

ANTI-BRIBERY MANAGEMENT SYSTEM ("ABMS") GUIDELINE

PT INDONESIA ASAHAN ALUMINIUM



2020

**ANTI-BRIBERY MANAGEMENT SYSTEM GUIDELINE
PT INDONESIA ASAHAN ALUMINIUM (“INALUM”)**

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Abbreviations

ABMS	Anti-Bribery Management System
PKBL	Partnership and Community Development Program
CSR	Corporate Social Responsibility
MIND ID	Mining Industry Indonesia
HIP	Mining Industry Holding

Definitions According to ISO 37001 Used in This Guideline

1. Bribery is the act of promising, offering, or giving “something of value” (financial or non-financial), either directly or indirectly, with the intention of persuading or influencing decision-making, contrary to the duties and obligations of the recipient.
2. Stakeholders are parties who have an interest in the Company in accordance with applicable laws and regulations.
3. Company refers to the State-Owned Enterprise (Persero) PT Indonesia Asahan Aluminium, abbreviated as PT INALUM (Persero).
4. MIND ID refers to the Mining Industry Holding as stipulated in Government Regulation No. 47 of 2017, namely PT Indonesia Asahan Aluminium (Persero) in its function as the Holding Company.
5. INALUM Operational refers to PT Indonesia Asahan Aluminium (Persero) in its operational function, focused on the business of producing and processing aluminium.
6. Requirement is a need that is expressed and mandatory to be fulfilled.
7. Management System is a set of interrelated or interacting Company elements used to establish Policies, Objectives, and Processes to achieve those objectives.
8. Top Management refers to the Board of Directors overseeing compliance functions within both the Holding and Operational Functions.
9. Board of Advisors refers to the Directors not included in Top Management, chaired by the President Director.

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10. Anti-Bribery Compliance Function is a team consisting of personnel within the Company's compliance function unit, appointed by the Board of Directors, with responsibility and authority to operate the ABMS.
 11. Effectiveness is the degree to which planned activities are realized and the intended results achieved.
 12. Policy is the intention and direction of the Company, formally expressed by Top Management or the Board of Advisors.
 13. Objective refers to the outcomes that are intended to be achieved.
 14. Risk is the effect of uncertainty on Objectives.
 15. Competence is the ability to apply knowledge and skills to achieve desired results.
 16. Documented Information is information, in any medium, that the Company is required to control and maintain.
 17. Process is a set of interrelated or interacting activities that transform inputs into outputs.
 18. Performance is a measurable result.
 19. Outsourcing is the process of arranging for an external Company to perform part of the organization's functions or Processes.
 20. Monitoring is the determination of the status of a system, process, or activity.
 21. Measurement is the process of determining a value.
 22. Audit is a systematic, independent, and documented process for obtaining audit evidence and objectively evaluating it to determine the degree to which criteria are fulfilled.
 23. Conformity is the fulfillment of all Requirements.
 24. Nonconformity is the failure to fulfill a Requirement, either in part or in whole.
 25. Corrective Action is the action taken to eliminate the cause of a Nonconformity and to prevent recurrence.
 26. Continual Improvement refers to recurring activities to enhance Performance.

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27. Personnel refers to the Board of Commissioners and Supporting Organs, the Board of Directors, and the Company's employees.
 28. Business Partners are all third parties who establish business cooperation with the Company.
 29. Public official is a person holding a legislative, administrative, or judicial office, whether appointed, elected, or otherwise designated, or any person performing a public function, including public agencies, state-owned enterprises, or officials/agents of domestic or international organizations, as well as candidates for public office.
 30. Third Party is a person or entity independent of the Company.
 31. Conflict of Interest is a situation in which personnel are reasonably suspected of having interests other than those of the Company, thereby affecting decision-making and preventing the Company from obtaining the best outcome.
 32. Due Diligence is the Process of further assessing the nature and level of Bribery Risk and assisting the Company in making decisions relating to specific transactions, projects, activities, Business Partners, and Personnel.

VISION, MISSION AND CORPORATE VALUE

1. Noble Purpose, Vision, Mission, and Values of MIND ID

a. Noble Purpose

"We explore... natural resources for Civilization, Prosperity, and a Brighter Future."

b. Vision

To become a Leading Global Integrated Natural Resources Company with a Strong Commitment to Society and the Environment.

c. Mission

1. Create prosperity for the nation, society, and stakeholders.
2. Secure domestic natural resources through world-class upstream and downstream businesses.
3. Maximize value through upstream and downstream integration.
4. Achieve operational excellence through synergy, productivity, and technological adaptation.
5. Become a market leader by building distinctive capabilities in innovation and technology, market sensing, partnerships, and energy management.

d. Values

1. Integrity – Consistency between words and actions, adhering to high ethical standards and applicable regulations, always prioritizing national and corporate interests above personal interests.
2. Professionalism – Continuously enhancing competence, being forward-looking, pursuing continual improvement, and remaining committed to delivering the best.
3. Synergy – Building cooperation based on mutual trust, respect, and appreciation to generate added value for the Company.

4. Sustainability – Focusing on long-term business success through best mining practices, sound corporate governance, and engagement with local communities.

2. Vision, Mission, and Values of INALUM Operations

a. Vision

To become a Leading Global Environmentally Friendly Integrated Aluminium-Based Company.

b. Mission

1. Operate profitable, safe, and environmentally friendly integrated aluminium smelting operations to increase stakeholder value.
2. Contribute to regional and national economic growth through sustainable operations and business development.
3. Participate in empowering communities and the surrounding environment through targeted CSR and PKBL programs.
4. Enhance human resource competence in a systematic and sustainable manner to ensure operational continuity and the development of the aluminium industry.

c. Values

1. Professionalism – We work professionally by applying best business practices.
2. Development – We grow and expand through continuous development.
3. Collaboration – We achieve resilience beyond expectations through synergistic teamwork.
4. Responsibility – We are accountable for providing the best contributions.
5. Integrity – We conduct our business with integrity.
6. Benefit – We strive to operate profitably for the welfare of all.

Statement of Anti-Corruption and Anti-Bribery Policy

The Company, as an organization, is committed to complying with all regulatory requirements and the standards of anti-bribery by:

1. Creating a business environment free from bribery and achieving the objectives of the ABMS.
2. Complying with laws and regulations concerning bribery and corruption practices.
3. Establishing supporting policies for implementation.
4. Providing **INSAN INALUM** with regular understanding and awareness of ABMS implementation.
5. Adhering to the Company's internal anti-bribery policy.
6. Supporting the continuous implementation of ABMS.
7. Conducting sound business practices by ensuring that all business interactions with Stakeholders are free from collusion, corruption, and nepotism.
8. Continuously improving the implementation of ABMS within the Company.

Chapter 1

Introduction & Scope of ABMS Policy

1.1. Anti-Bribery Management System (“ABMS”)

- a. The ABMS is a tool used to combat bribery and its impacts. It is designed to cultivate and strengthen an anti-bribery culture and ensure compliance with relevant laws and regulations. The ABMS Guideline applies to all Company operations in Indonesia. It has been developed to provide background information related to ABMS and to fulfill the requirements of **SNI ISO 37001:2016**.
- b. This ABMS Guideline contains information relating to the following:
 - 1) Vision, Mission, and Values
 - 2) Anti-Bribery and Anti-Corruption Policy
 - 3) Organizational Context
 - 4) Needs and Expectations of Stakeholders
 - 5) Statutory Requirements
 - 6) Core Processes and Associated Risks

This information has been used as input factors in defining the Company’s ABMS.

- c. This ABMS Guideline explains the overall structure of ABMS and includes all relevant information in relation to the Company’s operations. Information is presented in a logical sequence, serving planning, resource availability, organization, implementation, measurement and evaluation, planning, and continual improvement. This flow of information ensures the effectiveness of the Company’s internal processes and forms the basis for process and outcome improvements.

1.2. Scope of ABMS

- a. The Company has established and documented its ABMS in accordance with the requirements of **SNI ISO 37001:2016**. The Company is committed to implementing, maintaining, and continually improving the performance of ABMS.
- b. The scope of ABMS certification for the Company covers all functions, both Holding and Operational Functions.

1.3. Application

The ABMS Guideline applies to all business activities managed by the Company in Indonesia. The application of this Guideline shall be extended to other Company entities as and when appropriate ABMS structures are established.

1.4. Use of the ABMS Guideline

- a. This ABMS Guideline defines all background information regarding the ABMS requirements for the Company. It includes references to other documented information that forms an integral part of ABMS, as defined in the Content Sheet.
- b. The ABMS of SNI ISO 37001:2016 establishes the policies and procedures developed and implemented to ensure a bribery-free business environment across all Company services to customers. The ABMS was developed to meet the requirements of SNI ISO 37001:2016. In addition, rigorous monitoring and measurement of both financial and non-financial processes have been institutionalized to support the effectiveness of ABMS.
- c. Documented information such as procedures supporting ABMS has been established, implemented, and maintained. Documented information such as records (see annex) is retained to demonstrate compliance with the implementation of ABMS.
- d. This ABMS Guideline is used by authorized personnel including Company employees, auditors, and designated individuals. This Guideline and its

related documents are governed by copyright law. No part of this document or related documents may be reproduced or distributed in any form or by any means without prior permission and approval.

- e. The ABMS Guideline sets out policies, while ABMS procedures describe the approach to complying with each requirement of SNI ISO 37001:2016. Standard Operating Procedures, work instructions, process flow diagrams, forms, and controlled documents have been developed to ensure that all processes relating to anti-corruption and anti-bribery activities and their outcomes are controlled, monitored, measured, and analyzed accordingly.

Chapter 2

Company Profile

2.1. About Us

The origins of PT Indonesia Asahan Aluminium (Persero) stem from the Government's vision to harness the potential of the Asahan River, which flows from Lake Toba, to build a hydroelectric power plant to meet electricity needs in North Sumatra.

This effort was first initiated during the Dutch East Indies era in 1919 through a series of feasibility studies. However, no follow-up actions were taken until Indonesia's independence in 1945. The Government resumed the initiative in 1972 by developing a hydroelectric project on the Asahan River. In this project, the Government engaged Nippon Koei, a Japanese company, to conduct a feasibility study.

The study concluded that the Asahan River was suitable for the development of a Hydroelectric Power Plant (PLTA), which would later supply electricity for aluminium smelting operations.

The Government of Indonesia then signed a cooperation agreement with 12 Japanese investors: Sumitomo Chemical Company Ltd., Sumitomo Shoji Kaisha Ltd., Nippon Light Metal Company Ltd., C Itoh & Co., Ltd., Nissho Iwai Co., Ltd., Nichimen Co., Ltd., Showa Denko K.K., Marubeni Corporation, Mitsubishi Chemical Industries Ltd., Mitsubishi Corporation, Mitsui Aluminium Co., Ltd., and Mitsui & Co., Ltd. This cooperation was aimed at developing both the Hydroelectric Power Plant and the Aluminium Smelting Plant, which would later become known as the Asahan Project.

The consortium of 12 Japanese companies and the Japanese Government formed Nippon Asahan Aluminium Co., Ltd. (NAA) to represent Japan in the

establishment of a joint venture with the Government of Indonesia, which would later be formed in Jakarta.

On January 6, 1976, NAA and the Government of Indonesia officially established PT Indonesia Asahan Aluminium through Deed of Incorporation No. 2 dated January 6, 1976, prepared by Notary Julian Nimrod Siregar Mangaradja Namora, S.H., and approved by the Minister of Justice through Decree No. Y.A.5/12/20 dated January 10, 1976. The company was announced in the State Gazette Supplement No. 4 on January 13, 1976. PT Indonesia Asahan Aluminium was mandated to operate the Asahan Project, consisting of the Hydroelectric Power Plant and the Aluminium Smelting Plant.

In terms of ownership, initially, the Indonesian Government held 10% of shares, while NAA held 90%. In 1978, the composition changed to 25%: 75%. In 1987, it changed again to 41.13%: 58.87%, and in 1988 to 41.12%: 58.88%. By the end of 2013, the Government of Indonesia sought to acquire all shares of PT Indonesia Asahan Aluminium and convert it into a fully state-owned enterprise (BUMN) wholly owned by the Republic of Indonesia. On April 21, 2014, PT Indonesia Asahan Aluminium was officially transformed into a State-Owned Enterprise under Government Regulation No. 26 of 2014, with its name amended to PT Indonesia Asahan Aluminium (Persero), hereinafter abbreviated as PT INALUM (Persero).

In 2017, the Government issued Government Regulation No. 47 of 2017 dated November 10, 2017, regarding the Additional State Equity Participation of the Republic of Indonesia into the share capital of PT INALUM (Persero). On November 27, 2017, the Government transferred its ownership in PT Freeport Indonesia to PT INALUM (Persero), officially establishing the Mining Industry Holding (MIND ID) with PT INALUM (Persero) as the Holding Company, and PT ANTAM Tbk, PT Bukit Asam Tbk, PT Timah Tbk, and PT Freeport Indonesia as

its members. On November 29, 2017, PT ANTAM Tbk, PT Bukit Asam Tbk, and PT Timah Tbk held Extraordinary General Meetings of Shareholders (EGMS) to officially announce the transfer of the Government's shares into PT INALUM (Persero).

2.2. What We Do

The Company engages in aluminium production, Calcined Coke Plants and their derivatives, Aluminium Smelting Plants and their derivatives, as well as the marketing, sales, and distribution of production outputs and similar products. The Company also develops and operates power plants for its own use and for electricity sales, in addition to leasing Company-owned facilities and infrastructure.

The Company's main activities include:

1. Developing and operating businesses in the production and processing of alumina, Calcined Coke Plants and their derivatives, and Aluminium Smelting Plants and their derivatives.
2. Developing and operating power plants to support business activities.
3. Carrying out marketing, sales, and distribution activities for production outputs in line with business operations.
4. Developing and operating facilities and infrastructure to support its core business activities.

In addition to its core business, the Company may undertake other activities to optimize resource utilization, including :

1. Providing services such as consulting, design/engineering, and related technical services in line with the Company's main business activities.
2. Selling electricity in accordance with prevailing laws and regulations.
3. Engaging in trading activities, including marketing and sales of similar products produced by other parties, both domestically and internationally.

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4. Leasing or entering into partnerships for Company-owned facilities and infrastructure.

2.3. Our Locations

The Company's operational areas include the following :

- a. Kantor Pusat dan Pabrik Peleburan
PO BOX 1 Kuala Tanjung Kec. Sei Suka - Kabupaten Batu Bara
Sumatera Utara
- b. Kantor PLTA
P.O BOX 1 Porsea Kec. Pintu Pohan Meranti – Kabupaten Toba Samosir
Sumatera Utara
- c. Kantor MIND ID
P.O. BOX 6917 Jakarta Selatan
Gedung Energy Lt. 16 SCBD, Jalan Jenderal Sudirman Kav. 52-53
Jakarta
- d. Kantor Perwakilan Jakarta
PO BOX 6917 Jakarta Selatan
Gedung Energy Lt. 19 SCBD, Jalan Jenderal Sudirman Kav.52-53
Jakarta
- e. Kantor Penghubung Medan
PO BOX 1200 Medan
Jalan R.A. Kartini No.21 Medan
Sumatera Utara

Chapter 3

Organization and Management

- a. Top Management is committed to developing and implementing an effective and appropriate ABMS to prevent bribery in any form.
- b. To achieve compliance with the requirements of SNI ISO 37001:2016, a Board of Advisors, chaired by the President Director, has been established to spearhead this program. The Board of Advisors is assigned the responsibility to manage and ensure that the ABMS implementation program is carried out adequately.
- c. The Company's organizational chart can be found in Appendix I.
- d. The interactions of the Company's core business processes can be seen in Appendix II.

Chapter 4

Organizational Context

4.1. Identification of Internal and External Issues

Top Management has identified issues relevant to its objectives and strategic policies that may affect the Company's ability to achieve the intended results of ABMS, both internal and external.

a. Internal Issues

- 1) Commitment of Management and Company Personnel in implementing ABMS.
- 2) Awareness and competence of Company Personnel.
- 3) Consistency in applying ABMS on a continuous basis.

b. External Issues

- 1) Limited control of Management over unpredictable external factors.
- 2) Management's difficulties in mitigating external factors.
- 3) Limited understanding of ABMS by Company stakeholders.

4.2. Identification of Stakeholder Needs and Expectations

- a. Due to their actual or potential impact on the Company's ability to consistently provide the best services that meet customer expectations and comply with applicable laws and regulations, Management determines which parties are stakeholders of the Company and what their needs and expectations are in the provision of products and services, as described in **the Performance Excellence Criteria Implementation Report (KPKU)**.
- b. Top Management monitors and reviews this Guideline to ensure the level of compliance with stakeholder needs and related requirements during annual management reviews.

4.3. Determining the Scope of ABMS

- a. Top Management has defined the boundaries and application of ABMS in accordance with Clause 1.2 of this Guideline.
- b. The scope of ABMS certification for the Company covers all functions, both Holding and Operational Functions.

4.4. ABMS and Defined Processes

- a. Top Management has established, implemented, maintained, and continually improved ABMS, including its required processes and their interactions, in accordance with the requirements of SNI ISO 37001:2016.
- b. Top Management has defined the processes required for ABMS and its implementation across the organization, including :
 - Defining the necessary inputs and expected outputs of these processes, along with their sequence and interaction, as described in the core business process interaction scheme.
 - Establishing and applying criteria and methods (including monitoring, measurement, and related performance indicators) necessary to ensure effective operation and control of these processes, as outlined in the process interaction scheme.
 - Determining the resources required for these processes and ensuring their availability as stipulated in Clause 7.0 and related documents.
 - Assigning responsibilities and authorities for these processes within job descriptions, documented in the organizational structure as explained in Clause 3.0: Organization and Management.
 - Addressing risks and opportunities as required by ABMS Clause 6.1 and related documents.
 - Evaluating these processes and implementing necessary changes to ensure that they achieve the expected results in line with Clause 6.0 and Clause 9.0 and related documents.

- Improving processes and ABMS in accordance with Clause 9.0 and Clause 10.0 and related documents.

4.5. Bribery Risk Assessment

- a. The Company conducts comprehensive bribery risk assessments regularly. The Company's bribery risk management consists of identifying, assessing, and prioritizing risks, followed by the coordinated and efficient use of resources to monitor, minimize, and control the likelihood and/or impact of risks.
- b. Risk assessments are carried out by each work unit, coordinated by the respective Departmental Risk Management Teams (TMRD) on a quarterly basis. Each TMRD, as the risk management representative of its Department, is responsible for implementing risk assessments, including identifying, analyzing, and evaluating risks. Where TMRD encounters difficulties, the Risk Management Unit provides consultation and guidance until the Departmental Risk Management Teams can independently perform the risk assessment. The risk assessment process is regulated in detail in the Work Instructions.
- c. Risk Identification is conducted comprehensively through a systematic and structured process across processes, projects, and business activities, covering both controllable and uncontrollable risks. Identification includes sources/types of risk, causes, and potential impacts. Techniques used may include brainstorming, historical data analysis, and other tools, depending on the objectives and types of risks. Risk Identification must be aligned with the Company's Vision and Mission, Corporate Objectives as outlined in the **RKAP/RJP** (Corporate and Long-Term Work Plans), Key Performance Indicators (KPIs) of the Board of Directors/Departments/Sections, and standard job descriptions. Risk Identification should provide a detailed mapping of potential risks that may hinder or prevent the achievement of

objectives. Risks may be broadly classified into external, operational, and organizational elements.

- d. Risk Analysis is conducted to gain deeper understanding by analyzing the likelihood and impact of risks that could obstruct the achievement of objectives, in order to determine control actions. Risk analysis may be qualitative, quantitative, or a combination, depending on available risk information and data, and is used as risk indicators to assess risk levels.
- e. Risk Evaluation compares the risk levels identified during analysis with predetermined criteria. The purpose of risk evaluation is to support decision-making based on the analysis results, which are then compiled into a prioritized risk register requiring further treatment.

Evaluation results are submitted to the highest responsible authority in the work unit for validation. The validated results are then used to implement control measures and systems to reduce both the likelihood and the impact of risks.

Chapter 5

Leadership

5.1. Leadership and Commitment

5.1.1. Board of Advisors

For the purpose of ABMS, the Board of Advisors refers to the Board of Directors other than those serving as Top Management, chaired by the President Director. The role of the Board of Advisors is to :

- Ensure that the Company's vision, mission, values, and business objectives are embedded within the anti-corruption and anti-bribery management process.
- Establish ABMS annual objectives and strategies.
- Approve the Company's anti-bribery policy.
- Receive and review information on the content and operation of ABMS at planned intervals.
- Require that adequate and appropriate resources necessary for ABMS operations are allocated and determined.
- Exercise reasonable oversight of ABMS implementation and effectiveness within the organization by Top Management.
- Communicate with stakeholders.

5.1.2. Board of Advisors

- a. Top Management conducts a review of ABMS at least once annually to ensure its suitability, adequacy, and effectiveness. The review evaluates the need for changes to the Company's ABMS, including its policy and guideline.
- b. Top Management is responsible for establishing the Company's anti-bribery policy in order to fulfill ABMS objectives and ensure the integration of ABMS requirements into organizational processes.

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- c. Top Management provides adequate and appropriate resources for the effective operation of ABMS and promotes a proper anti-bribery culture throughout the organization.
 - d. Top Management directs and supports personnel to contribute to ABMS effectiveness, supports relevant management roles in demonstrating leadership in preventing and detecting bribery within their areas of responsibility, and communicates the anti-bribery policy both internally and externally.
 - e. Top Management encourages the use of reporting procedures for suspected and actual bribery, ensuring that no personnel face retaliation, discrimination, or disciplinary action for making reports in good faith or on the basis of reasonable belief of breaches or suspected breaches of the Company's anti-bribery policy, or for refusing to participate in bribery even if such refusal could result in the loss of business.
 - f. On a quarterly basis, Top Management reports to the Board of Advisors on the content and operation of ABMS, including serious allegations or structured bribery cases.

5.2. Anti-Bribery Policy

5.2.1. Establishing the Anti-Bribery Policy

- a. Top Management establishes, maintains, and periodically reviews the anti-bribery policy that prohibits bribery, is aligned with the Company's objectives, and provides a framework for setting, reviewing, and achieving anti-bribery objectives. The policy is consistent with applicable anti-bribery legislation in the Company.
- b. Top Management is committed to meeting ABMS requirements and, supported by the Anti-Bribery Compliance Function, ensures that this policy is implemented and adhered to by all Company Personnel.

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- c. The importance of the anti-bribery policy and the consequences of non-compliance are regularly communicated in good faith or on the basis of reasonable belief, without fear of retaliation.

5.2.2. Communication of the Anti-Bribery Policy

- a. The anti-bribery policy constitutes documented information.
- b. The anti-bribery policy is continuously communicated and implemented across all Company Personnel and relevant Stakeholders.
- c. The anti-bribery policy is made available to interested stakeholders.
- d. The Anti-Bribery Compliance Function ensures the effectiveness of communication and understanding of the anti-bribery policy.

5.3. Organizational Roles, Responsibilities, and Authorities

- a. Top Management ensures that responsibilities and authorities related to ABMS operations are assigned, communicated, and understood throughout the Company.
- b. Managers at all levels are responsible for ensuring that ABMS requirements are applied and met within their respective departments or functions.
- c. The Board of Advisors, Top Management, and all other Personnel are responsible for understanding, fulfilling, and applying ABMS requirements relevant to their roles within the Company.

Chapter 6

Planning

6.1. Actions to Address Risks and Opportunities

- a. Top Management conducts an annual bribery risk assessment covering the Company's business operations. The procedures and methodologies outlined in Clause 4.0 of this ABMS Guideline must be followed to address risks and opportunities, in order to :
 - Provide reasonable assurance that ABMS objectives can be achieved.
 - Prevent, or reduce, undesirable effects related to the anti-bribery policy and objectives.
 - Monitor the effectiveness of ABMS.
 - Achieve continual improvement.
- b. The Company has established a risk management framework as the foundation for all risk management activities at every level of the organization. This framework enables the Company to manage risks and opportunities effectively and ensures that complete and adequate risk information obtained from the risk management process can be used as the basis for decision-making.

6.2. Anti-Bribery Objectives and Strategic Planning to Achieve Them

- a. Functional objectives are determined by the Company. These objectives are measurable and consistent with existing policies, including consideration of required conditions, relevance to process and services, as well as alignment with enhancing customer satisfaction and continual improvement.
- b. ABMS planning is carried out to fulfill the requirements under Clause 6.2, to achieve anti-bribery objectives, and to comply with applicable laws and regulations.

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- c. The operational objectives of anti-bribery implementation provide the Company with controls to manage bribery risks through preventive planning aligned with the objectives of ABMS implementation.

6.3. Planning for Changes

The integrity of ABMS shall be maintained when ABMS changes are planned and implemented.

Chapter 7

Support

7.1 Resources

7.1.1 General

Top Management ensures that adequate resources (personnel, infrastructure, and finance) are determined and made available to manage the ABMS life cycle. These resources support the establishment, implementation, maintenance, and continual improvement of ABMS. Top Management has considered the capabilities and limitations of existing internal resources as well as requirements to be sourced externally.

7.1.2 Personnel

- a. Top Management ensures that organizational personnel are assigned responsibilities and authorities that enable the Company to achieve its quality objectives through engagement, motivation, and commitment.
- b. Personnel functions and interrelations within the organization, including responsibilities and authorities, have been defined through :
 - Standard Operating Procedures (SOPs)
 - Organizational Structure
 - Management Meetings
- c. The above have been reviewed, approved, and communicated to relevant levels of the organization to facilitate effective ABMS management.

7.1.3 Infrastructure

The Company identifies, provides, and maintains the infrastructure necessary to achieve ABMS effectiveness, including :

- Workspaces and related facilities;

- Equipment for processes, including hardware and software;
- Support services such as transportation, communications, information systems, and/or other relevant services.

7.1.4 Finance

The Company has allocated budgets related to implementation and monitoring to support effective ABMS implementation.

7.2 Competence

- a. Top Management has determined and provided the personnel required for effective ABMS implementation as well as for the operation and control of related processes.
- b. Company personnel assigned to or involved in ABMS processes possess competencies that affect ABMS performance and effectiveness, derived from education, skills, training, and experience as required. Where necessary, the Company will take actions to develop the relevant competencies and evaluate the effectiveness of such actions. Educational, skill, training, and experience requirements are specified in job descriptions managed by Human Resources.
- c. With respect to all personnel, the Company has implemented procedures requiring personnel to comply with the anti-bribery policy and ABMS. The Company has procedures to take appropriate disciplinary action against personnel who violate the anti-bribery policy and related training requirements.
- d. For positions exposed to bribery risks above “low” (as determined in the bribery risk assessment) and for the anti-bribery compliance function, the Company has implemented procedures requiring due diligence of individuals prior to employment, and of personnel prior to transfer or promotion; performance bonuses, performance targets and other incentive

elements; and personnel confirmations of compliance with the anti-bribery policy.

- e. Employee positions with more-than-low bribery risk include managerial-level staff and employees with direct, close contact with third parties/stakeholders, including procurement, public relations, and PKBL & CSR functions.
- f. The Company has established policies and implemented due diligence in recruitment, transfer, and promotion processes to anticipate bribery risk. Documentation is maintained by Human Resources.

7.3 Awareness and Training

To enhance ABMS awareness, the Company conducts appropriate internalization and training for personnel according to ABMS competence needs. These activities are continuous. The Company has delivered internalization related to gratification, bribery, corruption, and fraud practices to all employees. Internalization is one preventive effort in addition to establishing supportive soft-structure instruments, including :

- Board of Directors Decree No. **SK-035-DIR-2015** on the Postponement of Business Transactions Indicated to Contain Irregularities and/or Fraud;
- Board of Directors Decree No. **SK-024-DIR-2015** on Handling Conflicts of Interest;
- Board of Directors Decree No. **SK-012/DIR/2019** on Gratification Control;
- Board of Directors Decree No. **SK-013/DIR/2019** on the Whistleblowing System.

7.4 Communication

- a. The objective of ABMS communication is to enhance the Company's credibility and reputation before internal and external stakeholders.
- b. Top Management ensures that communications are concise, clear, and—where appropriate—creative, and consistent with the spirit of the Company.

- c. ABMS communications should be carried out at appropriate intervals, such as:
- Internal Communication:** at least once (1) per year
 - External Communication:** at least once (1) per year

The anti-bribery policy is available to all Company personnel and Business Partners, communicated directly by Top Management to personnel and Business Partners who may present bribery risks above low, and published via internal and external communication media.

7.5 Documented Information

7.5.1 General – Documentation Requirements

- a. ABMS includes documented information required by SNI ISO 37001:2016 and documented information supporting effective ABMS implementation. To ensure an integrated and effectively functioning ABMS, documentation of all ABMS-related activities is managed and controlled in the form of guidelines, procedures, reports, work instructions, and records, in both hardcopy and electronic media.
- b. All documentation required under ABMS is recorded administratively in the List of ABMS Supporting Documents, compiled and maintained by the Compliance Function.

7.5.2 Creation and Updating

- a. When creating and updating documented information, the Company ensures the appropriateness of:
 - Identification and description (e.g., title, date, author, or reference number);
 - Format (e.g., language, software version, graphics) and media (e.g., paper, electronic);
 - Review and approval for suitability and adequacy.

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- b. Creation and updating are governed in the SOP set out in **Procedure Manual No. SQM-PM09-002/8** on the Documentation System and Control of Documents & Records.

7.5.3 Control of Documented Information

The Company ensures that documented information required by ABMS and by ISO 37001 documents is controlled. Control of documented information is governed by the SOP described in **Procedure Manual No. SQM-PM09-002/8** on the Documentation System and Control of Documents & Records.

Chapter 8

Operations

8.1. Operational Planning and Control

The Company plans, implements, reviews, and controls the processes necessary to meet ABMS requirements and to implement actions determined under actions to address risks and opportunities, by defining process criteria, applying process controls consistent with those criteria, and retaining documented information to the extent necessary to have confidence that processes have been carried out as planned.

The Company controls planned changes and reviews consequences of unintended changes, taking action as necessary to mitigate adverse effects. The Company also ensures that outsourced processes are controlled.

Inputs and outputs for ABMS operational procedures are described in Clauses **8.2** through **8.10**.

8.2. Due Diligence

The Company's anti-bribery Due Diligence process is used to assess Business Partners' backgrounds, the likelihood they may engage in bribery, and whether they will comply with Company policy and applicable domestic and international anti-bribery and anti-corruption laws, by assessing bribery risks above low related to :

- a) specific categories of transactions, projects, or activities;
- b) planned or ongoing relationships with specific categories of Business Partners; or
- c) specific categories of personnel in certain positions.

8.2.1 Suppliers (Vendors)

To ensure Supplier compliance with generally applicable anti-bribery provisions, the Company conducts administrative due diligence on prospective Suppliers by requiring them to submit an **Integrity Pact** during registration.

8.3. Financial Controls

The Company recognizes the importance of adequate financial controls to manage bribery risk across its business. Such controls must ensure that all financial transactions are properly managed and that all transactions are recorded accurately, completely, transparently, and in a timely manner.

Financial controls for managing bribery risk across the business are set out in **Board of Directors Decree No. SK-009/DIR/2020** on Company Financial Management.

8.4. Non-Financial Controls

- a. The Company also recognizes the importance of adequate non-financial controls to manage bribery risk across its business. Such controls must ensure all non-financial transactions are properly managed and recorded accurately, completely, transparently, and in a timely manner.
- b. The Company shall implement non-financial controls to manage bribery risks in areas such as procurement, operations, sales, commercial, human resources, legal, and regulatory. Non-financial controls for managing bribery risk across the business are stipulated in Board of Directors Decree No. SK-012/DIR/2019 on Gratification Control, which regulates the giving and receiving of gratification within the Company.

8.5. Implementation of Anti-Bribery Controls by Controlled Organizations and by Business Partners

8.5.1 Controlled Organizations

The Company has implemented procedures requiring other controlled organizations to implement the Company's ABMS or to implement their own anti-bribery controls, to a reasonable and proportionate extent relative to the assessed bribery risk level for each organization under the Company's control, Business Partners, and international commercial representatives.

In all cases, only reasonable and proportionate measures that are connected to the bribery risks faced by the organization shall be applied, taking into account the bribery risk assessment conducted in accordance with Clause 4.5.

ABMS implementation is comprehensive and systematic for Subsidiaries, subject to the following :

- a. Subsidiaries shall conduct business in compliance with applicable laws and regulations.
- b. Subsidiaries shall establish internal policies and mechanisms to prevent bribery, corruption, collusion, and nepotism, and shall review and update them continuously.
- c. Subsidiaries shall periodically report the implementation of activities referred to in point (b) above to the Company.

8.5.2 Uncontrolled Business Partners

For Business Partners not controlled by the Company, where bribery risk assessment or Due Diligence identifies bribery risks above low and where Business Partner anti-bribery controls would help reduce relevant risks, the Company applies procedures to :

- a. Determine whether the Business Partner has anti-bribery controls that manage relevant bribery risks;
- b. Where the Business Partner does not have anti-bribery controls, or it is not possible to verify whether such controls exist:

1. Where applicable, the organization shall require Business Associates to implement anti-bribery controls in relation to the relevant transaction, project, or activity.
2. Where such implementation is not feasible, the requirement for Business Associates to implement anti-bribery controls shall nonetheless be considered as a factor in evaluating the bribery risk associated with the Business Associate, as well as in determining how the Company manages such risk.

The Company enforces anti-bribery requirements in its business transactions with Business Partners in compliance with applicable laws and regulations. The Company has ethical requirements for Business Partners including suppliers (vendors), customers (buyers), and creditors. Preventive provisions include :

- a. The Company conducts business while prioritizing the Company's interests and complying with applicable laws and regulations.
- b. For suppliers, the Company requires businesses to sign an Integrity Pact and comply with laws and regulations during supplier registration.

8.6. Anti-Bribery Commitment

The Company obtains a written anti-bribery commitment in the form of an **Integrity Pact** from all Business Partners with more-than-low bribery risk. This commitment ensures that the Business Partner undertakes to prevent bribery by, on behalf of, or for the benefit of the Business Partner in relation to relevant transactions, projects, activities, or relationships.

The Company may terminate relationships with a Business Partner where bribery occurs by, on behalf of, or for the benefit of the Business Partner in connection with relevant transactions, projects, activities, or relationships.

Where the above requirements cannot be applied, this becomes a factor in evaluating bribery risk relating to the relationship with the Business Partner.

8.7. Gifts, Hospitality, Donations, Sponsorships, and Similar Benefits

The Company shall implement ABMS procedures designed to prevent the offering, provision, or acceptance of gifts, hospitality, donations, and benefits. Procedures to prevent the acceptance of benefits deemed to constitute bribery are set out in **Board of Directors Decree No. SK-012/DIR/2019** on Gratification Control.

8.8. Managing Deficiencies in Anti-Bribery Controls

Where Due Diligence on a specific transaction, project, activity, or relationship with a Business Partner determines that bribery risks cannot be managed by existing anti-bribery controls, and the Company cannot or does not wish to implement additional or enhanced controls or take other appropriate actions (such as modifying the nature of the transaction, project, activity, or relationship) to manage the relevant bribery risks, the Company shall :

- a. For existing transactions, projects, activities, or relationships, take appropriate action based on the nature of the bribery risk to terminate, cease, suspend, or withdraw as promptly as possible;
- b. For proposed new transactions, projects, activities, or relationships, postpone or decline to proceed.

8.9. Raising Awareness

The Company is committed to maintaining a culture that promotes the prevention, detection, and resolution of bribery and other conduct inconsistent with applicable laws, regulations, or Company policies and procedures. The Company has implemented procedures to raise awareness regarding the prevention, detection, and resolution of bribery cases under **Board of Directors Decree No. SK-013/DIR/2019** on the **Whistleblowing System (WBS)**.

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- a. The Whistleblowing Mechanism provides stakeholders with the opportunity to submit complaints through Email, Written Letters, or WhatsApp Messages. Reports received are subsequently managed by the Whistleblowing Team (WBS) for evaluation and investigation. The Company also guarantees the confidentiality of the whistleblower's identity and the contents of the report.
 - b. The Company is firmly committed to providing protection to both Personnel and whistleblowers of alleged bribery from any form of retaliation, threats, discrimination, or other unfavorable actions related to the reporting of suspected bribery cases.

8.10. Investigation and Handling of Bribery

Company policy requires that investigations into all allegations reported be conducted by –and reported to – personnel who are not part of the role or function that is the subject of the investigation.

Procedures related to investigations of all reported allegations are regulated in the **Strategic Guidelines of the Internal Audit of the Mining Industry Holding**.

Chapter 9

Performance Evaluation

9.1. Monitoring, Measurement, Analysis, and Evaluation

The Company has determined what shall be monitored and the monitoring methods. Monitoring is conducted periodically and the results are analyzed and evaluated, then reported regularly to interested parties. The Company also evaluates anti-bribery performance and the effectiveness and efficiency of ABMS. The organization retains appropriate documented information as evidence of methods and results.

Analysis and Evaluation

- a. Top Management applies appropriate methods for the measurement and monitoring of the processes necessary to fulfill stakeholder requirements or objectives, ABMS planning, and internal audit. These methods confirm the continuing capability of each process to meet intended objectives, namely the improvement of ABMS.
- b. At least annually, Top Management measures ABMS implementation to ensure ABMS objectives are achieved. Measurement may be conducted by an internal team formed by the Company or by appointing an independent party with the approval of the Board of Advisors. The scope of measurement includes supporting instruments (soft-structure) and implementation processes.
- c. Following the measurements in point (b), analysis and evaluation are conducted to generate improvements and refinements for follow-up. Top Management prepares and reports the Measurement results together with the evaluation report to the Board of Advisors.

9.2. Internal Audit

The Company conducts internal audits at planned intervals, whereby :

- a. The Company performs internal audits to ensure ABMS effectiveness, identify opportunities for improvement, and set audit scope, frequency, and methodology. Audits are reasonable, proportionate, and risk-based. ABMS internal audits are carried out under a planned program determined by significance, previous internal audit results, and Company priority plans.
- b. ABMS internal audits are conducted systematically, regularly, on schedule, and based on documented procedures. The ABMS internal audit procedure covers responsibilities and requirements for conducting audits, ensuring results, and reporting to management and relevant external bodies.
- c. Nonconformities identified in ABMS internal audits are documented, confirmed with relevant parties for follow-up within agreed timelines, and corrective actions are verified. Results of corrective-action verification are reported to relevant parties, and internal audit results together with verification outcomes are used as inputs for management review meetings.
- d. To ensure objectivity and impartiality of the internal audit program, the Company ensures internal audits are conducted by the anti-bribery compliance function, except when the audit scope includes evaluation of the anti-bribery management system itself or similar work for which the compliance function is responsible.

Investigative Audit implementation is set out in the **Strategic Guidelines of the Internal Audit of the Mining Industry Holding**, covering preliminary discussions with the auditee, audit programs, working papers, exit meetings, and investigative audit reports.

9.3. Top Management Review

9.3.1 General

- a. To ensure the continuing **suitability**, **adequacy**, and **effectiveness** of each ABMS operational activity, Top Management conducts reviews at least once (1) per year.
- b. The review considers the status of actions from previous management reviews, changes in internal and external issues relevant to ABMS, information on ABMS performance, the effectiveness of actions taken to address bribery risks, and opportunities for ABMS continual improvement as referred to in Clause **10.0**.
- c. Review outputs include decisions relating to opportunities for continual improvement and any need for changes to ABMS. A summary of Top Management review results is reported to the Board of Advisors. The Company retains evidence of the Top Management review results as documented information.

9.3.2 Inputs to Top Management Review

Inputs include ABMS performance and related improvement opportunities, comprising :

- a. Review of follow-up on previous meeting results
- b. Results of internal and external audits
- c. Status of corrective and preventive actions
- d. Resource utilization for ABMS implementation
- e. Employee complaints or feedback
- f. Compliance with laws, regulations, and other requirements
- g. achievement of corporate performance targets
- h. Changes that may affect ABMS improvement
- i. Recommendations for improvement
- j. Other matters related to ABMS implementation

9.3.3 Outputs of Top Management Review

Outputs include actions related to :

- a. Improvement of the ABMS system, including its processes;
- b. ABMS improvements related to laws, regulations, and other requirements;
- c. Provision of necessary resources.

9.3.4 Board of Advisors – General

The Board of Advisors periodically reviews ABMS based on information provided by Top Management and the anti-bribery compliance function, and any other information requested or obtained by the Board of Advisors. The Company retains summarized evidence of Board of Advisors review results as documented information.

9.3.5 Inputs to the Board of Advisors

Inputs include ABMS performance and related improvement opportunities, comprising :

- a. Review of follow-up on previous meeting results
- b. Results of internal and external audits
- c. Status of corrective and preventive actions
- d. Resource utilization for ABMS
- e. Employee complaints or feedback
- f. Compliance with laws, regulations, and other requirements
- g. Achievement of corporate performance targets
- h. Changes that may affect ABMS improvement
- i. Recommendations for improvement
- j. Other matters related to ABMS implementation

9.3.6 Outputs of the Board of Advisors Review

Outputs include actions related to :

- a. Improvement of the ABMS system, including its processes;
- b. ABMS improvements related to laws, regulations, and other requirements;
- c. Provision of necessary resources.

9.4. Review by the Anti-Bribery Compliance Function

The Anti-Bribery Compliance Function continuously assesses the effectiveness of ABMS implementation and the management of bribery risks that may be faced by the Company, and prepares evaluation reports on ABMS implementation for the Board of Advisors and Top Management regarding ABMS sufficiency and implementation, including investigation and audit results.

- a. The Compliance Function prepares and establishes mechanisms for reviewing and evaluating the effectiveness of ABMS implementation consistent with ABMS objectives.
- b. The review and evaluation mechanism is intended to ensure ABMS effectiveness in controlling the Company's bribery risks.
- c. The Compliance Function prepares measurable, timely, and targeted review and evaluation plans, which are submitted to Top Management for approval.
- d. Reviews and evaluations are conducted periodically according to plan. They may also be conducted outside the set schedule upon Top Management's request and with prior approval from the Board of Advisors.
- e. Reviews and evaluations are conducted at least once (1) per year and reported to the Board of Advisors.
- f. In carrying out their duties, Compliance Function personnel receive Company protection from threats, intimidation, and other adverse actions related to reporting suspected bribery within the Company.

Chapter 10

Improvement

Top Management assesses the adequacy and effectiveness of ABMS continuously and regularly through appropriate methods. In the event of a nonconformity, the Company promptly takes actions to control and correct it and agrees on the consequences.

The Company undertakes corrective actions for every nonconformity found in ABMS implementation. Each corrective action focuses on addressing and eliminating the root causes to prevent recurrence. Nonconformities are documented and recorded in the Audit Notice Form.

Corrective action procedures include :

- Identification of nonconformities;
- Determination of root causes of nonconformities;
- Evaluation of actions to ensure nonconformities do not recur;
- Determination and implementation of necessary corrective actions;
- Recording the results of actions taken;
- Review of the effectiveness of corrective actions.