

**PT KIRANA MEGATARA, TBK.**

# Supplier Code of Ethics

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**Raw Material Purchasing Division**

**Version 1.0  
October, 2020**

# Kirana Megatara Group's Supplier Code of Ethics

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## OBJECTIVE

Kirana Megatara Group ("KMG"), is a public listed company incorporated under the name PT Kirana Megatara Tbk. and is the leading natural rubber processor group in Indonesia.

A new and updated version of Supplier Code of Ethics is felt appropriate following the adoption of the KMG Sustainable Natural Rubber Policy in December 2019. This Code is intended to support the commitments as expressed in the SNR Policy document. It serves as a practical guidance for activities related with sourcing and purchasing natural rubber at all KMG factory sites in adherence to principles of natural rubber sustainability.

KMG expects all of its suppliers of goods and services to act in accordance with the Code of Ethics. Although the Code is reserved for KMG suppliers, its ethical principles are valid for the entire KMG supply chain. So each KMG supplier must therefore respect all principles and put them in practice, wherever possible, to the supplier's own subcontractors and rubber producers.

Throughout this document, the term "supplier" is to be understood as a legal person, inclusive of his or her representatives and employees.

## ABOUT KMG SNR POLICY

The KMG Sustainable Natural Rubber (SNR) Policy is formulated based on the company's Vision and Mission, Code of Conduct, interactions with stakeholders, and a long history of activities involving the rubber smallholders.

The Policy is structured as a set of twelve principles organized under the following five themes:

1. Respecting Employees, Workers, and Communities
2. Enhancing Smallholders' Welfare
3. Protecting Environment and Conserving Natural Resources
4. Creating Global Competitiveness
5. Practicing Good Governance

The SNR policy document serves as the underpinning foundation for all policy documents and standards of procedure within the Kirana Megatara Group (KMG) corporation.

KMG reserves the right to update the Code at any given time for reasons deemed appropriate by changes in the SNR policy and by future developments related with natural rubber sustainability.

# SUPPLIER CODE OF ETHICS

## A. Use of Factory's Goods or Facility

The Supplier is not allowed to

1. misappropriate the use of factory's facility for his or her personal use,
2. transform any factory's goods or facility without proper authorization from factory management,
3. remove factory's goods without approval from factory management,
4. act on behalf of factory in providing sponsorship or funds to a third party, whether it is a private or public enterprise,
5. destroy any part of factory's facility either wilfully or unintentionally.

## B. Working Environment and Respect for Others

The Supplier is not allowed to

1. use inappropriate language at the factory's workplace, including, swearing, insults, and profanity,
2. leverage its social stature, financial wealth, or its close relations with factory's management for the sake of getting preferential treatment,
3. make threats, coerce, and create intimidation to factory's employees,
4. conduct sexual harassment at the factory's workplace.

The Supplier

5. has the right not to be discriminated against on grounds of ethnicity, religion, race, gender, and lineal origin,
6. deserves to be treated respectfully with his or her rights be protected as an abiding lawful citizen,
7. is categorically opposed to child labour and forced labour.

## C. Protection for Environment, Health and Safety,

The Supplier must at all times

1. comply with factory's protocols for health and safety,
2. comply with factor's protocols against environmental degradation.

For the Supplier of an industrial rubber plantation must

3. commit to safeguard the environment surrounding the plantation and preserve its biodiversity,
4. commit to respect legal and customary tenure rights of the local indigenous people.

## **D. Business Transaction**

The Supplier must

1. bear the responsibility for the quality of the goods supplied to the factory,
2. provide complete, accurate and verifiable information regarding the source of origin for the goods supplied to the factory,
3. conduct negotiation in good faith in reaching an efficient and mutually beneficial outcome,
4. follow Kirana Megatara Standards Of Procedure (SOP) regarding the terms of trade for the goods supplied to the factory.

The Supplier is prohibited from

1. giving or accepting gifts or money beyond the nominal transaction value in an attempt to secure a deal or to deny legitimate rival's offer in collusion with factory personnel,
2. using the name of any other supplier without the consent of that other supplier,
3. selling or delivering stolen goods or any goods that is part of a crime.

## **E. Code Compliance**

The Supplier is obliged to

1. comprehend and comply with this Supplier Code of Ethics, or simply the Code,
2. communicate the Code to his or her representatives and employees,
3. accept any consequences should there be a violation of the Code including possible termination of business relationship,
4. report to factory's management for any suspicion or incidence of Code's violation committed by others in the factory.

The supplier has the right

5. to report his or her grievance, offer constructive criticism, and report suspected violation supplemented with adequate evidence, either openly to the factory's management or anonymously through Kirana Megatara's whistleblowing system.

Adopted by Raw Material Purchasing Division,

13<sup>th</sup> October, 2020.

**David Tjoa**  
Head of Division