



# STRENGTHENING SUSTAINABILITY ACTIONS

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2019 Sustainability Report





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# About the 2019 Indika Energy Sustainability Report

**In 2019, in the midst of the continuing coal price volatility and geopolitical developments including the trade war between the United States and China, Indika Energy Group also faced a transition to a low-carbon energy future in which the energy sector must provide adequate safe energy for sustained socio-economic development.**

## Reporting Guidelines

Indika Energy (Company) publishes its Sustainability Report annually. This report aims to communicate Indika Energy Group's sustainability performance as well as the management's strategy and actions to increase positive environmental, social, and governance (ESG) impact for stakeholders. In order to make it more accessible, the report has been prepared in two versions, Bahasa Indonesia and English, both of which are available on our website.

## Report Approach

This report was prepared in accordance with POJK No. 51/POJK.03/2017, the Global Reporting Initiative (GRI) Standards Core option with additional indicators from GRI Mining and Metals Sector disclosures, and in alignment with United Nations Sustainable Development Goals (SDGs).

The Sustainability Report lays out the management's approach, strategy, priorities and objectives and explains how they relate to its business. It evaluates and determines the Company's ESG-related risks, and discusses the effectiveness of the ESG risk management and internal control systems that are in place.

The ESG issues featured in this Sustainability Report have been selected on the basis of materiality, namely their importance to investors and other stakeholders.

## Report Scope and Boundaries

This report covers performance from 1 January to 31 December 2019 in the business entities in which Indika Energy owns more than 50% of shares and has management control.

Indika Energy has also made recent investments in a gold mining business and two digital businesses, which excluded from this report as the gold mine is not in operation yet and the two digital businesses are still developing their sustainability programs. Indika Energy expects to disclose performance data on these companies in its Sustainability Report in the future. For more information on these businesses, please refer to Indika Energy's 2019 Annual Report.

## Defining Report Content

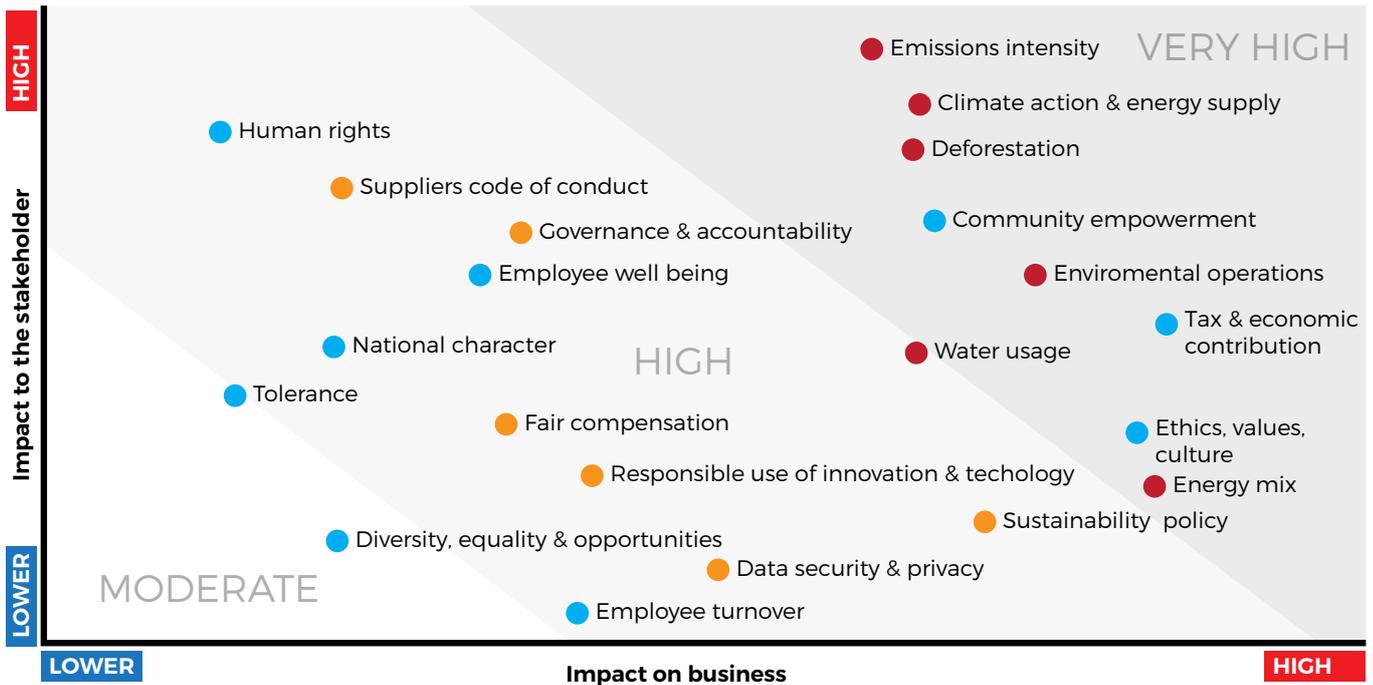
This Sustainability Report provides an integrated overview of Indika Energy's business, as well as the environmental, social, and governance strategy, activities and performance, including its new initiatives, which cover the particularly relevant stakeholder's concerns and sustainability issues in 2019.

As such, a number of Indika Energy's subsidiary and affiliate companies, PT Kideco Jaya Agung (Kideco), PT Indika Indonesia Resources (IIR), PT Multi Tambangjaya Utama (MUTU), PT Petrosea Tbk. (Petrosea), PT Tripatra Engineers & Constructors and PT Tripatra Engineering (Tripatra), PT Mitrabahtera Segara Sejati Tbk. (MBSS), PT Interport Mandiri Utama, and PT Cirebon Electric Power (Cirebon Power) are prominently featured by virtue of their sizeable income contribution and operational scale, as well as significant ownership by Indika Energy.

We have reported relevant environmental, social, governance data on these companies, selectively supplemented by financial data.

The graph below illustrates the importance (materiality) of various sustainability aspects in relation to Indika Energy Group's activities. To create this graph, an internal team from the Company has:

- o Identified aspects for inclusion, based on relevance to sustainability, stakeholder expectations and business impact.
- o Given Indika Energy Group's large scale of operations, the team held discussions with representatives from Indika Energy Group divisions/work units in charge of managing operational aspects, governance, human resources, and sustainability, to ensure that relevant actions were captured in this report.
- o Interviewed top management to assess and prioritize each aspect's significance to stakeholders and their potential impact on Indika Energy Group's finance and reputation.
- o Confirmed the reporting scope, boundary and time with regard to the material aspects identified.



The data in this Sustainability Report which was compiled within the period of 1 January to 31 December 2019 is internally verified. In addition, much of the quality management data meet international standards (ISO 9001, OHSAS 18001 and ISO 14001). Data on financial performance is sourced from the audited financial statement of PT Indika Energy Tbk as set forth in the 2019 Indika Energy Annual Report, which can be downloaded from the Indika Energy website.

### Contact Us

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Access to reliable energy and electricity is vital to human welfare, progress and innovation. At the same time, we realize that these benefits come at a cost. Over the past few years, we have actively taken steps to reduce our environmental impact at Indika Energy Group, while increasing efficiency and looking at ways to diversify, even as we strive to support our customers and source energy for the nation.

**M. Arsjad Rasjid P.M.**

President Director

# President Director's Message

**Operationally, some of the Company's businesses achieved significant and sustainable productivity improvements. Furthermore, the Company made progress in its plan to diversify away from coal with additional investment in gold mining and technology businesses.**



The last few years have been highly volatile for the energy industry, even the extent of its impact on the global climate and environment has become more clearly recognized. At the same time, energy continues to be a basic need for billions of people all over the globe.

## **Indika Energy has taken steps to increase efficiency and implement cleaner practices in our coal-related holdings**

As such, Indika Energy has taken steps to increase efficiency and implement cleaner practices in our coal-related holdings, which play a critical role in meeting national energy needs, while looking into opportunities to diversify away from coal. We have also strengthened our commitment to good corporate citizenship by enhancing our positive environmental, social and corporate governance (ESG) efforts as detailed below.

### **Sustainability Policies, Strategy and Targets**

As part of our commitment to actively conduct more sustainable business

practices, Indika Energy has formulated comprehensive policies and targets in regards to sustainability that take into consideration the Sustainable Development Goals (SDGs), as well as the Environmental, Social and Governance (ESG) frameworks. Specifically, we would like to shift our portfolio to become more productive, socially responsible and environmentally friendly. This commitment is supported by shareholders and top management across the entire Indika Energy Group.

In 2019, Indika Energy faced a number of challenges, — starting with volatile coal prices which impacted revenue and profit. By increasing efficiency and productivity together with cost discipline, Indika Energy was able to maintain fairly stable revenue although profit was impacted, resulting in a US\$18.2 million Loss attributable to the Owners of the Company. The Company nonetheless continued to pay out dividends to shareholders.

Operationally, some of the Company's businesses achieved significant and sustainable productivity improvements. Furthermore, the Company made progress in its plan to diversify away from coal with additional investment in gold mining and technology businesses. In addition, social,

environmental and governance indicators remained strong, and detailed below. Overall, the Company made progress during 2019 in terms of strengthening value and mitigating risk to stakeholders.

### **Environmental Mitigation and Conservation**

Indika Energy Group operations are strictly in compliance with all Indonesian regulations and procedures including the environmental policy. We apply good mining practices at all our sites in order to mitigate potential impact on the environment, including properly carrying out mining reclamation and rehabilitation. To ensure compliance with air quality standards and no potential impact to the community and environment, we use continuous emission monitoring systems at emission stacks. Waste water, toxic emissions and hazardous waste are all carefully managed in compliance with applicable rules and regulations, in order to maintain water quality and conserve local biodiversity and habitats as part of conserving natural resources.

In recent years, we have applied more environmentally friendly technologies e.g. the use of ultra-supercritical

coal-fired generators to decrease emissions, and the installation of solar panels at Kideco and Cirebon Power. It is worth noting that our mine at Kideco produces low sulphur, low cash coal as a relatively cleaner burning energy source compared to most other coal types. We have also successfully decreased usage of materials, fuels and spare parts by applying Industry 4.0 technology at Petrosea, which would also be rolled out by Kideco.

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**We have also strengthened our commitment to good corporate citizenship by enhancing our positive environmental, social and corporate governance (ESG)**

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**Safety, Health and Community Impacts**

Our first priority in the workplace is to protect the health and wellbeing of all our people. Over the years, our operations have recorded a generally downward trend in terms of incidents. The companies constantly ramp up safety training and inspections, and review safety practices. Going forward, the Board, through the Audit, Risk and Compliance Committee, will continue its work on reducing fatalities, which includes receiving, reviewing and making recommendations on the reports made on each fatality. As a business, we will renew our efforts to deliver a fatality and injury-free workplace, and to further reduce rates of occupational health problems.

In parallel, we have continued to develop our own people by offering a safe working environment with competitive compensation and free of discrimination. Indika Energy Group is fully committed to protecting the workers' rights to organize and carry out collective bargaining, providing training and mentoring, as well as promoting diversity within the workforce. We are particularly proud of our track record in gender equality, as reflected by the above average number of senior female leaders across Indika

Energy Group, which is particularly remarkable in this male dominated industry.

Externally, we continued to carry out a number of community education, health, and economic empowerment programs, as well as several programs promoting national peace and tolerance through Indika Foundation. We celebrated our 19<sup>th</sup> anniversary on 19 October 2019 by conducting 19 sustainability activities in our operational areas.

**Good Corporate Governance**

Indika Energy Group is committed to upholding high standards of corporate governance, which we view as critical to the continuity of the business. All of our employees are aware of our expectations for ethical and transparent behavior, as well as our anti-fraud and anti-bribery policies.

Various mechanisms have been put into place to serve as checks and balancing on operations, up to and including supervision and assessment of the Board of Commissioners and the Board of Directors. In 2019, cyber security was further strengthened within Indika Energy Group, and users were socialized to ensure that our information security governance remained aligned with current best practices.

**Growth Strategy for Sustainability and Risk Mitigation**

The Company continues to see a need for the coal industry in Indonesia to support national development, and will therefore focus on maintaining financial stability and managing business operations through increasing productivity, controlling costs, and stabilizing operations to be more competitive and manage price volatility.

At the same time, the Company will continue to diversify and explore opportunities to create values for society. By doing so, we hope to mitigate the risks inherent to our business, both in terms of financial risks as well as environmental, social and governance impact.

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Among others, we believe that Indika Energy is well placed to help Indonesian business make the leap to Industry 4.0, based on our own success in Petrosea, which was recognized by the World Economic Forum with chosen to become one of the 26 Global Lighthouse Network members worldwide.

**Appreciation and Gratitude**

Looking back on this challenging year, Indika Energy Group wishes to thank all employees, customers, partners, and stakeholders for their participation and engagement. We continue to be committed to adding value for the sake of all stakeholders, and actively participating in building the nation.

# Sustainability Highlights

## 3 Years Financial Performance (US\$)

	2019	2018	2017
Revenues	2,782,676,420	2,962,860,901	1,098,760,230
Gross profit	426,701,469	641,215,316	122,916,837
Profit of the year	4,992,424	97,862,189	321,633,157
Profit attributable to owners of the company	(18,160,152)	80,067,586	335,417,012
Profit attributable to non-controlling interests	23,152,586	17,794,503	(13,783,855)
Total comprehensive income	(16,475,433)	98,216,565	321,714,056
Total comprehensive income attributable to owners of the company	(22,364,859)	82,421,701	335,497,911
Total comprehensive income attributable to non-controlling interests	5,889,426	15,794,864	(13,783,855)
Earnings per share	(0.0035)	0.0154	0.0644
Total assets	3,616,163,065	3,669,952,693	3,635,705,403
Total liabilities	2,570,388,847	2,542,768,572	2,520,683,083
Total equity	1,045,774,218	1,127,184,121	1,115,022,320
Operating profit/ total assets	8.0	13.8	0.01
Operating profit/ total equity	27.7	45.1	3.1
Operating income/ revenues (%)	10.4	17.1	3.1
Total current assets/ total current liabilities	2.0	2.2	2.1
Total liabilities/ total equity	2.5	2.3	2.3
Total liabilities/ total assets	0.7	0.7	0.7

## Integrating SDGs into Company Operations



**Goal 3**  
Good Health and Well Being



**Goal 4**  
Quality Education



**Goal 5**  
Gender Equality



**Goal 6**  
Clean Water and Sanitation



**Goal 13**  
Climate Action



**Goal 14**  
Life Below Water



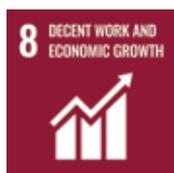
**Goal 15**  
Life on Land

## 2019 Sustainability Performance

ENVIRONMENTAL	
GHG emission at Kideco site	47,601 Ton Co2eq
Energy savings at Kideco site	39,302.16 GJ
Water consumption at Kideco site	852,196 m3
Cumulative land reclaimed at Kideco site	4,675.05 Ha
Solar cell usage to decrease CO2 emissions absorption due to solar cell usage at Kideco site	1,130.26 TonCo2eq
SOCIAL	
Number of violations of indigenous people rights	none
Number of human rights complaints	none
Total Indika Energy Group employees	8,368
Total nationalities represented by Indika Energy Group employees	17
ECONOMIC	
Total coal production	34.3 million ton
Social contribution	IDR 59.5 billion
Total tax paid to the government	US\$ 49.1 million
Number of subsidiaries and second-tier subsidiaries	47
Number of operational sites	18
GOVERNANCE	
Fines for noncompliance of governance regulations	none
Number of significant corporate governance complaints	none



**Goal 7**  
Affordable and Clean Energy



**Goal 8**  
Decent Work  
and Economic Growth



**Goal 10**  
Reduced Inequalities



**Goal 12**  
Responsible Consumption  
and Production



**Goal 16**  
Peace, Justice  
and Strong Institutions



**Goal 17**  
Partnerships for the Goals

# About Indika Energy

**Over time, Indika Energy has grown to be Indonesia's leading integrated energy company with a portfolio of businesses spanning the energy resources, energy services and energy infrastructure sectors, as well as a growing number of non-energy businesses to diversify its portfolio**

Established in 2000, PT Indika Energy Tbk. ("Indika Energy" or "the Company") has been listed on the Indonesian Stock Exchange (IDX) since 2008. The three business pillars of Indika Energy are Energy Resources, Energy Services, and Energy Infrastructure.

Over time, Indika Energy has grown to be Indonesia's leading integrated energy company with a portfolio of businesses spanning the energy resources, energy services and energy infrastructure sectors, as well as a growing number of non-energy businesses to diversify its portfolio.

With its business portfolio, the Company has established national end-to-end infrastructure and solutions for the energy sector, in order to drive growth for its own businesses, its clients, and the communities living around its sites as well as to enhance national development for the country.

At the same time, Indika Energy has conscientiously maintained an excellent record in environmental, safety and regulatory compliance as well as strong standards of corporate governance in line with its responsibilities and commitment to all stakeholders.

Going forward, Indika Energy anticipates the possibility of collaboration with key stakeholders in support of the government's ongoing drive toward energy diversification and the development of renewable energy towards more sustainable development.

## Vision

To be a world-class Indonesian energy company recognized for its integrated competencies in energy resources, energy services, and energy infrastructure.

## Mission

1. To capitalize on the abundant energy resources in support of the global economic growth
2. To create integration and synergies across businesses
3. To create optimum shareholders value
4. To continuously develop its human capital
5. To become a good corporate citizen

**GRI:** 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8, 102-9, 102-10, 102-11, 102-12, 102-13, 102-14, 102-45, 102-46, 102-47, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54

**ESG** Governance

**SDGs** -

## Corporate Values

- o **Integrity**  
Honest with oneself, others and one's work at every moment by upholding prevailing ethical standards and legal norms
- o **Unity in Diversity**  
Viewing diversity as an asset to the company and accepting, valuing, completing and strengthening one another as a solidly unified entity
- o **Teamwork**  
Actively contributing and collaborating based on trust and shared interests rather than personal interests
- o **Achievement**  
Achievement as the measure of success and motivation to do what is best for the Company
- o **Social Responsibility**  
Highly concerned for the environment and community, and contributing added value as well as contributing to the prosperity of the society



# Energy Resources

**Indika Energy capitalizes on Indonesia's abundant natural resources through leveraging opportunities inherent in the energy demand expansion for both the country and global developments. We do this through consistent strategic utilization of our existing mining assets to optimize production and operational efficiencies at the coal mines.**



*Indonesia's 3<sup>rd</sup> largest coal producer and one of the lowest cost coal producer*

In 2017, Indika Energy increased its stake in the Kideco Jaya Agung mine to a majority 91% through the acquisition of an additional 45% stake in the mine. Established in 1982, Kideco is Indonesia's 3rd largest coal mining company and one of the lowest cost coal producers. Kideco undertakes surface coal mining at its 50,921 hectare concession in Paser Regency, East Kalimantan, Indonesia, where it holds coal mining rights under a first-generation Coal Contract of Work (CCoW) until 2023.

Currently Kideco operates six open pit mining sites produce a range of sub-bituminous coal containing low levels of sulfur, ash and nitrogen, making it environmentally friendly for use in coal-fired power plants. As one of the lowest cost coal producers in Indonesia, Kideco produced 34 million tons of coal in 2019, and has supplied coal to more than 50 customers in over 16 countries. Kideco won Gold Proper Award for environmental management in mine minerals and coal industry category.

[www.kideco.com](http://www.kideco.com)



*A high-rank bituminous thermal and coking coal asset in Central Kalimantan*

In 2012, Indika Energy acquired an indirect 85.0% equity interest in MUTU, a high-rank bituminous thermal and coking coal holding a third-generation CCoW valid until 2039 based in Central Kalimantan, with a concession area of 24,970 hectares. Located approximately 30 km northeast of Ampah city and approximately 250 km north of Banjarmasin, MUTU has developed coal hauling roads with a capacity of 3.0 million tons per year and a barge port with a capacity of 5.0 million tons per year, while continuing to upgrade and expand its infrastructure to support future mining operations. Besides having production permit, MUTU has also obtained environmental permit.



*A coal trading company known for consistent quality and sustainable supply*

Established in 2013, Indika Energy Trading sources, supplies, and trades coal products to domestic and seaborne markets. Partnering with leading coal producers in Indonesia to ensure consistent quality and sustainable supply, Indika Energy Trading delivers a wide range of coal products from high to low calorific value for diverse industries.



# Energy Services

The energy services pillar of Indika Energy encompasses mining, Engineering, Procurement and Construction (EPC), Operations and Maintenance (O&M), and logistics services in the energy sector. Through this pillar, Indika Energy is able to consistently provision highly effective solutions along the energy value chain. Through our two main subsidiaries, which are Petrosea and Tripatra, we provide overall pit-to-port and life-of-mine services in mining and additional oil and gas industry development services.

## PETROSEA

*One of the largest contract miners in Indonesia since 1972*

Indika Energy owns a 69.8% interest in Petrosea, an Indonesian company, which has more than four decades of experience in providing mining, engineering and construction, and offshore supply base services in the coal, oil and gas sectors. Petrosea, which offers a complete pit-to-port mining solution through a comprehensive array of services to the Indonesian mining industry, is widely recognized as one of Indonesia's leading energy sector contractors.

Petrosea leverages its extensive expertise to provide high quality services and solutions for major projects across the mining and oil and gas sectors.

[www.petrosea.com](http://www.petrosea.com)



## TRIPATRA

*Industry leader in engineering, procurement and construction of oil and gas in Indonesia*

Tripatra, established in 1973, is 100% owned by Indika Energy, and has the longest service history among Engineering, Procurement & Construction (EPC) companies in Indonesia. Additionally, Tripatra provides Operations and Maintenance (O&M), Engineering, Procurement and Construction Management (EPCM), and logistics services for a range of energy clients with a focus on the oil & gas, downstream & petrochemical, and power generation sectors.

Tripatra has established an impressive track record for delivering reliable engineering solutions to major oil & gas sector clients with infrastructure and logistics needs. Its strong engineering capabilities and highly skilled project management are the key driver of its success in winning and implementing a number of world class projects.

[www.tripatra.com](http://www.tripatra.com)



# Energy Infrastructure

The energy infrastructure pillar strives to power the nation with logistics services across rivers and seas, as well as by Indika Energy's partial ownership in the Cirebon Electric Power plant. Indika Energy has built infrastructure and facilities on a large scale including roads, ports, barges, and transshipment facilities that transport generating electricity through coal to domestic power generators as well as international purchasers and other end users.



*An integrated one-stop sea logistics and transportation solution for bulk materials and natural resources*

Mitrabahera Segara Sejati (MBSS), which joined the Indika Energy Group in 2011, provides one-stop mining industry solutions through its fully integrated transportation and logistics services covering shore-based handling and stockpiling, as well as the barging of coal and other bulk materials from loading ports to anchorage points for transshipment to mother vessels using floating cranes.

Since its establishment in 1994, MBSS has consistently and strategically built up its fleet, facilities and overall services to become an industry leader serving top tier coal producers.

[www.mbss.co.id](http://www.mbss.co.id)



*660 MW coal-fired power plant in West Java, with additional 1000 MW capacity to be completed by 2020*

Cirebon Electric Power (CEP) was established in 2007 by a consortium of leading international energy players in Asia, including Indika Energy which owns a 20% interest. CEP owns and operates a 660 MW coal-fired power plant in Cirebon, West Java, which utilizes super-critical technology for high efficiency, consuming less coal and producing fewer emissions. The power plant continues to operate above expectations in terms of the availability factor and performance, including significantly recycling remnant ash and gas emission.

Indika Energy also indirectly owns 6.25% of Cirebon Energi Prasarana (CEPR), a 1000MW expansion of the existing CEP power plant. In 2015, CEPR signed a 25-year Power Purchase Agreement with PLN and construction of a 1000 MW coal-fired power plant had already begun using ultra-super critical technology. The project is scheduled to begin its commercial operation in 2022.

[www.cirebonpower.co.id](http://www.cirebonpower.co.id)



*A deep water port connected to a privately owned 60 ha property, with infrastructure designed to support mutual cooperation of inter-related businesses.*

Interport Mandiri Utama (Interport) was established in 2018, as a wholly subsidiary of Indika Energy by combining the assets of two logistics companies: Indika Logistic Support Services (ILSS)'s Karingau land asset and Petrosea Offshore Supply Base (POSB)'s operating assets and experience. Interport has serviced most of the major international oil companies operating in Indonesia thanks to its full value proposition. Its Environmental Impact Assessment (AMDAL) covers the full range of industry in the region including Mining Services, Oil and Gas, General Industry and CPO.



# Other Portfolio

Indika Energy has also begun to diversify its business as one of the company's steps to reduce dependence on coal. Currently, Indika Energy has made investments in gold mining and technology companies, towards creating value for Indika Energy Group as well as other industries in Indonesia, in line with the government vision of "Making Indonesia 4.0."



Nusantara Resources (Nusantara) was established in 2011 to develop the Awak Mas gold project in South Sulawesi, which has resources amounting to 2 million gold ounces and reserves amounting to 1.1 million ounces. Indika Energy's total direct and indirect ownership in Nusantara amounts to 21.0%.

The Company believes that the Awak Mas Project, which is 100% owned by Nusantara, has the potential to become a significant gold project in Indonesia, and comprises a strategic opportunity for Indika Energy to diversify its business in other mining sectors outside of coal.

[www.nusantararesources.com](http://www.nusantararesources.com)



Established in 2018, PT Zebra Cross Technology (ZebraX) provides technology-based digital transformation services geared at helping other businesses realize industry 4.0 opportunities by drawing on Indika Energy's proven expertise.

[www.zebrax.id](http://www.zebrax.id)



Established in 2018, PT Xapiens Teknolog Indonesia (Xapiens) is an information, communications and technology provider which offers IT user support, IT enterprise and IT business consulting businesses.

[www.xapiens.id](http://www.xapiens.id)



# Operations Map



## Energy Resources

1. Kideco Jaya Agung
2. Multi Tambangjaya Utama



## Energy Services

1. Tripatra - ExxonMobil Cepu Project
2. Tripatra - BP Tangguh
3. Tripatra - ENI Muara Bakau
4. Tripatra - PLN - Nias
5. Tripatra - Vopak
6. Tripatra - ExxonMobil Lubricants Indonesia
7. Petrosea - Biniang Mitra Bersama
8. Petrosea - Indonesia Pratama



### Energy Infrastructure

1. Cirebon Electric Power and Cirebon Energi Prasarana
2. Petrosea Offshore Supply Base
3. Kuala Pelabuhan Indonesia
4. Indika Logistic & Support Services
5. Petrosea Logistic & Support Services



### Floating Crane

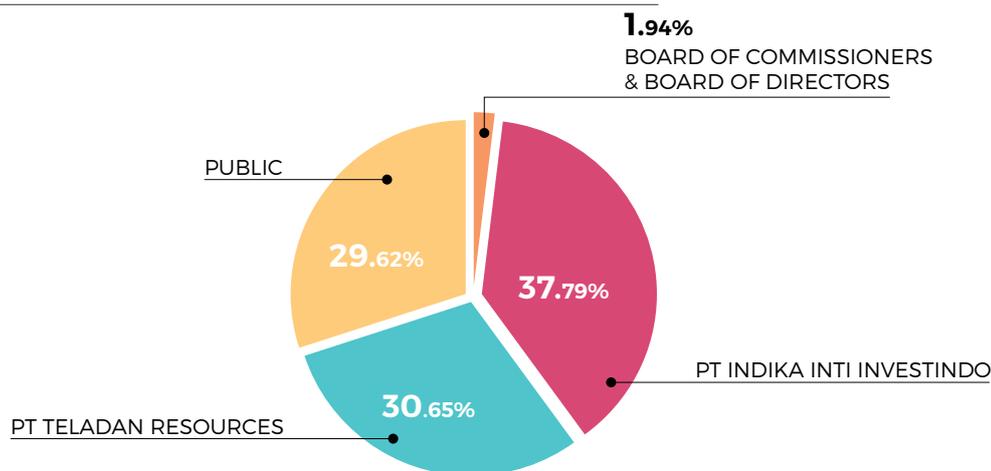
1. MBSS - FC Nicholas
2. MBSS - FC Ben Glory
3. MBSS - FC Abby
4. MBSS - FC Chloe
5. MBSS - FC Blitz
6. MBSS - FC Vittoria



### Other Portfolio

1. Nusantara Resources Limited - Awak Mas Gold Project

# Composition of Shareholders



## Awards in 2019

### Indika Energy

- o CNBC Awards 2019 for “The Best Public Company in Energy Sector”
- o HR Excellence Awards 2019 for “Excellence in Women Empowerment Strategy”

### Petrosea

- o Selected by the World Economic Forum to be one of 26 Global Lighthouse Network members worldwide for successfully applying Industry 4.0 technologies to transform its operations

### Kideco

- o National Gold PROPER from the Ministry of Environment and Forestry
- o Gold PROPER East Kalimantan Province
- o ASEAN Best Mining Practices for Coal Surface Mining
- o IMA (Indonesian Mining Association) Awards 2019 for categories:
  - o First Rank for State Tax Payer Coal Mining Companies
  - o Third Rank for the Largest Tax Payer Coal Mining Companies
  - o Second Rank Coal Mining Company with the Best Mining Safety Management
  - o First Rank for Best Domestic Product Coal Mining Company User
  - o First Rank for the Best Community Empowerment Coal Mining Companies
  - o First Rank for Coal Mining Companies that Empower the Best Communities

“ Driven by a commitment to sustainable practices, we continuously push to reduce our environmental footprint in our mining operations and other sites. Besides meeting national compliance standards, we go beyond to innovatively explore and apply new technologies that can yield cleaner energy and less waste.

# ENVIRONMENTAL



# Environmental Approach

**Indika Energy recognizes that environmental conservation and climate change mitigation are pressing issues that need to be prioritized. Therefore, we have taken concrete steps to reduce risks and mitigate undesirable outputs in our energy production and exploration activities, as well as constantly improving positive outcomes to the environment in order to ensure sustainability of the business as well as public welfare.**

Specifically, we strive to conduct operational activities that are efficient and environmentally friendly. In addition, we also carry out re-greening and forest conservation programs in areas of high natural biodiversity — going above and beyond mandated compliance standards to help preserve the earth for the future generation.

## Environmental Policy & Risk Management

In order to manage various risks that may arise from our mining-related activities, Indika Energy Group's environmental management policies include:

- o Commitment to implement environmental management systems
- o Involvement of senior management or the Board of Directors
- o Monitoring of the company's environmental performance, to environmental protection, to create environmental awareness, to use natural resources or energy more efficiently, to reduce emissions, releases and waste, to consult with stakeholders and to report regularly on environmental issues
- o Disclosure to assess performance in the case of any significant coal/oil spills

**We strive to conduct operational activities that are efficient and environmentally friendly**

## Environmental Management Systems

Companies within the Indika Energy Group have put in place a number of environment management system mechanisms including:

- o Integrated environmental management systems
- o Internal and external environmental audits
- o Training and awareness program for employees
- o Corrective actions to stimulate continual improvement
- o Managerial or board level responsibility for environmental management issues
- o Clearly assigned roles and responsibilities
- o Smooth internal and external communications regarding environmental management issues
- o Compliance with prevailing environmental regulations

Two companies with potential major impact on the environment are Kideco and Petrosea, which both of them have established a variety of environmental management systems to manage their environmental risks and impact.

Kideco is committed to operate its mine in an efficient, safe and pollution-free manner, in accordance with the PAS (Publicly Available Specifications) 99 Integrated Management Standard issued by the British Standard Group (BSI), which includes:

**GRI:** 301-1, 301-2, 301-3, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 365-2, 306-4

**ESG:** Environmental

**SDGs:** 6, 7, 12, 13, 14, 15

- o Quality Management System (ISO 9001)
- o Occupational Safety and Health System (OHSAS 18001, SMK3 and SMKP)
- o Environmental Management System (ISO 14001)
- o Energy Management Systems (ISO 50001)
- o Good mining practices

In 2019, KIDECO received a Gold PROPER award from the Ministry of Environment and Forestry (KLK) after previously receiving four consecutive green PROPER awards, indicating that the Company's environmental management performance has exceeded requirements.

Meanwhile, Petrosea was selected by the World Economic Forum as one of only 10 companies in the world to have successfully implemented Industry 4.0 technologies towards driving its financial and operational performance. As a leader in the industry, Petrosea has established integrated environmental management standards in accordance with:

- o ISO 14001:2015 for Environmental Management System and ISO 9001:2015 Quality Management System certifications
- o Implementation of Marine Fleet & Environment Protection Policy to identify potential environmental hazards
- o Environmental Monitoring Standard, Waste Management Policy and Environmental Office Practice

Indika Energy Group moreover analyzes its environmental performance in detail according to the following categories:

- o Climate change, including GHG emission, carbon emission
- o Water and effluents
- o Emission, liquid and solid waste usage
- o Biodiversity conservation
- o Environmentally friendly initiatives/ opportunities for products and services

### Environmental Grievance Mechanisms

In order to ensure that Indika Energy Group's environmental policies are being properly implemented, Indika Energy Group welcomes feedback from all relevant stakeholders including our own employees and the surrounding communities. In doing so, we are aware of the need to ensure unencumbered, fair and transparent communication mechanisms that can be accessed by all stakeholders to submit concerns. Indika Energy Group has therefore set up various channels for communication of environmental grievances as well as concerns related to social and governance aspects such as human rights and fraud.



# Climate Change & Greenhouse Gas Mitigation

Indika Energy Group has already taken a number of actions to support these objectives including measurement and reduction of GHG emissions, more efficient energy usage, utilization of renewable energy including fossil fuels, and reforestation.



## Our Approach

As one of Indonesia's leading energy companies, we have a key role to play in leading the transition to a low-carbon economy, which is critical to address the phenomenon of climate change as set out by the United Nations Intergovernmental Panel on Climate Change.

Indika Energy Group has already taken a number of actions to support these objectives including measurement and reduction of GHG emissions, more efficient energy usage, utilization of renewable energy including fossil fuels, and reforestation.

## Kideco GHG Emissions

Kideco is committed to control its GHG emissions as well as other emissions that can decrease air quality including (GRI Scope 1) reducing the amount of methane produced by coal stockpiles and underground coal seams, diesel usage for electricity generation, diesel and gasoline usage

## Volume and intensity of greenhouse gas emissions generated

Description	Unit	Measurement results		
		2019	2018	2017
Kideco GHG emissions	Ton Co2eq	47,601	46,640	44,859
GHG emissions generated by other contractors using energy sourced from Kideco	Ton Co2eq	1,034,082	1,076,647	1,001,454
Total GHG emissions	Ton Co2eq	1,080,682	1,123,287	1,046,313
Total production	Ton	34,281,940	34,000,291	32,081,749
The intensity of GHG emissions	Ton Co2eq/ million ton	0.0316	0.0330	0.0327

## Greenhouse gas emission reductions

Parameter	Unit	Measurement results		
		2019	2018	2017
Replacement of the lighting system for loading and unloading activities	Ton CO2eq	1,055.72	260.32	219.34
Revegetation of the overburden area	Ton CO2eq	3,646.61	3,561.22	3,737.13
<b>Supporting facilities</b>				
Solar cell usage at Kideco's facilities	Ton CO2eq	983.28	1,277.25	1,236.7
Mud handling system replacement	Ton CO2eq	2,439.32	1,667.12	771.23
Total emission reduction	Ton CO2eq	107,263.65	105,612.91	104,811.4
Total GHG emission load	Ton CO2eq	1,080,682	1,123,268.87	1,046,312.69
The success of GHG emission reduction	%	9.7	9.4	10.02

in light/ heavy vehicles, diesel for barging, coal for electricity generation, and use of explosives. Kideco has not yet conducted monitoring and measurement of GHG emissions in regards to Scope 2 and 3 of GRI Standards.

### Biofuel Usage

Since 2017, Kideco has used biofuel, in line with Presidential Regulation No.66 of 2018 which mandated the use of 20% biofuel in diesel (B20). In 2019, 97% or 371,493,996 liters of Kideco's total liquid fuel usage of 384,227,011

liters consisted of biofuel, with the remaining 12,733,015 liters comprising diesel consumption.

### Solar Cell Usage to Reduce Fossil Fuel Usage

Given the large size of Kideco's Mine Permit Area and the limited electricity supply from the main power plant, additionally electricity is needed at Kideco. Initially, Kideco used diesel generator sets which produce carbon dioxide, a GRG, but Kideco is gradually phasing in solar cells in small-scale power plants, both for supporting facilities and in its corporate social responsibility (CSR) programs. For example, the Company installed solar cell devices in Pinang Jatus Village to meet electricity needs of the local community. Until the end of the reporting period, there were 126 solar cells in operation.

### Solar cell usage to decrease CO2 emissions

Description	Unit	2019	2018	2017
<b>Solar cell usage in the mine area</b>				
CO2 absorption	Ton CO2eq	638.62	1,236.70	1,236.70
Value of reduction	IDR million	216.54	444.29	400.44
<b>Solar cell usage in the community</b>				
CO2 absorption	Ton CO2eq	491.64	983.28	983.28
Value of reduction	IDR million	166.70	345.69	318.38

### Energy efficiency and savings

Initiatives	Energy value savings		
	2019	2018	2017
Utilization of solar cells in the mine area	17,087.79	17.270,55	16.772,28
Utilization of solar cells in foster villages	13,295.58	13.295,58	13.295,58
Used oil as a substitute for diesel fuel in blasting activities	12,335.11	5.178,12	18.922.98
Replacement of lighting systems for overburden excavation activities	14,275.16	3.519,9	2.965,84
Using bottom plug stick in blasting activities	3,570.67	6.850.64	6.488,21
Replacing the mud handling system by installing pumps in the excavators	32,668.10	22.542,31	10.428,34

### Energy Efficiency and Savings at Kideco

Kideco continuously strives to reduce energy usage, targeting a 1% reduction Energy Consumption Intensity (IKE) yearly through efforts such as application of a Fuel Management System (FMS), Vendor Held Stock (VHS), and energy audits by certified independent party every three years. In 2019, Kideco was able to reduce energy usage by 2.47% from the previous year, exceeding its target.

This report discloses information on energy use in the mining areas of Roto Samurangau and Susubang Uko with reference to Scope 1 and 2, which uses relies on diesel for transportation and power generation, instead of using electricity from the State Electricity Company (PLN). By contrast, the energy used by the Jakarta Head Office comprises electricity from PT PLN (Persero) and fossil fuels for operational vehicles.



### Overall energy savings

	2019	2018	2017
Energy savings	92,233.41 GJ	68,832.85 GJ	68,823.23 GJ
Energy saving initiatives	<ul style="list-style-type: none"> <li>o Solar cells used</li> <li>o Used oil for blasting activities</li> <li>o Replacement of the lighting system in loading and unloading activities</li> <li>o The use of a bottom plug stick in blasting activities</li> <li>o Replacement of the mud handling system by installing pumps in Excavator Units</li> <li>o Pyrolysis technology that manage plastic waste into fuel</li> </ul>	<ul style="list-style-type: none"> <li>o Solar cells used</li> <li>o Used oil for blasting activities</li> <li>o Replacement of the lighting system in loading and unloading activities</li> <li>o The use of a bottom plug stick in blasting activities</li> <li>o Replacement of the mud handling system by installing pumps in Excavator Units</li> </ul>	<ul style="list-style-type: none"> <li>o Solar cells used</li> <li>o Used oil for blasting activities</li> <li>o Replacement of the lighting system in loading and unloading activities</li> <li>o The use of a bottom plug stick in blasting activities</li> <li>o Replacement of the mud handling system by installing pumps in Excavator Units</li> </ul>

### Reducing Intensity of Energy Usage at Petrosea

Petrosea has implemented various steps to decrease the intensity of its energy usage, by closely regulating the usage of supporting equipment that runs on electricity at the Company's operational locations. Petrosea has also designed its site layout and heavy equipment movement routes in such a way as to support lower fuel consumption, together with a regular heavy equipment maintenance schedule to keep equipment running efficiently. These efforts have yielded energy savings as follows:

Description	Unit	Year		
		2019	2018	2017
Intensity of Energy Usage in Production Process	Gj/ tons	0.0216	0.0210	0.209
Total Production Process Emissions	Tons CO2e	324,732.56	382,980.94	265,499.93
Power Usage during Production	MWh	9,976.24	9,674.45	4,905.79



# Air Emission

We monitor our air emissions and continuously look for ways to reduce those that pollute the air around us. We strive beyond compliance with relevant regulatory and standards.

## Efforts to Maintain Good Air Quality

Open-cut coal operations emit dust from excavation and movement of material, which can negatively impact human health. We therefore monitor dust levels at residential areas around our mines and communities and minimise dust in a number of ways such as ongoing rehabilitation activities to avoid dust from erosion, sprinkling water on roads, covering rail cars with tarpaulins and taking weather conditions into consideration when scheduling blasting activities.

## Suppressing Noise Level

Indika Energy Group moreover measures activity noise volume to ensure it does not exceed certain thresholds with reference to relevant government regulations.

Parameters	Unit	Environmental Quality standards	Air Quality		
			2019	2018	2017
<b>WUP ROTO SAMURANGAU</b>					
CO	µg/Nm3	30000*	327.84	419.11	468.61
CO2	µg/Nm3	400*	35.10	5.11	91.77
SO2	µg/Nm3	900*	34.02	11.64	31.31
Dust					
Residences	µg/Nm3	230*	141.09	76.87	69.73
Work area	µg/Nm3	2000**	128.39	86.07	121.2
<b>WUP SUSUBANG UKO</b>					
CO	µg/Nm3	30000*	327.84	419.11	468.61
CO2	µg/Nm3	400*	35.10	5.11	91.77
SO2	µg/Nm3	900*	34.02	11.64	31.31
Dust					
Residences	µg/Nm3	230*	141.09	76.87	69.73
Work area	µg/Nm3	2000**	128.39	86.07	121.2

\* Based on Government Regulation No.41 / 1999

\*\* Based on Ministry of Manpower Decree No.13 / MEN / X / 2011

Parameters	Unit	Environmental Quality standards	Noise Level		
			2019	2018	2017
<b>WUP ROTO SAMURANGAU</b>					
Residences	dB	55+3*	55.64	51.22	52.66
Work area	dB	85**	54.71	55.86	56.26
<b>WUP SUSUBANG UKO</b>					
Residences	dB	55+3*	49.27	47.86	54.65
Work area	dB	85**	47.98	48.25	50.58

\* Based on Minister of Environment Decree No.48 / Men.LH / 11/1996

\*\* Based on Ministry of Manpower Decree No.13 / MEN / X / 2011

# Water and Effluents

**Water management is an important consideration in our operations as we strive to minimize the potential water-related impacts of our operations and provide fair and equitable access for all users.**

Water is an important element in many of our industrial activities, for example in coal handling and preparation plants, and to suppress dust around our open pits. We ship products through maritime and overland waterways, which can pollute water if spilled. Moreover, some of our assets must share access to water with other local water users. Other assets must manage excess water through drainage activities and flood protection measures. As such, water management is an important consideration in our operations as we strive to minimize the potential water-related impacts of our operations and provide fair and equitable access for all users, in line with our belief that access to safe and clean water as a basic human right.

## Risk Management

All companies within Indika Energy Group are required to identify water risks and assess water resources, and report the results and risk mitigation plans to the Risk Management Committee every quarter. Indika Energy has therefore prepared short-term measures to minimize potential impacts associated with water use of each business unit, and is preparing a long-term management plan at watersheds for both surface water and groundwater which includes the development of a water accounting framework, water balance measurements, and water risk assessment for the overall supply chain, as well as both short-term and long-term targets for water risk management.

In doing so, we recognize that water management is a complex issue; to understand it fully requires a dialogue between all the multiple stakeholders involved at each site. Our assets consult their host communities and other relevant local water users to identify their priorities and collaborate on solutions as part of the water management plans.

## Water Usage at Indika Energy Group

Business	Major Relevant Activity	Potential Impact
Coal business	<ul style="list-style-type: none"> <li>o Improvement of coal quality</li> <li>o Dust control on road and coal</li> <li>o Stock yards</li> <li>o Mine rehabilitation work</li> <li>o Temperature control</li> </ul>	<ul style="list-style-type: none"> <li>o Water withdrawal for production from public sources may cause conflicts with surrounding communities or water users</li> <li>o Discharge of water with low quality (TSS or pH) exceeding standard limits may cause potential impacts on water quality and aquatic animals including water users</li> </ul>
Power business	<ul style="list-style-type: none"> <li>o Steam production</li> <li>o Temperature control</li> <li>o Trapping fly ash in the air quality</li> <li>o Control system</li> </ul>	<ul style="list-style-type: none"> <li>o Water withdrawal for production from public sources in water stressed areas may cause conflicts with surrounding communities or water users</li> <li>o Discharge of low quality water (TSS or pH) exceeding the standard limits may cause potential impact on aquatic ecosystems and local communities</li> </ul>



### Kideco Water Sources

Kideco uses rainwater that is collected in sediment ponds and surface water sourced from the Samurangau and Biu rivers, for which it has obtained a total of 9 Water Permits (SIPA) from Paser District. The Samurangau river and The Biu river are also used by local residents. At the end of the reporting period, Kideco operated 39 sediment ponds with a capacity of 4,928,988 m3.

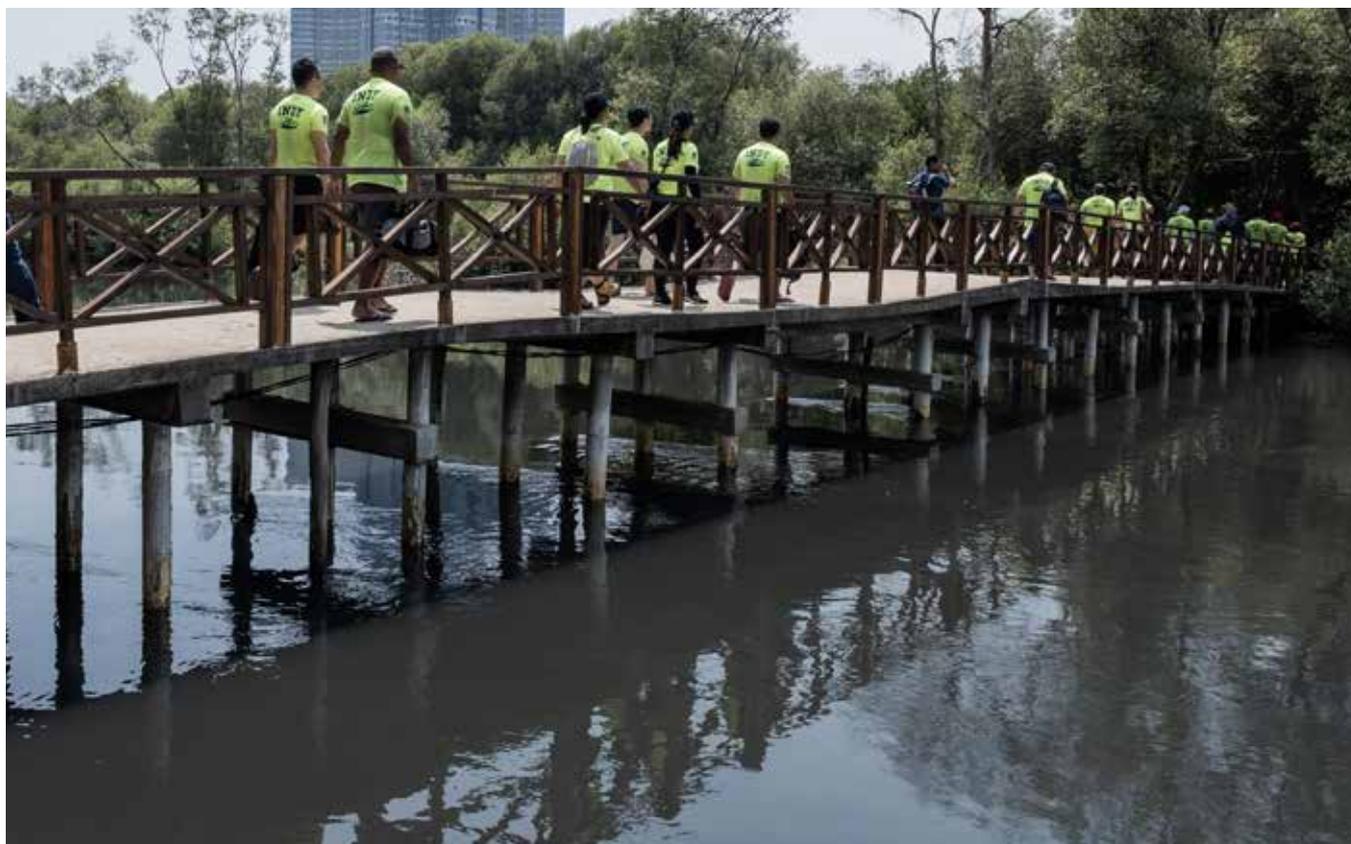
In addition to collecting rainwater, sediment ponds are also used to handle erosion, sedimentation, and treat water until it reaches a quality that is in accordance with the specified standards.

### Water sources at Petrosea

Description	Unit	2019	2018	2017
Ground water consumption	M3	7,117	7,455	534
Surface water consumption	M3	234,525	113,844	71,084
Rain water consumption	M3	37,680	26,277	29,936
Total water consumption	M3	279,322	147,576	101,554

### Water usage at Kideco (m<sup>3</sup>)

Water source	2019	2018	2017
Surface water	2,426,796	1,629,136	1,651,704
Sediment ponds	862,456	1,290,515	1,341,678
<b>Total</b>	<b>3,289,252</b>	<b>2,982,651</b>	<b>2,993,382</b>



# Waste Management

**Responsible production involves minimizing the impact of our waste on the natural environment as well as reusing as much waste as possible.**

At Indika Energy Group, we work to minimise our direct and indirect impacts on the environment, complying with or exceeding relevant regulation and continuously looking for ways to improve our performance. In our view, responsible production involves minimising the impact of our waste and air emissions on the natural environment as well as reusing as much waste as possible.

activities, thus reducing overall fossil fuel usage. The mixing process for AN-FO has obtained a permit for the usage of hazardous waste from the Ministry of Environment and Forestry (KLHK) Kep.Men LH No.20/2013 and Kep. Men LHK No.SK.376 / Menlhk / Setjen / PLB.3 / 8/2018, with a maximum mixing ratio of FO of 80% used oil and 20% diesel.

To reduce hazardous packaging waste in the form of drums, jerry cans and other containers, Kideco required its waste management supplier provisions to send hazardous waste containers in large sizes that can be refilled and then sent back to the waste management company.

## Materials Usage

The main materials in Indika Energy Group's coal production are the coal reserves at the Roto Samurangau WUP area and Susubang Uko WUP areas belonging to Kideco and MUTU. At the end of 2019, Kideco's estimated coal resources reached 1.5 million tons with total reserves of 501 million tons. Coal is a non-renewable substance that is not replenished. Other materials used include additional materials for blasting, air quality management and operational vehicles. Most of these additional materials are consumed and not replenished, except for the oil from vehicle operations and heavy equipment.

Activity	Form and Type of Waste	Management
Mine pit opening	<ul style="list-style-type: none"> <li>o Top soil</li> <li>o Overburden</li> </ul>	<ul style="list-style-type: none"> <li>o Piled in the mine area and surrounding area</li> <li>o For backfill</li> </ul>
Heavy equipment operations and repairs <ul style="list-style-type: none"> <li>o Health Center</li> <li>o Offices</li> </ul>	Hazardous waste	<ul style="list-style-type: none"> <li>o Stored in Temporary Storage Facilities</li> <li>o Submission to a third party</li> <li>o Reuse</li> <li>o Reduce</li> </ul>
Office and canteen	Non-hazardous waste	<ul style="list-style-type: none"> <li>o Reuse</li> <li>o Recycle</li> <li>o Reduce</li> </ul>

## Responsible Hazardous Waste Management

Hazardous waste is generated from supporting activities namely heavy equipment usage. Hazardous waste is managed and processed in accordance with its type in line with the principles of reusing, recycle, and reducing, and is subsequently always sent to an authorized third party.

Hazardous and toxic waste management innovations:

- o **Utilization of used oil waste for blasting activities**

Hazardous waste in the form of used oil was used as a substitute for diesel fuel (AN-FO) in blasting

- o **Replacement of mud handling system**

The sludge extraction system, which uses a heavy dredge and hauling Dump Truck (DT), was replaced by installing pumps on the excavator units, thereby reducing the usage of Dump Trucks and decreasing fuel and oil usage.

- o **Reducing hazardous packaging waste**

## Hazardous Waste Reduction Efforts

Oil comprises the majority of hazardous waste. Efforts have been made to reduce waste by reducing flushing of differential, hydrolic and transmission oil as well as to extend the lifetime of the oil and replacing dump trucks to handle mud using pump systems, thereby reducing oil and fuel usage.

## Waste management at Petrosea

Description	Unit	2019	2018	2017
Hazardous waste	Ton	1,396,624	1,376,640	1,057,520
Non hazardous waste	Ton	559.7	999	221.4
<b>Total waste</b>	<b>Ton</b>	<b>1,387,187.7</b>	<b>1,377,639</b>	<b>1,057,741.4</b>

## Hazardous waste (in tons)

Type of hazardous waste	2019	2018	2017
Used oil	3,433.82	2,609.5	2,756.15
Used vehicle batteries	72.26	58.99	74.65
Used oil filter	122.55	97.81	140.7
Cotton waste	104.58	77.0	104.43
Hose	29.64	29.91	53.5
Grease	11.36	9.27	10.86
Clinic waste	0.32	0.20	0.24
TL Lights	0.43	0.18	0.03
Cartridge	0	0.03	0.02
Residue	6.02	2.57	2.27
Contaminated earth	19.44	14.05	12.62
Electronic waste	0.25	0.43	0.5
Laboratorium waste	0.39	0.14	0.2
Hazardous packaging waste	0.62	0.47	-
<b>Total</b>	<b>3,801.68</b>	<b>2,900.54</b>	<b>3,156.16</b>

Programs for reduction	Unit	2019	2018	2017
Differential, hydraulic and transmission oil flushing	Ton	0	225.95	0
Installing pumps in excavators to handle mud	Ton	0.77	1.34	0.61
Amount reduced	Ton	0.77	227.29	0.61
Total hazardous waste generated	Ton	1,678.69	2,900.54	3,156.16
Successful reduction in hazardous used oil waste	%	0.05	7.83	0.02

Other hazardous waste comprises TL lamps and hazardous waste packaging. Efforts were made to reduce this by installing LED lights on new buildings and replacing packaging for oil with tanks.

Programs for reduction	Unit	2019	2018	2017
Installation of LED lamps in new buildings	Ton	0.58	0.18	0.03
Replacement oil packaging with tanks	Ton	80.43	112.85	N/A
<b>Total reductions</b>	<b>Ton</b>	<b>81.01</b>	<b>113.03</b>	<b>0.03</b>

## Top Soil and Overburden (OB) Management

Top soil and overburden (OB) material is produced from coal mining stripping activities. Top soil and OB material produced from pit openings (pits) are stockpiled both in the mine area and outside the mine area, to be reused as backfill material.

## Efforts to Reuse and Recycle Non-Hazardous Waste

In principle, the management and treatment of non-hazardous waste from supporting activities, especially at the Kideco office, is carried out by reusing the material for various purposes for example:

Processing Method	Form of Utilization	Unit	2019	2018	2017
Organic	Conversion fish bone waste into fish food pellets	Kg	3,500	206	253
Recycling	Using used tires for road markings and erosion control	Kg	1,046,230	2,902,300	1,732,320
	Utilization of used conveyor belts	Kg	1,643	1,860	2,261.25
	Utilization of used bottled drinking water (1.5 liters)	Kg	184	300	360
	Utilization of tires for community assistance	Kg	2,247.5	-	23,800

- o Utilization of used tires in mining areas as a road median in coal transportation traffic activities on mining roads and hauling roads; in settling pond channels / outlets to reduce the rate of erosion; building piles to hold back water abrasion in Harapan Baru District, Paser Regency and establishing biogas lines at the waste disposal site (TPA) facility managed by the Department of the Environment of Paser Regency, East Kalimantan.
- o Utilization of used conveyor belts as reinforcement for workshop work floors to reduce of damage from the weight of the heavy equipment undergoing repairs in the workshop unit.
- o The Airdeck System Program utilizes plastic bottles from mineral water packaging and sacks used for explosive packaging for blasting activities. This program also reduces the volume of explosives used in the blast hole-filling process.

# Biodiversity Conservation

**Managing and reducing negative impacts on biodiversity is one of our greatest concerns since Indonesia has the second highest biodiversity in the world.**

Indika Energy recognizes that our business operations, especially open-pit mining, may directly impact local biodiversity and ecosystems. Managing and reducing negative impacts on biodiversity is one of our greatest concerns, especially as Indonesia has the second highest biodiversity globally.

All of our business units are therefore required to conduct a biodiversity risk assessment before starting a production activity. Production sites that are located in close proximity to protected areas or high conservation value areas are subject to additional precautions. In addition, vulnerable animal and plant species around operational sites are also surveyed and monitored in order to preserve unique native species and vulnerable species on the IUCN Red List.

Kideco mining permit areas covers Roto Samurangau and Susubang Uko. A portion of the later includes protected forest areas that are part of the Adang Bay Nature Reserve, which has a high biodiversity conservation value. The areas of the Susubang Uko Mining Area Permit, including the protected forest area, amounts to 59 hectares or 0.85% of the total land are 6,903 hectares.

## Potential Risks Caused by Our Activities

Kideco's open-cut mining operations have the potential to directly impact the environment in its Mining Permit Area, along with the surrounding flora and fauna. Kideco is committed to preserving the biodiversity of entire Mining Permit Area through land reclamation efforts and good conservation programs that are carried out independently (outside the nature reserve) as well as by working with third parties.

## Supporting the Adang Bay Nature Reserve

With regard to environmental awareness and legal protection with reference to the Minister of Forestry Regulation No.: P.85 / Menhut-II / 2014 Regarding the Procedures for Collaboration in the Implementation of Natural Reserve Areas and Nature Conservation Areas, as well as the amendments to the Minister of Environment and Forestry Regulation No: P 44 / MENLHK / SETJEN / KUM.1 / 6/2017 Regarding Amendment P.85 / Menhut-II / 2014, therefore as a form of concern for the expansion of the Adang Bay Nature Reserve, Kideco has collaborated with *Balai Konservasi Sumber Daya Alam* (Natural Resources Conservation Center) regarding the usage of roads and wharfs within the 62.18 hectare-Adang Bay Nature Reserve in Paser Regency.

## Land Reclamation and Revegetation

Kideco collaborates with third parties to manage reclamation areas and natural forest areas around Mine Permit Areas through surveys using transects, plots and landsat studies, and other methods of analysis.

At the end of the reporting period, cumulative land reclaimed reached 4,520.9 Ha at the Roto Samurangau WUP, and 154.14 Ha at WUP Susubang Uko, of which 502Ha and 25.97Ha were reclaimed respectively in 2019.

## Reforestation Program

The Kideco Care Program is a biodiversity development and preservation program which aims to construct innovative Wildlife Corridors by transporting Multipurpose Tree Species (MPTS). These corridors reconnect fragmented forest territories, enabling animals to cross over. This activity is carried out by Kideco with the involvement of local residents, who plant and maintain the trees so that they grow properly.

## Tree nursery

Kideco also has a nursery center that provides tree seedlings. The nursery center in Roto Samurangau WUP covers an area of 2 hectares with a capacity of 800,000 seedlings per year, while the nursery center in Susubang Uko WUP has a capacity of 2,000 tree seedlings per year.

## Successfully preserving biodiversity

Kideco periodically conducts biodiversity monitoring in both its reclamation area and the land around its mining areas, including water bodies. The result of its monitoring has identified 38 protected animal species in the Roto Samurangau WUP and 34 protected animal species in the Susubang Uko WUP.

## Land Type

Mine Permit Area	Forested Area			Not Forested Area	Total
	Conservation forest	Protected forest	Productive forest		
Roto Samurangau	-	11,975.7 Ha	15,484.3 Ha	27,460.0 Ha	-
Susubang Uko	59 Ha	1,897.0 Ha	4,947.0 Ha	6,903.0 Ha	59 Ha
<b>Total</b>	<b>59 ha</b>	<b>13,872.7 Ha</b>	<b>20,431.3 Ha</b>	<b>34,364.0 Ha</b>	<b>59 ha</b>

The Adang Bay Nature Reserve was established based on Minister of Forestry Decree No.79 / Kpts-II / 2001 with an area of 61,900 Ha which is dominated by mangrove forests. The Adang Bay Nature Reserve is a habitat for the proboscis monkey (*Nasalis larvatus*) and the white-fronted surili (*Presbytis frontata*), which are endemic to Kalimantan and protected as they are threatened with extinction.

### Land reclamation (Ha)

Mine Permit Area	2019		Reclaimed Land in Use Realization		2018	
	Realization	Cumulative			Realization	Cumulative
Roto Samurangau	502.00	4,520.90	125.00	896.46	527.37	4,018.90
Susubang Uko	25.97	154.14	17.73	36.65	20.05	128.17
<b>Total</b>	<b>527.97</b>	<b>4,675.05</b>	<b>142.73</b>	<b>933.11</b>	<b>547.42</b>	<b>4,147.08</b>

### Percentage of land reclamation to mining area and realization of reclaimed and revegetated land

Description	Unit	2019	2018	2017
Mining area	Ha	12,074.86	11,749.22	11,205.82
Reclamation area	Ha	3,741.93	3,356.69	2,930
Percentage of land reclamation to mining area	%	30.99	28.57	26.15
Number of trees	Tree	3,838,004	3,362,407	3,019,802

### Vulnerable fauna around Kideco

Local name	Scientific name	Protection status based on IUCN Red list and CITES
Bekantan kahau	<i>Nasalis larvatus</i>	Endangered
Owa kalawat	<i>Hylobates muelleri</i>	Endangered
Lutung merah	<i>Presbytis rubicunda</i>	Least concern
Lutung dahi putih	<i>Presbytis frontata</i>	Vulnerable
Lutung kelabu	<i>Trachyotheicus aristatus</i>	Vulnerable
Rusa sambar	<i>Rusa unicolor</i>	Vulnerable
Kijang muntjak	<i>Muntiacus muntjak</i>	Least concern
Pelanduk napu	<i>Tragulus napu</i>	Least concern
Pelanduk kancil	<i>Tragulus javanicus</i>	Data deficient
Baruang madu	<i>Helarctos malayanus</i>	Vulnerable
Kucing tandang	<i>Prionailurus planiceps</i>	Not available
Kucing kuwuk	<i>Prionailurus bengalensis</i>	Least concern
Trenggiling peusing	<i>Manis javanica</i>	Critically endangered
Kukang	<i>Nycticebus menagensis</i>	Vulnerable

# INDYTA

— Inspirasi • Ak



“ Ultimately, the continuity of our business is inextricably linked to the wellbeing of the communities where we operate as well as the welfare of society at large. As such, we do our best to contribute to building a strong, diverse and vibrant society that can resiliently and sustainably flourish.

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## SOCIAL



**GRI:** 201-1, 201-2, 203-2, 401-1, 401-3, 402-1, 403-1, 404-2, 405-1, 406-1, 407-1, 408-1, 409-1

**ESG:** Social

**SDGs** 3, 4, 5, 8, 10

Indika Energy consistently exercises its commitment to sustainability; expanding, enhancing and enriching its sustainability approach internally throughout all of its subsidiaries and externally in the communities in which it operates. We have found that inclusion, information, interaction and unified effort builds the links among our sustainability stakeholders necessary to accomplishing empowerment of our workforce, as well as of communities, toward acting as agents of change in support of achieving our business goals and improving community socioeconomic welfare. This is a joint effort, driven by mutual respect, mutual concern, and most importantly the mutual effort inherent in Indonesia's tradition of "gotong royong" in which burdens and tasks are shared toward the benefit of all.

Indika Energy Group is committed to implementing the Sustainability program as a part of the company's contribution to economic development which seeks to improve the quality of life of the community, environment and company. This commitment is shown through the implementation of Sustainability programs that focus on meeting stakeholder expectations and maintaining a balance between economic, social and environmental sustainability performances in order to fulfill what is also known as the triple bottom line which includes profit, people, and the planet.

We believe that fulfilling this commitment is key to maintaining a constructive relationship with all stakeholders, which in turn will lead to our business sustainability as well as higher living standards for the communities surrounding our operational areas.

### Sustainability Impact

The energy we produce at Indika Energy Group helps power economic growth and improves the quality of life for people. We support local economic growth in the regions where we operate. This, in turn, creates jobs, drives economic development and generates revenue for governments. The value we create can transform communities, even nations.

### The energy we produce at Indika Energy Group helps power economic growth and improves people's quality of life

Indika Energy harnesses its collaborative spirit toward accomplishing both business and community empowerment goals in line with our established sustainability principles that ensure that our policies and implementation support the attainment of appropriate and positive sustainability goals that not only enable our business efforts, but also empower communities for the long run.

### Sustainability Principles

Five core principles drive our sustainability efforts in business and the community. All sustainability

programs must fulfill our good corporate citizen mission; support strategic business interventions; be justifiable in terms of nature, scale and overall impact; be effectively developed, communicated, implemented, monitored and evaluated; and comply with prevailing laws and regulations.

Indika Energy Group has set these 5 principles into place to viably strengthen our corporate image among key stakeholders to meaningfully secure social license to operate effectively on both business and community empowerment levels at our operational sites.

Indika Energy knows that smart partnering enables both sides to benefit from the sharing of core business activities and capabilities, as well as the leveraging of collaborative efforts in social awareness programs. For this reason, Indika Energy utilizes its 3+1 sustainability pillars of education, health, community empowerment, and the environment to imbue all of our subsidiaries Health, Safety and Environment (HSE) programs, as well as informing our individual and partnering sustainability activities.

In 2019, we contribute indirect value to society in many ways, for example by supporting knowledge transfer and building national energy infrastructure, which in turn enables many other activities.

Community  
- Social value generated by Indika Energy Group  
**Rp 59.5 billion**

Local economy  
- Supports the absorption of local revenues by prioritizing local suppliers  
**96%**

Employees  
- Providing salaries and compensation for **8,368** employees

Shareholder  
- Dividend to shareholders  
**US\$ 30 million**

# Indika Foundation

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**We are part of a greater whole that must embrace diversity as an enriching factor, rather than focusing on divisive issues like race, ethnicity, religion, and social status.**

Indonesia is one of the world's richest and most diverse countries in terms of its culture, with over 300 tribal groups and languages throughout its islands. Its diversity and heritage of tolerance are reflected in national slogan of "Unity in Diversity" and the vision of "one people, one nation and one language" that the founding fathers of this country formulated almost a century ago, as well as in the five national guiding principles of Pancasila as the foundation of the Unified Republic of Indonesia (NKRI), which place the good of the people and nation above that of any individual or group supported by mutual tolerance and respect.

At Indika Energy, we firmly believe that if channeled through the right efforts to build solidarity and unity, Indonesia's rich cultural diversity can be leveraged to create a peaceful and prosperous nation for the benefit of all citizens. All of us, no matter our backgrounds, are citizens of Indonesia, which means that we are part of a greater whole that must embrace diversity as an enriching factor, rather than focusing on divisive issues like race, ethnicity, religion, and social status.

Therefore, it is the individual and collective obligation of all Indonesians to contribute to building a solid and equitable civil society in our own ways towards the empowerment of the entire populace through education, economic development, and efforts to build up sociopolitical, ethical and legal structures that support and protect the rights of all citizens.

We intend to realize these values through a national mission that supports the empowerment of Indonesia's diverse citizenry on a national scale, in line with the values and traditions of the archipelago. Towards that end, Indika Energy continuously strives to realize the principles of good corporate citizenship and establish strong relationships with the community and donor partners to carry out programs based on community needs, both through Indika Energy Group's CSR activities and through Indika Foundation.

## Performance Highlights

In 2019, Indika Foundation continued to voice and amplifies the spirit of tolerance and national character development. Through programs such as Toleransi.id and Milenial Islami, we instilled and taught tolerance in an everyday context. We also collaborated with partners to hold events such as INDY Talks and Simfoni Toleransi to increase tolerance.

We believe that tolerance needs to be introduced at an early age, and we therefore conducted a series of workshops for youngsters such as Celoteh Toleransi and Dongeng Toleransi, which teach the value of tolerance through storytelling.

Indika Foundation's Milenial Islami Program won the Intercultural Innovation Awards held by the United Nations Alliance of Civilizations (UNAOC) and the BMW Group for its achievements in promoting national tolerance and diversity.

# Human Capital

**Indika Energy Group's workforce embraces gender, culture, educational, social and religious diversity both within and outside the organization.**

## Embracing Diversity in the Workforce and Upholding Employee Welfare

As a relatively large business group with geographically widespread operations, Indika Energy Group's workforce embraces gender, culture, educational, social and religious diversity both within and outside the organization. In our view, such diversity is a major strength, enabling Indika Energy Group to make better decisions by taking into considering a range inputs and viewpoints.

## Empowering Women

Overall, the mining industry in Indonesia tends to be dominated by men, and this is reflected in Indika Energy Group's core mining business which has more men than women. However, Indika Energy Group's track record for promoting women to leadership positions is better than average.

## Empowering Local Hires

In addition, Indika Energy Group actively tries to recruit and promote high performance local hires as part of supporting regional communities and driving knowledge transfer. Among others, one of the Indika Energy Group Directors comes from a local community where Indika Energy Group operates.

## Indika Energy's employee composition by status of employment

Indika Energy Group Employees by Employment Status	2019	2018
Total employees	8,368	8,843
Permanent employees	5,980	5,593
Temporary or contract employees	2,388	3,250

## Composition of Indika Energy Group's based on nationality

Indika Energy Group Employees by Nationality	2019	2018
Indonesian	8,297	8,768
Bulgarian	1	2
Filipino	3	5
Indian	9	11
Korean	24	24
Trinidad and Tobago	1	1
American	1	4
Japanese	8	5
Australian	13	13
Malaysian	0	1
Singaporean	3	4
New Zealander	2	3
English	2	1
Chinese	1	1
Portuguese	1	0
Canadian	1	0
Palestinian	1	0

## Merit-Based Remuneration

Employees are compensated based on performance without discrimination based on gender, race, religion or ethnicity. Employees receive remuneration based on their initial agreement with Indika Energy Group. For permanent employees, rights and obligations are set and formulated in Collective Labor Agreement (CLA).

As for temporary and contract-based Indika Energy's employees, their obligations and rights are stated in Employment Agreement for Defined Period (EADP) that was prepared based on Indonesia's Employment Law. These agreements contain the Group's or business units' general provisions and regulations.

## Openness and Communication

Indika Energy Group always tries to communicate openly. If there are changes in the organizational structure, affected employees will be informed in advance followed by a transition period whose length will be

### Indika Energy Group's employee composition by gender

Indika Energy Group Employees by Gender	2019	2018
Male	7,636	8,155
Female	732	688
Female in senior management (%)	0.25%	0.42%

depend on the condition and needs of the business needs. This gives time for the employees to adjust to the changes.

Our current focus areas include the recruitment, working and living conditions of contract workers at our sites, responsible security, community grievance mechanisms and channels

for the workforce to raise concerns. We also ask employees, contractors, communities and other third parties to report if they see unsafe or unethical practices related to human rights.

Providing security for our assets around country is a complex undertaking, especially in locations where there is a higher likelihood of conflict. In such cases, Indika Energy is careful to bring in security forces that have been socialized as to the importance of respecting human rights. They need to understand and respect the rights of our workforce and communities near our operations.

### Leadership Training and Development

Indika Energy Group leaders are given continuous training and development to improve their leadership skills so that they can effectively coach and lead their teams.

### Security and Human Rights

We recognize that operational activities for the most part have the potential for human rights violation to emerge, and we therefore take steps to mitigate these risks from the outset and protect the local community as well as the Indika Energy Group workforce from such violations. As such, we are committed to identifying and handling the risks and human rights impacts associated with our activities, including the rights of our workforce and local communities who may be affected by our activities.

### Human Capital strategic leadership training initiatives:

Initiatives	Purpose	Implementation
Leader as Coach	To equip and strengthen IEG leaders to have more alternatives in developing their subordinates achieve the corporate objectives.	3 batches from Indika Energy, Kideco, MBSS, IIR, Tripatra, Xapiens, ZebraX including their Executive Leaders.  The development activities took place in 3 phases: 1. Pre-learning 2. In class training 3. Assignment and mentoring
Executive Coaching	To unlock and maximize the potential of IEG Leaders.	26 Senior Leaders from Indika Energy, IIR, MBSS, and Xapiens.  Every leader has to complete their coaching journey (4-6 sessions) to develop and maximize their potential.
Executive Talent Review	To identify Executive Talent who are ready for career progression or movement.	Every executive is reviewed. Criteria include among others eligibility, performance, and potential.

### Employees training

	Total participants
Indika Energy	62
Kideco	773
Tripatra	283
MBSS	594
Petrosea	198

To accomplish this, we train the Indika Energy Group employees who are responsible for managing security and we also conduct assessments to identify areas where we can improve. We also assessed potential security-related risks to the human rights of neighboring communities.

## Labor Rights

Our employees, as well as our contractors and suppliers, have the right to work in safe, healthy, secure and fair conditions. In order to ensure a safe and comfortable working environment its employees, Indika Energy Group's Human Resources development focuses on the health and safety of its employees. Occupational Health and Safety (HSE) aspects are clearly formulated in company's Collective Labor Agreement (CLA). To assure HSE concept implementation, Tripatra and Petrosea apply sustainable and consistent Occupational Health and Safety Management systems (PKK) and are OHSAS 18001:2007 and ISO 14001:2004 certified.

Respect for employees' human rights is integral to our recruitment, management, diversity and inclusion processes. Our code of conduct requires employees to report any human rights abuses in our operations or those of our business partners.

## Expectations for Contractors and Suppliers

We operate in more than 18 locations in Indonesia and collaborate with thousands of suppliers. We expect contractors and their employees to act in accordance with our code of conduct, human rights policy and our expectations of suppliers. Our standard procurement contracts include requirements for suppliers to respect internationally recognized human rights, with a specific ban on the use of forced, trafficked or child labor.

We also provide training to contractors and sub-contractor teams working on our project in Indonesia where we discuss the risks in our industry and emphasized that we are all responsible for reporting signs of violation if any are spotted.

## Freedom to Organize

Indika Energy Group recognizes employees' right to organize and believes that diverse opinions and views, if well communicated, can enrich Indika Energy Group. Employees are therefore given the opportunity to form labor unions as a channel for communication between employees and the management. There are presently two labor unions within Indika Energy Group: the Petrosea Bipartite Cooperation Institution (LKS) and the Federation of Chemical, Energy and Mining Labor Union – Indonesian Labor Union Work Unit Committee (PUK FSPKEP SPSI) at KPI.

The Bipartite Cooperation Institution (LKS) and PUK FSP-KEP SPSI serve as communication channels for all employees to share their aspiration for company's growth and better working relations between employees and the company. Besides the Group's policy and regulations, freedom of association is also assured by Indonesia's Employment Law No. 13/2003 Article 104 paragraph 1 regarding freedom of association as well International Labor Organization (ILO) Conventions number 87 and 98.

**Our human rights focus areas**

Labour Rights	Security and Human Rights	Rights of people in communities
<ul style="list-style-type: none"> <li>o Health and safety</li> <li>o Forced labour and human trafficking</li> <li>o Non-discrimination</li> <li>o Channels to rise concerns</li> </ul>	<ul style="list-style-type: none"> <li>o Interaction between security forces communities and workers</li> </ul>	<ul style="list-style-type: none"> <li>o Livelihoods and local employment</li> <li>o Consultation and grievance mechanism</li> <li>o Socio-economic, health and environmental impacts</li> </ul>

### OUR STANDARDS

Code of conduct - Human right policy - Operating management system

# Safety Commitment & Performance

**Nothing matters more than every one of our people returning home safely every day.**

Safety is a primary concern throughout Indika Energy Group, due to the risks inherent in the mining and mining-related industries that are presently our core business. We aspire to zero accidents, zero harm to people and additionally, zero damage to the environment. Our safety management is implemented as one of the company's commitments to ensure the existence of a conducive, safe and healthy working environment. Therefore we strive to take the right steps and formulate strategies to create the desired working climate and reduce risks to occupational health and safety.

## Safety Commitment and Framework

Together with peers, Indika Energy Group has helped to set the standard for the industry in Indonesia in the form of global safety performance standards. Our safety commitment is reflected in Indika Energy Group's HSE management system called i-Drive, which has been formulated in accordance with OHSAS 18001:2007 standards. Indika Energy Group's safety commitment is also set forth in the Employee Handbook on Safety.

## Health Safety and Environment (HSE) Committee

A Health, Safety and Environment (HSE) Committee oversee the implementation of safety at Indika Energy Group companies, including formulation of safety policies as well as their efforts to identify hazards, investigate incidents, and educating employees.

## Commitment and Accountability at the Top

Our leaders are accountable for building a culture of safety in their teams and every employee is responsible for keeping themselves and each other safe. To do so, our leaders are required to spend time in the field observing at risk activities and engaging with employees and contractors on how we can enhance our safety processes.

## Proactively Assessing Hazards and Identifying Risks

To deliver ensure optimum safety, we carefully plan our operations, identifying potential hazards and managing risks at every stage. All of our subsidiaries are required to identify, mitigate and control risks specific to their operations, with the goal of identifying common safety risks and minimum mandatory controls towards achieving the goal of zero fatalities.

## Total Recordable Injury Rate (TRIR)

*Number of injuries recorded per million hours worked*

	2019	2018	2017
Kideco	0.28	0.15	0.07
Multi Tambangjaya Utama	0.00	0.00	0.38
Petrosea	0.59	0.64	0.51
Tripatra	0.45	0.87	0.17
MBSS	2.44	1.47	2.62

## Lost Time Injury Rate (LTIR)

*Number of lost-time injuries per million hours worked*

	2019	2018	2017
Kideco	164.45	4.76	3.64
Multi Tambangjaya Utama	0.00	0.00	0.38
Petrosea	0.05	0.05	0.08
Tripatra	0.00	0.07	0.00
MBSS	0.89	0.24	0.52

Mitigation and controls are subject to ongoing review and verification, to make sure that they are designed effectively manage risk with clear points of escalation, accompanied by adequate preparation and training so that they can be properly implemented. We also investigate safety incidents as well as near misses to identify underlying risk factors.

As part of this process, Indika Energy Group has introduced techniques for teams to analyze and redesign tasks to reduce the chance of accidents occurring. We also proactively repair our equipment, including equipment corrosion, which we believe is helping to deliver improvements in process safety in both our upstream and downstream businesses as well as giving employees additional motivation.

We also use leading indicators, like inspections and equipment tests, to monitor the efficacy of our controls in regard to preventing incidents. What we learn from performance insights helps us focus our safety efforts and reduce the chances of mistakes occurring.

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**The risks of cyber-attacks are on the rise for business everywhere and as a preventive step, we regularly upgrade the security of our Information Technology systems**

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## Improving Occupational Safety Through Technology

Indika Energy Group has further implemented cutting-edge digitalization and visualization technologies to make its mining operations safer and more efficient. Our digital platform records historical and real-time data on nearly all of vehicles that we operate, giving our engineers the ability to access and analyze alerts quickly and remotely. This enables early identification and rapid response should an issue arise.

## Safety Performance in 2019

In 2019, we continued to see a reduction in the overall number of safety incidents. All our companies work hard to learn from safety incidents to prevent re-occurrence and ensure everyone goes home safe. Nonetheless, fatality rate of 3.3 per one million hours worked regrettably occurred in 2019 (Kideco: 0.03; Petrosea: 1.00; MBSS: 2.00) – compared to zero fatalities in 2018 and 2017. We take this matter very seriously and have adopted ways to improve our safety operation henceforward. Multi Tambangjaya Utama and Tripatra, however, had consistently recorded zero fatality for three consecutive years during 2017 until 2019.

We continue to work towards eliminating injuries and fatalities in our work for the sake of all Indika Energy Group employees including permanent and contract workers as well as third party contractors.

## Keeping Contractors Safe

Our contractors work more than half of the total hours worked. Their skills and performance are vital to our ability to work safely and responsibly. Therefore, our standard contracts include health, safety and security requirements. For contractors undertaking high risk projects, we also conduct quality, technical, health, safety and security audits before awarding contracts, and socialize them on our safety management system and standards. Once they start work, we continue to monitor their safety performance.

## Cyber-Security Risk Mitigation

The risks of cyber-attacks are on the rise for business everywhere. As we have increasingly incorporated digital technology in our operations, we recognize that we too have increasing levels of risk exposure to cyber-attacks.

As a preventive step, we regularly upgrade the security of our Information Technology systems and infrastructure, and back up important data. We also collaborate closely with governments, law enforcement and industry peers to understand and respond to new and emerging threats. We also launched a cyber-security program among our employees that covers topics such as email phishing and the correct classification and handling of our information, towards mitigating risk. Thanks to such measures, our business was not significantly affected or damaged by cyber-attacks in 2019.

# Education

**Indika Energy believes that education is the key to create positive changes and develop the nation.**

Indika Energy believes that education is the key to create positive changes and develop the nation. In 2019, we therefore continued our support for education both locally around our operational sites, and at a national level.

Some of our initiatives in education included scholarship program which provided by Indika Energy and its subsidiaries Kideco, MUTU, MBSS, Petrosea, Tripatra for children of employees as well as to school students in their operations area.

We believe that to improve education of our young generation not only required opportunity and access to education, but also education infrastructure. Therefore, Tripatra and MBSS also provided computers to schools, enabling students to learn digital skills and undertake the computer-based exams. While Cirebon Power provided library that visited by more than 300 students per month.

A series of informal education activities were also conducted. Tripatra held an Engineering Camp for junior high school students in Jakarta focusing on engineering skills. Interport helped support an early childhood education program and literacy program as well as improved education infrastructure in Teluk Waru, Papua.

Cirebon Power provided vocational training on key skills, and supported educational activities for the surrounding communities. Petrosea held seminars on safety and entrepreneurship, and also held storytelling sessions in school to promote tolerance.

**2,500+** students benefited from Indika Energy Group scholarships

**50+** school students participated in Tripatra Engineering Camp

Petrosea's CSR program in education reached **70** schools and institutions which included **10,708** students



# Health

**Health is the foundation of a productive society, as well as a prerequisite for optimal well-being for all.**

Health is the foundation of a productive society, as well as a prerequisite for optimal well-being for all. As such, Indika Energy held various activities in 2019 to help supplement national health facilities and infrastructure, in order to support optimal health for the communities where we operate.

Among others, our subsidiaries held health-focused programs. Kideco held programs and training for Posyandu Integrated Health Service Post caregivers, as well as an anti-drug and HIV campaign for the community. MUTU focused on health programs for expectant mothers and providing additional nutrition for toddlers. Petrosea held a campaign on healthy living. Cirebon Power provided extra nutrition for young children and health programs for the local community

These activities were aligned with the efforts of previous years whereby Indika Energy had socialized the basics of good hygiene, sanitation and nutrition to school children, raised the level of knowledge regarding health matters within the broader community, pushed to improve sanitation, cleanliness and quality of nutrition, and strengthened the existing health infrastructure in the form of building Posyandu and supporting infrastructure as well as providing health education assistance to the communities where we operate.

We are convinced that developing both education and health services can facilitate community empowerment through the creation of better educated and healthier individuals who can work more productively toward enhanced livelihood and community welfare going sustainably forward.



**4,500+**  
beneficiaries from Kideco's health program and capacity building for Posyandu caretakers

**3,000+**  
toddlers received benefits from Cirebon Power health programs

HIV AIDS campaign for **300+** students and community

**3,000+**  
fisherman received benefits from Cirebon Power health programs

Petrosea helped **11,809** people in 4 project locations, to increase health of the local community

**Petrosea** provided access of clean water through the clean water installation program

# Community Empowerment

**Our community empowerment programs, designed to help local residence become sustainably independent.**

Throughout 2019, Indika Energy continued to enhance its community empowerment programs, which are designed to help local residence become sustainably independent. By doing so, not only do these programs benefit individuals, but they also have a positive impact on local economies.

## Responsibility for Community Relations

Each company in Indika Energy Group has appointed one or more person in charge (PIC) to nurture and facilitate relationships with the local community. The PIC reports and is accountable to the management of the company. In addition, Indika Energy Group expects every single one of its personnel to always support good relations with the local population, in line with Indika Energy Group's values and our commitment to deliver sustainable benefits.

## Stakeholder Identification and Community Consultation

In designing these programs, Indika Energy Group starts by mapping the stakeholders followed by a community consultation phase to ask the community for feedback and ensure that the program is aligned with the community's priorities and needs, so that it truly delivers sustainable benefits.

## Mechanisms for Community Complaints and Feedback

While the program is running, the community can submit feedback or complaints directly to the program manager or to Indika Energy Group at the company level via email, website, telephone and visits to the local Indika Energy Group office. We welcome all input from the community in the hopes that its community empowerment programs can be improved. Feedback and complaints will be recorded in accordance with the policies in each company.

## Community Program

Notable community empowerment initiatives in 2019 included duck breeding program by MBSS in Pasar Mayang village. This program aimed to help villagers successfully breed ducks for their eggs and become an egg production center.

In Papua, Interport trained local community members on setting up fish farming businesses. Kideco also provided support for integrated farming programs.

Cirebon Power helped support small community business such as shrimp paste, batik, sewing, and fish/crab cracker production. Cirebon Power additionally provided revolving funds, as well as monitoring and capacity building for small community business, and micro financing loans for small community business.

Meanwhile in 2019, Kideco continued to enhance its integrated farming system with Green Eco Agro Edu Tourism concept, which based on multicultural farming activities and environmentally friendly production management technology in East Kalimantan.

In addition, since 2014 Indika Energy has collaborated with Indorelawan, a foundation that connects all types of social welfare organizations with volunteers. Indorelawan's website, [www.indorelawan.org](http://www.indorelawan.org), allows organizations or communities to find the right volunteer assistance to reach potential volunteers who can help support their needs. The site also helps volunteers determine whether their skills, location, and schedule match with the information provided on the types of projects and activities that need help.

Indorelawan currently manages **2,400+** partners and **138,000+** volunteers

**1,300+** ducks were given to families in Muara Enim by MBSS

**179** local people at 5 villages in Cirebon benefited from the livelihood support program

Micro-financing for **1,160+** housewives at 5 villages in Cirebon

Petrosea helped **1,508** people in 4 project locations, to increase welfare and economic independence



“ Good corporate governance is critical to ensuring that we are indeed operating efficiently and sustainably in accordance with the plans, strategies and limits that have been established. The management is fully committed to implementing and enforcing effective governance mechanisms within IEG by establishing the right corporate culture, along with a system of checks and balances.

## GOVERNANCE



# Good Corporate Governance

**GRI:** 102-13, 102-14, 102-18, 102-40, 102-43, 102-44, 103-2, 103-3, 205-2, 205-3, 250-2, 250-3, 418-1

**ESG:** Governance

**SDGs:** 16, 17

## How We Think and Approach Governance

In our view, good corporate governance (GCG) is critical to ensuring the continuity and sustainability of our business. Indika Energy as a listed entity on the Indonesia Stock Exchange (IDX) is committed to consistently and continuously implementing good corporate governance, in order to support the long term continuity of the business.

**We are committed to consistently and continuously implementing good corporate governance, in order to support the long term continuity of the business**

The Company strives to always comply with prevailing rules and legislation in Indonesia, including those established by the Financial Services authority (*Otoritas Jasa Keuangan* or OJK), the IDX, regulations related to our business, and other regulations, in order to comply with the prevailing legislation in Indonesia, especially those related to corporate governance, and to ensure the smooth implementation of corporate governance.

Applying good corporate governance and implementing good business integration is based on ethics. Transparency shall be met in order to ensure the sustainability of the company and continue to provide benefits to the interests of stakeholders.

## Engagement with Stakeholders

Indika Energy always takes into account the interests of stakeholders and actively fosters positive relationships and interactions- in harmony with the values and ethics of the Company's

## Indika Energy Group Stakeholders

Stakeholders	Approach & Engagement Methods	Impact on the Implementation of Sustainable Finance
<b>Customers</b>	All Indika Energy Group activities ultimately aim to deliver customer satisfaction through good products and service.	By providing customer satisfaction, Indika Energy Group is able to better maintain and grow its customer base, ultimately supporting business continuity.
<b>Partners and suppliers</b>	In addition to supporting local suppliers, Indika Energy Group is committed to treating partners and suppliers fairly and well.	By maintaining good relationships, Indika Energy Group is able to collaborate with third parties as well as safeguard its supply chain and obtain credit at favorable terms.
<b>Investor</b>	Indika Energy Group continues to foster relationships with shareholders in various ways including through information disclosure and holding General Meetings of Shareholders, in addition to that Indika Energy Group seeks to provide optimal returns to shareholders, among others through the distribution of dividends.	Indika Energy Group is able to maintain investor trust, and its business initiatives receive good response in the market.
<b>Employees</b>	In addition to implementing good labor practices and conducting periodic performance evaluations, Indika Energy Group conducts periodic employee surveys and provides training and competency development.	It is an ongoing challenge to ensure that employees are prepared to optimally perform in today's dynamic business conditions. By attracting and retaining top talents, Indika Energy Group has been able to increase productivity and efficiency.
<b>Community</b>	Indika Energy Group seeks to increase benefits felt by local communities by employing local residents, as well as through CSR programs that provide sustainable benefits.	The communities recognize that Indika Energy Group's presence benefits them and thus they welcome and support Indika Energy Group's activities in their operational areas.
<b>Nation</b>	Indika Energy Group supports the sustainable development of the nation by building energy-related infrastructure and services, and by promoting national tolerance and appreciation for diversity while also making efforts to preserve the environment and national biodiversity.	The dynamic business environment poses challenges, however Indika Energy Group has been able to continue building out national energy infrastructure which will benefit the nation.

Stakeholders	Approach & Engagement Methods	Impact on the Implementation of Sustainable Finance
Regulator	Indika Energy Group complies with all applicable laws and regulations and supports government programs such as the Domestic Market Obligation (DMO) policy in the coal sector as well as the 'Making Indonesia 4.0' program through Indika Energy Group's companies in the ICT sector, as well as by making timely tax payments.	From time to time there are developments in the government's policies, so that Indika Energy Group needs to adjust its activities to remain compliant and optimally support the government.

Business Conduct - include customers, partners and suppliers, investors, employees, communities and regulators.

### Actively Participating in Industry Associations and Other Organizations

Indika Energy Group also works to develop the nation by actively participating in a number of events and associations. We refer to the codes of ethics in the organizations that we have joined for additional guidelines and references in conducting operational activities, whether they are related to business, environment, or local communities.

For example, companies within Indika Energy Group are active in the Indonesian Mining Association (IMA), the Indonesian Association of Mining Experts (PERHAPI), the Indonesian National Shipowners' Association (INSA), the Association of Indonesian Engineering, Procurement, Construction Companies (GAPENRI), and the Indonesian Chamber of Commerce (KADIN).

### GCG Principles

In the course of carrying out our business activities, the Board of Directors and Board of Commissioners of the Company always take into consideration and ensure the application of the GCG principles of transparency, accountability, responsibility, independence and fairness for the shareholders in carrying out the Company's activities ethically and sustainably, in accordance with the values and Code of Business Conduct of the Company, while taking into consideration the interests of other stakeholders.

### Some Manifestations of These Principles include:

#### o Transparent communication with shareholders

The Company routinely communicates and disseminates publications containing information on the Company. This allows the Company to openly obtain feedback which is then used to continuously improve quality, innovation and interaction with the public and society. This commitment is also reflected in the business conduct of each subsidiary, in providing services and maintaining the level of customer satisfaction, including the presence of a dedicated customer service staff in each subsidiary.

#### o Various types of audits

We carry out various types of audits, both internal and external, including risk management audits.

#### o Employees are welcome to give input on GCG implementation

Employees have the opportunity to give input or recommendations regarding the implementation of corporate governance that can be carried out officially at official forums such as town hall meetings or employee meetings with top management which held twice in 2019.

#### o Fairly treating customers and vendors

Indika Energy Group is committed to providing good services to its clients, vendors or consumers.

#### o Data Privacy

Indika Energy Group places high importance on the need to maintain data privacy and confidentiality. Every employee of Indika Energy, without exception, is responsible for protecting the

Company's confidential data and information. Failure to comply shall be subject to sanctions.

#### o Disclosure policy

Indika Energy Group is committed to transparent disclosure of material events and information which are relevant to the Company, in line with the principle of transparency as well as Law No. 8 of 1995 on Capital Markets which governs the disclosure and reporting obligations for Issuers and Public Companies.

### Upholding Diversity as a Strength

Our conviction that there is strength in diversity is apparent in the values of the Company and the Company's Code of Business Conduct, which explicitly states that Indika Energy Group companies do not discriminate based on gender, language, culture, religion, sexual orientation, social and economic status.

Similarly, the Board of Directors and Board of Commissioners of Indika Energy are appointed with consideration to fulfilling the requirements of diversity, including diversity in educational background, experience, age, and gender as discussed below.

### Disclosure of Controlling Shareholders

The controlling shareholders of the Company are PT Indika Inti Investindo and PT Teladan Resources, whereby PT Indika Inti Investindo is indirectly controlled by Mr. Agus Lasmono; and PT Teladan Resources is indirectly controlled by Mr. Wiwoho Basuki Tjokronegoro.

## Governance Structure

Below is a brief overview of the guiding principles, structure and mechanisms related to GCG implementation at Indika Energy Group. The corporate governance structure consists of the General Meeting of Shareholders and the Board of Commissioners supported by the Audit, Risk & Compliance Committee, the Human Capital Committee and the Project & Investment Committee, the Board of Directors, the Corporate Secretary, and Internal Audit.

### a. General Meetings of Shareholders (GMS) in 2019

1 times Annual GMS, 1 times Extraordinary GMS (EGMS) 2019

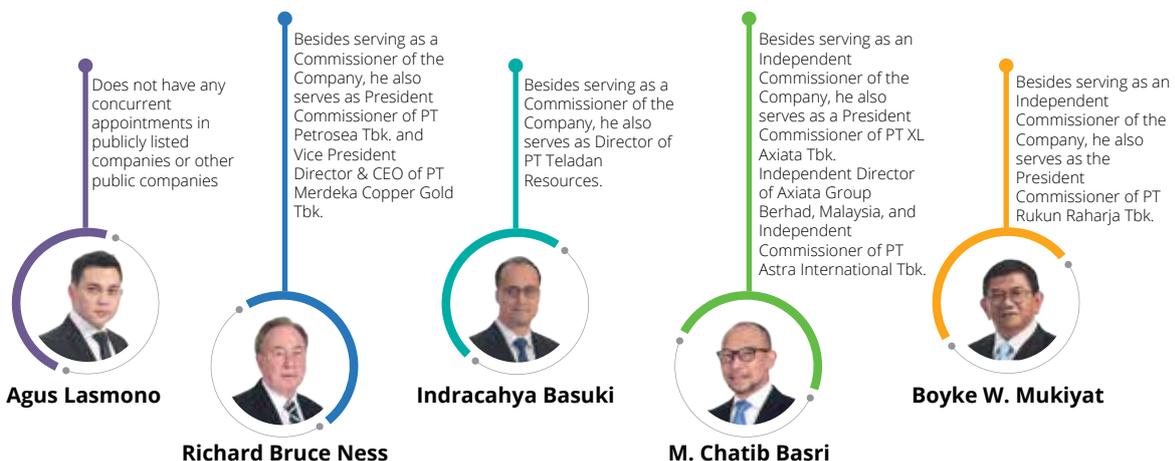
Both held on 25 April 2019. The resolutions may be viewed on the Indika Energy website.

### b. Board of Commissioners

The Board of Commissioners functions to supervise and advise the Company. As of 31 December 2019, the Board of Commissioners consists of 5 (five) people. To be precise, the Board of Commissioners consists of a President

	Responsibilities	Meetings Frequency and Diversity
Audit, Risk and Compliance Committee	The Audit, Risk and Compliance Committee has the task of assisting the Board of Commissioners and monitoring functions, primarily related to the internal control system, financial statements and the external auditors, and review the Company's financial information, the implementation of examinations by the internal auditor, risk management and governance. The Audit, Risk and Compliance Committee also assists the Board of Commissioners with the comprehensive review of the corporate governance policies set out by the Board of Directors and with the assessment of implementation consistency; especially in the case of the business ethics and Corporate Social Responsibility policies. This committee together with the Board of Commissioners is jointly responsible for the Company's response to environment, social and corporate governance (ESG) performance.	Independent members / Total members: 2/3 Number of meetings in 2019: 9
Project and Investment Committee	The Project and Investment Committee monitors and provides advice related to the Board of Commissioners on new investments which will become candidates for proposed investment by the Company.	Number of meetings in 2019: 1
Human Capital Committee	The Human Capital Committee assists the Board of Commissioners with scrutinizing, reviewing and approving the ongoing upgrading and expansion of the Corporate Organization Structure in line with the growth of the Company, as well as overseeing employee remuneration and benefits and the implementation of employee training and professional development.	Number of meetings in 2019: 4

## Concurrent Appointments of the Board of Commissioners



Commissioner, a Vice President Commissioner, a Commissioner, and two Independent Commissioners, who are also involved in overseeing the Group's sustainability policy.

As stipulated in the Company Regulations, members of the Board of Commissioners are not allowed to act as Indika Energy's executives.

**c. Supporting Committees**

In carrying out its duties, the Board of Commissioners is permitted to establish supporting committees. Indika Energy currently has three committees: the Audit, Risk and Compliance Committee, the Human Capital Committee and the Project and Investment Committee.

**d. Board of Directors**

The Board of Directors is responsible for operating and managing the Company for the benefit of shareholders and stakeholders of the Company. In managing its business, Indika Energy is led by a Board of Directors consisting of a Managing Director, and two other Directors ranging in age from 51 – 69 years.

*Non-Affiliated Independent Directors*

The Company's Independent Commissioners fulfill the requirements for Independent Commissioners including not no affiliation with the Company, members of the Board of Commissioners, members of the Board of Directors, auditing parties or the major shareholders of the Company.

*Gender Diversity*

In 2019, Indika Energy Group had female Directors, in line with its commitment to uphold diversity. Our commitment to hiring and advancing on merit, without gender bias, was demonstrated by having women in Indika Energy Group's Executive Leadership.

**e. Corporate Secretary**

The Corporate Secretary serves as the contact person of the Company for external parties, especially the government, capital market authorities, the media and related stakeholders in accordance with the prevailing laws and regulations in performing his/her duties.

**f. Internal Audit**

Internal Audit functions to provide objective assurance and independent and objective consultation that aims to increase and improve the operational activities of the Company through a systematic approach, by evaluating and improving the effectiveness of internal control, risk management and corporate governance processes in accordance with legislation and company policies.

Internally, we have 3 (three) employees in the Internal Audit unit which consists of 1 Senior Vice President officer, 1 Senior Manager officer, and 1 auditor. The number of internal auditors will continue to be adjusted to the needs of business management. Internal Audit that carries out its duties and responsibilities in accordance with the Audit Plan prepared with the Audit, Risk and Compliance Committee, including ad hoc audits prepared by Management. The scope of work of Internal Audit covers good operational, financial and internal supervision activities in the Company.

**g. External Assurance**

Indika Energy Group's financial statements are regularly audited by a Public Accountant in accordance with Regulations of Otoritas Jasa Keuangan (POJK) Number 13/POJK.03/2017 dated as of 27 March 2017 concerning the

**Concurrent Appointments of the Directors**

**M. Arsjad Rasjid P.M.**

Aside from serving as the President Director of the Company, as Commissioner of Kideco, PT Indika Energy Infrastructure, PT Rukun Raharja Tbk. He also holds position as President Director of PT Indika Inti Corpindo and PT Indika Infrastruktur Investindo. He is also the Chairman of Indika Foundation.



**Eddy Junaedy Danu**

Aside from serving as a Director of the Company, he also serves as President Commissioner of PT Tripatra Multi Energi, PT Interport Mandiri Utama, and PT Indy Properti Indonesia.



**Azis Armand**

Aside from serving as a Director of the Company, he concurrently serves as President Commissioner of PT Mitrahaftera Segara Sejati Tbk, PT Kideco Jaya Agung, as Vice President Director PT Indika Inti Corpindo, and Director of PT Indika Energy Infrastructure.



Use of Public Accountant and Auditing Firm in Financial Services Activities.

In the opinion of the Public Accountant, the consolidated financial statements of Indika Energy for the 2019 book year have been presented fairly in all material aspects, in accordance with Indonesian Financial Accounting Standards.

In accordance with Regulation of the Financial Services Authority (POJK) Number 13 / POJK.03 / 2017 dated March 27, 2017 concerning Use of Public Accountant Services and Public Accountant Offices in Financial Services Activities of clients can only be done by the Public Accountant Firm depending on the evaluation results of the Audit Committee to the financial potential for the use of services from the Public Accountant Firm that both use tracking-assistance for a fairly long period of time. While for Public Accountants, the maximum period of time is 3 (three) financial years completed.

For the 2019 financial year, public accountant Mr. Alvin Ismanto signed the Independent Auditor's Report on behalf of Public Accountant Imelda & Rekan based on Audit Standards established by the Indonesian Institute of Certified Public Accountants and in accordance with the scope of work that has been determined and agreed upon.

### **Company Values and Code of Business Conduct**

Indika Energy Group has established several company values as well as a Code of Business Conduct, which has been socialized to all employees. In this way, we hope to create a corporate culture of ethical behavior that upholds the principles of corporate governance.

All organizational levels in Indika Energy Group are required to comply with these policies, whereby violations may lead to disciplinary actions including termination of employment. Supplier Code of Conduct also applies to relationships with external parties including suppliers, who are expected to act professionally and ethically and these expectations are laid out in the Indika Energy Group Code of Conduct. Violations may result in termination of relationships.

### **Ethical Behavior & Anti-Corruption Policies**

The Company's Code of Conduct essentially regulates issues that become the responsibility of the Company, members of the Company and order parties involves with the Company's business, including:

- o Corporate Business Ethics details how the Company should behave and act as an entity in the attempt to balance its interests and those of stakeholders based on the principles of GCG and sound corporate values.
- o Individual Code of Conduct summaries how individuals in the Company's organization should interact, behave, uphold the ethics and act in accordance with the prevailing standards and regulations.
- o Socialization Code of Conduct and the reporting procedures of a violation and discrepancy to the Company's Code of Conduct, other regulations and applied sanctions, is conducted effectively and in overall to Board of the Company and stakeholders.
- o Subsidiaries
  - o The Company is fully aware of the negative impact caused by corruption and bribery.

Therefore, the Company actively engaged and is committed to eradicate corruption in the country. Step taken by the Company as its main priority is to prevent corruption and bribery as part to create anti-corruption culture in internal environment.

- o During 2019, there were no reports of corruption and gratification in the Company so that no actions were taken relating to corruption.

The anti-corruption policies are in overall contemplated in the Company's Code of Ethic in chapter Business Ethic and Work Ethic, specifically in the point of conflict of interest, granting and receiving, unusual payment, and monitoring and utilization of asset. All employees are obligated to sign Integrity Agreement to support anti-corruption policy. In addition, the Company has special policies regulation the prohibition of granting and receiving gifts as well as gratification.

All members of the Company must avoid all types of economic conflict of interest potentials which may harm the Company. All members of the Company are prohibited to conduct activities that bring profit for personal, family, or relative interest, whether directly or indirectly. To avoid the possibility of any conflict of interest, members of the Company who hold the positions that have any conflict of interest must release themselves of the situation or disclose it to the superior or any party which is responsible to manage it.

### **Whistleblower Policy**

Since December 2013, Indika Energy has set up a reporting system (whistleblowing) is for violations or noncompliance both in English and

Bahasa Indonesia. This complaints mechanism is very important as violations that are not addressed have the potential to damage the reputation and public trust of any companies in the Group. The system is embedded in employee internal portal that is accessible 24/7.

Employees of Group Companies who see any indication of violations and decide to file a report may also do so through their direct supervisor in accordance with prevailing rules and procedures. With this reporting system for violations, all stakeholders in the Group Companies including employees, suppliers and the related general public can and should report violations of ethical business conduct of any company in Indika Energy Group.

All reports on non-compliance will be followed up by fulfilling the criteria for a complaint, namely:

- o Explain who, what, when, where, why and how.
- o Submit initial evidence (data, documents, images and recordings) that support or explain the violation.
- o Expected to provide source of data and information to substantiate the complaint. If the criteria are complete, the complainant (employees, suppliers and the related general public) can submit a complaint via the Company's whistleblowing website, or by mail addressed to the Board of Ethics.

### Whistleblower Mechanism

Indika Energy provides several channels for whistleblowing, namely email, mail, telephone, facsimile, and dedicated website with guaranteed confidentiality.

### Protection for Whistleblowers

Whistleblowing must be conducted with good intentions and not a personal complaint or based on bad will or defamation. The whistleblower is obligated to clearly state his/her identity on the report along with relevant evidence. The recipient of the report must keep the whistleblower's identity confidential as a part of the Indika Energy's obligations to protect the whistleblower. The Company is obligated to follow up every report in accordance with prevailing procedures and mechanisms. The Company will also provide legal protection as stated in the prevailing laws and regulations.

The details of reports that have been received through the whistleblowing system are as follows:

### Management of ESG Impacts, Risks and Opportunities

As such, the Board of Directors is tasked with supervising our approach to sustainability, while the Audit, Risk and Compliance Committee further discusses the Board of Directors' corporate governance policies and

the consistency of their application, especially with regard to business ethics and sustainability.

Specifically, for program sustainability, in addition to the Audit, Risk and Compliance Committee, Indika Energy has also formed a Sustainability Panel team consisting of the Directors who are responsible for sustainability activities both at the holding level and at subsidiaries. The team works to supervise the Group's application of sustainability policy and holds discussions on sustainability strategies that every year to evaluate all of the sustainability programs and strategies implementation.

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**Indika Energy believes in high standards in corporate governance are crucial towards implementing effective strategies, in order to deliver long-term benefits and maintain social license to operate**

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We have also developed a Sustainability DNA Platform that has been used by every Company in the Group since 2016. This platform consistently maps the direction of sustainability activities and communicates developments in order to ensure that the company's sustainability program is effective. This Sustainability DNA platform is expected to help bridge the sustainability processes at various subsidiaries so as to simplify risk analysis, planning, approval, and monitoring of sustainability activities execution.

Type of report	Year		
	2019	2018	2017
Number of reports	0	0	0
Reports that fulfill the conditions for follow on action	0	0	0
Complaints still in process	0	0	0

## Management Competency Development

Capability improvements are very important for the Board of Commissioners and the Board of Directors so that they always get the most updated information on the latest developments of the Company's primary business.

During 2019, a number of Indika Energy Group Commissioners and Directors participated in a training and competency development program in the form of a "BOC & BOD Induction Indika Energy Group" program held on 2 May 2019. From time to time, members of the Board of Commissioners and Board of Directors also participate in various events as part of competency development.

In addition, members of various supporting committees, Corporate Secretaries and Internal Audit units also participated in training and competency development.

## Executive Remuneration

Indika Energy's policy is to provide income or remuneration and other facilities for the Board of Commissioners and Directors pursuant to the SOE Minister Regulation no. PER-04/MBU/2014 dated 10 March 2014 concerning Guidelines for Determining the Income of Board of Directors, Board of Commissioners and Supervisory Board of State-Owned Enterprises, which was first amended by SOE Minister Regulation No. PER-02/MBU/06/2016 dated 20 June 2016 and second amendment to Minister of State-Owned Enterprises Regulation number PER-01/MBU/06/2017 dated 19 June 2017.

Based on the provisions in POJK 34, the remuneration structure of the Board of Commissioners can be in the form of fixed and / or variable salaries, honorariums, incentives, and / or benefits. Furthermore, in the preparation of the structure, policies, and the amount of remuneration as referred to in the foregoing, attention must be paid to:

- o Remuneration that applies to similar industries in accordance with the Company's business activities;
- o The duties, responsibilities and authority of the members of the Board of Directors are related to the achievement of the Company's goals and performance;
- o Performance targets or the performance of each member of the Board of Directors;
- o The balance of allowances between those that are permanent and variable; and
- o The structure, policies and remuneration amount must be evaluated by the Human Capital Committee annually.

The performance of the Board of Commissioners and Directors, as measured by economic, social and environmental performance as well as policies and programs related to the environment and corporate CSR, form the basis for determining the amount of remuneration given.

Details of the compensation given to the Commissioners and Directors of Indika Energy are as follows:

	2019	2018	2017
Remuneration for Board of Commissioners	US\$ 1,060,713	US\$ 778,517	US\$ 894,734
Remuneration for Board of Directors	US\$ 1,976,818	US\$ 1,815,301	US\$ 1,278,487

## Standardization and Certification

Indika Energy does not have certification relating to the environment, but through its subsidiaries it has environmental certification such as ISO14001:2004 for Environmental Management.

The Company also implemented rules and developed an HSE management system, namely i-DRIVE, which is listed in the Employee Guidelines on Safety, in line with OHSAS 18001: 2007. With this system, high safety standards are reflected in the actions of each employee to take responsibility for individual safety as well as the safety of all members of the team.

## Customer Protection Activity Program

Customers are stakeholders who have a central role in ensuring the continuity of the business through their purchase of products and services. Through the criticism and suggestions they deliver, customers are key partners in developing business in the future. Indika Energy Group is therefore committed to providing the best performance and services to its customers.

Consumer satisfaction is one of the keys behind the Company's continuous growth. Our subsidiary such as Petrosea strives to grow a culture of service and product excellence for all of its consumers. Therefore, Petrosea implements policies that refer to the Quality Management System and

procedures in accordance with the requirements of ISO 9001:2015, which is applied together with ISO 14001:2015 for Environmental Management System and ISO 45001:2018 for Health Management System and Safety at all operational areas.

### **Customer Satisfaction Survey**

The Customer Satisfaction Survey is regularly conducted to monitor the Company's effectiveness in meeting its clients' needs. In 2019, Petrosea's customer satisfaction survey was out by each respective business line based on parameter for Contract Mining, Engineering & Construction and Logistic & Support for Oil & Gas Services business lines for 2019 reporting period.

### **Customer Complaints**

Indika Energy Group does not yet provide customer complaint services related to operational activities for each project, but the Sustainability Officers in each project also act as External Relations Officers who are always ready to receive complaints from the local community others to find solutions for problems.



# SDGs, ESG and GRI INDEX

SDGs	ESG PARAMETERS				
SDG 6 - Clean Water and Sanitation SDG 7 - Affordable and Clean Energy SDG 12 - Responsible Consumption and Production SDG 13 - Climate Action SDG 14 - Life Below Water SDG 15 - Life and Land	Environmental	Materials	GRI 301-1 GRI 301-2 GRI 301-3		
		Energy	GRI 301-1 GRI 301-2 GRI 301-3 GRI 301-4 GRI 301-5		
		Water	GRI 303-1		
		Effluents and Waste	GRI 306-2 GRI 306-4		
		Biodiversity	GRI 306-6		
		SDG 3 - Good Health and Well Being SDG 4 - Quality Education SDG 5 - Gender Equality SDG 8 - Decent Work and Economic Growth SDG 10 - Reduces Inequalities	Social	Employment	GRI 401-1
				Labor and Management Relations	GRI 402-1
				Occupational Health and Safety	GRI 403-1
				Training and Education	GRI 404-2
				Diversity and Equal Opportunity	GRI 405-1
Non-Discrimination	GRI 406-1				
Freedom of Association and Collective Bargaining	GRI 407-1				
Child Labor	GRI 408-1				
Forced or Compulsory Labor	GRI 409-1				
SDG 16 - Peace, Justice and Strong Institutions SDG 17 - Partnerships for the Goals	Governance	Organizational Profile	GRI 102-1 GRI 102-2 GRI 102-3 GRI 102-4 GRI 102-5 GRI 102-7 GRI 102-8 GRI 102-9 GRI 102-10 GRI 102-11 GRI 102-13		
		Economic Performance	GRI 201-1 GRI 201-2		
		Indirect Economic Impacts	GRI 203-2		
		Strategy	GRI 102-14		
		Governance	GRI 102-18		
		Stakeholder Engagement	GRI 102-40 GRI 102-43		
		Reporting Practice	GRI 102-45 GRI 102-46 GRI 102-48 GRI 102-49 GRI 102-50 GRI 102-51 GRI 102-52 GRI 102-53 GRI 102-54 GRI 102-55		
		Anti Corruption	GRI 103-2 GRI 103-3		
		Anti Competitive Behavior	GRI 205-2 GRI 205-3 GRI 206-1		

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