



***Bakrie &
Brothers***

EMBRACING THE FUTURE OF **INDONESIA**

SUSTAINABILITY REPORT 2018





EMBRACING THE FUTURE OF INDONESIA

PT Bakrie & Brothers Tbk has succeeded in withstanding various eras and stood firm for over 77 years, however with the increasingly integrated Indonesian economic with global economic, as well as rapid technological development, PT Bakrie & Brothers Tbk continues to strengthen its competitiveness in order to embrace the future of Indonesia as one of the world's economic powerhouse.

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DISCLAIMER

This report contains certain statements that may be considered "forward-looking statements", the Company's actual results, performance or achievements could differ materially from those projected in the forward-looking statements as a result, among other factors, of changes in general, national or regional economic and political conditions, changes in foreign exchange rates, changes in the prices and supply and demand on the commodity markets, changes in the size and nature of the Company's competition, changes in legislation or regulations and accounting principles, policies and guidelines and changes in the assumptions used in making such forward-looking statements.

** This Annual Report will use the name "BNBR" or "Company" as reference of PERUSAHAAN PERSEROAN (PERSERO) PT BAKRIE & BROTHERS Tbk.
For more information please visit www.bakrie-brothers.com*



CEO Message

[102-14]

DEAR STAKEHOLDERS,

With utmost gratitude, we present to you our BNBR Sustainability Report for the period of 2018, which discloses the Company's performance and achievements in actualizing our sustainability targets and implementing our social responsibilities throughout the year.

As a company, BNBR is built upon the foundation of sustainability values. Especially guided by the ISO 26000 standards and a philosophy called "Bakrie Untuk Negeri" which comprises core values of Indonesian-ness, Usefulness and Togetherness, every business activity of the Company and each of our social responsibility efforts must reflect Bakrie Group's philosophy, that "Every rupiah produced by Bakrie must be beneficial to many people. "

To that end, all aspects of corporate governance, in determining our corporate strategic direction, in compliance with applicable laws and regulations, product responsibility, and in engagement with the community and stakeholders, we include best practices that can promote the actualization of the Company's commitment for sustainability and to beneficially contribute to the community and the nation.

Throughout 2018, the Company continued with our sustainability and social responsibility initiatives, which include our CSR activities with total distributed funds amounting to Rp1.5 billion. In particular, for our CSR activities that are mostly charity-based, we divide them into 5 focus programs, namely "Peduli Untuk Negeri" for Social and Religious aspects, "Cerdas Untuk Negeri" for Education aspects, "Hijau Untuk Negeri" for Environmental aspects, "Sehat Untuk Negeri" for Health aspects, and "Kemitraan Untuk Negeri" for Community Development aspects. It is through these various programs that BNBR participates in supporting the progress of the community.

Our effort to support the actualization of the sustainability of the society and our nation is also expanded through developing our business with focus on achieving sustainability targets, such as through offering environmentally friendly products, and by implementing strategies that can support the welfare of the nation more broadly. Especially taking advantage of Indonesia's momentum of economic recovery in 2018, BNBR continued to strengthen internal capabilities of our business units through HR development and implementation of various corporate strategies that improved our financial performance and that expanded the marketing reach of our products and services, in order to be ready to capture any opportunities.

Our commitment is to always promoting sustainability in all aspects of our business, encouraging environmentally friendly practices and supporting nature conservation. Through BNBR Sustainability Report that we publish every year, we hope that our sustainability messages can be communicated clearly and consistently to all parties, so that our efforts, achievements, and sustainability participation can also be shared with all stakeholders

On behalf of the Company, I express my deepest gratitude and appreciation to all stakeholders who have walked the journey with us in actualizing all of BNBR's sustainability targets. We hope that the cooperation and partnership that have been built can become even stronger, that our efforts may indeed bring tangible results which will certainly benefit all Indonesian people and the planet.

Jakarta,
On behalf of the Board of Directors
PT Bakrie & Brothers Tbk



Bobby Gafur S. Umar
President Director & CEO

**For 77 years,
PT Bakrie & Brothers
Tbk has provided the
best offer for Indonesia
by participating in
strategic infrastructure
development efforts
in the energy and
transportation sectors.
We continue to strive
to develop our business
sustainability so that
we can contribute
to infrastructure
development in Indonesia.**

**ABOUT
BNBR**

Corporate Profile ^{[102-1][102-2][102-3][102-4][102-5][102-6][102-7]}

| | |
|------------------------------|---|
| Name | : PT Bakrie & Brothers Tbk |
| Ticker Code | : BNBR |
| Business Activity | : Investment and Divestment |
| Line of Business | : General trading, construction, agriculture, mining, industry, especially steel pipes manufacturing, building materials and other construction materials, telecommunication systems, electronic and electrical goods, and investment, including equity investments in other companies. |
| Address | : Bakrie Tower, Lantai 35 – 37, Rasuna Epicentrum Jl. H.R Rasuna Said, Jakarta 12940 |
| Telephone | : 021 2991 2222 |
| Facsimile | : 021 2991 2333 |
| Website | : www.bakrie-brothers.com |
| Email | : ir@bakrie.co.id |
| Establishment Date | : March 13, 1951 |
| Operational Area | : Throughout the Indonesian region |
| Shareholders | <ul style="list-style-type: none"> - Fountain City Investment Ltd 34.12% - Credit Suisse AG Singapore Branch S/A Bright Ventures Pte Ltd (MOU Facility) 9.75% - Daley Capital Limited 7.55% - PT Asuransi Simas Jiwa - Simas Equity Fund 2 5.92% - Public (less than 5%) 42.66% |
| Legal Basis of Establishment | : Akta Notaris Sie Khwan Djioe Date March 13, 1951 No. 55 |
| Authorized Capital | : Rp 54,474,769,356,400 (293,715,580,156 shares) |
| Tax Registration Number | : 01.000.913.2-054.000 |
| Number of Employee | : 3.142 (as of December 2018) |

Company Vision, Mission & Values [102-16]

Vision [102-16]

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

Mission [102-16]

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

Corporate Philosophy & Values [102-16]

It began with a noble aspiration to improve the quality of life for Indonesia and to become a nation with dignity. H. Achmad Bakrie, founder of BNBR, focused on business development as well as raising the high spirit and honourable goals. Through basic core values that embodies, maintains and bequeathed to the next generation in the Bakrie Group, called the PIAGAM BAKRIE. The said values provide a guidance to balance intellectual, emotional and spiritual elements in order to realize the three pillars of life.

Ke-Indonesiaan, Kemanfaatan and Kebersamaan
(Indonesian-ness, Usefulness and Togetherness)
known as TRIMATRA BAKRIE.



Trimatra Bakrie

CORE VALUE

INDONESIAN-NESS

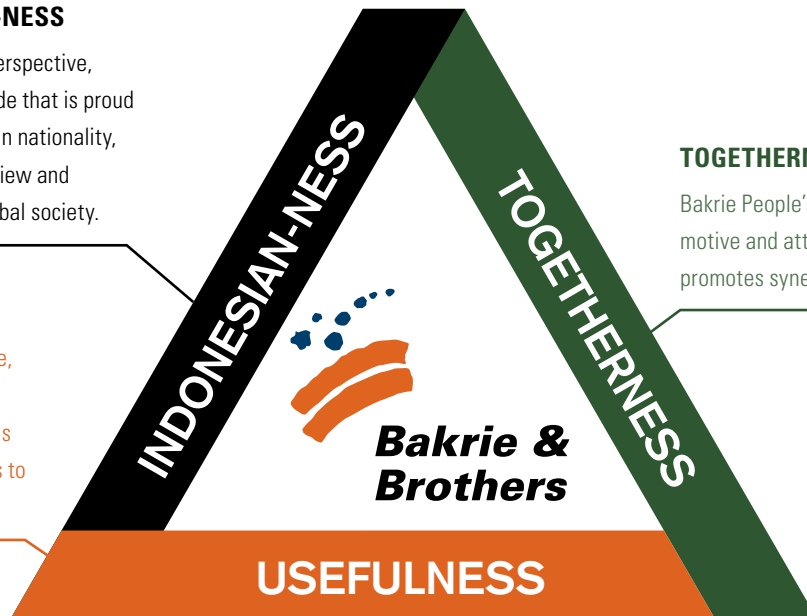
Bakrie People's perspective, motive and attitude that is proud to be of Indonesian nationality, has global worldview and contributes to global society.

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.

Business Line [102-2][102-6]

Infrastructure

PT Bakrie Construction

Head Office

Bakrie Tower 35th Floor, Jl H.R Rasuna Said,
Jakarta Selatan 12940, Indonesia
Tel : (62 21) 299 12345
Fax : (62 21) 299 41955
www.bakrieconstruction.com

Manufacture

PT Bakrie Building Industries

Head Office

Jl. Daan Mogot Km 17,3
Jakarta 11850, Indonesia
Tel : (62 21) 619 0208
Fax : (62 21) 619 2950
www.bakrie-building.com

PT Bakrie Metal Industries

Head Office

Bakrie Tower 35th Floor, Jl HR Rasuna Said,
Jakarta 12940, Indonesia
Tel : (62 21) 2991 2120
Fax : (62 21) 2991 2211
www.bakrie-metal.com

PT Bakrie Autoparts

Head Office / Factory

Jl. Raya Bekasi KM.27 Pondok Ungu,
Bekasi 17132, Indonesia
Tel : (62 21) 8897 6601
Fax : (62 21) 8897 6607
www.bakrie-autoparts.com

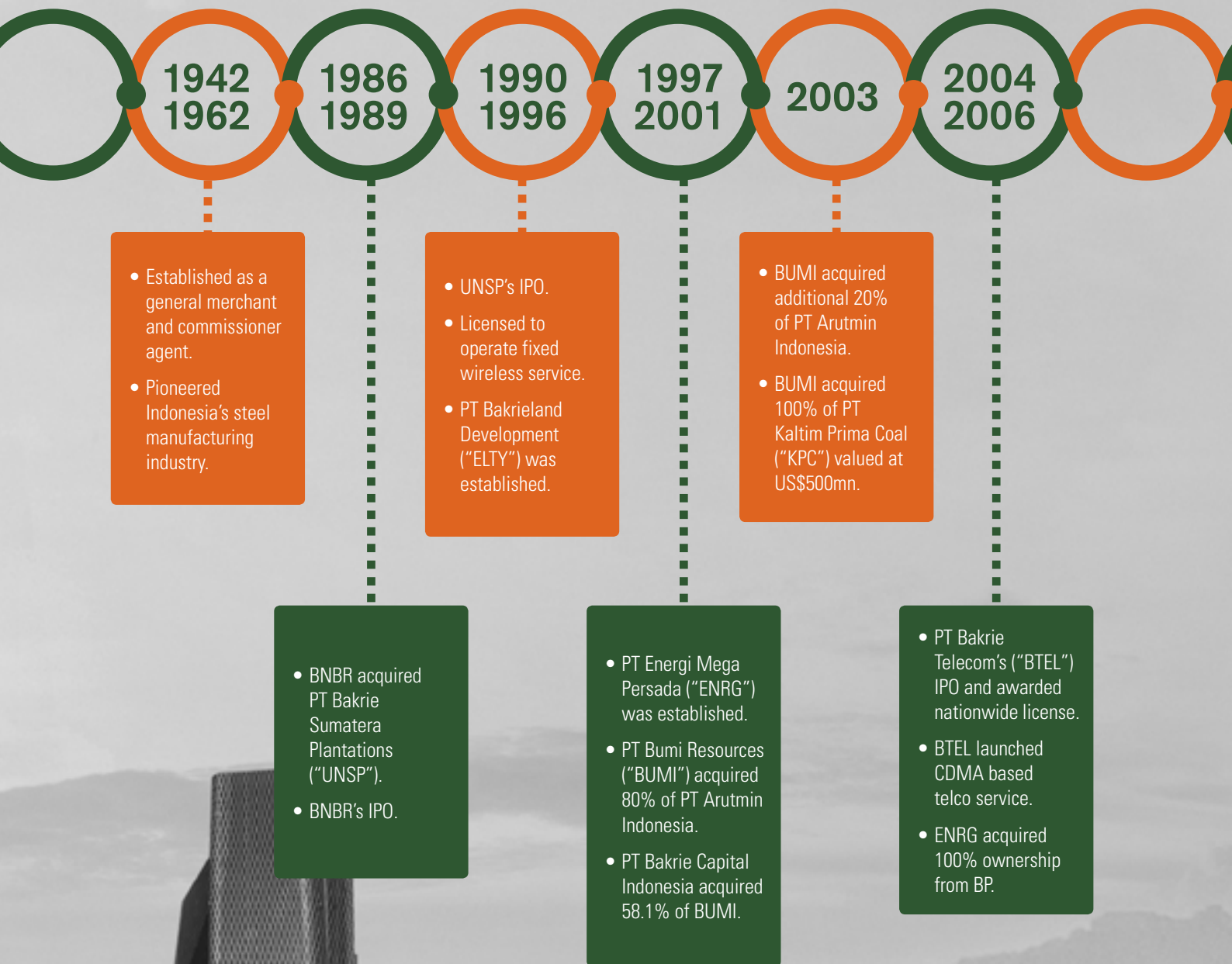
PT Bakrie Pipe Industries

Head Office / Factory

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

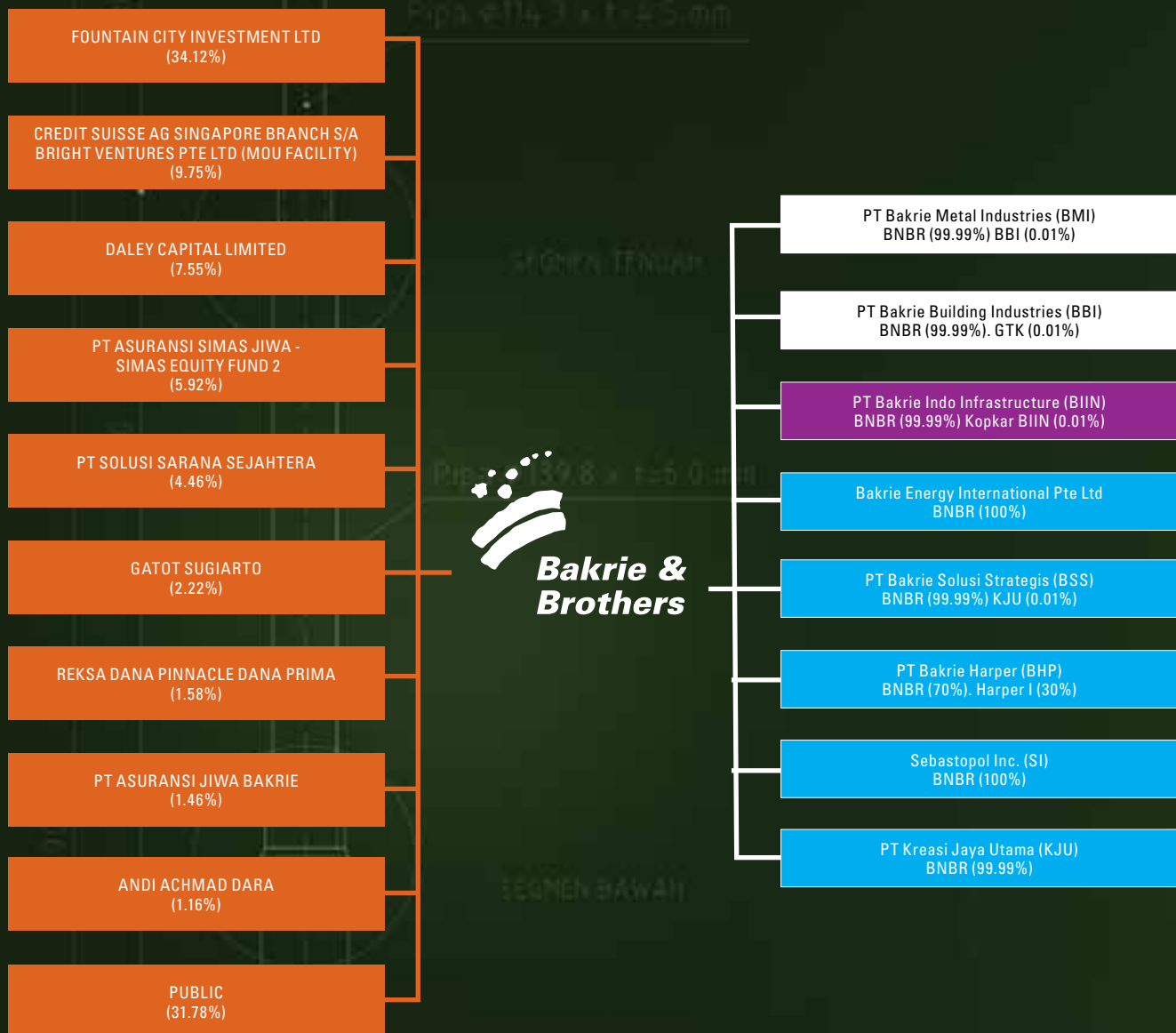


Seven Decades of Business

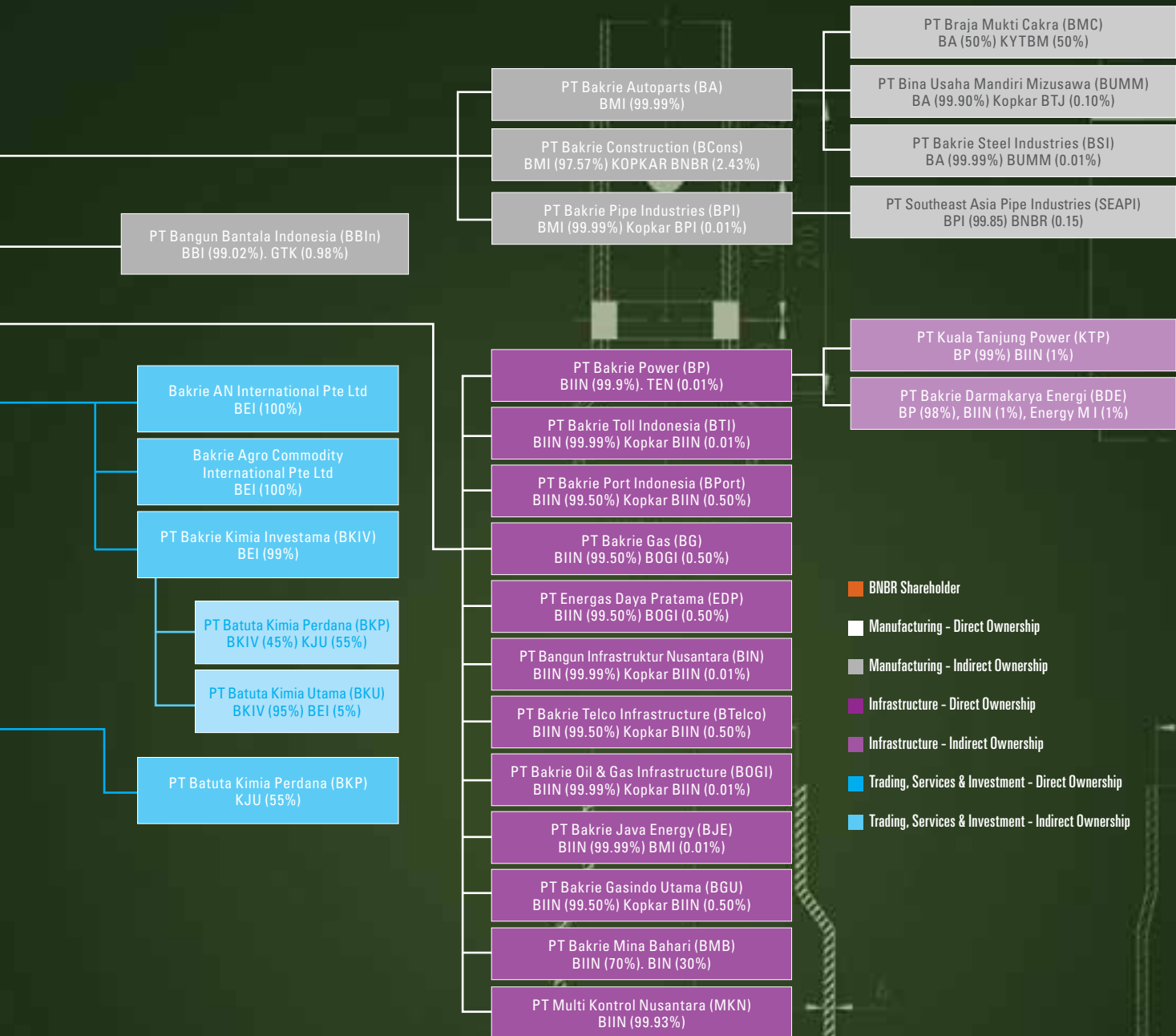




Corporate Group Structure [102-45]



| Spesifikasi | Segmen | Parameter (mm) | | | Tolansi | | | Rata-rata Segmen | | | Berkas | |
|-------------|--------|----------------|-------|-------|---------|-----|-----|------------------|------|------|--------|-----|
| | | Norm | Min | Max | Norm | Min | Max | Norm | Min | Max | Norm | Min |
| S/200 | Atas | 134.7 | 133.7 | 135.8 | 5.3 | 5.4 | 5.0 | 2000 | 1960 | 2040 | 2.33 | 1.1 |
| | Tengah | 135.8 | 133.1 | 140.5 | 5.0 | 5.8 | 6.6 | 2000 | 1960 | 2040 | | |
| | Bawah | 190.7 | 189.7 | 191.7 | 5.0 | 5.0 | 6.6 | 5000 | 4960 | 5040 | | |






Map of Product and Distribution [102-4][102-9]

All BNBR product and service distribute to throughout the Indonesian region and no product is withdrawn.

Manufacture

-  Distribution
-  Factory
-  Head Office

Infrastructure

-  Electricity
-  Gas and Pipeline
-  Toll Road

Service & Investment

-  Trading, Services and Investment



BNBR in Numbers ^[102-7]

| | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|-------------|-------------|-------------|
|  NUMBER OF EMPLOYEE | 4,236 | 3,658 | 3,142 |
|  TOTAL REVENUE (RP BILLION) | 2,076 | 2,460 | 3,341 |
|  TOTAL CAPITALIZATION (RP BILLION) | 4,686 | 5,676 | 1,039 |
|  LIABILITIES (RP BILLION) | 12,610 | 12,601 | 11,656 |
|  EQUITY (RP BILLION) | (6,052) | (5,996) | 2,679 |
|  TOTAL ASSETS (RP BILLION) | 6,558 | 6,605 | 14,335 |
|  PROFIT (LOSS) NETTO (RP BILLION) | (3,662) | (1,208) | (1,250) |

Association Membership and External Initiative [102-12, 102-13]

BNBR participates in several initiative related to economic, social, and environmental aspects. One of them is PROPER. Furthermore, BNBR also participated in several mining and non-mining. Some of them are Association of Indonesian Mining Professionals (PERHAPI), Chamber of Commerce and Industry (KADIN), and Indonesian Stock-Issuer Association.

Awards & Certification

BAKRIE AUTOPARTS

ISO 14001:2015

July 2018 – July 2021

Environmental Management System Certificate; ISO 14001:2015 (TÜV SÜD PSB) for fabrication and construction services Manufacture of Casted and Machined Parts for Brake Drum, Fly Wheel, Disc Brake, Hub, Parking Brake Drum, and Bracket Generator was obtained by PT Bakrie Autoparts (known at the time as PT Bakrie Tosanjaya) on July 9, 2018. This certificate is valid until July 8, 2021.



BAKRIE BUILDING INDUSTRIES

ISO 14001:2004

June 2015 – May 2018

Environmental Management Certificate; ISO 14001:2004 (BSI, ANAB, IAF) for design and manufacture of fibrecement product (Harflex and Versa) of building materials was obtained by PT Bakrie Building Industries on June 1, 2015 and is valid until May 31, 2018.



BAKRIE CONSTRUCTION

ISO 14001:2005

January 2017 – January 2020

Environmental Management System Certificate; ISO 14001:2005 (Bureau Veritas Certification) for fabrication and construction services for oil & gas onshore/offshore facilities, and mining that was obtained by PT Bakrie Construction since November 25, 2016. This certificate is recertified and is valid from January 30, 2017 until January 5, 2020.



BAKRIE METAL INDUSTRIES

Proper Certification

2017 – 2018

Ministry of Environment and Forestry Republic of Indonesia bestow the award for the company's performance rating program in environmental management Proper to PT Bakrie Metal Industries with the "Blue" rating that is valid for period 2017 -2018.



BAKRIE PIPE INDUSTRIES**ISO 14001:2015**

May 2018 - May 2019

Environmental Management System Certificate; ISO 14001:2015 (TÜV Rheinland) for manufacture of Fabricated Steel Pipes, Steel Poles, Coated Steel Pipes, Galvanized Steel Pipes, Rectangular and Square Pipes was obtained by PT Bakrie Pipe Industries on May 31, 2018. This certificate is valid until May 2, 2019.

**BINA USAHA MANDIRI MIZUSAWA****ISO 14001:2015**

March 2018 – March 2021

Environmental Management Certificate; ISO 14001:2015 (BSI, ANAB, IAF, KAN) for Manufacture of iron casting product for automotive and non-automotive by PT Bina Usaha Mandiri Mizusawa since March 1, 2013. This certificate is recertified and is valid from March 9, 2018 until March 8, 2021.

**BRAJA MUKTI CAKRA****ISO 14001:2015**

October 2018 – October 2021

Environmental Management Certificate; ISO 14001:2015 (BSI, ANAB, IAF, KAN) for Manufacture of Machining Part Used in Engine, Drive Axle, and Brake System by PT Braja Mukti Cakra since October 24, 2012. This certificate is recertified and is valid from October 24, 2018 until October 23, 2021.

**SOUTH EAST ASIA PIPE INDUSTRIES****ISO 14001:2015**

September 2017 – September 2020.

Environmental Management System Certificate; ISO 14001:2004 (TÜV Rheinland) for manufacture of Steel Pipes for Oil and Natural Gas, Chemical, and Construction was obtained by PT South East Asia Pipe Industries on September 25, 2017 and is valid until September 24, 2020.

**BAKRIE AUTOPARTS****OHSAS 18001:2007**

June 2015 – June 2018

Occupational Health and Safety Management System Certificate OHSAS 18001:2007 (TÜV SÜD PSB) for Manufacture of Casted and Machined Parts was obtained by PT Bakrie Autoparts (known at the time as PT Bakrie Tosanjaya) on June 18, 2015 and is valid until June 17, 2018.





BAKRIE BUILDING INDUSTRIES**OHSAS 18001:2007**

June 2015 – May 2018

Occupational Health and Safety Management System Certificate OHSAS 18001:2007 (BSI, ANAB) for design and manufacture of fibrecement product (Harflex and Versa) of building materials was obtained by PT Bakrie Building Industries on June 1, 2015 and is valid until May 31, 2018.

**BAKRIE CONSTRUCTION****OHSAS 18001:2007**

January 2017 – January 2020

Occupational, Health and Safety Management System Certificate; OHSAS 18001:2007 (Bureau Veritas Certification) for fabrication and construction services for oil & gas onshore/offshore facilities, and mining that was obtained by PT Bakrie Construction since January 6, 2011. This certificate is recertified and is valid from January 20, 2017 until January 5, 2020.

**BAKRIE METAL INDUSTRIES****OHSAS 18001:2007**

October 2018

Occupational Health and Safety Management System Certificate; OHSAS 18001:2007 (AJA Registrars) has been done by PT Bakrie Metal Industries on October 3-5, 2018.

**BAKRIE PIPE INDUSTRIES****OHSAS 18001:2007**

April 2016 – April 2019

Occupational, Health and Safety Management System Certificate; OHSAS 18001:2007 (ABS Quality Evaluations) for Manufacture of Fabricated Steel Pipe, Steel Poles, Coated Steel Pipes, Galvanized Steel Pipes, Rectangular and Square Pipes that was obtained by PT Bakrie Pipe Industries on April 2, 2007. This certificate is recertified and is valid from April 1, 2016 until April 1, 2019.

**BAKRIE PIPE INDUSTRIES****Certificate of Appreciation – Occupational Safety and Health Management System**

July 2017 – July 2020

Certificate of Appreciation for Occupational Safety and Health Management System was awarded by The Minister Of Employment Of The Republic Of Indonesia, M. Hanif Dhakiri. The certificate is based on the Decree Of The Minister Of Employment Of The Republic Of Indonesia no. 201, year 2017 to certify that PT Bakrie Pipe Industries has implemented an Occupational Safety and Health Management System with an audit result of 96.38% for advanced level category. Certificate was obtained on July 14, 2017 and is valid until July 14, 2020.



BRAJA MUKTI CAKRA

OHSAS 18001:2007

November 2016 – November 2018

Occupational Health and Safety Management System Certificate OHSAS 18001:2007 (BSI, ANAB) for the Manufacture of Machining Part used in Engine, Drive axle, and Brake System was obtained by PT Braja Mukti Cakra on November 30, 2016 and is valid until November 29, 2019.



SOUTH EAST ASIA PIPE INDUSTRIES

OHSAS 18001:2007

September 2017 – September 2020

Occupational, Health and Safety Management System Certificate; OHSAS 18001:2007 (TÜV Rheinland) for manufacture of Steel Pipes for Oil and Natural Gas, Chemical, and Construction that was obtained by PT South East Asia Pipe Industries on April 2, 2007. This certificate is recertified on September 25, 2017 and is valid until September 24, 2020.



BNBR's Sustainability Report is our commitment and responsibility to all stakeholders. This report has several aspects in accordance with POJK 51 and GRI Standard, which are environmental, social and economic aspects. This aspect is our responsibility to strengthen our cooperation with the government, public institutions, the private sector and society.

ABOUT THIS REPORT

BNBR's commitment in reporting sustainability performance has been going on since 2014 as our commitment to stakeholders. The 2017 Sustainability Report was published in May 2018. Like the previous Report, to facilitate presentation, the terms "BNBR", "Company", or "We" are used to represent PT Bakrie & Brothers Tbk. [102-51]

Report Technical Standards

BNBR's 2018 Sustainability Report is prepared in accordance with GRI Standard: Core Options. To facilitate the presentation of the GRI Index in the BNBR Sustainability Report, we have included related indicators at the end of the paragraph / page discussing relevant topics / issues. The overall GRI Standard index can be seen on page 80. [102-54] [102-55]

Reporting Principles

BNBR's Sustainability Report uses the ISO 26000 reference every year. In addition, BNBR also adjusting to the Financial Services Authority (POJK) regulatory standards: POJK No. 51 / POJK.03 / 2017 concerning the Implementation of Sustainable Finance for Financial Service Institutions, Issuers and Public Companies. [102-52]

The preparation of the BNBR's sustainability report is described based on ISO 26000, which are operational, financial, governance, human resources, work safety and health, environment, and community development. This description is our commitment to stakeholders to present accurate, complete, balanced and reliable content and report data. For the adjustment of POJK 51, there are several disclosures that are irrelevant to the Company. Such as customer satisfaction surveys, the use of environmentally friendly materials, and several things related to the implementation of Sustainable Finance, including problems encountered, financing targets, and product development responsibilities.

Structure Scope, and Report Boundaries

There is no significant change in the reporting structure of the 2018 BNBR's Sustainability Report, both in the reporting structure and the organizational structure of the Company and its suppliers. In addition, there is Significant change in Energy Consumption and Fuel Consumption in 2017. [102-10][102-48][102-49]

The scope and limits of the BNBR's Sustainability Report come from all subsidiaries, which consist of Manufacturing (PT Bakrie Autoparts, PT Bakrie Building Industries, Bakrie Metal Industries, Bakrie Pipe Industries) and Infrastructure (PT Bakrie Indo Infrastructure). All financial information in this report is stated in Rupiah (IDR).

Reporting Period

The 2018 Sustainability Report covers performance during the period date of 1 January 2018 to 31 December 2018. This Sustainability Report also includes quantitative data over the past two periods on several GRI Standard indicators. BNBR's Sustainability Report does not appoint third parties to verify this report. The BNBR Sustainability Report can also be accessed at https://www.bakrie-brothers.com/#/investor_relations/annual_report [102-50][102-56]

Suggestion and Feedback

BNBR is open to suggestions and feedback from our readers about our sustainability report. Please send your feedback and suggestions to: [102-53]

INVESTOR RELATIONS

PT Bakrie & Brothers Tbk

Bakrie Tower, 35-37 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

BNBR Sustainability in Determining Content and Boundaries of BNBR Sustainability Reports

Determination of Contents of BNBR's Sustainability Reports is processed through several stages, namely:

1

IDENTIFY RELEVANT SUSTAINABILITY ASPECTS AND BOUNDARIES OF EACH ASPECT ACCORDING TO INDUSTRY CHARACTERISTICS AND THEIR IMPACT ON STAKEHOLDERS

2

PRIORITIZE ASPECTS AND SUSTAINABILITY ISSUES TO DETERMINING THE MATERIALITY OF EACH ASPECT

3

VALIDATE EVERY ASPECT OF EACH MATERIAL

4

REVIEW PREVIOUS REPORTS TO IMPROVE THE QUALITY OF THIS SUSTAINABILITY REPORT.





For the process of identifying immaterial issues, BNBR adopts a stakeholder engagement approach by gathering all their opinions and feedback. Stakeholder feedback is an important part for us to continue to develop the company's sustainability. In the process of carrying out the issue of identification, we carried out through quantitative and qualitative surveys with the process of analyzing materiality levels and also with the risk management process of BNBR. BNBR risk management's principles, namely: [\[102-42\]](#)

INCLUSIVE

STAKEHOLDERS WHO HAVE A DIRECT INTEREST IN BNBR'S BUSINESS AND EXPERIENCE THE IMPACT OF BUSINESS AND OPERATIONAL ACTIVITIES.

MATERIALITY

STAKEHOLDER INVOLVEMENT IN IDENTIFYING AND MANAGING ISSUES THAT OCCUR AS WELL AS THOSE THAT WILL EMERGE IN THE FUTURE.

RESPONSIVE

STAKEHOLDERS BENEFIT FROM THE OPERATIONS OF BNBR, WHILE CONTINUING TO MONITOR THE OPERATIONAL CHANGES OF BNBR.S

LIST OF STAKEHOLDERS, APPROACHES AND DISCUSSION TOPICS [102-40][102-43][102-44]

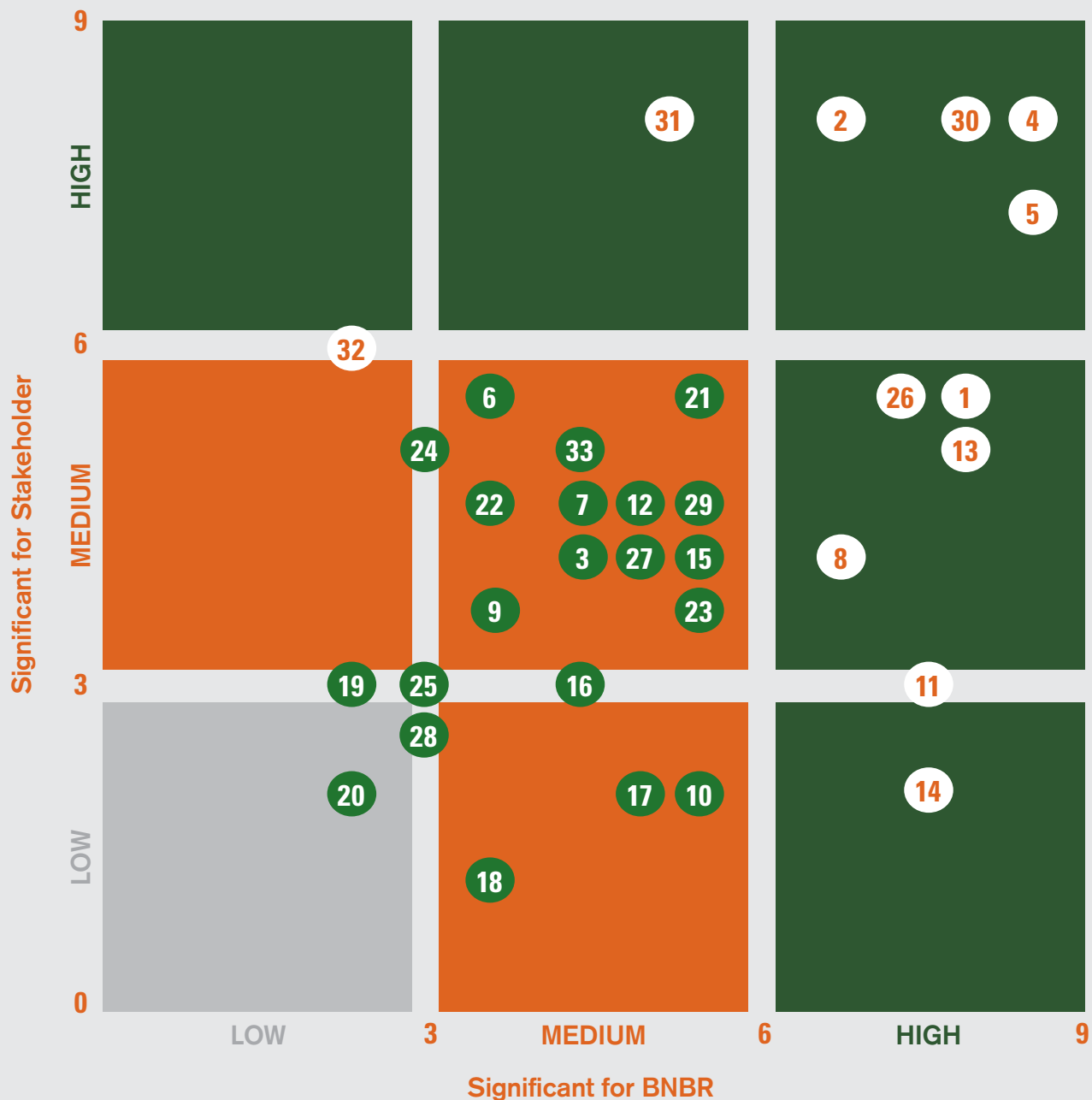
| STAKEHOLDER GROUPS [102-40] | STAKEHOLDER ENGAGEMENT APPROACHES [102-43] | TOPICS RAISED DURING ENGAGEMENT [102-44] |
|--|---|--|
| Investors | <ul style="list-style-type: none"> • Hold regular meetings between Investor Relations and the shareholders • Annual General Meeting of Shareholders • Corporate 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 Communities | <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 |

| No. | Material Aspect Identification & Report Boundary [102-47][103-1] | Scope and Boundaries | | | Sustainability Topic in Chapter |
|-----|---|----------------------|--------------|--|--|
| | | BNBR | Subsidiaries | Suppliers/ Contractors/ Business Partners | |
| 1 | Indirect Economic Impact | √ | √ | | Social and Community Development |
| 2 | Customer Health and Safety | √ | √ | | Sustainable Economic Performance |
| 3 | Environmental Management | √ | √ | | Environmental preservation |
| 4 | Product and Service | √ | √ | √ | Sustainable Economic Performance |
| 5 | Product and Service Labeling | √ | √ | | Sustainable Economic Performance |
| 6 | Local Communities | √ | √ | | Social and Community Development |
| 7 | Economic Performance | √ | √ | | Sustainable Economic Performance |
| 8 | Occupational Health and Safety | √ | √ | √ | Occupational Health and Safety |
| 9 | Vendor Management | √ | √ | | Sustainable Economic Performance |
| 10 | Employment Practice | √ | √ | | Competent and Sustainable Human Resources |
| 11 | Compliance | √ | √ | | Corporate Governance and Sustainability |
| 12 | Anti-Competitive Behavior | √ | √ | | Corporate Governance and Sustainability |
| 13 | Market Presence | √ | √ | | Corporate Governance and Sustainability |
| 14 | Corporate Governance | √ | √ | | Corporate Governance and Sustainability |
| 15 | Human Rights | √ | √ | | Corporate Governance and Sustainability |

Defining Materiality

Defining of BNBR's materiality focuses on issues and achievements of BNBR in economic, environmental and social aspects. The following is the BNBR's materiality sustainability matrix which contains 33 topics: [102-46]

Materiality Matrix [102-47][103-1]



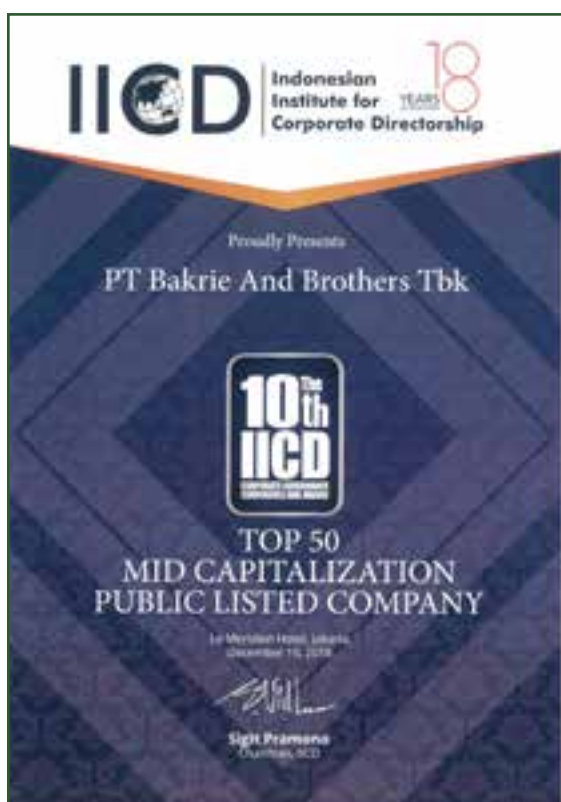
-
- | | | |
|-----------------------------|--|---------------------------------|
| 1. Economic Performance | 13. Occupational Health & Safety | 24. Indigenous Rights |
| 2. Indirect Economic Impact | 14. Training & Education | 25. Assessment |
| 3. Procurement Practices | 15. Diversity & Equal Opportunity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

BNBR highly concerns the implementation of Good Corporate Governance (GCG) to improve the company towards sustainability. We prioritize the principles of GCG by upholding ethics and transparency in business as a guide for each of our employees in carrying out all operational activities.

CORPORATE GOVERNANCE AND SUSTAINABILITY

The progress of BNBR today is inseparable from our continued efforts to improve good governance (GCG). We are committed to encourage the implementation of GCG principles in harmony with stakeholders to pursue BNBR sustainability. We believe that the implementation of good governance will push this company forward, increasing stakeholders' trust in the company's sustainability in the future.

In order to achieve good governance practices, BNBR implements a comprehensive Corporate Governance Structure and prioritizes company value, i.e. Trimatra Bakrie, as a guide for all employees in carrying out every operational activity and business of the company. We uphold good conducts and transparency in operational activities and with our business partners. We also implement various risk monitoring and management systems effectively as part of our corporate governance system.



Piagam PT Bakrie & Brothers Tbk Top 50 of Mid Market Capitalization Public Listed Companies, IICD



Piagam GCG Award 2018 PT Bakrie & Brothers Tbk "Trusted Company"

In 2018, BNBR received awards from various qualified institutions in assessing the practice of implementing corporate governance, including 50 mid-market capitalization issuers with the best GCG, based on the ASEAN Corporate Governance Scorecard (ACGS) (Top 50 Mid-Market Capitalization Publicly Listed Companies with the best GCG based on the ASEAN Corporate Governance Scorecard) which is assessed by the Indonesian Institute for Corporate Directorship (IICD). Based on the final score, BNBR scores 72.8 out of 100 points with the title "FAIR". While from the Indonesian Institute for Corporate Governance (IICG), BNBR obtained a total score of 74.00 with or qualified for the "Trusted Company" category (Indonesia Trusted Company).

Corporate Governance Charter [102-19]

As a commitment in the implementation of Good Corporate Governance, the Company has corporate governance standards, which are the board evaluation processes, internal controls, risk management, and areas of compensation practices.

In addition to improve corporate GCG through corporate governance standard, we also continue to develop Corporate Governance Charter that we update and evaluate regularly in order to adapt to the current business conditions and challenges. The Corporate Governance Charter is a collection of guidelines and rules for all employees in carrying out every operational and business activities of the company.

The guidelines for implementing GCG by the Company are as follows:

1. Corporate Values -> Trimatra Bakrie (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. The Board of Directors Meeting
10. Committees under the Board of Commissioners
 - Investment Committee Charter
 - Corporate Governance Committee Charter
 - Audit Committee Charter
 - Risk Management Committee Charter
 - Nomination & Remuneration Committee Charter
11. Internal Audit Charter
12. Compliance Charter
13. Whistleblowing System Policies and Procedures
14. Internal Control System
15. Antifraud and Acceptance of Gratification Reporting Policies and Procedures

Governance Framework [102-18]

To improve effective and efficient management services to all stakeholders, BNBR takes strategic steps to strengthen good governance practices through the Corporate Governance Framework as a foundational reference in managing relationships between the company's functions.

The following is the BNBR Corporate Governance Framework:

GOOD CORPORATE GOVERNANCE STRUCTURE PT BAKRIE BROTHERS TBK

COMMITMENT

VISION & MISSION
VALUE | ETHIC | REGULATION

STRUCTURE

STRUCTURE MAIN ORGAN

- General Meeting of Shareholders
- Board of Commissioners
- Board of Directors

SUPPORTING ORGAN

- Audit Committee
- Risk Management Committee
- Corporate Governance Committee
- Nomination & Remuneration Committee
- Corporate Secretary
- Corporate Internal Audit
- Investment Committee

SOFT STRUCTURE /MECHANISM /SYSTEM & PROCEDURE SYSTEM

SYSTEM & PROCEDURE

- Board Manual
- Corporate Governance Manual
- Committees under Board of Commissioners Charter: Audit Committee Charter, Risk Management Committee Charter, Corporate Governance Committee Charter, Nomination & Remuneration Committee Charter
- Committee under Board of Directors Charter: Investment Committee Charter
- Internal Audit Charter
- Compliance Charter
- Corporate's Policies & Procedures

CORPORATE CULTURE

- Trimatra Bakrie
- Core Value
- Integrity Pact
- Code of Ethic
- Code of Business Conduct

REPORTING & CONTROLLING

1 GOOD CORPORATE GOVERNANCE REPORTING AND ASSESSMENT – INTERNAL & EXTERNAL

- Corporate Governance Perception Index (CGPI)-
- Indonesia Institute for Corporate Directorship (IICD)

2 INTERNAL CONTROL SYSTEM

3 GOOD CORPORATE GOVERNANCE PRINCIPLES

- Transparency
- Accountability
- Responsibility
- Independency
- Fairness

BUSINESS SUSTAINABILITY

Code of Ethics and Code of Business Conduct [102-16]

BNBR have in place a Code of Conduct that comprises of Code of Ethics and Code of Business Conducts, which contain company principles and guidelines including corporate values as well as ethical and behavioral standards of the Company. The Codes apply to every director, officer and employee as well as our consolidated subsidiaries in performing the company's operational activities.

BNBR's Code of Ethics lays out standards in interacting with stakeholders, including compliance to the Company's regulations and policies, prohibition in giving donations and entertaining stakeholders and prohibition to any act that may cause any loss to the Company. Meanwhile, BNBR has Code of Business Conduct, which is a compilation of norms and rules that lay the ethical foundation in conducting any action or expression, providing a clear direction on matters that are obligatory, prohibited, or considered inappropriate to be performed by employees of BNBR.

BNBR's Code of Conduct and Code of Business Conduct from operational activities implemented by all BNBR employees are stipulated in Corporate Governance Guidelines, Board Manual, Conflict of Interest Guidelines, Integrity Pacts and Corporate Culture. This is a manifestation of our commitment in implementing good governance as a form of corporate responsibility and obligations to all stakeholders.

We consistently conduct socialization to improve understanding of good governance for all BNBR employees

Code of Conduct Dissemination Mechanism

The mechanism for implementation and enforcement of the Code of Ethics and Business Behavior policies of PT Bakrie & Brothers Tbk

DIVISION OF HUMAN
RESOURCES
LEARNING CENTER
& DIVISION OF
CORPORATE RISK
MANAGEMENT

Brainstorming Preparation Guidelines for
Corporate Ethics, which includes:
Code of Ethics & Code of Conduct

CORPORATE RISK
MANAGEMENT
DIVISION

Proposal and Evaluation Guidelines for Corporate Ethics

Socialization &
Dissemination
Document
Company Ethics
• Whole Organs
of BNBR
• Business
Units BNBR

Company
Internal Portal
• Whole Organs
of BNBR

Handbook of
Corporate
Governance
(Corporate
Governance Manual)
• Whole Organs
of BNBR

IF ABUSE OCCURS

Whole Organs of BNBR comply with
all rules and regulations set forth
the guidelines Corporate Ethics

WHISTLEBLOWING SYSTEM



BNBR regularly evaluates GCG practices. The value of BNBR's GCG practices for 2017 based on ASEAN CG Scorecard 2018, BNBR got a score of **72.80**. In general, the results of the GCG implementation of PT Bakrie & Brother Tbk assessed as **"FAIR"** [102-28]

through Governance-Risk-Compliance (GRC) Day held by Corporate Risk Management Division (CRM) and through the company's internal portals.

We also conduct integrity pacts by the signing of employment agreement for all BNBR employees on compliance with company regulations. It regulates the types of violations and sanctions that are imposed if violating regulations, through reprimands, warning letters or termination of employment. The integrity pact for all BNBR employees is a manifestation of our commitment in achieving the good corporate governance.

Risk Management

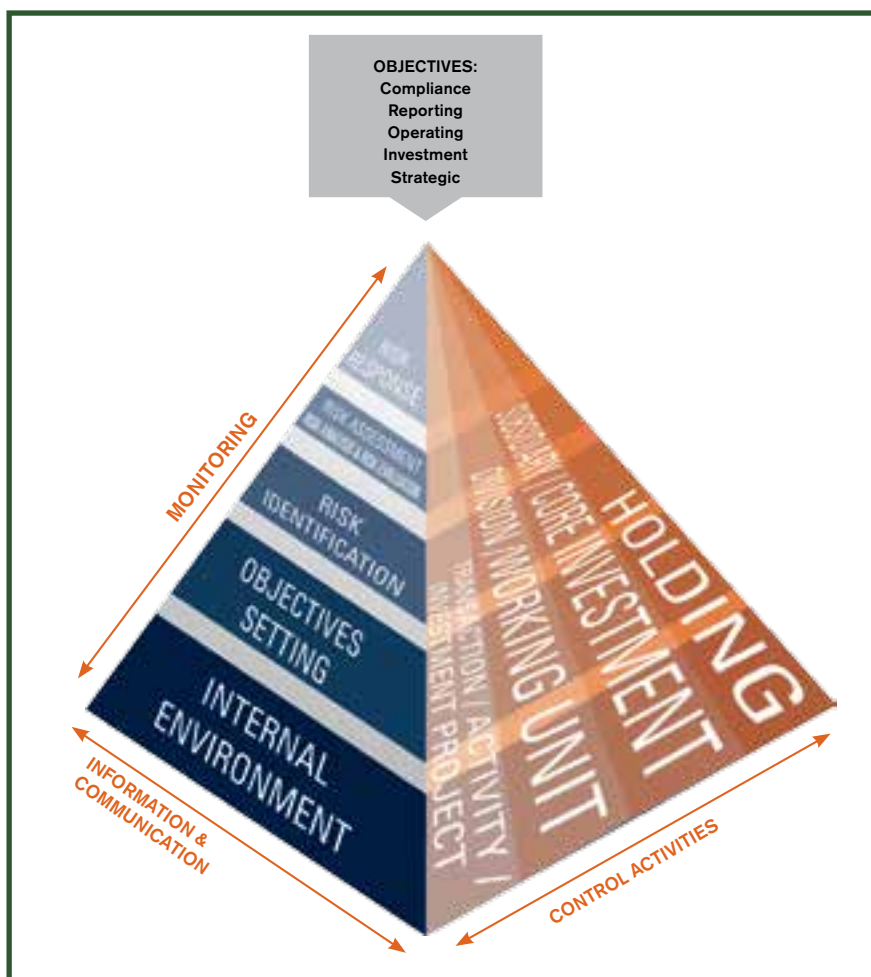
[102-15]

We continue to undertake risk mitigation efforts in every area of our operational activities. The implementation of risk mitigation can help us identify and manage risk effectively and efficiently in the company's operational systems. Every year BNBR consistently identifies and mitigates risks to see the company's opportunities and risks faced through the company's risk management system.

The strengthening of the company's risk management system are implemented through the establishment of Corporate Risk Management Division (CRM). CRM is responsible for the improvement of the Company's risk management system through developing a Framework in accordance with ISO 31000 standards on Risk Management. BNBR's Risk Management Framework is referred to as The Pyramid.

The Risk Management Framework is our direction and guideline to achieve company goals. We create risk management process flow and define various activities, tools, techniques and organizational arrangements to guarantee identification and optimum management of material. This is to ensure proper response to protect BNBR's business activities and to prevent disruption to our stakeholders.

We have also appointed Risk & Control Self-Assessment (RCSA) officials as a display of commitment by the Board of Directors and all BNBR employees to the implementation of Enterprise Risk Management (ERM). RCSA is working with BNBR's risk and business committees.



Responsibilities of RCSA officials include:

- 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 within their scope of duties.

To mitigate the operational risk, CRM sustainably reviews, renews, and finalizes the company's internal policy and procedures, in accordance with the Company's directives and policy.

BNBR has developed mitigation strategies to address risks that have been identified at the Group and Subsidiaries level. Risks identified that could significantly affecting the Company's operational sustainability in the year 2018 can be found in page 178-181.

Internal Control System [102-15]

We continue to make systematic efforts to reduce the risks that arise in the corporate environment. In continuation of the effort, BNBR implements an Internal Control System that is based on an approach developed by the COSO Committee (Committee of Sponsoring Organizations of the Treadway Commissions). In particular, BNBR's Internal Control System is integrated along the implementation of corporate values, ethics and integrity, which are further reflected in the Code of Business Conduct, Business Conduct Policies, and Integrity Pacts.

The objectives of Internal Control are to ensure the reliability of financial reporting, operational effectiveness and efficiency, and compliance with applicable legislation. The Board of Commissioners directly monitors the implementation of internal control through the Audit Committee.

Important Legal Cases

Throughout 2018, the Company, the Board of Commissioners and the Board of Directors, or employees of BNBR were not involved in any legal or tax cases.

Whistleblowing System [102-17]

The Company implemented Whistleblowing System to accommodate reports of legal and ethical violations. This system becomes a part of the Company's internal control, which is expected to further enhance the corporate culture within the Company.

The Whistleblowing Policy and Procedures are written in No. 258/BNBR/III/2012 on the Implementation of Whistleblowing



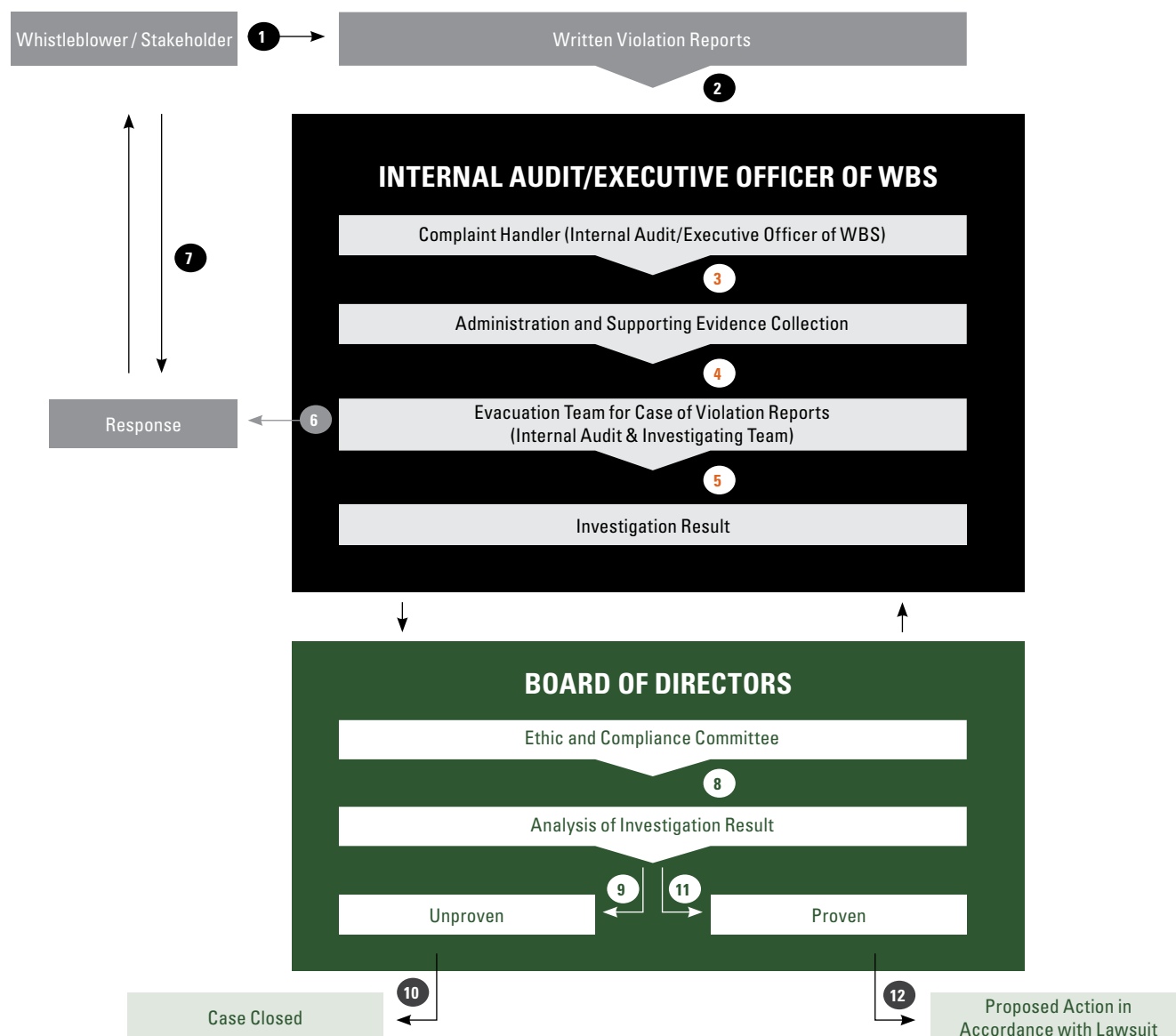
System, which specifically provides guidance on reporting irregularities, impropriety, breaches of laws and regulations, information on investigation procedure, disciplinary action criteria such as suspension for the guilty party, and information about the appeals process. The implementation of Whistleblowing System at BNBR is professionally managed by the Ethics & Compliance Committee (ad hoc) with the assistance of Whistleblowing System Administration Management.

The implementation of this system aims to facilitate employees, subsidiaries, or external parties in reporting matters, incidents or actions that go against the Company's conduct, community norms, and applicable laws and regulations. Whistleblowing System are constantly communicated to all BNBR employees. In addition, we are also committed to evaluate the policy as well as its implementation regularly to improve the system in the future.

It is important in the Whistleblowing System to guarantee protection to the reporting party or Whistleblower. The Ethics & Compliance Committee and the Whistleblowing System Officer (investigation team) ensure the confidentiality of Whistleblower, to provide security and convenience for the Whistleblowers.

Until December 2018, the Company has not received any violation report through Whistleblowing System, from employees, subsidiaries, as well as external parties.

WHISTLEBLOWING SYSTEM PROCEDURES CONDUCTED BY THE EMPLOYEES AS ILLUSTRATED BELOW:



Anti-Corruption Measures, Training and Dissemination [205-2]

Eradicating corruption is one of the government's focuses in law enforcement because it can harm state finances. Likewise, BNBR are fully committed to mitigate the risk of corruption and bribery in all operational areas. These anti-corruption policies and procedures are contained in regulation No. 264 / BNBR / I / 2016 concerning Anti-Fraud and Reporting on Acceptance of Gratification. [103-3]

BNBR implements anti-bribery procedures and controls that apply to all employees. This has become the control of every employee in carrying out operations in order to avoid committing acts of corruption. We ensure that any suspected cases of corruption or bribery will be investigated according to applicable regulations and provide disciplinary measures to these employees. Furthermore, we will conduct a comprehensive evaluation if there are cases of corruption and bribery to prevent the recurrence of the incident. [103-1] [103-2]

We consistently and continuously conduct anti-corruption socialization as a part of GCG implementation, to all employees and third parties working with BNBR. It aims to ensure that BNBR's anti-corruption policies, standards and procedures can be understood by all levels of management, employees, suppliers and business partners. In addition, we also provide training to employees regarding anti-corruption culture regularly.

The Company's sustainability is not only reflected in the development of the company itself but also seen in the economic development of the local community. To increase sustainability, BNBR continues to contribute to the government and the local community.

SUSTAINABLE ECONOMIC PERFORMANCE



In the midst of the integration of Indonesian economy with technological developments, BNBR has managed to survive and strengthen its competitiveness for 77 years by continuing to contribute and be actively involved in supporting Government programs from various subsidiaries and BNBR affiliates. One of them is by contributing to infrastructure and manufacturing development as listed below in realizing Indonesia's development work plan:

PT BAKRIE INDO INFRASTRUCTURE (BIIN)

- Tanjung Jati A 2x660 MW Steam Power Plant in West Java,
- 26.4 km Cimanggis-Cibitung toll road in West Java,
- 200 km Kalija gas pipeline for phase 1 off the north coast of Java island from Kepodang to Tambak Lorok,
- 550 km pipeline gas for phase 2 from Bontang, East Kalimantan, to Takisung, South Kalimantan.

PT BAKRIE METAL INDUSTRIES

- Contributing in non-oil and gas construction for provision of guard rail and bridges for various toll road projects.

PT BAKRIE PIPE INDUSTRIES

- Contribute to supply of pipes steel for oil and gas distribution
- Contribute to supply of electric poles for PLN distribution
- Contribute to supply of steel pipe for water distribution.

Operational and Financial Performance

Much like the previous year, we still face challenging economic condition. In order to anticipate, the Company has established and initiated various programs to achieve business sustainability. This business sustainability is conducted by evaluating every operational activities regularly and to improve various operations necessary for the Company to be better. This effort is done in order to survive in this industrial competition. The operational performance of BNBR per business segment are as follows:

BAKRIE AUTOPARTS (BA)

In 2018, BA has contributed 85% of the total sales tonnage of commercial vehicle components. This year, BNBR has provided commercial vehicle components to two major ATPMs in Indonesia, namely Mitsubishi and Hino. In the future, BA will try to increase sales of components in the non-automotive segment (general casting).

BAKRIE METAL INDUSTRIES (BMI)

In 2018, BMI tried to develop EPC segment and took part in various infrastructure development projects designed by the Indonesian government. Whereas BMI's subsidiary, Bakrie Pipe Industri (BPI), strengthens its position in the non-oil and gas market by increasing the capacity of non-oil and gas pipes. In the future BPI will produce electricity poles and establish pipe coating facilities in their factory areas.

BAKRIE BUILDING INDUSTRIES (BBI)

BBI is developing two business lines this year by providing prefab houses and providing logistics and distribution services. This prefab house is a modular building by producing the components first so that the construction time is shorter. In the future BBI plans to develop a digital platform for the logistics and distribution business lines.

BAKRIE INDO INFRASTRUCTURE (BIIN)

BIIN is developing, and operating several attractive and financially viable infrastructure projects in Indonesia. Some of BIIN's short-term projects have become targets for Indonesia's development, i.e., toll roads, electricity, and gas pipelines. In addition, BIIN, through its subsidiary Bakrie Power (BP), works on EPC projects for solar power plants in East Flores, Alor, Maluku and also Jakarta with a total capacity of 735 kWp. In the future, BIIN and its subsidiary (BP) will participate in government's development projects.

Throughout 2018, the financial performance of BNBR experienced a net income increase of 36% compared to the previous year. This is due to economic conditions in 2018 supporting the Bakrie Autoparts and Bakrie Pipe Industries businesses in the commodity and oil and gas industries. In addition, BNBR obtained operating revenues of Rp.3,340 billion, increasing from Rp2,460 billion in the previous year.

Majority of BNBR's entire income is obtained from its business units engaged in various manufacturing, fabrication, and construction services. BNBR has never received financial assistance from the government in the form of tax breaks or other incentives. [201-4]

Direct Economic Value Generated and Distributed [201-1]

| CATEGORY | 2018 (in million of Rupiah) | 2017 (in million of Rupiah) | 2016 (in million of Rupiah) |
|--|--------------------------------|--------------------------------|--------------------------------|
| ECONOMIC VALUE GENERATED | | | |
| Revenue | 3,340,451 | 2,459,736 | 2,075,909 |
| Other Incomes | 401 | 1,071 | 395 |
| Total Economic Value Generated | 3,340,852 | 2,460,807 | 2,076,304 |
| ECONOMIC VALUE DISTRIBUTED | | | |
| Operating Costs | 328,580 | 264,452 | 316,625 |
| Employees salary and allowance | 262,837 | 253,125 | 234,880 |
| Total Operational Costs and Employee Salaries | 591,417 | 517,577 | 551,505 |
| Total payment for funds provider | 63,570 | 50,667 | 70,816 |
| Expenses for government obligation (tax, royalties, etc) | 112,878 | 87,336 | 137,936 |
| Community development expenses | 1,498 | 1,068 | 1,387 |
| Total Economic Value Distributed | 769,363 | 656,648 | 761,644 |
| Economic Value Retained | 2,571,489 | 1,804,159 | 1,314,660 |

Note:

- The economic performance of the Company is reported on a consolidated basis in accordance with the audited financial statements, therefore it is not reported based on the subsidiary
- Calculation of economic values presented in the Sustainability Report uses cash basis method as suggested in the GRI Standard, so that the numbers presented are different from the Audited Financial Statement.



BNBR DEVELOPS ELECTRIC BUS



Through its business unit, PT Bakrie Autopart, BNBR deepens the automotive world by establishing cooperation with the leading electric bus manufacturer in China, BYD Auto Co.LTD. BNBR believes the world of transportation will continue to grow and in the future BNBR will not only sell electric bus vehicles but will also offer transportation systems for cities in Indonesia.

This year, BNBR has conducted a test drive for electric bus units in Bali. In this trial, BNBR provided 2 units of electric buses which were used as shuttle buses at the International Monetary Fund & World Bank event. This electric bus received positive responses from users as well as special attention from the Indonesian government. The electric bus is expected to be developed further in Indonesian transportation industry in the future.



Contribution to the National Income through Tax [201-1]

For 77 years, BNBR has contributed to Indonesia by paying taxes and fully supporting the country's infrastructure development. In 2018, BNBR has contributed to national income through taxes of Rp. 113 billion, up by 29% from the previous Rp. 6,287 billion.

Sustainable Partnership with Suppliers [203-2]

In running our operation, BNBR is committed to continually implementing trustworthy, family-friendly practices as well as to carry out good communication with our suppliers. This is in order to mobilize the local economy and indirectly, also improve the economy.

Throughout 2018, BNBR has involved thousands of suppliers to run our business operations. In addition, our suppliers always review their performance regularly. This is in order to maintain the quality of goods and services and also to fulfill partnership agreements that are in accordance with government regulations.

Responsible Products, Services and Business Operations

BNBR is inseparable from customer trust and product quality in developing the company's business engaged in the manufacturing sector. For this reason, we always conduct verification of the product end services' quality and consistency. Not only we maintain product quality but also to ensure the quality of expertise and competency of human resources are operationally responsible for BNBR including in providing construction services in the oil and gas sector in the engineering equipment supporting the oil and gas sector.

To maintain product quality, we consistently apply the international standard ISO 9001: 2008. In addition, we also conduct independent survey activity by conducting inspection on production systems and guarantee standards to correspond with the company's commitments.

We are aware that every operational activity cannot be separated from the health and safety impacts on our employees and our customers. In the production process, we implement a variety of clear information in the product process as well as for the customers in an instruction manual by providing the manual on the packaging and / or product brochure. In addition, we also supervise

the effect of our products on health and safety of the customers in accordance with applicable regulations. Throughout 2018, BNBR did not receive any reports of incidents of non-compliance with the health and safety impacts of our products and services. [416-2][417-2]

Each BNBR manufacturing product is equipped with product information, instruction manuals and other specifications, such as: [417-1]

- SNI index number,
- Brand name / manufacturer's company logo,
- Product name,
- Weight and thickness (for pipes and steel plates), and
- Customer service telephone number for complaints or questions.

In addition, we also provide customer service to our customers. We do this as a form of our commitment to the law as established in Law No. 8 of 1999 concerning consumer protection.

Relationship Management & Customer Satisfaction Assessment

Maintaining good relations with customers is our commitment in carrying out the company's operational activities. We always provide the best service to our customers who are both individuals and large companies. Such as infrastructure projects, construction services for steel / pipe and building materials, as well as automotive parts.

To improve service quality, we conducted customer satisfaction evaluations regularly. We also develop after-sales service program that aims to help customers' convenience regarding the issue of our products, for every operational activity they run.

In addition, BNBR ensures that its customers obtain factual and accurate information on products and experience fair practices in fulfilling contracts that comply with applicable laws and regulations. We are committed to maintain the confidentiality of our customer data so that there is no privacy violation or loss of customer data. Throughout 2018, BNBR proved its commitment to customer satisfaction with no complaints and legal sanctions received. [418-1]

For 77 years, BNBR has supported every employee to continue to work and innovate in today's development. Not only by providing a safe work environment but also to assist every employee in their personal development and career. This is done in order to sustain BNBR's business.

COMPETENT & SUSTAINABLE HUMAN RESOURCES

As a large and strong company, we realize that these achievements require the presence of competent and competitive Human Resources. We recognize the progress of BNBR in Indonesia result from the dedication of people who manage this Company. We believe that good management of human resources in a company will contribute invaluable to the company. For BNBR, Human Resources are not mere assets, but a resource that can do great things for companies and society. We are committed to develop further the human resource capabilities of BNBR that are competent, positive thinking, and innovative for the development of the company and Indonesia.

HR Development in BNBR is carried out with various integrated HR development and management programs. In 2018, BNBR conducted various HR and organizational management program initiatives. The programs include agreement and organizational design development in accordance with the company's business capital, HR planning and recruitment programs, performance management, remuneration management, HR systems and procedures, leadership development programs and corporate culture development programs.

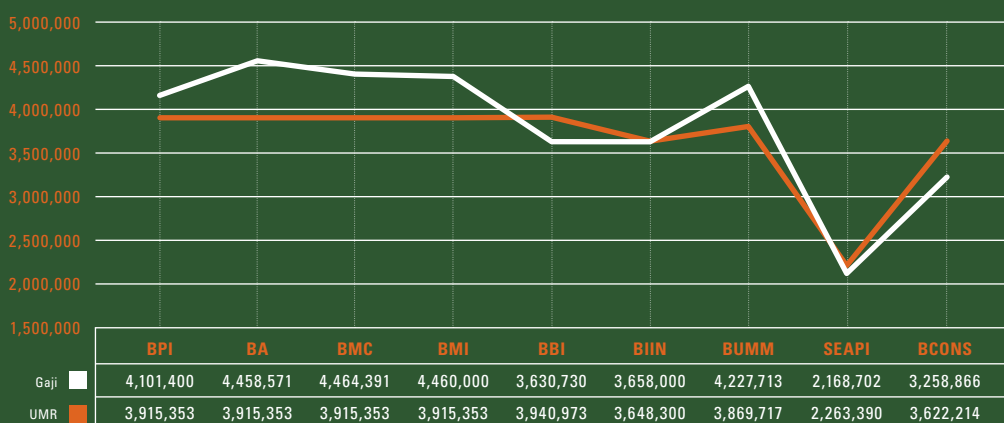
Remuneration

In implementing work ethics and corporate culture, BNBR adheres to the principles of internally fair and external competitiveness. This principle can also be found in the BNBR remuneration scheme which aims to increase productivity. This scheme also helps every employee to have equal rights in the distribution of compensation and remuneration. In 2018, BNBR recorded a total employee remuneration of Rp. 330 billion. [103-1][103-2]

BNBR also distribute bonus to employees who have given their best performance to BNBR.

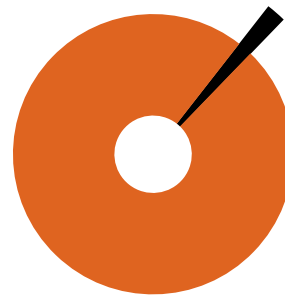
This bonus is obtained from the performance appraisal of each employee every year. [103-2] [404-3]

REMUNERATION OF ENTRY-LEVEL WAGE STANDARD IN BNBR AND SUBSIDIARIES COMPARED TO THE LOCAL MINIMUM WAGE [202-1]



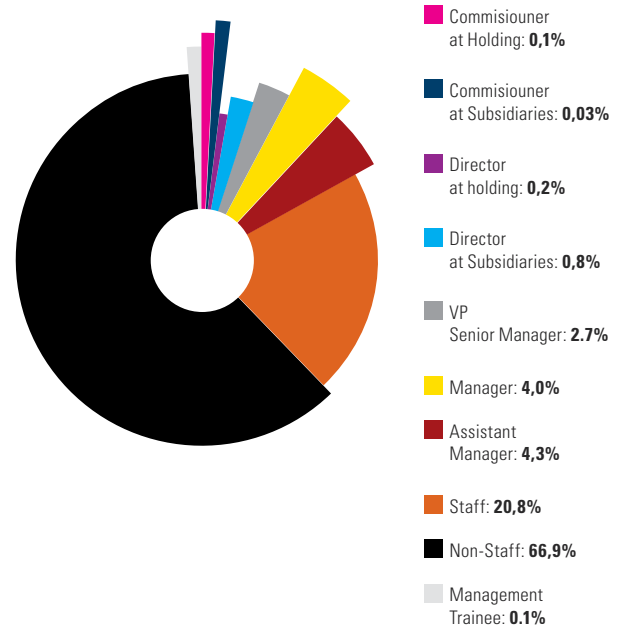
Employee Composition Based on Organization Level

| ORGANIZATIONAL LEVEL | 2017 | 2018 |
|----------------------|--------------|--------------|
| Holding | 55 | 57 |
| Subsidiaries | 3,603 | 3,085 |
| TOTAL | 3,658 | 3,142 |



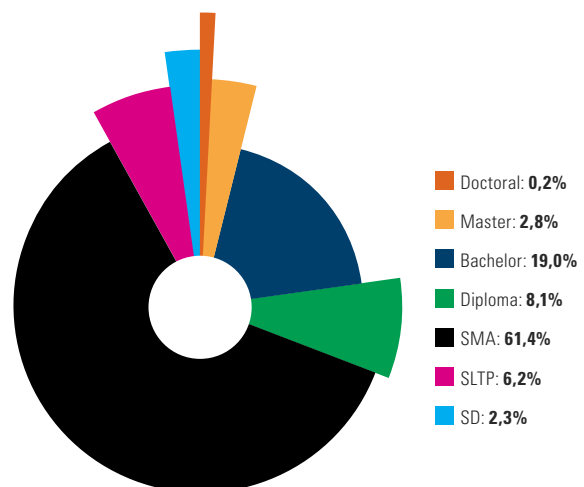
Employee Composition Based on Position [102-8]

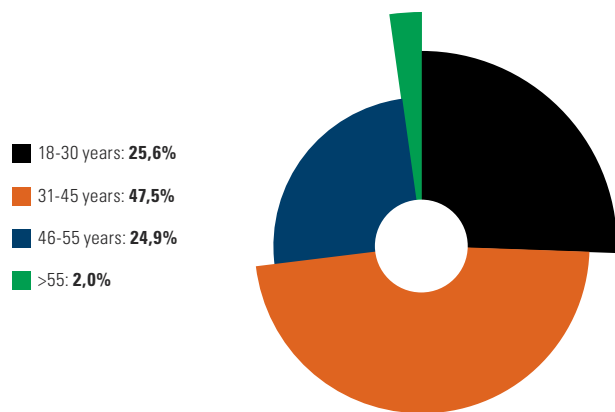
| POSITION | 2017 | 2018 |
|------------------------------|--------------|--------------|
| Commissioner at Holding | 3 | 3 |
| Commissioner at Subsidiaries | 0 | 1 |
| Director at Holding | 4 | 5 |
| Director at Subsidiaries | 25 | 24 |
| VP/Senior Manager | 78 | 86 |
| Manager | 142 | 127 |
| Assistant Manager | 128 | 136 |
| Staff | 676 | 654 |
| Non-Staff | 2,587 | 2,102 |
| Management Trainee | 15 | 4 |
| TOTAL | 3,658 | 3,142 |



Employee Composition Based on Education Level

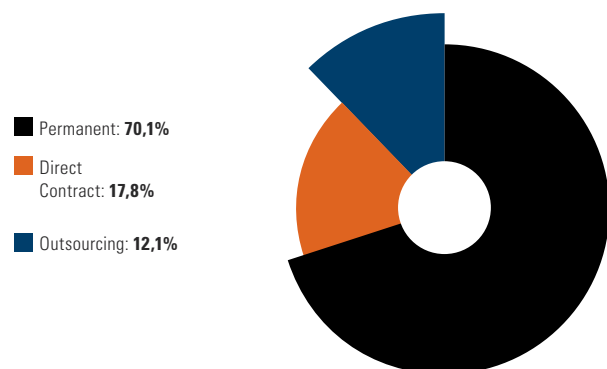
| EDUCATION | 2017 | 2018 |
|---------------------------|--------------|--------------|
| Doctoral Degree | 2 | 5 |
| Master Degree | 82 | 89 |
| Bachelor Degree | 660 | 598 |
| Diploma | 251 | 254 |
| SMA - Senior High School | 2,377 | 1,930 |
| SLTP - Junior High School | 206 | 194 |
| SD - Elementry | 80 | 72 |
| TOTAL | 3,658 | 3,142 |





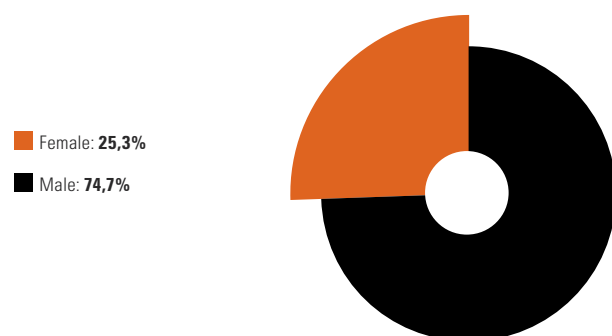
Employee Composition Based on Age Group

| AGE | 2017 | 2018 |
|--------------|--------------|--------------|
| 18-30 years | 976 | 803 |
| 30-45 years | 1,768 | 1,494 |
| 45-55 years | 833 | 783 |
| > 55 years | 81 | 62 |
| Total | 3,658 | 3,142 |



Employee Composition Based on Employment Status [102-8]

| STATUS | 2017 | 2018 |
|-----------------|--------------|--------------|
| Permanent | 2,555 | 2,201 |
| Direct Contract | 574 | 560 |
| Outsourcing | 529 | 381 |
| Total | 3,658 | 3,142 |



Employee Composition Based on Gender [102-8]

| GENDER | 2017 | 2018 |
|--------------|--------------|--------------|
| Male | 3,365 | 2,347 |
| Female | 293 | 795 |
| Total | 3,658 | 3,142 |

Employee Turnover (Resign) [401-1]

| POSITION | 2017 | 2018 |
|--------------------|------------|------------|
| Commissioner | 0 | 0 |
| Director | 0 | 15 |
| VP/Senior Manager | 7 | 13 |
| Manager | 18 | 29 |
| Assistant Manager | 4 | 6 |
| Staff | 52 | 74 |
| Non-Staff | 53 | 326 |
| Management Trainee | 24 | 1 |
| TOTAL | 158 | 464 |

New Hires [401-1]

| POSITION | 2017 | 2018 |
|--------------------|------------|------------|
| Commissioner | 0 | 0 |
| Director | 1 | 1 |
| VP/Senior Manager | 5 | 8 |
| Manager | 3 | 7 |
| Assistant Manager | 3 | 4 |
| Staff | 53 | 67 |
| Non-Staff | 77 | 133 |
| Management Trainee | 25 | 18 |
| TOTAL | 167 | 238 |

| NO | REMUNERATION & BENEFITS [401-2] | PERMANENT | CONTRACTUAL |
|-----|--|-----------|-------------|
| 1. | Wages and Salaries | √ | √ |
| 2. | Support for Celebrations on Religious Holidays | √ | √ |
| 3. | Transport Allowance | √ | √ |
| 4. | Annual Leave | √ | √ |
| 5. | Working Period Reward | √ | |
| 6. | Production Services Reward | √ | |
| 7. | Employee Health Insurance (BPJS Kesehatan) | √ | √ |
| 8. | Worker Social Security (BPJS Tenaga Kerja) | √ | √ |
| 9. | Meal Allowance | √ | √ |
| 10. | Positional Allowance | √ | √ |
| 11. | Employees' Family Grief Allowance | √ | √ |
| 12. | Shift Allowance | √ | √ |
| 13. | Employee Attendance Incentives | √ | √ |
| 14. | Telecommunication Allowance | √ | |
| 15. | Maternity Leave | √ | √ |
| 16. | Marriage Allowance | √ | √ |
| 17. | Hajj/Umroh Bonus | √ | |
| 18. | Company Clinic | √ | √ |
| 19. | Yearly Bonus | √ | √ |
| 20. | Housing | | |
| 21. | Recreation | √ | √ |
| 22. | Replacement Allowance | √ | √ |
| 23. | Family Allowance | √ | |
| 24. | Education Allowance | √ | |

Training and Development ^[404-2]

BNBR recognizes the rights of every employee to continue learning and developing themselves. To that end, we offer various opportunities for every employee to improve their skills through a number of training and mentoring provided by BNBR. The types of training regularly organized by the Company are essentially categorized into two groups, i.e. managerial and leadership training programs and specialized skill trainings. In all implementation of trainings and development programs, BNBR is collaborating with Bakrie Solusi Strategis (BSS)/Bakrie Learning Center (BLC).

With Bakrie Learning Center ("BLC"), the Company has developed Talent Management system as a sustainable long-term program. This system covers several stages as follows:

1. Talent assessment and identification. ^[103-3]
2. Implementation of the Bakrie Succession Plan
3. Implementation of Bakrie Leadership Development Program
4. Formulation and Socialization of Bakrie values, or Trimatra Bakrie
5. Carrying out Bakrie Engagement Programs

NUMBER OF PARTICIPANTS AND COST OF TRAINING PER TRAINING CATEGORY

| TRAINING | PARTICIPANT | TRAINING COST (in Rupiah) |
|---|-------------|------------------------------|
| Management and Leadership Training | 64 | 285,915,000 |
| Functional Ability Development Training | 349 | 483,771,000 |
| ISO and Continuous Improvement Related Training | 363 | 318,640,600 |
| Basic Corporate Values Training | 29 | 175,550,000 |
| TOTAL | 805 | 1,263,876,600 |

BAKRIE LEADERSHIP DEVELOPMENT PROGRAM

This Leadership Development Training was developed for entry level levels to executive levels. The Development Program consists of:

- Bakrie Induction Program
- Bakrie Basic Management Development Program (BBMDP)
- Bakrie Middle Management Development Program (BMMDP)
- Bakrie General Management Development Program (BGMDP)
- Bakrie Executive Development Program (BEDP)

This year, BSS focuses on the Bakrie Leadership Development Program. This training is intended to produce quality leaders.

OTHER TRAINING PROGRAMS

Managerial training and program in this particular skill field is an employee competency development program that uses proven methods and curricula and collaborates with leading training institutions. This training is carried out for all BNBR employees. This year the training program is focused on the program:

| BAKRIE GENERAL MANAGEMENT DEVELOPMENT PROGRAM (BGMDP) | BAKRIE MIDDLE MANAGEMENT DEVELOPMENT PROGRAM (BMMDP) | FINANCE TRAINING PROGRAM FOR NON FINANCE EMPLOYEES | DEVELOPMENT OF CORPORATE WORK CULTURE | RETIREMENT PREPARATION TRAINING |
|--|--|--|---|---|
| <p>This training program focuses on leadership skill development for head divisions which are the second layer in the leadership development programs. This program aims to create ambidextrous capabilities, which are based on change management, transportation, and corporate values.</p> <p>In 2018, this training has 18 participants.</p> | <p>This training program focuses on developing middle managers who are the third layer in leadership development programs. The purpose of this training is to build fundamental competencies as professional executives, as well as to strengthen awareness and pride to adapt to the company values.</p> <p>In 2018, this training has 25 participants.</p> | <p>This program is provided for employees who do not have expertise in finance. This training helps employees to get an understanding in utilizing financial reports properly.</p> | <p>All employees must attend this Program to understand the values and culture of the company by upholding the value of the Trimatra Bakrie: Indonesian-ness, Usefulness and Togetherness.</p> | <p>This program is implemented to help all employees who enter retirement and early retirement. To ensure employee welfare until full time retirement, BNBR includes all employees in the Defined Benefit Pension Program held by the Bakrie Pension Fund. Retirement Preparation Training also conducted "Facing Retirement", "Training on Mental Preparation, Business Mindset and Business Planning for Early Retirement Employees" trainings. These trainings include presentations from relevant resource persons, workshops and sharing sessions.</p> |

Employee Rights

BNBR provides equal opportunity to reward and compensate for each employee's contribution to the Company. This same opportunity has been stated in BNBR's employment practices. The Company also provides freedom for all employees to become members of their chosen union and have access to collective bargaining. [102-41]

As a manifestation of BNBR's compliance in the Indonesian Government's labor practices in accordance with Law No. 13 of 2003 on Employment, the Company limits the minimum age of workers to 18 years.

| NAME OF TRADE UNION | NUMBER OF MEMBERS |
|--|-------------------|
| Serikat Pekerja Metal Indonesia (SPMI) | 454 |
| Serikat Pekerja Seluruh Indonesia (SPSI) | 965 |
| Serikat Pekerja Bangunan dan Pekerjaan Umum (SPBU) | 0 |
| SP INTERNAL | 112 |
| TOTAL | 1244 |

Employee Welfare and Facilities

BNBR pays attention to the welfare of every employee. So the company established a variety of facilities that support employees to continue to grow. The facilities provided by the BNBR are employee cooperative, Bakrie Pension Fund Program, health clinic, canteen, educational assistance for bright children of BNBR's employees, recreational activities and sports programs for all employees BNBR. [103-1, 103-2]

In addition, BNBR also helps each employee by providing guidance for the development of cooperative organizations through the BNBR Employee Cooperative (Kopkar). This cooperative in particular acts as a savings and loan facility, a shop, and an office stationery store. We also ensure the welfare of our employees once they reach retirement age through registering them in a defined benefit pension plan under Bakrie's Pension Fund program which does not specifically require the employees to participate in the contributions. [103-3, 201-3]

Social and community development is our commitment to provide benefits to this country. We continue to work together with all stakeholders so that the contribution of BNBR provides maximum, precise and measurable results according to the needs of the community.

SOCIAL AND COMMUNITY DEVELOPMENT

As a large company in Indonesia, it is important for BNBR to prioritize and emphasize aspects of community welfare in carrying out operational business. For us, the development of the company as it is today is inseparable from the great support provided by the community. Therefore, fostering good, strong and harmonious relationships with the people and the community is our foundation that aims not only towards sustainable companies, but also for communities that grow sustainably.[103-1] [103-2]

We continue to work together and collaborate with all stakeholders to ensure that the benefits provided are in accordance with the regional development agenda. We make this commitment and continue to be developed according to the company's philosophy, which are "Bakrie Untuk Negeri" with "Trimatra Bakrie" value, as stated in the Bakrie Charter.

The implementation strategy for community development activities under Corporate Social Responsibility or CSR program, BNBR refers to ISO 26000 standard, which has been ratified in the Bakrie CSR Conference on June 10, 2011. Therefore, to implement the CSR program with more precise, measurable and appropriate according to community needs, We divided the BNBR CSR program into several pillars, namely "Cerdas Untuk Negeri" (education), "Sehat Untuk Negeri", "Peduli Untuk Negeri" (social and religious), "Hijau Untuk Negeri" (environment), and "Kemitraan Untuk Negeri" (community development) all aimed at improving the quality of life society. [103-3][203-1] [413-1]

Corporate Social Responsibility Vision and Mission [102-16]

In carrying out its CSR program, BNBR is always based and guided by the philosophy of "Bakrie untuk Negeri" which is clearly stated in the Bakrie Charter. The philosophy of "Bakrie Untuk Negeri" is a manifestation of the mandate of the Founder of the Bakrie Group, H. Ahmad Bakrie (1916-1988), who stated that "Every rupiah earned by Bakrie must be beneficial to many people."

Meanwhile, "Trimatra Bakrie" consists of three dimensions :

1. **Ke-Indonesiaan (Indonesian-ness)** is a perspective, motive and action of Bakrie's personnel who is proud as an Indonesian national, has global perspective and make contributions to the world community
2. **Kemanfaatan (Usefulness)** is a perspective, motive and action of Bakries personnel prioritizing resources' effectiveness and efficiencies to improve a better quality of life
3. **Kebersamaan (Togetherness)** is a perspective, motive and action of Bakrie's personnel in promoting the synergy in diversity

In supervising "Bakrie Untuk Negeri" program to fit the needs and be able to benefit more in the community, BNBR has formed the Bakrie Management Board for the Bakrie Untuk Negeri (BP BUN). The agency also aims to synergize CSR programs at BNBR and its subsidiaries.

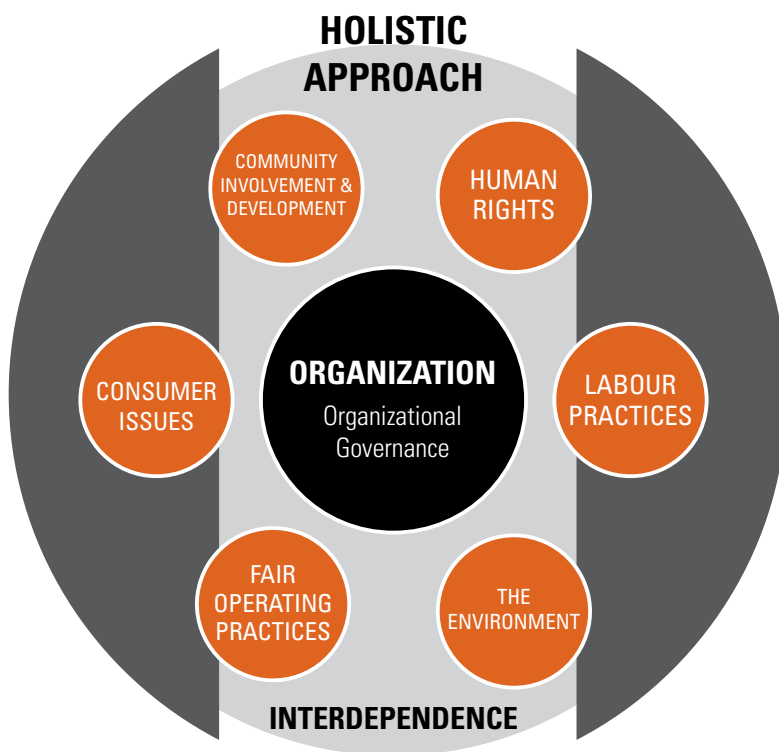


We visualize BNBR's dream in the company's official logo in the form of a stretch of earth and seven stars that illustrate efforts to reach the highest goals possible, but must remain grounded in a solid foundation. The other meaning also says that "No matter how great and high the ideals are, Bakrie will never forget where he stands and must stand forever."

Implementation of ISO 26000

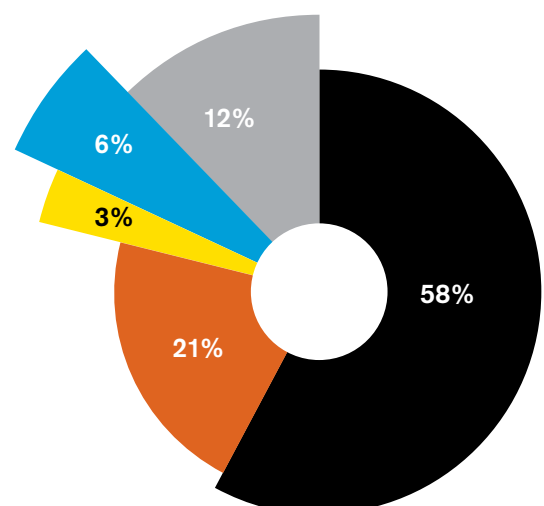
In the implementation of its social responsibility program, BNBR uses a guideline that applies globally, ISO 26000. The standard is used as a guidance for BNBR both in implementing CSR programs and in daily business operations. In the implementation of ISO 26000 in the company, BNBR focuses on 7 (seven) main subjects, i.e. Organizational Governance, Human Rights, Labor Practices, Environment, Fair Operation Practices, Consumer Issues and Community Involvement and Development.

The comprehensive illustration of BNBR's implementation can be seen as follows:



CSR expenditures throughout 2018 can be seen below: [\[203-1\]](#)[\[413-1\]](#)

| CSR Program | | Expenditure (Rupiah) |
|--|---|----------------------|
| Peduli Untuk Negeri (Social and religious sector) | ■ | 874,645,747 |
| Cerdas Untuk Negeri (Formal and non-formal education sector) | ■ | 319,004,000 |
| Hijau Untuk Negeri (Environmental sector) | ■ | 49,200,000 |
| Sehat Untuk Negeri (Health sector) | ■ | 84,100,000 |
| Kemitraan Untuk Negeri (Community development sector) | ■ | 221,121,332 |
| Total | | 1,498,871,079 |



Our Dedication for the Nation, for Indonesia



Sehat Untuk Negeri

Health is an important factor for daily activities for the community. Healthier community will relate to increasing welfare because community productivity also increases. Therefore, to improve the quality and concern of the public regarding health, BNBR implemented a Sehat Untuk Negeri Program. This activity was implemented in all regions of Indonesia in the operational areas of the company.

Besides, at BUMM also do voluntary work to beautify the village with a variety of colors. At BPI do routine gymnastics every Friday morning so that workers can work better with a healthy physique. BPI also provides sports facilities for employees, such as badminton, volleyball, basketball, and table tennis courts.

Throughout 2018, BNBR implemented various programs at the surrounding communities, including health seminar in BPI's operational area, blood donation and free medical treatment in residential areas around the PT South East Asia Pipe Industries (SEAPI) plant. The total funds disbursed for "Sehat Untuk Negeri" program throughout 2018 are Rp. 84,1 million. [203-1] [413-1]



Cerdas Untuk Negeri

The quality of life of the community can be increased when good education can be accessed easily, because the higher the education, the higher the community's welfare expectancy. The company is aware that education is the key factor for the nation's growth. This becomes the Company's concern to prepare and provide future generation with competitiveness through Cerdas Untuk Negeri Program. The Company provide good education to the community through various programs that we conducted. Furthermore, BA (PT Bakrie Autoparts) also receives visits from higher education institutions to better understand the foundry industry and its application in the real world.

In 2018, the Education assistance included the provision internship programs for university students and students equivalent to high school in BPI, BA, BUMM, BMC, and scholarships for high-achieving female BA employees. The total funds disbursed for the "Smart for the Country" program throughout 2018 was Rp319 million.



Peduli Untuk Negeri

The existence of facilities and infrastructure will support the growth acceleration of an area. Therefore, it is important for us to improve public infrastructure and facilities through the “Peduli Untuk Negeri” program to ensure that people get adequate mobility access in their daily activities.

In addition, BNBR also supports the implementation of various social and religious activities in the community, including the construction of houses of worship, the implementation of religious holidays, as well as the provision of administrative facilities and infrastructure for communities around the Company’s operational area.

BNBR participated in the celebration of the Birthday of the Prophet Muhammad at the mosque and the institutions surrounding the BPI factory, and also jointly held a mass circumcision for children who live around the BMI, BFU, BPI, BA, BMC factories in collaboration with the Bakrie Amanah Foundation. In the month of Ramadan, “Peduli Untuk Negeri” provides a donation for orphans, breaks the fast together and distributes qurban for residents around BA on the Eid Al-Adha.

Another Program was also carried out as a form of disaster emergency response, such as the Lombok earthquake and the Banten tsunami, the implementation of fogging in the Al Hanif foundation as a step to prevent dengue fever. Funding outstanding employees to go to Umrah, compensation for orphans and community service after hurricanes in the surrounding area BUMM factory.

Throughout 2018, the total funds disbursed for “Peduli untuk Negeri” program is Rp874,64 million.

Bakrie Pipe Industries



Kemitraan Untuk Negeri

In order to support and improve the economy of the community surrounding the company’s operational area, BNBR implements the “Kemitraan Untuk Negeri” program. This program provides opportunity for the surrounding communities to partner with the Company in the form of employment opportunities and business cooperation with local entrepreneurs.

The “Kemitraan Untuk Negeri” program includes employment for local community around the factory to help BNBR’s daily operations as an office boy, security, drivers, cleaning services, and staff’s canteen management. In addition, we also conduct special activities related to partnerships with surrounding communities in managing waste in the BPI area, as well as cultivating vacant land around the SEAPI plant.

Until 2018, through “Kemitraan Untuk Negeri” program, the Company has provided employment for a total of 238 local employees.

In terms of business partnerships and developing local entrepreneurs, the Company grants SMEs the permit to operate in the factory area. The total funds disbursed for the “Kemitraan Untuk Negeri” program throughout 2018 was Rp221,1 million.





Turning Plant Area into Agricultural Land

BNBR provides opportunities for surrounding communities to utilize plant area that has not been managed into agricultural land. This program is very helpful for citizens to make a living. During 2018, the plant's area has been utilized by the residents as morning fields for village community around the SEAPI plant, a subsidiary of BPI.

**For BNBR,
environmental
sustainability becomes
an important part in
each of Company's
operations. We always
ensure and prioritize the
implementation of best
environmental practices
by integrating green
practices and supporting
environmental
conservation to
minimize any
environmental impacts.**

ENVIRONMENTAL PRESERVATION

As a company engaged in manufacturing and infrastructure, We are aware of aspects of BNBR's operational activities that might impact the environment. Environmental sustainability is BNBR's main concern by ensuring and prioritizing best practices so as to minimize the environmental impact during operational activities. [103-1]

In Our efforts to prioritize environmental aspects in every operational activity, We adhere to Law No. 32 of 2009 concerning Environmental Protection and Management. This has been followed up through the implementation of the Corporate Strategy. In Our strategy, there are efforts to conserve energy and mitigate any environmental changes, which have been implemented at the Company and its subsidiaries. In addition, we always prioritize aspects of Green Technology, Green Product and Green Building as three reference pillars of BNBR's internal operations, to offer green products that are environmentally friendly. [103-2]

BNBR always ensures that every operation that it carries out has fulfilled and complied with every existing regulation related to the environment, such as by implementing the Environmental Impact Analysis (EIA), Environmental Management Efforts (*Upaya Pengelolaan Lingkungan or UKL*), and Environmental Monitoring Efforts (*Upaya Pemantauan Lingkungan or UPL*) in our operational activities. [102-11]

We also routinely conduct assessments and evaluations regarding any environmental impacts that might occur in all operational areas of the Company and its subsidiaries. It helps Us in making improvements and adjusting policies that have been implemented. In addition, We also provide training and counseling to employees to help prioritizing environmental aspects during operational activities.

Environmental Commitment and Certification [103-3]

Our commitment in the implementation of environmental management efforts complies with the applicable rules and regulations, both nationally and internationally. We have obtained certification for BNBR's performance on environmental management through a Corporate Environmental Performance Rating Program (PROPER) by the Ministry of Environment (KLH) according to the Ministry of Environment Regulation No. 6 of 2013.

The actualization of Our commitment in environmental management are as follows:

1. Environmental management that has been integrated into Our operations in compliance with applicable regulations and operating standards, which are specified in ISO certification and regulations from the Ministry of Environment and Forestry (KLHK).
2. Social responsibility in the environmental aspects under "Hijau Untuk Negeri".

BNBR continued maintaining various environmental certifications in 2018, including:

| | |
|------------------------------------|--|
| BPI | ISO 14001:2015 dari TÜV Rheinland |
| SEAPI | ISO 14001:2015 dari TÜV Rheinland |
| BA | ISO 14001:2015 dari TÜV SÜD PSB Pte Ltd |
| BBI | ISO 14001:2004 dari BSI, ANAB, IAF |
| BCONs | ISO 14001:2005 dari Bureau Veritas Certification |
| BMI | ISO 14001:2015 dari AJA Europe Ltd |
| BMC | ISO 14001:2015 dari BSI, ANAB, IAF, KAN |
| Bina Usaha Mandiri Mizusawa | ISO 14001:2015 dari SAI Global |

Environmental Management Program

A major corporation in Indonesia, BNBR places its main focus on environmental management is under its Environmental Management Program. The program consists of several programs namely Water Management and Conservation, Waste Management, Emission Control, Use of Recycled and Environmentally Friendly Materials, Environmentally Friendly Energy Sources, and Corporate Social Responsibility (CSR) in the environmental aspects.

Through the Environmental Management Program, BNBR mitigates and prevents risks and minimize any impacts from its operations on the community and the environment. We continue to carry out ongoing evaluations and adjustments to our environmental management system in order that the programs we carry out are in accordance with the regulations and can actually bring impacts on the environment.

WATER MANAGEMENT AND CONSERVATION

BNBR ensures that water management and conservation programs are included as our priority concerns. We are aware of the importance of water in operational activities, such as manufacturing activities, building construction, and other supporting needs. Not only for internal Company's purposes, BNBR ensures the availability and the quality of water supply for communities around the operational area. Therefore, we are committed to implementing water efficiency and recycling as well as controlling water quality in every operational activity of the Company. [103-1]

To that end, We carry out various programs and strategic policies to maintain the water supply and quality by developing a water circulation system that can ensure water conservation effort and installing a wastewater treatment facility to recycle wastewater.

BNBR also conducts water-saving campaign and communicating it through posters and stickers that are placed throughout the Company's operational areas. [103-2]

In 2018, BNBR did not receive any complaints from the public regarding the quality and quantity of water sources around the operational areas of BNBR. [103-3]

ENERGY CONSERVATION

In carrying out its operational activities, BNBR realizes that fuel and electricity are the main energy sources. To that end, efficient energy use and energy conservation efforts become the Company's priorities to achieve corporate sustainability. We consistently implement energy efficiency programs and continue to measure and evaluate our electricity and fuel consumption in effort to save energy and develop our energy efficiency programs. We also engage all BNBR employees to increase their participation and involvement in company-wide energy efficiency programs at each operational activity. [103-1] [103-2]

ENERGY CONSUMPTION 2018 [302-1]

| ELECTRICITY CONSUMPTION | TOTAL (KWH) | TOTAL (JOULE) |
|-------------------------|-------------|---------------|
| 2016 | 102,477,479 | 3.69E+14 |
| 2017 | 64,913,488 | 2.34E+14 |
| 2018 | 65,812,867 | 2.37E+14 |



| FUEL CONSUMPTION | TOTAL (LITER) | TOTAL (JOULE) |
|------------------|---------------|---------------|
| 2016 (Liter) | 452,202 | 1.73E+13 |
| 2017 (Liter) | 151,339 | 5.79 E+12 |
| 2018 (Liter) | 1,199,049 | 4.59 E+13 |



Fuel Consumption data is collected from 5 out of 8 BNBR's plants

EMISSION CONTROL

BNBR's operations produce emissions that are mostly generated from subsidiaries. Therefore, we are committed to trying to control emissions so as to minimize environmental impacts in all operational areas.

We make efforts to control emissions by adopting the latest technology, which not only increases efficiency but also minimizes emissions produced. Furthermore, in order to reduce the impact of emissions, we regularly maintain facilities to control the emissions of ozone depleting substances (ODS) at a minimum level. In addition, BNBR periodically conducts emission tests on engines and operational vehicles every six months.

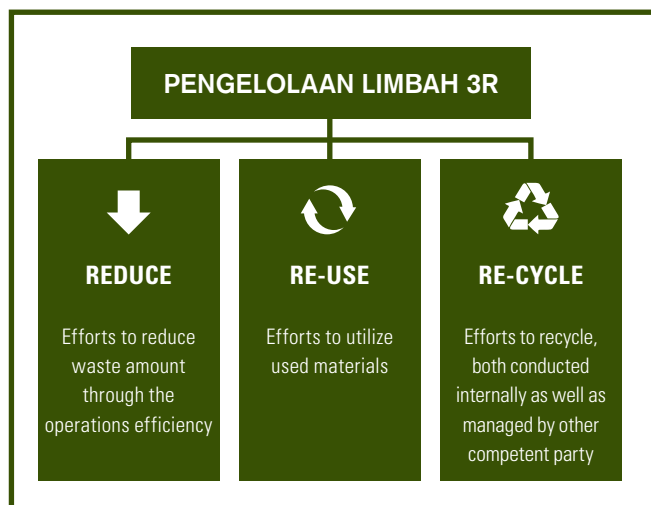
We also commit to reduce emissions from other sources that can damage the ozone layer, such as CFCs from the use of AC, as well as fuel emissions. At present, we have replaced the use of AC with CFC with a cooling system that is more environmentally friendly.

We also carry out air quality reduction activities by pairing exhaust fan dust collectors, providing ventilation, installing chimneys equipped with filters and greenery in the open space of the factory area.

WASTE MANAGEMENT

It is important for Us to ensure that waste generated by the Company can be managed properly according to applicable standards and regulations. This becomes a form of Company's responsibility in protecting the environment and minimizing any risks from its operational activities. The types of waste generated by BNBR are including solid and liquid waste as well as non-hazardous and hazardous and toxic waste.

BNBR IMPLEMENTS 3R POLICY IN ITS WASTE MANAGEMENT, AS FOLLOWS:



In the management of hazardous and toxic waste, we ensure that our waste handling practices are in accordance with applicable standards. Waste that can still be recycled are used as alternative raw materials for other industries, such as used oil. While for waste that cannot be recycled, BNBR will isolate the waste to prevent contamination to the environment, before being sent to a certified third party to manage the waste further.

In managing liquid waste, BNBR has built and managed a Wastewater Treatment Facility that utilizes the circulation process or sludge retrieval process. Recycled water quality in our WWTP will be regularly monitored and assessed by a third-party certified laboratory. The results will be reported to the Regional Environmental Bureau.

THE USE OF RECYCLED AND ENVIRONMENTALLY-FRIENDLY MATERIALS [301-2]

In each operational activity, we are also committed to utilizing environmentally friendly materials to produce environmentally friendly products. This commitment can be seen from a subsidiary of BNBR, PT Bakrie Building Industries (BBI), which utilizes environmentally friendly materials to produce environmentally friendly wood product called Versa Wood, which is made from calcium silicate fiber. In 2015, Versa Wood received the Green Listing award as the product is considered very environmentally friendly and could reduce deforestation.

In addition, BNBR's PT Bakrie Autoparts (BA) Subsidiary utilizes recycled material, namely scrap from the automotive component machining process, as raw materials in the casting process. Another subsidiary of BNBR, BBI utilizes the waste scrap from clean up and production process as raw materials in concrete-brick making.

ENVIRONMENTALLY-FRIENDLY ENERGY

The development of environmentally friendly energy becomes a focus of concern at other BNBR subsidiaries, PT Bakrie Power, which focuses on renewable energy generation such as from geothermal power, solar power, wind turbines and biomass resources. As of 2018, PT Bakrie Power has had the experience of EPC Solar Power Plant projects of up to 735 kWp and is currently working to develop geothermal power plants in two locations in Indonesia and mini hydropower plants in several areas in Indonesia.

Environmental Monitoring Program

BNBR realizes that its operational activities have impacts on the natural environment and surrounding communities. As a form of our corporate responsibility, We conduct assessments and monitoring of potential environmental, social and health impacts, which serve as a reference in making corporate programs and policies.

In conducting environmental assessments and monitoring, we cooperate with independent third parties. The monitoring activities cover water quality, air quality, soil quality, soil pollution, noise level, and water biota found in the surrounding areas. The Company's parameters in managing environmental impacts include for wastewater handling, solid waste handling, noise intensity, air quality, and biological components.

In 2018, our overall monitoring results showed that the waste produced from the Company's business activities did not exceed the applicable environmental quality standards, either the parameters of solid waste, liquid waste, noise or air quality.



Social Responsibility Programs on Environmental Aspects

As a form of corporate responsibility for environmental management, BNBR “Hijau Untuk Negeri” Program. This program covers various aspects related to environmental protection conservation and the efficiency of natural and energy resources.

In 2018, PT Bakrie Pipe Industri continued its regular donation of trees to the medan satria subdistrict.

It is important for BNBR to ensure that each individual contributing to the Company's business can conduct their activities in a conducive, safe, healthy and secured environment. For that reason, throughout its operations, BNBR implements a system that prioritizes aspects of Occupational Health & Safety (OHS).

OCCUPATIONAL HEALTH & SAFETY

We believe that a safe and healthy environment can encourage best work performance by an individual. If our employees can always maintain their health and safety, productivity can be attained, which would eventually lead to the achievement of all Company's targets and goals. For that reason, Occupational Health and Safety (OHS) becomes an integral and inseparable part of the Company's business activities and serves as both a right and a responsibility of each employee, contractor or visitor that is working within the Company's operational areas.

In its implementation, BNBR establishes an OHS management system that is based on the standards of OHSAS 18001:2007. The Company ensures its consistent implementation through a regular certification by a competent appointed third party. A number of related programs and activities under OHS, including availability of Personal Protective Equipment (PPE), implementation of work procedures and OHS trainings for the employees.

The Company ensures to establish OHS as the underlying procedures in working that must be implemented and followed, not merely as a requirement, but as a culture. The Company consistently communicates that OHS is always a priority, either during office hours or after work is done, to the employees and their families.

Each Occupational Health and Safety program that is held every year focuses to manage occupational illnesses, work accidents, or potential impacts on the community and the environment. Through regular implementation of the programs, we also aim to continue improving the quality of health and safety in BNBR through efforts in mitigating, even eliminating, risks of incident/illnesses around the operational areas.

To that end, we require participation and responsibility from each related party, to always comply with the applicable standards and procedures and participate in monitoring any potential risks that occur. BNBR also engages the employees, families and subcontractors to actively participate in the process of planning, development and improvements of OHS procedures throughout its operations.

Further, in OHS implementation, we believe that leadership becomes a key factor in improving the Company's OHS performance. For that reason, each unit leader will be responsible for the safety of their team and must consistently hold a higher standard either in terms of leadership or self implementation of safety aspects.

OHS Policy

Part of the framework of OHS implementation in the Company, BNBR employs a number of policies to manage risks, provides proper guidelines in implementing OHS, and continues encouraging compliance with the applicable rules and regulations. Regularly, the Company also conducts reviews,



**PT BAKRIE PIPE
INDUSTRIES SUCCESSFULLY
IMPLEMENTS
OCCUPATIONAL HEALTH
AND SAFETY WITH
96.38% SCORE IN THE
ADVANCED CATEGORY.**

improvements and developments on existing policies to ensure effectiveness of the policies to mitigate potential risks due to the Company's operations on the employees, contractors or other parties that are working within BNBR's operational areas.

The implementation of the Company's OHS is in compliance with the Law No. 1 of 1970 on Occupational Safety, the Law No. 23 of 1992 on Health, and the Collective Labor Agreement both at each subsidiary and at the Holding Company, as well as BNBR's Occupational Health and Safety Policy that has been in effect since 25th of January 2013.

Up to now, BNBR's OHS Policy guides the implementation of OHS throughout the Company's operations, which specifically aims to fulfil ideal indicators of occupational health and safety, as follows:

- Identification and evaluation on the aspects of and potential threats on occupational health and safety as well as in implementing control on any risks and impacts at an acceptable level

- Commitment to comply with other applicable and relevant rules and regulations
- Prevention of accidents, injuries, and diseases at work as well as pollution
- Reduction of waste and energy consumption
- Recording and communicating aspects of occupational health and safety performance
- Ensuring control on unsafe conditions and behaviors that may cause accidents or injuries at work
- Continuous improvements in OHS implementation

BNBR commits to always comply with all laws and regulations related to the Company's activities as well as other laws and regulations on OHS. The Company also strives to improve its OHS system implementation, including through ISO 9001:2015 workshop, First Aid Program, Communication of Illnesses Prevention, Toxic and Hazardous Materials and Fire Fighting Program.

OHS Committee

BNBR has established a committee that is responsible for the implementation of OHS in the Company, i.e. the Occupational Health and Safety Advisory Committee (Panitia Pembina Kesehatan

dan Keselamatan Kerja or P2K3), which are divided into Health Unit and Safety Unit. Members of P2K3 are employees from each business unit, collectively responsible to monitor compliance with all elements with OHS-related regulations. Total members of P2K3 from manufacturing business unit in 2018 were 109 employees.

Details on the functions of P2K3 as well as the position, duties and responsibilities are further elaborated in the articles and chapters of CLA, as follows: [403-4]

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

Elaborated in the CLAs, all subsidiary of the Company consistently implement OHS-related responsibilities, including: providing Personal Protective Equipment (PPE), establishing a collective OHS Management committee, engaging representatives from employee to participate at inspection points, organizing education and trainings on work safety procedures, and conducting regular checks on the firefighting equipment.



OHS Performance

Our OHS target is Zero Fatality. To maximize our OHS performance and achieve this target, BNBR provides best operational facilities that fit the standards in the industry and ensures that the facilities can be well maintained and protected. We also implement tight security and inspection procedures to prevent unexpected incidents. OHS performance assessments are also regularly carried out by the Company.

OHS performance of BNBR's subsidiaries in the manufacturing business throughout 2018 are as follows: [403-2]

| BUSINESS UNIT | MAJOR ACCIDENT | | MINOR ACCIDENT | | LOST-TIME INJURY | |
|--|----------------|----------|----------------|-----------|------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| BBI | 0 | 0 | 3 | 8 | 0 | 8 |
| BMI (BFU, BCONs, Construction Site Projects) | 0 | 0 | 6 | 1 | 0 | 0 |
| BI (termasuk SEAPI) BI (including SEAPI) | 0 | 0 | 1 | 0 | 0 | 0 |
| BA (BA, BUMM, BMC) | 11 | 0 | 22 | 14 | 65 | 19 |
| TOTAL | 11 | 0 | 32 | 23 | 65 | 27 |

We realize that our OHS performance is still below the targets. For that reason, we continuously conduct evaluations and are committed to improve and strengthen the implementation of OHS policy & system. With cooperation and support from related parties, fulfilment of responsibilities of our employees, commitment from the Management to always prioritize OHS aspects throughout the Company's business activities, BNBR commits to continue improving our OHS performances to achieve Zero Fatality.

Certificate of Recognition – Occupational Safety and Health Management System July 2017-July 2020

PT Bakrie Pipe Industries has implemented Occupational Safety and Health Management System with 96.38% score in the advanced category. The certificate was officially presented by the Minister of Manpower of the Republic of Indonesia, M. Hanif Dhakiri, on 14th of July 2017.



OHS Training

To internalize OHS culture as part of the daily activities of BNBR employees, the Company continues to conduct trainings to build a more comprehensive awareness and understanding on OHS aspects, which is expected to gradually impact on their behavior and form a lifestyle. The trainings are including occupational safety procedures, OHS standards, and how to recognize potential risks of hazard. Being aware and being able to realize on the importance of OHS can help employees to prevent dangerous incidents or accident/disease risks as early as possible.

Trainings held throughout 2018, including:

- Workshop of OHSAS 18001
- Communication on disease prevention
- Increasing Environmental Alertness and Control, Hazardous Material Handling, Implementation of MSDS & Spill Response
- Load safety
- Identification of hazards and safety behavior
- Firefighting
- Electrical safety

Occupational Health

The goal of implementation of various occupational health programs and policies in BNBR is to ensure that all our employees can productively work without any diseases, which will ultimately be able to ensure the achievement of all of the Company's targets. Simply put, we expect to prevent in case of non-optimal Company's performance, that it will not be caused by diseases that can actually be prevented/treated early on.

Therefore, in managing the health aspects of its employees, BNBR implements comprehensive occupational health programs, starting with medical check-up for all employees to anticipate the risk of exposure to occupational diseases. We also routinely evaluate physical-related hazards and consequences of occupational diseases.

In its implementation, various health programs of BNBR are focused on prevention and treatment of diseases. We also promote various programs that can support the improvement of employees' healthy lifestyles, including through sports activities. BNBR also offers various health facilities and programs to all employees, including sports facilities, medical facilities, up to medical expenses for those who have health problems. The Company also offers counselling activities for employees, especially related to occupational diseases.

GRI STANDARD

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MANAGEMENT PROFILE

A full-length portrait of a man, Firmanzah, standing against a dark grey background. He is wearing a dark suit jacket over a light-colored button-down shirt, dark trousers, and black shoes. He has short dark hair and is wearing glasses. He is smiling slightly and looking towards the camera. His hands are at his sides.

Firmanzah
Independent Commissioner

Board of Commissioner



Anindya N. Bakrie
President Commissioner

Armansyah Yamin
Commissioner



Dody Taufiq Wijaya
Independent Director

Bobby Gafur S. Umar
President Director & CEO

The Board of Directors



A. Amri Aswono Putro
Director

R.A. Sri Dharmayanti
Director

A. Ardiansyah Bakrie
Vice President Director

Senior Executive Profile

Roy Hendrajanto M. Sakti
Chief Investment Officer



A black and white portrait of Indra Ginting, a middle-aged man with a receding hairline, wearing a dark blazer over a light-colored button-down shirt and jeans. He is sitting and looking directly at the camera with a slight smile. The background is a dark, solid color.

Indra Ginting
Chief Strategic
Business Development Officer



Christofer A Uktolseja
Head of Corporate Legal &
Corporate Secretary

Bimo Bayu Nimpuno
Head of Corporate
Communications



Ruddyar
Head of Group Accounting

Senior Management



**V. Bimo
Kurniatmoko**
SVP Strategic
Business Development




Bachril Bachtarudin
Head of Corporate
Finance



Okder Pendrian
Head of Human Capital
& Office Support



Andri Kabul
Act. Head of
ERM Policy & Process

A black and white portrait of Rida Jacobalis, a man with glasses, wearing a dark suit, white shirt, and striped tie. He is sitting on a stool, leaning forward with his hands clasped. The background is a dark, textured curtain.

Rida Jacobalis
Director

Bakrie Autoparts



Dino A. Ryandi
President Director & CEO

Bambang Indra Maryono
Chief Strategic Business Development Officer



M. Debiyanto Imran
Senior Manager Business Support

**Yayan Primayanto
Apandi**
General Manager Commercial

Yogi Pratomo Widhiarto
Chief Executive Officer


Bakrie Building Industries



Erlangga Arfan
Senior Manager IT & SCM

Erti Sri Santi
General Manager Finance

Rahmat Subarkah
General Manager Operator

A black and white photograph of two individuals. On the left, a man with long hair, wearing a dark blazer over a light-colored button-down shirt and dark trousers, stands with his right hand resting on a wooden A-frame ladder. On the right, a woman with short dark hair and glasses, wearing a dark patterned long-sleeved top and dark trousers, sits on a metal stool. The background is a plain, dark grey.

AD Erlangga
Director of Bakrie Indo Infrastructure

Chandra Devi Muharam
Director of Bakrie Power

Bakrie Indo Infrastructure



Andri Kabul
Director of Bakrie Mina Bahari

Indra Ginting
CEO of Bakrie Power

Bambang Banyudoyo
Director of Bakrie
Oil & Gas Infrastructure



Bambang Ismanto
Chief Operation Officer

Mila Wijaya Kusuma
Chief Financial Officer

Bakrie Metal Industries



R. Atok Hendrayanto
Chief Executive Officer



Rachmat Harimurti
Chief Commercial Officer



Sumitro
Chief Technical Officer



Arief Djoko P
Chief Logistic Officer

R. Atok Hendrayanto
Chief Executive Officer

Esti Rochyati
General Manager
Human Resources
& Admissions

Bakrie Pipe Industries



Ira Wibisono

Chief Financial Officer

Iskandar I. Daulay

Chief Commercial Officer

Deddy Kurnia

Chief Operations Officer

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