

ORGANIZATIONAL CULTURE AND COMPANY CODE OF CONDUCT

PT. CENTRAL PROTEINAPRIMA INDONESIA

This is a translated version of the original article, which was written in Indonesian. In the event of any conflict between the translated and the original versions, the Indonesian version shall prevail.

**ORGANIZATIONAL CULTURE
AND
COMPANY CODE OF CONDUCT
PT. CENTRAL PROTEINAPRIMA INDONESIA
(CP PRIMA)**

OUR COMPANY CODE

**To be the largest and most advanced vertically-integrated aquaculture
company in the world**

Jakarta, October 2013

PT. CENTRAL PROTEINAPRIMA Tbk.

FIRE – UP

**LET US UNDERSTAND, APPLY AND PRACTICE THE COMPANY’S CULTURE AND
CODE OF ETHICS FOR THE COMFORT, EXCELLENCE AND GREATNESS OF ALL**

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VISION AND MISSION OF CP PRIMA

Company Vision

To be the largest and most advanced vertically-integrated aquaculture company in the world.

Company Mission

We strive to continuously improve the company's strength in the field of aquaculture and to prioritize efficiency through innovative management systems and the use of the latest in technology in order to ensure the success of farmers and provide a wide range of quality products. We consistently evaluate the work performance of CP Prima and our contributions to society, as well as ensuring that we apply environmentally-friendly practices throughout all of our operational business processes wherever we are.

FOREWORD

At its basis, the organizational culture and code-of-conduct guidelines contained within this book are nothing new. Most of them have become part of the daily lives of employees at CP Prima. Nevertheless, we realize that not all the details of these culture-and-code guidelines have been fully understood and practiced by employees.

A number of employees may, knowingly or unknowingly, apply them without truly understanding the meaning and values contained within these guidelines. A number of other employees may have possibly not practiced any of these guidelines at all due to not knowing what ought to be done.

As such, this book was written so that all CP Prima employees, regardless of their function and position within the company, can better understand and put into practice the company's organizational culture and code of conduct. The hope is that, with the help of these written guidelines, the organizational culture and code of conduct of CP Prima can be measured in its application by all employees, measured in its supervision by the leaders who are obligated to supervise it, and measured in its benefits for the company and the environment.

May this book be useful.

Jakarta, October 2013

Human Capital Director

Aris Wijayanto

A MESSAGE FROM THE PRESIDENT COMMISSIONER

On behalf of the commissioners of CP Prima, I would like to express my highest appreciation for the writing of this Organizational Culture and Company Code of Conduct book. I am of the view that this book can serve as an excellent guideline for all CP Prima employees, regardless of their function and position within the company.

The team of authors responsible for this book has succeeded in putting together the organizational culture of CP Prima, taking the good practices that have been part of CP Prima for a long time and combining them with good practices from different leading companies and with related theories on ethics. The set of cultural practices described within can become the ideas, habits and mindsets that push the spirit, orderliness and performance of the employees to achieve the best they can. Using the slogan "**FIRE UP**" as a starting point for formulating the culture of CP Prima deserves praise. Not only does it imply burning passion for high performance, but the short number of letters in the words will allow employees to understand and remember its message better.

The team of authors has also succeeded in formulating a code of conduct for CP Prima that is inspired by commendable deeds done by CP Prima employees themselves, and is also taken from noteworthy employees from other notable companies and from various theories related to ethics, dignity and self-respect. This collection is apt to be the foundation for how all CP Prima employees behave.

I am optimistic that the presence of this concise book will be able to guide CP Prima employees to understand and implement the company's corporate culture and to behave and act according to the norms and principles formulated in the CP Prima code of conduct.

Jakarta, October 2013

President Commissioner

Fachrul Razi

A MESSAGE FROM THE PRESIDENT DIRECTOR

CP Prima is a large family with a direction and purpose that works in line with its vision and mission. As such, we need to have clarity on what values we ought to hold dear in order to facilitate our company's ability to achieve that goal.

By arranging a book that formulates the organizational culture and code of conduct of CP Prima, we hope that it will be easier for all parties to understand what needs to be done and what should be avoided to make everyone's job smoother.

Leaders in all lines/levels have a very important role in "leading by example" when it comes to disseminating, exemplifying and teaching what our company is about. At the same time, the success of the organizational culture and the implementation of the code of conduct of the company is still the responsibility of everyone.

We realize that it won't be easy to build a strong organizational culture that adjusts to the needs and developments of different business situations. This is a process that requires time and care from all of us to make it all happen.

Finally, I would like to invite all senior leaders to take real responsibility in disseminating, guiding, exemplifying and supervising the entire process of realizing the organizational culture and code of conduct of CP Prima so that it can become a reference for business conduct for all of us.

Jakarta, October 2013

President Director

Mahar Atanta Sembiring

I. FOREWORD

PT. Central Proteinaprima Tbk. (CP Prima) is an international public company that engages in the field of cultivation, in the industry of shrimp and fish, and in processed foods based on shrimp and fish. Its business is vertically integrated from fry and plankton in the upstream, to fast food products in the downstream side. It also consists of business and marketing partnerships that have sprung up throughout the country and in many markets in the world. The company is also integrated horizontally, as it covers the cultivation of various kinds of shrimp and fish, and produces a range of processed foods products, all of which remained based on fish and shrimp.

There are great challenges and obstacles to becoming a leading company in the world, as it must compete with giant companies from various countries around the globe within the framework of global trade rules and of adjusting to rules imposed by countries to provide them with covert protection. However, there are still many wide-open opportunities for CP Prima, because the potential for fish and shrimp cultivation remains widespread. The world's demand for fish and shrimp remain very high and continue to grow.

Global competition is always oriented towards company competition laws with the basic principle that the product being sought is a good product, inexpensive, timely and appropriate in amount and always available in terms of supplies. However, cheap costs and good quality are not directly aligned as values. Nor are timeliness and guaranteed supplies values that are in the same direction. The answer, in general, is that companies should strive to produce products with competitive advantages. These are the best products produced from a production process with a high level of efficiency. CP Prima also has to be alert to opportunities from the market. It should have agile and professional marketing agencies. It must also be able to maintain a continuous supply and a variety of other obligations.

The human factor is equally important to the company's profit factor. The company has to succeed in producing healthy shrimp and fish with a reasonable profit calculation. But on the other hand, the farmers should also be given sufficient priority so that they can provide a proper life and future for their families. The public communities located within the vicinity of the work environment must be given a chance to make use of the company's presence and any company activities within the region. The company must also be at the forefront in economic development that empowers local communities. It must push for the cultivation of fish and shrimp in all corners of the country and it must do so with social responsibility in mind, as it is a company that works in the field of shrimp and fish in Indonesia.

That is the complexity of CP Prima's mission – which was previously summarized in the company's vision-and-mission statements – to become the largest and most advanced vertically-integrated aquaculture company in the world.

This complex mission of realizing the vision of CP Prima will not come to fruition by simply just relying on technical and business strategies based on commands and procedures coming from leaders alone. All employees have to undertake these techniques and strategies with the utmost sincerity and by sheer habit. They must be able to do them without needing to be told to do them in everything they do within the company. This cornerstone is what is referred to **CP Prima**

Organizational Culture, the values, details and formulation of which are systemically detailed in this book.

CP Prima Organizational Culture makes use of the slogan "**FIRE UP**", which is meant to suggest a burning passion for high work performance. This slogan will allow employees to better understand the values of the company's culture.

CP Prima Organizational Culture consists of three sources of values:

- a. **Core Values** that serve as the basic guidelines for how all CPP Group employees and leaders behave. The slogan that we refer to as "**FIRE UP**" consists of:
 - 1) A focus on customers: **A focus on internal and external customers.**
 - 2) Integrity in our actions: **Integrity in all activities.**
 - 3) A responsibility to deliver results: **A responsibility for making work accomplishments.**
 - 4) Entrepreneurship of doing business: **The spirit of entrepreneurship in working.**
 - 5) Unchallenged targets: **High level work targets.**
 - 6) People development: **The development of all employees.**
- b. **Espoused Values** that strategically refer to the mission and vision of the company and are used to direct the management of CP Prima Group and are translated into long, short and medium term programs and into the work plans of all functions and business areas of CP Prima Group. Periodically, these Espoused Values will be adjusted to whatever strategic developments faced by CP Prima Group. Doing so will allow CP Prima Group to continue to exist and develop in the midst of the global economy.
- c. **Artifacts**. These include **Standard Operating Procedures** according to each function within the company and a **CP Prima Code of Conduct** that must be understood and obeyed by all leaders and employees within CP Prima Group.

The CP Prima Code of Conduct is based on the Core Values and Espoused Values of CP Prima. They have been formulated in general terms. The application of this code can be adjusted depending on the specific company field in question and on specific provisions within each of these fields. This code can hopefully be used to solve problems that arise within the management of business in each of field of the company.

Behavior that is in line with the CP Prima Code of Conduct is not only useful for guiding employees in making the company successful, they also contain numerous values of life that can bring people personal success in a harmonious social setting.

II. CP PRIMA GROUP CULTURE

(FIRE UP Culture)

To realize the above vision and mission and to exist and grow in a sustainable manner requires an organization capable of answering any challenges that arise from time to time. The formation of a high-performing organizational culture requires the participation of all parties ranging from the highest in leadership down to the bottom levels of employees. It needs the help of all stakeholders to put this culture into practice.

FIRE UP is designed to improve the morale of employees and to become a guide and reference for all parties working within the company. The essence of FIRE UP culture is to always be passionate in reaching goals and to do so with a full sense of responsibility and integrity.

With the organizational culture as a guide and the values contained within it as a reference, we hope that it can help grow, cultivate, maintain and raise the spirit of employees over time.

There are six main Core Values for the Organizational Culture contained within Fire Up. They are:

- 1) A focus on customers: **A focus on internal and external customers.**
- 2) Integrity in our actions: **Integrity in all activities.**
- 3) A responsibility to deliver results: **A responsibility for making work accomplishments.**
- 4) Entrepreneurship of doing business: **The spirit of entrepreneurship in working.**
- 5) Unchallenged targets: **High level work targets.**
- 6) People development: **The development of all employees.**

A. Dissecting the Core Values of FIRE UP

1. **A focus on customers: A focus on internal and external customers.**
 - a. **Customer service:** Understanding and serving the needs of customers in a timely and accurate manner.
 - b. **Cooperation and communication:** The ability to maintain good relations and build effective communication with customers.
 - c. **Customer care and satisfaction:** Caring about the problems and committing to deal with them immediately and working to fix the problems in a correct, timely and accurate manner.
2. **Integrity in our actions: Integrity in all activities:**
 - a. **Obeying applicable laws and regulations:** Obedience towards applicable regulations, legislations and codes of conduct.
 - b. **Obeying SOP:** Understanding and obeying Standard Operational Procedures in each field of work.
 - c. **Enforcing regulations:** Caring about each other and reminding each other to stay in line with regulations by giving each other input, critiques and guidance to the best of their capabilities.
3. **A responsibility to deliver results: A responsibility for making work accomplishments.**
 - a. **Result oriented:** Knowing and understanding what it is that the company expects of them and to guarantee that they will provide the necessary human power.

B. Applying the main values for all level of employees

VALUES	Focusing on our Customers (Internal & External)	Integrity in our Actions	Responsibility to deliver results	Entrepreneurship in doing business	Unchallenged targets	People Development
FOR EXECUTIVES (LEVEL 1)	Create Customer Value	Influence And Inspire	Leverages organizational capability to deliver results	Create Strategic Value	Set Priorities for Success	Develop Organizational Capability
FOR MANAGERS (LEVEL 2 AND 3)	Enhance Customer Experience	Lead By Example	Plans, controls and reviews work team activities	Drive Commercial Success	Align Targets	Develop Your Team
FOR EVERYONE ELSE (LEVEL 4 AND 5)	Delight your Customer	Demonstrate Integrity	Commits to Deliver Results	Knows how business works	Set Targets	Develop Yourself

III. CP PRIMA CODE OF CONDUCT

A. About the behavioral code of ethics for employees

Ethics: Principles or standards that govern the behavior of communities, groups, organizations and individuals established by law, social values, rules and standard norms. Ethics are more than just morals.

Business Ethics: Ethics that contain business rules. Behaviors that are considered unethical in business include: violations of international law, violations of an organization's code of ethics, malicious behavior, purposeful breaching of agreements and promises, violations of environmental law, concealment of information material during negotiations, and others. The Code of Conduct for employees is designed to be a reference for all employees in how they act and behave in the environment of the CPP Group and all of its subsidiaries.

Responsibility

The CPP Group Board of Directors has established an **ethics committee** that is responsible for monitoring and prosecuting employee violations of the Code of Conduct. In order to be consistent and continuous in their implementation, **the ethics committee** will annually make reports to the Board of Directors on the effectiveness and implementation of CPP Group guidelines.

Each **Business Unit Leader** is responsible for introducing the employee Code of Conduct and ensuring that these guidelines be obeyed through implementation procedures and local surveillance and by taking into account the environment and culture around the company.

Implementation

All CPP Group employees are required to know all parts of the existing Code of Conduct. They must know how these guidelines apply to themselves. The ethics committee must work together with Business Unit Leaders to train and socialize all employees of CPP Group on how they are subject to this code. After acknowledging and understanding the guidelines, they will sign **an integrity pact** and will be penalized for violations.

B. Main attitudes to develop

1. Top attitudes for business integrity

- a. A willingness to obey applicable laws and regulations.
- b. A willingness to maintain company confidentiality.
- c. A willingness to uphold values of integrity.
- d. Being careful in handing out gifts and entertainment.
- e. Avoiding opportunities for bribery.
- f. A willingness to protect the assets and wealth of the company.
- g. Recognizing and understanding suppliers, partners, customers and competitors.

2. Top attitudes for workplace relations

- a. Respecting one another.
- b. Using IT systems in accordance to how they are designed to be used.
- c. A willingness to maintain workplace safety, security and health.

d. A willingness to speak the truth and to ask questions when in doubt.

3. Top attitudes for social and environmental relations

a. A willingness to care for the environment surrounding the company.

b. A willingness to take concrete actions to protect the environment surrounding the company.

C. CP Prima ethical conduct

1. Ethical codes in advancing the company

a. Obedience towards the law and legislation

- Obeying laws and legislation
- Obeying business rules and Standard Operational Procedure
- Obeying Business Ethics

b. Company confidentiality

- Protecting confidential information that is known to each employee while working within the company and after leaving the company.
- Organizing reliable information security systems for the company
- Do not serve illegal information requests

c. Conflicts of interest

- Calculate the moral aspects in all actions
- Do not abuse one's position and status to enrich themselves, their family or their group
- Upholding integrity and putting the interests of the company above all else.

d. Gifts and entertainment

- Be wise in holding banquets and giving out gifts
- Do not overdo these banquets and do not be excessive in giving gifts to government officials, business partners and other third parties
- Banquets and gifts are for maintaining good relations, not for influencing an unfair decision.

e. Payments of facilities and bribery

- Payments of facilities must be done in accordance to applicable provisions that apply generally (in ways that do not detriment to the company)
- Do not accept rewards, bribes or promises from parties that can influence decision-making and cause the company harm
- Avoid conflict resolutions or negotiations that work contrary to the law (bribes, promising rewards, etc.)
- Settle conflicts in accordance to the type of issue at hand (administrative, civil or criminal)

f. Company assets

- Administer the company's assets properly.
- Maintain the company's assets so that it keeps functioning
- Do not use company assets for personal interests.
- Obey asset recycling procedures from procurement, distribution, use, maintenance and removal of assets.
- Be accountable for any damages or losses to company assets.

g. Fair business practices

- Always keep the documentation of suppliers, partners and competitors up to date within the company database.
- Treat them fairly, equally and without discrimination.
- Maintain good relations with the goal of being mutually beneficial.
- Work in accordance to existing SOP.

2. Ethical codes in building work relations

a. Respecting the individual

- Obeying company provisions for relationships the company and employees.
- Mutual respect, admiration and monitoring one another in relation to the completion of work
- Healthy competition for self-advancement and company advancement during work.
- Do not perform acts of moral or sexual harassment in the workplace.
- Create a harmonious and conducive working environment.

b. Using information-technology systems

- Use the company's information system network only for work-related interests and not as a means of provocation or for chain messages or other issues unrelated to work.
- Maintaining and taking care of the company's IT software and hardware responsibly.
- Do not use tools, programs or content that violate copyright in the company IT network
- Do not use IT facilities and infrastructure for personal interests during working hours and outside working hours.

c. Security, health and safety at work

- Obey and implement all workplace safety and security procedures
- Run the machines and tools in accordance to established rules.
- Be an ambassador for occupational safety, security and health.
- Report any potential hazards that could endanger the self or others in the workplace.

d. Speaking the truth

- Understand, obey and use the Code of Conduct when engaging in business activities in the company.
- Provide adequate warnings to fellow coworkers that have the tendency to misbehave.
- Report any violations of the Code of Conduct.

3. Ethical codes in social interactions and the environment

a. Social care

- Recognizing and understanding the need for community empowerment
- Plan, implement, operate and evaluate corporate social responsibility programs periodically.
- Maintain good relations with local communities and authorities.
- Increase community participation by increasing social welfare.

b. Protecting the environment

- Understanding the conditions of the environment surrounding the company.
- Treating wastewater so it does not damage the environment.
- Participating in environmental preservation efforts in the office.
- Using resources, water, energy and paper wisely.

D. Socializing and enforcing the code of ethics

1. Forming an ethics committee

An ethics committee has been formed based on a BOD officiated by the company President Director. The membership of this ethics committee at the very least encompasses Corporate Legal, Internal Audits and other functions established by the President Director.

2. Duties and responsibilities of the ethics committee

- a. The company ethics committee must prepare the materials necessary to socialize the company Organizational Culture and Code of Conduct.
- b. The ethics committee must work together with relevant Business Unit Leaders to determine how to plan and implement the aforementioned dissemination to all employees.
- c. The ethics committee must monitor all activities throughout the socialization process conducted by Business Units and Line Managers.
- d. The ethics committee must monitor the application of the Code of Conduct periodically and must develop and review the code materials as the business environment changes so as to help the company reach its goals.
- e. The ethics committee must periodically deliver reports on how the Code of Conduct is being implemented, alongside the challenges and efforts to develop these codes to the company leaders.
- f. The ethics committee must propose possible changes to the Code of Conduct with the agreement of the leadership and the company stakeholders.

3. Socializing the company code of ethics

- a. Business Unit Leaders are responsible for socializing the contents of the Organizational Culture and Code of Conduct documents of PT CPP Group to all employees underneath their watch.
- b. The socialization materials used must come from the ethics committee.
- c. They must work together with the ethics committee in the socialization process so that all parties involved get the same grasp and understanding of all the materials being socialized.

4. Dealing with code of ethics violations

- a. The ethics committee must open a violation-reporting center, whether through suggestion boxes, emails or telephones. Problems are expected to be dealt with at a Business Unit level according to applicable procedures and regulations.
- b. The ethics committee has the right to conduct investigations of those who violate the Code of Conduct by informing the relevant Business Unit Leaders.
- c. Any reports of violations of ethical codes must come with supporting evidence. Confidentiality is ensured.

- d. The ethics committee will analyze and rate the severity of violations. They will involve the relevant Business Unit Leaders in order to come to a fair decision on what must be done.
- e. Business Unit Leaders have the authority to deliver sanctions to ethics code violators according to applicable regulations and to report these violations to the company Board of Directors with a copy of the report to the ethics committee.
- f. In the case of a severe ethics violation – namely a violation that harms the company’s finances, reputation or one that triggers an even bigger issue – the ethics committee will open a company ethics trial to come to a fair decision.
- g. Sanctions delivered by the ethics committee must not violate existing rules.
- h. The ethics committee must periodically report developments on the application of the Code of Conduct, including how violations are dealt with, to the Board of Directors.

IV. IN CLOSING

We are fully aware that the Organizational Culture and Code of Culture guidelines documented within this book are very limited and cannot be used to regulate all business practices that occur within the company. That is why it is important that all employees are obligated to obey all the applicable rules even though they are not set out in this document.

In future developments, it will be possible to add, subtract, or partially or completely change the contents of this document. Any changes will be socialized in accordance to established mechanisms.

In the end, it should be once again noted that every single employee has an equal obligation to comply with all the contents of this document. It is also the greatest responsibility of all leaders within CPP Group to always practice, conform, set examples, and take firm and appropriate action to ensure the enforcement of this code of conduct.

Jakarta, October 2013

Approved and declared effective by: CP Prima President Director Mahar Atanta Sembiring

Mahar Atanta Sembiring