, invested, used to finance legitimate business activities, or to finance activity of a criminal offense.

Management, employees and all stakeholders have a moral obligation to report violations if they know about them. Awareness of the importance of reporting violations may prevent broader impact that could result in the loss of the company.

Alert to indications of money laundering if you are aware of any:
- Complex transactions / phased in to multiple accounts
- Transactions with significant value
- Unusual patterns of transactions
FAQ

Our BCoC

➢ Why do we have BCoC?

Q: Does BCoC explain all the standards that I need to know?
A: BCoC outlines guidance on how you should behave to ensure you are acting in line with the company’s values, but it does not discuss every law or policy that applies to your work. There are specific policies and procedures covering your conduct and how the company does business, and you are expected to follow that guidance as well as our BCoC.

➢ What are our responsibilities?

- Comply with BCoC

Q: I have a concern not specifically addressed in APP BCoC. Does that mean there is no problem?
A: The BCoC cannot address or list all possible situations that might be occurred. If a certain situation arises that is not addressed anywhere in the BCoC, or you have difficulty in interpreting the code, you should promptly seek guidance from your supervisors, managers, and/or relevant specialist (CHR, IAC & CLAD) within the company.

- Supervisor Responsibilities

Q: What should I do if my manager is asking me to do something that does not violate the law and company policies, but I don’t think it is ethically correct?
A: You should constructively discuss the issue with your manager. Understand that where no violation of law or policy is involved, you may need to agree to disagree and comply with duly given instructions.
- **Doing The Right Thing**  
  **Q:** I found myself in an ethical dilemma between following our company guidelines or my supervisor. What should I do?  
  **A:** Following our company guidelines is always the right thing to do. If you are still unsure, ask for guidance from ECC.

- **Reporting Your Concerns**  
  **Q:** I knew that my superior received gratitude money from a contractor. What should I do?  
  **A:** You have the responsibility to report to ECC and should not be afraid because ECC is never disclosed whistle blower identity.

- **Non Retaliation Policy**  
  **Q:** A few months ago, I contacted the ECC. I had found out that my manager had awarded a large contract to a company owned by his family. There was an investigation, and I believe the company took some disciplinary action. My manager and some of my team members suspected me reporting to ECC. Since then, they have stopped talking to me and have excluded me from business meetings. It is impacting my morale and my performance. Should I just keep quiet and hope that the situation improves?  
  **A:** No. The actions of your manager and team members may be retaliation. You must report to ECC about the retaliation behavior. They will give you the suitable solution.

- **Violations of BCoC**  
  **Q:** I made a report through the ECC because I thought a co-worker was stealing from our company. However, no action appears to have been taken. Why?  
  **A:** If no action has been taken, this is because either no evidence was found or the investigation into the matter is not yet complete.
**Training & Education**

**Q**: Where can I go for training on BCoC and ethics-related questions?

**A**: Contact Human Resources, APP Academy, Ethic Education & Compliance, or ECC.

**Signature & Acknowledgement**

**Q**: I haven't sign an acknowledgement of BCoC training. Does it mean that I don't need to comply with BCoC?

**A**: No. Failure to read the BCOC or sign the acknowledgement form does not excuse an employee from compliance with the BCOC.

---

**Employees**

- **Respect Diversity & Non Discrimination**
  
  **Q**: One of my coworker frequently makes suggestive comments about my appearance and touches me in ways that make me uncomfortable. I've asked my coworker to stop repeatedly, but he/she won't. What can I do?
  
  **A**: You should report your coworker’s conduct immediately to your supervisor, your manager, the HRD, or ECC. This kind of behavior has no place in our workplace, and we won’t tolerate it.

- **Human Rights**
  
  **Q**: Our supplier offers good quality, reliable delivery, and lowest price. But the supplier does not treat the employees properly. Should I ignore it or make an issue of it?
  
  **A**: Don’t ignore it. It’s a big issue — APP’s reputation depends on doing business only with suppliers that deal responsibly with their workers and with their local environments.
FAQ

➢ Workplace Safety
  - Health & Safety Rules Regulations
    Q: Is it really necessary to report a minor accident or injury? I don’t want to jeopardize our plant’s safety record.
    A: Yes. You must report all accidents and work-related injuries, no matter how minor, to eliminate unsafe practices and conditions. Reporting minor work-related injuries, minor accidents and “near-misses” is important, as it helps us to identify hazards and take corrective action before serious injuries occur.

- Drugs & Alcohol Use
  Q: My doctor prescribe me medicine. I know that it is a legal drug, but I'm still worried that it may affect my work. What should I do?
  A: Notify your supervisor that if you are under medication.

- Smoking
  Q: I see one of the outsourcing employee or employee of one business partner secretly smoke Mill’s smoking restricted area. What is the right thing to do?
  A: Quickly report to the security for further action.

➢ Preventing Workplace Violence
  Q: Yesterday I had an argument with a co-worker that almost escalated into a physical confrontation when he challenged me to meet him outside. I believe he may try to harm me at some point. What can I do?
  A: Report this incident to your supervisor or your local Human Resources representative.
Environment

Q: My supervisor asked me to perform a task that I believe violates environmental regulations. What should I do?
A: Never guess about environmental regulations. If you are uncertain, check with your supervisor to make sure you have understood the request. If you still feel the request violates environmental regulations, report the concern to local management.

Business Partners & 3rd Parties

➢ Treating Suppliers & Business Partners Appropriately
Q: A spare part company’s salesman always call you and tell you that if you can help him to sell his products to APP, he will give you reward. In accordance to APP BCoC, what should you do?
A: Refuse, and remind him about the business ethics.

➢ Treating customers appropriately
Q: My close friend works for competitor. He asked me to give him a list of inactive customers in APP. What is the right thing for me to do?
A: Refuse and remind him about our business ethic.

➢ Fair Competition
Q: Our sales representative received a phone call from a competitor’s sales representative. During the conversation the competitor suggested that they should divide the city in half and each service one portion. What should our sales representative do?
A: The company’s sales representative must decline the offer and remind the competitor that it is illegal to enter into any such agreement.
Quality Assurance

**Q:** I reported to my supervisor that our new product might be unsafe. He did not give any comment because we’ve already manufactured this product, and there is almost no consequences for company. What should I do?

**A:** Do not hide anything that you believe poses a reasonable risk to our product quality. Bring this issue to ECC.

Use of company resources

**Q:** I’m doing volunteer work for a local neighborhood group. Every month they need me to make copies or send faxes. If I bring my own paper from home, is it okay for me to use the office equipment?

**A:** No. APP employees can not use company resources for employee initiated volunteer activities. While you would bring your own paper, you are still using company resources such as toner, ink, network bandwidth, etc.

Confidential Information

**Q:** My friend, a mill engineer, updates his social media profiles on a regular basis. Although he usually just posts about his vacation and food that he likes, when he runs into a tough problem at work, he posts some details of this project, hoping that someone will provide some insight. Is this a problem?

**A:** Yes. Even though his project is still a work in progress, sharing it publicly this way reveals confidential Company information and could put the Company at a disadvantage if the post is seen by our business partner and also competitors. You should ask your friend to remove his post and notify his supervisor immediately.
➢ Computer Usage & Access Policy
   Q: I run a small online shop. I do most of the work after office hours and it in no way conflicts with my work at APP. Sometimes I finish lunch early and have time during which I access my website on my work computer to process orders. Is this OK?
   A: No. Regular use of an APP information system for carrying out non APP business is not allowed. Company information systems and communication resources are only to be used for Company business purposes. You must run your online shop using your personal property.

➢ Records Accuracy
   Q: The year end is approaching and the production manager has real for the year have already been achieved. The sales manager asks his administration to report the remaining production at a later date in order to have a head start on next year. Has the sales manager done the right thing by giving such instruction to his administration staff?
   A: No, doing so would cause false and inaccurate information to be recorded. This action is inappropriate and a violation of the BCoC. All company transaction data must be recorded in the period in which they are earned.

➢ Fraud Prevention
   Q: What if I violate Company policy and/or BCoC by accident?
   A: Failure to do so does not excuse an employee from disciplinary action or legal consequences.

➢ Investigations
   Q: I have reported a misconduct to ECC. How do I know violations of BCoC are taken seriously?
   A: Let ECC do their investigation thoroughly and they will only report to Top Management.
Business Practices

➢ Gifts & Entertainment
  Q: I work with several business partners for whom giving expensive gifts as a show of respect is an important part of their culture. When I met with one of these companies, he offered me an Iphone 6 as a gift. I know that this is too expensive to accept by APP’s standards. What should I do?
  A: Our policies do not allow us to receive gifts that could compromise our ability to make objective business decisions. You should refuse the gift and explain the company policy to him.

➢ Political Activities
  Q: My colleague uses company's email for his campaign to obtain vote in legislative election. Is he allowed to do so?
  A: No, because company's resources should not be used for non-work related activities including political activities.

➢ Avoiding Conflict of Interest
  Q: An APP vendor needs to raise capital and has asked if I would be interested in becoming a passive investor in his business. May I make the investment?
  A: Employees are not permitted to invest in an entity in which their client has a controlling interest. Personal investments, such as an investment in a limited partnership, private placement or privately held corporation, may be permitted with prior review and approval by your Division Head or Mill Head.

➢ Anti Money Laundering Policy
  Q: I’m an employee who often deals with prospective customers. How can I anticipate money laundering?
  A: Anticipation of money laundering can be done by reviewing legal documents such as certificates of the company, the document of establishment of the company. We can also check customer business activities and the health of the company through financial statements or annual reports.
Where To Go For Assistance?

Ethics Call Center:

APP encourages everyone, employee, former employee, vendor, customer, and business partner to be actively involved and responsible in creating transparent, clean, and ethical business and working practices.

Use the ECC to report:
• Fraud / bribery / collusion within our business and company.
• Unethical business conduct.
• Unethical working practice.

All the information provided and your identity will be handled with utmost professionalism and confidentiality.

Ethic Education & Compliance:

We are available to answer any questions about the BCoC Guideline and Business Ethics Training.

E-mail : ethics_education@app.co.id
Phone: 021 – 53120001 ext. 1388