

## SUMMARY of ENTERTAINMENT & GIFT PROCEDURE

PT. Bank BTPN, Tbk has Entertainment & Gift Procedure (“ E&G Procedure”) as guidance to its employees, officers, directors, and commissioners in providing and receiving Entertainment and Gifts to and from all parties that the Bank is involved with.

The purpose of this Procedure is to avoid a breach of law, penalty to the Bank and employees, damage to the Bank’s reputation or distortion of good business judgement.

The Bank established this Entertainment & Gift Procedure as guidance to its employees, officers, directors, and commissioners in providing and receiving Entertainment and Gifts to and from all parties that the Bank is involved with.

This Procedure is prepared by reference to the Bank’s internal provision (in particular, the Compliance Policy), SMBC’s Rules for Anti-Bribery Compliance and Ethics, SMBC’s Procedure for E&G Rules for APAC, and the applicable laws and regulations in Indonesia.

### Definitions

- ❖ “Entertainment” means the provision of meals, leisure activities or travel at the Bank’s expense and/or the receiving of meals, leisure activities or travel at the expense of current or prospective Customer or Business Partner. It excludes customary expenditures that are small in value such as light refreshments, coffee or tea provided to our Customer or Business Partner at the time of their visits to the Bank or provided to us at the time of our visits to current or prospective Customer or Business Partner and other occasions specifically mentioned in this Procedure.
- ❖ “Gifts” are goods owned by the Bank or purchased at the Bank’s expense and provided to others for free or below market price and/or goods owned by current or prospective Customer or Business Partner or purchased at their expense and provided to the Bank, third party or representative of the Bank or third party for free or below market price. It includes covering costs otherwise borne by the recipients. It also includes tokens of appreciation. It excludes the customary, lawful distribution of marketing materials.
- ❖ “Official” means any person who:
  - Holds an official executive, legislative, regulatory, administrative or judicial position;
  - represents, directs, is employed by or acts on behalf of any government (including the Indonesian Government or the government of any foreign country), or a public organization;
  - represents, directs, is employed by or acts on behalf of a state-owned enterprise; State-owned enterprise is defined as an enterprise that is owned at least 50% or otherwise controlled by the government
  - represents, directs, is employed by or acts on behalf of a public international organization;
  - is engaged in public services or duties on behalf of a country or subdivision thereof, e.g. the military;
  - Is deemed or required to be treated as a public official by applicable law or regulation (Law of the Republic of Indonesia number 20 of 2001 that is an amendment to Law number 31 of 1999 regarding Eradication of Corruption Criminal Actions);
  - is an employee, agent representative, designee or close family member of any of the said explanation.

The Bank holds an ‘Entertainment and Gift Application Systems’ for the purposes of managing any application or report from the employees on Entertainment and Gift and to monitor the implementation of the Entertainment and Gift practice in the Bank.

## Regulatory Framework

### 1. Indonesian Anti-Corruption Law

Law of the Republic of Indonesia number 31 of 1999 regarding the Eradication of Corruption Criminal Actions, as amended by the Law number 20 of 2001, stipulates in Article 5 that to provide to or promise to provide a civil servant / public official with any gratification in return for such civil servant's / public official's action in his/her position which is contradictory to such civil servant's / public official's obligations shall be subject to a confinement between one to five years or a fine of IDR 50 million to IDR 250 million. "Gratification" shall include provision of money, goods, discounts, commission, interest-free loans, travelling tickets, accommodation, leisure trips, free medical treatment, and other facilities.

### 2. Government's Code of Ethics

The Code of Ethics of government authorities also stipulate the following:

#### 2.1 Bank Indonesia

Any employee of Bank Indonesia is prohibited from requesting/receiving, giving consent to receive, allowing or letting his/her family members to request/receive facilities and other things that can be considered equal to cash from an individual or entity that are known or reasonably suspected that such matter has a connection, either directly or indirectly with the position or the job of the employee. Bank Indonesia's employee who is proved to be in violation of the Code of Ethics will be sanctioned in accordance with the prevailing rules.

#### 2.2 Ministry of Finance (Directorate General of Tax)

Any employee of the Directorate General of Tax is prohibited from receiving Gifts in any kind of forms including money, shares or other securities, commissions, Gifts, souvenirs, Entertainment, dinner/lunch, travelling for leisure, sponsorship, and other services, either directly or indirectly, from taxpayers, fellow employees or colleagues, or other parties, which cause the employee who receives, may be reasonably suspected to have an obligation that is related to the employee's position or job. Any employee of the Directorate General of Tax who commits violation of the Code of Ethics as mentioned shall be imposed by moral sanction and or disciplinary punishment.

#### 2.3 Indonesian Financial Services Authority (OJK)

Any OJK's member of Board of Commissioners, Official and employee is prohibited from requesting/receiving, giving consent to requesting/receiving, allowing and letting his/her family members to request/receive any Gift in any form and other things that can be valued in money from stakeholders directly or indirectly that may:

- (a) Cause a member of the Board of Commissioners, Official, and employee of OJK has an obligation to the parties;
- (b) Influence the member of the Board of Commissioners, official and employee of OJK in performing their duties; or
- (c) Cause a discrimination in performing their duties by any member of Board of Commissioners, official and employee of OJK.

Each member of the Board of Commissioners, officials and employees of OJK who violate the Code of Ethics as mentioned will be sanctioned in accordance with the Regulations of the Board of Commissioners of OJK and/or the OJK Board of Commissioners Circular Letter.

### 3. Other Regulations

The Bank is also subject to other laws, such as the US Foreign Corrupt Practices Act and UK Bribery Act, which have more severe penalties for breach.

#### Terms And Conditions For Entertainment And Gift

##### Applicable Principles

- Any Entertainment and Gift received or provided must be necessary to an ordinary and legitimate business purpose. There should not be any provision or receipt of leisure or recreational activities under the guise of business travel.
- Entertainment and Gifts must be reasonable in value and in accordance with usual business practice and on an arm's length basis. There should not be giving of extravagant or expensive gifts and on an arm's length basis.
- Entertainment and Gifts must be provided and received in an open and appropriate manner. Entertainment should not take place in any inappropriate places.
- Entertainment and Gifts should not be lavish and should not be provided or received in a manner which creates an impression or may be perceived that the Bank's employee is intending to improperly influence a decision via the Entertainment or Gift. Entertainment and Gifts should be timed appropriately so as not to coincide with key decisions or transactions or during the negotiation or discussion of an anticipated deal or other agreement.
- False or inflated claims for Entertainment and Gifts are prohibited. All records including applications/approvals as well as receiving in relation to Entertainment and Gifts must be retained properly, in accordance with this Procedure. The retention period is at least ten (10) years from the date of the application or issuance of receipt, as the case may be.
- Provision or receiving of Entertainment and Gift in the absence of the Management is prohibited unless otherwise allowed subject to the provision.

#### Provision of Entertainment and Gifts

##### Entertainment and Gift to Officials

- Employee should not provide Entertainment or Gifts to Officials or former Officials, even if they are Customers of the Bank, close relatives of Officials or government body, unless expressly allowed under this Procedure.
- Employee may provide Entertainment or Gifts to Officials only if all of the following conditions are met:
  - (i) the Official or any government or state-owned entity that may be influenced by the Official does not have regulatory or decision-making authority directly impacting the Bank or its group companies or the financial sector
  - (ii) neither the Bank nor any companies within SMBC/SMFG group companies has projects or transactions in which the Official or any government or state-owned entity that may be influenced by the Official, may exercise influence at the time of the Entertainment or Gifts.
  - (iii) the applicable laws, Applicable Principles and Limit B (for Official) are complied with and the Entertainment or Gift would otherwise be permitted by this Procedure.

## **Entertainment and Gift to non-Official**

Each employee may provide Entertainment to non-Officials, provided the Applicable Principles and Limit A (for Non Official), are complied with and the Entertainment or Gift would otherwise be permitted by this Procedure and SMBC Rules.

### **Basically, receiving Gifts is prohibited**

If an employee is offered a Gift, and such Gift is not allowed, apply, the employee must refuse it after explaining that the Bank's internal rules prohibit receiving Gifts. When a party insists on providing a Gift to a bank employee, the employee's direct supervisor shall accompany the employee to decline the Gift formally.

### **Political and Charitable Contributions**

In providing Entertainment & Gifts to Official or non-Officials, the following are basically prohibited:

- Donations to political parties
- Donations to charitable causes unless approved by the Management (after consultation with the Compliance Director) and in line with the relevant budget / expense procedures in the Bank for approval of such matters and conditions stated in the SMBC Rules for Anti- bribery Compliance and Ethics are complied with.

Donations to charitable causes are regulated separately based on Board of Directors' Approval upon consultation with Compliance Director.

### **Anti-Corruption Due Diligence for Third-Party Service Providers**

Under certain anti-corruption legislation, including the US FCPA and UK Bribery Act, the Bank may be liable for bribery or corruption of persons who perform services for and on behalf of the Bank. Consequently, the Bank has established policies and procedures to conduct due diligence on intermediary third-party service providers (e.g. IT vendors, suppliers of goods and services and agents) to minimize the risk to the Bank from engaging service providers who are involved in bribery or corruption or improper collusion.

For the avoidance of doubt, this Procedure is not intended to cover third-party service providers who solely provide services directly to the Bank but is intended to cover those whose services are both direct and also for and on behalf of the Bank.

Any department which intends to engage a third-party service provider which falls within this Procedure should conduct due diligence prior to the engagement, using the Anti-bribery and Corruption checklist.

### **Spending Limit**

- The Management of the Bank has determined Limit A (Non Official) and Limit B (Official) which application shall comply and implement it
- Provision of Entertainment and Gift that exceeds Limit A or Limit B, will be subject to the set out of requirements.

## **Prohibition against Corruption**

- (a) Employee (whether personally or for a relative) is prohibited from soliciting or accepting from, or offer to, an existing or prospective Customers, counter- party, broker, Supplier or contractor of the Bank any favor, Gift, Entertainment, preferential or concessionary offers or other benefit the size or frequency of which exceeds normal business contact or with the intent to improperly influence a decision.
- (b) Employee is prohibited from using his/her position in the Bank to solicit or receive favours from Customers in exchange for providing facilities, preferential terms and conditions or not taking action in relation to non- performing or delinquent accounts or with the intent to improperly influence a decision
- (c) Employee is prohibited from making or approving any offer, promise, payment or Gift to any official or private counterparty with the intent of improperly influencing a decision by that Official or private counterparty or expediting any governmental action.
- (d) Employee is prohibited from doing anything in breach of any anti-bribery laws or regulations applicable to the Bank, including the Indonesian Laws No. 31 of 1999 which has been amended by Law No. 20 of 2001 concerning the Eradication of Corruption Criminal Actions, US Foreign Corrupt Practices Act, and UK Bribery Act
- (e) Employee is prohibited from interacting with officials or private counterparties in a manner that could be perceived as the Bank is improperly seeking to obtain an advantage.

## **Consultation**

Where employee is not sure whether any Entertainment or Gifts is appropriate or may be perceived to be inappropriate or would breach the laws and regulations prevailing in Indonesia, Employee should consult with the Compliance Director or Compliance Division.

## **Communication of Concerns and Disciplinary Process**

- Each employee must communicate any concerns that he/she identifies that arise under this Entertainment & Gift Procedure. This may be done anonymously; in which case the employee's identity and the concerns raised will remain confidential, and will be disclosed to as few people as possible. Employees may speak to their supervisor or to a higher level of Management. The Bank will not tolerate any form of retaliation against a person that raises a concern in good faith through a designated compliance hotline or email address.
- Disciplinary action up to and including dismissal may be taken not only against those who authorize or participated directly in a violation of this Entertainment & Gift Procedure, but also against (a) any individual who deliberately fails to report a violation as required, (b) any individual who deliberately withholds material and relevant information concerning a violation or fails to cooperate with an investigation into an actual or potential violation, and (c) any violator's supervisor or manager, to the extent there was a lack of leadership, supervision or diligence.