

UN GLOBAL COMPACT

**COMMUNICATION
ON PROGRESS
(COP)**

chapter **08**

corporate
social
responsibility



Thank you,
Indosat, for
supporting our
community.



Our numerous CSR activities are one of the ways through which we express our support and care for all concerned.

Reflecting Indosat's commitment to being a responsible corporate citizen, the Company carries out numerous corporate social responsibility (CSR) activities that are intended to benefit all stakeholders and support our business continuity. Indosat's stated CSR goal is to grow, to comply with laws and regulations, and to care for the community.

This CSR section briefly details our approach to CSR, based on the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

I. Governance & CSR Oversight

As highlighted in the Good Corporate Governance chapter of this Annual Report, Indosat continuously takes steps to implement and improve its governance, including oversight of our CSR activities.

To ensure proper implementation of our CSR initiatives in a responsible, ethical and effective manner, a CSR Committee was established by the Board of Directors (BoD) in 2009 and its structure was subsequently revised at the May 10, 2011 BoD meeting. The CSR Committee is responsible for guiding, leading and assessing our CSR activities. The CSR Committee is comprised of the Chief Executive Officer, Chief Financial Officer, Chief Corporate Services Officer, and Group Heads.



Scope of Work:

- Defining the objectives, strategy and policies for CSR
- Monitoring system implementation
- Approve annual budget and main programs
- Review regular reports

Activities:

- Regular meetings once every 6 months
- Regular reports at BoD meetings

II. Economic Impact

As a leading listed company and the second largest telecommunications provider in Indonesia, Indosat makes a significant economic contribution, both directly and indirectly.

1. Direct Value Creation

| | 2013 | 2012 |
|---------------------------|----------|----------|
| Revenues (billion rupiah) | 23.855,3 | 22,418.8 |
| EBITDA (billion rupiah) | 10.376,0 | 10,540 |
| BTS | 24,280 | 21,930 |
| Employees | 3,046 | 2,967 |



Five Talented Indonesian Children Meet
Lionel Messi in Doha

2. Indirect Value Creation

In addition to directly creating value, Indosat also supported indirect value creation by:

- Supporting consumers in their telecommunications needs through better products and service quality. Among others, Indosat rolled out Super Wi-Fi in Bali on the U900 frequency which can support speeds of up to 42Mbps.
- Supporting local mobile developers
In 2013, Indosat launched its digital start-up business incubator called IdeaBox. The incubator will offer facilities, funding, mentoring, consulting, technical training, business training, and fundraising help to start-ups, with an investment of \$500,000 to create mobile products and services.
- Contribution to national infrastructure development
During the year, the domestic network backbone capacity was upgraded to 100 Gbps, while the international backbone capacity (Jakarta – Singapore) was upgraded via the Jakabare Submarine Cable System to 240 Gbps, and the new Jambi – Batam cable system was deployed with a capacity of 300 Gbps.

Continuously investing in infrastructure to develop our network:

24,280
BTS
in 2013

- Supporting the development of e-commerce through our e-commerce platform Dompoku.
- Creating thousands of jobs at Indosat dealers and suppliers.
- Supporting transfer of knowledge.
- Supported large enterprise in Indonesia through targeted offerings such as data center services and more.
- Improving the productivity of Small and Medium Size Businesses (SME) through information and technology solutions targeted specifically for SMEs
- Sourcing from local suppliers.

Indosat sources components where possible from local suppliers rather than importing these components. One is example is the implementation of fluidic batteries, which are manufactured locally in Indonesia. By expanding use of these batteries, we are further supporting local suppliers and the Indonesian economy.





INSPERA (Inspirasi Perempuan Indonesia)



Indosat invites customers to preserve batik.

Helping over
20,000
 Indonesian
 women develop
 their potential
 as entrepreneurs
 through mobile
 technology and
 content.

- Connecting rural areas, enabling isolated customers and businesses to be more productive.

Indosat has commercially delivered mobile connectivity to rural Kalimantan, Sulawesi and Papua Island using lightweight, solar-powered BTS, and plans to connect more customers throughout remote areas of Indonesia using this solution. Indosat won the “Wireless Network Infrastructure Innovation Award” for this innovation.
- Empowering women entrepreneurs.

Indosat operates the Usaha Wanita (Business Women) service which offers tips about business management, banking and credit access, customer management and marketing for small businesses that are targeted at women. Usaha Wanita complements Indosat’s women-focused mobile initiatives including the award-winning Info Wanita (Information for Women), which provides important information on financial management, life skills, health and childcare delivered through SMS; and Hebat Keluarga (Great Family), a dedicated offering targeting stay-at-home mums, with features such as a family-friendly tariff and a family finder geo-location tracker.

III. Environmental Conservation

With reference to the Law on Limited Liability Companies Articles 40 and 70, Indosat is committed to reducing and preventing environmental pollution, and saving energy.

Indosat has also implemented an Environmental Management system as embodied by its ISO14001:2004 certification and has established policies that include avoiding and decreasing environmental pollution and conserving natural resources.



- Energy efficient power solutions have been implemented in the form of CDC (Charge Discharger Controller) switches at a number of Base Transceiver Stations (BTS). CDC work to optimize batteries as an alternative power source in the case of a State Electricity (PLN) blackout, extending battery life while saving fuel by decreasing the need to run the diesel generators.
- Indosat has installed more than 100 solar-powered BTS in remote and isolated areas like Mambi, Sulawesi.
- Indosat has started replacing traditional lead-acid batteries in the BTS backup generators with environmentally friendly fluidic batteries.
- The Indosat headquarters has a policy of waste management for hazardous substances such as used batteries and used oil.

IV. Social & Community Development

Indosat holistically supports social and community development in Indonesia, among others as an embodiment of our commitment to the Millennium Development Goals (MDG) established by the United Nations.

We do this by implementing good labor practices, establishing a safe and healthy workplace, protecting consumers, and carrying out numerous social and community development programs including disaster relief, improving healthcare awareness, and promoting cultural activities.

V. Good Labor Practices

Indosat strives to implement good labor practices to ensure the welfare of our employees.

- Equal opportunity career development regardless of gender, race or religion
- Competitive remuneration and benefits
- Retention policies to reduce turnover
- Good career development opportunities
- OSHAS certified
- Earned an Audit Certificate for its Occupational Safety and Health Management System from the Ministry of Manpower and Transmigration
- Indosat does not employ underage employees
- Employees have the right to collectively organize and gather
- A pension plan and benefits have been established for eligible employees
- Training to develop employees' competencies

| | 2013 | % increase over 2012 |
|--------------------------------|----------------|----------------------|
| No. of Training Programs | 674 | 163% |
| No. of Participating Employees | 9,772 | 158% |
| Total Cost of Training | Rp25.0 billion | 30% |
| Training for New Managers | Rp5.2 billion | 18% |



VI. Safe & Healthy Workplace Environment

Indosat is committed to implementing a culture that promotes Occupational Health, Safety and Environment (HSE), in line with the government program of establishing a national HSE culture by 2015.

Indosat has established an HSE policy signed by the President Director and CEO, which outlines the company's commitment to reducing workplace accidents, obeying laws and making continuous improvements to HSE management systems.

- The Company strives to provide a healthy and comfortable work environment
- OHSAS 18001 international certification on process related to Occupational Health and Safety management systems
- Prohibition against smoking inside the office in order to create a healthy work environment
- Establishment of a Safety and Health Guiding Committee to help protect employees against the risk of accidents and illness due to work
- Protection for the rights of employees including occupational safety issues under the Collective Labor Agreement (CLA)
- Health insurance for eligible employees.

Health treatment statistics for employees and family members in 2013

| | |
|--------------------------------|-------|
| Medical Check Ups | 2,628 |
| No. of Participating Employees | 158% |
| Total Cost of Training | 30% |
| Training for New Managers | 163% |
| No. of Participating Employees | 158% |
| Total Cost of Training | 30% |
| Training for New Managers | 163% |

VII. Consumer Responsibility

The quality of our products and services as experienced by users is a frontline priority for Indosat. We strive to serve consumers responsibly by:

- Improving overall service quality, with Rp9,329.1 billion budgeted in 2013 for network improvement
- Providing accurate product and service information
- Protecting the confidentiality of data and customer profiles
- Using radio telecommunications equipment that is not hazardous to customer health
- Maintaining a secure network and data center with ISO 27001 information security management system (ISMS) certification on progress, covering information technology, security techniques, and information security management systems and requirements.
- Monitoring network quality
- Monitoring customer service satisfaction
- Providing channels for customer complaints

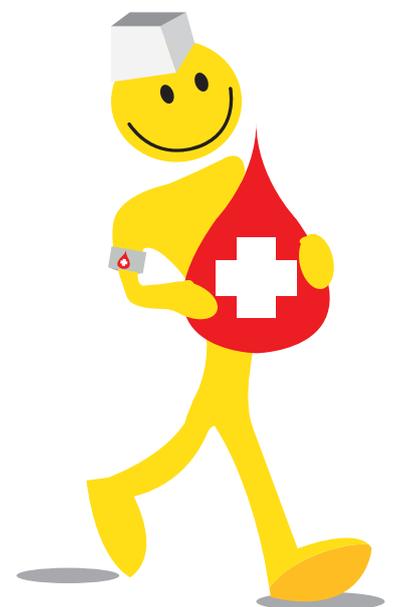


VIII. Community Initiatives

In addition to the above, Indosat demonstrated its concern for society through numerous activities during the year, such as :

SUPPORTING BLOOD DONATION

Indosat supported the Indonesian Red Cross (PMI) by developing a web-based information system called "Ayo Donor" ("Come Donor"). The Ayo Donor website at www.ayodonor.pmi.or.id displays information related to blood donor services in real time, including information on blood stocks at the Blood Donation Units of the Indonesian Red Cross all over Indonesia and the location of blood donors in districts / cities throughout Indonesia, making it easier for people to donate blood or find blood at the Indonesian Red Cross Blood Donation Units.





Qtel Group gives donations to assist flood victims in Indonesia.

The Indonesian Red Cross and Leo Burnett encourage blood donation volunteers through Ayo Donor and Bloodbook.

Showing we care by supporting the communities around us.

Besides Ayo Donor, an application called bloodbook was also created to encourage people to become volunteer blood donors, primarily to help others in need of blood through the Facebook social network. The bloodbook application connects individuals in need of blood with donors from their own network.

ASSISTANCE FOR INDONESIAN FLOOD VICTIMS

On January 22, 2013, Qtel Group donated approximately Rp1.8 billion through the provincial government, the Indonesian Red Cross, PKPU (Pos Keadilan Peduli Umat) and Dompot Dhuafa to help flood victims in Indonesia.

During the disaster, Indosat helped people to communicate and stay in touch with their families by providing telephone and MS services to fellow Indosat subscribers and internet access including unlimited free calls to emergency numbers and the National Search and Rescue Agency for subscribers, even in the absence of credits.

5 TALENTED INDONESIAN CHILDREN MEET LIONEL MESSI IN DOHA

Embodying Indosat's commitment to the development of Indonesia's youth, on May 20, 2013, Indosat sent 5 talented Indonesian children to meet their idol, football star Lionel Messi in Doha, Qatar. Thereafter the 5 talented children came to the Indosat Building to share their experiences meeting with Lionel Messi in Doha and to inspire the children of Indonesia to dream with passion. Aged 8 to 15 years of age, these five talented children were selected from various Indonesian cities.



INDOSAT HELD THE 7TH IWIC

Indosat held the 7th Indosat Wireless Innovations Contest (IWIC), a wireless application competition for the young generation, from June 2013 to October 2013 as part of the Indosat Innovation Program. Themed "Digital Innovation and Entrepreneurship for Stronger Indonesia", this 7th IWIC aims to improve the mobile application development knowledge and abilities of the young generation and provide them with the opportunity to start their own business. More than 1,600 participants sent in ideas and application prototypes. IWIC activities included among others:

- Roadshow Seminars at 18 Universities for 4,000 Students: These seminars, which were open to all students free of charge, provided training and a chance to hear the shared experiences of successful entrepreneurs in the field of applications and technology (technopreneurs), giving students access to the technopreneur world and encouraging them to achieve the same success.
- Innovation Boot Camp. The Innovation Bootcamp was a new event at the 7th IWIC, with 40 nominees participating, which was held for 2 days in Jakarta. The participants in this event received intensive training to improve their capabilities and skills in the field of entrepreneurship, technology and innovation.

+1,600
participants in
the 7th Indosat
Wireless Innovations
Contest (IWIC),
one of Indosat's
efforts to inspire
and encourage the
young generation to
develop their digital
technology skills.

- Indosat 's Incubation Program. As part of Indosat's integrated program of innovation through IWIC, the winners of this event will have the opportunity to obtain a scholarship at the Founder Institute, a global organization that supports and encourages the novice application developers to become technopreneurs based in Silicon Valley, the United States. The winners who have graduated from this scholarship program will then join the Indosat digital business incubator, Ideabox.
- Usaha Wanita Application: a mobile application specifically for women entrepreneurs that is made accessible through the Nokia Life + web-app, providing a variety of information on business management, banking and credit access, customer management and marketing for small businesses. This service is targets women owners of small and medium-sized business or women starting their business.

Through Info Wanita and Usaha Wanita services, Indonesian women can access a variety of information on topics ranging from business and finance, health, family / children, financial management, and communication skills, to human resource development. Approximately 20,000 women in Indonesia have utilized information from these two services.

INSPÉRA (INSPIRING INDONESIAN WOMEN)

Giving special attention to women in Indonesia as one of its customer segments, Indosat showed further support for women through the INSPÉRA - Inspiring Indonesian Women initiative that was introduced in Bali the theme "Start Up Your Dream Into Action". Indosat is committed to improving the quality of life for women in Indonesia through telecommunications services and sustainable community programs that cover commercial services as well as CSR programs, including :

- Indonesia Womenpreneur Competition (IWC): The Indonesia Womenpreneur Competition (IWC) is a national competition aimed at developing the potential of independent and strong -willed creative Indonesian women, and simultaneously benefitting the surrounding community through the utilization of information and communication technology .

Indosat, together with the Ministry of Women Empowerment and Child Protection, awarded Indonesia Womenpreneur Competition Awards to 10 finalists chosen from about 800 participants in the Indonesia Womenpreneur Competition (IWC) held in June 2013.

- Women's Info Program: Indosat has created a specific application, namely "Info Wanita" (Info for Women) which is an application for the empowerment of women that is embedded in Nokia Life Service handsets.

INDOSAT AND OOREDOO SEND INDONESIAN YOUTHS TO THE GLOBAL YOUTH SUMMIT FORUM

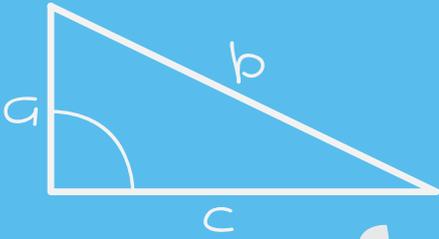
Indosat together with Ooredoo sent a delegation of Indonesian youths to the Global Youth Summit forum, which took place between September 9 – 11, 2013 in Costa Rica. The youthful delegation from Indonesia was represented by the young technopreneur winners of the Indosat Wireless Innovation Contest (IWIC), Andry Soeprapto and young inspirational teacher Hety Apriliastuti Nurcahyarini from Indonesia Mengajar (Teach for Indonesia). The Global Youth Summit is an international event organized by the International Telecommunications Union (ITU), an institution under the United Nations and Ooredoo, which is founding partner of The Global Youth Summit.

INDOSAT INVITES CUSTOMERS TO PRESERVE BATIK

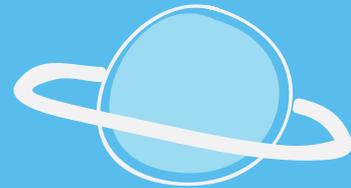
Continuing Indosat's commitment to support the preservation and development of Indonesian batik, Indosat launched a special rechargeable voucher edition for batik on October 2, 2013. For every voucher purchased, Rp150/voucher will be donated to the Indonesian batik industry, without cutting customers' credits.

The world is amazing,
there's so much to
learn! I had no idea
until we had internet
connection.





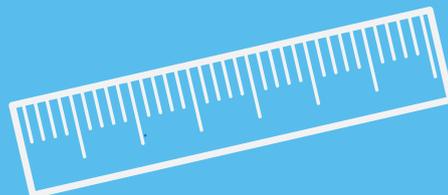
$$1+2=3$$



chapter **11**



Continuously Caring



Continuously caring:
our contribution
to the wellbeing of
our stakeholders
will ultimately be
the deciding factor
in our long term
sustainability.

This report sets forth Indosat's progress in 2013 towards long term sustainability, for the benefit of all stakeholders and the Indonesian nation.

Report Parameters

Reporting Cycle:

Indosat produces this report on a yearly basis to communicate its economic, environmental and social impacts to its stakeholders, which include employees, customers, suppliers, dealers, community groups, and government in Indonesia.

Period Covered:

This report covers the period between January 1, 2013 to December 31, 2013. The previous report covered the period between January 1, 2012 to December 31, 2012.

Content of Report:

This report discusses aspects of Indosat's business which have significant impact in the areas of governance, community, environment, and economy, and is therefore considered material. Quantitative data is provided where possible, supplemented or substituted by qualitative data.

This information in this report is not subject to specific limitations but there may be also information that is not disclosed in this report because it is not believed to be of major significance to our stakeholders, namely our customers, partners, employees, shareholders, community and the government.

The content of this report is already in compliance with the core GRI 3.1 indicators which may be found at the GRI website www.globalreporting.org.

Scope of Report:

The material provided pertains to the operations of Indosat and its subsidiaries in Indonesia. There were no significant changes from the previous reporting period in terms of the scope or boundary applied in this report.

Measurement and Reporting:

There have been no substantial changes in reporting method or restatement from the previous sustainability report that would significantly affect comparability between this year's sustainability report and the previous year's. Financial figures are based on Indonesian Generally Accepted Accounting Principles (GAAP) accounting standards (3.9). There were no significant accounting changes causing restatement between 2012 and 2013 (3.10).

Guidelines & Assurance

This report refers to the Sustainability Reporting Guidelines (SRG) that are released by the Global Reporting Initiatives (GRI). This report has not been submitted to external assurance, however it is submitted to the Financial Services Authority and Indonesia Stock Exchange (IDX).

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I. PRESIDENT DIRECTOR & CEO MESSAGE

Closing out the first full year of our 3-year transformation towards market leadership, I am pleased to note that sustainability remained an underlying theme throughout all our activities. Facing market pressures and the volatile economic climate of 2013, Indosat nonetheless stayed the course to make key network, organizational and customer service investments with the goal of delivering long-term gains to all stakeholders. These improvements were rewarded with increased customer base and record revenues as year-end, as well as improved customer satisfaction. In parallel, we also strengthened our ability to create value for all concerned.

This Sustainability Report documents the initiatives that we carried out in 2013 towards creating more value and sharing those benefits with stakeholders towards long term sustainability, using the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines as a reference. Our definition of 'sustainability' is the ability to create long term value for all stakeholders with minimal negative impact on the environment.

Key Impacts, Risks and Opportunities

The financial performance of Indosat in terms of revenues has steadily improved in the last few years, notwithstanding a number of one-time factors such as foreign exchange losses, mostly related to long term liabilities, that brought profits into the red in 2013. However, the fundamentals of Indosat have clearly strengthened as legacy assets have been divested and our network is upgraded in stages.

As Indonesia expands and the economy grows, Indosat has a golden opportunity to position itself as a leader in the telecommunications market by providing more value. Among others, we have the ability to positively impact the development of the nation by contributing to national infrastructure, creating jobs, developing the knowledge and skills of the Indonesian people, and supporting customers in their daily activities.

In order to secure market leadership, in the medium-term we have established a 4+1 data strategy for leadership consisting of: leader in data and smart device, best customer experience, best cost structure, and best people experience to deliver highest revenue growth. In particular, data is a growth key area for us in terms of securing our competitive position going forward.

In parallel, we continue to focus on areas where we can create value. From environmentally solutions such as solar-powered BTS to connecting isolated rural communities to increased training for our own employees and support for communities such as women entrepreneurs and local mobile application developers, we aim to grow hand-in-hand with the Indonesian people.

Corporate Governance

Supporting these goals, a number of governance mechanisms have been established. These include a dual board structure which separates the management function exercised by the Board of Directors and the supervision function exercised by the Board of Commissioners, an Audit Committee which reports directly to the Board of Commissioners, an Internal Audit function and a Risk Management Group which functions to facilitate the identification of risks and controls, and mitigation.

We are also in the process of OHSAS 18001 certification for occupation health and safety and ISO 20000 certification for IT Service Management, in addition to our other international certifications.

Summary

On behalf of the Board of Directors, I would like to thank all stakeholders for their support and encouragement throughout 2013. In particular, our employees' hard work, the Board of Commissioners' input, and the support of our business partners have been crucial in enabling us to improve our products and services to win consumer trust and give back to the community. I hope that you will continue to support us in our quest for sustainability.



Alexander Rusli

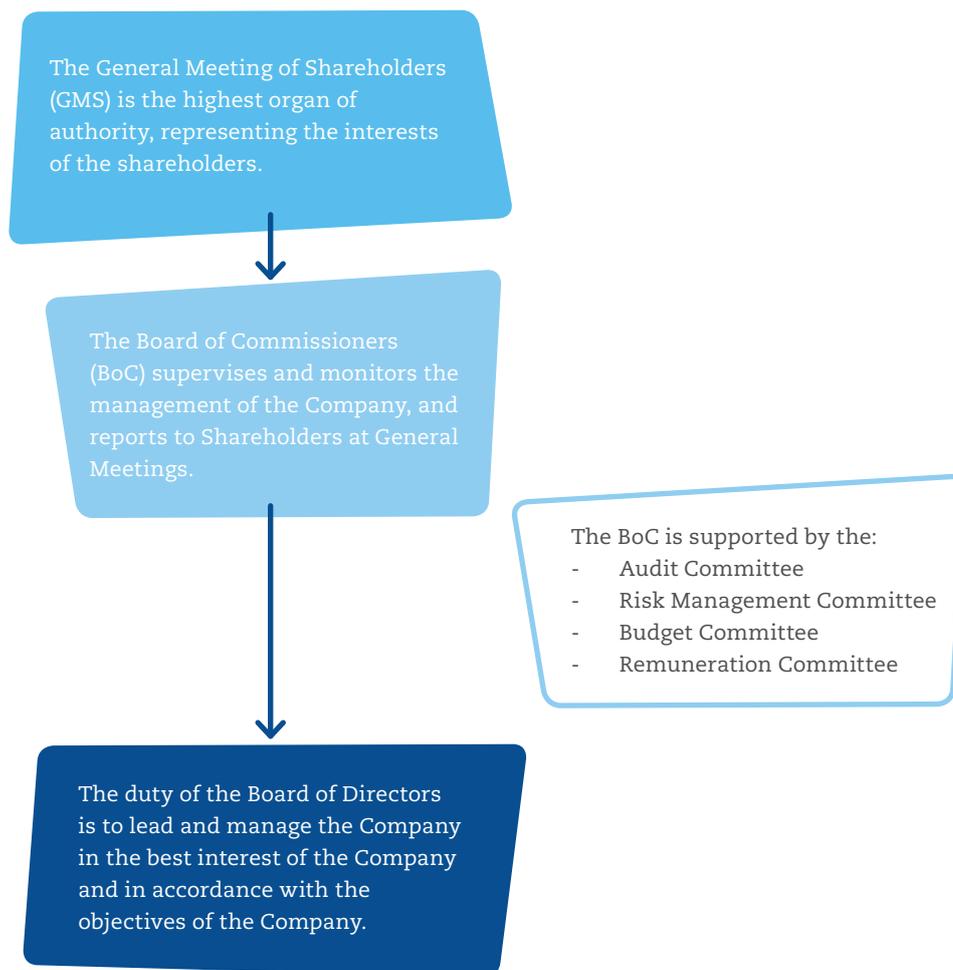
President Director & CEO

II. ORGANIZATIONAL PROFILE

| | |
|---|--|
| Name of the Organization | PT Indosat Tbk |
| Primary brands, products and/or services | <ul style="list-style-type: none"> • Postpaid and Prepaid Cellular Services under the Mentari, Matrix and IM3 brands • Fixed data services, which include multimedia, data communications and Internet (MIDI) services marketed primarily to business customers. We also offer satellite-based services such as transponder leasing and VSAT services and IT services, such as Disaster Recovery Center, Data Center services, and Indosat Cloud Services with infrastructure-as-a-service. We provide these services directly and through our subsidiaries, Lintasarta and IM2. • Fixed telecommunications (voice) services. |
| Location of the organization's headquarters | Jakarta, Indonesia |
| Operational area and markets served | Indosat serves both retail and business customers across the Republic of Indonesia. |
| Nature of ownership and legal form | Publically listed Indonesian legal entity |
| Scale of the company | |
| Number of cellular subscribers | 59.6 million |
| Number of employees | 4,200 employees (3,956 of whom were permanent employees and 244 of whom were non-permanent employees) for Indosat and its subsidiaries |
| Number of customer service points | <p>270,000+ traditional regular outlets (Point of Sales)</p> <p>48,000+ banking POS at ATMs</p> <p>18,000+ modern channels consisting of modern retail outlets such as convenience stores and hypermarts</p> <p>900+ Gadget Retail Chain outlets</p> <p>296 integrated sales and customer walk-in centers (Galeri Indosat, Griya Indosat, KILAT)</p> |
| Number of BTS | 24,280 |
| 2013 Revenues | Rp23,855.9 billion |
| Total capitalization | Rp22.55 trillion |
| Total assets | Rp 54,520.89 billion |
| Identity and percentage of largest shareholders as of December 31, 2013 | Ooredoo Asia Pte Ltd. is the largest shareholder with 65% ownership. |
| Significant changes in size or ownership | No significant changes took place during the reporting period with regard to ownership or share capital structure. Certain assets/ facilities were strategically closed while new ones were opened such as Base Tower Stations and Sales Clusters, towards growing Indosat's operations, but the scale of the overall organization did not change materially during the year. |
| Operational structure of the organization | For the complete Organizational Structure chart of Indosat, please refer to the Company Profile section of the attached Annual Report. |

III. GOVERNANCE, COMMITMENT & ENGAGEMENT

Governance Structure



Composition of the BoC and BoD by Independent Members, Nationality, Gender and Age as of December 31, 2013

| Organ/ Committee | Independent Members/ Total Members | Indonesian citizen/ Foreign | Female/ Male | Oldest member | Youngest Member |
|---------------------------|---|-----------------------------------|-----------------|------------------|--------------------|
| Board of Commissioners | 4/10 | 6 /4 | 1/9 | 67 | 48 |
| Board of Directors | 0/3 | 2/1 | 0/3 | 50 | 43 |

Composition of Supporting Committees by Independent Members, Nationality and Gender

| Organ/ Committee | Independent Members/ Total Members | Indonesian citizen/ Foreign | Female/ Male |
|---------------------------------|--|-----------------------------------|-----------------|
| Audit Committee | 3 independent commissioners, 2 independent experts/5 total members | 4/1 | 0/5 |
| Risk Management Committee | 1/4 | 2/2 | 1/4 |
| Budget Committee | 2/4 | 1/4 | 1/3 |
| Remuneration Committee | 2/4 | 2/2 | 1/3 |

Mechanisms for Recommendations to the General Meetings of Shareholders

- All shareholders including minority shareholders are able to express their opinions at the General Meeting of Shareholders.
- All employees are able to express opinions to the management through:
 - The Indosat Employees Union (Serikat Pekerja Indosat)
 - Formal mechanisms such as periodic Townhall meetings
 - Employee interviews and surveys by the Human Capital
 - Informal communications channels
 - Anonymous reports through the Whistle Blower mechanism

Performance-Linked Compensation

In establishing remuneration of the Board of Directors, the Board of Commissioners takes into consideration input from the Remuneration Committee, of which one component is the performance of the Company.

Avoiding Conflicts of Interest

In the interests of maintaining independence and preventing conflicts of interests, members of Indosat's Board of Commissioners and Board of Directors are expected to inform the Company of ongoing major leadership roles and appointments in other companies or organizations. However, it is expected that such multiple appointments as the Commissioners and Directors chose to undertake outside of PT Indosat Tbk will not hinder or encumber them in carrying out their duties towards the Company. Our Articles of Association, or the Articles, state that any transaction involving a conflict of interest as defined in prevailing capital market regulations should obtain the approval of the independent shareholders in a general meeting of shareholders especially convened for such purpose.

Composition of the Board of Commissioners and Board of Directors and its Committee

The primary factor in determining the composition, qualifications, and expertise of the members of the Board of Commissioners and its committees is competence and qualification. Other factors such as age, nationality and gender are secondary.

Guiding Principles

Indosat's vision, mission, corporate values, Code of Ethics and Code of Conduct all reflect the commitment to create value in terms of economic, environmental or social benefits to stakeholders. These principles are in line with the Millennium Development Goals (MDG) established by the United Nations, of which Indosat is a signatory.

Across the organization, all employees are expected to understand and embrace these principles. Additionally, employees must annually sign the Code of Conduct.

Oversight of Indosat's Performance

Indosat's economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles, is periodically reviewed by the Board of Commissioners (BoC) as the highest governance body. The BoC is aided in this task by the Audit Committee Risk Committee, which function to identify relevant risks and help ensure compliance. In parallel, the Board of Directors is assisted in its management of the Company's economic, environmental and social performance by the Internal Audit unit.

In addition, to ensure proper implementation of Indosat's Corporate Social Responsibility initiatives in a responsible, ethical and effective manner, a CSR Committee was established by the Board of Directors (BoD) in 2009 and its structure was subsequently revised at the May 10, 2011 BoD meeting. Comprising members of the Directors and Group Head personnel, the CSR Committee is responsible for guiding, leading and assessing our CSR activities. The CSR Committee is comprised of the Chief Executive Officer, Chief Financial Officer, Chief Corporate Services Officer, and various Group Heads.

Oversight of the Board of Commissioners' Performance

The Board of Commissioners is answerable to the shareholders at the Annual General Shareholders Meeting with regard to the economic, environmental and social performance of Indosat.

Endorsement of External Principles

As mentioned above, in 2011 Indosat became one of the first Indonesian signatories of the Millennium Development Goals (MDGs), a set of eight principles established by the United Nations with the goal of ending poverty. Indosat also upholds best practices as reflected by its multiple international certifications including ISO 9001:2000 for quality management (since 2006), ISO 27001 for IT security management (since 2013), and ISO 31000 for risk management (since 2013).

Memberships in Associations

Indosat is an active member of various industry associations and/or national/international advocacy organizations such as Apnatel (Indonesian Telecommunications Association), MASTEL (Masyarakat Telematika Indonesia), APJII (Indonesia ISP Association) and others.

Stakeholder Groups Engaged by Indosat

These stakeholder groups were identified based on the fact that Indosat actively engages with them in the process of creating its products and services, and/or Indosat can actively affect the wellbeing of these groups by contributing positive or negative impact.

| Stakeholder groups engaged by Indosat | Engagement method |
|---|--|
| Customers | Customers interact constantly with Indosat's products and/or services. Promotions are held and targeted offerings are created to attract customer interest. Customer surveys are held to determine satisfaction. |
| Employees, other workers and their trade unions | Besides implementing good labor practices and periodic performance reviews, periodic employee surveys are held, and frequent talks are also held with the Indosat Employee Union. In addition a Collective Labour Agreement is negotiated every 2 years. |
| Suppliers | Working together to improve quality and ensure correct working procedures |
| Business partners | Working together on various initiatives |
| Local communities | Indosat helps connect local communities including in remote areas. In addition, Indosat supports local communities through initiatives such as disaster relief, seminars for university students, and more. |
| Civil society | Indosat supports the development of civil society at large by supporting knowledge transfer and supporting activities through its telecommunications network. |
| Shareholders | Indosat actively communicates its status to shareholders in a variety of ways including through formal General Shareholder Meetings. Material information is also publically disclosed on the website. Indosat strives to provide optimal returns to shareholders, among others through dividend payouts. |
| Government and regulatory bodies | Indosat strives to comply with governmental and regulatory regulations. Indosat also strives to support the government's targets for example the government target of establishing a safe working culture by 2015. Finally, Indosat supports the government through its infrastructure and services where possible, for example by helping provide network connection for the government's e-KTP (electronic identification card) project in certain cities. |

IV. ECONOMIC IMPACT

As a leading listed company and the second largest telecommunications provider in Indonesia, Indosat makes a significant economic contribution, both directly and indirectly.

Economic Performance

DIRECT VALUE CREATION

| | 2013 (Rp billion) | 2012 (Rp billion) |
|-------------------------------------|-------------------|-------------------|
| Revenues | 23,855.3 | 22,418.8 |
| Operating Expenses | 22,346.0 | 19,228.9 |
| Investing Activities | 9,067.9 | 2,688.9 |
| Employee Compensation | 1,727.6 | 1,427.2 |
| Profit Attributable to Shareholders | (2,644.1) | 875.8 |
| Taxes | 667.4 | 25.8 |

IMPACT OF CLIMATE CHANGE

Indosat's operational activities are not directly dependent on the weather. However, many parts of Indonesia are vulnerable to natural disasters such as earthquakes, tsunamis, floods, volcanic eruptions as well as droughts, power outages or other events beyond our control and which may be affected by climate change. Most recently, in 2013, floods in Manado and Jakarta resulting from excessive rainfall resulted in disruptions to businesses and extensive evacuations in the city. In addition, the economy could be impacted by agricultural disruptions caused by changing weather patterns as a result of climate change. Such weather-related issues could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

DEFINED BENEFIT OBLIGATIONS

The Company, Satelindo and Lintasarta provide defined benefit pension plans to their respective employees under which pension benefits to be paid upon retirement are based on the employees' most recent basic salary and number of years of service. PT Asuransi Jiwasraya ("Jiwasraya"), a state-owned life insurance company, manages the plans. Pension contributions are determined by periodic actuarial calculations performed by Jiwasraya.

For the year ended December 31, 2013, Indosat, Lintasarta and IM2 incurred a total benefit of Rp180.2 billion (US\$14.8 million) for pension, post-retirement benefits (i.e., benefits under Labor Law 13) and post-retirement healthcare for our employees.

Indosat does not receive significant financial assistance from the government.

MARKET PRESENCE

Standard entry level wages are determined by position rather than by gender. Indosat is committed to paying at least local minimum wage at the locations where it operates, in compliance with government regulations.

The Company generally gives preference to local (domestic) suppliers where economically feasible, rather than foreign suppliers. Besides saving

Indosat's activities directly and indirectly benefit the Indonesian people.

transportation costs and energy, this helps to support the local economy. The level of locally supplied content (Domestic Content Rate - TKDN) for Indosat's operational expenditure and capital expenditure reached 87.09% and 30.59% respectively in 2013.

Given that Indosat operates across the nation, Indosat supports diversity in hiring. For regional sales offices, of which there were eight locations throughout Indonesia as of December 31, 2013, preference may be given to local hires who are already familiar with the local market.

While Indosat develops its network primarily for the benefit of its customers, its infrastructure also provides a public benefit. In addition, Indosat has supported infrastructure and services that is primarily intended for public benefit through various pro-bono community initiatives launched in 2013 such as:

- the INSPERA program providing women entrepreneurs with useful mobile application content and technology
- the 7th Indosat Wireless Innovation Contest, a wireless application competition for the young generation which aims to challenge pure ideas on mobile application and how they can start their dream of being a technopreneur. IWIC held various activities such as free seminars at 18 universities, an innovation bootcamp and an accelerator class.

- a web-based information system called “Ayo Donor” (“Come Donor”) that supports the Indonesian Red Cross by displaying information related to blood donor services in real time, including information on blood stocks at the Blood Donation Units of the Indonesian Red Cross all over Indonesia and the location of blood donors in districts/cities throughout Indonesia, making it easier for people to donate blood or find blood at the Indonesian Red Cross Blood Donation Units at www.ayodonor.pmi.or.id
- assistance to subscribers during flood disasters by giving free calls and SMS to fellow Indosat subscribers and internet access including unlimited free calls to emergency numbers and the National Search and Rescue Agency for subscribers, even in the absence of credits. We managed this assistance for the Jakarta and Manado flood victims.

Indosat's services have the potential for significant indirect economic impact by enabling customers to source information and carry out their activities more efficiently for improved productivity, creating the potential for an economic multiplier effect. This is especially true of remote and isolated areas that Indosat has connected such as rural Kalimantan, Papua and Sumatera but also applies to communities in urban areas. Indosat also supports thousands of jobs at dealerships and suppliers.

V. ENVIRONMENTAL

Material Usage

Indosat, as a telecommunications provider, uses a wide variety of materials in producing and delivering its products and services. As such, it does not aggregate the materials used by weight and volume. Due to the nature of our products and services, the materials used are not recycled input materials.

Energy

One of Indosat's primary uses of energy is for the operation of its Base Transceiver Stations (BTS).

BTS Site Fuel Consumption in 2013 (EN3)

| | |
|---|------------|
| Number of Sites (National) | 13,000 |
| Total Fuel Consumption (liters) | 12,605,623 |
| Average National Fuel Consumption (liters) | 970 |
| Number of Sites in Java | 9,000 |
| Total Fuel Consumption for Java (liters) | 630,844 |
| Average Fuel Consumption per Site for Java (liters) | 70 |
| Number of Sites outside Java | 4,000 |
| Total Fuel Consumption outside Java | 11,974,779 |
| Average Fuel Consumption per Site outside Java (liters) | 2,994 |

In addition, many other facets of its operations such as commercial promotions, transportation, network expansion, call center, data center, and more, consume energy indirectly. However, the total amount of indirect energy consumption is not measured.

Indosat is always looking to save energy through conservation and efficiency improvements. As an example, the new modernized network that Indosat is implementing will deliver cost savings of more than 25% over the original design. In addition, the usage of fluidic batteries is expected to save up to 60% in fuel costs used by BTS. Indosat has also moved to reduce indirect energy consumption through measures such as decreasing unnecessary travel.

Water

Water is not a significantly factor in Indosat's operations, and thus Indosat does not calculate or track total water withdrawal by source, nor does it recycle and reuse water in large quantities. No water sources were significantly affected by Indosat's operations in 2013.

Biodiversity

The majority of Indosat's infrastructure is found in inhabited areas. In general, Indosat's infrastructure does not infringe on protected areas or areas of high biodiversity value outside protected areas. In 2013, the company's activities, products and services did not significantly impact protected areas or areas of high biodiversity value outside protected areas.

Emissions, Effluents and Waste

Indosat does not measure total direct and indirect greenhouse gas emissions produced, or other relevant indirect greenhouse gas emissions. Initiatives to reduce greenhouse gas emissions included using fluidic batteries to power BTS, thereby reducing fuel usage by up to 60%.

The total amount of emissions of ozone-depleting substances by weight NO, SO, and other significant air emissions by type and weight, have not yet been measured at this time.

Indosat's operations do not involve or generate significant amounts of effluents or waste. Consequently the total water discharged was irrelevant as a measure of Indosat's operations and not measured. Nor was total waste by weight recorded in 2013, including transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and the percentage of transported waste shipped internationally. No spills took place in 2013.

Products and Services

Indosat continuously tries to make its infrastructure and network more fuel efficient. By switching out fluidic batteries and modernizing the network, and by using solar-powered BTS in remote areas, Indosat strives to provide better quality service while using fewer resources.

At this point in time, packaging materials from products sold are not reclaimed/recycled.

Compliance

Indosat was not subject to any significant fines and or non-monetary sanctions for noncompliance with environmental laws and regulations in 2013.

VI. LABOR PRACTICES

As part of its commitment to becoming an employer of choice and retaining the best people, Indosat is committed to implementing good labor practices.

Employment

COMPOSITION OF TOTAL WORKFORCE

Note: Figures are for Indosat employees only, not including subsidiary company employees, unless otherwise stated.

Number of Employees by Level

| | 2012 | 2013 |
|----------------------|--------------|--------------|
| BOD/Chief | 9 | 6 |
| Group Head/Advisor | 60 | 63 |
| Division Head/Expert | 213 | 231 |
| Manager/Expert | 675 | 697 |
| Senior Staff | 1,300 | 1,296 |
| Staff | 710 | 753 |
| Total | 2,967 | 3,046 |

Number of Managerial vs. Non-Managerial Employees as of December 31, 2013

| | Managerial Level | Non-Managerial Level | Total |
|------|------------------|----------------------|-------|
| 2013 | 997 | 2,049 | 3,046 |
| 2012 | 957 | 2,010 | 2,967 |

Number of Employees by Employment Contract on a Consolidated Basis (for Indosat and its subsidiaries) as of December 31, 2013

| | Permanent | Contract |
|------|-----------|----------|
| 2013 | 3,956 | 244 |
| 2012 | 3,855 | 606 |

EMPLOYEE TURNOVER

Our turnover rate for employees during 2013 was 2.98% per annum, representing a decrease from 5.6% in 2012. As a result, as of December 31, 2013, our employees had worked for us for an average of 12.8 years.

| Number of Years Worked | 2012 | 2013 |
|------------------------|--------------|--------------|
| 0-5 | 406 | 421 |
| 6-10 | 480 | 410 |
| 11-15 | 1,073 | 1,158 |
| 16-20 | 788 | 713 |
| 21-25 | 120 | 225 |
| 26-30 | 76 | 93 |
| 31-35 | 23 | 26 |
| 36-40 | 1 | 0 |
| Total | 2,967 | 3,046 |

EMPLOYEE BENEFITS

Certain benefits are provided to full-time employees who meet eligibility requirements that are not provided to temporary or part-time employees. These include:

- A pension plan, benefits and pension plan provisions for employees who receive fully funded facilities from the company as laid forth in the provisions agreed upon between the Company and pension scheme administrator (Jamsostek).
- Social security for workers (Jamsostek) whereby Social Security contributions are made by the Company.
- Medical Care and Treatment Facilities, consisting of:
 - a. Outpatient benefits
 - b. Inpatient benefits (including maternity hospitalization)
 - c. Dental care & medical benefits
 - d. Glasses benefit
 - e. General Benefits Check Up (GCU)
- Life Insurance
- Marriage Assistance for Employees.
- Funeral & Burial Assistance.

PARENTAL RETENTION RATE

Indosat has not measured the return to work and retention rates of employees following parental leave, by gender.

Labor/Management Relations

COLLECTIVE LABOR AGREEMENT

All employees of Indosat are covered by the Collective Labour Agreement (CLA). The CLA is renegotiated and signed every two years between Indosat management and the Indosat Employee Union (SPI). The purpose of the CLA is to support business success for the company while also safeguarding employee rights.

NOTICE OF OPERATIONAL CHANGES

In order to give employees sufficient notice to prepare in the interests of maintaining optimal productivity, Indosat strives to give adequate notice beforehand of major operational changes.

OCCUPATIONAL HEALTH & SAFETY

Indosat has established a Safety and Health Guidance Committee that functions to help protect employees against the risk of accidents and illness related to work.

WORK INJURY RATES

There were no work related fatalities, serious injuries, or incidents of occupational diseases among Indosat employees in 2013.

PREVENTION AND TREATMENT OF DISEASE

To assist with prevention and early treatment of diseases, eligible Indosat employees and their families may go for medical check ups and visits to the Indosat general health clinic as well as the Indosat dental clinic.

TOPICS COVERED WITH TRADE UNIONS

The Collective Labor Agreement signed with the Indosat Employees Union covers issues related health and safety including working hours and occupational safety and health issues such as As such, the CLA covers issues related to general terms of employment including working hours, payroll, employee development and competency, occupational safety and health, employees' welfare, social allowances, employees' code of conduct and mechanisms for handling labor disputes

Training & Education

Indosat prioritized employee training and development in 2013 as part of its drive to create a high performance culture and strengthen employee engagement.

AVERAGE TRAINING

In 2013, a total of 5442 non-technical employee training program seats and 4329 non-technical employee training program seats were filled, at a total cost of Rp 25.04 billion or average cost of Rp2.45 million per employee. This included Rp 5.2 billion spent on training for new managers to develop their soft skills and leadership skills.

LIFELONG LEARNING PROGRAMS

In 2013, Indosat began to implement programs to assist employees with skills management and lifelong learning to support the continued employability of employees and assist them in managing career endings. These programs will continue to be developed so as part of pension and career transition processes.

PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

All full time employees of Indosat receive regular performance and career development reviews.

DIVERSITY & EQUAL OPPORTUNITY

Indosat is committed to embracing diversity and providing all employees with equal opportunities.

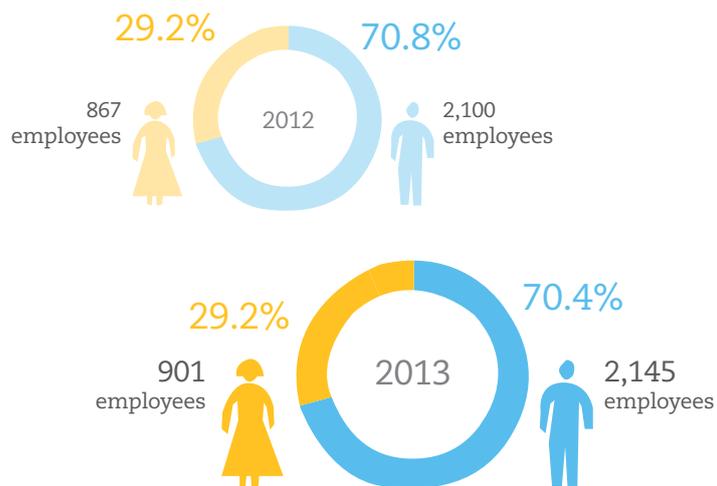
Composition of the Board of Commissioners and Board of Directors

| | Indonesian Citizen/ Foreign | Male/ Female | Youngest Member | Oldest Member |
|------------------------|--------------------------------|-----------------|--------------------|------------------|
| Board of Commissioners | 6 / 4 | 1 / 9 | 48 | 67 |
| Board of Directors | 3 / 0 | 0 / 3 | 43 | 50 |

Breakdown of All Employees by Age

| Age | 2012 | 2013 |
|-------------|-------|-------|
| < 25 Years | 66 | 91 |
| 25-35 Years | 874 | 814 |
| 35-45 Years | 1,668 | 1,680 |
| 45-50 Years | 269 | 354 |
| > 50 Years | 90 | 107 |
| Total | 2,967 | 3,046 |

Employees by Gender



Remuneration

Employees are rewarded based on performance, regardless of gender or race, in accordance with the guidelines of the Company.

VII. HUMAN RIGHTS

Indosat has a general commitment to uphold human rights in line with the Millennium Development Goals. At this time, referencing standard industry practices in the Indonesian telecommunications sector, Indosat does not require human rights screening or clauses incorporating human rights concerns in its investment agreements and contracts, or human rights screening of its suppliers. Nor are employees required to undergo training on human rights as this aspect is generally considered not relevant to our operations. However, all employees are expected to behave ethically and respectfully of others.

Non Discrimination

No significant human rights incidents of discrimination or corrective actions were recorded in 2013.

Freedom of association and collective bargaining
Indosat employees have the right to exercise freedom of association and carry out collective bargaining. The Indosat Labor Union (Serikat Pekerja Indosat/ SPI) was established on August 25, 1999.

A Collective Labor Agreement (CLA) document is negotiated, agreed upon and signed by the Management of Indosat and the SPI for a period of 2 (two) years, every two years the terms of which cover general provisions governing working hours, salary, employee development, Health Safety Security and Environment (HSSE), employee welfare, social benefit, disciplinary procedures and dispute settlement mechanism.

Child labor

Indosat does not hire underage employees. All employees are above the minimum working age.

Prevention of forced and compulsory labor

Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.

Security practices

Indosat's security personnel do not receive specific human rights training as this is not considered relevant to Indosat's core operations.

Indigenous rights

No incidents of violations involving the rights of indigenous people were recorded in 2013.

Assessment

Indosat does not conduct human rights reviews or impact assessments of its operations, as its operations do not significantly involve human rights issues.

Remediation

No grievances related to human rights were filed against Indosat in 2013.

VIII. SOCIETY

As a leading telecommunications provider and listed company, Indosat has a responsibility to act as an ethical corporate citizen and contribute to society.

Local Community

Indosat has implemented community engagement and development programs at both national and local levels. As such the Company has not categorized its community programs by operational unit and thus the percentage of operations which has implemented local community development programs is not considered a valid measure. Overall, Indosat's operations in 2013 were not considered to have significant potential or actual negative impacts on local communities.

Indosat continued to carry out its standard prevention and mitigation measures with regard to its operations such as ensuring that new BTS are constructed in areas where they do not negatively impact the surrounding community or environment.

Corruption

Business units at Indosat are selectively examined by the Internal Audit function for risks related to corruption. Any findings will be presented to the Audit Committee for further evaluation and possible action.

All employees (100% of permanent employees) have been socialized in Indosat's anti-corruption policies and procedures. The Indosat Code of Ethics strictly prohibits conflicts of interests, acceptance of gratuities, corruption, insider trading and illegal or unethical behavior. Each employee must sign a statement that they have read and understood the Code of Ethics. Employees must reconfirm this statement periodically through the Company Intranet.

All employees and management must comply with the Code of Ethics.

Any Director or employee found to have violated the Code of Ethics will be disciplined accordingly, up to and including termination of employment.

Public Policy

Indosat actively participates in industry associations and relevant business organizations such as Apnatel (Indonesian Telecommunications Association), MASTEL (Masyarakat Telematika Indonesia), APJII (Indonesia ISP Association) and others, and engages with relevant governance bodies such as the Indonesian Telecommunication Regulatory Authority (Badan Regulasi Telekomunikasi Indonesia, BRTI) in order to keep abreast of the latest developments, share information, and give inputs on the regulation of the Indonesian telecommunications sector.

Anti-Competitive Behavior

Indosat refrains from anti-competitive behavior as prohibited by the regulator. However, on November 1, 2007, the Indonesian Supervising Committee for Business Competition (the "KPPU") issued a decision regarding a preliminary investigation involving us and eight other telecommunication companies based on allegations of price-fixing for SMS services and breach of Article 5 of the Law No. 5 of 1999 on Prohibition Against Monopolistic Practice and Unfair Business Competition ("Anti-monopoly Law"). On June 18, 2008, the KPPU determined that Telkom, Telkomsel, PT XL Axiata Tbk ("XL"), PT Bakrie Telecom Tbk ("Bakrie Telecom"), PT Mobile-8 Telecom Tbk ("Mobile-8," and subsequent to March 2011, "Smartfren") and PT Smart Telecom ("Smart Telecom") had jointly breached Article 5 of the Anti-monopoly Law. Mobile-8 appealed this ruling to the Central Jakarta District Court, where Telkomsel, XL, Telkom, Indosat, PT Hutchison CP Telecommunication ("Hutchison"), Bakrie Telecom, Smart Telecom, PT Natrindo Telepon Selular ("Natrindo") were summoned to appear as co-defendants in the hearing, while Telkomsel appealed this ruling to the South Jakarta District Court.

Although the KPPU decided in our favor with respect to the allegations of price-fixing of SMS, we cannot assure you that the District Court will affirm the KPPU decision. In 2011, the Supreme Court issued a ruling appointing the Central Jakarta District Court jurisdiction to examine the objections filed in the appeal of the KPPU decision. The District Court will consider objections against the KPPU decision based on a re-examination of the KPPU decision and case files submitted by KPPU. If the District Court issues a verdict against us, we could be subjected to the payment of a fine, the amount of which will be subject to the discretion of the District Court, which could have an adverse effect on our business, reputation and profitability. This case is still ongoing.

IX. PRODUCT RESPONSIBILITY

Customer health and safety

Indosat strives to ensure that its products and services are safe for customers to use at all stages. Specifically, Indosat strives to ensure that it uses radio telecommunications equipment that is not hazardous to customer health, in line with acceptable industry practices. It also strives to protect the confidentiality of data and customer profiles by maintaining a secure network and data

Indosat strives
to ensure that
its products and
services are safe for
customers to use.

center as reflected by our ISO 27001 information security management system (ISMS) certification covering information technology, security techniques, and information security management systems and requirements.

There were no number of incidents of major non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services in 2013.

Product and service labeling

All Indosat prepaid subscription vouchers are accurately labeled for ease of use including information on tariffs and user instructions. We also try to give accurate information on all our products and services to customers, for more.

In 2013, there were no incidents of major non-compliance with regulations and voluntary codes concerning product and service information and labeling.

Customer satisfaction

Maintaining and improving customer satisfaction is at the forefront of Indosat's efforts. A variety of initiatives were taken in 2013 to improve customer satisfaction such as improving the network quality, the launch of a web-based and multi-platform application called 'Indosat Assistant (INSTANT) and ICITY that enables customers to easily access their subscriber profile information, more access to products and services such as Dometku mobile payment and interesting VAS content, as well as surveys to measure customer satisfaction. Among others, enterprise customer satisfaction as surveyed by Mark Plus improved over the year to reach 79.1, the highest in the industry and on par with the market leader, with Indosat being perceived by customers as a trusted service provider with accurate billing.

Marketing communications

Indosat is committed to complying with any relevant law and standards related to marketing communications, including advertising, promotion, and sponsorship. Indosat also voluntarily strives to ensure that all its commercial advertisements safeguard customers from confusion or misperceptions. As such, in 2013 there were no major incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, or sponsorship.

Customer privacy

In 2013, Indosat received no substantiated complaints regarding breaches of customer privacy and losses of customer data.

Compliance

On January 18, 2012, the former President Director of IM2, a subsidiary of the Company, was accused of corruption by the Attorney General's Office ("AGO"). According to the AGO, a state loss amounting to Rp1,358.3 billion was caused by an agreement between IM2 and the Company, which relates to the alleged illegal use by IM2 of the Company's 2.1 GHz frequency band. The MOCIT issued letter No. 65/M.KOMINFO/02/2012 on February 24, 2012 stating that there was no breach of law, crime committed, and no state loss resulting from the agreement between the Company and IM2. Moreover the MOCIT has also sent a letter to the AGO directly which states that neither our Company nor our subsidiary, IM2, has violated any regulation and the collaboration between Indosat and IM2 is lawful under the prevailing laws and regulations, and also common practices in the telecommunication industry. In addition, the ITRA publicly stated that IM2 had not breached any laws or prevailing rules. However, the AGO ignored the letters from the MOCIT and, on November 30, 2012, accused the former President Director of Indosat of similar corruption charges. Furthermore, on January 3, 2013, the AGO also filed corruption charges against IM2 and Indosat as corporate suspects for the alleged illegal use of Indosat's 2.1 GHz frequency band without proper permission from the Government. IM2, Indosat and their respective former President Directors are seeking to nullify the charges that have been filed against them by arguing that the AGO's charges under

the Corruption Law are baseless; violation (if any) of practices in the telecommunication sector should be subject to the Telecommunication Law, including the relevant administrative sanctions thereto. IM2 and the Company are also seeking to nullify charges against their respective former President Directors by arguing that the agreement between IM2 and our Company was an agreement between two companies and was executed in accordance with all applicable laws and regulations, including the prevailing regulations in the telecommunication and the non-tax state revenue sectors. We and IM2 are also stating that IM2 was lawfully using Indosat's cellular telecommunication network, and was not unlawfully using the 2.1 GHz frequency band detached of the cellular telecommunication network, as alleged. The court proceeding against, Mr. Indar Atmanto, the former President Director of IM2, commenced at the Corruption Court in January 2013. On July 8, 2013, the Corruption Court found Mr. Atmanto guilty of corruption for representing IM2 in entering into a cooperation agreement with our Company and sentenced him to four years imprisonment and a monetary fine of Rp200 million (or additional three months imprisonment). Furthermore, the Corruption Court found IM2 liable for restitution for state losses caused by such transaction and imposed a monetary fine of Rp1,358.3 billion. On July 11, 2013, Mr. Atmanto lodged his appeal against the Corruption Court's ruling. On January 10, 2014, the Central Jakarta's High Court affirmed the Corruption Court's and imposed a higher sentence of eight years imprisonment and a separate monetary fine Rp200 million (or an additional three months imprisonment). However, the High Court found that the Corruption Court could not impose a monetary sanction against IM2 which, as a separate legal entity, had not been separately indicted in the AGO's litigation against Mr. Atmanto, and reversed the Corruption Court's decision imposing a monetary fine upon IM2.