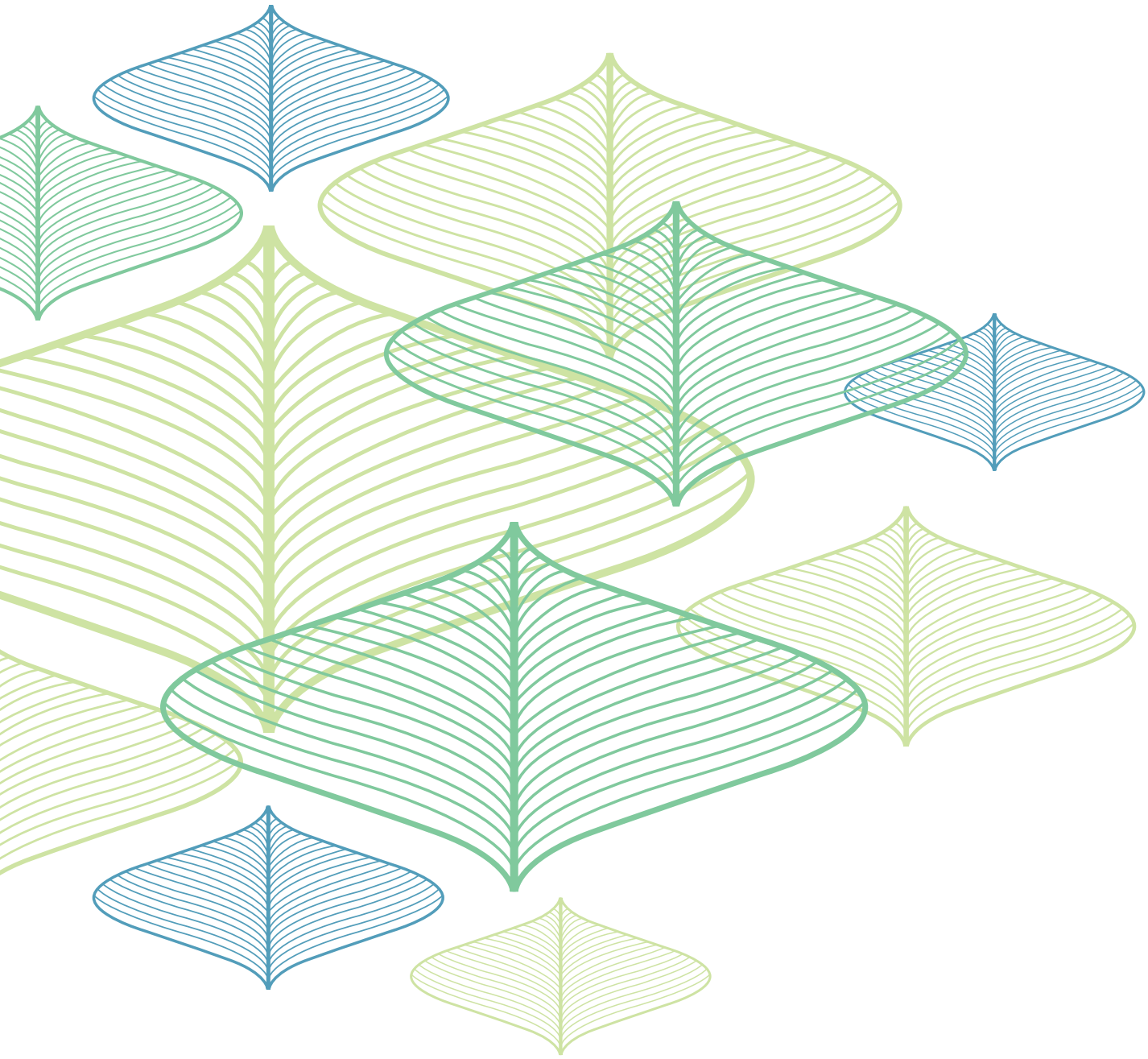
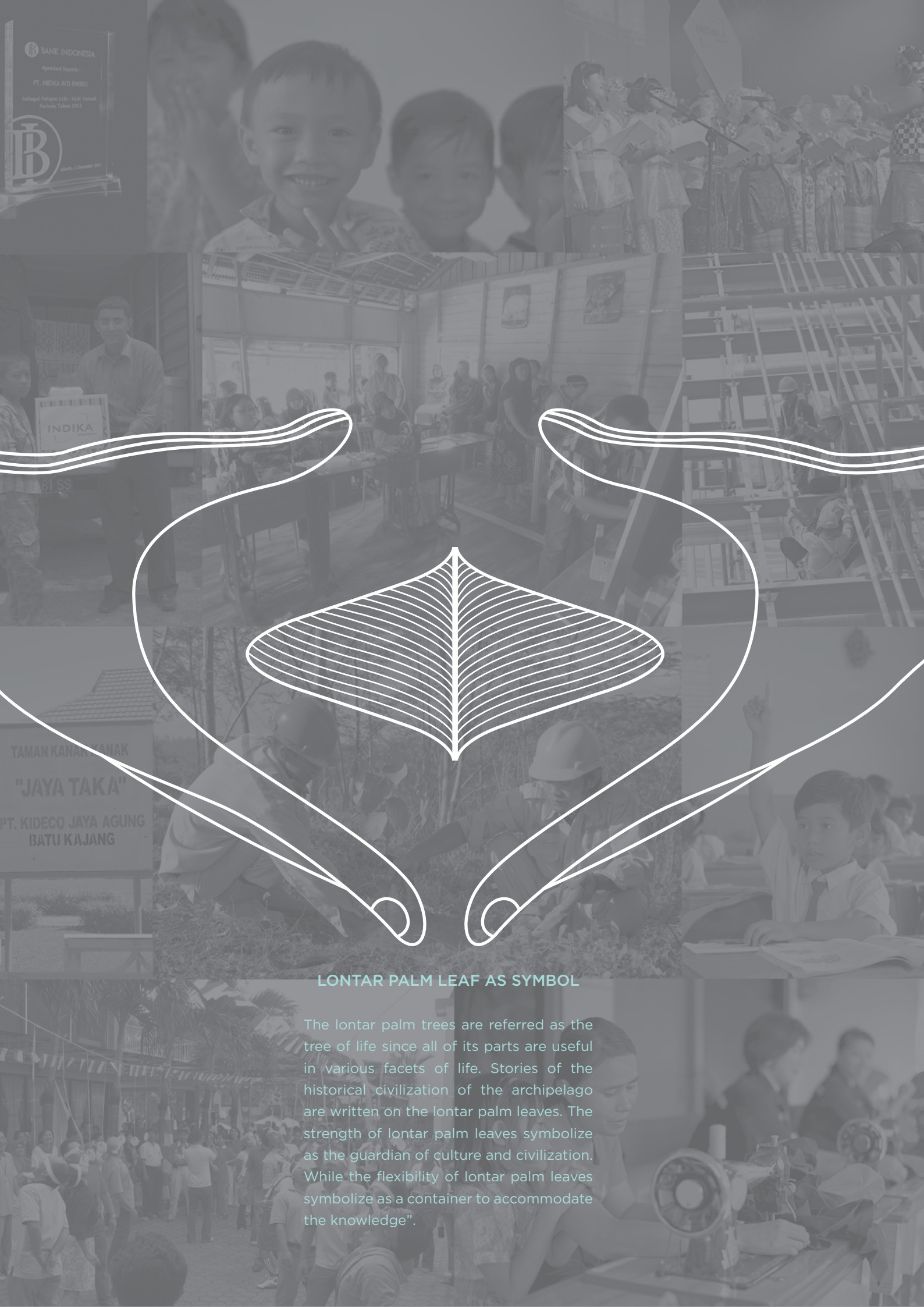
SUSTAINABILITY REPORT

INDIKA ENERGY



2013

FORGING RESILIENCE



LONTAR PALM LEAF AS SYMBOL

The lontar palm trees are referred as the tree of life since all of its parts are useful in various facets of life. Stories of the historical civilization of the archipelago are written on the lontar palm leaves. The strength of lontar palm leaves symbolize as the guardian of culture and civilization. While the flexibility of lontar palm leaves symbolize as a container to accommodate the knowledge".

2013

FORGING RESILIENCE

PT Indika Energy Tbk.

PRESIDENT DIRECTOR'S MESSAGE (G4-1)

PRESIDENT DIRECTOR'S MESSAGE (G4-1)



Wishnu Wardhana
President Director & Group CEO

> "Our programs are created for the Indonesian people with the objective of educating and instilling them with the culture of their homeland and values toward integrity, while enabling them to create a healthier way of life."

DEAR STAKEHOLDERS,

Throughout 2013, Indika Energy has carried out efforts to strengthen the resilience in responding to two most pressing challenges, the decline in thermal coal prices and the higher oil price, which impacted Indika Energy's financial results significantly. In 2013, Indika Energy's Total Revenues increased by 15.2% to US$863.4 million, mainly contributed from Tripatra's engineering, procurement and construction (EPC) projects. Equity in Net Profit of Associates and Jointly-Controlled Entities declined by US$76.5 million to US$102.5 million in 2013, due to lower contribution from Kideco Jaya Agung and Santan Batubara.



Despite the increase in revenues, taking into account the recognition of one-off exceptional charges of US$63.3 million (of which US$27.8 million are non-cash charges), Indika Energy reported Loss Attributable to Owners of the Company of US$62.5 million.

Responding to the prolonged coal business downturn, Indika Energy continued to strengthen the Company's resilience for the coming years, among others, through cash preservation, strictly costs control, as well as operational efficiency with continuous commitment and contribution to the sustainability of the community and the country.

Adhering to the values of integrity, unity in diversity, teamwork, achievement, and social responsibility, Indika Energy focuses on creating a positive outcome for its shareholders, employees, and stakeholders in the communities in which we undertake our businesses. Our programs are created for the Indonesian people with the objective of educating and instilling them with the culture of their homeland and values toward integrity, while enabling them to create a healthier way of life. Hence we are developing and delivering programs and activities that are aligned with and support the Indika Energy Group's business strategies, while promoting meaningful change in communities toward improving the quality of life.

Indika Energy also consistently strives to implement the principles of good mining practices through our commitment to maintain high standard of health and safety throughout all levels of all of our business units will ensure optimal worker wellbeing, while maintaining low-risk, low-cost operations. We also make every effort possible to ensure the preservation of the biodiversity of the flora and fauna, and effectively leverage technological innovation.

This sustainability report is one of Indika Energy's efforts in practicing the Company's accountability to continue growing according to the principles of sustainability, and to contribute to maintaining the harmony of profit, people, and planet.

Finally, we would like to express our sincere appreciation to all stakeholders for their participation together with the Company in making positive contributions to the community. We value all inputs, as they are important for us to build Indika Energy's sustainability strategy for the future.

"Indika Energy also consistently strives to implement the principles of good mining practises through its operations."

Jakarta, August 2014



Wishnu Wardhana

President Director & Group CEO



VISION:

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


KIDECO
KIDECO

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1. ABOUT THIS REPORT

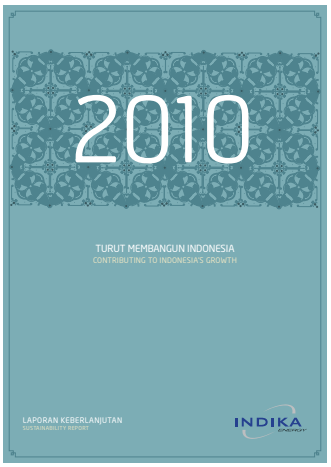
1 ABOUT THIS REPORT

This document is the fourth year of sustainability report (G4-30). As in the previous year, this report was prepared using data from 1 January to 31 December 2013 (G4-28; G4-29). All data presented has undergone an internal validation process. The specific data on material aspects performance has been validated through reports submission by the government andrelated parties (G4-33).

A number of data reported in connection with quality management was certified, such as ISO 9001; OHSAS 18001 for the occupational health and safety management system; and ISO 14001 for the environmental management system. The report on economic performance referred to the annual report verified by a public accountant (G4-33).

Indika Energy invites key stakeholders on a regular basis to discuss their specific areas of interest regarding the Company's operation. The main focus of this report will only relate to material topics relevant to Indika Energy's business sectors (G4-18).

This report was prepared using the Global Reporting Initiative, Generation 4 (GRI G4) approach. After observing the performance and operational impacts, as well as the compliance of the report principles on content and quality, the Company chose







MATERIAL ASPECTS AND BOUNDARIES OF THE REPORT

Core (G4-32) as the report approach. The materiality of this report, in the context of sustainability, refers to issues and various activities that have significant relevance toward the business sustainability, and those being the stakeholders' interests. This part will be explained further in a separate chapter.

As initiated in the previous year, material aspects related to the Indika Energy business have been identified through a number of researches, focus group discussions with relevant stakeholders, and stakeholders feedback. The results of this process were then grouped into categories and aspects in accordance with GRI G4 Sustainability Reporting Guidelines (G4-18).

Last year's report stated that one of the material issues is to prioritize the involvement of local contractors, particularly in Energy Services. Taking into account the performance, evaluation, and feedback from the stakeholders, this issue was included in the sub-category of training and education, as almost all local contractors were unable to meet the Company's standard requirements (G4-22). Based on this, generally there were no significant changes in material aspects as reported in the previous report (G4-13; G4-23).

There were a number of material issues in the business chain that have not been comprehensively reported, i.e. the issues of anti-competition and anti-corruption. Firstly, Indika Energy's obligations in several energy service and infrastructure projects must comply with regulations on the local content requirements. The regulations govern that local contractors are given priority, although most of them have yet to possess adequate performance standards. Secondly, the pressure from a number of Regional Owned Enterprises (*Badan Usaha Milik Daerah/BUMD*) often offers practices that may compromise Indika Energy's code of conduct on anti-corruption (G4-20; G4-21).

The material aspects faced by the Company were generally originated by the operational impacts of the Energy Services business. In 2013, the largest contributor to the Company's revenue came from the Energy Services: PT Petrosea Tbk. (41.8%) and PT Tripatra (35.2%). The position was then followed by the Energy Infrastructure: PT Mitrabahtera Segara Sejati Tbk. (MBSS) (17.6%), while the remaining 5.4% was contributed by other subsidiaries (G4-6; G4-9; G4-17).

With a view to the sustainability context, prioritization of material aspects, data validation, and formulation of significant impacts of the business operations, the material aspects reported are as follows (G4-19):

Table 1 Material Aspects Reported

Category	Material Aspects
Economic 	• Economic Performance • Indirect Economic Impacts
Environmental 	• Energy • Water • Waste
Social Labor Practices and Decent Work 	• Employment • Occupational Health and Safety • Training and Education
Society Product Responsibility 	• Local Communities Empowerment • Product and Service Labeling, specifically with regard to customer satisfaction

Those material aspects were subsequently integrated into the Company's risk management, performed in all business activities, functions, and processes. The pattern of managing risks, through action plans, was adjusted to the degree of risk of each material issue. The Investment Committee, Internal Auditor, and risk owner regularly carried out an assessment on the degree of risk to discover the progress of each material issue, and to determine plan of actions. This approach formed the basis of Indika Energy's accountability report for its sustainability commitment (G4-14; G4-18).

On the reporting side, the reported sustainability performance included the subsidiaries but was limited to: PT Multi Tambang Jaya Utama (MUTU), PT Petrosea Tbk. (Petrosea), PT Tripatra Engineering dan PT Tripatra Engineers & Constructors (Tripatra), PT Mitrabahtera Segara Sejati Tbk. (MBSS), PT Kuala Pelabuhan Indonesia (KPI), and PT Cirebon Electric Power (CEP). The choice was made based on the size of contribution in terms of income, ownership, and data availability. In principle, Indika Energy encourages each subsidiary company to prepare its own sustainability report.

All inputs, critiques, suggestions and clarifications of data can be addressed to (G4-31):

PT Indika Energy Tbk.
Graha Mitra 7th Floor
Jl. Jend. Gatot Subroto Kav. 21
Jakarta 12930, Indonesia
www.indikaenergy.co.id
email: sustainability@indikaenergy.co.id



2. INDIKA ENERGY IN BRIEF

2

INDIKA ENERGY IN BRIEF

OVERVIEW

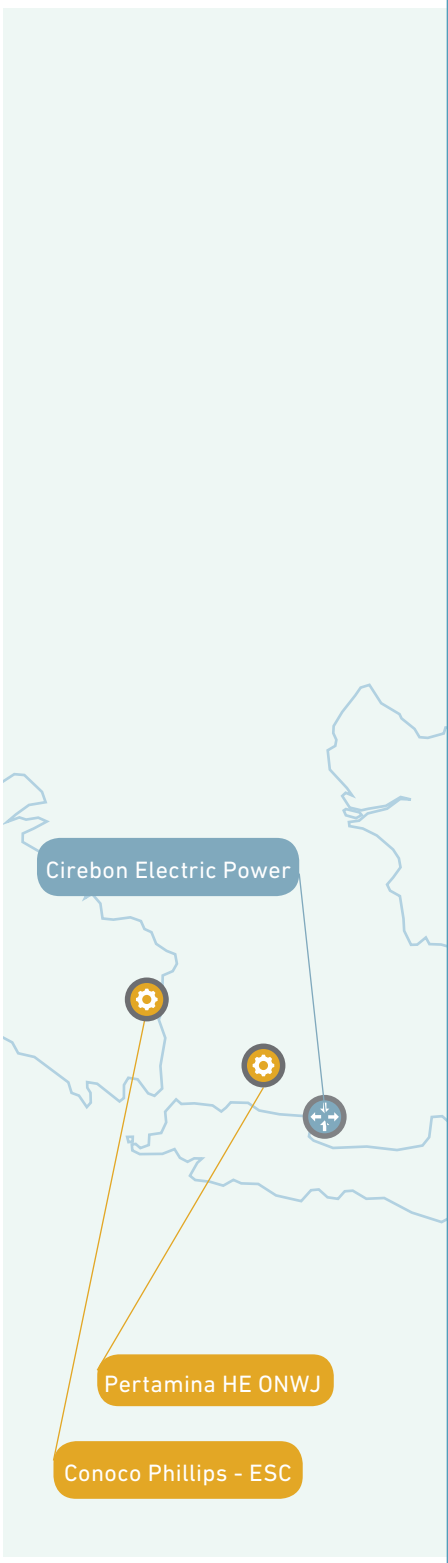
PT Indika Energy Tbk, hereinafter referred to “Indika Energy” or “Company”, has been listed in the Indonesian Stock Exchange since 2008 (G4-3). The Company, founded in 2000, has now grown into Indonesia’s integrated energy companies. Indika Energy consistently develops and expands its scope of business, both organically and through acquisitions that encompass sectors of energy resources, energy services and energy infrastructure (G4-3; G4-4; G4-5).

Indika Energy provides complementary products and services for both domestic and international customers. The Company is also able to take advantage of growth opportunities in various energy sectors in Indonesia. At the end of 2013, Indika Energy developed into a group of companies with operational activities spread out in the country’s various regions (G4-12).

ENERGY RESOURCES

The pillar of energy resources focuses on exploration, production and coal processing. Since 2004, Indika Energy has operated in the coal mining industry through the 46% share ownership of PT Kideco Jaya Agung. Then, in 2009, Indika Energy added PT Santan Batubara to the coal mining business portfolio through the acquisition of PT Petrosea Tbk. In 2012, Indika Energy added PT Mitra Energi Agung (MEA) and PT Multi Tambangjaya Utama (MUTU) that are still under development into the corporate portfolio.

In 2013, through PT Kideco Jaya Agung and PT Santan Batubara, the total coal production reached 39.1 million tons.





Energy Resources Bussiness Unit Energy Services Bussiness Unit Energy Infrastructure Bussiness Unit

Kideco produced a range of sub-bituminous coal with very low sulphur content (0.1%) and ash (2.5% in average) and relatively low level of nitrogen during the burning process, making it environmentally friendly to be used in coal-fired power plants.

ENERGY SERVICES

The energy services business pillar consists of Tripatra and Petrosea. Tripatra specializes in engineering, procurement and construction (EPC) services, operational and maintenance (O&M) services, as well as logistical services in the energy sector. On the other hand, Petrosea is the service provider of comprehensive mining solutions supported by services in engineering, project management and logistics in the coal mining industry sector, as well as oil and gas in Indonesia.

Through 2013, Tripatra undertook major projects, such as the Banyu Urip Project owned by Mobil Cepu Ltd in Bojonegoro and Gas Production Facilities Project owned by Pertamina Medco Tomori Sulawesi in the Toili Senoro Block. In December 2013, Tripatra, with its consortium partner, PT Saipem Indonesia, PT Chiyoda International Indonesia, and PT Hyundai Heavy Industries Co Ltd signed a new EPC-1 project contract to build a floating production unit (FPU) for ENI Muara Bakau BV in the Langkrik complex, Muara Bakau, the Makassar Strait, East Kalimantan.

Petrosea now operates four mining locations in East Kalimantan, which are Gunung Bayan Pratama Coal Mining, Santan Batubara, Adimitra Baratama Nusantara and Kideco. Petrosea also operates a deep-water offshore supply base located in Tanjung Batu, West Balikpapan, East Kalimantan.

ENERGY INFRASTRUCTURE

There are four core assets within the energy infrastructure business pillar, namely Mitrabahtera Segara Sejati (MBSS), Cirebon Electric Power (CEP), Petrosea Offshore Supply Base (POSB) and Kuala Pelabuhan Indonesia (KPI).

MBSS is a fully integrated one-stop coal transportation and logistics company. Founded in 1994, the Company provides coal handling management services from port, barging, river and sea based transportation, to offshore vessels by using a floating crane system.

CEP is an electricity company in West Java with a capacity of 660 MW, adopting technology that consumes less coal and produces fewer emissions. The recycled remnant ash and greenhouse gas emission records are significantly below the government-set threshold level.

POSB is an offshore logistics supply service provider for international and national oil and gas exploration and extraction companies operating in the Makassar Strait. KPI is a subsidiary with integrated operations, management, logistics, maintenance and portside services that operates in Timika, Papua.



PETROSEA, operates four mining locations in East Kalimantan



CIREBON ELECTRIC POWER, electricity company in West Jawa



CIREBON ELECTRIC POWER, adopting technology that consumes less coal and produces fewer emissions

Table 2 Three Pillars of Business at Indika Energy (4-6; G4-7; G4-8)

Business Pillar	Company	Ownership
Energy Resources	PT Kideco Jaya Agung (KJA)	46%
	PT Indika Multi Daya Energi	100%
	PT Multi Tambangjaya Utama (MUTU)	85%
	PT Santan Batubara	34.9%
	PT Mitra Energi Agung (MEA)	60%
Energy Services	PT Petrosea Tbk	69.8%
	PT Tripatra Engineering dan PT Tripatra Engineers & Constructors (TRIPATRA),	100%
Energy Infrastructure	PT Mitrabahtera Segara Sejati Tbk (MBSS)	51%
	PT Cirebon Electric Power (CEP)	20%
	PT Petrosea Offshore Supply Base (POSB)	69.6%
	PT Kuala Pelabuhan Indonesia (KPI)	100%

SUSTAINABILITY APPROACH

Indika Energy's performance in the energy business is very dependent on the availability and reserves of natural resources, as well as the ability to engage with the stakeholders. The Company's main strategy is to provide optimal contribution to sustainable development. Therefore, Indika Energy always integrates its performance in safety, health, environmental conservation and preservation, social contribution, and economic factors in all dimensions of its decision-making process.

Despite the fact that each subsidiary, in accordance with the relevant business pillar, is granted autonomy in contributing to sustainable development, it should align with Indika Energy's policy that pays extra attention toward community, environmental conservation, control over potential fatal risk, and occupational health, security, and safety.

STAKEHOLDERS

The chain of mutual influence in contributing to sustainable development, both internally and externally, makes up the Company's stakeholder engagement strategy, using the AccountAbility1000: Stakeholder Engagement Standard (AA1000:SES) as a reference (G4-25).

Following the results of assessment, evaluation, and implementation of the stakeholder engagement, Indika Energy categorized its primary stakeholders into nine groups, namely (G4-24):

(1) Shareholders;
(2) The Government and regulators;
(3) Employees;
(4) Contractors and or business partners;
(5) Suppliers;
(6) Consumers;
(7) Local and *adat* (traditional) communities;
(8) Media; and
(9) Non-governmental organizations (NGOs) and other civil society groups.

This grouping was defined based on considerations of risk management and significant impacts - both negative and positive - of the Company's operations.

Table 3 Stakeholder Engagement (G4-24; G4-26; G4-27)

Stakeholders	Interests	Engagement
Shareholders	• Opportunity for long-term growth • Commitment to achieve sustainable development goals	• General Meeting of Shareholders • Periodic communication • Routine meetings • Annual Report • Sustainability Report
Government (Regulator)	• Compliance with regulations • Tri-sector partnership • Monitoring of social and environmental performance	• Official meetings • Joint Program • Performance reporting
Employees	• Occupational Health and Safety (OHS) • Career and remuneration	• Performance Review • Direct communication • Internal media • Education and training • Annual Report • Sustainability Report
Contractors	• Transparent, fair and competitive business • Sustainable growth • Reward and punishment	• Routine meetings • Participation and initiation of OHS • Joint social program
Suppliers	• Collective Labor Agreement • Prioritization for local content • Transparency	• Capacity building • Publication and dissemination of performance reports
Consumers	• Timeliness • Product quality • Waste management	• Routine communication • Technological innovation and technical support • Dissemination of product information

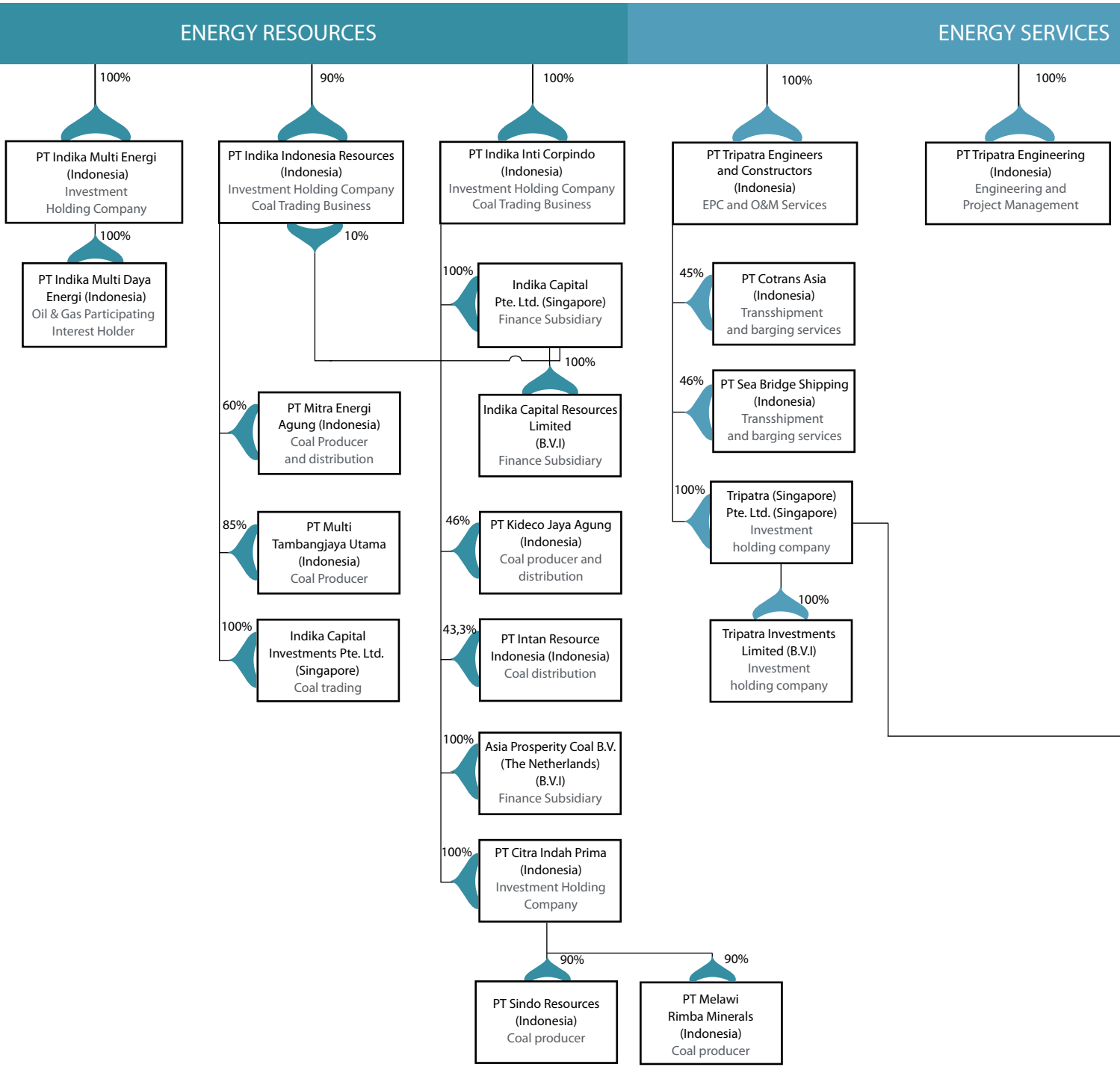
Table 3 Stakeholder Engagement (G4-24; G4-26; G4-27)

Stakeholders	Interests	Engagement
Communities	• Impact management • Local manpower absorption • Contribution to the community capacity development • Community development	• Public consultation • Participation in the management of community development programs • Publication and dissemination of reports
Media	• Disclosure of information	• Media visit • Interview • Advertorial
NGOs and Civil Societies	• Social and environmental performance • Tripartite partnership	• Consultation • Partnership • Sustainability Report

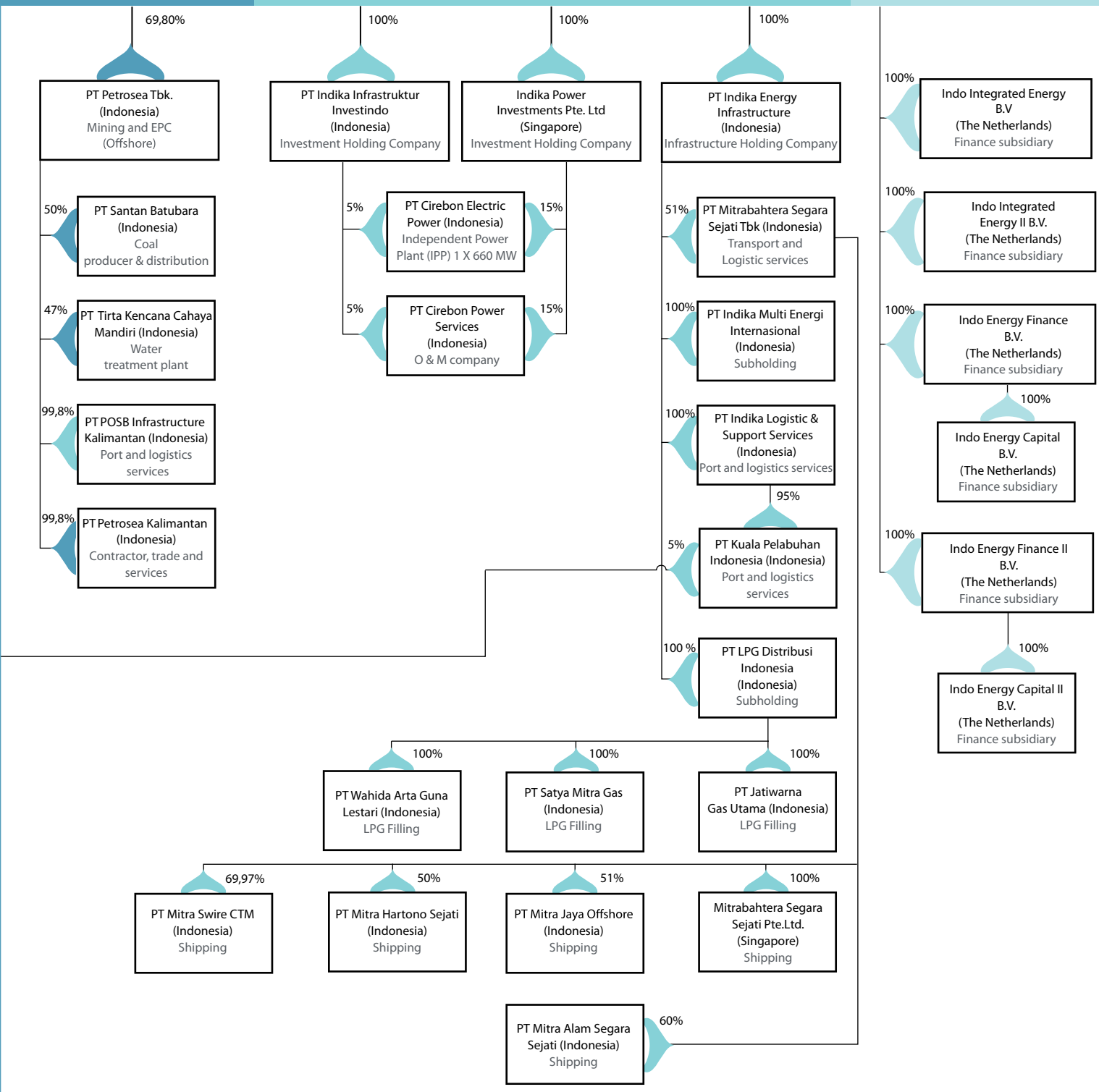
GOVERNANCE, ETHICS AND INTEGRITY

The Company's sustainability performance management is supported by the mechanism of the General Meeting of Shareholders (GMS); supervision and implementation of company policies by the Board of Commissioners; and evaluation and recommendations for effective performance from the Audit Committee, Corporate Governance Committee, Investment Committee and the Human Capital Committee, which are under the Board of Commissioners. Details of social and environmental sustainability performance are carried out autonomously by each business unit in accordance with the context of its operation, and under the coordination with the holding company (G4-34).

OUTLINE OF COMPANY ORGANIZATIONAL STRUCTURE (G4-9)



ENERGY INFRASTRUCTURE



Indika Energy is a company built on the basis of the following values:

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

These values are strengthened by the principle that, wherever Indika Energy operates, the Company will always uphold business ethics and transparency. Structurally, the Audit Committee, Internal Audit Group, and Independent External Auditor are the parties responsible for performing audit in all divisions of the Company and function to ensure that there are no risks of corruption, corruptive acts, or deviations or other violations of the law. In addition, Indika Energy has also issued code of conduct that should safeguard all Company personnel against the possibility of bribery, illegal business, conflict of interests; protect their rights and dignity; and ensure equali opportunities. (G4-56)

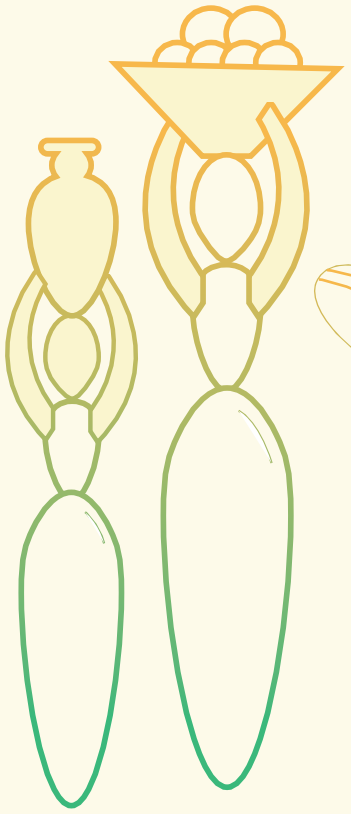




Annual General Meeting of Shareholders
2013



Leadership Summit
2013



3. ECONOMIC CONTRIBUTION

3 ECONOMIC CONTRIBUTION

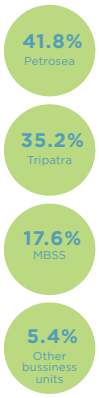
DIRECT ECONOMIC VALUE

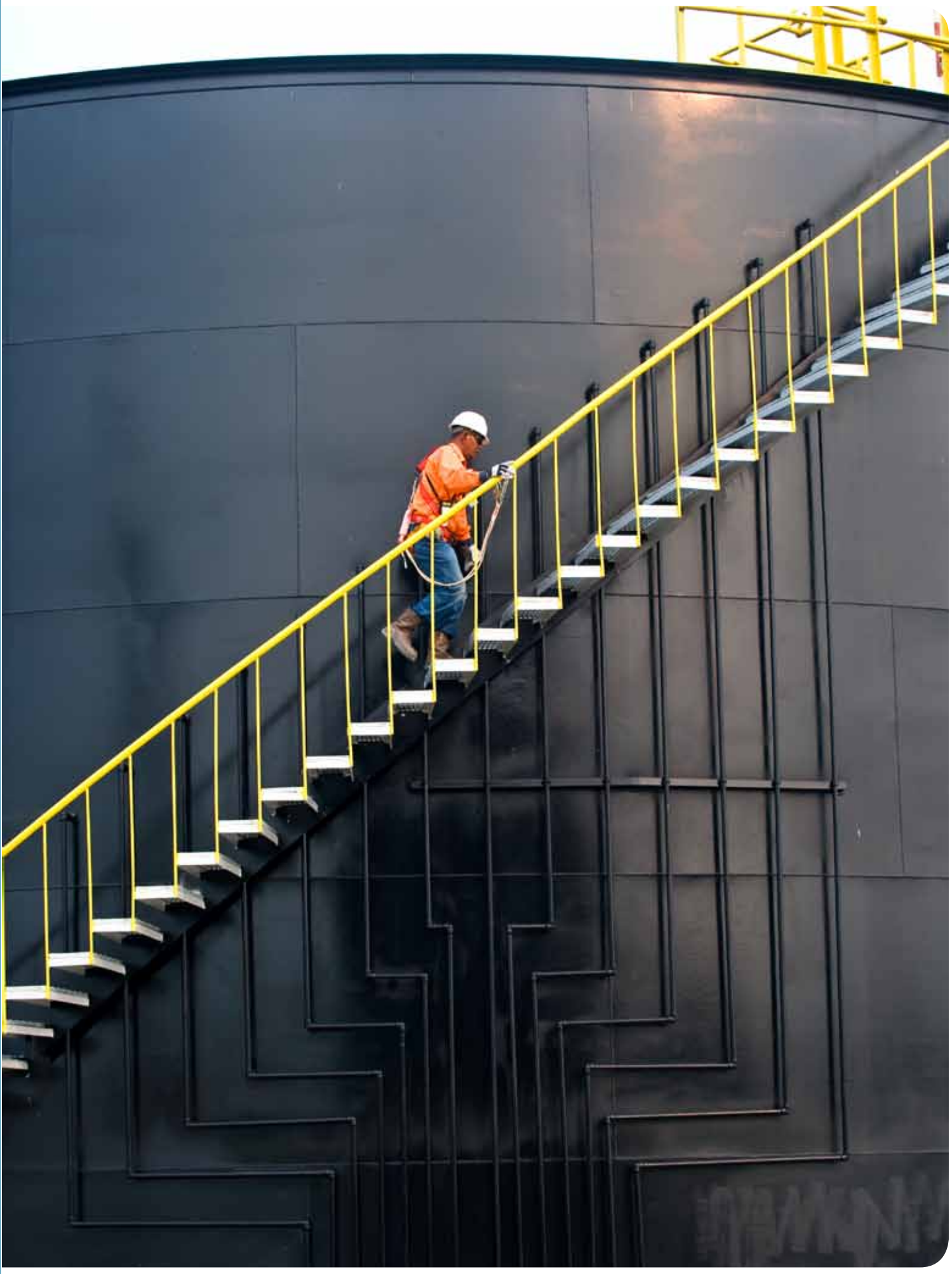
In 2013, Indika Energy experienced an increase in revenue of 15.2% or US$863.4 million from US$749.7 million in 2012. This revenue was generated from its subsidiaries, i.e.: Petrosea 41.8%, Tripatra, 35.2%, MBSS 17.6% and 5.4% from other business units. Operating profit increased 17.2% or US$40.7 million from US$34.7 million in 2012 (G4-EC1).

Details of Indika Energy's financial performance such as revenue; cost of contract and goods sold; general and administrative expenses; equity in net profit of associates and jointly controlled entities; finance cost; amortization and impairment of intangible assets; income (loss) before tax; profit (loss) for the year; profit (loss) attributable to the owners of the Company; can be found in the Annual Report of PT Indika Energy Tbk. 2013 (G4-EC1). Related documents, in digital form, are available at (http://www.indikaenergy.co.id/investors/annual-report/)









INDIRECT ECONOMIC IMPACTS

The increase in the business impacted directly and indirectly on the communities where Indika Energy operates. The direct financial impact for Indonesian economy originated from the expenditure amounting to US$143.5 million to pay employee salaries, wages, and allowances; US$372.99 million for suppliers in all working areas; and US$44.04 million to pay taxes to the State (G4-EC1).

Although not yet comprehensively calculated, Indika Energy's presence has created a multiplier effect in stimulating the community's economy, formally as well as informally. Aside from the absorption of local manpower, the opportunities arising from operational needs and the Company's supply chains have triggered growth of local businesses in areas surrounding the Company's operations.

In line with the above, Indika Energy is committed to developing the capacity and skills of local businesses through a series of training courses. The Company also exercised exception to small local businesses to become part of the supply chain as inclusive business policy.

To harmonize the business growth with the long-term and sustainable value creation for the workers and surrounding communities, Indika Energy focused on self-sufficiency through economic empowerment programs and by forming collective business groups. The Company also applied community involvement strategy in its business chain.

As suppliers, their skills and capacity were enhanced according to their potential.

To improve the capacity and skills of the rattan furniture craftsmen, MUTU supported the Rattan Industrialization Program in Central Kalimantan through a partnership with the Team for Promotion of Rattan Furniture (Tim Penggerak Peningkatan Penggunaan Furniture Rotan/TP3FR), the Ministry of Industry, South Barito Regency, East Barito Regency, and North Barito Regency. The program implementations have materialized through various training courses conducted by South Barito and East Barito Regencies at the Rattan Processing Centre in Bambulung; renovation plan of the UPTD Rattan's building (UPTD or Unit Pelaksana Teknis Dinas is a part of provincial/regency office that exercises execution role) in 2014 by South Barito Regency; and, jointly with South Barito Regency, provision of electricity connection for UPTD, so it could function as a rattan processing location in South Barito (G4-EC7; G4-EC8).

Petrosea assisted the communities in developing sewing Community Joint Venture Groups (Kelompok Usaha Bersama /KUBE) in Santan Batubara operational area, respectively in the Sukamaju Village and Mulawarman Village, Kutai Kertanegara (Kukar) Regency. The program was implemented by conducting sewing courses and providing sewing machines. These business groups later became the suppliers of uniforms for the Company's employees in the mining operations (G4-EC8).



MUTU supported The Rattan Industrialization Program in Central Kalimantan



Petrosea assisted the communities in developing sewing Community Joint Venture Groups Sukamaju Village and Mulawarman Village, Kutai Kertanegara Regency



MBSS facilitated the establishment of a Cooperative for Stevedoring Manpower around the location of its operation



MBSS facilitated the establishment of a Cooperative for Stevedoring Manpower around the location of its operation. This cooperative conducted training in loading-unloading skills so that the community would be able to supply manpower trained in stevedoring to meet the Company's need (G4-EC7; G4-EC8).

CEP implemented a program to improve the drainage and waste disposal system in Waruduwur and Citemu Villages. The communities in these two villages generally do not have a proper waste disposal system, and such conditions have caused negative impacts on their health. CEP viewed that drainage quality improvement and waste disposal system in the villages have had positive impacts on the quality of the people's health. In 2011, jointly with the village officials, CEP built a drainage system and waste disposal bins. This initiative continued to expand to other villages. (G4-EC7).

All of Indika Energy's empowerment programs are directed toward creating long-term value, improving the community's welfare, education, health, and economic sustainability.

QUALITY COMMITMENT

In order to raise the competitive value and to ensure that Indika Energy products and services are accepted by the consumers, each year Petrosea conducts a customer satisfaction survey. Petrosea also implements the Petrosea Quality Management System (PQMS) which applies strict standards on how Indika Energy's services are delivered to its clients (G4-PR5).

Year after year, Indika Energy continues to maintain its quality management performance, as proven by the achievement of ISO9001 certification. In 2013, the energy services recorded no event of breach of contract; therefore, the Company was not subject to any claim or fine imposed by any client.

Indika Energy produces products and services that require no packaging. Therefore, to date the Company has never experienced issues related to violation of regulations, or packaging issues.

However, in 2013, an incident occurred at KPI that caused the company to be liable for a penalty amounting to IDR 50 million. This penalty was the result of a miscommunication between KPI (as the party managing the temporary storage) and the client regarding the schedule for issuing a Notice for Release of Goods (Surat Pemberitahuan Pengeluaran Barang/SPPB). At that time, it was estimated that the SPPB had already been completed so that the goods could be released. Apparently, the SPPB was still being processed.



4. SAFETY AND COMFORT AT WORK

4 SAFETY AND COMFORT AT WORK

COMPANY'S FOCUS OF ATTENTION

Indika Energy believes that Occupational Health and Safety (OHS) is the key element for its business sustainability. Ensuring that all staff and employees work in comfortable conditions and go home safe and sound is the focus of attention at Indika Energy. All those are controlled in an OHS management system, in accordance with the OHSAS 18001:2007 certification.

OHS is the responsibility of all parties in the Company. Indika Energy realizes this commitment as part of the Company's culture, reflected in the effort to ensure that all employees truly understand and apply the OHS meticulously (G4-11).

The policies and management of Health, Safety and Environment (HSE) are a reference to illustrates the Company's commitment in preventing accidents at work and sickness caused by the working conditions. The same commitment is reflected through the Company's control of potential OHS hazards in each business process, compliance with the existing laws on OHS, and consistent and continuous application of OHS management system (OHSMS) (G4-DMA).
In each Indika Energy's business unit, a HSE Committee exists to regularly foster, monitor, report, and conduct lessons learnt process to meet the zero harm target each year. In compliance with regulations, the HSE Committee is a means for the Company to apply the standards and implementations of HSE services, formulate the management policies, identify the hazard factors, investigate accident cases, deliver feedback regarding HSE, and educate and motivate employees (G4-LA5).

Indika Energy upholds the principle of social responsibility, that is complying to existing regulations and laws, and honoring the international norms and rules. The practice of forced labor is against the norms and rules, and therefore will not exist in any of the business units, nor in any of the contractors and sub-contractors that are involved directly in Indika Energy's work (G4-HR6).

The same applies for the child labor issue. The Company has a mechanism in place to filter the minimum age of recruited employees, including at the business units. The scope of compliance is expanded to include contractors and sub-contractors. A firm policy and consistent implementation is the Company's response toward compliance to the rules and norms concerning manpower (G4-HR5).



Table 4 Number of Employees by Gender (G4-10)



	Indika Energy	MUTU	Petrosea
2013	298 Permanent & Non-permanent Employees	190 Permanent & Non-permanent Employees	3,068 Permanent & Non-permanent Employees
	378 (296 Permanent Employees)	203 (163 Permanent Employees)	3,341 (2,989 Permanent Employees)
	80 Permanent & Non-permanent Employees	13 Permanent & Non-permanent Employees	273 Permanent & Non-permanent Employees
2012	240 Permanent & Non-permanent Employees	322 Permanent & Non-permanent Employees	3,137 Permanent & Non-permanent Employees
	310 (264 Permanent Employees)	354 (63 Permanent Employees)	3,439 (2,982 Permanent Employees)
	70 Permanent & Non-permanent Employees	32 Permanent & Non-permanent Employees	302 Permanent & Non-permanent Employees



Note:
*) MBSS also employed Marine Employees (under Marine Working Agreement/Perjanjian Kerja Laut) consisting of 1,065 persons (2012) and 1,218 persons (2013).

1,531
Permanent & Non-permanent Employees

2,042
Permanent & Non-permanent Employees

396
Permanent & Non-permanent Employees

20
Permanent & Non-permanent Employees

1,798
442 Permanent Employees

2,075
1,765 Permanent Employees

465
133 Permanent Employees

29
21 Permanent Employees

267
Permanent & Non-permanent Employees

33
Permanent & Non-permanent Employees

69
Permanent & Non-permanent Employees

9
Permanent & Non-permanent Employees

Tripatra

KPI

MBSS

CEP

893
Permanent & Non-permanent Employees

2,016
Permanent & Non-permanent Employees

385
Permanent & Non-permanent Employees

20
Permanent & Non-permanent Employees

1,095
365 Permanent Employees

2,049
1,691 Permanent Employees

446
145 Permanent Employees

28
18 Permanent Employees

202
Permanent & Non-permanent Employees

33
Permanent & Non-permanent Employees

61
Permanent & Non-permanent Employees

8
Permanent & Non-permanent Employees

Tripatra

KPI

MBSS

CEP

Note:
**) CEP also employed outsourcing employees: 10 male employees and 4 female employees (2012); 10 male employees and 1 female employee (2013).

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE

At MBSS a number of breakthroughs were made to ensure the employees' health and safety, namely:

- Raising the awareness on OHS by having the employees participated in routine classes, specific safety courses, and Basic Marine Insurance;
- Training to deal with emergency situations (fire, oil spills, or person falling into the sea);
- Monitoring the safety of working equipment and facilities (examination of the ship and safety equipment every month, testing of heavy equipment, monitoring of weather everyday); and,
- HSE Audit based on the International Safety Management (ISM) Code, both internally and externally (Indonesian Classification Bureau, OHSAS 18001, ISO 14001).

The application of this strategy resulted in MBSS recording a reduction in the number of accidents at work by 15% in 2013, which was lower compare to 2012.

At MUTU, a special initiative was developed to ensure the health and safety of employees during and after work, through Assessment of Active Performance in Occupational Health and Safety (Penilaian Kinerja Aktif Keselamatan Kesehatan Kerja/ PEKA-K3). The assessment aimed to make employees proactively prevent accidents. All MUTU employees were required to fill out a Green Card/Hazard Card to report any deviation in conditions/unsafe actions; and to take part in HSE Mandatory Training to raise their level of competence in HSE.

During 2013 there was no fatal injury rate in all of the Indika Energy business units. Petrosea recorded 0.00 fatality; whereas for Lost Time Injury Rate (LTIR) Petrosea recorded 0.23 from the targeted 0.00. Total Recordable Injury Rate (TRIR) at Petrosea in 2013 was 1.39 from the targeted 0.90. Meanwhile Tripatra's Annual Report stated that the targeted TRIR, Occupational Illness, and Medical Examination, were all achieved (G4-LA6).

At Petrosea, in 2013, on average the employees participated in OHS training for 14 hours. There were 2,149 employees participated and recorded 30,102 training hours. Similar training at KPI recorded 120 hours, participated by more than 90% of

the total number of employees (G4-LA9). Commitment toward health and safety went beyond Indika Energy's employees and business units. Training programs to build safety and health awareness were also designed and implemented for all employees of the Company's contractors.

HUMAN RIGHTS

In view of the paramount importance of local contexts that are sensitive to potential violations of human rights, the Company involved KPI employees in human rights training. 581 employees participated in the training in 2013. There were no human rights infractions reported by other business units in 2013 (G4-HR2).





5. ENVIRONMENT-FRIENDLY INITIATIVES

5 ENVIRONMENT-FRIENDLY INITIATIVES

COMPLIANCE TO REGULATIONS

Recognizing that its business depends on the abundance of natural resources, Indika Energy ensures its business is managed with the principles of safeguarding and preserving clean, safe, and healthy environment. The Company continues to innovate in its effort to conserve water, energy and biodiversity resources, and to apply environment-friendly technology (G4-DMA).

At managerial level, this commitment has been fulfilled by implementing ISO 140001 certification for environmental management. For regulatory compliance, all Indika Energy business units submitted Reports on Implementation of the Environmental Management Plan (Rencana Pengelolaan Lingkungan/ RKL), Environmental Monitoring Plan (Rencana Pemantauan Lingkungan/RPL), and the Analysis on Environmental Impacts (Analisis Dampak Lingkungan/ANDAL) for January-June 2013 and July-December 2013 (G4-EN27).

In 2013, CEP received a complaint regarding the noise caused by the power generator, from some of the villagers in Kanci Kemis Hamlet. According to the Report on Implementation of RKL, RPL, and ANDAL for July-December 2013, there was no longer any complaint about noise. As recommended in the RKL, RPL, and ANDAL, CEP's environmental management was conducted by planting 5,000 trees to serve as sound barriers and by setting the noise level of equipments (G4-EN27; G4-EN34).

For MBSS, regulatory compliance was achieved by meeting the regulation on Prevention Of Pollution From Ships as stipulated in the Ministerial Regulation No KM 4, Article 4, dated 20 January 2005. MBSS strictly and consistently monitored the waste management on board ships; conducted routine monitoring of the generator emmissions; routinely examined the acidity (pH) level of water to ensure optimal management according to the potential level of pollution.

Preventive efforts were also in place through provision of periodical training sessions on how to handle accidents related to the environment (oil spill). The training included installing, monitoring, and maintaining the oil trap and temporary storage facilities which were completely safe for hydrocarbon (used oils).

For all those initiatives, MBSS was awarded the Second Best of Kadarigat Award (G4-15).


FC PRINCESSE



BIODIVERSITY CONSERVATION

During 2013, CEP implemented a green program in the area of the steam power plant (Pembangkit Listrik Tenaga Uap/ PLTU) funcioned as wind breaker and green belt. This green program was useful for reducing the amount of coal dust carried by the wind from the coal yard and reducing the noise produced by the power generators.

CEP also planted mangrove trees around the PLTU location to safeguard and preserve the shoreline habitat. The planting of mangroves in various locations in Waruduwur, Sungai Kanci, Citemu, and Gebang Villages, was carried out with a participatory approach, through collaboration with the village administrations, local NGOs, and communities. The purpose of this initiative was to stabilize the shoreline and improve habitats of fish, crabs, small shrimps, and other animals and plants (G4-EN11).

Until 2013, Petrosea has conducted hydro seeding over a 5-hectare area in Bukit Tanjung Batu that has become part of its operation at Petrosea Offshore Supply Base (POSB) site. In addition, from December 2010 to 2011, a mangrove planting and preservation activity had been conducted involving local civil society organization (Kelompok Sumber Bahagia). To date, POSB has been monitoring this initiative (G4-EN11). At Santan project site, which is the habitat for orangutan that must be protected according to International Union for Conservation of nature (IUCN) guidelines, Petrosea operation strives to the best of its ability to avoid disrupting the habitat of these protected animals (G4-EN13).

WATER RESOURCES CONSERVATION

To meet the needs of water in the residential and office areas of its operation, Petrosea uses ground water and collects rain water. The water is also used to control the level of dust pollution by periodically sprinkling the hauling road surface. The rain water is used for the maintenance process of the production equipment.

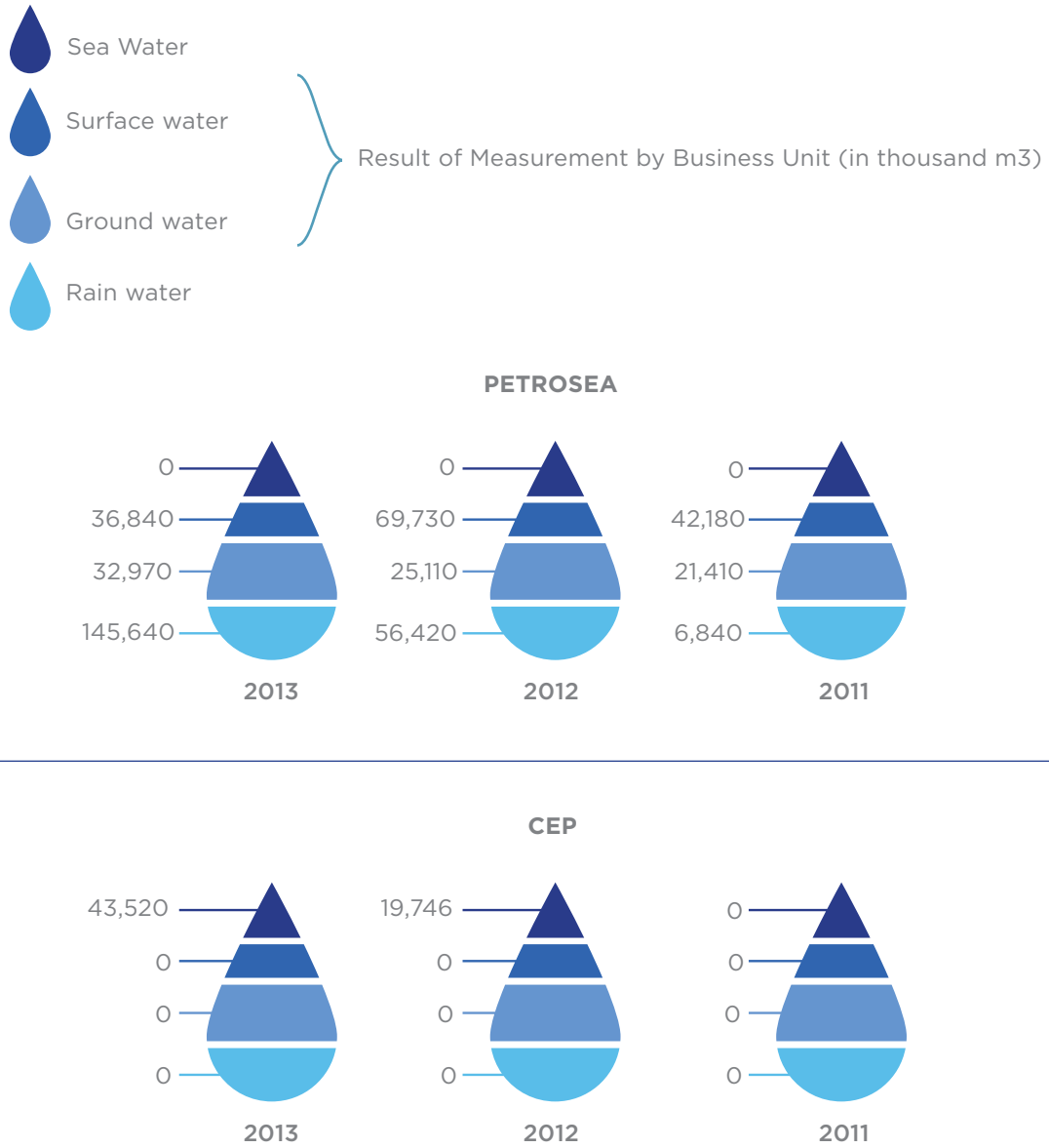
The reprocessing of wastewater is conducted at POSB, from the initial stage of processing, coagulation, flocculation, clarification, softening and stabilization, filtration, fluoridation and disinfection, as well as storing in the water reservoir, to disposal to the ocean. Through this recycling program, Petrosea is able to manage the quantity and quality of water usage from various sources effectively and efficiently. Petrosea is committed to continuously improve the water recycling process and technology so that all targeted parameters are met (G4-EN8).

The CEP unit does not use any ground water source, instead it uses the sea water optimally to meet its production needs. In 2013 it was recorded that the volume of sea water used by CEP was 5m3 per hour.

The water resources conservation initiative was conducted by CEP through the planting of 5,000 hardwood trees in green area around PLTU location. In addition, CEP also assisted the community of Kanci Kulon Village, in the north of Pantura Road, who had difficulties in accessing clean water. This initiative was responded positively since the quality of the ground water around CEP location was poor and salty.

Indika Energy believes that the more effective its attempt to manage the environment, the higher its opportunity to maintain operational cost efficiently. This effort will provide substantial value in the long term.

Table 5 Use of Water Resources (G4-EN8)



Description:
Calculation methodology applies two ways:
(1) Using a flow meter (water meter);
(2) In the absence of flow meter, using multiplication of camp residents and the assumed use of clean water of 120 liters/ person/day, then converted into cubic meters (m3).

"At CEP, fuel use is economized through the super critical boiler technology, which is capable to curtail coal consumption by 1-2%."

ENERGY CONSERVATION

Indika Energy strives for maximum effort in exploiting fossil energy effectively and efficiently in every operational activity. At CEP, fuel use is economized through the super critical boiler technology, which is capable to curtail coal consumption by 1-2% from the total need of 2.8 million tons per year (G4-EN3).

To reduce the level of electricity consumption, Petrosea has optimized lighting by measuring the number of required illumination points. This step was supported by using energy-saving lights. Meanwhile, to reduce the frequency of business trips to locations outside the regions and as a means to save fuel and reduce carbon emissions, Petrosea applies video conferencing technology (G4-EN3).

The greenhouse gas emissions are part of the production and non-production activities in all business units. As determined globally on the type of emission, the Company categorizes direct greenhouse gas emissions for those resulted from its production activity, while indirect greenhouse gas emissions are those resulted from non-production activity.

Table 6 Energy Consumption (G4-EN3)

Results of Measurement by Business Unit







Description

- Calculation for 2011-2012 used diesel conversion →kWh based on Government Regulation No 70/2009, Explanation of Paragraph 12.
- Calculation for 2013 used kWh meter device installed on the generator set of the workshop and camp.

Water vapor (H2O) produced during the production process is direct greenhouse gas emission. Whereas methane gas (CH4) comes from the Energy Resources unit, Energy Services and Energy Infrastructures produce a number of gas emissions such as carbon dioxide (CO2), NOx dan SOx (G4-EN15).

CEP calculated its carbon emissions based on the Regulation of the State Minister for the Environment No 21/2008 on Standard Quality of Emissions for Non-Moving Resources and or Thermal Electric Power Generating Activity.

In 2012, the recording of carbon emissions was conducted from 27 July to 30 November 2012. CEP recorded carbon emissions of 1,549.611 tons/year. This result differed from 2012 Sustainability Report which adopted the calculation based on the UNFCCC CDM-PDD Version 02 Gusman, 2009. In 2013, the recording took place from 1 December 2012 to 30 November 2013. The emissions produced in 2013 was 3,990.993 tons/year.

The emission measurement carried out at MBSS used Fuel Monitoring System (FMS) and Vessel Tracking System. Monitoring and tracking can set fuel consumption standards for certain distances for the ships that the unit operates. Not only to respond the clients' demand, this effort is a step for MBSS to reduce the amount of emissions it produces. MBSS no longer uses chlorofluorocarbon (CFC) and has replaced all halon-based fire extinguishers with the ABC-type powder (G4-EN19).

ENVIRONMENT-FRIENDLY TECHNOLOGY

Petrosea saves fuel by applying the GPS Fleet Management System (FMS) which can cut down the amount of unproductive work time (delay time). In 2013 the actual hang time of the excavator was 12.4 seconds.

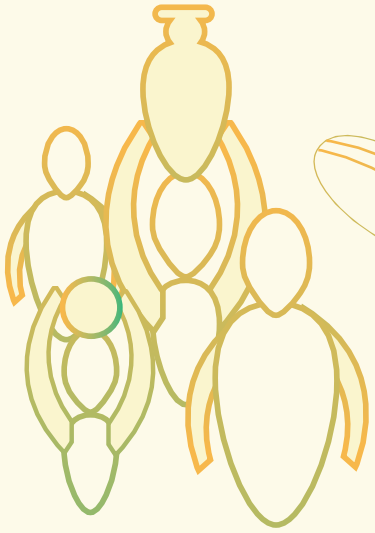
This achievement was able to take off 7.6 seconds from the target 20 seconds as well as reduce the queue time of trucks to 64.19 seconds at the end of the year, from the average 100 seconds/trip at the beginning of the year. Aside from reducing the use of fuel, the GPS FMS application is also capable of directly increasing the productivity of the mining business line unit. (G4-EN6).

CEP also carried out coal-saving initiative through the application of super critical pressure boiler technology. This technology produces a higher steam pressure and stable electricity and reduces CO2 emissions. The use of coal becomes highly efficient and, therefore, indirectly supports the effort to reduce the emission level.

The application of clean coal use technology has granted CEP an award at the ASEAN COAL AWARD 2013. This award was presented at the same time when the ASEAN Ministers of Energy Summit was held on 25 September 2013 at the International Convention Centre, Nusa Dua, Bali (G4-15).

CEP also received recognition as second runner up from the ASEAN Centre for Energy, an institution of ASEAN countries in the field of energy. At the international level, PLTU Cirebon competed with coal-fired power plants from the nine ASEAN countries. PLTU Cirebon participated in this international event, nominated by the Directorate General for Minerals and Coal, Ministry of Energy and Mineral Resources, together with other steam power plants representing Indonesia.

PLTU Cirebon is considered successful in applying the super critical technology that increases the efficiency of PLTU operation, thereby saving the coal consumption, reducing emissions, managing the coal storage, and minimizing pollution (G4-EN15; G4-EN19).
To reduce energy consumption directly, MBSS applies the Vessel Tracking System (VTS) technology to guide ships to remain on track, to save travel time and to create efficiency in the use of fuel (G4-EN6).



6. CONTRIBUTION AND SUPPORT FOR COMMUNITY EMPOWERMENT

6

CONTRIBUTION AND SUPPORT FOR COMMUNITY EMPOWERMENT

Fostering good relations with the community and the primary stakeholders, is the key element for Indika Energy operations to provide positive contribution. Through participatory cooperation, such relationships are aimed to create opportunities and challenges to mutually give positive contributions in a continuous manner.

Indika Energy focuses its role to participate in improving the quality of education, health, and economic empowerment to increase the livelihoods of the people. Program or project design is preceded by mapping the stakeholders, conducting a baseline survey, and needs assessment. In the execution process, the stakeholders are involved, beginning from public consultation up to strategic cooperation in the implementation. The participatory principle is also applied when monitoring and reporting the progress of the program or project. The flow of this procedure was formalized in a policy document regarding CSR management (G4-DMA).

"Program or project design is preceded by mapping the stakeholders, conducting a baseline survey, and needs assessment."

At MUTU business unit, which only started to operate, the support and contribution to the community was integrated with grievance mechanism on operational impact. Similar process applied to the social program formulation. Meanwhile, Tripatra Bojonegoro project adopted more variations. Through a public consultation process to empower local communities, Tripatra's contributions included (G4-SO1):

Table 7 Tripatra's 2013 Social-Community Contributions

Programs	Contributions
Education 	• Study guidance program for students in 6 Primary Schools, 6 Islamic Primary Schools in Gayam Sub-district. • Socialization and introduction of field activities and explanation on potential hazards to primary and kindergarten students around the project area. • English Workshop for junior high school level in Gayam and Kalitidu Sub-districts. • Event "BB Goes to School 100% school journalism" at 201 Junior High Schools/Islamic Junior High Schools in Bojonegoro. • Provision of computers for NGOs and schools around Project location area. • Sponsorship for a batik coloring contest in observance of National Batik Day.
Health 	• Routine and free medical treatment, every two weeks in villages surrounding the Site in Bojonegoro Regency. • Social activity: blood donor, performed at Dr R Sosodoro Djatikoesoemo Hospital, Bojonegoro.
Livelihood 	• Mentoring cooperatives for Banyuurip communities. • Refreshment Training for 25 local catering entrepreneurs and prospective entrepreneurs. • Provision of plant seeds for Honbola Village.

For Petrosea, most programs were extensions of those from 2012. Education program focused on the enhancement of school libraries, School Health Units (Unit Kesehatan Sekolah/UKS), extra curricular activities such as swimming and drumband, educational campaign; provision of transportation for education; and English language proficiency development. Contributions in Health program focused on provision and management of clean water, and on blood donor activity. Livelihood program sustained the Kariangau Livelihood Program and enhanced KUBE through sewing course provision (G4-SO1).

MBSS focused on diesel mechanic training, whereas KPI focused on the empowerment of local Papuan entrepreneurs as well as safey and environmental conservation trainings. In CEP, aligned with its business characteritics, the contribution to local community empowerment was done systematically (G4-SO1):

Table 8 CEP's 2013 Social-Community Contributions

Programs	Contributions
Health 	• Development of drainage and gutters in Waruduwur Village to improve cleanliness and prevent from dengue fever outbreak. • Life Insurance for 1000 fishermen around coastal area (Mundu Pesisir to Losari).
Environment 	• Mangrove planting at coastal area around PLTU. • Planting of 5,000 hardwood trees to develop open green space around PLTU location.

Programs	Contributions
Education 	• Training on 2013 Curriculum, in cooperation with the Education Office of Cirebon Regency, to improve the teaching capacity and quality of 100 primary to junior high school teachers in 2 sub-districts and 10 villages around PLTU location. • Provision of scholarships/awards for each semester to 500 students with outstanding academic achievement from 9 Primary Schools in 4 villages. • A monthly Study Tour for students and teachers from Primary Schools up to universities to visit and learn about the technology used at the PLTU. The objectives was to motivate them to study advanced and modern technology so that they were prepared for transfer of technology from foreign countries. The Study Tour was scheduled for 12 times in a year. • Apprenticeship Program at the PLTU for students from the Electrical Engineering Faculty of the 17 August 1945 University in Cirebon. With this program the graduates were expected to gain experience from learning directly at the work place and thereafter work at PLTU Cirebon. • Computer courses for Primary School students around PLTU area.

Prgrams	Contributions
Economy 	• Training of community facilitators consisting of community, NGOs, and academicians. • Training on fruit parcel creation for Women Empowerment Group (Pendidikan Kesejahteraan Keluarga/PKK) in 4 villages. • Provision of 6 phases competence-based training for 240 hours, in collaboration with the Job Training Board of Cirebon's Manpower and Transmigration Office, consisting of electric welding; motorcycle mechanic; beauty and make-up; and sewing. The participants were residents living around PLTU location. Such training has produced 160 'ready-to-use' manpower. • Provision of training on fishing product processing, in collaboration with Bank Indonesia and the Marine and Fishery Office of Cirebon Regency. The aim was to improve the community's capacity to produce healthy and clean terasi (shrimp paste) and to improve the packaging so that the product would have better sales value.
Social 	• Support and contribution to social and community activities around PLTU location. • Participation and contribution to national days celebrations and religious festivities organized by the community.

Overall, the support and contribution toward local community empowerment is an effort to ensure that the presence of Indika Energy operations bring value to all the stakeholders, primarily in improving the quality of education, health and livelihood.



GRI G-4 INDEX — *CORE*

GRI G-4 INDEX — CORE

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