



**Bakrie &
Brothers**



EMERGING POTENTIAL

SUSTAINABILITY REPORT 2015



EMERGING POTENTIAL

The Company utilizes every available resources in a sustainable manner to expand its business which has been running for over seven decades in Indonesia. The ever changing business environment requires a prudent anticipation. With this approach, the Company has always been able to explore business opportunities and, armed with its experiences, also manage to continuously provide growth and value creation.

The Company has the belief to make use of the economic benefit of such opportunities according to its potential in the manufacturing, infrastructure, and strategic investment sector.

TABLE OF CONTENTS

4 ABOUT THIS REPORT

6 ABOUT BNBR

- 7 Brief history
- 8 Company Milestones
- 10 Company profile
- 12 Corporate group structure
- 14 Operational area
- 16 Economical scale
- 16 Awards & Certification

18 CEO MESSAGE

20 GOVERNANCE

- 21 Corporate Governance Charter
- 22 Governance Framework
- 23 Business Ethics and Code of Conduct
- 24 Risk Management
- 25 Whistleblowing System
- 25 Anti Corruption measures/ Training / Socialization

26 ECONOMY

- 27 Contribution to state revenue through tax
- 27 Supporting the development of Indonesia
- 29 Job opportunities & transfer of knowledge
- 29 Sustainable partnership with suppliers
- 29 Responsible product, service and business operation
- 30 Customer relationship management & satisfaction measurement
- 30 Maintaining an affective and efficient operation

31 HUMAN RESOURCE

- 32 Our employees
- 34 Remuneration
- 36 Training and Development
- 36 Human Right
- 36 Health and Safety

37 COMMUNITY DEVELOPMENT

- 39 Company CSR vision and mision
- 39 Implementation of ISO 26000

41 OCCUPATIONAL HEALTH & SAFETY

- 41 Occupational health and safety

44 ENVIRONMENTAL PROTECTION

- 45 Commitment and environmental certification
- 45 Environmental management program
- 47 Environmental monitoring program
- 47 Social Responsibility program in environmental area

49 STAKEHOLDER & MATERIALITY

- 50 Stakeholder Identification
- 51 Material aspect and report content determination

54 GRI G4 CORE INDEX

58 MANAGEMENT PROFILE

ABOUT THIS REPORT

This is our second annual dedicated sustainability report, it covers the activities and operations of the Group and our subsidiaries for the calendar year 2015. This report focuses on the sustainability challenges and subjects that matter most to people who have an interest in our activities.

Since 2014, we issue a sustainability report that covers our global operations. In our second Sustainability Report, all of the quantitative data covers the calendar year from January 1 to December 31, 2015. This report is also available on our website http://www.bakrie-brothers.com/#/investor_relations/annual_report [G4-28][G4-30]

We disclose our management approaches, goals, partnerships and our many activities so that our report provides a comprehensive picture of the year. The data and information provided reflect the performance and progress toward strategic goals and commitments. Those topics included the performance in operations, financial, governance, HR quality improvement, occupational health and safety, manpower, environment preservation, and community empowerment.

It has always been our commitment to increase the transparency of our reporting process and provides a more comprehensive picture of the impacts of both our business and our value chain. The Reports indicated our commitments to conduct business by prioritizing balanced performance in economic, social and environment.

This sustainability report covers information and data from our subsidiaries, including manufacturing such as PT Bakrie Autoparts, PT Bakrie Building Industries, PT Bakrie Metal Industries, PT Bakrie Pipe Industries, as well as in infrastructure such as PT Bakrie Indo Infrastructure, unless otherwise stated. BNBR prepared the Consolidated Financial Statements that included its subsidiaries annually.

This report has been prepared in accordance with the GRI G4 Sustainability Reporting Guidelines under the 'core' option. A GRI G4 content index is contained in our GRI Technical Supplement. In the GRI Index, we clarify which Specific Standard Disclosures are reported in page 54 of this report. [G4-32]

There have been no significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain. Any restatements of information are indicated and accompanied by an explanation. There will not be any repetition of data presented from last year. [G4-22][G4-23]

We haven't assigned any assurance service upon this second Sustainability Report. However, BNBR is committed to disclosing the most accurate information and metrics possible for our stakeholders and the public. The entire contents and data has been internally analyzed and verified. [G4-29] [G4-33]

This report was conducted through 4 (four) standard phases, namely identify the material and boundary aspects (Identification), set the priority of the aspects or material issues, which identified in the previous stage (Priority), validate the material aspects (Validation) and review the Report after publication in order to improve the quality of following years Report (Review). [G4-18]



**WE WELCOME FEEDBACK
ON ANY ASPECT OF THIS
REPORT. ALL FEEDBACK
OR QUERIES SHOULD BE
ADDRESSED TO [G4-31]**

Investor Relations

PT Bakrie & Brothers Tbk
Bakrie Tower, 35-37th Floor,
Rasuna Epicentrum
Jl. H.R Rasuna Said,
Jakarta - 12940 Indonesia
Phone : (62-21) 2991-2222
Fax. : (62-21) 2991-2333
Website : www.bakrie-brothers.com
Email : ir@bakrie.co.id

ABOUT BNBR

Sustained by over 70 years, PT Bakrie & Brothers Tbk (BNBR) has become a reputable manufacturing and infrastructure related investment company in Indonesia. BNBR has developed to form a strong investment base and creating sustainable value as an investment company. It is always be our priority to provide added value for all o our stakeholders and achieve sustainable business.

BRIEF HISTORY

PT Bakrie & Brothers Tbk ("BNBR" or the "Company") was established in 1942 by the late H. Achmad Bakrie (1914-1997). The Company's journey begins with the story of a growing small trading business, and in more than 70 years has engaged in investment/divestment business, has reached a various achievements and deliver the Company to become one of the leading corporations in Indonesia.

[G4-3]

The Company registered at the Jakarta Stock Exchange (now Indonesia Stock Exchange) back in 1989. The investment portfolio approach of BNBR has been the controlling on potential businesses and developed inter-business synergy for the long term, as well as designing and implementing value creation strategy. [G4-7]

By the start of the new millenia, BNBR business activities comprised of general trading, construction, agribusiness, coal mining , oil & gas, as well as telecommunication business; while still growing the manufacturing industries it has started in the 1950s – namely steel pipes, building materials as well as automotive components. More recently, the Company has expanded its venture to participate in strategic infrastructure projects in energy and transportation sectors. This business diversification provides opportunities for the Company to contribute to the national development. [G4-4][G4-8]

In 2014, through subsidiaries and affiliations, the Company put its strategy and business focus on manufacturing, infrastructure and investments as its main pillars. The strategy has become the accurate steps to strengthen recurring income business, as well as to respond to wide-open opportunities, in line with Indonesia's infrastructure development plans.

BNBR stood with a solid and noble foundation, developed to form a strong investment base and creating sustainable value a proud Indonesian corporation. BNBR is aspired to continue to be a strong company, to serve its employees and the community, as well as to deliver value to shareholders and stakeholders, and also contribute to accelerate the growth of Indonesian economy.

No significant changes related to operational, management or ownership of the company during the reporting year. [G4-13]



COMPANY MILESTONES

1942

- Established as a general trading & distributor company.
- Pioneered Indonesia's Steel Pipe Manufacturing Industry.

1986-1989

- Acquired PT Bakrie Sumatera Plantations ("UNSP").
- Initial Public Offering (IPO) of BNBR.

1990-1996

- Initial Public Offering (IPO) of UNSP.
- Licensed to operate fixed wireless telecommunication services.
- Founded PT Bakrieland Development ("ELTY").

2003

- BUMI acquired additional 20% shares of PT Arutmin Indonesia.
- BUMI acquired 100% ownership of PT Kaltim Prima Coal ("KPC") at US\$500 million.

1942

1950

1960

1970

1980

1990

2000

1997-2001

- Founded PT Energi Mega Persada ("ENRG").
- PT Bumi Resources ("BUMI") acquired 80% shares of PT Arutmin Indonesia.
- PT Bakrie Capital Indonesia acquired 58.1% shares of BUMI.

2004

- PT Bakrie Telecom ("BTEL") conducted IPO and obtained national operation license.
- BTEL launched CDMA based telecommunication service.
- ENRG bought 100% shares of BP.

2007-2008

- UNSP expanded its land to 107,000 ha valued at US\$110 million.
- BTEL initiated national expansion worth US\$72 million
- BNBR acquired ELTY, ENRG, & BUMI, at US\$4.4 billion.
- BUMI acquired Herald Resources, valued at US\$547 million.
- ELTY purchased 75.04% shares of Alberta Utilities at US\$2 million.
- BUMI acquired 44% shares of DEWA at US\$218 million.

2010

- Signed an SPA agreement with Vallar, UK worth US\$844 million.
- Founded Bakrie Connectivity data services.
- ELTY acquired 51% shares of PT Bukit Jonggol Asri at US\$111 million and 20% shares of PT Bukit Sentul at US\$17 million.
- BUMI acquired 24% shares of PT Newmont Nusa Tenggara at US\$225 million.
- ELTY acquired Lido Lake Resort (99.99% of ownership) at US\$39 million.

2012

- BNBR completed transaction of divestment upon some ownership in Bumi plc.
- Signed Gas Transportation Agreement (GTA) for Kepodang- Tambak Lorok section.
- Signing of Assets Purchase of KG-Technology by PT Bakrie Tosanjaya (BTJ).

2015

- Official Inauguration of PT. Bakrie Pipe Industries' coating plant.
- PT Kalimantan Jawa Gas ("KJG") started coating its pipes.
- Phase 1 of Kalija Infrastructure Project started its gas transportation.
- Visit from the Ministry of Public Work and Housing for CCTW Project groundbreaking.
- Preparation stage of Tanjung Jati A power plant project is approaching completion.

2010

2009

- BUMI acquired 84% of Pendopo Energi Batubara, valued at US\$117 million.
- ENRG signed agreement to purchase 10% stake in Masela PSC Block, valued at US\$90 million.
- BUMI acquired 76.8% of PT Fajar Bumi Sakti, valued at US\$222 million.

2011

- BNBR completed revitalization process, including the quasi reorganization.
- ENRG acquired Offshore North West Java block at US\$212 million.
- Bakrie group established strategic partnership with BORN and decreased debts by US\$1 billion.

2013-2014

- PT Bakrie Pipe Industries (BPI) awarded with significant pipe supply contract by Pertamina and Pertamina EP
- BTJ changed its name to PT Bakrie Autoparts (BA)
- Phase 1 of Kalija infrastructure project initiated.

CORPORATE PROFILE [G4-3][G4-4][G4-5][G4-6][G4-7][G4-8]

| | |
|-------------------------------|--|
| Name | : PT Bakrie & Brothers Tbk |
| Line of Business | : General trading, constructions services, agribusiness, mining, industry, particularly in steel pipe manufacturing, building material, and other construction products, telecommunication system, electronic and electrical goods, investment including equity investment in other companies. |
| Address | : Bakrie Tower, 35th – 37 th Floor, Rasuna Epicentrum Jl. H.R Rasuna Said, Jakarta 12940 |
| Telephone | : 021 2991 2222 |
| Faximile | : 021 2991 2333 |
| Website | : www.bakrie-brothers.com |
| Email | : ir@bakrie.co.id |
| Date of Establishment | : 13 March 1951 |
| Operational Area | : Java, Sumatra, Kalimantan |
| Ownership (as of 31 Dec 2015) | : - Credit Suisse AG Singapore Branch S/A Bright Ventures Pte Ltd (MOU Facility) - BNYM S/A Mackenzie Cundill Recovery FD-2039924282 - Interventures Capital Pte. Ltd. - Publik (less than 5%) |
| Legal Base of Establishment | : Deed of Sie Khwan Djioe dated March 13th, 1951 No. 55. |
| Issued and Fully Paid Capital | : Rp 45.6 trillion (372,196,588,000 shares) |
| Number of Employees | : 4,148 |

VISION AND MISSION [G4-56]

VISION

To become a leading Investment Company and a proxy of the Indonesian economy.

MISSION

To maximize shareholder value through profitable investment activities and enhancement of core portfolio's value.

TRIMATRA BAKRIE

BASIC VALUE

INDONESIAN-NESS

Bakrie People's perspective, motive and attitude that is proud to be of Indonesian nationality, has global worldview and contributes to global society.

USEFULNESS

Bakrie People's perspective, motive and attitude that prioritizes the effectiveness and efficiency of resources to enhance the quality of life.

TOGETHERNESS

Bakrie People's perspective, motive and attitude that promotes synergy in diversity.

INSTRUMENTAL VALUE

INTEGRITY

Performing obliged duties earnestly, fervently, loyally, honestly, always respecting the principles of truth and prioritizing national and company interests.

PROFESSIONALISM

Having the intelligence, expertise and worldview that encourages achievement of excellent performance, best quality, through orderly procedure, respecting the value of interpersonal and company relationship with any other parties.

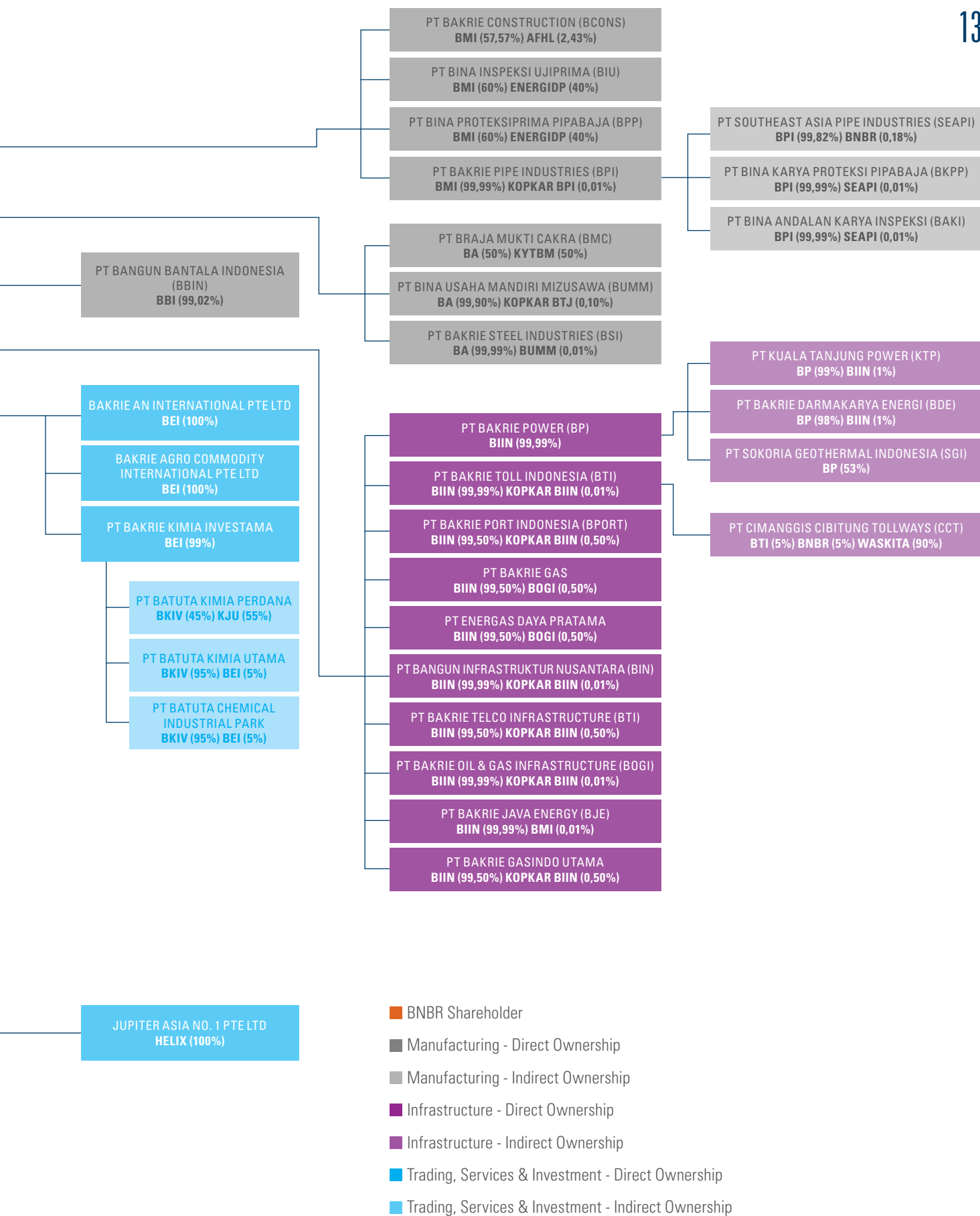
CORPORATE GROUP STRUCTURE [G4-17]

| | |
|---|---------------|
| CREDIT SUISSE AG SINGAPORE BRANCH S/A BRIGHT VENTURES PTE LTD (MOU FACILITY) | 21,61% |
| BNYM S/A MACKENZIE CUNDILL RECOVERY FD-2039924282 | 9,34% |
| INTERVENTURES CAPITAL PTE LTD | 5,14% |
| DBS BANK LTD SG_PB CLIENTS | 1,62% |
| JPMCB-NEW WORLD FUND, INC-2157804145 | 1,42% |
| PT ASURANSI JIWASRAYA SA JS LINK EQUITY FUND (PERSERO) | 1,28% |
| HSBC LTD-SINGAPORE BRANCH PRIVATE VANING DIVISION ACCOUNT CLIENTS | 1,06% |
| STREAM ZONE CAPITAL INC. | 1,02% |
| PUBLIK | 57,47% |

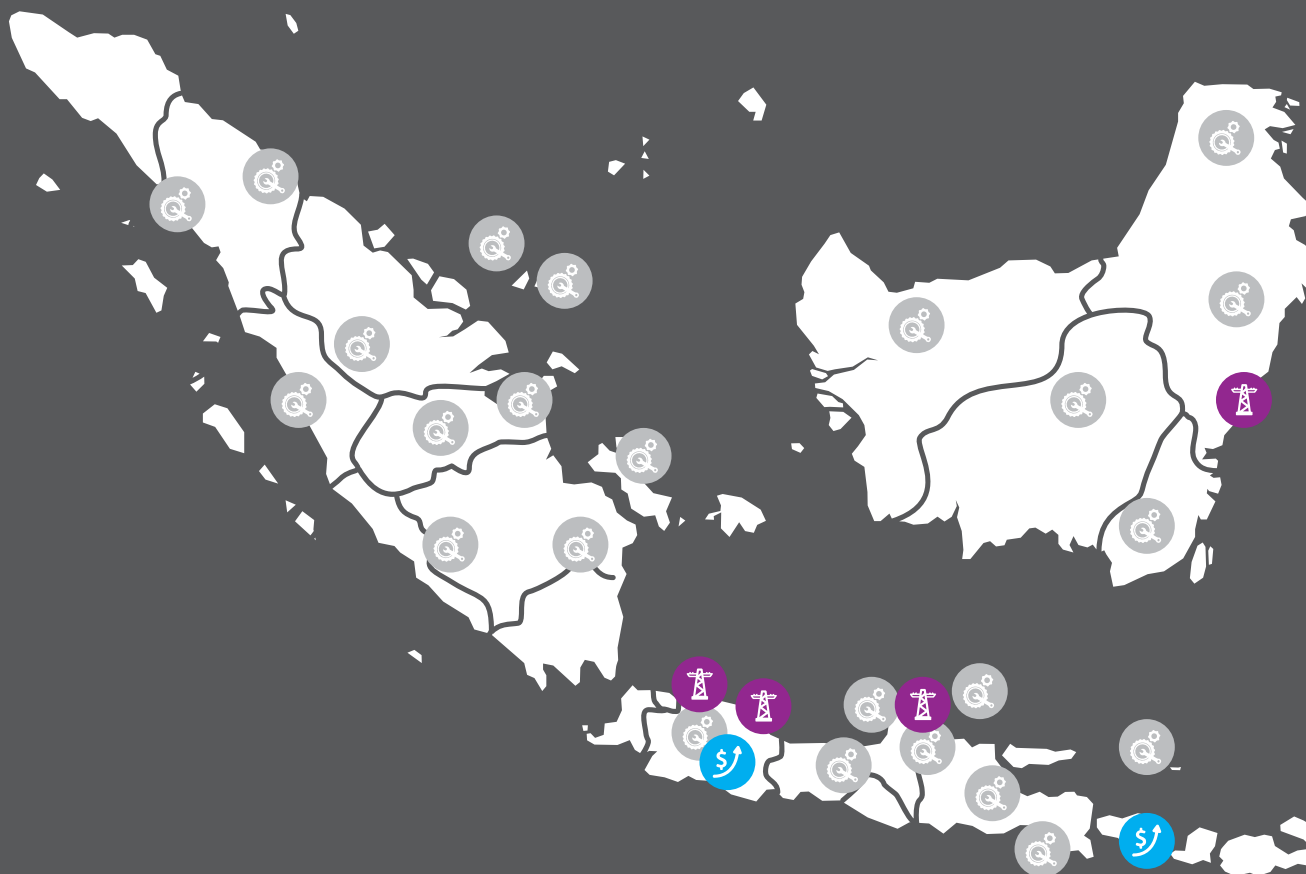


**Bakrie &
Brothers**

| |
|---|
| PT BAKRIE METAL INDUSTRIES (BMI) BNBR (99,99%) BBI (0,01%) |
| PT BAKRIE AUTOPARTS (BA) BNBR (99,99%) KOPKAR BTJ (0,01%) |
| PT BAKRIE BUILDING INDUSTRIES (BBI) BNBR (99,99%) |
| PT BAKRIE INDO INFRASTRUCTURE (BIIN) BNBR (99,96%) KOPKAR BIIN (0,04%) |
| BAKRIE ENERGY INTERNATIONAL PTE LTD BNBR (100%) |
| PT KREASINDO JAYA UTAMA BNBR (99,99%) BIIN (0,01%) |
| PT BAKRIE SOLUSI STRATEGIS BNBR (99,99%) KJU (0,01%) |
| PT BAKRIE HARPER BNBR (70%) |
| BAKRIE INTERNATIONAL FINANCE COMPANY BV BNBR (100%) |
| BLUECAPE BV BNBR (100%) |
| INFRASTRUCTURE CAPITAL INTERNATIONAL LTD BNBR (100%) |
| BAKRIE INVESTMENT PTE LTD BNBR (100%) |
| SEBASTOPOL BNBR (100%) |
| HELIUM INVESTMENT HOLDING LTD BNBR (100%) |
| BESTDAY ASSETS LTD BNBR (100%) |
| BAKRIE FUND PTE LTD BNBR (100%) |
| ASIA ASSET MANAGERS LTD BNBR (100%) |



OPERATIONAL AREA [G4-6]



BUSINESS LINES

BNBR's business portfolio consists of Mining, Agriculture, Industry, Manufacturing and General Trading, including major portfolio as follows [G4-4]:

INFRASTRUCTURE

PT Bakrie Indo Infrastructure

Head Office

Bakrie Tower 34th Floor
Rasuna Epicentrum Jl. HR. Rasuna Said,
Jakarta 12940
Phone: +62 21 299 12345
Fax: +62 21 299 41955
www.bakrie-brothers.com/businessunit/infrastructure

MANUFACTURE

PT Bakrie Building Industries

Head Office / Factory

Jl. Daan Mogot Km 17,3 Jakarta 11850 –
Indonesia
Phone : +62 21 619 0208
Fax : +62 21 619 2950
<http://www.bakrie-building.com>

PT Bakrie Autoparts

Head Office / Factory

Jl. Raya Bekasi KM.27 Pondok Ungu, Bekasi
17132, Indonesia
Phone : +62 21 8897 6601
Fax : +62 21 88976607
www.bakrie-autoparts.com



**PT Bakrie Metal Industries
Head Office**

Bakrie Tower 35th Floor, Jl HR Rasuna Said,
Jakarta Selatan, Jakarta 12940
Phone : +62 21 2991 2120
Fax : +62 21 2991 2211
www.bakrie-metal.com

**PT Bakrie Pipe Industries
Head Office**

Bakrie Tower 7th Floor, Jl H.R Rasuna Said,
Jakarta Selatan, 12940 Indonesia
Phone : + 62 21 2994 1270
Fax : +62 21 2994 1267-68-69
www.bakrie-pipe.com



Manufacturing



Infrastructure



Trading, Services & Investment

ECONOMICAL SCALE [G4-8][G4-12]

BNBR's operation is located in many areas in Indonesia, from Sabang to Merauke. Our economics scale are described as follows:

| Description | 2014 | 2015 |
|-------------------------------------|---------|---------|
| RESULT OF OPERATIONS | | |
| Number of employee | 4,538 | 4,142 |
| Total Revenue (Rp billion) | 6.379 | 4,662 |
| Total Capitalization (Rp billion) : | | |
| - Liabilities (Rp billion) | 13,500 | 13,122 |
| - Equity (Rp billion) | (2,186) | (3,935) |
| - Total Assets (Rp billion) | 11.314 | 9,186 |
| Profit | 152 | (1,719) |



AWARDS & CERTIFICATION

AWARDS IN SUSTAINABILITY

- Zero Accident Award Certificate for 9.7 million working hours was awarded to PT Bakrie Autoparts
- Zero Accident Award Certificate for 8.3 million working hours was awarded to PT Bakrie Construction
- Zero Accident Award Certificate for 4.8 million working hours was awarded to PT Bakrie Pipe Industries
- Top Brand Award for the category; Fiber Cement was obtained by PT Bakrie Building Industries for the product Harflex
- Best Contribution Achievement 2014 was obtained by PT Bakrie Autoparts
- SNI Award 2015 was obtained by PT Bakrie Pipe Industries



CERTIFICATION

- ISO 9001:2008 was obtained by PT Bakrie Autoparts
- ISO 14001:2004 was obtained by PT Bakrie Autoparts
- ISO/TS 16949:2009 was obtained by PT Bakrie Autoparts
- OHSAS 18001:2007 was obtained by PT Bakrie Autoparts
- ISO 9001:2008 was obtained by PT Bakrie Building Industries
- ISO 14001:2004 was obtained by PT Bakrie Building Industries
- OHSAS 18001:2007 was obtained by PT Bakrie Building Industries
- Green Listing Indonesia Label was obtained by PT Bakrie Building Industries
- ISO 14001:2004 was obtained by PT Bakrie Construction
- OHSAS 18001:2007 was obtained by PT Bakrie Construction
- ISO 9001:2008 was obtained by PT Bakrie Construction
- VHSE-MS Certificate was obtained by PT Bakrie Construction
- Sertifikasi Ramah Lingkungan (Environmentally Friendly Certificate) was obtained by PT Bakrie Construction
- Contractor's Safety Management System Certificate was obtained by PT Bakrie Construction
- ISO 14001:2004 was obtained by PT Bakrie Metal Industries
- ISO 9001:2008 was obtained by PT Bakrie Metal Industries
- OHSAS 18001:2007 was obtained by PT Bakrie Metal Industries
- API Certification was obtained by PT Bakrie Pipe Industries
- ISO 9001:2008 was obtained by PT Bakrie Pipe Industries
- OHSAS 18001:2007 was obtained by PT Bakrie Pipe Industries
- Certificate of Accreditation for general requirements for the competence of testing and calibration laboratories was obtained by PT Bakrie Pipe Industries



CEO MESSAGE

PT BAKRIE & BROTHERS TBK 2015 SUSTAINABILITY REPORT [G4-1]

We aim to become a sustainable Group through the creation of economic, social and environmental values. We recognize the importance of balancing our business ambitions with social and environmental consciousness.



DEAR STAKEHOLDERS,

Welcome to PT Bakrie & Brothers Tbk (“BNBR”) second sustainability report. As one of Indonesia’s prominent businesses, BNBR has walked together with the people of Indonesia. Together, BNBR and Indonesia had witnessed and survived numerous challenges in these last couple of decades. As BNBR strives to be a company that is admired and respected for delivering superior business value and for being the industry’s trusted partner, we work very hard to earn this trust. We must continuously find safer, smarter, more sustainable ways to run our business.

We are always looking for new answers to the complex national and local challenges we face, which include resource efficiency, climate change, environmental management, anti-corruption measures, community employment and regional economic development. We see these challenges as opportunities to advance our reputation and create value for our business, our shareholders and the people we are proud to work alongside. To achieve our sustainable development goals, we work hand-in-hand with our partners and communities on the ground, where it matters most.

We face challenges on a daily basis: in the macro environment, in maximizing productivity from our operations while managing their impacts, and in being the best partner we can be for our stakeholders. So I am proud to be able to see our operations around the country and see the dedication our people show to safety, to making a difference in their local communities and host communities, and to managing our impact on the environment. Their commitment to sustainable development helps secure our future. It provides real, long-term business value and is a source of competitive advantage. The standards we set ourselves are high, and the tasks can be tough – but the opportunities are great: for our business, for our shareholders, and for the stakeholders whose lives we touch.

I am proud and honored to lead this Group and in particular to work alongside the people who live our values every day. I would like to use this opportunity to ask everybody in this Group to ensure BNBR will deliver the best that we can for the benefit and better stakeholders, for Indonesia. Knowing what our people are capable of, I have no doubt we will continue to find new and improved ways of working.

What we do fuels economic growth. It helps lift people out of poverty, builds infrastructure, creates jobs, and supports communities. So to ensure we continue delivering mutual value – for both shareholders and stakeholders – we will keep working collaboratively to create solutions to our challenges.

The 2015 Sustainable development report consists of information about how we are building a business that makes a positive contribution to the society and environment as we grow. I invite you to engage with us on any of these important topics and on how we can improve in our future reports.

Sincerely Yours,

Bobby Gafur S. Umar
President Director & CEO
PT Bakrie & Brothers Tbk

GOVERNANCE

BNBR appreciates the value of sound corporate governance as a fundamental base in achieving a trusting relation with our stakeholders. Our commitment to fair and transparent corporate behavior underpins our corporate governance.



BNBR is committed to the highest standards of corporate governance, business integrity and professionalism in all its activities. We have adopted codes of conduct, as well as management systems to improve compliance to these codes, based on the law and regulations in Indonesia. We consider corporate governance to be essential in strengthening the foundation of our long-term economic performance and ensuring that the interests of all stakeholders are looked after.

Our corporate governance consists of transparency, accountability, responsibility, independency, and fairness principles. These principles are fostered throughout the organization. We consider good corporate governance to be the cornerstone of a well-managed organization and strive to continually improve its governance framework. [\[G4-34\]](#)

CORPORATE GOVERNANCE CHARTER [\[G4-34\]](#)

In implementing Good Corporate Governance, BNBR has developed a Corporate Governance Charter as guidelines for everyone in their daily activities. We have taken the initiative to develop our corporate governance standards across several areas including board evaluation processes, internal controls, risk management and areas of compensation practices. This Charter has been socialized to all of our people from bottom to top.

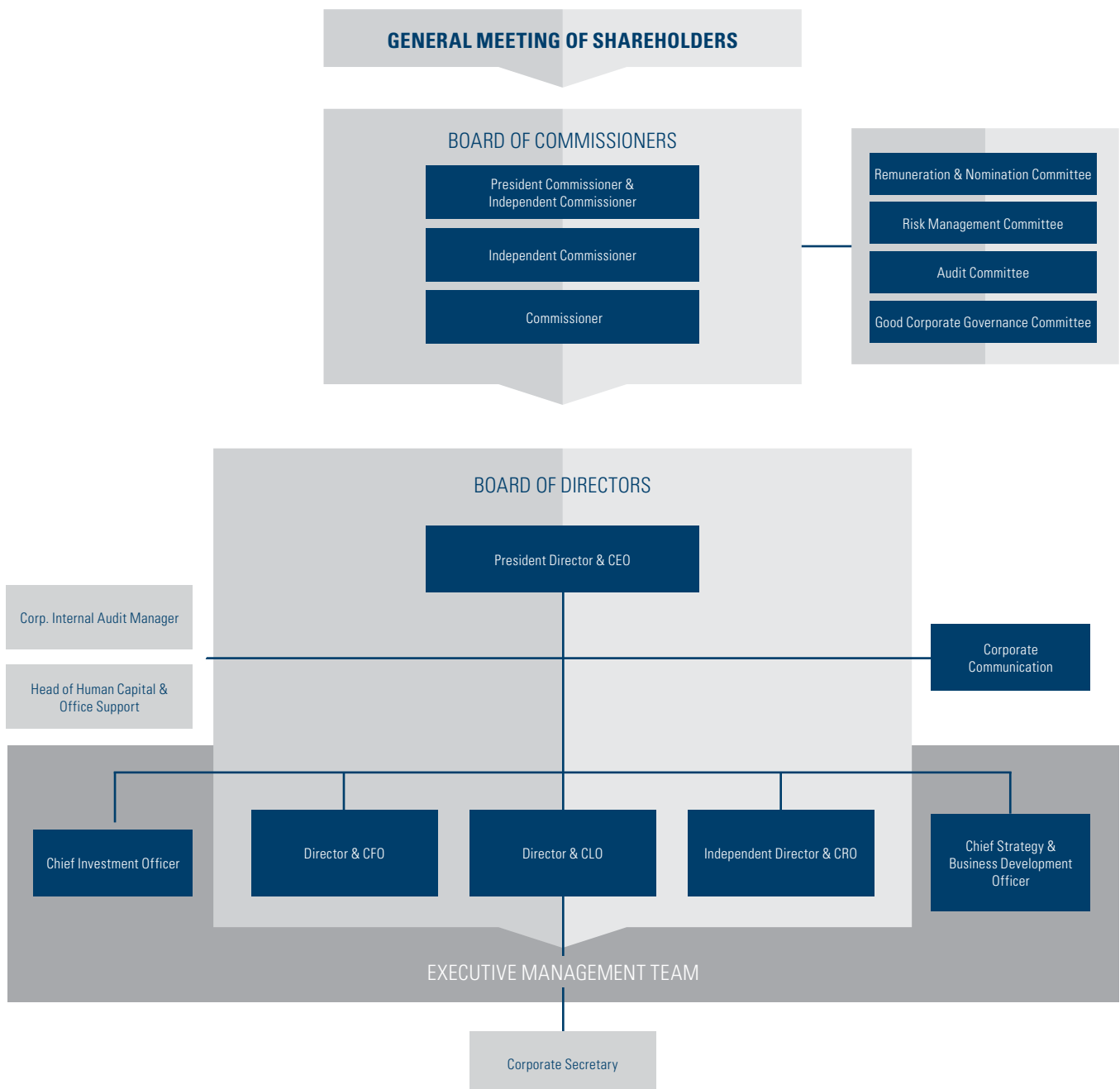
The following are documentation of GCG implementation guidelines by the Company:

1. Corporate Values -> Trimatra Bakries (Indonesian-ness – Usefulness – Togetherness)
2. Company's Ethics
 - Integrity Pacts
 - Company's Code of Conduct
 - Business Conduct Policy
3. Corporate Governance Manual
4. Board Manual
5. Corporate Governance Implementation Policy & Procedures
6. Company's Risk Management System Manual; Risk Management System Policy & Procedures
7. Company's GCG Roadmap
8. GCG Assessment Participation (Internal/Independent)
9. Company's Policies & Procedures
10. Committee Charters of the Board of Directors
 - Investment Committee Charter
11. Committee Charters of the Board of Commissioners
 - Corporate Governance Committee Charter
 - Audit Committee Charter
 - Risk Management Committee Charter
 - Nomination & Remuneration Committee Charter
12. Internal Audit Charter
13. Compliance Charter
14. Whistleblowing System
 - Internal Control System

GOVERNANCE FRAMEWORK [G4-34]

We implement good corporate governance principles through a Governance framework which manages the relationship between each organ, relationship with our shareholders in order to achieve sustainability. BNBR's governance framework plays an important role in ensuring the existence of the organization and the continuing relevance of our vision and mission.

We believe that the system of governance used has assisted it to meet the challenges of past years and will do so in the future. BNBR stipulates the following Corporate Governance Structure:



BUSINESS ETHICS AND CODE OF CONDUCT [G4-56]

Code of Conduct and business ethics are important resources to make the right decisions. This Code has been adopted by the Board of Directors and applies to every director, officer and employee and our consolidated subsidiaries.

The code of conduct and business conduct policy contains principles and guidelines of the Company and covers the values and standard of manners of The Company. Code of Ethics of BNBR consists of standard of manners in interacting with the stakeholders, such as compliance on the Company's laws and policies, prohibition in granting and entertain the stakeholders and prohibition to act that may caused any loss to the Company. While Business Conduct Policy of The Company is a compilation of norms and rules that become the platform of ethics and code of conduct in every actions or expressions

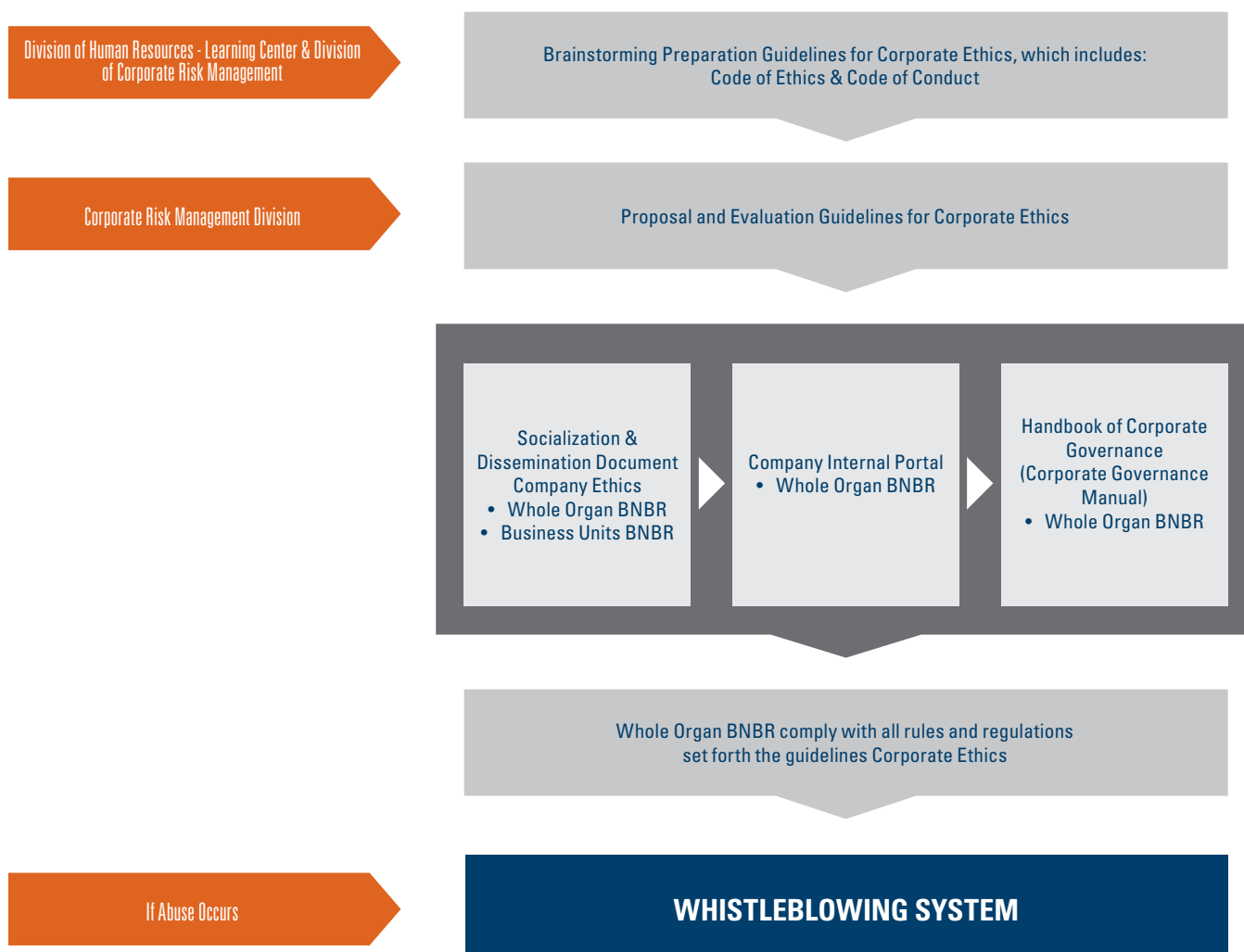
regarding matters that are obliged, prohibited, or inappropriate to be performed by employees of BNBR.

The implementation and enforcement of Code of Conduct and Business Conduct Policy of BNBR is stipulated in:

- Corporate Governance Guidelines
- Board Manual
- Conflicts of Interest Guidelines
- Integrity Pacts
- Corporate Culture

The way we disseminate our code of conduct and business conduct policy are described in the graphic below. [G4-S04]

CODE OF CONDUCT DISSEMINATION MECHANISM



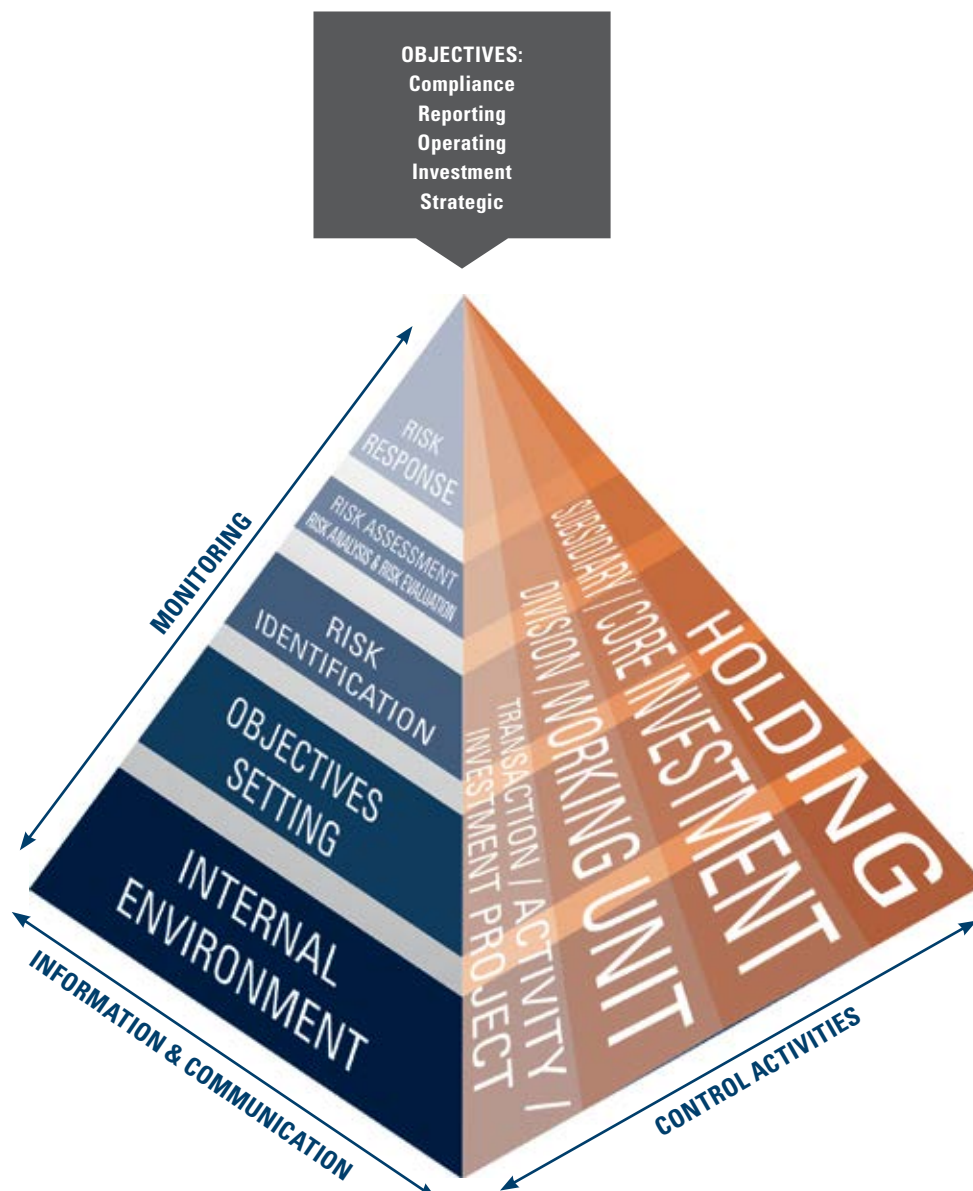
The socialization and dissemination of Code of Ethics Document and Business Conduct Policy is periodically conducted. Corporate Risk Management (CRM) Division held an annual event called Governance-Risk-Compliance (GRC) Day. In addition, the Company disseminated the Code of Ethics through the Corporate Governance Guidelines and company's internal portals.

In order to ensure that our code of conduct and business conduct policy is implemented by all of our people, all employees are also mandated to sign the working agreement, which included the agreement on compliance towards the company's regulations. For several types of violations, the Company stipulated sanctions through reprimand, warning letters as well as termination of employment.

RISK MANAGEMENT [G4-14]

BNBR sees strong risk management capabilities as vital to the success of a well-managed company. Risks can be mitigated by lowering the probability of risk occurrence or reducing effects caused by such risk. Our Risk Management Team oversees the establishment of robust enterprise-wide risk management policies and processes, and sets risk limits to guide risk-taking within the Company.

The Company generally has established the Corporate Risk Management Division (CRM) in 2014 to improve the risk management systems by employing a framework that is in line with the ISO 31000 on Risk Management. BNBR's Enterprise Risk Management framework called The Pyramid is described in Illustration below.



The commitment of the Board of Directors and all BNBR employees to Enterprise Risk Management (ERM) implementation is reflected through the appointment of the BNBR Risk & Control Self Assessment (RCSA) Officer. Working closely with the established risk and business committees, RCSA is responsible for:

- Disseminating and keeping up with the ERM System's Procedure and Policy in the respective work unit or risk-owner in an entity within their scope of duties.
- Ensuring completion of the ERM Standard Work Papers in the respective entity.
- Collecting and summarizing risk registers of the entity within their scope of duties.
- Collecting the Risk Mitigation Plans and Risk Mitigation Progress Status Reports from the entity within their scope of duties, as well as reporting to the related unit head if there is any risk that has not been dealt with
- Informing the CRM Division if any business entity within their scope of duties is exposed to a risk whose level is beyond the organization's tolerance limit.
- Carrying out annual evaluation of ERM system application in the entity within their scope of duties.
- Facilitating Risk Evaluation Meetings in the entity within their scope of duties.
- Supporting the entity within their scope of duties in educating the topics of risk management to all of its employees and related parties.
- Motivating, driving and maintaining risk awareness culture in the entity

CRM has identified several risk issues in the level of holdings and subsidiaries. CRM classifies Holding Level risks into seven types, namely: Strategic Risk, Market Risk, Liquidity Risk, Credit Risk, Mismatch Risk, Insolvency Risk, and Operational Risk. While for subsidiaries, CRM has identified eight risks, namely: procurement, production, transportation, human resource and general affairs, commercial, warehousing, maintenance and information technology. Furthermore, we have developed a mitigation strategy to overcome the risk.

WHISTLEBLOWING SYSTEM

The Company has instituted a whistleblowing policy through the Policies and Procedures No. 258/BNBR/III/2012 concerning the Implementation of Whistleblowing System. It provides guidelines to report irregularities, impropriety, breaches of laws and regulations, information on the investigation procedure, criteria for disciplinary action including suspension for offending parties and information on the appeals process. Since the policies and procedures of

Whistleblowing System was developed and disseminated in March 2012 up to 31 December 2015, the Company recorded nil violations.

The Company provides this system as the facility to BNBR employees, subsidiaries, and external parties, in reporting on matters, events, or actions that are inappropriate towards the Company's conduct, community norms, prevailing laws and legislations. The Company's Whistleblowing System is managed professionally by the Ethics & Compliance Committee, assisted by Whistleblowing System Administration Management.

BNBR's Whistleblowing System provides Whistleblower protection to the Whistleblowers. The Ethics & Compliance Committee and Whistleblowing System Officer guarantee the confidentiality of the Whistleblowers' identity that provide their personal data and information for communication purposes; including guarantee of confidentiality of the Whistleblowers' identity to the Investigations Team.

The Regulation and Implementation on Whistleblowing System is disseminated and evaluated continuously to all employees of BNBR. We periodically conducted the Whistleblowing System advancement for sustainability in accordance with the Company's business development.

ANTI CORRUPTION MEASURES / TRAINING / SOCIALIZATION

[G4-S03][G4-S04]


We do not tolerate the direct or indirect bribes in any form. Our regulation includes specific instructions to employee, such as requirements to avoid or declare potential conflicts of interest, and others that concern the offer or acceptance of gifts and hospitality.

BNBR has established mandatory anti-bribery procedures and controls applicable to all employees. The procedures and controls are designed to address a range of corruption related risks and to focus resources and attention in the areas of higher risk. We regularly review and revise these procedures, controls and risk criteria to ensure they remain up-to-date with applicable laws and regulations.

The Company takes action to ensure that our anti-corruption policies, standards, and procedures are communicated to all directors, employees, agents and business partners. Communications from the Board include messages about these commitments to ensure that staff are frequently reminded of their obligations.

ECONOMY

In the midst of sluggish economic conditions in Indonesia, BNBR continue to be committed to speed up development in order to help boost economic growth. In line with one of the priority programs of the government, The Company strives to contribute to the infrastructure development plan in Indonesia. In 2015, through the subsidiaries and affiliations, The Company put its strategy and business focus on the pillars of infrastructure and manufacturing.



The slowdown of Indonesia's economy had also an impact on the Company's financial performance that is less encouraging. Nonetheless, we were still able to contribute to the country and to all stakeholders. Currently, The Company has existing networks located in almost all cities with largest economic potential in Indonesia, and continue to generate added value by increasing its contribution to national economic development in accordance with the basic values of Trimatra Bakrie in dimension of usefulness.

CONTRIBUTION TO STATE REVENUE THROUGH TAX [G4-EC8]

We constantly improve the dedication and contribution of the company to participate and drive the national economy for the growth of Indonesia's development. Throughout this year, the largest contribution of BNBR is on infrastructure development programs initiated by the government.

In addition, BNBR also contribute to state revenues through tax amounting to Rp 13.6 billion.

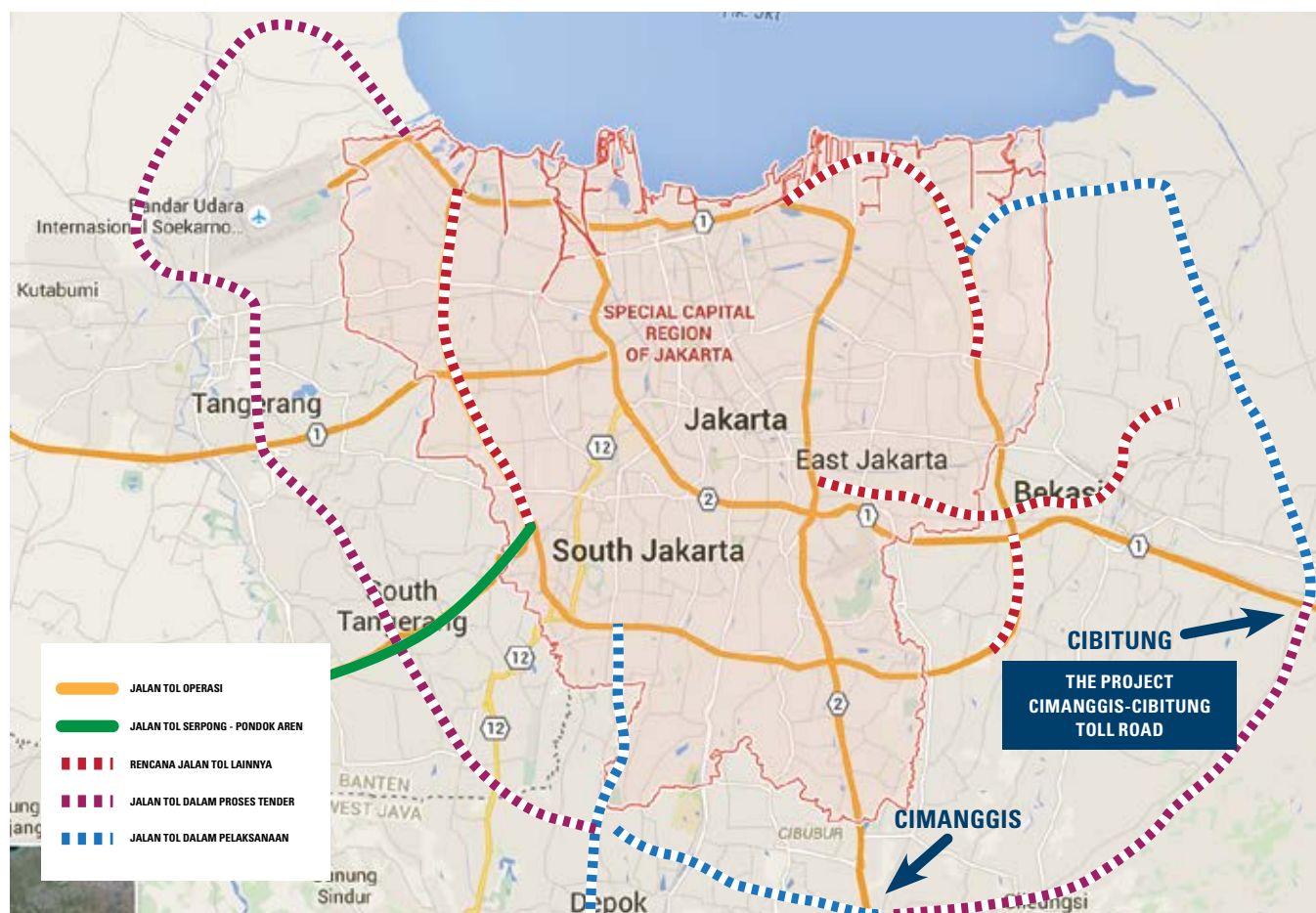
SUPPORTING THE DEVELOPMENT OF INDONESIA [G4-DMA] [G4-EC7] [G4-EC8]

As in previous years, BNBR has always contributed significantly to Indonesia's infrastructure development. In 2015, BNBR worked on five projects in infrastructure and manufacturing with a total project value reaching Rp 39 trillion. The infrastructure projects consist of the construction of Tanjung Jati A power plant worth US \$ 2.3 billion (Rp 29 trillion), the Cimanggis - Cibitung toll road worth Rp 4.52 trillion, and the Kalimantan-Jawa ("Kaliya") Phase I gas transmission pipeline worth US \$ 250 million (Rp 3.1 trillion).

Meanwhile, projects in the manufacturing segment includes an increase in the production capacity and market expansion of our building materials and automotive components industries. We believe this expansion will also expand BNBR's indirect economic impact in supporting the local economic development through partnership with distributors, suppliers, business partners, and the local communities in the vicinity of our operation as a part of our extended supply chain.

The Tanjung Jati A is a coal fired power plant and has a capacity of 2 x 660 megawatts (MW). This project is located in West Jawa, in the area around Cirebon and Indramayu. This project is expected to produce 9,830 GWh per year, with the Availability Factor (AF) & Capacity Factor (CF) 80%.

The construction of the Cimanggis - Cibitung toll road will be conducted in phases. The first phase began in the second quarter of 2015, with a funding requirement of compensation for land acquisition along the 26 km toll road reaching Rp 1.1 trillion, used for Phase I.a connecting Cimanggis Junction to Jatikarya IC with 3.4km distance. The remaining portion will be Phase I.b (Jatikarya IC – Trans Yogie IC with distance 3.6km) and Phase II (Trans Yogie IC - Cibitung Junction with distance 19km).



TOLL ROAD SECTIONS

| | | |
|--------------|--------------------|-----------------|
| 1 | Cimanggis Junction | |
| 2 | Jatikarya I/O | 3.40 km |
| 3 | Trans Yogie IC | 3.60 km |
| 4 | Narogong IC | 3.25 km |
| 5 | Setu Selatan IC | 6.40 km |
| 6 | Setu Utara IC | 8.45 km |
| 7 | Cibitung Junction | 1.37 km |
| Total | | 26.47 km |

Since the end of 2014, BNBR has also started welding pipes of for the Kalija Phase I gas transmission pipeline project. In April 2015, construction of the pipeline along the 200 kilometer (km) has begun. The project has been operating since the third quarter of 2015.

JOB OPPORTUNITIES & TRANSFER OF KNOWLEDGE [G4-EC8]

BNBR realizes that the scale our business and operation also pose a significant indirect economic impact towards the livelihood of the local communities in areas which we operate through jobs creations, partnership opportunities, as well as transfers of knowledge.

Local recruitment and local sourcing policies are implemented at all BNBR's subsidiaries. Local communities and local businesses are prioritized to be recruited as employees or selected as our business partners, from simple tasks, such as gardening, drivers, cleaning services, office boy, to more elaborate tasks, such as maintenance team, security forces, chef, catering suppliers, on-field technical personnel, and many others. We believe that the local communities enrich BNBR by providing the companies with local knowledge and wisdom which we need to grow our business sustainably.

80%

**OF BAKRIE PIPE INDUSTRIES' EMPLOYEES
ARE LOCAL COMMUNITIES, WHICH
WE RECRUITED FROM AREAS IN OPERATIONAL
VICINITY OF THE COMPANY**

SUSTAINABLE PARTNERSHIP WITH SUPPLIERS [G4-EC8]

Our revenues largely came from sales of manufacturing products and construction services in oil and gas equipment. Manufacturing products are various types of pipes and steel plates, construction materials, automotive components and other similar items. While in providing the construction services in oil and gas equipment, we provide competence of qualified human resources and supported by the company's ability to perform engineering on oil and gas supporting equipment.

Approximately 80% distribution of economic value gain was channeled to the continuity of raw material supply and transportation services. It shows the company's cooperation with the suppliers on the sustainability of the business is very strategic. Currently, thousands of suppliers had been supporting the Company in conducting operations and day to day business.

Togetherness essence contained in Trimatra Bakrie has been applied in continuous cooperation with suppliers. The principle of mutual trust, communication, and promoting fraternal are the commitment by the Company to our suppliers.

We constantly strive to build a solid pattern of cooperation with suppliers. In order to establish quality and sustainable cooperation, we periodically carried out an assessment of supplier performance, in meeting the quality requirement of goods and services, as well as in complying the stipulation from the partnership agreement and prevailing regulations.

RESPONSIBLE PRODUCT, SERVICE AND BUSINESS OPERATION

For us, sustainable growth can be achieved by maintaining customer's trust. Therefore, we always convince and prove to the customers regarding the real benefit and its worth from the product and services. We always strive to maintain the customer's trust upon our product's quality and provide the best services.

We maintain the product quality through the implementation of quality management system of international standard ISO 9001:2008 - Quality Management, which is applied consistently. We also invite independent surveyor to perform a periodical examination toward the Company's commitment in conducting production system and quality assurance according to the required standard. [G4-DMA]

In addition, we also apply a product health and safety standard, from the phase of material pooling, production process until the distribution phase. Our production process is supported by mechanism system and equipped our employees with self-protection tools. The distribution process shall follow the transportation procedure standard.

Due to some of our products can have a negative impact on the health and safety of customers if it does not conform to the specifications required, both in terms of quality as well as how to use, we implemented strict production process, followed by clear information of manual instruction on the packaging including products brochures. [G4-PR1][G4-PR3]



We performed a close monitoring of the product impacts toward health and safety, according to the prevailing regulations. Every manufacturing product is equipped with products information and its specification, namely: **[G4-PR1][G4-PR3]**

- Index Number of SNI.
- Name/logo of producer company.
- Name of product.
- Weight and Thickness (for pipe and steel plate).
- Customer service telephone number for complaints or inquiry.

This is indicating our compliance toward laws and regulations, as well as a guarantee of clear information to our customers, as stipulated in the Law No. 8 of 1999 concerning the Customers Protection.

CUSTOMER RELATIONSHIP MANAGEMENT & SATISFACTION MEASUREMENT

Integrity and professionalism are the instrumental values of BNBR. In carrying out our operations, we always carry out the duties with sincerity, passion, loyalty, and honesty.

Besides from individual customers, most of our customers are big corporations engaged in infrastructures, construction services (for steel product/pipe and construction materials) and automotive (for spare part). As such, in every product purchase, we assisted our customers by providing quality aftersales services.

Through relevant subsidiaries, we developed a series of after-sales service programs that we continuously evaluate and improve in order to provide maximum service. The program objective is to ensure that our customers are at ease when dealing with issues related with our products, while conducting their operations.

We believe the provision of quality service for customers is a form of the Company's social responsibility toward the stakeholders, according to ISO 26000 – Customers Issue. We prioritized in achieving the balance between marketing aspects and availability of factual and accurate information, as well as fair practices in the agreement implementation according to prevailing laws and regulations.

As part of the customer protection initiatives, we also prioritized the protection of customer data and confidentiality, provided access to our services, and shared knowledge and awareness regarding the Company's products and services, and our business units to all customers.

MAINTAINING AN EFFECTIVE AND EFFICIENT OPERATION

Throughout 2015, the economic slowdown in Indonesia was not a barrier for us to continue to provide the best services for corporate sustainability. On the contrary, we were able to make our operational activities better. BNBR continues to improve company performance while maintaining the efficiency and effectiveness of our operational activities, one of them by improving energy efficiency. We realized, energy efficiency is not only good for the sustainability of the environment, but also as one of the company's cost saving efforts in the face of economic slowdown. BNBR's policy is to improve energy efficiency, including the efficiency of electrical energy consumption.

HUMAN RESOURCE

Since our success to a large extent is dependent on our people we need to make sure that we attract, recruit, develop and retain excellent people. We put a lot of effort in developing our employees and aim to be a leader in Human Resource Development. A safe workplace is more than just policies and standards, it requires active participation. To create a safe working environment requires the uncompromising commitment of all of our people to demonstrate leadership in safety.

Our people is the most important assets for The Company. Our employees work in more than four operating companies across nation and 6 business units across nation. Therefore, it is our commitment to take fundamental rights at work, including non-discrimination, freedom of association and collective bargaining, and freedom from forced and child labor. It is important to build a mutual relationship and two-ways communication with out people.

We want to be a leader in Human Resource Development. The strategy is addressing how we succeed in attracting, recruiting, developing and retaining the right people. Moreover, we invest in our most precious resource, our employees with Human Resource Development.

BNBR welcomes diversity as a strength. Age, religion, ethnics and gender are not barriers to joining our teams. BNBR actively combats all forms of discrimination in employee recruiting and career development.

Occupational health and safety is always be the highest priority for BNBR. We believe that one accident or injury is too much. We have develop policies to provide a safe and healthy workplace for our employees. We engage our people at every level, and will encourage a top-down safety culture to demonstrate and reinforce our commitment to the health and safety of our workers.

OUR EMPLOYEES

The people we encounter and work with are the cornerstone of BNBR's development and success, and fundamental for the Company's objectives and future growth. Our strong workplace programs that enable us to attract, retain and engage the very best employees who can serve our clients and deliver value to our shareholder. In 2015, we have 195 new recruitments. [G4-LA1]

BNBR employ almost 4,142 people across Indonesia. We have 2,634 permanent workers and 771 contract worker being employed only for specific new projects and also 737 Outsourcings. It is 99 % of our employees spread in Subsidiaries level. In 2015, total employee of BNBR and its subsidiaries decreased by 9% to 4,142 employees. BNBR also employ 1,935 people or around 47 % of all employees, who lived near the BNBR operating area [G4-LA1] [G4-10]

EMPLOYEE COMPOSITION BASED ON GENDER [G4-LA1]

| Gender | 2014 | 2015 |
|--------------|--------------|--------------|
| Female | 292 | 285 |
| Male | 4,246 | 3,857 |
| TOTAL | 4,538 | 4,142 |

EMPLOYEE COMPOSITION BASED ON EMPLOYMENT STATUS [G4-LA1]

| Status | 2014 | 2015 |
|-----------------|--------------|--------------|
| Permanent | 2,652 | 2,634 |
| Direct Contract | 736 | 771 |
| Outsourcing | 1,150 | 737 |
| TOTAL | 4,538 | 4,142 |

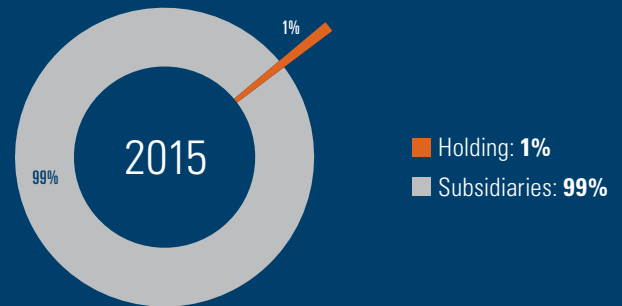
EMPLOYEE COMPOSITION BASED ON EDUCATION LEVEL [G4-LA1]

| Education Level | 2014 | 2015 |
|--------------------|--------------|--------------|
| Doctoral Degree | 2 | 3 |
| Master Degree | 89 | 90 |
| Bachelor Degree | 642 | 638 |
| Diploma | 329 | 281 |
| Senior High School | 2,962 | 2,715 |
| Junior High School | 380 | 299 |
| Elementary School | 134 | 116 |
| TOTAL | 4,538 | 4,142 |



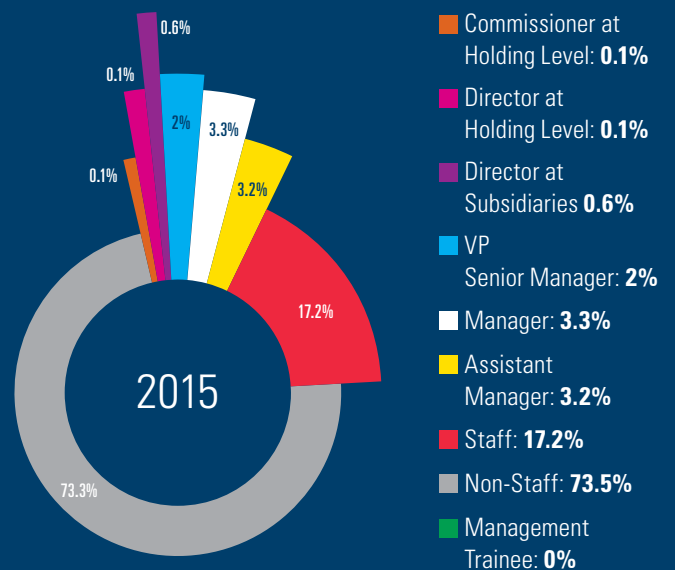
EMPLOYEE COMPOSITION BASED ON ORGANIZATION LEVEL [G4-LA1]

| Organization Level | 2014 | 2015 |
|--------------------|--------------|--------------|
| Holding | 56 | 55 |
| Subsidiaries | 4,482 | 4,087 |
| TOTAL | 4,538 | 4,142 |



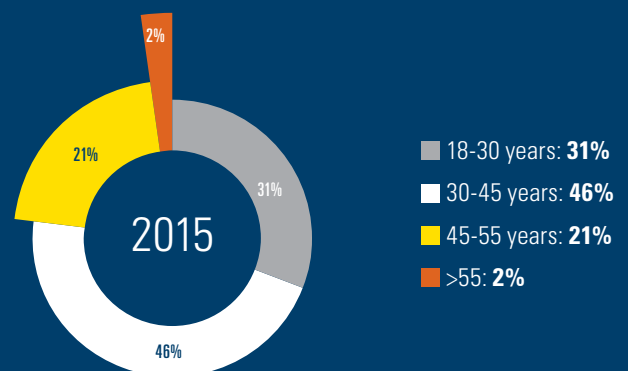
EMPLOYEE COMPOSITION BASED ON POSITION [G4-LA1]

| Position | 2014 | 2015 |
|-------------------------------|--------------|--------------|
| Commissioner at Holding Level | 4 | 3 |
| Director at Holding Level | 4 | 4 |
| Director at Subsidiaries | 26 | 23 |
| VP/Senior Manager | 82 | 84 |
| Manager | 169 | 137 |
| Assistant Manager | 124 | 134 |
| Staff | 865 | 712 |
| Non-Staff | 3,254 | 3,043 |
| Management Trainee | 10 | 2 |
| TOTAL | 4,538 | 4,142 |



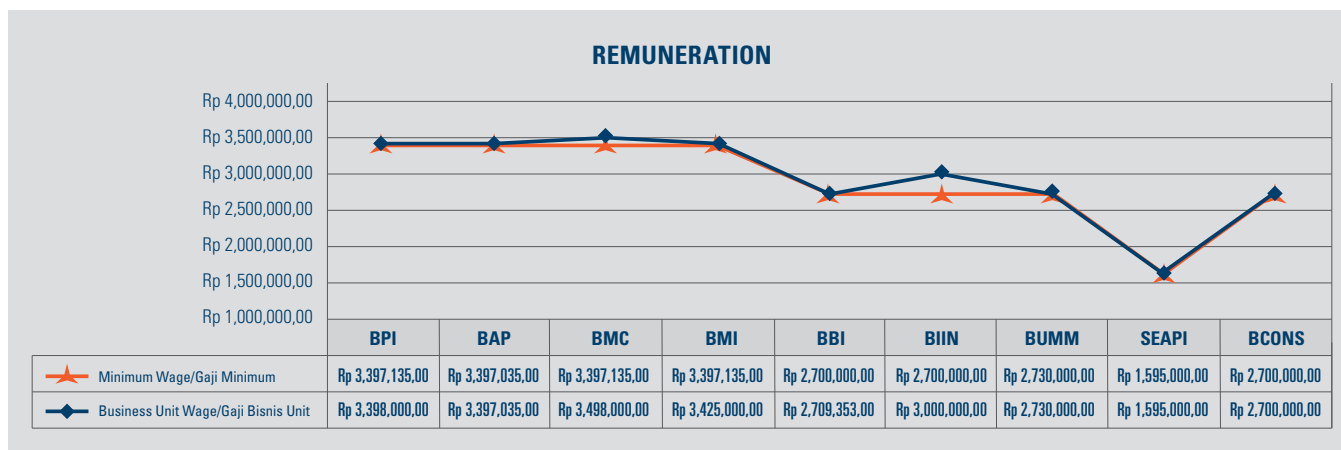
EMPLOYEE COMPOSITION BASED ON AGE GROUP [G4-LA1]

| Age | 2014 | 2015 |
|--------------|--------------|--------------|
| 18-30 years | 1,733 | 1,284 |
| 30-45 years | 1,953 | 1,914 |
| 45-55 years | 756 | 843 |
| > 55 years | 96 | 101 |
| TOTAL | 4,538 | 4,142 |



REMUNERATION

BNBR is committed to offering fair compensation and encouraging employee dialogue. We also regularly benchmark base salaries and total compensation against our industry peers to ensure remuneration remains competitive. BNBR also benchmark the salaries accordance with the government regulation that is above or equal to the district minimum wage. Total Remuneration in 2015 was Rp254 billion. [G4-EC5]



Equal opportunity also means generous benefits for everyone in BNBR. All of our employees have health and life insurance, based on a common core of principles and procedures. Benefit of our employees will be explained in the table below. [G4-EC3]

| Benefit [G4-LA2] | Permanent | Contractual |
|--|-----------|-------------|
| Wages and salaries | ✓ | ✓ |
| Support for celebrations on religious holidays | ✓ | ✓ |
| Transport Allowance | ✓ | ✓ |
| Leave entitlement | ✓ | ✓ |
| Work reward | ✓ | ✓ |
| Production services | ✓ | |
| Employee health insurance / BPJS Kesehatan | ✓ | ✓ |
| BPJS Tenaga Kerja | ✓ | ✓ |
| Meal Allowance | ✓ | ✓ |
| Positional Allowance | ✓ | ✓ |
| Family Grief Employees Allowance | ✓ | ✓ |
| Shift Allowance | ✓ | ✓ |

| Benefit [G4-LA2] | Permanent | Contractual |
|--------------------------------|-----------|-------------|
| Employee Attendance Incentives | ✓ | ✓ |
| Telecommunication Allowance | ✓ | |
| Maternity leave | ✓ | |
| Marriage Allowance | ✓ | |
| Umroh Bonus | ✓ | |
| Company clinic | ✓ | ✓ |
| Yearly bonus | ✓ | ✓ |
| Mortgage | ✓ | ✓ |
| Recreation | ✓ | ✓ |
| Replacement Allowance | | ✓ |
| Family Allowance | ✓ | |
| Education Allowance | ✓ | |

High performance and superior delivery are valued and rewarded at BNBR. As we grow, we also want our people to grow. Our employees are entitle to bonuses based on company annual performance and employees performance. We conducted a performance assessment to all of our employees every year. [G4-LA2]

IN THE PAST 5 YEARS, BNBR IN COLLABORATION WITH HAY GROUP IMPLEMENT THE NEW HUMAN RESOURCES SYSTEM. THE SYSTEM DEVELOPS EACH EMPLOYEE BASED OF THEIR WORK FORCE. THE HAY GROUP MAINTAINS 3 CATEGORIES TO DEVELOP COMPETENCY MODEL IN BNBR. THE 3 CATEGORIES ARE:

1 CORE COMPETENCY:

Competencies that are translated from company's vision, business strategy and values; need to be demonstrated by every employees across functions in the organization

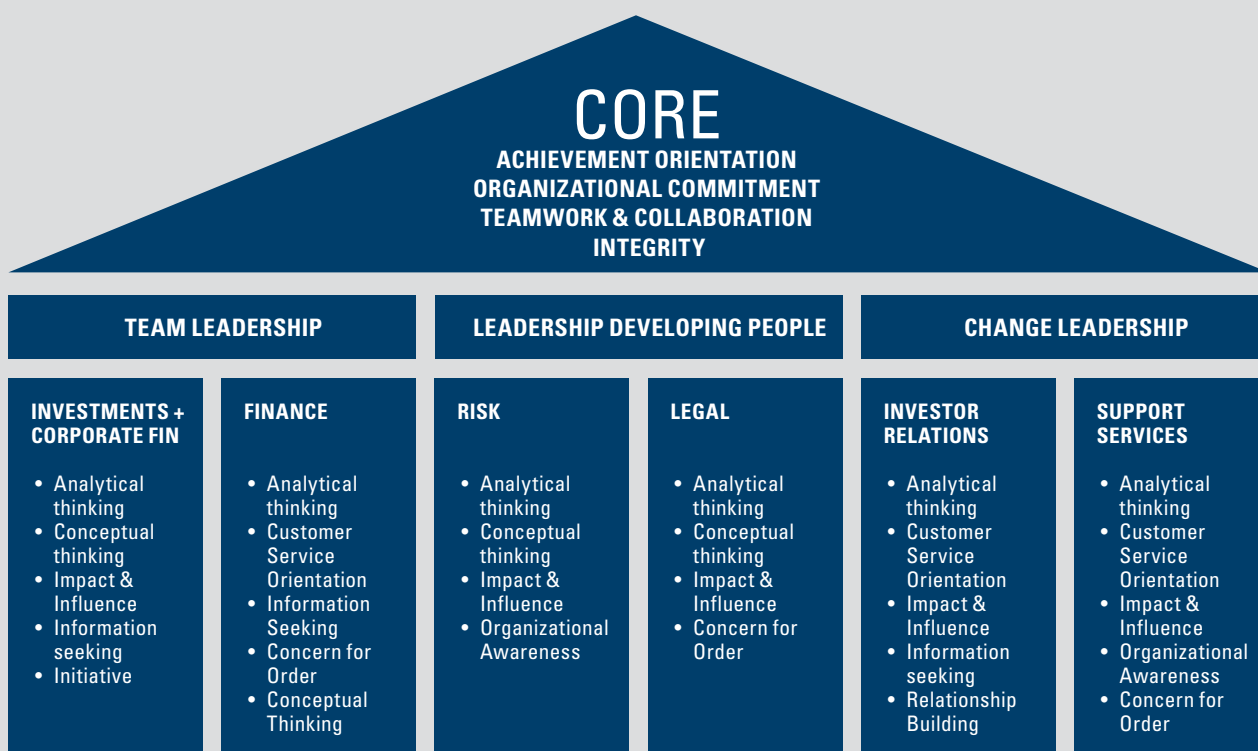
2 LEADERSHIP COMPETENCY:

Competencies that are related to managerial accountabilities; need to be demonstrated by employees in managerial positions

3 FUNCTIONAL COMPETENCY:

Competencies that are related to specific function in the organization; need to be demonstrated by employees that hold job in that specific function

WE DEVELOP EACH EMPLOYEE TRAINING THAT SUITABLE WITH THEIR WORK FORCE. WE BELIEVE EACH EMPLOYEE HAVE THEIR STRENGTH TO DEVELOP THEIR ABILITY BY OUR TRAINING PROGRAMS. IT IS IMPORTANT TO GIVE THE SUITABLE TRAINING MATERIAL TO EACH OF OUR PEOPLE. [G4-LA11]



TRAINING AND DEVELOPMENT

We are firmly committed to creating a work environment that enhances individual capabilities and fosters the development of competencies and learning potential at the Company, so that each employee can fully realize his or her potential and contribute to the achievement of common goals.

The company has formulated a Talent Management system as a long-term sustainable program aiming to ensure a balanced leadership in line with the company's business development. This system was formulated by Bakrie Learning Center (BLC). The system has many stage of the company talent management, which can be outlined as follows: [G4-LA9]

1. Talent assessment and identification
2. Implementation of the Bakrie Succession Plan
3. Implementation of the Bakrie Leadership Development Program
4. Formulation and socialization of the Bakrie values, or **Trimatra Bakrie**
5. Carrying out of Bakrie Engagement Programs

We have conducted two types of training program : managerial and leadership training programs, and specific skill training programs, using tested methods and curricula and working alongside recognized training agencies. As of end of 2015, we have invested Rp 2,036,952,194.- for training and human resource development program , which for a total of 4,249 employees from various departments within the Company and its subsidiaries take training programs.

| NUMBER OF PARTICIPANTS AND COST OF TRAINING PER TRAINING CATEGORY[G4-LA9] | | |
|--|------------------------|------------------------------|
| Training Category | Number of Participants | Cost of Training (in rupiah) |
| Pelatihan Manajemen dan Kepemimpinan | 458 | 925,702,210 |
| Pelatihan Pengembangan Kemampuan Fungsional (Finance, HR, Marketing, Operation, Legal) | 567 | 667,416,392 |
| Pelatihan Terkait ISO dan Continuous Improvement | 2,656 | 430,436,092 |
| Pelatihan Dasar-dasar Tata Nilai Perusahaan | 568 | 13,397,500 |
| Total | 4,249 | 2,036,952,194 |

HUMAN RIGHTS [G4-11]

We are firmly committed to creating a work environment that As a basic human rights everyone should be treated fairly and with dignity. BNBR complies to the Law No. 13 2003 on Employment, the Company applies a minimum age limit of 18 years old. The Company offers equal opportunities for every person to be employed, receive training and develop their career according to their competencies and performance. Moreover, all of our people have the freedom to join trade unions of their choice and have access to collective bargaining. Around 46 % of all employees are represented by a trade union.

[G4-11]

| Training Category | Number of Participants |
|--|------------------------|
| Serikat Pekerja Metal Indonesia (SPMI) | 483 |
| Serikat Pekerja Seluruh Indonesia (SPSI) | 992 |
| Serikat Pekerja Bangunan dan Pekerjaan Umum (SPBU) | 313 |
| SP INTERNAL | 115 |
| Total | 1,903 |

HEALTH AND SAFETY

We recognise the critical importance of occupational health and safety, and ensures the protection and welfare of employees and third parties across all activities. The main objectives in this area are eliminating the risk of accidents through prevention protocols that are applicable to all operating activities. [G4-LA8]

BNBR strive to ensure a safe working environment, and promote employee health. We encourage and support our colleagues with many program through the provision of various facilities including the Bakrie Pension Fund Program, health clinics, education aid for the children of high-achieving employees and recreational and sporting events for all employees. We believe that a better employee health and wellbeing leads to raised productivity, reduced costs and increased competitiveness.

It is our commitment to ensure that we have a work culture founded on working safely. This was based on our Company's values and culture through business activities that honor the Bakrie Trimatra values: Indonesian-ness, Usefulness and Togetherness. Moreover, our employees are actively engaged in identifying and managing risk in continuously improving the environment, health and safety of our operations. In 2015, we have developed several initiatives to promote our Health and Safety programs, such as Individual First Aid Training, K3 Operator Crane, "Counselling for Work Health & Ergonomic 2015" , "Counselling for Cardiac Health, Typhoid & Accute Respiratory Infection", etc. [G4-LA8] [G4-56]

COMMUNITY DEVELOPMENT

BNBR improves lives through strategic social investments. Our goal is to create a better living for everyone, and our sustainability approach revolves around social investments within the communities where we operate.



Across our operations we invest in projects that benefit communities. Our intention is to help the project become sustainable in the long term. BNBR believes that investing strategically in local communities can positively influence its long-term business performance. We work with stakeholders all over Indonesia to address challenges and advance the quality of life in the communities where we operate.

BNBR proactively engages with local communities, governments and municipalities to address project-related social, economic and environmental concerns. They take place in a variety of ways, including face-to-face meetings, attendance at conferences and involvement with issue-specific campaigns.

The implementation of community development activities in BNBR and subsidiaries are performed under the philosophy umbrella of "Bakrie Untuk Negeri" as well as the core values "Trimatra Bakrie", as stipulated in the Piagam Bakrie (Bakrie Charter). We have disseminated our basic philosophy and core values to all of employees in Bakrie Group.

Our community development activities are carried out through the "Cerdas Untuk Negeri", "Sehat Untuk Negeri", "Peduli Untuk Negeri" as well as "Kemitraan Untuk Negeri" programs. Through these programs, BNBR and its subsidiaries strive to enhance the quality of life of the community in terms of health, education and the economy.

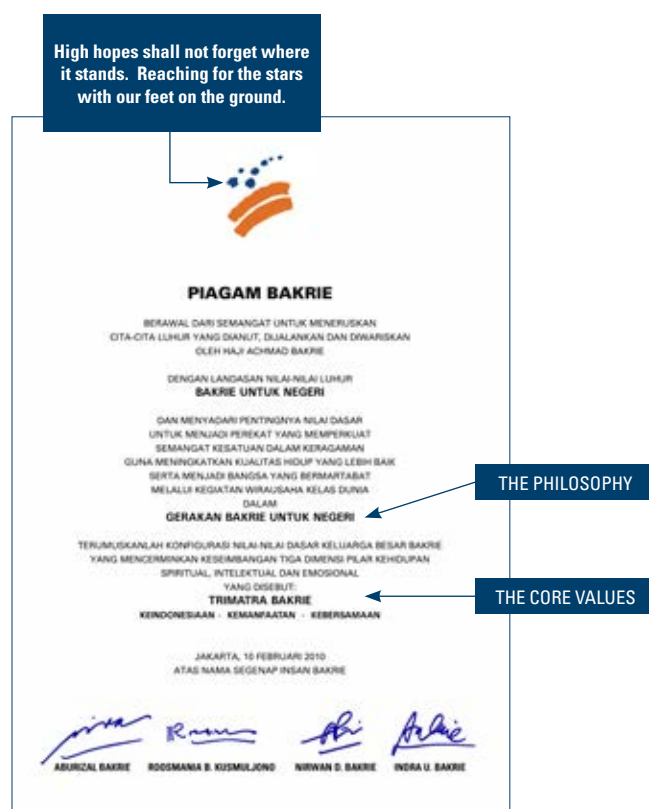
As a basic reference for all CSR implementation within PT Bakrie & Brothers Tbk., The Company has ratified the agreements stipulated at the Bakrie CSR Conference on 10 June 2011. The main agreement of the Bakrie CSR Conference was stipulated the implementation of Bakrie Group Corporate Social Responsibility. It made up of business and non-business and referred to the ISO 26000 SR standard. [\[G4-DMA\]](#) [\[G4-EC7\]](#)[\[G4-EC8\]](#) [\[G4-S01\]](#)

COMPANY CSR VISION AND MISSION [G4-56]

The Company's philosophy refers to the "Bakrie Untuk Negeri" core philosophy. This philosophy was interpreted from the mandate of the founder of Bakrie Group, H. Ahmad Bakrie (1916-1988), namely "Every rupiah earned by Bakrie must be beneficial to many people". It means no matter how grand, great and high its aspiration is, Bakrie will never forget where it was founded and must remain standing.

BNBR also adopted "Trimatra Bakrie" as our core values which consist of three dimensions, namely [G4-56]

1. **"Indonesian-ness"** is point of view, motivation and attitude of all Bakrie employees who are proud to be an Indonesian nation, with global insights and contributions to world society.
2. **"Usefulness"** is point of view, motivation and attitude of all Bakrie employees who prioritize effectiveness and efficiency of resources to enhance better quality of life.
3. **"Togetherness"** is point of view, motivation and attitude of all Bakrie employees who emphasize synergy in diversity.



IMPLEMENTATION OF ISO 26000

The implementation of ISO 26000 in BNBR focuses on seven core subjects, namely: Organizational Governance, Human Rights, Labour Practices, The Environment, Fair Operating Practices, Consumer Issues and Community Involvement and Development. The Company's interaction within these seven aspects is as follows:



BNBR has determined ISO 26000 SR as our fundamental reference. Therefore, CSR fulfillment is inseparable from the Company's business activities. The seven core subject of ISO 26000 is described in different chapter of this sustainability report.

Our charity-based CSR activities are carried out by subsidiaries as well as channeled through the Management Board for Bakrie Untuk Negeri (BP BUN). This board was established on 17 August 2007, carries out synergy functions in companies within the Bakrie Group including BNBR. CSR activities carried out by BNBR and its subsidiaries adapted the programs implemented by BP BUN as briefly described in the following table. Total investment on community development for 2015 was Rp 1.35 billion. [G4-EC7][G4-S01]

| CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE | | |
|---|--|-------------------------|
| CSR Program | Description | Expenditure (in Rupiah) |
| Peduli Untuk Negeri | Social and religious sector | 908,190,881 |
| Cerdas Untuk Negeri | Formal and non-formal education sector | 225,015,498 |
| Hijau Untuk Negeri | Environmental sector | 6,000,000 |
| Sehat Untuk Negeri | Health sector | 7,609,000 |
| Kemitraan Untuk Negeri | Community development sector | 209,649,967 |
| TOTAL | | 1,356,465,346 |

SEHAT UNTUK NEGERI

We support the social environment at our locations as well as a wide variety of community empowerment projects. We set up longer-term projects aimed at helping people to increase their life quality.

Health is a very crucial aspect for human beings. With a good health everybody can work well and have a better living. As part of our “Sehat Untuk Negeri” campaign, BNBR group has implemented various activities such as health counselling in areas nearby BPI, blood donation in areas nearby BA and mass circumcision for 1,500 boys at Al-Bakrie Mosque in Jakarta. Total investment for “Sehat Untuk Negeri” program along 2015 is Rp 7.6 million. **[G4-EC7][G4-S01]**

CERDAS UNTUK NEGERI

We believe that improving access to education is one of the most-lasting investments we can make for society and for our company. That's because education creates opportunities and opens up doors to a future full of possibilities. BNBR has invested Rp 225 million for “Cerdas Untuk Negeri” program along 2015. **[G4-EC7][G4-S01]**

Some of the activities carried out in the education sector are provision of working experience through internship program at BPI for university and highschool students, support for education facilities and infrastructure development at Ar-Risalah Islamic Boarding School in Tangerang by BBI, as well as provision of sponsorship for Grand Prix Junior Marching Band contest at Islamic Elementary School Tugasku in Jakarta by BNBR.

PEDULI UNTUK NEGERI

Infrastructure and social facility will support the life of everyone on the surrounding areas. It will lead to an independent community. With a good infrastructure, the community will have a better access to other social facilities that would support their life.

BNBR maintain good relationship with surrounding community of BNBR group business location. various activities have been carried out as a real form of concern and care for others in the refurbishment of social facilities and infrastructures as part of the “Peduli Untuk Negeri” campaign. Total investment for “Peduli Untuk Negeri” program along 2015 is Rp 908 million. **[G4-EC7][G4-S01]**

In social and religious sector, BNBR group routinely participate in various activities carried out by BP BUN, as well as supporting construction of places of worship, celebration of religious holy days, and providing administrative facilities and infrastructures for people around its manufacturing sites.

KEMITRAAN UNTUK NEGERI

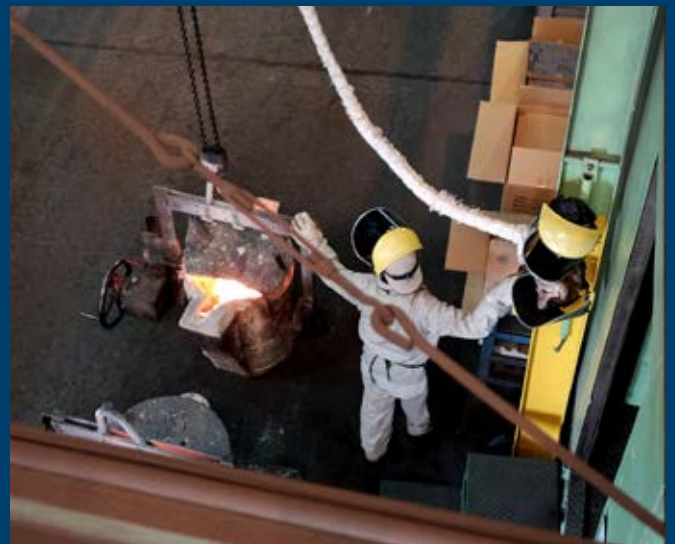
We respectfully engage with relevant parties, to support communities, such as helping to build local economies through the creation of jobs and business opportunities. Where it makes overall business sense, we buy goods and services from local suppliers and help support local businesses and skills development. Total Investment for “Kemitraan Untuk Negeri” program along 2015 is Rp 209 million. **[G4-EC7][G4-S01]**

BNBR manufacturing subsidiaries hired local people around their factories as office boy, security, driver, cleaning service and employee canteen management to support their daily operational activities.

Some of the incidental activities carried out by BNBR group that are related with this theme are collaboration with local people in BPI area to manage waste and supply of employee daily catering at BCons site.

OCCUPATIONAL HEALTH & SAFETY

Health, Safety and the Environment are now an integral part of BNBR business operations. A healthy, safe and environmentally responsible workplace and workforce is vital to us. We operate all aspects of our business in compliance with our policies and procedures to achieve it.



Occupational Health and Safety (OHS) is integral to all BNBR operations and is the responsibility of all employees and managed by a formal structure starting with our Health, Safety and Environment Policy. Our philosophy of HSE is demonstrated by the integration of safety practices in all aspects of our operational activities.

We also comply with all relevant legislation, aiming to exceed these standards wherever we can. Our OHS policies are the starting point of this activity, supported by company action guidelines that provide direction to our improvement activities and clearly establish our responsibilities.

OCCUPATIONAL HEALTH AND SAFETY (OHS)

BNBR will ensure a safe and healthy working environment by building safety into our process and equipment and by achieving the highest level of safety awareness in our operation. Creating a safe and healthy work environment is a part of BNBR's culture. We will not compromise the health and safety of our people. Our employees look out for each other and all employees share in the organization's goal of zero incidents.

In order to guarantee OHS standard and its implementation, we adopted the management system OHSAS 18001:2007 with a periodical certification from a competent third party. It is BNBR's commitment to provide employees with equipment, training, and best practices to achieve zero incidents. We strive to have our employees returning to their families safely every day.

We continuously engage the employees, family and subcontractors to actively take part in the process of planning, developing and improving the OHS procedures throughout the operations areas. We set out the leadership factor as the basis in improving the occupational health and safety performance.

Every unit leader shall provide real example in prioritizing safety. Every unit leader are responsible for the safety of his team and shall consistently set higher standards through the examples and conducts of safety. Our OHS System consists of a framework for managing risks and compliance obligations that actively engage all of our people.

OHS POLICIES

Employees and contractors are accountable for performing their daily tasks with due regard for their own health and safety and stewardship of the environment. The Company ensures that the necessary resources, policies and procedures are in place to achieve these objectives. These policies became the guideline to create healthy and safe working environment, and ensure that all activities had no negative impacts to the environment.

We established the Policy of OHS in the Company, our reference to the implementation of policy and OHS basis activity is the Regulation No. 1 year 1970, Health regulation No. 23 year of 1992 and Collective Labor Agreement (PKB) in each subsidiaries, as well as in the Holding Company. Health and Safety Policy, which was ratified on 25 January 2013. [\[G4-LA8\]](#)

BNBR has developed OHS policies to reach ideal indicators for OHS implementation, including identification and evaluation toward aspects and potential threats to the occupational health and safety, and to determine the risk control and its acceptable impacts, commitment to comply with the laws and regulations, and other relevant requirements, prevention of work accidents, injuries, illness and polutions, ensuring control towards hazardous conditions and behavior that possibly may cause incident and injury during work, and continuous improvement in OHSAS implementation.

OHS COMMITTEE

We have a OHS committe to supervise the implementation of OHS. Our OHS committee in the form of Committee of Occupational Health and Safety Development (P2K3), consisted of Health Unit and Safety Unit. The member of P2K3 are the employees appointed from each unit, and collectively they monitor the compliance of all elements towards OHS related regulatory. The total member of P2K3 from manufacturing business unit is 111 employees. [\[G4-LA5\]](#)

The functions and position of P2K3, as well as duties and responsibilities, are stated in articles and chapters of PKB in subsidiaries, as follows: [\[G4-LA8\]](#)

- PKB from PT Bakrie Autoparts (BA) Chapter VIII article 55
- PKB from PT Bakrie Building Industries (BBI) Chapter VII article 30
- PKB from PT Bakrie Construction (BCons) Chapter VIII article 58
- PKB from PT Bakrie Pipe Industries (BPI) Chapter VII article 45.

As stated in the PKB, all subsidiaries had conducted responsibility related to OHS, including:

- Providing Self Protection Tools (APD),
- Forming collective committee of OHS Management,
- Involving employees representative in inspection acitivities,
- Organizing education and training regarding work safety procedure, and
- Implementing periodical check on fire extinguishers.

OHS PERFORMANCE

BNBR and subsidiaries will actively lead program participation by regularly inspecting and auditing operations to monitor the effectiveness of OHS management systems, to ensure active involvement of employees and contractors, and to reinforce our Zero Incident objectives. One way is by always monitoring our OHS performance.

Our subsidiaries in manufacturing business had recorded the following safety performance: [G4-LA6]

Occupational Safety Performance 2015

| | Major Injury | Minor Injury | Lost-Time Injury |
|---|--------------|--------------|------------------|
| Bakrie Autoparts | 4 | 21 | 4 |
| Bakrie Building Industries | 0 | 8 | 0 |
| Bakrie Metal Industries | 0 | 2 | 0 |
| Bakrie Pipe Industries | 0 | 7 | 0 |
| TOTAL GROUP HEALTH & SAFETY PERFORMANCE 2015 | 4 | 38 | 4 |

As part of our OHS system, we conducted a thorough evaluation on the causes of accident and emphasized on all staffs to be consistent in implementing OHS-based operating procedures, according to the accredited standards. We believe that the preventive efforts of work accidents may also affecting the performance of the Company, such as lost time and workdays.

OHS TRAININGS

BNBR had conducted a series of follow up actions to improve our OHS performance, such as trainings. Training is conducted regarding safety and health issues specific to their work location, including task-specific hazard identification and control implementation. Training on regulatory-specific topics also occurs regularly. The OHS training programs in 2015 were as follows:

- Accident Investigation
- Gas Handling Awareness
- Awareness of ISO 9001, ISO 14001, OHSAS 18001
- Fire Fighting Training
- General HSE Expertise
- Specific HSE Expertise, such as working in height and confined space, ergonomic and hazard in workplace, crane operator, welding, and electricity

OHS PROGRAMS

We endorse excellence in resource management and have committed to protecting the general welfare and work environment of all employees and contractors through active leadership and support of OHS programs. In 2015, we have conducted various OHS programs, namely: **Safety is My Life and Safety Awareness.**

OCCUPATIONAL HEALTH

Our operations maintain comprehensive occupational health programs to assess the risk of exposure to occupational health hazards and implement adequate controls for our people. Every workplace job task includes an evaluation of physical hazards, as well as the potential consequences related to occupational illness. We also organized counseling activities for employees, especially regarding the serious illness and illness caused by work.

It is our commitment to provide healthcare to all employees, including health facilities and treatment cost. To maintain the employees' health, we conducted a thorough medical examination to all employees, as an early detection of any symptoms of certain illness, caused by the operations activities or other common causes.

OHS AWARDS

Our approaches towards the sound implementation of Occupational Health and Safety has enabled the Company, through its subsidiaries, to receive several awards related to OHS practices, as follows:

1. Award of **8.3 million workhours without accident** - BMI (unit BCons) from 17 November 2009 until 31 October 2014
2. Award of **4.8 million workhours without accident** - BPI period of 1 January 2011 until 31 December 2014
3. Award of **9.7 million workhours without accident** - BA period of 1 January 2011 to 31 December 2014

ENVIRONMENT PROTECTION

It is our priority to grow in harmony with the environment. Our commitment to being responsible citizens also includes conservation of natural resources and protection of the earth, water and climate.

Climate change is a defining challenge for the 21st century. Throughout the years of operating as a company engaging in manufacturing, infrastructure, investment, and other services, Bakrie & Brothers have developed comprehensive strategies in energy conservation and climate change mitigations.

We are well aware of such issue and have accepted to take part in minimizing any environmental impacts based on our actions.



We are committed to comply with any regulations related to Environmental issues such as Analisis of Environmental Impact (AMDAL), Environmental Management Efforts (UKL), and Environmental Monitoring Efforts (UPL) in all of our operations. Such reports have been prepared and presented to our stakeholders. Furthermore, we constantly develop innovative products based on green technology referring to the three pillars, namely Green Technology, Green Product and Green Building.

Our highest commitments to protect the environment are implemented in the following approaches:

1. Environmental Management that became a part of our operations as the compliance of regulations and standard of operations, which described in ISO certification and regulation from the Ministry of Environment.
2. Social responsibility in environmental area, given the theme of “Hijau Untuk Negeri”

COMMITMENT AND ENVIRONMENTAL CERTIFICATION

Being responsible means to respect national laws and international standards, matching or exceeding global best practices and setting our own rigorous performance standards. These factors are the reason behind why we set ourselves with such high environmental standards.

BNBR and its subsidiaries have applied environmental management according to the international standards, and obtained the certifications on the application of those systems and procedures. We referred to PROPER, a regulation from the Ministry of Environment No. 6/2013. [\[G4-EN29\]](#)

The following are several certifications received by the Company:

- Certification of ISO 14001:2004 and VHSEMS certification from CNOOC – for BMI (unit BCONS)
- Certification of ISO 14001:2004 from Lloyd’s Register – for BMI (unit BFU)

As our commitment to environmental preservation, we also carried out self-assessment on the environmental impacts from each operations, including its mitigation, for subsidiaries that are not certified. Moreover, we are on the preparation for the certification for those companies.

ENVIRONMENTAL MANAGEMENT PROGRAM

Being responsible means understanding the impact that we can have on the environment before, during, and at the end of our operations. We aim to limit any impact on the environment and support the transition towards a lower-carbon future.

BNBR positions the environment as a key management issue and have formed and promoted activities through a promotion structure for environment management. In 2015, we have conducted several environmental management programs. The programs in line with its impacts, are described as follow:



WATER MANAGEMENT AND CONSERVATION

Ensuring water efficiency in our operations is the cornerstone of our water quality and conservation efforts. We have been utilizing water for several supporting activities such as: to spray the transportation and operations area to reduce dusts, to wash the equipment, for domestic needs both at the site and operations office, and other necessities. [G4-EN8] [G4-EN9]

BNBR strives to maintain water supply and its quality. We have developed a water recycling system as part of our water conservation program. The water is recycled in waste processing installation, and is utilized in a closed cycle, to prevent water supply interventions. Conservation is conducted through water saving campaign by provision of posters, and stickers as our socialization programs.

In 2015, we received no complaint regarding the water condition from our surrounding community. We believe that our efforts in water conservation program was successful in maintaining the water supply and condition.

ELECTRICITY AND FUEL CONSUMPTION

In our operation, we use fuel and electricity as the source of energy. Fuel conservation and electricity efficiency is a priority for BNBR. We have implemented creative solutions to save energy at many of our facilities. Our approach has been resulted in the reduction of electricity consumption in average by 62% comparing to the previous year. [G4-EN3] [G4-EN6]



| Electricity Consumption (KWH) | TOTAL |
|-------------------------------|-------------|
| 2014 (KWH) | 874,819,112 |
| 2015 (KWH) | 331,308,311 |



| Fuel Consumption (Liter) | TOTAL |
|--------------------------|------------|
| 2014 (Liter) | 715,329.74 |
| 2015 (Liter) | 564,903.40 |

Note: Fuel consumption data is collected from 6 out of a total 8 of BNBR factories.

We recognize that through efficient use of energy and conservation efforts, we can extend the useful life of energy consuming assets. Our energy use strategy is a collaborative effort across the organization involving each business segment and all business activities.

EMISSIONS CONTROL

Using energy more efficiently enables us to reduce our carbon footprint, conserve natural resources and reduce costs. BNBR's emissions largely result from our consumption of diesel fuel in on-road transportation fleets, our consumption of natural gas in steel manufacturing and carbon emissions inherent in the steel manufacturing process. [G4-EN15]

Therefore, we have adopted the latest technology and improved the efficiency in operations to reduce green house gas emissions. We also carried out a periodical maintenance on the said facilities, so as to control the ODS emissions at a minimum level.

Moreover, we also strive to reduce the emissions from other materials that have the potential to damage ozone layer, or ozone depleting substances/ODS, such as CFC from air conditioners, and fuel emissions. The method is to replace CFC as the cooling system in the AC installation with a more environmentally friendly cooling system.

We haven't measured our emission in our subsidiaries. [G4-EN19]

WASTE MANAGEMENT

BNBR's operations generate both hazardous and non-hazardous waste. Effective waste management practices are critical in protecting the environment and reducing the liabilities and long-term risks associated with inadequate waste management facilities and protections.

Our manufacturing process applies to the policy of 3R in waste management, which includes:



Some of our operations produce hazardous and toxic waste (LB3), and certain emissions that could negatively impact the surrounding environment. BNBR constantly performs waste treatment processes prior to final disposal in compliance to prevailing stipulations. We have conducted used oil utilization program as the alternative fuels for other industry. Some hazardous waste is temporarily preserved in a special storage and periodically delivered to the certified waste management party for further processing.

In processing our liquid waste, we have built and managed the Waste Water Treatment Installation, both from the domestic activities and the operations. The quality of water treatment is monitored and tested periodically by a certified laboratorium, which results are then reported to the Regional Environmental Bureau. [\[G4-EN23\]](#)

ENVIRONMENTAL MONITORING PROGRAM

We want to minimise the activities of our operations that may cause an impact to natural environments and the surrounding communities. We carried out detailed assessments of the potential environmental, social and health impacts. We are also committed to regularly monitor the environment conditions around the production areas, to minimize every possible environmental damages.

The monitoring activities covered include; water quality, air quality, soil quality, soil contamination, noise levels and water biota that existed in the surrounding operations areas. For assurance, we also worked together with third parties in carrying our independent assessment.

The parameter for environmental impacts included: liquid waste management, solid waste management, noise intensity, air quality and biological components. In 2015, the overall results indicated that the contamination indicators of manufacturing business' activities were not exceeding the environmental quality standards, either in parameters of solid waste, liquid waste, noise nor the air quality.

SOCIAL RESPONSIBILITY PROGRAM IN ENVIRONMENTAL AREA

We have assessed the potential impacts of our activities to manage and reduce any effects they may have on the environment and the lives of local communities. In preserving the environment through the implementation of social responsibility, we have the "Hijau Untuk Negeri" program, which covers various aspects of the environment, ranging from environmental preservation activities to efficiency of natural resources and energy.

In 2015, various activities in environmental subjects were conducted as part of the "Hijau Untuk Negeri" program, which included: tree planting program in the surrounding areas of BNBR's factories, and provision of waste bins for surrounding communities.



'GREEN PRODUCT' AWARD FOR BAKRIE BUILDING INDUSTRIES' VERSA [G4-EN27]

PT Bakrie Building Industries (BBI), a subsidiary of PT Bakrie & Brothers Tbk, is a manufacturer of building materials that has been operating for the last four decades. Two of BBI's products; the Versa Board and Versa Wood are listed in the Green Listing Indonesia.

Versa is a product based of Fiber Cement Calcium Silicate, which is 100% free of any materials containing asbestos. Versa board and Versa wood is a wood substitute product that have an important role in supporting forest and environment conservation. This innovation will automatically reduce the consumption of wood as a building material. In addition to, Versa and Versa Board Wood have advantages such as waterproof, fire resistant, and impervious to termites.

BBI conducts strict selection of materials for the composition in the products in order to produce excellent quality products. Our production process complies with **SNI, ISO 9001:2008, ISO 14001:2004, and OHSAS 18001:2007.**

The key aspects of our innovation in producing green products include:

1. VERSA Products brings a solution for an environmental friendly board, minimizing the use of wood.
2. Raw materials used for VERSA mostly consist of a cellulose fiber derived from waste products of the wood processing.
3. The manufacturing process of VERSA adopts environmentally friendly technologies in order for waste to be recycled.
4. Waste water is reused during the production process, reducing the impact of environmental pollution.

Green Listing Label is a collaboration between Indonesia Interior, Architectural Space Center (INIAS), and Green Building Council Indonesia (GBCI). As the VERSA products are listed in the green listing, this indicates that BBI's products for building materials are classified as environmentally friendly, supporting forests conservation and reducing global warming impact. Moreover, Versa is free from hazardous materials.

STAKEHOLDER & MATERIALITY

BNBR understands the range of priorities of a resilient business. This understanding has helped us to build and grow our Group for more than 70 years. We acknowledge that a resilient business requires building long-term stakeholder relationships with integrity; maintaining and extending our competitive position and financial strength; and sustaining growth to create profits for shareholders, rewards and career opportunities for employees, and funds for investments in future growth. [G4-25]

BNBR commits to publish Sustainability Report starting in 2014 in order to increase transparency towards all stakeholders with comprehensive data and information on good corporate governance implementation, operational activities, financial performance, business strategy which includes sustainability aspects of labor practices, environmental preservation, social awareness and care, human rights, and product responsibility. [G4-25]

BNBR 2015 Sustainability Report is based on the Global Reporting Initiative version G4. The topics, issues and concerns to the stakeholder materials and through qualitative and quantitative survey followed by materiality analyses which were conducted in accordance with the 4 (four) principles of Global Reporting Initiative version G4-CORE:

1. **Stakeholder Engagement**
Stakeholders were involved in reporting process, starting from defining report content, to providing feedback to the previous reports;
2. **Materiality**
This Report includes material issues and aspects arisen from stakeholder engagement process that important for both stakeholders and the Company in order to take responsible decision on long term business direction and strategy;
3. **Sustainability Context**
This Report covers all sustainability issues relevant for BNBR;
4. **Completeness**
This Report covers a certain scope and boundaries with a clear reporting period and supported by data relevant to the defined scope, boundary and period of report.

STAKEHOLDER IDENTIFICATION

We engage with wide range of stakeholders to understand society's expectations of us. Stakeholder engagement is about how we constructively manage our relationships with individuals, groups and organizations that affect, or are affected by, our business. Managing our risks and identifying opportunities for our business is a core part of BNBR. BNBR 2015 Sustainability Reporting follows the principles that are specified in Global Reporting Initiative GRI G4, including:

- **Inclusiveness**
Stakeholders as those who have direct interests in our business, and those who are affected by the Company's business and operations.
- **Materiality**
This process of stakeholders' engagement are identifying and managing current and emerging issues.
- **Responsiveness**
Monitors environmental changes at the areas where the Company operates to ensure that concerns of the stakeholders and continuously managed it. BNBR manage the stakeholder expectations in ways that are transparent, sensible and fair in material issues global reporting BNBR.



BNBR engages each stakeholder with varied methods employed. This variety is to facilitate each stakeholder in expressing their opinions, ideas and concerns in ways that are easy, convenient, effective and efficient.

Summary of stakeholders, engagement method and emerging topics/issues from stakeholders' engagement held throughout 2015 are as follows: [G4-26]

| STAKEHOLDER GROUPS [G4-24] | STAKEHOLDER ENGAGEMENT APPROACHES [G4-27] | TOPICS RAISED DURING ENGAGEMENT [G4-26] |
|--|---|--|
| Investors | <ul style="list-style-type: none"> • Hold regular meetings between Investor Relations and shareholders • Annual General Meeting of Shareholders • Corporate Management Presentation • Quarterly Performance Report • Website | <ul style="list-style-type: none"> • Risk management • Corporate governance • Strategy and performance • Financial Performance |
| Customers | <ul style="list-style-type: none"> • Internal Customer Satisfaction Survey • External Customer Satisfaction Survey | <ul style="list-style-type: none"> • Product and Services • Complaint Handling • Customers facilities at business units • Building quality and handover timeliness |
| Employees | <ul style="list-style-type: none"> • Employee communication forums • Regulars meetings • Employees events | <ul style="list-style-type: none"> • Training and Development • Career Path • Remuneration and Benefit |
| Local Community | <ul style="list-style-type: none"> • Routine community engagement meetings • Community development programs and activities | <ul style="list-style-type: none"> • Sound and waste management of the property that may impacted the surrounding areas • Economic development • Opportunities to work • Opportunities to be suppliers |
| Multi-Stakeholders, including NGO and Media | <ul style="list-style-type: none"> • Corporate Reports • Quarterly Performance Report • Press releases • Website | <ul style="list-style-type: none"> • Risk management • Corporate governance • Business strategy • Financial Performance • Product and Service |

MATERIAL ASPECT AND REPORT CONTENT DETERMINATION

Material aspect for BNBR Sustainability Report was conducted based on quantitative survey method. This survey is conducted through distributing questionnaires to the stakeholders which is then sharpened through various qualitative survey through discussion and interview sessions, including: interview with BNBR management; information dissemination and discussion with representatives from all subsidiaries; review on customers' expectations according

to customers' satisfaction survey and feedbacks; peer review with representatives from national media; assessments against Sustainability Reporting standards and requirements, regulation of the Financial Services Authority, Global Reporting Initiative; and interview related to investors' expectations on BNBR. [G4-17] [G4-19] [G4-20] [G4-21]

| No. | MATERIAL ASPECT | SCOPE AND BOUNDARIES | | |
|-----|--------------------------------|----------------------|--------------|--|
| | | BNBR | SUBSIDIARIES | SUPPLIERS/ CONTRACTORS/ BUSINESS PARTNERS |
| 1. | Indirect Economic Impact | ✓ | ✓ | |
| 2. | Customer Health and Safety | ✓ | ✓ | |
| 3. | Environmental Management | ✓ | ✓ | |
| 4. | Product and Service | ✓ | ✓ | ✓ |
| 5. | Product and Service Labeling | ✓ | ✓ | |
| 6. | Local Communities | ✓ | ✓ | |
| 7. | Economic Performance | ✓ | ✓ | |
| 8. | Occupational Health and Safety | ✓ | ✓ | ✓ |
| 9. | Vendor Management | ✓ | ✓ | |
| 10. | Employment Practice | ✓ | ✓ | |
| 11. | Compliance | ✓ | ✓ | |
| 12. | Anti-Competitive Behavior | ✓ | ✓ | |
| 13. | Market Presence | ✓ | ✓ | |
| 14. | Corporate Governance | ✓ | ✓ | |
| 15. | Human Right | ✓ | ✓ | |

The result of BNBR maps emerging topics from survey are based on degree of interests according to the stakeholders and degree of interests for BNBR sustainability in a Materiality Matrix that consists of 33 material topics, which become a reference in preparing this Sustainability Report 2015. [64-18]



- | | | |
|----------------------------------|--|---------------------------------|
| 1. Economic Performance | 14. Training & Education | 26. Local Communities |
| 2. Indirect Economic Impact | 15. Diversity & Equal Opportunity | 27. Anti-Corruption |
| 3. Procurement Practices | 16. Equal Remuneration for Women & Men | 28. Public Policy |
| 4. Environmental Management | 17. Labor Practices | 29. Anti-Competitive Behavior |
| 5. Product & Services | 18. Investment | 30. Customer Health & Safety |
| 6. Compliance | 19. Non-discrimination | 31. Product & Service Labelling |
| 7. Transport | 20. Freedom of Association & Collective Bargaining | 32. Customer Privacy |
| 8. Vendor Management | 21. Child Labor | 33. Marketing Communications |
| 9. Overall | 22. Forced or Compulsory Labor | |
| 10. Grievance Mechanisms | 23. Security Practices | |
| 11. Employment | 24. Indigenous Rights | |
| 12. Market Presence | 25. Assessment | |
| 13. Occupational Health & Safety | | |

GRI INDEX [G4-32]

| 5 | Reported Index | Remarks | Page |
|---|----------------|---|----------------|
| GENERAL STANDARD DISCLOSURE | | | |
| Strategy And Analysis | G4-1 | Statement From The Highest Governance Body Regarding Short Term And Long Term Strategy In Implementing Sustainability | 18-19 |
| Organizational Profile | G4-3 | Organization Name | 7, 10 |
| | G4-4 | Primary Brands, Products And Services | 7, 10,14-15 |
| | G4-5 | Organization Headquarters | 10 |
| | G4-6 | Operational Regions | 10, 14-15 |
| | G4-7 | Ownership And Legal Form | 7, 10 |
| | G4-8 | Markets Served, Sectors Served, Customer Types | 7, 10, 16 |
| | G4-9 | Organization Scale | 12-13 |
| | G4-10 | Profile Of Employees | 32 |
| | G4-11 | Collective Bargaining Agreements | 36 |
| | G4-12 | The Organization's Supply Chain | 16 |
| | G4-13 | Changes During The Reporting Period | 7 |
| | G4-14 | Precautionary Approached And Risk Management | 24 |
| | G4-15 | List Of External Chartered Supported And Addressed | 16-17 |
| | G4-16 | Memberships In Associations | 36 |
| Material Aspect Identification And Boundary | G4-17 | List Of All Organizational Entities And Reporting Scope | 12-13, 51 |
| | G4-18 | Defining Report Content And Boundary Aspect | 5, 52 |
| | G4-19 | List Of Material Aspect Identified | 51 |
| | G4-20 | Internal Aspect Boundary For Each Material Aspects | 51 |
| | G4-21 | External Aspect Boundary For Each Material Aspects | 51 |
| | G4-22 | Restatement From Previous Reports | 5 |
| | G4-23 | Significant Changed From Previous Reporting | 5 |
| Stakeholder Engagement | G4-24 | List Of Stakeholder Groups | 24, 51 |
| | G4-25 | Basis For Identification And Selection Of Stakeholder | 49, 50 |
| | G4-26 | Stakeholder Engagement Approach | 51 |
| | G4-27 | Stakeholder Concern Or Key Topics | 51 |
| Report Profile | G4-28 | Reporting Period | 5 |
| | G4-29 | Date of most Recent previous report | 5 |
| | G4-30 | Reporting Cycle | 5 |
| | G4-31 | Contact Point Regarding Report Content | 5 |
| | G4-32 | GRI Core Index | 54-57 |
| | G4-33 | External Assurance | 5 |
| Governance | G4-34 | Governance Structure Of The Organization | 21, 22 |
| Ethics And Integrity | G4-56 | Organization's Values, Principles, Standard, Norms Of Behavior | 10, 23, 36, 39 |

| Material Aspects | Reported Index | Remarks | Page |
|--------------------------|----------------|---|----------------|
| ECONOMIC | | | |
| Economic Performance | G4-DMA | Disclosure Of Management Approach For Direct Economic Impact | 29 |
| | G4-EC3 | Coverage of the organization's defined benefit plan obligations | 34 |
| Market Presence | G4-EC5 | Ratios of standard entry level wage compared to local minimum wage | 34 |
| Indirect Economic Impact | G4-DMA | Disclosure Of Management Approach For Indirect Economic Impact | 27, 38 |
| | G4-EC7 | Development And Impact Of Infrastructure Investment And Service Supported | 27, 38, 39, 40 |
| | G4-EC8 | Significant indirect economic impact, including the extent of impact | 27, 29, 38 |

| Material Aspects | Reported Index | Remarks | Page |
|---------------------|----------------|---|------|
| ENVIRONMENT | | | |
| Energy | G4-EN3 | Energy Consumption within the organization | 46 |
| | G4-EN6 | Reduction of energy consumption | 46 |
| Water | G4-EN8 | Total Water Withdrawal By Source | 46 |
| | G4-EN9 | Water sources significantly affected by withdrawal of water | 46 |
| Emission | G4-EN15 | Direct greenhouse gas (ghg) emissions | 46 |
| | G4-EN19 | Reduction of greenhouse gas (GHG) emissions | 46 |
| Effluents and Waste | G4-EN23 | Total weight of waste by type and disposal method | 47 |
| Product & services | G4-EN27 | Extent of impact mitigation of environmental impacts of products and services | 48 |
| Compliance | G4-EN29 | Monetary value of significant fines and total number of monetary sanctions for non-compliance with environmental laws and regulations | 45 |
| Overall | G4-EN31 | Total environmental protection expenditures and investments by type | 40 |

| Material Aspects | Reported Index | Remarks | Page |
|---------------------------------------|----------------|--|--------|
| LABOR PRACTICE AND DECENT WORK | | | |
| Employment | G4-LA1 | Total number and rates of new employee hires and employee turnover by age group, gender and region | 32, 33 |
| | G4-LA2 | Benefit provided to full-time employee that are not provided to temporary or part-time employees | 34 |
| Occupational Health & Safety K3 | G4-LA5 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs | 42 |
| | G4-LA6 | Types and ratio of injury, occupational diseases, lost days, absenteeism and the total number of work-related fatalities. | 43 |
| | G4-LA8 | Health and safety topics covered in formal agreements with trade unions | 36, 42 |
| Training & Education | G4-LA9 | Average hours of training per year per employee | 36 |
| | G4-LA11 | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | 35 |

| Material Aspects | Reported Index | Remarks | Page |
|----------------------------|----------------|--|------------|
| SOCIETY | | | |
| Local Community | G4-S01 | Percentage Of Operation With Implemented Local Community Engagement, Impact Assessments, And Development Programs. | 38, 39, 40 |
| Anti-Corruption | G4-S03 | Assessment Toward Risk Of Corruption And Other Identified Risk In The Organization | 25 |
| | G4-S04 | Communication And Training On Anti-Corruption Policies And Procedures | 23, 25 |
| | | | |
| Material Aspects | Reported Index | Remarks | Page |
| HEALTH & SAFETY | | | |
| Customer Health & Safety | G4-PR1 | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement | 29, 30 |
| Product & Service Labeling | G4-PR3 | Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and service categories subject to such information requirements | 29, 30 |

MANAGEMENT PROFILE

BOARD OF COMMISSIONERS PT BAKRIE & BROTHERS TBK

With a solid team of professionals, Bakrie & Brothers is ready to take part in the new era of business, in Indonesia and the world.

On top of operating strongly in the manufacturing sector/ Bakrie & Brothers is also involved in various energy and transportation infrastructure projects in Indonesia.

Bakrie & Brothers is always ready to overcome all challenges and opportunities.

Armansyah Yamin
Commisioner





Nugroho I. Purbowinoto
Commisioner

Irwan Sjarkawi
President Commisioner & Independent Commisioner

**BOARD OF DIRECTORS
PT BAKRIE & BROTHERS TBK**

Dody Taufiq Wijaya
Independent Director



Bobby Gafur S. Umar
President Director



A. Amri Aswono Putro
Director

R.A. Sri Dharmayanti
Director

**SENIOR EXECUTIVES OF
PT BAKRIE & BROTHERS TBK**



Indra Ginting
Chief Strategic Business Development Officer



Anandh Haridh
Chief Investment Officer

SENIOR MANAGEMENT OF PT BAKRIE & BROTHERS TBK

With full awareness in the importance of Good Corporate Governance (GCG), BNBR is committed to continue enhancing the quality of its GCG implementation consistently and continuously in line with the Corporate values.

BNBR refers to the best practices in determining the Company's business process, control and standard operating procedures.



Ruddyar
Head of Group Accounting

Bayu Bimo Nimpuno
Head of Corporate
Communications



Christofer A Uktolseja
Head of Corporate Secretary &
Corporate Legal

Edwin Ridwan
Head of Equity Trading

Okder Pendrian
Head of Human Capital & Office Support

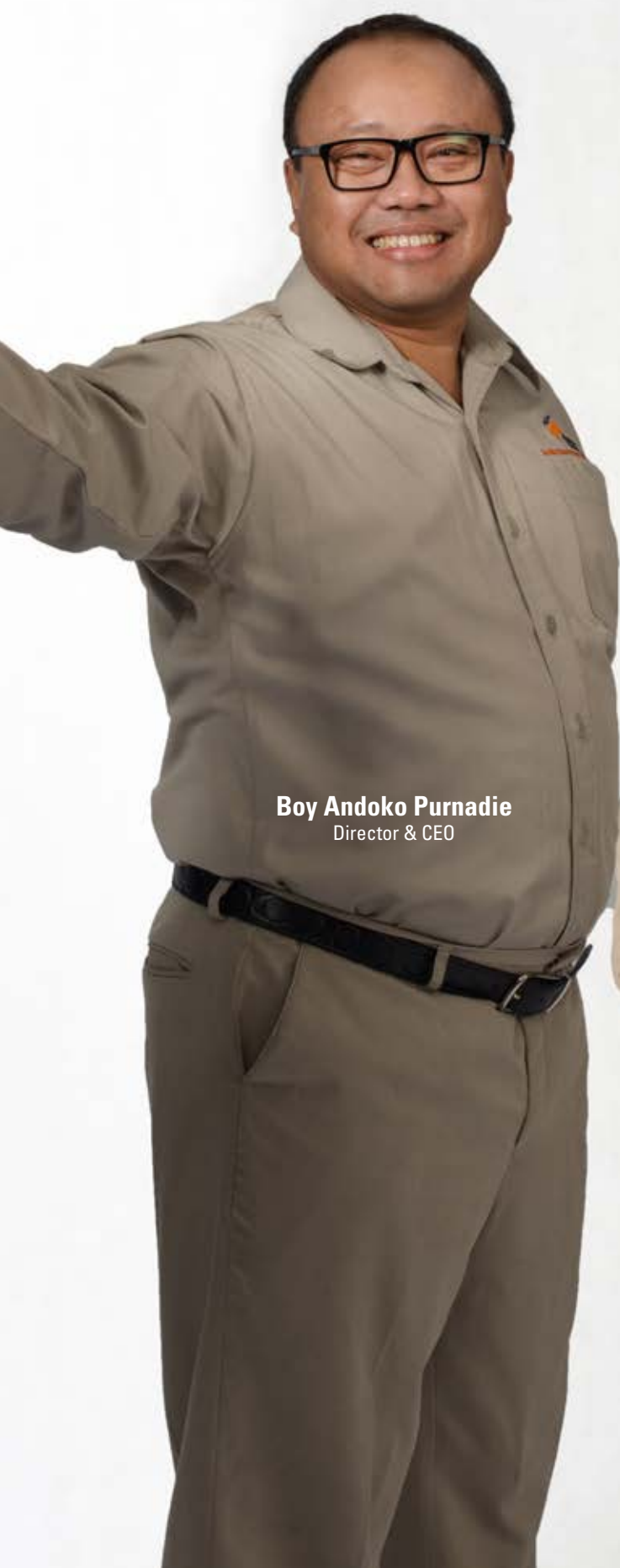
SENIOR MANAGEMENT OF PT BAKRIE AUTOPARTS

PT Bakrie Autoparts (BA) was established in 1975 under the name PT Bakrie Tubemakers which produced malleable pipe; the Company then changed its name to PT Bakrie Tosanjaya (BTJ). In 1983 BTJ expand its capacity by producing automotive component for vehicle and heavy duty equipment. The Company continuously enhance its production expertise and capacity, succeeding in achieving partnership with global player in automotive industry and started its export to several overseas market in 2003. In 2014 BTJ transformed to become an integrated manufacturer of auto component as PT Bakrie Autoparts.



Bambang Indra Maryono

Chief Strategic Business Development Officer



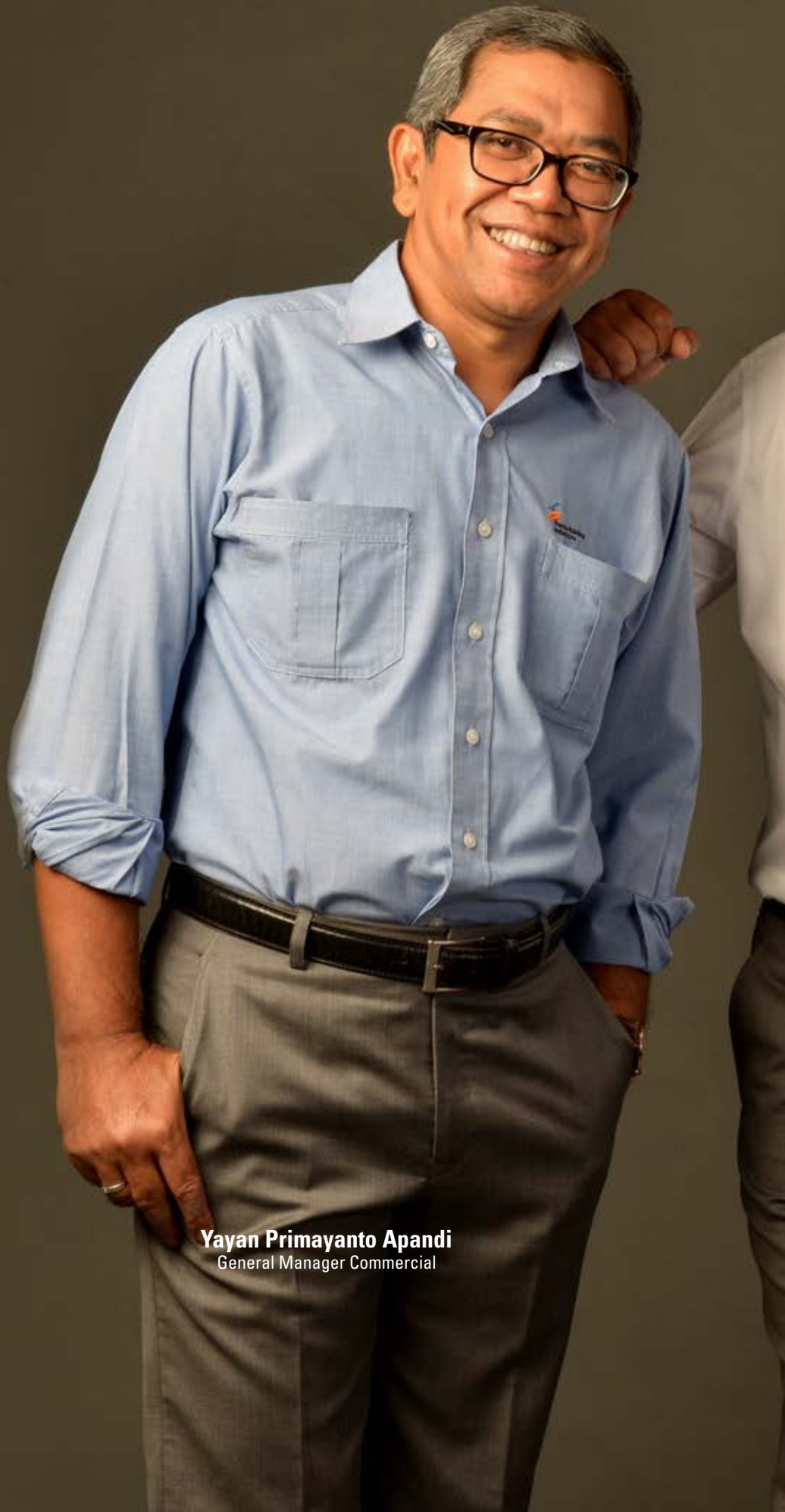
Boy Andoko Purnadie
Director & CEO



Mila Wijaya Kusuma
Chief Financial Officer

SENIOR MANAGEMENT OF PT BAKRIE BUILDING INDUSTRIES

Established as a Joint Venture with an Australian company in 1976, PT Bakrie Building Industries (BBI) is currently one of the pioneers of building materials manufacturers in Indonesia which delivers "Total Building Solution" for domestic and international market. Today BBI is well known as producer of high quality building materials such as fiber cement roofing, ceiling and partition, as well as wood substitution products. Supported by experts in building material industry and a vast network of 80 loyal distributors, BBI is set to be a forefront solution company in innovation, energy efficiency and environmental protection.



Yayan Primayanto Apandi
General Manager Commercial



Yogi Pratomo Widhiarto
Chief Executive Officer

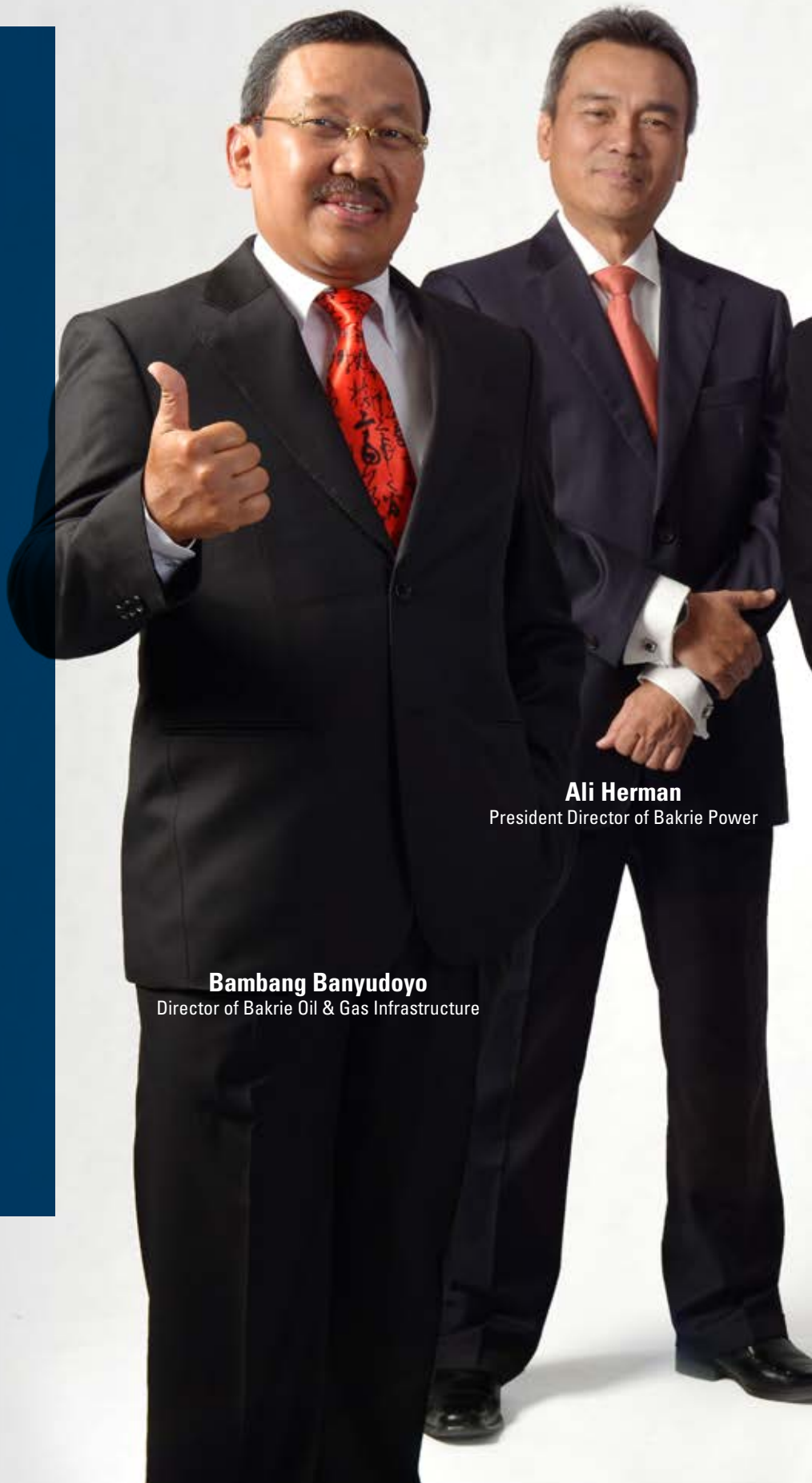
Jisman Hutasoit
Chief of Technology &
Operation Officer

Erti Sri Santi
General Manager Finance

SENIOR MANAGEMENT OF PT BAKRIE INDO INFRASTRUCTURE

Bakrie Indo Infrastructure (BIIN), a wholly owned subsidiary of Bakrie & Brothers, was established in 2008 as the development of Infrastructure Division.

As a holding company with diverse infrastructure assets in Indonesia, BIIN capitalizes on its vast infrastructure experience and regional expertise. Its objective is to invest in lucrative, high-growth toll road, power, oil & gas, port, and telecommunication infrastructure projects. The current Government of Indonesia plans to spend up to USD408 billion in the next four years on infrastructure projects. As a result, BIIN presents a compelling and unique opportunity to invest in Indonesia's burgeoning economy across a diverse array of infrastructure projects.



Bambang Banyudoyo
Director of Bakrie Oil & Gas Infrastructure

Ali Herman
President Director of Bakrie Power




AD Erlangga
Director of Bakrie Indo Infrastructure



Chandra Devi Muharam
Head of Legal & Admin Bakrie Indo Infrastructure



Krisnaraga Syarfuhan
Director of Bakrie Indo Infrastructure

A professional studio portrait of three senior executives of PT Bakrie Metal Industries. On the left, Adwin Abdurachman stands in a dark suit with a red tie. In the center, Enda Marina is seated, wearing a black blazer over a red ruffled top and a pearl necklace. On the right, Achmad Muchtasyar is seated, also in a dark suit with a red tie, with his hand resting on Enda Marina's shoulder. The background is a dark, neutral studio backdrop.

Adwin Abdurachman
Chief Operations Officer

Enda Marina
Chief Corporate
Affairs Officer

**Achmad
Muchtasyar**
Chief Business
Development Officer

SENIOR MANAGEMENT OF PT BAKRIE METAL INDUSTRIES

Bakrie Metal Industries (BMI) started its steel pipe manufacturing business in 1959 under the name "Talang Tirta", it originally produces conduit pipe for general use. In 1984 the company expand its business to fabrication service, which specialty is in corrugated steel and bridge. In 1985 BMI established its EPC business with the operation of its heavy industrial steel fabrication facility in Sumunraja, Banten. Today BMI is well known for its high quality steel pipes (oil & gas and general purposes) and nation wide acclaimed EPC and fabrication expertise.

A professional portrait of three men in business suits. Two men are seated on the left, and one man stands on the right. The man seated in the foreground is smiling and gesturing with his hands. The man seated behind him is also smiling. The man standing on the right is smiling and has his hand on the back of the chair.

Hendi Kariawan
Chief Finance Officer

Mas Wigrantoro
President Director

Rachmat Harimurti
Chief Commercial Officer



Ira Wibisono
Chief Financial Officer

Rusdiar Darma
Chief Logistic Officer

**Indra P
Jacobalis**
Chief Human Resources
& Administration Officer

R. Atok Hendrayanto
Chief Executive Officer



Deddy Kurnia
Chief Operations Officer

Arief Djoko P
Chief Commercial Officer

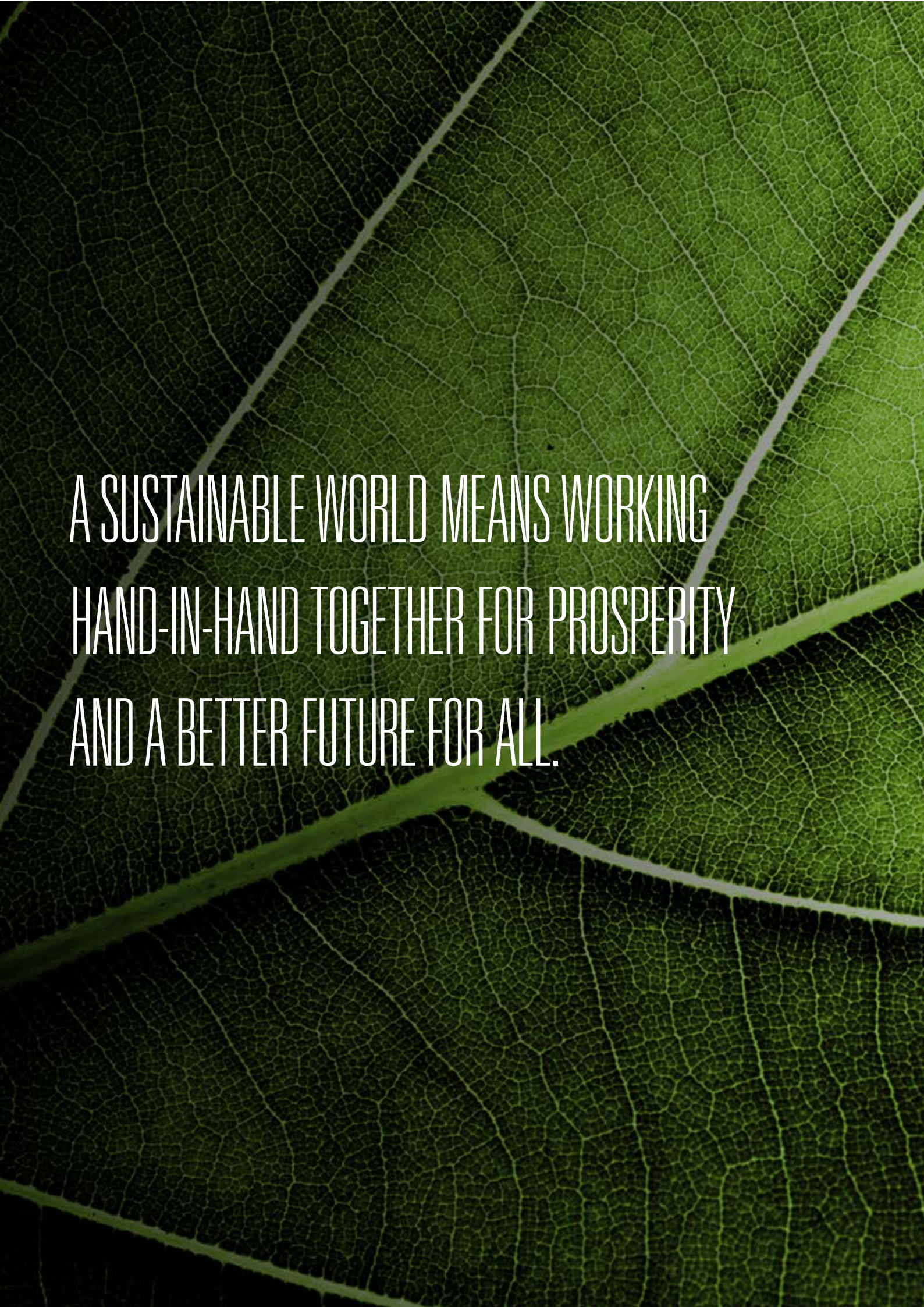
Mas Wigrantoro
President Director

SENIOR MANAGEMENT OF PT BAKRIE PIPE INDUSTRIES

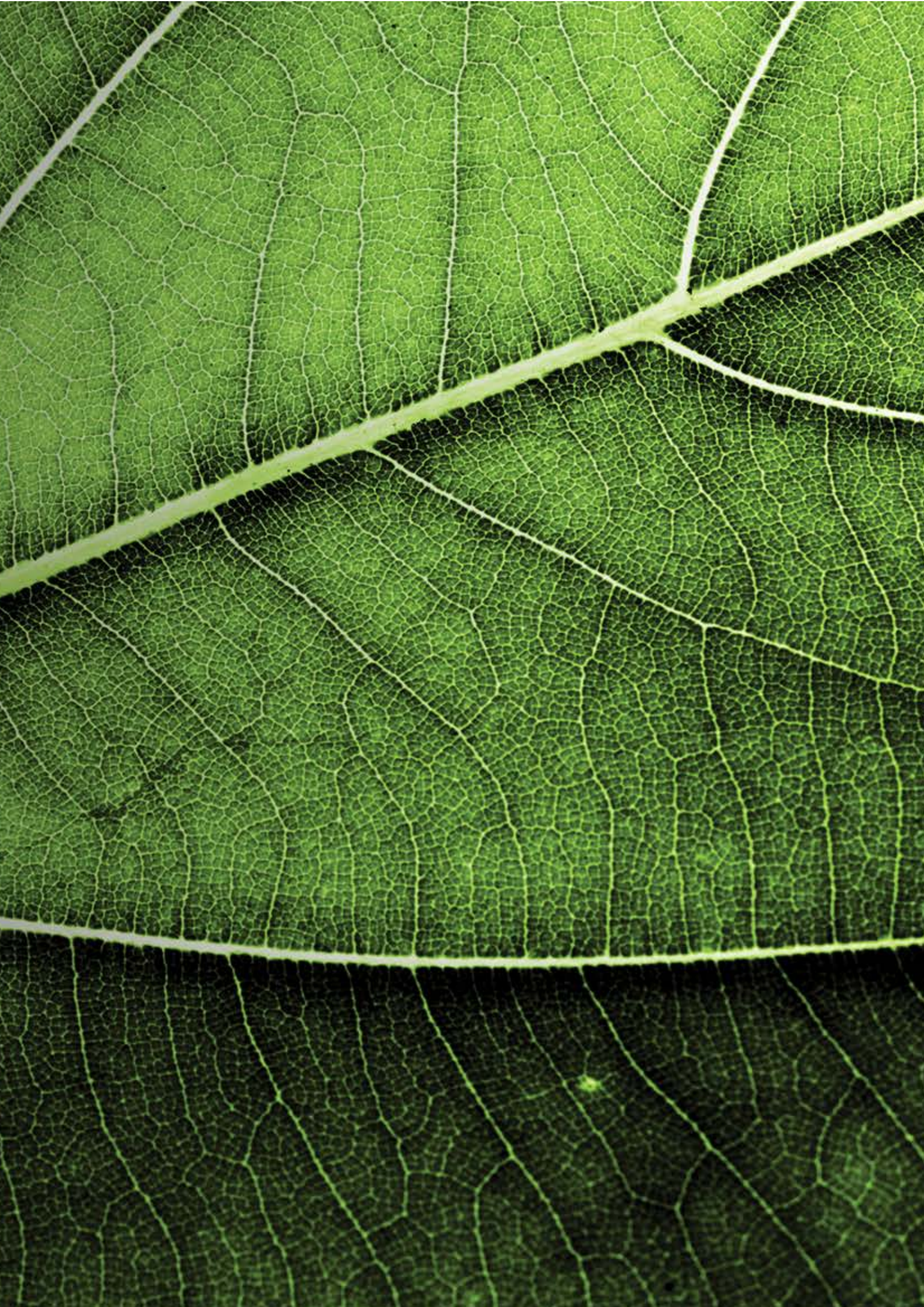
As one of the subsidiary company of PT Bakrie & Brothers Tbk, which is established in 1981, PT Bakrie Pipe Industries (BPI) became the largest and most prominent steel pipe manufacturer in Indonesia.

BPI produces various steel pipes and has established a coating plant in 2013 to strengthen its position as the leader of steel pipe business in South East Asia. The application of the latest technology and highly motivated professionals are the strong points of this new facility.

Experienced in manufacturing process for more than 54 years, with efficient and effective management team along with creative, innovative, reliable professionals and full integrity; these qualities have earned BPI its customers confidence in doing repeat order and long term contracts.

A close-up photograph of a green leaf, showing a detailed network of veins. The veins are a lighter green color, contrasting with the darker green of the leaf's surface. The veins run diagonally across the frame, creating a sense of movement and structure. The lighting is soft, highlighting the texture of the leaf.

A SUSTAINABLE WORLD MEANS WORKING
HAND-IN-HAND TOGETHER FOR PROSPERITY
AND A BETTER FUTURE FOR ALL.





PT Bakrie & Brothers Tbk

Bakrie Tower, 35 – 37th Floor
Rasuna Epicentrum Complex
Jl. H.R Rasuna Said
Jakarta 12940, Indonesia

Tel : (62 21) 2991 2222
Fax : (62 21) 2991 2333