

Whistleblowing System

A. The Scope, Purpose and Objectives

The Scope :

1. To outline all aspects necessary to build and implement whistleblowing system as a tool to govern the reporting of violations.
2. This Whistleblowing system applies to the interest of internal company that includes all employees, Board of Directors, and the Board of Commissioners.

Purpose

1. This Whistleblowing System is one of the inherent supervision built by the Company in performing internal controls that are consistent and continuous.
2. To provide a formal channel for employees in helping to create corporate governance in a professional manner to achieve good corporate governance.
3. The existence of standards in the expression of aspiration helps the Company to eradicate any violation or potential violation.

Objective

1. To help the Company to improve labor productivity through eradication of all forms of violations and potential violations.
2. To reduce the Company's losses through early prevention as a follow-up action from reporting through various Whistleblowing channels.
3. To improve the image and reputation of the Company that has good corporate governance (GCG).
4. To improve the Company's ability to win the competition through increasingly efficient operational management of the company.
5. To create a more conducive climate and encourages all employees in reporting to the things that can cause financial losses and non-financial, including those that may undermine the values and image of the company.
6. To simplify management to deal effectively with all forms of report violations and potential violations.
7. To protect the confidentiality of the reporter's identity and security information reportedly managed in a special data base.

B. Rapporteur Protection Policy

The whistleblowing policy is part of the implementation of the company in practicing consistent code of conduct on an ongoing basis, therefore, the Company has committed that any reports of violation or potential violation is set as follows:

1. Rapporteur Protection Policy

This Whistleblowing Policy provides protection to the rapporteur in form:

- a. The company provides reporting channels such as: a written letter to Whistleblowing Team, Whistleblowing Box, Whistleblowing site at www.lippokarawaci.co.id sub menu

Whistleblowing; Email Address whistleblower@lippokarawaci.co.id; and Whistleblowing Team starts from the Committee, Management, Champion, and Facilitator. All these whistleblowing channels will ensure each reporting by well-meaning reporter.

- b. A guarantee of the confidentiality of the identity of rapporteur who provide identity and information which can be used to contact the rapporteur if needed for clarification.
- c. The Company ensures information security and protection against actions of the reported or companies, in the form of threats of physical safety, psychological terror, the safety of property, legal protection, job security, pressure, delaying a promotion or a salary, demotion or promotion, unfair dismissal, harassment or discrimination in any form, and harmful notes that in the employee files.

2. Rapporteur Appreciation

The Company can give appreciation to every rapporteur who was contributing in an effort to help the prevention or capable of proving violation that can harm the company and to minimize the risk of the company significantly.

3. Sanctions to Rapporteur Who Abuse The System of Reporting on the Whistleblowing Channel

The Company aims to establish whistleblowing system that can run professionally and that the company will give sanction to the complainant who send the report in the form of slander or false reports. Sanctions given follows the regulation that applies in the Company, and the Company will not guarantee the confidentiality and protection to rapporteur abusing the system whistleblowing system including criminal prosecution as well as related civil unpleasant acts or defamation.

4. Sanctions to Whistleblowing Team who leaked reporting

The company strongly protect the confidentiality of the report which was reported by the complainant, therefore, each report leaked by Whistleblowing Team will be given sanctions in accordance with applicable regulations.

C. Structure of Whistleblowing System

The company established a whistleblowing system with the structure:

1. Board of Commissioner

The Board of Commissioners is responsible as overseers of performance and effective implementations of Whistleblowing system in the company and its subsidiaries. Monitoring whistleblowing system implementation may be submitted to the Committee of the Board Commissioner.

2. Whistleblowing Team:

a. Whistleblowing Committee

Whistleblowing Committee is chaired by the Director of Governance and Talent Admin (HRG) Corporate Director is responsible for ensuring this Whistleblowing system can be implemented throughout the company and its subsidiaries. Whistleblowing Committee Chairman may appoint the members of the committee including the determination of the functions and duties of each member as well as future membership. The Committee Chairman shall ensure that all reporting followed until finished.

b. Responsible Whistleblowing

The Whistleblowing Committee will appoint each year the Board of Directors or Senior Executive alternately who is responsible for accomplishing and socializing Whistleblowing system to the business units under its coordination.

c. Champion

Each person in charge of a designated business unit is responsible for establishing each Champion in the division unit under its coordination. The Champion is responsible for socializing Whistleblowing culture to the units under its coordination.

d. Facilitator

The Champion can appoint a facilitator in the working unit which is smaller in particular for a unit that has a great subordinates. The task of the facilitators is to help create Whistleblowing culture to the work unit related.

e. Investigation Unit

Each entry must be coordinated by the champions to be submitted to the relevant responsible person who hereinafter is the responsible to bring any of those reporting on meetings organized by the Whistleblowing Committee to determine the eligibility of the report to be followed up by the investigation unit. This investigation unit consists of Internal Control Unit (SPI) or the internal auditor, and assisted by HR Audit specifically for cases related to Human Resources. This investigation unit is responsible for investigating cases that have been assigned by the Committee to look for the facts, data, and processes that must be performed by internal auditor.

D. Violation Reports

Each employees as regulated in the Code of Conduct must conduct and have moral obligation to report violations or potential violations and are forbidden to remain silent when they see violations or potential violation. The aspects that need to be considered:

1. Violation Principles

- a. Each report should be placed as the practice of Good Corporate Governance and Risk Management.
- b. The Company must receive reporting of violations and potential violations from the Rapporteur.
- c. The principle of the report should contain goodwill and not a personal grief on the policies or management practices or based on bad intentions defamatory and / or false statements that may impose a co-worker or defame / person's reputation.

2. Rapporteur

Rapporteur is grouped into 2 (two), such as:

- a. Internal: Board of Commissioners, Directors, Senior Executive, and all employees.
- b. External: the working partner, supplier, customer, consultants, vendors, outsourcing, communities and other stakeholders.

3. Form of Reports

- a. Violations reports or potential violations must be submitted in writing and shall include the identity of employees (for external parties with copy of ID and phone number) and pour chronological occurrence and if possible provide supporting evidence.
- b. Reports with no identity (anonymous) or anonymous letters will not be followed up by the Company.

4. Potential Violations or Violations That Can Be Reported

- a. Corruption

- b. Fraud
- c. Money laundering
- d. Insider dealing
- e. Unlawful acts (including theft, use of force against an employee or leader, extortion, drug use, abuse, other criminal acts)
- f. Violations of tax regulations, or other legislation
- g. Violations of the Code of Conduct or the Company Values or violation of the norms of decency in general
- h. Acts that endanger the health and safety, or jeopardize the security of the company
- i. Actions that could lead to financial and / or non-financial losses against the Company or damages the interests of the Company
- j. Violation all company policies, including but not limited to company regulations, codes of conduct, corporate policies, Standards Operating Procedure (SOP) and implementation instructions
- k. Others who support the creation of Good Corporate Governance.

5. Time To Report A Violation or Potential Violation

Rapporteur should have a concern in the reporting time, the faster the report will further facilitate the follow-up investigation, the longer reporting submitted will enable the loss of evidence when an investigation. Rapporteur is expected to transmit its reporting within a period of 2 (two) months after the incident occurred, and specifically for fraud cases a maximum of 1 (one) month after the incident occurred.

E. Delivery Mechanism of Violation Reports or Potential Violation

1. Report Submission Infrastructure

The company provides a wide range of Whistleblowing infrastructure channels that can facilitate the reporting immediately submit a report, namely:

- a. Written letter to Whistleblowing Team, by direct transfer or by mail.
- b. Email address: whitsleblower@lippokarawaci.co.id.
- c. Company website: www.lippokarawaci.co.id at the Whistleblowing menu.
- d. Whistleblowing box.

2. Authority to Handle Violation Reporting

- a. In the case of violations committed by members of the Board of Directors or the person who has a special relationship with the members of the Board of Directors or by the Whistleblowing Team, the reporting of a violation or potential violation must be submitted to the Board of Commissioners and if necessary can use independent investigator or an independent auditor.
- b. If the offense was committed by members of the Board of Commissioners or Whistleblowing Team, the report must be submitted to the CEO Corporate, which further handling of the follow-up is carried out by the Board of Directors and when required may use independent investigator or independent auditor.
- c. In the case of violations committed by the employee, then the report must be submitted to the Whistleblowing Team and then the Whistleblowing Team will decide whether or not to follow up or investigation conducted by the Internal Control Unit (SPI) or the internal auditor or by special audit HR for cases related to Human Resources.

F. Investigation

For all reports that have been decided by the Whistleblowing Committee for further action through investigation, the investigation process will be conducted with the aim of gathering evidence to strengthen

conclusions from each case that has been investigated. Results of these investigations allows violations or potential violations that exist and / or allow the case to be investigated further to others cases, or the results of these investigations turned out to be not proven or not enough evidence to support the do follow up.

Considering the objectivity and independence, the investigation will be conducted by Internal Control Unit (SPI) or the internal auditor or by a special Audit HR for cases related to Human Resources. In sensitive cases or certain cases for example that must be investigated is Internal Audit (SPI) or the internal auditor or audit HR specifically, the Whistleblowing Committee can decide the investigation performed by other work units or investigator or independent auditor from external parties.

The process of investigation must be free from bias and do not depend on who is reporting or who is the reported and have presumption of innocence first. The reported must be given full opportunity to provide an explanation for proofs given against him, including the defense if needed.

Results of the investigation will be returned to Whistleblowing Committee for further action. If the result of the investigation shows positive violations or potential violations therefore the violator will be given applicable sanctions even for civil or criminal cases can be forwarded through reporting to the authorities which will be coordinated with the Company's Legal Division.