

BUSINESS INTEGRITY, HUMAN RIGHTS, AND FAIR PRACTICES

TelkomGroup strives to maintain integrity based on respect for human rights and fair business practices in its operation. Its realization includes the aspect scopes of anti-corruption, fair competition, intellectual property rights, political involvement, and compliance with laws and regulations

THE COMMITMENT AND POLICY OF CORPORATE SOCIAL RESPONSIBILITY FOR HUMAN RIGHTS AND FAIR PRACTICES

TelkomGroup carries out its business activities by respecting human rights under international norms and applicable legal regulations. Human rights aspects related to TelkomGroup business include fundamental rights at work, social and economic rights of the community, and serving of consumer rights. The implementation is through various policies and procedures which integrate into TelkomGroup's business operations.

The commitment to business integrity practices as stated in the Regulation of the Board of Directors No. PD.201.01/r.00/PS150/COP-B0400000/2014 dated May 6, 2014, regarding Business Ethics within the TelkomGroup. The policy covers various aspects includes TelkomGroup's commitment to avoid discrimination practices of the employees, by providing the opportunity to occupy the same position regardless of group, age, ethnicity, nationality, religion, and gender. TelkomGroup is also committed to maintaining a healthy, safe, and comfortable working environment; and ensuring the employees' human rights as a citizen for gathering, associating, organizing, and delivering political aspirations with the definite boundaries.

In line with that, the form of TelkomGroup integrity manifests in the implementation of anti-corruption. This commitment indicates in the Resolution of the Board of Directors Number KD.43/HK290/COP-D0031000/2008 dated 2 December 2008 regarding Anti-Fraud Policy in Telkom, which has been approved and signed by the Board of Directors since December 2, 2008. TelkomGroup also shows its commitment by obtaining the ISO 37001: 2016 certificate regarding anti-bribery management systems in August 2020.

Various Company regulations support TelkomGroup's seriousness in enforcing anti-corruption, such as:

- Resolution of the Board of Directors Number KD.43/HK290/COP-D0031000/2008 dated December 2, 2008 regarding Anti-Fraud Policy in Telkom.
- Resolution of the Board of Directors Number KD.36/HK290/COP-D0053000/2009 dated November 20, 2009, regarding Integrity Pact.
- Regulation of the Board of Directors Number PD.201.01/r.00/PS150/COP-B0400000/2014 dated May 6, 2014, regarding Business Ethics within TelkomGroup.
- Regulation of Director of Human Capital Management Number PR.209.04/r.00/PS000/COP-A4000000/2016 dated July 26, 2016, regarding Gratuity Control.
- Regulation of Director of Human Capital Management Number PR.209.05/r.01/HK.250/COP-A4000000/2020 regarding Employee Disciplinary

Furthermore, TelkomGroup maintains its business integrity by committing itself to be free from conflicts of interest and not politically influenced, both on a local and national scale. TelkomGroup commits to not being involved in any lobbying and political contributions and carried away into the politics in Indonesia. TelkomGroup strictly prohibits all dispositions of activities related to political activities or lobbying carried out by the Company and Telkom's personnel.

TelkomGroup prohibits employees from participating in campaigns or executing election campaigns. It is under the Regulation of Director of Human Capital Management Number PR.209/01/r.00/HK200/COP-B0200000/2013 dated 30 August 2008 regarding Telkom employees who are Members of Political Parties, Candidates for State Officials, Candidates for Members of the Regional Representative Council, or Candidates for Members of the House of Representatives. Besides, Telkom has never made any other contributions or assistance, including the use of its facilities and infrastructure for election activities.

TelkomGroup's business practices should operate within the applicable legal framework and regulations, to maintain its integrity and increase the trust of stakeholders. One of the significant regulations to be obeyed by TelkomGroup is Law No. 5/1999 regarding the Prohibition of Monopolistic Practices and Unfair Business Competition ("Business Competition Law"). Another regulation that TelkomGroup adheres is Law Number 28 of 2004 regarding Copyright, to consider the intellectual property rights over technology and innovations on its operations. With these various efforts, TelkomGroup strives to ensure its business practices integrity in the 2020 reporting period.

THE FORMULATION OF CORPORATE SOCIAL RESPONSIBILITY FOR HUMAN RIGHTS AND FAIR PRACTICES

Telkom formulates corporate social responsibility for human rights aspects and fair operating practices. The formulation considers social, economic, and environmental impacts and issues. Due diligence on corporate social responsibility regarding human rights and fair operations in the TelkomGroup value chain is not carried out specifically but is integrated into various activities and operating procedures.

One of them is the implementation of a procurement process based on digitization to prevent incidents of corruption. Then, another one is the evaluation process on various technologies used by TelkomGroup to ensure there are no violations of IPR. TelkomGroup also has procedures that encourage partners to have fair labor practices.

Furthermore, in recognizing and formulating social responsibility and significant corporate stakeholders for fair operations, Telkom's approach is to identify the direct or indirect significant impacts of Company activities and decisions. The identifications are related to corruption, human rights violations, violations of intellectual property rights, and monopolistic acts. Telkom also regularly reviews all regulations for fair operational issues.

The following table is the significant issues and brief descriptions of social responsibility in fair operations which relevant to the Company's business.

Description of Significant Issues, Risks, and Stakeholder Expectations of Fair Operations in Social Responsibility

No.	Aspect	Significant Issue	Risk	Stakeholder Expectation
1.	Human Rights	Potential human rights violations by TelkomGroup or partners, in the scope of employment or related to society	Workforce or community demands, which lead to lawsuits or disruption of operations	Basic rights at work as well as social and economic rights of the community are fulfilled
2.	Anti Corruption	Potential for fraud or gratification in the procurement and licensing process	The legal lawsuit that leads to the criminal indictment, and loss of public trust	TelkomGroup is free from incidents of corruption
3.	Business Competition	The bundling of TelkomGroup products and services may be indicated as violating business competition regulations	Fines or demands from the Business Competition Commission	Fair business competition practices
4.	Intellectual Property Rights	Alleged business competition violations in the case of Interconnection, IP Transit, and Netflix blocking.	Lawsuits and fines if proven to violate IPR	Appreciation for IPR, both for internal and external innovations
5.	Political Involvement	The independence of TelkomGroup needs to be protected from political interests that want to benefit from certain parties	Conflicts of interest that would have an impact on financial losses	Not involved in politics, free from political influence and conflicts of interest
6.	Compliance with Laws and Regulations	Strict and dynamic regulations in the telecommunications industry, such as in frequency use, technology import duties, and other aspects	The legal lawsuit that leads to the criminal indictment, and loss of public trust	Compliance with laws and regulations

THE PLANNING OF CORPORATE SOCIAL RESPONSIBILITY FOR HUMAN RIGHTS AND FAIR PRACTICES OPERATION

Social responsibility planning and fair operating practices aim to reduce the negative impact on its decisions and activities in its value chain. Besides, planning social responsibility initiatives also create benefits and fair operations for stakeholders and the Company, including to increase work productivity.

In the planning process, TelkomGroup involves stakeholders, such as employees and labor unions in the law and regulation boundaries. TelkomGroup also encourages equitable operations in the Company's value chain, such as partners. TelkomGroup takes advantage of its influence to carry out business practices with integrity, including respect for human rights and fair business practices. One of them is the employment and work health and safety that should be considered by work partners.

In particular, TelkomGroup has mechanisms and procedures for dealing with conflicts of fair operations. The WBS is one of the mechanisms and procedures for reporting and resolving complaints about ethics code violations, including complaints regarding human rights and fair operating practices. If there are complaints related to products and services, consumers can provide input to management by email of customer-care@telkom.co.id

Following the Directors Regulation Number PD.701.00/r.00/PR000/COP-A3000000/2014 dated 14 October 2014 regarding Management of Telkom Corporate Social Responsibility, Telkom's CSR budget, including those related to human rights and fair operating practices, originates from operating expenses recorded as the CSR budget. The total budgeted and realized funds for 2020 have been disclosed and can be seen in The Governance of Corporate Social Responsibility in this Annual Report.

The activity plan and targets for 2020 includes:

1. Telkom Tanggap COVID-19 or Telkom Responds COVID-19, the channel target of 30% of the available allocation is Rp37.5 billion.
2. Internet Untuk Pendidikan or Internet for Education, targeted 7 location points nationally.
3. Sociodigipreneurship Incubation for students and university students, targeted participants of 3000 crowd talent.

THE IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY FOR HUMAN RIGHTS AND FAIR PRACTICES OPERATION

Telkom highly appreciates Human Rights that manifest in the basic rights at work. Telkom supports the SEKAR (Employee Union) in its implementation as an organizational forum representing employees for collective negotiations with management, resulted in Collective Labor Agreement or Perjanjian Kerja Bersama (PKB) valid for 2 years and will end on 20 September 2021. TelkomGroup's support for labor unions impacts the good relations between the Company and employees, so that there are not any lawsuit related to the industrial relations throughout 2020.

Fulfillment of human rights in the TelkomGroup work environment throughout 2020 has gone well. The Company carried out activities and budgets related to human rights, including freedom of association and gathering, working hours, underage workers. All parties participate in these activities, including the Board of Directors, Managers, and employees.

Furthermore, for intellectual property rights (IPR), during 2020 Telkom registered 26 IPR which consists of trademarks and copyrights to the Directorate General of Intellectual Property, Ministry of Law and Human Rights of the Republic of Indonesia. It aims to protect and reward the creativity of research as well as product and service development. Registered intellectual property rights in 2020 include:

- Trademarks and services for the Company's goods and services, Company logos and names, as well as Company goods and service product logos;
- Copyrights for computer programs, research, papers, and books.

Based on the Directors Regulation Number PD.605.00/r.00/HK000/COO-D0030000/2011 dated 11 July 2011 regarding Management of Intellectual Property and Intellectual Property Rights, to commercialize intellectual property rights owned by the Company with other parties (co-owner), the transfer of IPR ownership should be done under the permission of the other owner (co-owner) or with the approval of the other owner (co-owner) and/or with the knowledge of the related parties.

In terms of implementing anti-corruption efforts, Telkom implements a procurement and partnership process using an e-auction system application in the implementation under the Regulation of Director of Finance Number PR.301.08/r.03/HK240/COP-A00110000/2020 dated 19 August 2020 regarding Procurement Implementation Guidelines. It aims to minimize physical contact with suppliers so that the tender would be fair and transparent because the process is using computer-based technology.

Telkom selects suppliers through three main stages, such as registration, selection, then continued to the determination of the Eligible Bidder. Supplier Registration, namely suppliers registering online through the Supply Management and Logistic Enhancement (SMILE) application. Supplier selection is a supplier assessment process according to business classifications and several other criteria that result in ranking and short-list. The last process is the Eligible Bidder, the entitled suppliers will be involved in the procurement process. The advantages obtained from this electronic process include the fast tender process, the suitable prospective tender participants with the requirements, the fairness of price, and transparency.

In the selection process, each prospective supplier or contractor must be committed to the rules of labor/human rights, as well as work health and safety. Also, Telkom evaluates supplier performance in providing support to Telkom to achieve the Company's vision and mission. With this process, it is expected that Telkom and its suppliers' relationship will be better, more sustainable, and bring optimal benefits to the Company.

Telkom's commitment to anti-corruption and fraud against external parties, such as vendors or partners, is stated in the Regulation of Director of Finance Number PR.301.08/r.03/HK240/COP-A00110000/2020 dated 19 August 2020 regarding Guidelines for Procurement Implementation. In the implementation, we ask each vendor or partner to sign an integrity pact that states that they will not practice corruption, collusion, nepotism, price collusion, and conflicts of interest.

Telkom's commitment to preventing corruption is also indicated in Telkom's initiative to become the Kolaborasi Tunas Integritas and the Rembug Integritas Nasional (RIN) member. It was initiated by the Tunas Integritas and Organizer of the Pengendali Kepatuhan dan Gratifikasi Kementerian Lembaga Organisasi dan Perusahaan (KLOP). Its activities include being an active member in several events, being a resource person, panel discussions, and benchmarking objects for KLOP and the National Private Sector in the Business Ethics and Integrity development.

Telkom has reviewed and evaluated various mechanisms, initiatives, and internal policies related to anti-corruption as a corrective measure. Since 2020, Telkom has placed 1 (one) its employees to participate in the Integrity Building Expert Certification (API LSP KPK BNSP) and obtaining an Expert Integrity Building Certificate from the KPK LSP in the Integrity Builder Expert Certification event held by LSP KPK-BNSP.

Telkom involves the Board of Directors, management, and employees in its implementation. The Board of Directors reviews and enhances the credibility of social responsibility initiatives. Through the sustainability report, the Board of Directors oversees the social responsibility performance and approves the sustainability report.

Following the Law No.5 of 1999 regarding the Prohibition of Monopolistic Practices and Unfair Business Competition (Anti-Monopoly Law), an agency was formed, the Business Competition Supervisory Committee or Komite Pengawas Persaingan Usaha (KPPU) which functions as an anti-monopoly supervisor in Indonesia. This committee has the authority to apply the Anti-Monopoly Law. The Anti-Monopoly Law and Government Regulation No.57/2010 dated 20 July 2010 regarding Merger or Consolidation of Business Entities and Acquisition of Company Shares Resulted in Monopolistic Practices and Unfair Business Engagement.

Telkom upholds these laws and regulations. Telkom always implements business practices that support healthy competition and respect the role of KPPU. Telkom is also consistently practicing business that prioritizes healthy competition for service excellence, product completeness, and supporting infrastructure as well as operational efficiency. In 2020, there were 3 cases of business competition.

Netflix Blocking

The status of KPPU's examination of Netflix blocking activities by Telkom and Telkomsel has increased from Investigation to Advanced Investigation, with allegations of the discriminatory practices of PT Telkom Indonesia (Persero) Tbk and PT Telekomunikasi Seluler against Netflix, regarding the Provision of Internet Provider Access Services.

KPPU has submitted a Report on Alleged Violation on September 24, 2020, which Telkom and Telkomsel then respond to by submitting a Response to the Report on Alleged Violation on October 15, 2020. The KPPU submitted a Resolution of the KPPU Assembly, dated November 3, 2020, regarding examination, with an audit schedule. First continuation was on December 10, 2020. The examination carried out with the last agenda of Submission of Conclusions from Investigators, Telkom, and Telkomsel on March 18th, 2021.

IP Transit

In August 2020, we also received a summons for investigation as the Reported Party from the KPPU in connection with the investigation Number 07-164/DH/KPPU.LID.L /II/2020, regarding the alleged Monopolistic Practices of IP Transit Services by Telkom. In August 2020, we provided information on the investigation as requested by KPPU. After the provision of the information, no further summons has been sent to Telkom.

Interconnection

In June 2020, we also received a summons from the KPPU in connection with investigation Number 48/DH /KPPU.LID.I/XI/2020, regarding the alleged violation of the Anti-Monopoly Law. In this regard, Telkom has submitted a postponement letter, but there has been no follow-up or call back from KPPU.