

# **CODE OF CONDUCT**

**PT APEXINDO PRATAMA DUTA TBK  
AND  
BUSINESS UNIT**

**JAKARTA, 1 JANUARY 2003**

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## **Message from the Directors/Company Management to All Employees**

In line with the development of PT Apexindo Pratama Duta Tbk (Apexindo) and all of its business units (hereinafter referred as "the Company"), The Company's Directors feel the need to formulate a set of policies concerning ethics and responsible behavior that must be adhered by the employees in all levels (hereinafter referred as "Employees") in the Company.

The dissemination of these policies is aimed to ensure that Employees understand and implement ethics and responsible behavior when carrying out their respective duties.

These policies demand all Employees to be honest and aware of their responsibilities in carrying out their respective duties so that the Company will not be interpreted as performing illegal practices and deviating norms which demand and prevail in the community.

Whereas the compliance program refers to the attempts to formulate these policies in a transparent manner include identifying the weaknesses in carrying out these policies and taking corrective measures/adjustment to help this policies become more effective in the future.

We believe that the responsible behavior demonstrated and evidently carried out by Employees will create a positive Company's image. This will serve as an important element in achieving the Company's goal and objective to be appreciated in the community where the Company is operating both in Indonesia and overseas.

The Directors  
PT Apexindo Pratama Duta Tbk

Jakarta, 1 January 2003

## I. VISION, MISSION, AND VALUE PT APEXINDO PRATAMA DUTA TBK

Apexindo wishes to engage and develop actively in oil, gas, geothermal drilling services, and their supporting services. In addition, the company continues to explore challenges and opportunities to grow and to integrate widely through mutual beneficial cooperation with business partners.

Integrity, commitment, professionalism and superiority represent the main reference to carry out its business and are integrated to the primary goal reflecting Employees' aspirations, shareholders, the government, customers and the community.

The statements on the vision, mission and values that have been disseminated are as follows:

<b>VISION</b>	To be a world class drilling contractor offering performance without compromise services.
<b>MISSION</b>	To satisfy the expectations of our stakeholders, shareholders, customers, employees and society.  To strengthen our competitiveness by continuously improving our cost-effectiveness.  To adopt a "one big family" business philosophy and a shared sense of purpose.  To focus our value on trust, dedication and performance.
<b>VALUES</b>	Trust : Integrity, Commitment, Honesty Dedication : Loyalty, Enthusiasm, Devotion Performance : Competence, Professionalism, Leadership, Result

## II. RESPONSIBILITY & COMPLIANCE

The implementations of the Employees responsibility in all company's levels to meet the compliance of these policies are:

### **Employees**

- To understand and adopt policies and be sensitive in all situations that may lead to unethical and illegal actions.
- To be responsible for maintaining a working atmosphere that can create an open communication regarding ethical and legal issues related to their respective activities and responsibilities.
- In addition, Employees must be able to detect origins of potential deviations and take preventive measures.

### **Supervisory Level**

- Responsibility to facilitate various inputs from their subordinates, including suggestions to improve current policies, answering questions regarding whether or not a particular action is ethical or not, as well as following up on taking necessary precautionary steps.

### **Audit & Compliance Committee**

- Be responsible in determining whether or not any violations to these policies have occurred from any actions or cases that have been reported to the committee and to make any necessary actions based on disciplinary measures to such violator and take preventive measures to ensure that such breaches will not happen again in the future.
- Each Business Unit is urged to set up a Compliance Committee in its own circle.
- The Compliance Committee in each Business Unit must give, periodic report upon its findings of alleged cases and steps taken to the Audit & Compliance Committee at Apexindo.

### **Human Resources Committee**

- Discuss the outcome of disciplinary action before it is imposed by taking into considerations the objection of the offender or outcomes from previous cases. The committee will submit their findings to the Board of Directors to decide the disciplinary action that will be imposed to the offender.

### III. GENERAL POLICIES

It is the Company's Policy to continuously adhere all prevailing regulations and provision related to its business activities both in Indonesia and abroad.

The need for the mentioned regulations and provisions will affect the Company's image either externally or internally. The policies adopted to abide by the regulations and provisions concern (1) between the Company and the other parties and (2) within the Company itself.

The policies regarding efforts of the relationship between the Company and other parties (external) are as follows:

- Business Ethics
- Conflict of Interests
- Political Contributions

The policies related to the Company's internal relationship are:

- Health & Safety Policy
- Environmental Conservation
- Monopoly/Anti trust
- Securities and Insider Information
- Use of Alcoholic Drinks and Drugs
- Intellectual Property Rights
- Smoking

All employees must assure that each activity they undertake shall prevent the Company from any illegal actions.

This implies that Employees must be honest and fully aware in inter-employee relationship, between employees and the Company, employees and communities, employees and government officers, employees and employers/vendors/suppliers.

Such awareness means that the Employees must:

- Avoid "questionable relationship" with individuals/state-owned companies and the public and with whom the Company is doing its transactions and conducting its business.
- Avoid disclosure of confidential information to the other parties in its business relationship with the Company.
- Avoid conditions that can put Employees in any conflicts of interest that may inflict losses for Employees and the Company.
- Report any potential breaches of this policy.

Laws/regulations closely related to this policy:

- Eradication of Corruptive Practices
- Anti Monopoly and Unhealthy Business Competition
- Copy Rights, Trademarks, and Patent Rights
- Oil and Gas drilling (including Production Sharing Contracts, Joint Operating Bodies, and Technical Assistance Agreements)

- Working Safety and Sanitation as well as Environmental Conservation
- Limited Liability Companies
- Indonesia Investment Coordinating Board (BKPM)
- The Capital Market and Financial Institution Supervisory Agency (Bapepam & LK)
- Self Regulatory Organization: Indonesia Stock Exchange (IDX), Indonesian Central Securities Depository (KSEI)
- Taxation
- Accounting Standards
- Zoning

and so forth.

Violation to such policy is subject to disciplinary action including job severance according to the relevant Company Regulations.

## **IV. BUSINESS ETHICS**

Business Ethics is one of the policies adapted by the Company, to continuously with all prevailing Laws and Government Regulations to carry out business activities/transactions with any parties outside the Company. Closely related to this policy is Law on Corruption Eradication.

In doing transactions/business agreements with any outside parties, the Company shall do its best to adhere related Laws/Government policies. However, when Laws/Regulations are not complete and imply the creation of loopholes, the Company shall prefer to act honestly and uphold integrity.

Acting honestly is appreciated in any cultures and traditions. Integrity and good reputation in carrying out business activities constitute important asset for the Company. On the other hand, dishonesty may lead to moral hazard among the Employees, false decision making and negative assessment on Company's image. Exclusively, the Company only appreciates those who are honest in carrying out their duties.

To ensure such Business Ethics is appropriately enforced, the following attitudes are strictly required and must be implemented by the Employees:

1. Discontinue any attempts that will likely benefit the Company but during the process of reaching it override this policy principle.
2. Report any possible breaches of the prevailing Laws and Regulation to respective superiors regarding the business transactions/agreements.
3. Be honest and accountable in proposing budgets or business feasibility of project proposals (preventing from mark ups).
4. Adhere to all regulations, provisions and policies already stipulated by the Government regarding the finance, administration, accounting and supervision by appropriately recording all transactions.
5. Be transparent to the Auditor by not concealing or fabricating facts and information.

In case of qualms in carrying out duties to distinguish whether an action is ethical or not, Employees may first consult to their superiors or with "Audit & Compliance Committee" or "Human Resources Committee".

## V. CONFLICT OF INTERESTS

The Policy on Conflict of Interests represents a comprehensive policy to ensure that all Company Executives and Employees may prevent themselves from any conflict of interest between their personal interest and the Company's ones.

Pursuant to the stipulation from the Chairman of the Supervisory Board of Capital Market, Conflict of Interests is the difference between the Company's economic interests and the personal economic interests of the Directors, Commissioners, or Company's main shareholders. A transaction poses a conflict of interests when a transaction involving a Commissioner, Director or Main Shareholder with a conflict of interest, such transaction must be approved by Independent Shareholders or their authorized proxies as regulated in this regulation. The approval for such matters must be stated in a notarial deed.

A conflict of interest may occur in a relationship involving a supplier and a customer, and a company or an individual being engaged or will be engaged in a business activity with the Company including transactions of Company's shares and share ownership from the companies involved in business activities with the Company.

To support this policy, the Company wishes to ensure that the purchase of equipment, tools and services should be done through competitive tender.

Below are examples to illustrate conflict of interests or almost similar conflict of interest with the Company that must be avoided by the Employees:

- a. An Employee or his/her family has an interest in an organization seeking business deals with the Company whereas opportunities for receiving preferred treatments are available.
- b. An Employee or his/her family member to sell or lease his/her asset, facility or equipment, offer his/her service as a contractor/supplier/client to the Company or purchase from, or lease his/her assets/facility/equipment to, offer his/her service as contractor, supplier/client from the company, firm or individual that will deal or is dealing with the Company.
- c. An Employee working the position as a high ranking officer or director of another company or as an executive or consultant for individual, firm or other company having or seeking business relationship with the Company.
- d. An Employee working part-time or full-time in other company, including the possibility of future employment, may affect the objectivity of such Employee in making a decision during the Company's daily operations.
- e. An Employee without the authority to provide or issue confidential data or information to individuals not employed by the Company, such data or information related to the decision, plan, revenue, financial projection or tender and use such information for personal gain and not the Company's benefit including involving other people to have financial gain from the Company's Securities or involved in such securities transactions of which their information is disclosed by the public.
- f. An Employee or his/her family member receives commission profit fraction, gift in the form or cash or other payments, loans or advance payments

(except from reputable bank or financial institutions and based on generally accepted conditions), materials, services, repairs for free or at low cost, exaggerate treaty or gift in the form of expensive merchandise from an organization, firm or individual having or seeking business relationship with the Company.

### **MANAGEMENT APPROVAL FOR THE APPLICATION OF CONFLICT OF INTEREST POLICY**

The application of Conflict of Interest Policy is handed to the respective Company Management. Generally, the higher the position of the Employee, the more prone he/she is to the possibility of conflict of interest between him/herself and the Company. The Company Management or audit and compliance committee shall review every potential conflict of interest that may occur among adopting the following measures:

1. The Employee must transparently notify his/her superior or Company Management in writing regarding any possible conflict of interest between the Employee and the Company in taking his/her steps.
2. The Company Management shall evaluate the seriousness of such potential conflict of interest and make decisions justifying or deploring such conflict of interest to be followed up.
3. The Company Management shall adopt measures to eradicate negative impacts from such potential conflict of interests, for example by not involving the mentioned Employee in the decision making process and the transactions made shall have been conducted in a transparent manner and meets the Company's business criteria.

## **VI. POLITICAL CONTRIBUTIONS**

It is the Company's policy to refrain from extending political contributions to any political parties, except it meets the prevailing legal provisions and laws and approved by the Directors.

A political contribution made by an Employee that meets legal provisions, or the employee's decision not to make any contributions shall not affect his/her salary, job security or opportunities for advancement.

The Company does not forbid not prevent Employees in all levels to exercise their rights as citizens by casting their votes in the General Elections, extend personal political contributions if they wish to by using their own money, or on the contrary actively participating in politics. It must be clearly understood that his/her political activities are carried out personally and confidentially in his/her capacity as a citizen and not on behalf of the Company.

The Company's belief should not to be involved in internal politics of a foreign country. The Company's participation in the development of oil and gas drilling projects, energy and petrochemical in international arena is based on the natural resource potential, economic calculation and technical expertise, and not on any political motivations.

In carrying out its businesses/operations overseas, the Company will continuously uphold the prevailing Business Ethics norms.

## VII. HEALTH & SAFETY POLICY

The Company consistently comes up and establishes policies relating to health and safety, such as:

- Identify and take into account the hazards that threaten health related to the Company's activities and products.
- Plan, monitor and follow-up programs to minimize or control such hazards.
- All possible hazard conditions that may arise from operational activities must be controlled through the implementation of applicable Health, Safety, and Environment (HSE) document and with proper documentation.
- Submit data/information gathered from experiences with regard to hazards that threaten working health and safety to all Employees gained from health programs made use by scientists, individuals or other groups involved.
- Determine the health of Employees according to the prevailing standard during recruitment and their subsequent physical condition so that they can work without harming themselves, other people and the Company.
- Provide and regulate health services required to treat sick Employees, handle working accidents immediately and emergency cases.
- Observe any behavior and condition that is considered unsafe so that an immediate corrective action can be taken to prevent accident from happening.
- Support every Employee, who is consistently able to implement and maintain adequate safety standard.
- Put the highest priority on careful planning before performing any operational activities by taking into consideration various aspects of human safety, asset safety and environmental safety.
- Report any incidents resulting from unsafe behavior and condition, either orally or in writing to each of the department's head.
- Maintain and preserve of all Company's assets used in daily operations.

## VIII. ENVIRONMENTAL CONSERVATION

The Company, and all of its Employees, sub-contractors and other third party agents working within the Company's strives to be continuously responsive to the environmental conservation by:

- Ensuring that all the negative impact resulted from all business activities and products manufactured by the Company, including its wastes/pollutants are not hazardous to the community, the environment and socio-economic interests and needs of the surrounding communities.
- Striving to cooperate with the government and other third parties such as relevant Non-Governmental Organization (NGO) to gain consensus over the desirable and achievable environmental quality standard.
- Along with the government seriously striving for drafting regulations and propose counseling related to the operational activities and product/recycled waste quality required to achieve the desirable environmental quality standard.
- Striving for adhering all and currently enforced environmental regulations and standard for all Company's business activities on the field either in Indonesia or overseas.

## **IX. ANTIMONOPOLY/ANTI TRUST**

The Company policies abide the Laws of the Republic of Indonesia regarding Antimonopoly or Anti Trust as well as similar laws in other countries related to the Company's businesses.

None of the Employees may have the notion that such Company policy may be override because the Company is benefitted or its interest served. Furthermore, nobody in the Company has the right to instruct the Company to breach such Company policy.

There may be qualms in interpreting such laws. Under such circumstances, the Employees may pass on their cases to the Legal Counsel and ask for their opinion.

## **X. SECURITIES LAWS AND INSIDE INFORMATION**

Regarding the Company's securities and shares owned, sold and purchased by the public, the Company must inform the Bapepam&LK regarding matters that may materially affect the Company's shares.

Upon this basis, any information that may be used to affect the share price must be kept confidential by all Employees until an official announcement is made to the public.

Employees accessible to materials/information not for public disclosure and those who benefit from their positions and whereas such information has not been passed on to investors are subject to criminal or civil charges in accordance with the prevailing laws/regulations.

## **XI. ALCOHOL AND DRUGS USE POLICY**

Possession or abuse of drugs, alcohol and other controlled substances are strictly prohibited within all of the Company's territories, both in the office as well as on onshore or offshore sites.

However, the Company has adopted a policy to help its Employees in dealing with drugs, alcohol and other addicted substance dependency problems, through support and medical therapy session within a specified time limit.

An Employee who admits that he/she suffers from drugs, alcohol and other addicted substance dependency may be referred to a counseling or rehabilitation program appointed by the Company.

Those who object or violate this policy or the policy during rehabilitation or treatment period may be dismissed from the Company.

Those who have successfully completed their rehabilitation or treatment must comply with the existing rules applied by the Company, including a specified performance standard that must be achieved.

The Company can conduct search for drugs and alcoholic drinks at the work places without prior notice.

The Company also has the right to ask its Employees to undergo a medical check up or drug test if drugs, alcohol or other addicted substance usage is suspected, without prior notice.

Periodic and random inspection will be carried out when the Employee experiences one of the following circumstances:

- a. Known for having abused drugs,
- b. Assigned to an important position as stipulated by the Company Management.
- c. Assigned to a position whereby a testing must be legally administered,
- d. Assigned to a certain executive position.

Testing indicating a positive result or rejection to undergo a drug or alcoholic drinks may become the basis for a disciplinary action including job severance.

## **XII. INTELLECTUAL PROPERTY RIGHT**

Each innovation involving the Intellectual Property Right is protected by the Laws of the Republic of Indonesia. It is the Company's policy to forbid any use of pirated work for example use of pirated computer program and use of logos of other Companies within the Company. As a result, each Employee must act prudently and cautiously when offered to use of protected innovation, trademarks or patents.

Violation to such Intellectual Property Rights is imposed with criminal penalties in accordance the prevailing laws and regulations.

## **XIII. SMOKING**

Based on a lengthy observation, it is evident that smoking is hazardous to the health for the smokers and the passive smokers. Accordingly, the Company has adopted the following policies:

- The smokers' right for smoking is replaced with the right to breathe fresh air for non-smokers, therefore:
  - Smoking is forbidden in all Company's offices/closed buildings.
  - Smoking is allowed in open spaces, such as lobbies or rooms specifically supplied for smokers.

## EMPLOYEE STATEMENT AND ACKNOWLEDGEMENT

I, the undersigned:

Name :  
Employee ID :  
Commencement Date of  
Employment :  
Department :  
Location :

hereby grant my irrevocable statement and acknowledgement as follows:

1. That I have received and read prudently the Code of Conduct (the "Code of Conduct") of PT Apexindo Pratama Duta Tbk (the "Company") in proper condition, under no pressure whatsoever from whomsoever and therefore duly realize and understand the entire terms and conditions as well as the consequences thereof;
2. That I fully understand and accept that every employee is required unconditionally to comply with and bind him/herself to the Company's regulations and policies as described in the Code of Conduct;
3. That if I have knowledge in respect of existing or potential violations whatever nature to the Code of Conduct, I will and bind myself to report such violation to my Supervisor, and/or Audit and Compliance Committee, Human Resources Committee, the Company's legal counsel and/or anyone who is deemed to be qualified to address the issue in accordance with the Code of Conduct.

I make and sign this Employee Statement and Acknowledgement of this day, \_\_\_\_\_, in \_\_\_\_\_, in healthy condition and under no pressure whatsoever from whomsoever.

Signature,

(Stamp duty Rp 6.000)

Name : \_\_\_\_\_  
Title :