

CODE OF CONDUCT





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PT Indo Tambangraya Megah Tbk and Subsidiaries

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Contents

Message from the President Director	4
Definitions	6
1. Principles of Business Operation	8
1.1 Vision and Mission	8
1.2 Beliefs and Values	9
1.3 Responsibility to Shareholders	11
1.4 Compliance with the Law and Relevant Rules and Regulations	12
2. Conflict of Interests and Keeping Confidential Information	14
2.1 Conflict of Interests	14
2.2 Use of Company Information	15
3. Responsibility to the Company and its Properties and Assets	18
3.1 Protection of the Company's Properties and Assets	18
3.2 Documentation	18
3.3 Use of Computer and Information Technology (IT)	18
3.4 Giving and Receiving Bribes	20
3.5 Gifts, Gratuities and Business Entertainment	20



3.6	Public Comments and Media Interviews .	21
3.7	Exercising Political Rights	21
4.	Practices toward Stakeholders	24
4.1	Policies and Practices toward Shareholders	24
4.2	Policies and Practices toward Employees	24
4.3	Policies and Practices toward Customers	25
4.4	Policies and Practices toward Business Partners and/or Creditors	27
4.5	Policies and Practices toward Competitors	28
4.6	Safety, Occupational Health and the Environment	28
4.7	Responsibility to the Community and Society	29
5.	Compliance with the Code of Conduct	29
6.	Receiving Grievances and Questions regarding Corporate Governance and the Code of Conduct	30

Attachement 1 - Commitment Page

Message from the President Director

In accomplishing the corporate intent, the Board of Directors of PT Indo Tambangraya Megah Tbk (“ITM”) and its subsidiaries believes that the implementation of good corporate governance as a culture within ITM and subsidiaries and its environment is essential in order to have a sustainable business.

In conducting the business, all Commissioners, Directors, Executives, employees and other personnel working in ITM and subsidiaries shall be committed to achieving the highest level of business values and ethics.

Being part of the society and in order to have a harmonious relationship with all ITM and subsidiaries stakeholders, it is necessary to equip all ITM Personnel with set of references for them to use in their interaction with the stakeholders.

And this Code of Conduct of ITM and subsidiaries, as one of the references, reflects the corporate values and regulates the standard business ethics and behaviour of all members of ITM.



It is the duty and responsibility of ITM Personnel to faithfully comply with the policies and practices stated in this Code of Conduct. The ultimate goal is to achieve both business objectives and maintain the business ethics for the benefit of ITM's stakeholders.

Jakarta, 27 August 2009

Somyot Ruchirawat
President Director
PT Indo Tambangraya Megah Tbk

Definitions

Unless otherwise mentioned in this Code of Conduct the terms with capital words shall have the following meanings:

- Bapepam & LK Indonesia Capital Market and Financial Institution Supervisory Agency
- Company Information any information including but not limited to confidential information and/or internal information of ITM which may affect the business of ITM and its shares price in IDX.
- IDX The Indonesia Stock Exchange
- ITM or the Company ITM and/or one of its subsidiaries
- ITM Personnel or We Commissionners, Directors, Executives, employees and other personnel working in ITM

**PAVE THE WAY TOWARDS
BUSINESS STANDARD**



**PRINCIPLES OF
BUSINESS OPERATION**

1. Principles of Business Operation

To ensure optimum benefit to the shareholders, the Board of Directors of ITM has adopted a policy which gives equal and parallel importance to achieving set goals and the ways and means for achieving them.

The Board of Directors, therefore, stipulates both the goals and the means for achieving such success as described in the corporate vision, mission, values, principles, corporate governance policy and guidelines for business ethics and practices in this Code of Conduct. The purpose is to inform each ITM Personnel the standard of practice the Company expects when dealing with employees, shareholders, customers, suppliers, society in general and competitors.

1.1 Vision and Mission of ITM

Vision

To become a leading coal-related energy company in Indonesia with sustainable growth through professionalism and care to our employees, community and environment.

Mission

- To develop excellence to all operations to serve our customers with consistent quality and quantity of products and services.
- To develop competent employees, efficient system and infrastructure under the



innovation, integrity, care and synergy culture within the organization.

- To invest in coal-related energy business which will sustainably strengthen our position.
- To promote and contribute to the development of society by acting as a good citizen and contribute to the economy and communities.

1.2 Beliefs and Values

Beliefs

We aim to attain operational excellence through :

- commitment to achieving short and long-term goals
- high moral, ethical and professional standards
- confidence, innovative thinking, and decisive action
- full support for our human resources to reach their full potential
- care and concern to our employee and society

Values

We aim to foster the following values in such a way that ITM Personnel feel proud being part of

the Company and in such a way that external parties recognize such values as characteristic of ITM Personnel:

Innovation

- think out of the box
- act Intelligently
- dare to initiate
- courageous and challenging
- pro-active
- flexible and versatile
- adaptive and resilient
- continual development

Integrity

- honest
- ethical
- reliable
- disciplined
- persistent
- committed
- transparent



Care

- open and sincere
- accepting and accommodating
- honoring others
- respectful
- warm and solicitous
- fair-minded
- kind and generous

Synergy

- cooperative
- fair-minded
- teamwork
- networking
- supportive and sharing

1.3 Responsibility to Shareholders

It is the policy of ITM to conduct its business with integrity, honesty and ethics. We do our best to develop the business while creating valuable investment returns for the shareholders in a continuing and sustainable manner in which all shareholders are treated equitably.

1.4 Compliance with the Law and Relevant Rules and Regulations

ITM is committed to complying with the prevailing laws, rules and regulations and has established the following policies:

- (1) We must comply with local rules and regulations as well as respect customs and traditions of the related areas in which ITM operates.
- (2) We must comply with the rules and regulations issued by Bapepam & LK and the Self Regulatory Organization (SRO).
- (3) We must comply with the Company's prevailing rules and regulations.
- (4) We shall not assist, support or conspire to avoid any legal or regulatory compliance.
- (5) We shall cooperate with supervisory agencies/regulators and report any information on violation of or non-compliance with the prevailing laws and regulations.

**STRIVE TO COLLABORATION
REGARDLESS OF PERSONAL GAIN**



**CONFLICT OF INTERESTS AND
KEEPING CONFIDENTIAL INFORMATION**

2. Conflict of Interests and Keeping Confidential Information

2.1. Conflict of Interests

The Company set as an important policy that We must not take any benefit from our relationship with the Company for personal interests. Thus, the following guidelines are stipulated:

- (1) Avoid any personal transaction, which may lead to a conflict of interest with the Company.
- (2) If it is necessary to carry out such transaction for the benefit of ITM, the transaction shall be treated like any other transaction engaged with a third party. However, any such transaction must be fully disclosed and approved by the relevant authority within ITM in advance. Furthermore, any ITM Personnel having an interest in such transaction, he/she must not be involved in its approval process.
- (3) If a transaction is considered an Affiliated Transaction and Particular Transaction with Conflict of Interest, ITM shall comply with the Capital Market regulations
- (4) If any of us or a member of our family is involved with or becomes a shareholder in a business which directly in competition with ITM or any other business that may cause a conflict of interest with ITM, We

must inform the President Director of the Company in writing .

- (5) If any of us becomes a director, partner, advisor or participant in any capacity in another company or business organization, such position must not conflict with ITM business or that person with direct responsibility to the Company.

2.2 Use of Company Information

It is our responsibility to keep the Company Information strictly confidential. The following guidelines have been established:

- (1) We will not use any Company Information we received because of our position in ITM for personal interest or for conducting business and other activities in competition with ITM.
- (2) We who possessed Company Information which is not or has not been disclosed to the public which may affect ITM's share price ("Inside Information") are prohibited from doing any trading to the share of the company ("Insider Trading").
- (3) Company Information shall not be disclosed to any third party especially to competitors even after any of us has left ITM.
- (4) We will not seek any benefit for personal interest and others by using the Company Information which is not in the public

domain or acting in a way that may cause a conflict of interest with ITM.

**IN RESPONSIBLE OF ORGANIZATION
INTEREST AND ACTIVITY**



**RESPONSIBILITY TO THE COMPANY
AND ITS PROPERTIES AND ASSETS**

3. Responsibility to the Company and its Properties and Assets

3.1 Protection of the Company's Properties and Assets

We must use the Company's resources and assets in the most efficient manner, responsible way and care for the best interest of the company to increase corporate competitiveness and to provide the best possible service to the customers in accordance with the following guidelines:

- (1) We shall use Company's resources and assets in a cost-efficient manner for its optimum benefit.
- (2) We shall participate in protecting the Company's properties and assets from improper depreciation or loss.

3.2 Documentation

- (1) We shall prepare documents with honesty and prudence, while meeting stipulated standards.
- (2) We will not illegally duplicate or falsify the Company's letters, reports or documents.

3.3 Use of Computer and Information Technology (IT)

- (1) We shall comply with and aware of any laws, policies, procedures applicable to networks and information systems while using the Company's information technology
-



resources

- (2) All computers, information technology tools and information and data relating to the operation are the property of Company. We shall not use the Company's computers and other information technology tools for personal interests.
- (3) We shall not disclose user-identification and password for accessing the Company's information system.
- (4) We shall not disclose any information or data in the Company's information system to other parties without proper authorization.
- (5) ITM personnel are prohibited from modifying, copying, deleting or destroying Company' information or data without proper authorization.
- (6) ITM personnel are prohibited from using illegal software, content, hardware for any reason and from using copyright protected materials without the permission of the copyright owner.
- (7) ITM Personnel are prohibited from modifying the standard setting of their computer equipment or adding other accessories to the standard equipment provided by the Company.
- (8) ITM Personnel are prohibited from using Company's electronic mail system to

transmit insulting, offensive, pornographic, abusing or annoying messages and image.

- (9) ITM Personnel are prohibited from using the internet for any other purpose but to seek information and knowledge related to their work and also prohibited to access illegal or immoral websites stipulated in the Company's IT Policy.

3.4 Giving and Receiving Bribes

- (1) We will not demand or receive or give any benefit which can be considered as bribes from business partners, contractors, suppliers, advisors, consultants, auditors and those with whom ITM is doing business, including competitors.
- (2) We are prohibited from offering any benefit to government officers, customers, labor unions or any other external parties in any attempt to persuade them to commit a fraudulent action.

3.5 Gifts, Gratuities and Entertainment

- (1) We are doing our business with integrity. We will not accept nor give gifts or gratuities or unusual lavish entertainment from any party.
- (2) Gifts given or received during festive occasions are excluded provided that they have an appropriate value and are not related to any business commitment



3.6 Public Comments and Media Interviews

- (1) President Director of PT Indo Tambangraya Megah Tbk is responsible to give media interviews and to answer questions raised by shareholders, investors, media and other third parties. Other senior executives may, with the President Director's permission also provide such information.
- (2) The Company has designated:
 - the Investor Relations Department to be in charge of the shareholders, fund managers, investors, and financial analysts with regard to the Company's financial information,
 - the Corporate Communications Department to be in charge of the media
 - the Corporate Secretary to be in charge of regulatory matters related to the Capital Market, and administrative matters of the shareholders.

3.7 Exercising Political Rights

ITM Personnel are prohibited from using the Company's assets to support any political party or political group. The Company recognizes and appreciates ITM Personnel to exercise their right as responsible citizens, however, ITM Personnel are prohibited to participate in any activity that may lead to an understanding that ITM is involved

in or giving support to any political party or political group. Guidelines are as follows:

- (1) ITM Personnel shall exercise their rights as good citizens as provided under the Constitution and other relevant rules and regulations.
- (2) ITM Personnel have the right to participate in political activities on their own behalf outside the working hours and not on behalf of the Company.

**FAIRNESS AND INTEGRITY IN COLLABORATION
WITH THE ORGANIZATION**



PRACTICES TOWARD STAKEHOLDERS

4. Practices toward Stakeholders

4.1 Policies and Practices toward Shareholders

The shareholders are the business owners and ITM has the obligation to create long-term sustainable values for its shareholders. As a result, ITM Personnel are required to commit to the following policies:

- (1) To perform their duties with loyalty and in a trustworthy manner, to make decisions with honesty, prudence, thoroughness and fairness for the maximum benefits to all shareholders equitably.
- (2) To report on the Company's performance, financial and accounting information and other aspects of the business accurately on a regular basis.
- (3) To inform shareholders of both negative and positive aspects of the Company on a realistic and timely basis supported by appropriate information and reasons.

4.2 Policies and Practices toward Employees

ITM Personnel are valuable resources and they make essential contributions to the Company's achievement of its goals. As a result, it is the policy to treat ITM Personnel fairly in all respects including employment opportunity, remunerations, promotion and professional



development. The following guideline has been established:

- (1) To treat ITM Personnel fairly and courteously with consideration of their personal rights and dignity as human being.
- (2) To provide fair remunerations.
- (3) To maintain a work environment that does not endanger employees' life or property.
- (4) To carry out all professional appointments, rewards and disciplinary actions in good faith on the basis of competence, capability and suitability.
- (5) To develop skill and knowledge on a regular and equitable basis.
- (6) To listen to opinions and recommendations based on employees' professional competence.
- (7) To comply with relevant laws, rules and regulations on manpower.
- (8) To avoid any unfair action that may affect employee's job security.
- (9) To provide channel to employees to file grievances for unfair treatment or unjust process

4.3 Policies and Practices toward Customers

Customer satisfaction is of great importance to the Company's success. ITM intends to respond to

customer's demands effectively and efficiently and to continuously improve that response. The policies and practice guidelines are as follows:

- (1) To deliver quality products and services which meet customer's expectations.
- (2) To give accurate, adequate and timely information about its products and services to customers without exaggeration that may lead to misunderstanding about the quality, quantity or condition of such products or services.
- (3) To comply with the agreed terms and conditions with the customers, ITM is required to immediately notify the customers concerned of any problems and jointly seek solution.
- (4) To deal with customers in a high ethical and efficient way.
- (5) To maintain the system and process where customers can place complaints regarding the quality, quantity or safety of ITM products and services as well as the speed of response and delivery.
- (6) To protect customer confidentiality and to refrain from abusing it for personal interest or for the interest of other parties
- (7) To provide advice regarding the efficient use of ITM products and services for the customer's maximum benefit.



4.4 Policies and Practices toward Trading Partners and/or Creditors

ITM has the policy to treat their trading partner and/or creditors with fair and equal manner, taking into consideration the Company's interest and for the mutual benefit of the parties. In addition, the policy is intended to avoid circumstances that may lead to a conflict of interest. It requires an effort to comply with all contractual obligations, provide reliable information and accurate reports, confer or negotiate for solutions to problems on the basis of the following guidelines:

- (1) ITM shall not demand, receive or pay any improper benefits to its trading partners and/or creditors.
- (2) Should it became known that corrupt demand, fraudulent receipt or payment of any improper benefit occurs, full information shall be disclosed to the trading partners and/or creditors involved and the Company shall collaborate with the parties concerned to resolve the problem on a fair and timely basis.
- (3) The Company must comply with all the terms and conditions agreed upon in a transaction. In the event that any particular condition cannot be met, the Company will inform the trading partner and/or creditors concerned beforehand and seek a mutually acceptable solution.

4.5 Policies and Practices toward Competitors

ITM sets a policy to behave towards its competitors to be consistent with international practice and the legal framework for business competition. Therefore, the following guidelines for practices are set

- (1) ITM shall treat competitors within a fair competition framework.
- (2) ITM shall not fraudulently or inappropriately seek confidential information of its competitors.
- (3) ITM shall not damage competitors' reputation by abusive accusation.

4.6 Safety, Occupational Health and the Environment

ITM is committed to conducting business with sound safety, occupational health and environmental conditions in accordance with the following guidelines:

- (1) ITM must comply with all legislations and regulations relating to safety, occupational health and environmental requirements in all locations in which the Company operates.
- (2) ITM shall constantly ensure that its working environment is safe for the life and property of ITM Personnel.



- (3) ITM Personnel must commit to and undertake all activities aimed at promoting the quality of workplace safety, occupational health and the environment.
- (4) ITM shall fully disclose all information regarding its operations in relation to safety, occupational health and the environment.

4.7 Responsibility to the Community and Society

It is ITM policy to conduct business that will sustainably benefit the economy and society while safeguarding the customs and traditions of communities in locations where the Company operates. It is also ITM policy to become a responsible corporate citizen, to comply with all relevant laws, rules and regulations and to contribute to uplifting the quality of life either by itself or through close collaboration with the relevant authorities and the communities.

To support the above policy, ITM shall regularly contribute to constructive activities in the society and will undertake activities that will cultivate all Personnel social consciousness and to make it as part of ITM culture.

5. Compliance with the Code of Conduct

- (1) It is the duty of every Personnel to comply with all policies and practices stated in this Code of Conduct. This is neither a voluntary compliance nor can any corporate member claim that he/she is not aware of these practice guidelines.

The superiors of all levels must be responsible for and consider it a priority to ensure that their subordinates truly learn, understand and comply with this Code of Conduct.

- (2) Any other policies and practices that relate with conduct, ethics and behaviour may also be stipulated in any Company Policy, Regulation, Announcement or standards.

6. Receiving Grievances and Questions regarding Corporate Governance and the Code of Conduct

The Secretariat of the Good Corporate Governance, Nomination and Compensation Committee will entertain any query and clarifications of the Code of Conduct, and will also be the contact point for any grievances and complaints on the non-compliance of the Code of Conduct, which can be sent to the following address:

By mail:

Complaints Unit on Corporate Governance and
the Code of Conduct

Secretariat of the Good Corporate Governance,
Nomination and Compensation Committee

PT Indo Tambangraya Megah Tbk
Ventura Building 3rd Floor,
Jl RA Kartini No 26, Cilandak,
Jakarta 12430



By e-mail:

grievance@itmg.co.id

All communications shall be treated fairly and strictly confidential.

Attachment 1

Statement of Commitment

The Undersigned :

N a m e : _____

Employee Identification

Number / NIK : _____

Position : _____

Company name : _____

Location : _____

Hereby declare that I have received, read and understood ITM Good Corporate Governance Policy and Code of Conduct and hereby commit to complying and conducting accordingly as regulated and guided in that policy and standard of ethics.

(place),

(date)

.....,

.....



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