



MEDCOENERGI

Good Corporate Governance

Guidelines and Code of Conduct of

MedcoEnergi

The Energy Company of Choice

**ACT  
NOW!**

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**MEDCOENERGI**

## MedcoEnergi

The name "MedcoEnergi" as used in this Good Corporate Governance and Code of Conduct Guidelines refers to PT Medco Energi Internasional Tbk and all of its subsidiaries. MedcoEnergi is a business group engaged in the energy sector which focuses on oil and gas exploration and production.

PT Medco Energi Internasional Tbk is a holding company regulated and incorporated under the Indonesian law and registered on the Indonesia Stock Exchange, and is a direct and/or indirect shareholder in several of its subsidiaries. A number of subsidiaries are established according to the Indonesian law, while others are set up under the laws of other countries, among others the USA, the Republic of Singapore, Libya and the Sultanate of Oman.



# Good Corporate Governance Principles

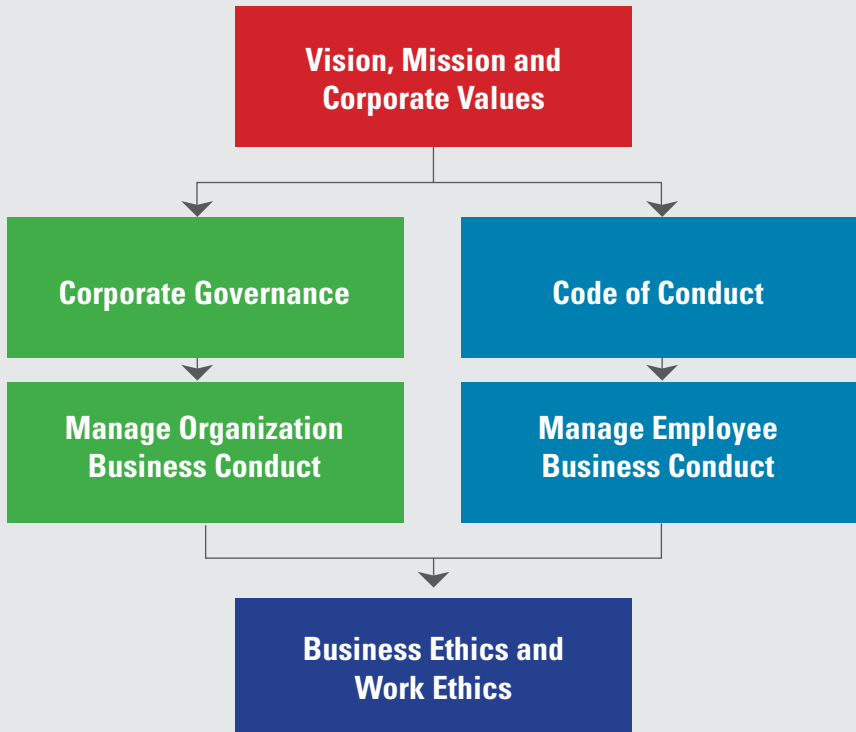
## Good Corporate Governance (GCG) Principles

1. **Transparency** - The company must provide material and relevant information by ways that are easy to access and to understand for stakeholders to maintain objectivity in conducting the business. The company has to take initiative to disclose not only matters that are required by laws and regulations, but also any matter that is important for decision making process by shareholders, creditors and stakeholders.
2. **Accountability** - The company is accountable for its performance in a transparent and fair manner. Towards the end, the company must be managed in a proper and measured manner and in accordance with the company's interest, while at the same time considering the interests of the company's shareholders and stakeholders. Accountability is a prerequisite to achieve a sustainable performance.
3. **Responsibility** - The company must comply with laws and regulations and perform its responsibility towards the community and environment to maintain the long-term sustainability of its business and be acknowledged as a good corporate citizen.
4. **Independency** - The company must be managed in an independent manner, avoiding the dominance of one company's function over other function(s) and intervention by other parties.
5. **Fairness** - The company must, at all times, consider the interests of the shareholders and stakeholders in accordance with the principles of fairness and equality in conducting its business.

## Purpose of GCG Implementation

1. To protect the rights and interests of the shareholders and stakeholders.
2. To encourage shareholders, members of the Board of Commissioners and Board of Directors as well as employees to make decisions and to take actions on the basis of high moral values and compliance with laws and regulations.
3. To enhance MedcoEnergi's Corporate Values and
4. To ensure effective and efficient utilization of MedcoEnergi's assets in accordance with the interest of shareholders and stakeholders.

## Relationship between GCG and CoC





# Guideline Principles

## Vision

### To be the Energy Company of Choice for

- Investors and shareholders seeking value creation for their investment.
- Business partners in search of alliances and cooperation.
- Employees looking for challenges and empowerment.
- Communities affected by the Company's good corporate citizenship and corporate social responsibility.

## Mission

To develop profitable investment portfolios from energy resources

## Corporate Values

### Professional

- Competent in one's area of expertise.
- Possessing the "spirit of champions".
- Continuously seeking self-improvement.
- Having professional ability and knowing one's limits.

### Ethical

- Conducting business fairly with high moral integrity.
- Applying the highest ethical standards at all times.
- Understanding and following the company's ethics and Good Corporate Governance policy.

### Open

- Encouraging informality and openness in communication at all levels.
- Building an environment of trust among employees and management of MedcoEnergi.
- Promoting mutual respect, open-mindedness and the highest work ethics.

### Innovative

- Building a culture of trailblazers.
- Striving for continuous advancement.
- Constantly searching for innovative solutions to achieve better, safer, more cost-effective and faster results.
- Possessing intellectual maturity.



## Message from the President Commissioner



To all members of the Board  
of Commissioners, Board of  
Directors and Employees of  
MedcoEnergi

Good Corporate Governance (GCG) refers to a corporate management and control system that is based on ethics and morals. Its implementation is a commitment that applies to all members of the MedcoEnergi family and also forms a part of the working life and culture within the MedcoEnergi group.

MedcoEnergi continues to strengthen its good corporate governance. All committees under the Board of Commissioners have worked hard to ensure that GCG principles pertaining to transparency, responsibility, accountability, independence and fairness are properly implemented throughout the Company. They have also made certain non-discriminatory policies concerning gender, race and religion that are observed and implemented at all times.

The Company's whistleblowing system has further enhanced monitoring of improper conduct that violates the Company's Code of Ethics. GCG also manifests itself in our corporate social responsibility (CSR) program which reflects the Company's continual commitment towards economic community development and care for the environment, especially in areas where the Company operates.

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MedcoEnergi continues to strengthen  
its good corporate governance

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To make the implementation of GCG principles more effective throughout MedcoEnergi, I welcome the publication of the revised edition of the 2008 Good Corporate Governance and Code of Conduct Guidelines, which serves as a guide for all members of the MedcoEnergi family regarding proper and ethical attitudes and behavior when interacting with stakeholders. The 2014 edition of the GCG Guidelines and CoC manual is a revision of previous editions that MedcoEnergi has published in the years of 2003 and 2008.

With the publication of the 2014 GCG Guidelines and CoC manual, the entire management of MedcoEnergi, especially the members of Board of Commissioners and Board of Directors, are expected to perform their respective tasks and duties in overseeing and running the Company in an ethical, clean, proper and correct manner according to prevailing stipulations and regulations, and thus to set an example for the entire workforce. I also call on all employees to observe the GCG principles described in this manual at all times while carrying out your daily tasks and activities. In this way, we will be able to achieve our common goal to make GCG part of our culture that is reflected in our everyday action and behavior.

Let's work hard and make sure to always apply and practice GCG principles at the highest standards as part of our culture to realize MedcoEnergi's vision to become the Energy Company of Choice for all stakeholders.

**Hilmi Panigoro**

President Commissioner



## Foreword by the President Director & CEO



To all members of the  
MedcoEnergi family

With regard to MedcoEnergi's vision to become the Energy Company of Choice for all stakeholders, i.e. its shareholders, investors, business partners, employees, public and government, it is paramount to gain the trust of these stakeholders. To further foster this trust, MedcoEnergi has enhanced its implementation of GCG principles, among others, by publishing the 2014 revised edition of the Good Corporate Government Guidelines and Code of Conduct manual ("GCG Guidelines and CoC").

The GCG Guidelines and CoC manual will undergo regular evaluation and revision to keep it abreast with future developments and company requirements, so that it may continue to provide guidance on ethics for the entire MedcoEnergi family. We now need to follow-up the publication of the GCG Guidelines and CoC manual by promoting its contents throughout MedcoEnergi, to ensure that all members of the MedcoEnergi family receive this information and observe and apply it at all times.

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Make GCG principles part of  
the culture at MedcoEnergi

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To that end, I wholeheartedly support the publication of the 2014 revised GCG Guidelines and CoC manual and endorse it as the standard guide for all MedcoEnergi family members concerning ethical behavior towards stakeholders. MedcoEnergi is committed to conducting its business in accordance with the highest standards of Good Corporate Governance and to protecting the rights of its shareholders and stakeholders. The Company will take firm action against any unethical behavior that threatens its reputation and integrity, and any such violation shall be considered due cause for termination of employment. As an additional measure, in January 2013 MedcoEnergi established the Business Practice Review Committee, which is responsible for monitoring and evaluating GCG practices within the Company.

I encourage all employees, Directors, Commissioners, as well as shareholders to understand and apply the GCG Guidelines and Code of Conduct for our mutual interest and for the benefit of MedcoEnergi. Let us make GCG principles part of the culture at MedcoEnergi that guides us in all aspects of our work.

**Lukman Mahfoedz**  
President Director & CEO



# Good Corporate Governance and Code of Conduct

Who Should Implement?

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Who Should Supervise?

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Compliance Help Desk

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## Who Should Implement?

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Every individual at MedcoEnergi without exception and regardless of their geographical location must implement the Good Corporate Government Guidelines and Code of Conduct (GCG Guidelines and CoC). In the event of any discrepancy with local norms, laws and regulations, the respective higher standard of behavior shall apply. Therefore, each individual at MedcoEnergi is responsible for knowing, understanding, adapting and implementing the principles of Good Corporate Governance in their work and acting in accordance with the GCG Guidelines and CoC when representing MedcoEnergi in the presence of external party during and after business hours in accordance with the GCG Guidelines and CoC. Furthermore, every individual at MedcoEnergi must be alert to situations that may lead to illegal and unethical actions, and must always prevent and avoid from inappropriate and unethical behavior.

## Who Should Supervise?

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To ensure the proper implementation of the GCG Guidelines and CoC, MedcoEnergi has stipulated certain parties in charge of supervision.

1. The Board of Commissioners is responsible for overseeing the implementation of the GCG Guidelines and CoC and providing advice to the Board of Directors concerning the implementation of Good Corporate Governance principles. The members of the Board of Commissioners must also present themselves as role models for the Directors and employees in implementing the GCG Guidelines and CoC. In their task to oversee the implementation of the GCG Guidelines and CoC effectively, the Board of Commissioners receives assistance from the GCG Committee.
2. The Board of Directors is responsible for formulating policy for the implementation of Good Corporate Governance principles and shall act as leaders and set examples for the employees regarding the implementation of the GCG Guidelines and CoC. The members of the Board of Directors hold the highest authority to take decision, including to make a corrective action on such case that is in violation of GCG Guidelines and CoC.

3. The GCG Committee is responsible of assisting the Board of Commissioners in overseeing proper implementation of the GCG Guidelines and providing recommendations to enhance any such practices. The Committee is established by the Board of Commissioners of MedcoEnergi and chaired by an Independent Commissioner. The members of the Committee consist of Commissioners, the President Director & CEO and Directors of MedcoEnergi.
4. The Business Practice Review Committee (BPRC) is a GCG task force which is established by the President Director & CEO of MedcoEnergi and has the main responsibility of monitoring and evaluating the implementation of GCG Guidelines and CoC as well as providing recommendations on any violation. The task force is chaired by a director or equivalent officer and consists of the following divisions, i.e. Corporate Secretary, Head of the Corporate Legal Division, Head of E&P Legal, Head of the Internal Audit Division, Head of the Human Resources Management Division and Head of the Relations Division.
5. The supervisors are responsible of implementing and upholding their divisions in supervising education and socialization of GCG Guidelines and CoC as part of their respective primary duty and function, including establishing open communication with their teams, particularly in any potential violation of laws and norms. As supervisors, they are expected to provide alternative solutions on the violation in their teams. In a situation where supervisors are not able to do so, they may bring forward the issue to a higher level of management and/or to BPRC.

## Compliance Help Desk

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MedcoEnergi has established a Compliance Help Desk, which resides under the Corporate Secretary Division. Employee, who has question or needs guidance about the implementation of GCG practices throughout MedcoEnergi, can consult with his/her supervisor or the Compliance Help Desk at:

[Compliance@medcoenergi.com](mailto:Compliance@medcoenergi.com)



Good Corporate

Governance

Implementation Guidelines

Board of Commissioners and Board of Directors

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Internal Control Unit and Corporate Secretary

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Code of Conduct for Board of Commissioners and  
Board of Directors

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Equitable Treatment of Shareholders

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# Board of Commissioners and Board of Directors

## Role of Board of Commissioners and Board of Directors

The role of the Board of Commissioners is to supervise the management of the Company by the Board of Directors for the interest of the Company and its shareholders. The role of the Board of Directors is to guide and manage MedcoEnergi's business in its entirety and to control, maintain and manage MedcoEnergi assets in accordance with the Company's strategic goals. Each member of the Board of Directors must act and take decisions based on a fair judgment, in a responsible manner and good faith, as well as for the interest of MedcoEnergi, its shareholders and stakeholders.

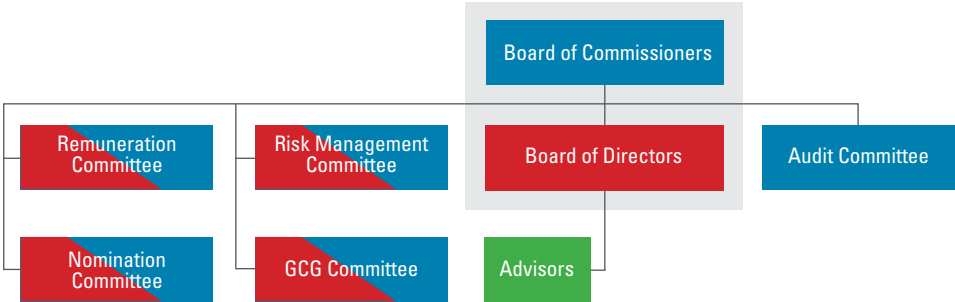
## The Company Management Structure

### Size and Composition

The Board of Commissioners and Board of Directors of MedcoEnergi, in particular PT Medco Energi Internasional Tbk, shall respectively consist of at least three members as stipulated in the Articles of Association, whereas the Board of Commissioners and Board of Directors of Indonesian subsidiary must, respectively, consist of at least one member as stipulated in their respective articles of association. For a company which is incorporated under the law of other countries, the size and composition of Board of Directors shall follow the applicable laws of its respective country. Members of the Board of Commissioners and the Board of Directors of PT Medco Energi Internasional Tbk (also known as "Medco Energi Corporation" or the "Company") must be nominated as member of the Board of Commissioners and/or Board of Directors of subsidiaries incorporated under the law of Republic of Indonesia, whereas at subsidiary incorporated under the law of other countries, a member of the Medco Energi Corporation Board of Directors may be nominated as Director.



The Company's Management Structure



Members consist of Board of Commissioners and Board of Directors

### **Independent Commissioner and Independent Director**

Independent Commissioners are members of the Board of Commissioners from outside the Company who do not own, either directly or indirectly, shares of the company, do not have any affiliation with the company, commissioners, directors or primary shareholders of the company, and do not have any business relation, either directly or indirectly, with the company. The appointment of independent commissioners is solely based on their knowledge, experience and professional expertise to perform their duties for the interest of the company.

As a public company, MedcoEnergi stipulates that at least 1/3 (one third) of the members of its Board of Commissioners shall consist of Independent Commissioners (non-affiliated). One of the Independent Commissioners shall chair the Audit Committee. Independent Commissioners are prohibited from holding positions as commissioners or directors in other companies that are considered as competitors to MedcoEnergi.

Independent Directors are members of the Board of Directors from outside the company who do not own, either directly or indirectly, shares of the company, do not have any affiliation with the company, commissioners, directors or primary shareholders of the company, and do not have any business relation, either directly or indirectly, with the company. The appointment of independent directors is solely based on their knowledge, experience and professional expertise to perform their duties for the interest of the company.

Independent Commissioners and Independent Directors have to meet the qualification standards set by the capital market regulations with regards to independence.

### **Term of Service**

Members of the Board of Commissioners and the Board of Directors of MedcoEnergi shall hold office for a maximum of five years. Each member of the Board of Commissioners and Board of Directors of MedcoEnergi may be reappointed through the General Meeting of Shareholders (GMS) upon expiration of their term of service.

Members of the Board of Commissioners and Board of Directors may resign from their position before the end of their term of service by submitting a written notification not later than 30 days prior to the effective date of resignation. Members of the Board of Commissioners or the Board of Directors who resign from their position will still be accountable for the GMS up to the date of their resignation. The term of service of members of the Board of Commissioners and the Board of Directors shall also end if they are declared bankrupt, no longer fulfill the provisions of the law, pass away, or are removed from office by GMS decision.

### **Remuneration**

Each member of the Board of Commissioners and Board of Directors of MedcoEnergi is entitled to remuneration as approved by shareholders during GMS. The amount of remuneration shall be determined by the Remuneration Committee of MedcoEnergi based on annual evaluation that includes benchmarking against market practice and the performance of the company as well as the scope of work and responsibilities of each respective member of the Board of Commissioners and the Board of Directors.

## Selection, Qualification and Continuing Education

### Selection

The elected members of the Board of Commissioners and the Board of Directors of MedcoEnergi are eligible as members of the Board of Commissioners in its subsidiaries in Indonesia and/or members of the Board of Directors of its subsidiaries that are subject to the law of other countries. Members of the Board of Directors of its subsidiaries are eligible as members of the Board of Directors of other subsidiaries within the same business unit.

The best candidates selected to fill vacant position on the Boards of Commissioners and the Boards of Directors of MedcoEnergi and its subsidiaries shall be recommended by the Nomination Committee based on propositions by the Board of Commissioners and the Board of Directors. The proposed candidate shall be selected and determined in GMS.

The selection of Independent Commissioners or Independent Directors must be conducted based on the recommendation of the Nomination Committee that is submitted in the GMS agenda. The elected members of the Board of Commissioners and the Board of Directors of MedcoEnergi Corporation are eligible as members of the Board of Commissioners in MedcoEnergi's subsidiaries in Indonesia and/or members of the Board of Directors of subsidiaries that are subject to the law of other countries. Members of the Board of Directors of MedcoEnergi's subsidiaries are eligible as members of the Board of Directors of other subsidiaries within the same business unit.

### Qualification

The qualifications for membership of the Board of Commissioners and Board of Directors shall be determined by the Nomination Committee in accordance with criteria which are stated in a separate guideline, which will be updated from time to time.

### Strengthening the Contextual Understandings

All members of the Board of Commissioners and Board of Directors of MedcoEnergi are required to participate at least once a

year in strengthening the contextual understandings activity relating to the development of MedcoEnergi's industries and Good Corporate Governance best practices. This activity may be held by MedcoEnergi or any institution relating to MedcoEnergi industries or any institution engaged in Good Corporate Governance. To gain a deep contextual understandings about the latest development and performance of MedcoEnergi, the members of the Board of Commissioners and Board of Directors are required to attend corporate meetings and conduct site visit to MedcoEnergi operation areas.

## Meetings

### **Number of Regular Meetings**

Both the Board of Commissioners and the Board of Directors shall conduct regular meetings. These meetings may be held at any venue that has been approved by the members of the Board of Commissioners and Board of Directors. Additional meetings may be scheduled if deemed necessary.

### **Attendance**

Meetings of the Board of Commissioners of MedcoEnergi must be attended by all of its members and shall be chaired by the President Commissioner or any other member of the Board of Commissioners in the absence of the President Commissioner. Each member of the Board of Commissioners shall make an effort to attend all Board of Commissioners meetings, though a remote conferencing is permitted. Members of the Board of Commissioners who are unable to attend the meeting shall provide notification of their absence along with a written opinion on the agenda of the meeting.

Meetings of the Board of Directors of MedcoEnergi must be attended by all of its members. Meetings shall be chaired by the President Director or any other member of the Board of Directors in the absence of the President Director. Each member of the Board of Directors shall make effort to attend all Board of Directors meetings, though a remote conferencing is permitted. Members of the Board of Directors who are unable to attend a meeting shall provide notification of their absence along with a written opinion on the agenda of the meeting.

### **Invitations, Agendas and Minutes of Meetings**

Invitation for the Board of Commissioners meeting must be prepared and issued by the President Commissioners, whereas invitation for the Board of Directors meeting must be prepared and issued by the President Director. Meeting invitation must be circulated at least five working days prior to the meeting and clearly describe the agenda of the meeting.

Any report or material to be presented in the meeting at the MedcoEnergi Corporation level must be mentioned in the agenda prepared by the Corporate Secretary at the latest two days prior to the meeting. The minutes of the Board of Commissioners and the Board of Directors meeting shall be prepared by the Corporate Secretary and disseminated to the participant of the meeting.

## **Committees**

In performing its duty, the Board of Commissioners of MedcoEnergi shall be assisted by the following committees:

### **1. Audit Committee**

The Audit Committee is responsible for evaluating the consolidated financial statement and internal control system prepared by the Board of Directors of MedcoEnergi and identifying new issues relating to business compliance with the prevailing law, legislation and other regulations. The Committee shall comprise at least 3 (three) members, consisting of one Independent Commissioner and 2 (two) members from outside MedcoEnergi. The Committee shall be chaired by an Independent Commissioner.

### **2. Risk Management Committee**

The Risk Management Committee is responsible for ensuring a comprehensive analysis has been undertaken on all potential business risks and recommends measures to be taken to minimize the said business risks. The Committee shall consist of at least 5 (five) members from the Commissioners and Directors of MedcoEnergi, with the majority of members is from the Board of Commissioners. The Risk Management Committee shall be chaired by one of the members of the Board of Commissioners.

### 3. **Nomination Committee**

The Nomination Committee is responsible for selecting candidates for member of the Board of Commissioners and Board of Directors of MedcoEnergi and its subsidiaries, ensuring proper implementation of the selection policy and system to fill positions in the Board of Commissioners and Board of Directors, preparing a succession plan for the Board of Directors, explaining the division of duty, role and responsibility of each member of the Board of Directors, as well as evaluating the performance of each member of the Board of Directors. The Committee shall consist of at least 4 (four) members from the Commissioners and Directors of MedcoEnergi, with the majority member is from the Board of Commissioners. The Nomination Committee shall be chaired by one of the members of the Board of Commissioners.

### 4. **Remuneration Committee**

The Remuneration Committee is responsible for ensuring that the remuneration package of the Board of Commissioners and Board of Directors is in line with their duty, role, responsibility, expertise, MedcoEnergi's financial condition and market practice. The Committee shall consist of at least 4 (four) members from the Commissioners and Directors of MedcoEnergi, with the majority member is from Board of Commissioners. The Remuneration Committee shall be chaired by one of the members of the Board of Commissioners.

### 5. **GCG Committee**

The GCG Committee is responsible for the successful implementation of the GCG Guidelines and CoC throughout MedcoEnergi. The GCG Committee also receives reports pertaining to the implementation of good corporate governance and any violation thereof from the BPRC, as well as provides advice on enhancing GCG practices and CoC compliance in MedcoEnergi. The Committee shall consist of at least 5 (five) members from the Commissioners and Directors of MedcoEnergi. The GCG Committee shall be chaired by an Independent Commissioner.

## Evaluation and Succession

### **Performance Review**

The performance of the Board of Commissioners and Board of Directors of MedcoEnergi shall be evaluated annually by the Nomination Committee and Remuneration Committee. The Nomination Committee and Remuneration Committee may employ a services of independent professional consultant to evaluate the annual performance of the members of the Board of Commissioners and Board of Directors.

### **Succession Planning**

The Board of Commissioners and Board of Directors of MedcoEnergi Corporation shall review a succession plan for members of the Board of Directors of MedcoEnergi and other senior officers at least once a year. The succession plan includes succession in the normal cost of business and also alternative plans in case of unexpected event.

### **Resources**

The Board of Commissioners and Board of Directors of MedcoEnergi Corporation shall have full access to the management of MedcoEnergi and other employees as requested to discuss MedcoEnergi business and affairs. The Board of Commissioners and Board of Directors may hold regular meetings with directors of MedcoEnergi and other members of management in both formal and informal settings as required.



## 2

## Internal Control Unit and Corporate Secretary

### Internal Control Unit (Internal Audit)

The Internal Control Unit of MedcoEnergi, also called Internal Audit, is an impartial and objective function in providing advice and recommendations to increase value and improve the operational performance of the Company. The Internal Audit Unit also supports the Company in achieving its goals by systematically evaluating measures which need to be taken to increase and improve the efficiency of Risk Management, Internal Control and Good Corporate Governance processes.

As a public company, MedcoEnergi has complied with Bapepam-LK Regulation No.: Kep-496/BL/2008 of 28 November 2008, by having established Corporate Internal Audit unit in 1998. The Corporate Internal Audit unit is subordinate to the Board of Directors and reports directly to the President Director.

The Company also recognizes the Corporate Internal Audit as an important and active organ of the Company for supporting the implementation of GCG through supervision.

### Duty of the Corporate Internal Audit Unit

The duty of the Corporate Internal Audit unit comprises the following:

1. To prepare an Annual Audit Plan (AAP) and implement audit program as prescribed in the AAP by assessing efficiency and effectiveness in the areas of finance, accounting, operations, human capital, supply chain and other areas.
2. To test and evaluate the implementation of internal control and risk management system according to the Company policy.
3. To provide advice on improvement and objective information on activity that is being audited at every level of management.

4. To prepare audit finding report and present the report to the President Director and Chairman of the Audit Committee.
5. To monitor, analyze and report recommended follow-up measures for improvement.
6. To evaluate periodically on performance of internal auditors in implementing audit program.
7. To undertake special audits if deemed necessary.

### **Responsibility of the Corporate Internal Audit Unit**

The responsibility of the Corporate Internal Audit unit comprises the following:

1. To carry out the audit process in accordance with the prevailing audit standards and code of ethics, allocate audit resources effectively and efficiently, enhance the professionalism of the auditors and undertake quality assurance on the discharge of Corporate Internal Audit management duty.
2. To safeguard classified data, documents and information relating to audit assignments and audit finding reports in accordance with policy on confidentiality of the company information as set by the Board of Directors and the Auditor's Code of Ethics.
3. To seek approval from the President Director with respect to the AAP and the development plan for the audit organization.
4. To report to the President Director any information pertaining to audit findings.

### **Corporate Secretary**

Since 1997 the Company has complied with Bapepam-LK Rule No.IX.I.4 and IDX Rule No.I-A regarding the Formation of the Corporate Secretary, a position which was held by a director at that time. In 2005, the Company then established a Corporate Secretary Division which is led by a Head of Division. In performing its duty and function, the Corporate Secretary Division reports to the President Director. The Head of Corporate Secretary Division is appointed by a resolution of the Board of Directors with approval from the Board of Commissioners.

### **Function of the Corporate Secretary**

As stipulated under the Rules of Bapepam-LK No.IX.I.4 and IDX No.I-A, the Corporate Secretary of the Company serves as a liaison between the Company and its shareholders, the Indonesia Financial Services Authority (formerly Bapepam-LK), the Indonesia Stock Exchange, other capital market authorities and the public. In addition, the Corporate Secretary Division also holds the responsibility to stay updated on the developments of laws and regulations relating to the Capital Market and the Limited Liability Company as well as, to some extent, other prevailing laws and regulations relating to MedcoEnergi's business sectors and activities. The Corporate Secretary Division of MedcoEnergi, in cooperation with the Corporate Legal Division, is responsible for advising the Board of Directors and Board of Commissioners on any changes in the prevailing laws and regulations and ensuring that MedcoEnergi complies with any such changes. The Corporate Secretary Division is also responsible for assisting the Board of Directors and Board of Commissioners to ensure that GCG principles are implemented throughout MedcoEnergi.

### **Implementation of Corporate Secretary Duty and Function**

The Corporate Secretary Division assists the Board of Directors and Board of Commissioners in:

- Organizing and coordinating meetings of the Board of Directors and Board of Commissioners, General Meetings of Shareholder and public expose.
- Enhancing communication between the Board of Directors and stakeholders.
- Enhancing good relations between the Company and communities through social corporate responsibility programs.
- Enhancing good relations between the Company and government institutions and other authorities.
- Ensuring the Company's compliance with Bapepam-LK (now Financial Services Authorities) and Indonesia Stock Exchange rules and the Company's articles of association.
- Implementing the education & socialization of GCG Guidelines and CoC throughout the Company, revitalizing the Corporate Values and managing a Whistleblowing System.

## 3

## Code of Conduct for Board of Commissioners and Board of Directors

The Board of Commissioners and Board of Directors of MedcoEnergi shall be obliged to comply with the following:

- To manage the company effectively and efficiently in accordance with prevailing regulations and the Company's Statement of Policy.
- To manage the company based on the findings of independent objective evaluations.
- To manage stock transactions in an honest and fair manner for the interest of MedcoEnergi, its shareholders and stakeholders in accordance with prevailing law and regulations.
- To manage the company without domination of power by any individual.
- To manage the company in accordance with MedcoEnergi strategy and policy.
- To manage the company with a sturdy and vigorous internal control system to safeguard shareholders' investments and company assets.
- To report the number of MedcoEnergi shares owned, including their close family members and submit annual Shareholdings Report to the Company.
- To refrain from participating in any business negotiation between MedcoEnergi and their owned company.
- To refrain from holding any control over a company that is competing directly or indirectly with MedcoEnergi.
- To avoid involvement in any company transaction that presents potential conflict of interest. If conflict of interest cannot be avoided, then any such transaction must be disclosed and declared in a statement of conflict of interest in accordance with prevailing laws and regulations, and a Conflict of Interest Report form must be filled out.
- To refrain from exploiting their position and title for personal gain, either directly or indirectly.
- To avoid misusing any confidential information.

- To comply with policy and ethic declared in the GCG and CoC Guidelines when performing any relevant responsibility, including matter that is relating to conflicts of interests, procurement ethics, or information disclosure policy of MedcoEnergi.
- To manage the company without any personal conflicts of interest in the business decision-making process.
- To treat employee fairly in accordance with the prevailing manpower regulations.
- To participate in various development activities both within and outside the company, such as educational activity, training, or radio as well as television broadcast.
- To refrain from involvement in money laundering practice.

## 4

## Equitable Treatment of Shareholders

MedcoEnergi grants rights and responsibility and provides equitable treatment to its shareholders. MedcoEnergi is required to maintain correct and accurate records of share ownership among its shareholders. Therefore, MedcoEnergi must perform a continually updated Shareholders Register.

### Shareholder Rights

Each shareholder shall have the following rights:

- To obtain information relating to their share ownership as listed in the Shareholders Register.
- To transfer the rights over their shares, including by 1) sale of shares to other parties, 2) pledge of shares for personal needs and 3) shares repurchase by MedcoEnergi at a reasonable market price in the event a shareholder disapproves action taken by MedcoEnergi in accordance with the provisions of the prevailing laws and regulations.
- To obtain sufficient information from the Corporate Secretary Division and/or Investor Relations Division.
- To vote in General Meetings of Shareholders with the provision that each share represents one vote of its holder.
- To elect and appoint the Board of Commissioners and Board of Directors in General Meetings of Shareholders.
- To vote on fundamental changes at General Meetings of Shareholders, including: 1) amendments of the Articles of Association of the Company, 2) issuance of additional shares, 3) Company transactions, such as mergers; sales of key assets; acquisition of asset outside of ordinary business activity that constitutes a significant increase of the overall asset of MedcoEnergi.
- To file claims with local court against violation or failure by any member of the Board of Commissioners and Board of Directors that cause the Company to suffer losses, in the event they, either individually or collectively, represent at least 10% of the total number of shares that have voting rights.

### **Shareholder Responsibility**

Shareholders may fully exercise their rights and are obliged to fulfill their responsibility as shareholders of MedcoEnergi. This responsibility consists of:

- Submitting of name and other information required for disclosure in the Shareholders Register.
- Reporting of every purchase of share representing a certain percentage of share of a publicly listed company in accordance with Capital Market regulations.
- Granting of controlling rights for every purchase of share representing a certain percentage of share of a publicly listed company in accordance with Capital Market regulations.
- Submitting of sufficient information for every pledge of rights transaction and recording of relevant pledge of rights transaction in the Shareholders Register.

### **Equitable Treatment of Shareholders**

Every shareholder of MedcoEnergi has the same voting rights, i.e. one share, one vote.

With the aim of improving equal treatment of shareholders, MedcoEnergi guarantees the protection of minority shareholders with the following rights:

- Availability of preemptive rights in the event MedcoEnergi issues additional shares.
- Rights to pass decision to approve transaction that may generate conflicts of interest through General Meetings of Shareholders.
- Rights to request District Court or relevant courts of justice to appoint a team of investigators in the case of allegations of illegal conduct committed by the Board of Commissioners or Board of Directors that have caused shareholders, MedcoEnergi or stakeholders to suffer losses.

- MedcoEnergi permits custodian to exercise voting rights over shares on behalf of shareholder in General Meetings of Shareholders. MedcoEnergi shall stipulate the process and procedure for a General Meeting of Shareholders in such a manner that allows sufficient time for shareholder to consult with their custodian prior to voting.
- MedcoEnergi prohibits any party from conducting any insider trading transaction and from exploiting any information that may be detrimental to MedcoEnergi and its shareholders.
- MedcoEnergi must provide information to shareholders pertaining to specific corporate action, including issuance of new share, share-repurchasing program, transaction that may cause conflict of interest and material transaction.

### **General Meeting of Shareholders (GMS)**

The GMS is the highest authority in MedcoEnergi and has authority that is not conferred to the Board of Commissioners or the Board of Directors. The GMS shall convene at the Company's place of domicile or where its shares are registered, except for subsidiary established outside Indonesia, which is subject to prevailing laws at the respective location of the said subsidiary.

The GMS of MedcoEnergi consists of the Annual General Meeting of Shareholders (AGMS) which is convened on an annual basis after the issuance of the Annual Financial Statement and the Extraordinary General Meeting of Shareholders (EGMS) which may be convened at any time if deemed necessary.

Various matters must be approved by an AGMS held in Indonesia, among others:

- Ratification of the Annual Report, which includes the audited Annual Financial Statement.
- Indemnification of the Board of Commissioners and the Board of Directors from any obligation that may be generated from the Annual Report.



- Utilization of profits comprising the allocation of a certain amount of the net profit for reserve funds in accordance with regulations (at least 20% of the issued capital of MedcoEnergi) and for dividends (where MedcoEnergi limits the distribution of dividends to a maximum of 50% of the net profit), after calculation of reserve funds in accordance with regulations.
- Appointment of the Independent Public Accountant that will audit the Annual Financial Statement and determination of honorarium for the following year.
- Determination of the Remuneration for the Board of Commissioners and the Board of Directors, which in respect to units outside Indonesia shall be made in accordance with the provisions of the prevailing law.

An Extraordinary General Meeting of Shareholders (EGMS) shall be convened at any time if deemed necessary. The agenda that may be proposed to an EGMS are as follows:

- Amendment to the Articles of Association
- Issuance of new shares
- Share repurchasing program
- Execution of transaction that may generate conflict of interest between Commissioners, Directors, Controlling Shareholders and their affiliated parties.
- Execution of transaction with material values in accordance with prevailing provision, among others acquisition of equity and assets, sales, participation in a significant amount, and/or change of business lines.



# Code of Conduct

1. Protection of Employee's Interest
2. Safety, Health and Environment
3. Protection of Financial Integrity and Company Assets
4. Respect for Business Partners
5. Protection of Community and Government Interests





## 1 Protection of Employee's Interest

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## 1

# Human Resources

## Basic Concept

The policy of Human Resources (HR) must allow the entire aptitude potential of all members of MedcoEnergi to achieve their best performance. The policy must demonstrate a commitment to provide the same and equal opportunities to personal and career development based on a clear accountability and responsibility within the Company environment and in accordance with the prevailing laws and regulations.

Human Resources at MedcoEnergi refers to all employees and contractors, both direct and indirect, who work for MedcoEnergi. This individual worker is a valuable asset in the quest to achieve MedcoEnergi's vision and mission.

Every employee, director, or commissioner shall mean an individual worker who possesses the capability of providing activity services in accordance with his/her expertise, in the form of thinking, contribution of idea, report, discussion, planning, coordination, business networking, working team, or any other benefit to the Company in accordance with the Corporate Values. Each worker shall receive compensation based on his/her work and contribution.

The Recipient of the work or service shall mean the supervising officer, employee or other individual, either within MedcoEnergi, or outside MedcoEnergi, such as consumers, suppliers, partners, government or public. The recipient of service shall evaluate the work of the individual employee. The Recipient of service within the Company (supervising officer or other employee) shall be the most appropriate party to provide formal evaluation on the quality of service or work of the employee, while an external recipient of service may give positive or negative feedback on the work/service of the employee, which in turn will affect the overall image of MedcoEnergi.

## Equal Opportunities for All Employees

MedcoEnergi provides the same and equal work opportunity to all employees based on their employment status, without discrimination as to ethnicity, race, skin color, religion, gender, age, marital status, or nationality. The Company uses a recruitment process that takes several factors into consideration, among others professional competence, training, promotion, assignment, dismissal and other terms and conditions pertaining to the work.

### **General Policy on Recruitment**

Employee recruitment shall follow MedcoEnergi policies and procedures concerning Human Resources. Recruitment is undertaken in accordance with the services that are needed to attain MedcoEnergi's business goals and hinges on an integrated and comprehensive resources planning as well as an understanding of the service and capability that the prospective employee can offer.

### **Career Advancement Opportunities**

MedcoEnergi provides a clear career advancement opportunity for the employee, as stated in the Company's HR policy and procedure on talent management, in line with its business goals. Equality and objectivity based on the employee's potential, competence and performance are stated among the basic requirements for career advancement opportunity.

### **Rights and Responsibilities of Employees**

MedcoEnergi shall, at all times, ensure the rights and responsibilities of its employees in accordance with the prevailing laws and regulations on manpower of the Republic of Indonesia or other countries where MedcoEnergi operates, to guarantee a proper work environment. MedcoEnergi shall publish a separate manual, entitled as the Company Rules and the Collective Labor Agreement, which explain the rights and responsibilities of employee in detail.

### **Employee Benefits**

MedcoEnergi provides competitive benefits for its employee in accordance with his/her performance evaluation and level of responsibility. Employees are expected to always strive to improve their performance to maintain a sustainable growth of the Company's business. A number of HR policy and procedure is published and reviewed periodically to ensure the employees' needs are met throughout their terms of service.

**Performance Management**

MedcoEnergi enforces a Performance Management System consisting of policy and procedure that apply to all employees and evaluates the performance of employees as well as the Company on a periodical basis.

**Training and Development**

MedcoEnergi supports a learning and development environment with the aim of fostering the employees' capabilities and knowledge for the advancement of the Company. Policy and procedure to facilitate learning and development program have been developed, including training, general knowledge and leadership/management programs.

**Discipline and Complaints**

MedcoEnergi encourages its employees to demonstrate professionalism and discipline in their day-to-day work at all time, as stipulated in the Company Regulation and the Collective Labor Agreement. In addition, MedcoEnergi applies guidelines and regulations that conform with prevailing laws and regulations, so that the employee can understand matters relating to terms and conditions of the work, employee relations at all levels and various work-related issues.

**Safety, Health and Environment**

MedcoEnergi is concerned with the safety, health and environment of its employees. A number of safety, health and environment programs and standards have been initiated and developed systematically with the aim of preventing any potential accidents in the workplace, creating a healthy working environment and preserving the environment and community.



## 2

## Code of Ethics

### Basic Concept

MedcoEnergi adapts certain rules and regulations to govern the conduct of the Board of Commissioners, Board of Directors and all employees for the good and safety of all parties as well as to achieve an effective and efficient business operation. To that end, MedcoEnergi has drawn up a standard statement of conduct based on its Corporate Values, namely Professional, Ethical, Open and Innovative. This statement of conduct shall serve as a reference for the Board of Commissioners, Board of Directors and all employees to perform their tasks and duties, at all times, in an honest, responsible and accountable manner ("Code of Ethics").

In addition, this Code of Ethics shall also be communicated to all contractors, vendors and guests of the Company. The Code of Conduct specifies ethical conduct of the Board of Commissioners, Board of Directors and all employees to support the best interest of MedcoEnergi. Any conduct that interferes with operational activity, taints the Company's reputation or attacks employees, the Board of Commissioners, the Board of Directors, vendors or other customers, is not justifiable.

### Description of Corporate Values

As mentioned above, the conducts set forth in the Code of Conduct are based on the Corporate Values of MedcoEnergi.

### Professional Conduct

The Board of Commissioners, Board of Directors and all employees of MedcoEnergi shall conduct themselves in a professional manner, by:

- Performing their functions effectively and efficiently in accordance with the prevailing laws and regulations and with due regard to safety, health and environment.
- Promoting equal opportunity within the Company.
- Creating and maintaining a positive work environment.
- Developing personal capability to perform assigned task more effectively and efficiently with the highest standard of quality.

- Arriving at the work place on time, in line with the scheduled working hours, at the right work location, and ready for work at the designated time.
- Giving advanced notice in case of inability to come to work or to arrive on time.
- Maintaining the confidentiality of MedcoEnergi information to protect the Company's competitive advantage, reputation and operations in relation to third parties.
- Utilizing and maintaining MedcoEnergi assets cautiously to maximize the Company profit and limiting the use of Company assets for personal gain.
- Applying discretion and/or referring to the policy on Disclosure and Confidential Information when expressing opinion to external party, particularly on issues that may harm the image, reputation or operations of MedcoEnergi.
- Avoiding any involvement in the Company transaction that may cause conflict of interest to ensure the ability to perform his/her duty effectively and optimally.
- Exercising rights as a good citizen to participate in political party and to support party or candidate of choice, without any influence whatsoever from MedcoEnergi, on the provision that no company assets and facilities are used and political engagement is conducted outside the office hours.
- Understanding the reporting hierarchy and refraining from bypassing direct supervisors.
- Conducting effective and efficient meetings by undertaking the following preparations:
  1. Prepare a meeting agenda that sets forth the purpose of the meeting and issues to be discussed.
  2. Prepare meeting materials in the form of data, report, analysis, calculation and other support material deemed necessary.
  3. Set the time of the meeting so that participants can allocate their time in accordance to the designate schedule.
  4. Prepare a follow-up minutes of meeting.

### **Ethical Conduct**

The Board of Commissioners, Board of Directors and all employees of MedcoEnergi shall conduct themselves in an ethical manner as follows:

- Treating all members of the Company, consumers, suppliers, partners and customers courteously and respecting their opinions.

- Preserving personal integrity in accordance with personal beliefs and the Corporate Values.
- Avoiding any action or conduct that is aggressive or undesirable or is potentially in conflict with the best interest of the Company.
- Reporting any unethical or illegal action by co-worker, supplier or other customer to the management.
- Refusing to accept personal gift from vendor or other parties who conduct business with the Company, except within the limits outlined in this GCG and CoC manual.
- Keeping the work place clean and tidy.
- Wearing decent clothes that are appropriate for the type of work to be undertaken.
- Complying with the prohibition on owning any business similar to MedcoEnergi and/or acting as a competitor to MedcoEnergi.
- Using and promoting effective methods on the process of natural resources and energy products.
- Acknowledging the work of colleagues, giving proper credit where due and refraining from claiming the achievement of others.
- Avoiding gossiping among colleagues.
- Refraining from harassment in any form.
- Refraining from participating in any activity for personal gain that involves colleagues and utilizes the company facilities.
- Avoiding any misconduct or action that may damage personal integrity and harm the reputation of MedcoEnergi, such as gambling, pornography etc.
- Refraining from any financial commitment with any party that is engaged in business negotiation with MedcoEnergi or among employees, including borrowing or lending money, soliciting for contributions etc., except for the purpose of charity, donations and public activity.

### **Open (Transparent) Conduct**

The Board of Commissioners, Board of Directors and all employees of MedcoEnergi must promote transparency when performing their respective tasks and duties by taking the following steps:

- Encouraging informal communication among employees at all levels.
- Building an environment of trust among employees and the management.

- Keeping an open mind, respectful attitude and proper work ethics.
- Maintaining and promoting unity among colleagues and supporting one another for the benefit of MedcoEnergi as a whole.
- Encouraging employee to develop careers advancement plan.
- Listening to opinion, constructive criticism and recommendation from all employees to achieve further work improvement.

### **Innovative Conduct**

The Board of Commissioners, Board of Directors and all employees must cultivate the spirit of innovation at MedcoEnergi through the following measures:

- Building a culture of trailblazers.
- Constantly searching for innovative solutions to achieve better, safer and faster result in a more effective and efficient manner.
- Possessing a mature intellectual, emotional and spiritual intelligence.
- Continuously enhancing people's capability, improving business process and increasing technological expertise.
- Participating in corporate social responsibility activity and supporting academic knowledge and understanding on global issues, both within and outside MedcoEnergi.
- Engaging in continuous learning to gain knowledge and experience and sharing knowledge with others.
- Participating in lectures, training or radio and television broadcasts; publishing articles in journals, newspapers, magazines, or other print media and/or publishing reports and/or books.

## 3

## Knowledge Sharing

### Basic Concept

Knowledge management is a set of proactive activities with the aim of supporting the organization in developing, integrating, disseminating and implementing its knowledge. Knowledge management is a continuous process to understand the organization's need for knowledge, the location of knowledge, as well as the process for improving knowledge.

The goal of knowledge management is to increase the organization's ability to perform its key processes effectively. Knowledge management requires commitment to advance the organization's effectiveness, in addition to improve opportunities for its members.

### Participation in Lecturing, Training, Radio and Television Broadcast

MedcoEnergi encourages its employee to give lectures or participate in training or radio and television broadcasts. However, prior to engaging in such activity, employee must obtain the approval of his/her Line Director if he/she use document and information relating to MedcoEnergi. The employee is permitted to receive remuneration from such activity. If an employee acts as a representative of MedcoEnergi, he/she then must report any received remuneration to his/her direct supervisor for further deliberation.

### Publishing of Articles or Books

Every employee is permitted to publish articles in journals, daily newspapers, magazines, or other print media and/or publish reports and/or books without affecting the working time. Any profit from and copyright of publications that is not related to MedcoEnergi shall remain the property of the employee. In the case of writing, where the employee uses documents relating to MedcoEnergi, he/she must obtain the approval of his/her Line Director prior to publishing the article and the copyright of the published article or book shall become the property of MedcoEnergi.

## 4 Harassment

### **Basic Concept**

Every employee is entitled to a work environment that is free of any verbal, physical or other form of harassment. MedcoEnergi requires cooperation from all supervisors and employees to create a harassment-free work environment.

Harassment is defined as any disturbing, annoying or threatening conduct or action towards a person, or any conduct or action that may cause significant emotional distress to a targeted individual in relation to race, gender, religion or protected minority.

### **Sexual, Ethnic, Religious and Racial Harassment**

MedcoEnergi does not permit sexual, ethnic, religious or racial harassment at the workplace as it interferes with work effectiveness. No employee, whether male or female, shall be subject to any unwanted verbal or physical conduct that is unwanted or indicates hostility towards the employee.

MedcoEnergi prohibits any harassment during work, business travel, or out-of-office meeting. This also applies for all employees during after office hours and/or outside the office environment.

Any MedcoEnergi's employee who is convinced that he/she is the subject of harassment in any form should report the incident to his/her supervisor, the Board of Directors, the Human Resources Division, or MedcoEnergi's Whistleblowing System.

## 5

## Abuse of Narcotics, Illegal Drugs and Alcohol

### Basic Concept

MedcoEnergi is committed to providing a safe work environment that is free from narcotics, illegal drugs and alcohol. This shall be fully supported by all employees working for MedcoEnergi in their respective capacities.

### Statement

MedcoEnergi is aware that the abuse of narcotics, illegal drugs, alcohol and other addictive chemical substances by an employee shall diminish his/her ability to work and cause harmful effects to the safety, efficiency and productivity of the employee. Therefore, the consumption, possession, distribution and sales of narcotics, illegal drugs and alcohol, including other addictive chemical substances, within MedcoEnergi's work environment is strictly prohibited and may be considered as cause for termination of employment.

MedcoEnergi shall be entitled to search the workplace of an employee without prior notification if there is suspicion that the employee is storing or abusing narcotics, illegal drugs, alcohol or other addictive chemical substances. The Company also has the rights to send an employee to take a urine test.

## 6 Smoking

### **Basic Concept**

MedcoEnergi aspires to establish a healthy and smoke-free work environment. To that end, MedcoEnergi prohibits smoking in its work location and work environment. This non-smoking policy applies to all company guests that smoke or use tobacco products in the Company's work location and environment.

### **Statement**

MedcoEnergi prohibits all employees from smoking in the Company's work location and work environment. The purpose of this measure is to prevent fire hazards as well as to respect the rights of non-smokers and to maintain a healthy environment for all employees.

Smoking is permitted only in a designated area provided by MedcoEnergi or the building management. All smokers must use the appropriate tray when disposing cigarette butts.



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## 2 Safety, Health and Environment

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## 2

## Safety, Health and Environment

### Basic Concept

Safety and health of employees are paramount to MedcoEnergi. The Company has systematically introduced and developed a number of Safety and Health programs and standards to protect the safety and health of its employees and contractors as well as community in area where the Company operates.

In addition, MedcoEnergi is committed to preserving the environmental and socio-economic circumstances of the community in the area where the Company operates and to protecting this community from products and waste/pollutants that are hazardous to people and the environment.

### Commitment to Protecting Safety, Health and Environment

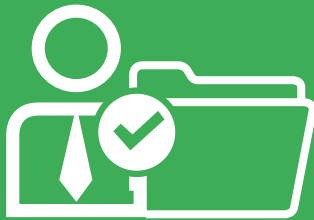
MedcoEnergi complies with prevailing regulations, best practices and international standards on safety, health and environment, and integrates a safety, health and environment (SHE) management system into its day-to-day activities. MedcoEnergi provides its employees and contractors with sufficient SHE training to enable them to minimize incidents that may affect the safety and health of employees, contractors and surrounding community.

MedcoEnergi continuously improves its SHE performance by proactively identifying potential work hazards, investigating accidents and incidents, identifying its root cause and implementing alternative solutions.

MedcoEnergi is committed to preventing all work-related illnesses and raising awareness of occupational health issue among its employees. To support its commitment, MedcoEnergi provides the necessary health services for the treatment of ill employee and the quick handling of work accident and emergency. All employees must be in a good mental health and physical condition while working, as not to endanger themselves, MedcoEnergi and others.

In addition, MedcoEnergi always makes sure that waste management and resource utilization follow the ecological standard practice to improve the sustainability of its operation. Therefore MedcoEnergi shall, at all times, abide by the prevailing environmental stipulation in each area of its operation.





### 3 Protection of Financial

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## Integrity and Company

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## Assets

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## 1

# Accuracy of Financial and Accounting Report

## Basic Concept

To ensure that MedcoEnergi presents accurate, trustworthy and timely accounting and financial report that apply general accounting principle and MedcoEnergi's accounting policies.

Accounting shall mean the measurement, statement or provision of assurance about financial information that is used by the management to make resource allocation decisions at a company. In addition, MedcoEnergi publishes accounting and financial reports to show to its shareholder and creditors all business transactions executed by the management within a certain period.

## Accuracy of Transaction Recording

To present a good and trustworthy financial statement, MedcoEnergi shall, at all times, ensure that all business transactions are recorded in an accurate and timely manner. All records of business transactions must be made based on the principle of truthfulness and prudence and uphold the highest integrity. MedcoEnergi prohibits, without exception, the recording of fraudulent or manipulated transaction data. All records of business transaction can be audited without any limitation or exception.

The Board of Commissioners, Board of Directors and all employees of MedcoEnergi must ensure that no fund or asset is left undisclosed or unrecorded. Each transaction record must include all relevant supporting documents and contain sufficient and timely information. Thus, the accounting department will be able to record, compile and evaluate all transactions.

## Financial Statement

MedcoEnergi places the utmost importance on the accuracy and integrity of all transaction records. Therefore, each employee is responsible to make sure that the data, fact and information of the said subsidiary of each transaction shall be recorded, compiled, evaluated and maintained. The data may be derived from operational activities such as crude oil production or transactions such as gas sales and others.

MedcoEnergi shall prepare individual and consolidated financial statements on a quarterly basis. Each subsidiary must deliver accurate, complete and trustworthy financial statements to MedcoEnergi as the shareholder of



the said subsidiary. Prior to issuance, all Financial Statements, Quality of Earning Reports and Management Representation Letters must be reviewed and approved by the Board of Directors of each subsidiary.

The Audit Committee must evaluate the completeness of the consolidated Financial Statement. The Board of Directors must approve and sign the consolidated Financial Statement prior to submission to the authority.

### **Audited Financial Statement**

The Annual Financial Statement (or any other periodical financial statement, if deemed necessary) of MedcoEnergi must be audited and obtain the opinion from a public accountant. The public accountant shall be selected and nominated by the Board of Commissioners based on the recommendation of the Audit Committee and approved by the shareholders in the Annual General Meeting of Shareholders.

The appointed public accountant must notify the Audit Committee of any findings relating to violations of the prevailing laws and regulations by the Company.

### **Internal Control System**

MedcoEnergi is committed to implementing an adequate internal control system to facilitate its daily operational activities and support the achievement of the company goals. The Company has set up the internal control system in the form of policy, business process guideline and standard procedure to be followed by all employees.

The internal control system is further implemented through the table of authority used by the Board of Directors to delegate its authority to functional management of MedcoEnergi, which will enable the management perform its duty or business activity within a reasonable limit.

By implementing internal control system, the Company aims to achieve the following objective: (i) adequate business risk management, (ii) protection of asset and company revenues against damage, loss, fraud, and operational hazards, (iii) effective and efficient operation facilities through the appropriate allocation of resources, (iv) support for employee compliance, (v) support for accurate and trustworthy financial statement and (vi) protection of shareholders' investment.

## 2 Protection of Assets and Revenues

### Basic Concept

To ensure that the Board of Commissioners, Board of Directors and employees of MedcoEnergi protect and secure the assets and revenues, intellectual property, proprietary information, patent, property and equipment of the company against any potential harm, including third party liability and/or property under construction.

The Securing of assets and revenues shall refer to the policy and activity to protect and secure assets and revenues, proprietary information, property and equipment of the company in a safe manner, which may include insurance, maintenance and preventive measures.

Assets that need to be protected include buildings, factories, tools, equipment, supplies, communication facilities, funds, accounts, computer programs, information, technology, documents, know-how, data (seismic, consideration, survey, drilling, contract and others), patents, trademarks, copyrights and any other resource or property owned by MedcoEnergi.

Protection of these assets must include protection against fire/lightning, explosion, vandalism, floods, storms, robbery and theft, accidental damage, riot, strikes and terrorism.

### Securing of Assets and Revenues

The Board of Commissioners, Board of Directors and employees shall, at all times, be equipped with MedcoEnergi proprietary asset, enabling them to work efficiently and effectively. Each individual shall be responsible for protecting and using MedcoEnergi's asset as needed.

The protection of MedcoEnergi assets against waste, loss, damage, misuse, theft, misappropriation or infringement shall be the responsibility of each individual.

To protect the company's assets and revenues, the Board of Commissioners, Board of Directors and employees of MedcoEnergi must be able to buy or sell asset, property and equipment with terms and conditions that are beneficial to MedcoEnergi. This said asset must be insured, looked after and maintained properly. Potential damage must be reported immediately to the appropriate party at MedcoEnergi.

### **Maintenance of Records of Assets and Revenues**

MedcoEnergi shall record its assets and revenues in an accurate, trustworthy, and timely manner. These records are important for MedcoEnergi to maintain and secure its assets and revenues. Failure to record assets and revenues in an accurate, trustworthy and timely manner, or provision of incorrect fact, may lead to fraud and could give rise to criminal charges or civil claims against MedcoEnergi.

# 3

# Document Retention

## Basic Concept

Proper maintenance of documents will help MedcoEnergi to store historical data along with its supporting documents, so that comprehensive information will be readily available whenever needed to address various issues that might occur in the future.

The length of the data and document retention, in both physical and electronic form, must comply with the prevailing laws and regulations in each jurisdiction to fulfill the need for comprehensive information or data.

Documents that must be retained include all recordings containing data, information, and report about transactions relating to MedcoEnergi business or activity, both in the form of physical and electronic files. Access to information contained in a certain document is limited to individuals with a certain status and level of authority.

## Documents that need to be retained

MedcoEnergi shall retain documents in the form of physical and electronic records.

Physical records shall mean paper-based records or video recordings and shall be stored in the archives of MedcoEnergi. Electronic records shall mean documents in the form of software and computer programs, electronic mail, hard drives, website pages and other methods of storage. Documents that need to be stored can be classified into the following categories:

**Operational Data**

This type of data comprises of report on MedcoEnergi's operational activity. The data include oil and gas reserves and maps, oil and gas production of each well, report on the drilling process for each oil and gas well from start to finish, report on blow-outs (if any), analysis of result for oil and gas well and seismic survey result.

**Commercial Data**

These data consist of records and reports of financial transaction with third party, such as sales of oil and gas and MedcoEnergi's product, tax payment, cash call payment and request to and from business partner, financial transaction in various currencies (foreign currencies), placement of funds, payment of loan interest and others.

In addition, reports on MedcoEnergi's strategic plan and projection must be retained as a reference and learning material for future policy making.

**Legal Data**

This data includes various types of documents, such as contracts between MedcoEnergi and third party, i.e. business partner, creditor, suppliers, as well as local and foreign government. Also belonging to this category is correspondence with relevant parties in relations to lawsuits.

Documents under the above categories must be stored systematically to allow for easy availability when needed. Duplicate entries should be avoided in the data storage process to ensure efficiency by retaining one set of comprehensive, high-integrity data in providing relevant information.

## 4

## Intellectual Property Rights

### Basic Concept

Intellectual property shall mean work, invention or creation of the human mind. Examples include creation of the mind that produce invention as well as symbols, names, drawings, formulas and designs used in business, technical study and commercial transaction.

Intellectual property rights are exclusive rights granted by law to individuals or groups of people on their creations in the form of copyrights, trademarks, patents and other related rights.

MedcoEnergi is committed to honor the owner of intellectual property rights that is protected by the intellectual property law.

### Utilization of Intellectual Property Products

Each individual at MedcoEnergi must use products with official intellectual property rights and must comply with their terms of usage.

### Ownership of MedcoEnergi Intellectual Property Rights

Employee or group of employees who make inventions or innovations must report to his/her supervisor. If such invention or innovation, either in its entirety or partially, make use of MedcoEnergi facilities or is related to activities planned or undertaken by MedcoEnergi, the intellectual property rights of the said invention shall be fully attributable to MedcoEnergi. Should MedcoEnergi decide not to use the said invention or innovation, then the employee, with the approval of the Board of Directors of MedcoEnergi, may claim his/her invention or innovation as personal intellectual property.

### Usage of the MedcoEnergi Brand

Each individual at MedcoEnergi may use the MedcoEnergi's brand in the Company's interest. Employees are not permitted to exploit the MedcoEnergi's brand for his/her personal gain.

## 5 Insider Trading

### Basic Concept

In accordance with the Capital Market law and regulation MedcoEnergi prohibits its Board of Commissioners, Board of Directors, employees as well as its affiliated party from trading shares or securities based on the Company's information that has not been published publicly.

Insider Trading shall mean the usage of information that has not been made public for buying and selling securities issued by MedcoEnergi. Such information includes data or information linked directly or indirectly to MedcoEnergi or other securities that is not yet available to the public and may affect the decision of shareholders or investors to buy or sell securities issued by MedcoEnergi.

Affiliated party shall include any person with family ties or any individual or party with a close relationship with the Board of Commissioners, Board of Directors and or employees respectively and may be influenced to buy or sell securities issued by MedcoEnergi.

### Restrictions on Security Trading

The Board of Commissioners, Board of Directors and employees may purchase or sell shares or other securities issued by MedcoEnergi as long as there is no information that might influence shareholders or investors.

MedcoEnergi prohibits its Board of Commissioners, Board of Directors or employees who are responsible for preparing or holding such information from purchasing or selling securities during black out or restriction period that is imposed by MedcoEnergi or when such information is about to be disclosed to the public.

### Reports on Ownership of MedcoEnergi Securities

Members of the Board of Commissioners and Board of Directors as well as employees who own MedcoEnergi securities must report their shareholdings at the beginning of each year. Shareholdings pertaining to members of the Board of Commissioners and Board of Directors must be disclosed in the Annual Report of the Company.

### Preventive Measures

MedcoEnergi shall limit access to information to persons who has a legitimate need to know or is tasked for announcing blackout or restriction period on purchasing or selling MedcoEnergi's securities. This announcement shall be made not later than 60 (sixty) days before the said information is made available to the public.

## 6

## Critical Situation and Condition

### Basic Concept

Every individual in MedcoEnergi must be alert to a critical situation and condition that may potentially disrupt operations of MedcoEnergi, either entirely or partially, and thereby jeopardizing the continuity of the Company's business activity.

A critical condition shall refer to any emergency or force majeure situation that may cause MedcoEnergi to be unable to conduct its business as usual.

### Emergency Response Plans (ERP)

Each individual shall be obligated to participate in integrated emergency response management, which includes the ability to implement a crisis management plan at MedcoEnergi. To that end, the necessary plan for managing safety, communication and other important issues have been put in place to maintain the continuity of MedcoEnergi's business activity and to mitigate any fundamental damage caused by the crisis.

MedcoEnergi has established a cross-functional team comprising of management and representatives of each function for implementing the Emergency Response Plan. The Company performs periodical employee training programs, equipment maintenance and review of procedure to ensure a proper and effective implementation of the Emergency Response Plan. If deemed necessary, MedcoEnergi may request the assistance of professional institutions who specializes in emergency situation response training to improve the Company's employee and team readiness to handle such situations.



## 7

## Information Technology and Communications System

### Basic Concept

Each individual is encouraged to make use of the integrated information technology and communication system provided by MedcoEnergi. The system must be used properly and in accordance with the Company Policy on Information Technology and Communications to achieve the highest operational performance.

### Provision of Information Technology and Communications System

Information Technology and Communication System shall mean the design, development, implementation, support or management of computer-based information systems, especially software application and hardware. Information technology shall refer to the ability to input, process, store, output, transfer and receive data and information electronically, including text, images, audio and video, in addition to the ability to control all types of machine electronically.

Matters which relate to the use of other information technology and communication systems such as voice mail, e-mail, internet, video and others shall be regulated separately under MedcoEnergi's Policy on Information Technology and Communications.

### Usage of Social Media

MedcoEnergi prohibits the misuse or disclosure of any information on MedcoEnergi or the use of the MedcoEnergi's name with the aim to discredit or potentially harm the reputation of MedcoEnergi, either directly or indirectly, through social media including but not limited to Facebook, Twitter, YouTube, LinkedIn and others.





## 4 Respect for Business Partners

---

# 1

## Gifts and Entertainment

### Basic Concept

Each individual shall be obliged to maintain a high level of integrity and professionalism in his/her decision-making process. Therefore, no individual shall be permitted to accept gifts, entertainment and/or other facilities from business partners or suppliers. Each individual shall not give gifts, entertainment and/or other facilities to affiliated parties, business partners or suppliers.

### Limitation on Acceptance/Provision of Gifts and Entertainment

MedcoEnergi deems any acceptance/provision of gifts, entertainment and/or other facilities valued above USD200 (two hundred U.S. dollars) as having the potential to affect the objectivity of the decision-making process. Such gifts, entertainment and/or other facilities may comprise of goods offered in return for assistance provided on certain transactions or to commemorate the festive season in the form of food, beverage, or tickets for sport event or art performance.

Each individual who has received/provided goods or entertainment exceeding the above stipulated value must submit a report according to the following provisions:

- If the recipient/provider is a member of the Board of Commissioners and Board of Directors, he/she must submit the report to the GCG Committee.
- If the recipient/provider is an employee, he/she must submit the report to his/her supervisor or Line Director for further processing and deliberation.

## 2

## Conflicts of Interest

### Basic Concept

Each individual must act for the interest of MedcoEnergi and shall not be involved in any activity that has a potential to generate conflicts of interest. Therefore, any decision-making process must be based on professional considerations, without influence from anyone that may compromise independent judgment, so as to generate the highest gain for MedcoEnergi.

### Decision-Making Amidst Conflicts of Interest

With regards to conflicts of interest, any self-dealing must be avoided. Self-dealing refers to a situation where one takes an action in an official capacity which involves dealing with oneself in the private capacity and which confers a benefit on oneself.

Any individual that is involved in an unavoidable activity with a potential conflict of interest must report to his/her direct supervisor by completing a Conflict of Interest Report form.





## 5 Protection of Community and Government Interests

## 1

# Corruption

## Basic Concept

Each individual at MedcoEnergi is prohibited from providing or receiving, directly or indirectly, any offering that may enrich them or another person and thereby may exert influence on his/her decision-making process.

## MedcoEnergi's Commitment to Eradicate Corruption

As a company that abides by national and/or international laws and regulations, MedcoEnergi requires its business partners, including joint venture partners, agents, distributors, representatives, contractors, and suppliers, to comply with the prevailing regulation and policy on corruption.

Corruption shall constitute an act that usually involves the provision of money or gifts to affect the recipient's behavior in ways that are inconsistent with his/her duty and may violate the law. Acts of corruption shall also include the provision of bribes/non-mandatory unofficial facilitation payment to public officials to accelerate process that is part of the duty of the said official. In addition, the provision of rent - which in this context shall mean the offering or acceptance of money, gifts, or anything of value - in return for acts that benefit certain party, shall also be considered corruption.

Any individual at MedcoEnergi who is found to have provided or accepted bribery or other acts of corruption shall face a disciplinary action that may lead to termination of employment and allegations of criminal charges.



## 2

## Political Activity and Donation

### Basic Concept

MedcoEnergi allows its employee to participate in the political process and support a party or candidate of his/her choice without any influence whatsoever. Employees who are actively involved in politics, for example by joining a political party as a member or campaigning for elections must refer to and comply with the relevant company rule, the Collective Bargaining Agreement and any other MedcoEnergi policy.

### Prohibition on Political Donations

In accordance with the spirit of democracy, each individual at MedcoEnergi is permitted to engage in political activities/campaigns for election provided that this will not affect his/her work performance. Any such activity must take place outside the office/working hours and must not utilize the facilities designated by MedcoEnergi to perform duty as member of the Board of Commissioners, member of the Board of Directors or employees of MedcoEnergi.

MedcoEnergi does not support any political party and does not provide contribution and/or donations or other asset to any political party or organization or affiliated representative at any location where MedcoEnergi operates.

## 3 Whistleblowing System

### Basic Concept

MedcoEnergi guarantees the rights of each individual to report any indication of violations to an independent party appointed by MedcoEnergi. MedcoEnergi has established a reporting system and a feedback process to assure the confidentiality of the whistleblower's report.

### Whistleblower Report

Reports on alleged violations may be filed by internal or external party that maintains business relations with MedcoEnergi, including but not limited to business partners, suppliers, customers and local community. This report serves as a feedback from individuals who interacts with MedcoEnergi's employees. Any report of violation shall become an integral part of the continuous improvement of the Company's employee conduct in implementing GCG and CoC Guidelines as part of the corporate culture.

Reports can be sent to the Company-appointed independent party by email at [lapor-medcoenergi@tipoffs.com.sg](mailto:lapor-medcoenergi@tipoffs.com.sg).

### Whistleblower Protection

Each report shall be held confidentially. MedcoEnergi guarantees and protects the anonymity of the whistleblower when the whistleblower has stated his/her identity and contact information.

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# Glossary

Accountability	One of the GCG principles that stresses the importance of creating an effective control system based on the distribution of functions, duties and responsibilities between the Board of Commissioners, Board of Directors and shareholders. Such system shall monitor, evaluate and control the management of the company to make certain that it acts in the best interest of the shareholders and other stakeholders.
Accounting	The measurement, statement, or provision of assurance about financial information that is used by the management to make resource allocation decisions at a Company.
Affiliated Parties	Any person having family ties or any individual/party having close relationships with respectively the Board of Commissioners, Board of Directors and employees, and who might be influenced to purchase or sell securities issued by MedcoEnergi.
AGM	Annual General Meeting of Shareholders
Annual Report	A report on the progress and achievements of a company/ organization over a period of one year calendar.
Asset	Property or resource that is owned by an individual or a company.
Blackout	Temporary period of limited or blocked access or transaction.
BPRC	GCG task force responsible for monitoring the implementation of the GCG guidelines and CoC and evaluating and providing recommendations on any violation.
Bribes/ Facilitation Payments	Any not officially required payment to a public official to accelerate process that is part of the duty of the said official.
Commercial Data	Data related to commerce or trade, or high-value data for trading.
Conflict of Interest	The discrepancy between the economic interests of a company and personal economic interests of the Board of Directors, Board of Commissioners or principal shareholders of the Company.
Company Information	Data relating directly or indirectly to a Company or other security that are not available to the public and constitute significant data.
Confidential Information	Information that due to its value needs to be concealed and protected so as not to become public or fall into the hands of other parties.
Company Organs	Board of Commissioners, Board of Directors and party with interests in the business activities of a company.

Corruption	An act that usually involves the provision of money or gifts to alters the recipient's behavior in ways that are inconsistent with his/her duties and may violate the law (for example, money, goods, rights in action, property, preferment, promotions, emolument, objects of value, advantages, responsibilities, mere promises to induce or influence the action, vote or influence of a person in an official or public capacity).
Code of Conduct	Guidelines or norms on the conduct that are expected for employees to follow in the work environment of the company.
Corporate Governance	A set of process, custom, policy, law and institution that has an impact on the way a company or corporation is managed and controlled.
Corporate Secretary	Liaison who bridges interest between the company and external party, in particular to maintain a positive public perception of the company's image and to fulfill the company's responsibility.
Custodian	Custodial activity on behalf of another party based on a contract; in conducting custodial activity, a bank accepts the safekeeping of deposited property and records such property separately from the asset of the bank; transaction of custodial item shall be performed by the bank at the request of the depositor; custodial activity usually also includes the purchase and sale of security at the request of a customer as well as collection of dividends and interest; the bank only acts as an intermediary and does not provide recommendations to purchase or sell.
EGM	Extraordinary General Meeting of Shareholders
Emergency Response Plan (ERP)	An extraordinary/undesirable occurring at a certain place/activity that is potentially harmful to humans, equipment/property, and the surrounding environment.
Electronic Documents	Any electronic information created, transferred, sent, received or stored in analog, digital, electromagnetic, optical or similar form that can be viewed, displayed and/or listened to through computers or electronic systems, including but not limited to text, sound or images, maps, designs, photos or similar, letters, signs, figures, access codes, symbols or perforations having a meaning for persons qualified to interpret them.
Electronic Records	Documents in the form of software and computer programs, electronic mail, hard drives, website pages and other methods of storage.
Ethics	A scientific discipline and attitude to provide moral justification on values and conduct in a specific context.

<b>Fairness and Equality</b>	One of the GCG principles that is defined as providing same and equal treatment to shareholders in order to meet the rights of stakeholders arising from agreements and the prevailing laws and regulations, especially concerning the protection of minority shareholder and foreign shareholder from fraud and insider trading.
<b>Financial Statement</b>	A record of the financial information of a company over an accounting period that can be used to describe the performance of a company.
<b>Force Majeure/ Critical Condition</b>	An event beyond human control that cannot be avoided and prevents an activity from being carried out or from being carried out properly.
<b>GCG Committee</b>	A committee that is responsible for enhancing and improving GCG practices relating to the supervisory tasks and functions of the Board of Commissioners. The GCG Committee is accountable to the Board of Commissioners.
<b>Gifts and Entertainment</b>	Provision of gifts to individuals or institutions in a broad sense, including provision of additional fee, goods, discount, commission, interest free loan, travel ticket, accommodation facility, tour, free medical treatment and other facilities.
<b>GMS</b>	General Meeting of Shareholders.
<b>Harassment</b>	Any disturbing, annoying or threatening conduct or action towards a person, or any conduct or action that may cause significant emotional distress in a targeted individual in relation to race, gender, religion, or protected minority.
<b>Human Resources</b>	Every employee, either those who holds a contract status or are full-time employees, directly and indirectly, who work with MedcoEnergi. These individual workers are valuable assets towards achieving MedcoEnergi's vision and mission.
<b>Independence</b>	Defined as a management system that is capable of generating a spirit of independence among the members of the company, so that they will put the interests of the company first when making decisions and thus ensure that the company is professionally led and managed, free of conflicts of interest and influence or pressure from any party that violates the prevailing laws and regulations and the principles of a healthy company.
<b>Independent Director</b>	A member of the Board of Directors from outside the company who does not own, either directly or indirectly, shares of the company; does not have any affiliation with the company, commissioners, directors or primary shareholders of the company; and does not have any business relation, either directly or indirectly, with the company.
<b>Intellectual Property Rights</b>	A field of law that concerns itself with rights relating to creative endeavor or commercial reputation and goodwill.



<b>Independent Public Accountant</b>	A public accountant who audits the financial statement issued by a company. The service of a public accountant firm is required for this purpose.
<b>Information Technology and Communications System</b>	The design, development, implementation, support or management of computer-based information systems, especially software applications and hardware.
<b>Integrity</b>	A concept of consistency of action, value and principle. In ethics, integrity is defined as the truthfulness and rightfulness of a person's action.
<b>Investor Relations</b>	Marketing activity of a company that combines communications and marketing to provide investor and prospective investor with a correct picture of the company's performance and prospect.
<b>Intellectual Property</b>	Work, invention, creation or the product of the human mind. Intellectual property rights are the rights that arise due to intellectual pursuits that create product or process that is useful for humankind. Examples include creation of the mind that produce invention as well as symbol, name, drawing, formula and design used in business, technical study and commerce. These creations of the mind are protected by copyrights, trademarks, patents and other related rights.
<b>Information Technology Policy</b>	Umbrella term covering concepts and principles that constitute guidelines and basis for responding to and communicating of technology such as information technology and includes anything relating to information technology process, utilization, manipulation and management.
<b>Independent Commissioner</b>	A member of the Board of Commissioners from outside the company who does not own, either directly or indirectly, shares of the company; does not have any affiliation with the company, commissioners, directors or primary shareholders of the company; and does not have any business relation, either directly or indirectly, with the company.
<b>Insider</b>	Employees, the Board of Commissioners, or Board of Directors, of a company; refers to the term insider trading.
<b>Insider Trading</b>	A crime with unique characteristics in the capital market. The object of crime is material information that has not yet been made public, so that insiders can take advantage of it for their personal interests and benefits, both individually and collectively.
<b>Internal Control Unit</b>	Operator of an important internal control function that constitutes the internal inspection/supervision apparatus of a company.
<b>Joint Venture</b>	A cooperation of a number of party to run a joint enterprise for a definite time.

Knowledge Management	A set of tool, technique and strategy to maintain, analyze, organize, increase and share insight and experience. Such insight and experience are based on the knowledge acquired by individuals and gained through the processes and applications of an organization. Knowledge Management focuses on finding new ways to transform raw data into useful information, which eventually becomes knowledge.
Legal Data	Data that are legally binding or data on legal matters
Management Representation Letter	A letter issued by clients of an organization and addressed to the Auditor as audit evidence.
MedcoEnergi	A business group engaged in the integrated energy sector with the focus on oil and gas exploration and production.
MedcoEnergi Brand	A symbol that comprises images, names, words, letters, numbers, color schemes or combination of these elements and is used by MedcoEnergi.
Material Transaction	A company transaction with a material value that conforms to prevailing capital market regulations.
Minority Shareholders	Shareholders who hold less than 50 percent of the company's issued shares.
Money Laundering	An attempt to conceal or obscure the origins of criminal proceeds in the form of money/funds or property through financial transactions designed to give the appearance that the said money or property originated from legitimate activity.
Nomination Committee	A committee that assists the Board of Commissioners in determining the nomination policy for membership of the Board of Commissioners and Board of Directors. The Nomination Committee also evaluates performance of Board of Directors and is accountable to the Board of Commissioners.
Operational Data	Data compiled by applications in operations.
Political Party	A political organization that attempts to gain and maintain political power within the government, usually by participating in election campaign.
Political Donations	Any contribution, usually of a physical nature, by a private person or legal entity that is provided voluntarily without political rewards or gains.
Public Exposure	Dissemination of information about a public company to the public.
Physical Documents	Documents on matters of size, weight, layout, facilities and infrastructure, etc., in the form of files.
Physical Records	Paper based documents or video recordings that are stored in the archival system of a Company.
Political Activity/ Campaign	An organized effort to influence the decision-making process within a group for election purpose.
Quality Earning Report	A report that provides a detailed analysis of a company's revenue and expense component.

Responsibility	One of GCG principles that stresses the importance of creating an effective control system based on outcome, benefit and impact to comply with prevailing laws and regulations in order to achieve the company's goal and objective.
Remuneration Committee	A committee that assists the Board of Commissioners in determining the remuneration policy for the Board of Commissioners and Board of Directors. The Remuneration Committee also evaluates performance of Board of Directors and is accountable to the Board of Commissioners.
Risk Management Committee	A committee that assists the Board of Commissioners in evaluating and providing recommendations on business and investments risks in accordance with GCG principles. The Risk Management Committee works independently and is accountable to the Board of Commissioners.
Self-Dealing	Conduct of a person who takes advantage of his/her position in a transaction and acts in his/her own interest and not in the interest of the company.
Social Media	An online media that enables its users to participate easily, as well as share and create content in blogs, social networks, wikis, forums, virtual worlds and others.
Stakeholders	Individuals to follow or group that may affect or be affected by the activity of the company and are exposed to risks due to the business activity of the company.
Transparency	One of the GCG principles that stresses the importance of a management system that encourages the disclosure of (and access to) relevant, accurate, reliable, timely, clear, consistent and comparable information about the company's activity.
Whistleblowing	An act to inform an organization about action that is in violation of ethics unethical, low moral values or can jeopardize and harm the Company.
Work hours	The time or duration to perform work according to the Company Regulation.

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# Declaration of Conformity

I, the undersigned:

Name : \_\_\_\_\_  
Employee Number : \_\_\_\_\_  
Name of Company : \_\_\_\_\_  
Location : \_\_\_\_\_

Hereby declare that I:

1. Have received, read and understood the Good Corporate Governance Guidelines and Code of Conduct.
2. Follow and comply with the Good Corporate Governance Guidelines and Code of Conduct.
3. Am willing to be sanctioned as stipulated in the Company Regulations or Collective Bargaining Agreement should I fail to follow and comply with the Good Corporate Governance Guidelines and Code of Conduct.

\_\_\_\_\_, 20

Signed:

\_\_\_\_\_

Distribution:

1. Employee (copy),
2. Corporate Secretary Division (original)



# Report on Share Ownership in MedcoEnergi

I, the undersigned:

Name : \_\_\_\_\_  
Position : \_\_\_\_\_  
Company : \_\_\_\_\_

Hereby declare/report that I or parties affiliated (1) with me currently hold ( ) shares in MedcoEnergi in the name of:

Name : \_\_\_\_\_  
Relation : \_\_\_\_\_

Shares purchased/acquired from:

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

Date of purchase/receipt:

I understand that this report is made to fulfill the requirements of the Good Corporate Governance Guidelines and Code of Conduct.

\_\_\_\_\_, \_\_\_\_\_, 20\_\_\_\_\_

Reported by,

\_\_\_\_\_  
Name :  
Position :

1. In the context of the capital market, affiliated parties are defined as parties that have 1st (first) degree relationships by blood (parents, children, siblings) with a person or his/her spouse, or parties that can be controlled by said person, both individuals and companies.



## Report on Share Ownership in Other Companies

I, the undersigned:

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

Position : \_\_\_\_\_

Company : \_\_\_\_\_

Hereby declare/report that I or affiliated parties (1) currently hold ( ) shares in:

Name of company (2) : \_\_\_\_\_

Line of Business : \_\_\_\_\_

Name of other shareholders:

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

Number of Shares: : \_\_\_\_\_

List of Commissioners : \_\_\_\_\_

List of Directors : \_\_\_\_\_

I understand that this report is made to fulfill the requirements of the Good Corporate Governance Guidelines and Code of Conduct.

\_\_\_\_\_, \_\_\_\_\_, 20\_\_\_\_\_

Reported by,

\_\_\_\_\_

Name :

Position :

1. In the context of the capital market, affiliated parties are defined as parties that have 1st (first) degree relationships by blood (parents, children, siblings) with a person or his/her spouse, or parties that can be controlled by said person, both individuals and companies.
2. In case of ownership in more than 1 (one) company, please fill in separate Report of Share Ownership in Other Companies form



# Report on Gifts and Entertainment Received

I, the undersigned:

Name : \_\_\_\_\_  
Position : \_\_\_\_\_  
Division : \_\_\_\_\_  
Department : \_\_\_\_\_

Hereby declare/report to have received the following:

On : \_\_\_\_\_  
Estimated Value : \_\_\_\_\_  
From : \_\_\_\_\_  
  
During : \_\_\_\_\_

In this regard I would like to ask your opinion as my supervisor as to how to handle the aforementioned gifts/entertainment.

Reported by:

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

Received by:

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

Response:





## Report on Conflict of Interest

I, the undersigned:

Name : \_\_\_\_\_  
Position : \_\_\_\_\_  
Company : \_\_\_\_\_

Hereby declare/report that I am planning to enter/have already entered into a transaction that has the potential to cause the following conflict of interest:

With:

Name of Company : \_\_\_\_\_  
Names of shareholders : \_\_\_\_\_

Names of Commissioners : \_\_\_\_\_

Names of Directors : \_\_\_\_\_

Following is the reason of my involvement with parties that cause conflicts of interest:

Date of involvement : \_\_\_\_\_

I understand that this constitutes a transaction that has the potential to cause conflict of interest.

If approval from an independent party is required, the effectiveness of aforementioned transaction(s) shall depend on said approval.

\_\_\_\_\_, \_\_\_\_\_, 20\_\_\_\_\_

Reported by,

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



# Whistleblower

I/we the undersigned:

Name : \_\_\_\_\_  
Position : \_\_\_\_\_  
Division : \_\_\_\_\_  
Department : \_\_\_\_\_

Hereby declare/report indications that the following has occurred:

Name of perpetrator : \_\_\_\_\_  
Position : \_\_\_\_\_  
Division : \_\_\_\_\_  
Department : \_\_\_\_\_  
Date of incident : \_\_\_\_\_

Action taken : \_\_\_\_\_

Response of Perpetrator : \_\_\_\_\_

Based on the above, I/we request this report to be processed in accordance with the prevailing policies,

Reported by:

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







**MEDCOENERGI**

PT Medco Energi Internasional Tbk

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