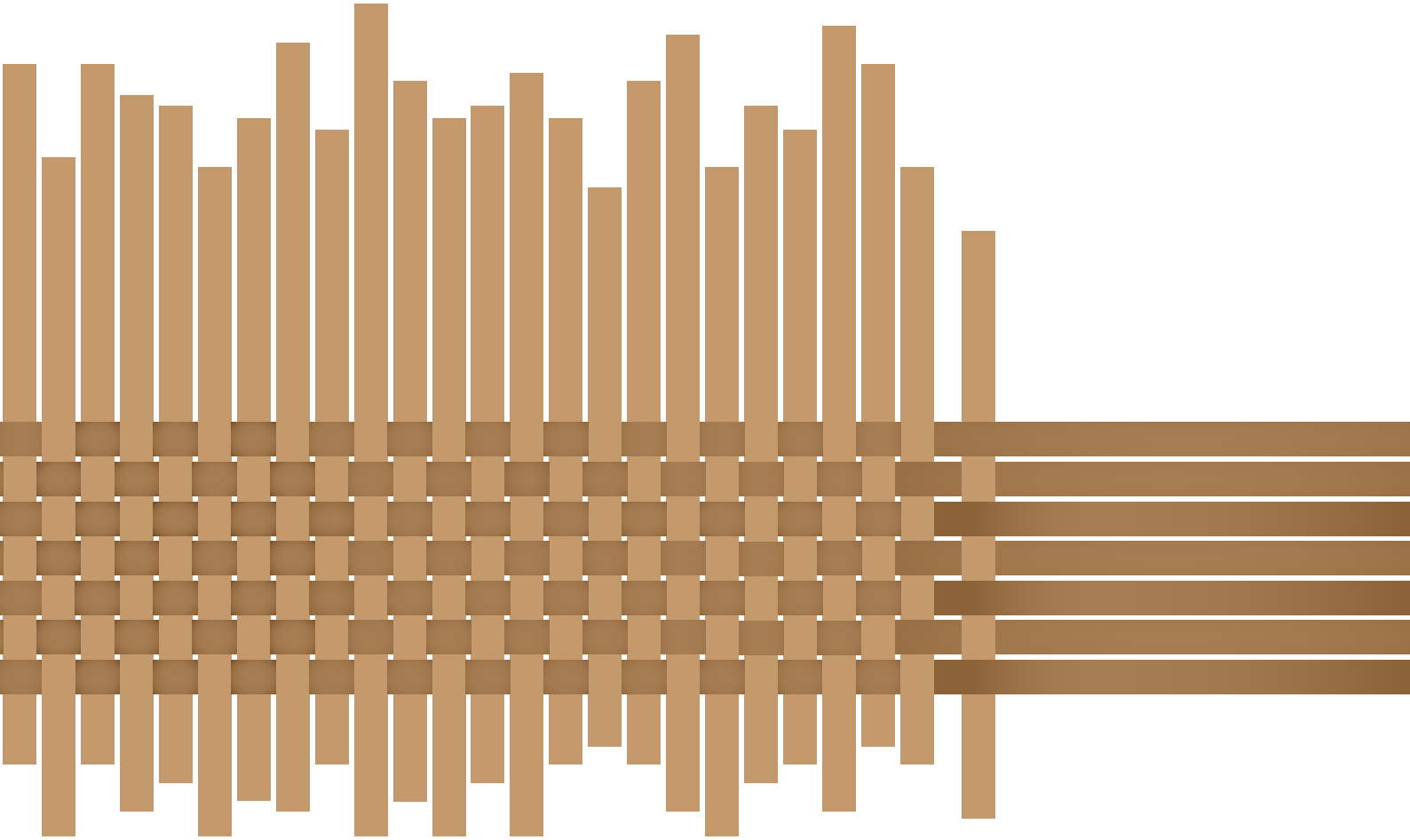
INDIKA ENERGY



Consolidating Sustainability

2016 Sustainability Report

In Papua, lives were lost. Local mountain dwellers, who were persuaded to stop using pork fat to coat their skin and to cleanse themselves with soap instead, experienced increased mortality rates. It turned out that the pork fat, perceived by outsiders as unhygienic, had protected them from the elements and from infection with Malaria that is carried by mosquitoes.

Experience teaches that good intentions can go badly awry if assumptions are made without understanding the views and needs of others, cultural diversity, and differences in customs, as well as ways of living. Thorough consideration must be taken of diversity in any attempt at assistance, and that communities must be consulted on what they need.

SOKOLA Institute

SOKOLA is a not-for-profit organisation providing education for remote indigenous peoples who are unable to access formal education due to geographic and cultural obstacles. The education is aimed at providing the skills required to manage the many problems that indigenous and marginalised communities face due to the increasing pressures from the outside world. Founded in 2003 by Saur Marlina "Butet" Manurung and other four fellows, SOKOLA is an excellent example of how a small number of individuals with strong passion and determination can effect real change.

Indika Energy is honoured to have been supporting SOKOLA and its literacy programs.



Consolidating Sustainability

2016 SUSTAINABILITY REPORT

Sustainability is Core to Company's Business

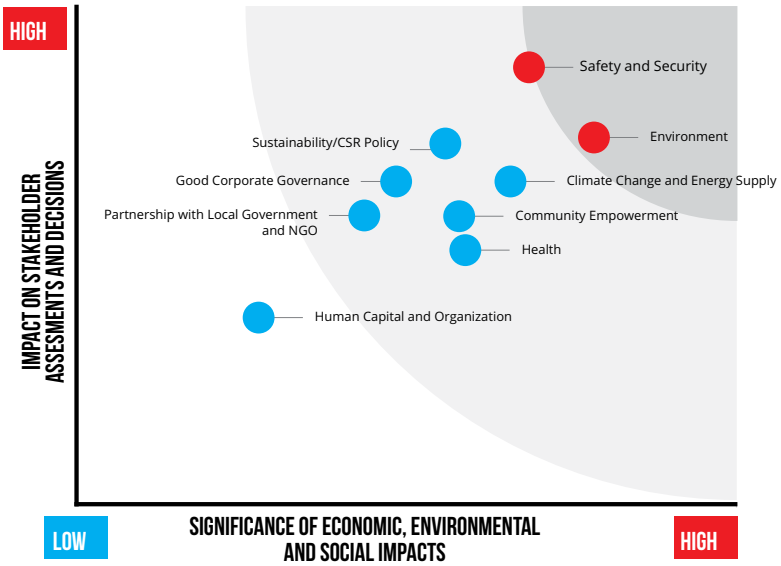
Indika Energy, Indonesia's leading integrated energy company, provides adequate amounts of safe energy to the public with the understanding that energy is fundamental to human well-being and economic development that enables job creation, greater income equity, and social solidarity.

Indika Energy comprehends that sustaining a solid reputation, managing risks, and gaining a competitive edge are integral to meeting the public's fast-changing expectations and increasing demand for long-term, sustainable energy.

In 2016, the global energy sector recorded volatility during 2016 in the coal as well as oil and gas sector, with prices dropping to record lows before spiking towards the end of the year, in the midst of the current global transition to low-carbon energy.

Going forward, overall Indika Energy Group solidarity for sustainability strategies aim to facilitate continued integration to increase efficiency toward high value growth that benefits our business, employees, communities, and the nation.

To further enhance this solidarity, not only within our business structure, but across Indonesian society, we established Indika Foundation in early 2017.



SUSTAINABILITY MATTERS

This year, Indika Energy's Sustainability Report focuses on an integrated overview of our business, social and environmental strategies, activities, and performance, as well as new initiatives.

This report covers all related materials for the period of 1 January to 31 December 2016, within the following Indika Energy Group companies: PT Indika Indonesia Resources (IIR), PT Multi Tambangjaya Utama (MUTU), PT Petrosea Tbk. (Petrosea), PT Tripatra Engineering and PT Tripatra Engineers & Constructors (Tripatra), PT Mitrabahtera Segara Sejati Tbk. (MBSS), PT Indika Logistic and Support Services (ILSS), PT Kuala Pelabuhan Indonesia (KPI), PT Petrosea Offshore Supply Base (POSB), and PT Cirebon Electric Power (CEP).

All data presented has been internally validated, with much of the quality management data also being internationally certified through ISO 9001, OHSAS 18001 and ISO 14001. Data regarding economic performance is based on the 2016 Indika Energy Annual Report, which has been verified by a public accountant.

The materiality plot illustrates the group level importance of the specified sustainability aspects in relation to issues relevant to and managed by Indika Energy.

In addition, we undertook systematic selection of report content based on the Global Reporting Initiative (GRI) G4 Sustainability reporting Guidelines, which has enabled us to identify the issues most important to our stakeholders and our business, as well as facilitating our efforts to better inform markets and society about our sustainability activities.

The process we used to identify the topics addressed in the report involved interviews with top management and managers responsible for sustainability in tandem with discussions involving all of our teams responsible for stakeholder relations to achieve this concise and intensely informative printed document, which we are also sharing online.

For further information and data clarification, please contact:
PT Indika Energy Tbk.
Graha Mitra, 3rd Floor
Jl. Jend. Gatot Subroto Kav. 21
Jakarta 12930, Indonesia
sustainability@indikaenergy.co.id

Contents

PRESIDENT DIRECTOR'S MESSAGE

INDIKA ENERGY IN BRIEF

- About Indika Energy
- Our Business Pillars
- Key Figures & Projects Locations

HOW SUSTAINABILITY WORKS AT INDIKA ENERGY

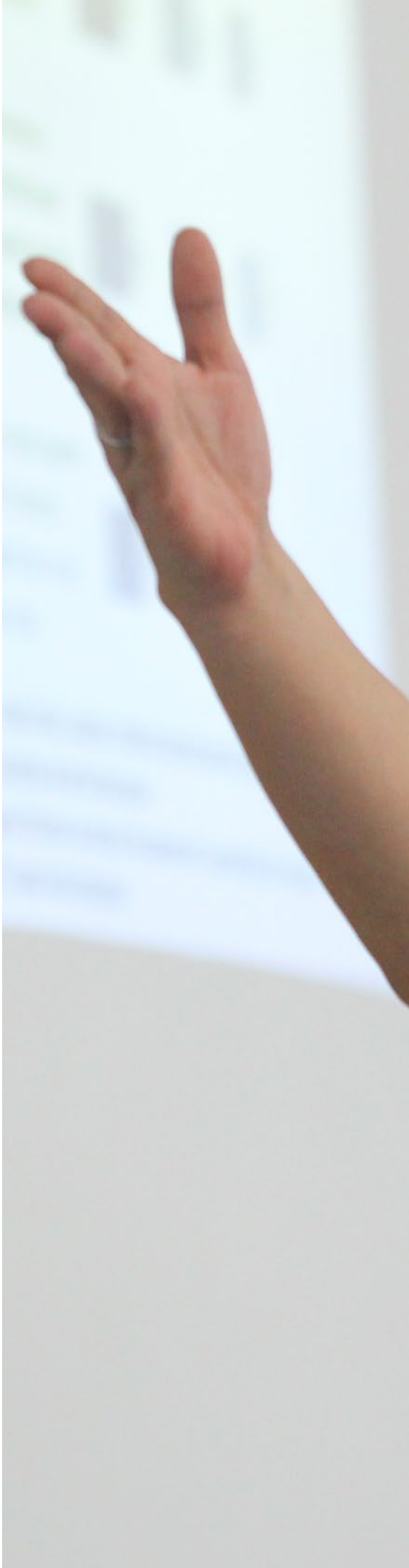
- Sustainability Concept
- Sustainability Pillars
- Sustainability Governance
- Sustainability through Responsible Manpower Management
- Sustainability through Safety

IN THE SPOTLIGHT

APPENDIX

- Annex GRI G4 Index Core

To learn more, please visit www.indikaenergy.co.id





"We see consolidating toward sustainability as the optimal way to drive operational, production, and asset utilization efficiencies, while establishing ever better practices. We believe that this will enhance not only Indika Energy's resilience as a business, but also our contribution to Indonesia's overall economic development, its socio-cultural harmony and the unity of the nation over the long-run."

M. Arsjad Rasjid P.M.
President Director & Group CEO

President Director's Message

Moving forward with the enhancement of our sustainability efforts throughout 2016, Indika Energy Group leveraged existing practices to achieve greater consolidation and other important business and sustainability milestones. We continued to build effectively on our consolidation, integration, and standardization drives, which have enhanced efficiency of operations and positive social impact. Among the most notable of our achievements in 2016 are our Sustainability Platform, Sustainability Panel; increasingly efficient and effective sustainability programs for our 4 pillars of education, health, community empowerment, and the environment; as well as the forward-looking establishment of Indika Foundation.

Indika Energy's resilience through thick and thin is rooted in its understanding of the need for business, economic, social welfare and environmental sustainability, as well as a sense of community among diverse stakeholders across the archipelago. Without this, it would be impossible for us to achieve long-term operational viability.

Over the past few years of global macro-economic struggles, we have learned valuable lessons leading to effective efforts toward consolidation, integration, and standardization, which have resulted in greater efficiency of operations and enhanced social impact in the communities in which we operate.

CONTRIBUTION TO INDONESIA'S ECONOMIC DEVELOPMENT

Indika Energy Group, with a workforce reflective of the Indonesian archipelago's ethnic, racial, cultural and religious diversity, is an amalgamation of energy sector subsidiaries encompassing energy resources, energy services and energy infrastructure. Among our core operations are: Resources Group - Multi Tambangjaya Utama, Indika Energy Trading, Kideco Jaya Agung, PLTU Cirebon – Cirebon Electric Power; Banyu Urip Project – ExxonMobil Cepu Limited; Jangkrik Complex – ENI Muara Bakau B.V.; Tangguh LNG Train 3 – BP Berau Ltd; Donggi Senoro LNG – JOB Pertamina Medco, Tomori Sulawesi; Tanjung Batu Integrated Logistics Center – Petrosea Offshore Supply Base, MBSS.

With operation sites in various diverse regions across the nation, Indika Energy understands the need for cohesion within our corporate structure, as well as among our subsidiaries, employees and other stakeholders.

We see this consolidation toward sustainability as a key factor in driving operational, production, and asset utilization efficiencies, as well as better practices. We believe that this enhances not only Indika Energy's resilience, but also our contribution to Indonesia's economic development, socio-cultural harmony and unity.

Indika Energy, which continuously evaluates and improves its working methods and processes, effectively leverages technological innovation to minimize negative operational impacts on the environment and effectively monitor energy use for greater efficiency to achieve optimal benefit to stakeholders. PLTU Cirebon that has operated steadily for four years, is an example of our commitment to protecting the environment. PLTU Cirebon uses supercritical boiler technology that lowers coal consumption and emissions. In 2016, the PLTU Cirebon was honored as "Asia Coal Power Project of the Year" at the Asian Power Awards 2016 in Seoul, South Korea.

RESPONSIVE AND ADAPTABLE IN THE UPS AND DOWNS

In 2016, despite our efficiency and elevated integration advances, the energy sector continued to be a rough sea for Indika Energy to navigate as coal prices remained weak through the first semester. Coal prices (Newcastle 6,300 GAR benchmark) reached a low of less than US$ 50 per ton in early 2016, having declined from US$ 105 per ton in 2011 due to weakening demand and supply surplus.

In the third quarter of 2016 however, coal prices spiked, driven primarily by increasing Chinese demand and limited supply. By December, coal prices skyrocketed to more than US$ 100 per ton.

In the face of the volatility, as well as uncertainty over dwindling energy resources worldwide, Indika Energy began 2016 with stricter efficiency measures in all fields of operations, ranging from technical to organizational matters.

Most notably, in April 2016, the company undertook the reduction of the number its directors from seven to three in tandem with a series of consolidation and efficiency programs to effect stabilization and a turnaround toward a better bottom line going forward.

In the larger context of the energy sector, projections (McKinsey, 2016) indicate that the energy mix will continue to shift away from fossil fuels to alternative resources as green-house gas emissions rise a projected 14 percent over the next 20 years. Within this context, coal's contribution to the

energy sector is set to peak in 2025 and to decrease to only 16 percent by 2050.

Post 2050, 77 percent of new energy capacity is projected to originate from wind and solar resources, with natural gas, nuclear and hydro energy making up the rest. For that reason, Indika Energy sees potential in alternative resources, such as solar energy, and deems it wise to keep an eye on Indonesia's energy sector policy for signs of concrete regulatory moves and incentives. We constantly challenge ourselves to do better, in every aspect of our business.

SUSTAINING OUR IMPROVEMENT EFFORTS

Within this context, Indika Energy Group organized a one-day "hackathon" with our sustainability teams early in 2016 to discuss how to improve our existing sustainability practices. Throughout the year, the results of this communal conference translated into the activation of the digital Indika Energy Group Sustainability Platform to standardize internal capacity; the conducting of a Sustainability Panel to enhance and push forward our sustainability strategies; and the development of ever yet more efficient and effective sustainability programs for education, health, community empowerment, and the environment.



Then, in early 2017, with contemporary trends in Indonesian society creating greater urgency for social solidarity toward unified action, not only within Indika Energy Group, but within government and communities across the archipelago, Indika Energy made the forward-looking decision to establish the Indika Foundation.

We envision Indika Foundation not only as a services umbrella to facilitate the sharing of sustainability experiences and reconsolidation toward greater efficiency in effective community engagement among all of our subsidiaries, but also as a way to enhance the core values of unity in diversity and tolerance within plurality upon which the modern state of Indonesia was founded.

For this reason, Indika Foundation will begin collaborating with well-established organizations and other associations to develop programs and projects, especially for young people, intended to facilitate tolerance and social solidarity by focusing on similarities instead of differences.

Going forward, Indika Energy intends to harness all lessons learned to build an increasingly solid business reputation and empower society to strengthen the solidarity and unity of the nation.



Indika Energy in Brief

Indika Energy is an integrated energy company serving customers throughout Indonesia and the world with energy solutions achieved through diversified strategic investments in energy resources, energy services and energy infrastructure. Indika Energy embraces challenges with a strong corporate values and culture, leveraging its integrity, solidarity and sustainability policies across all of its operations and sustainability activities.


CATERPILLAR

Getting to Know Indika Energy

Indika Energy, an Indonesian energy sector player has developed an integrated value chain to provide energy solutions both domestically and globally to ensure not only the sustainability of its business and operations, but also that of its community service activities and the environment.

Indika Energy has consistently exhibited good corporate governance since its incorporation in 2000 with a focus on three business pillars, energy resources, energy services and energy infrastructure. This prudent strategy guided Indika Energy into a period of intensely focused consolidation in tandem with its 2008 listing on the Indonesian Stock Exchange (IDX) that facilitated both organic and acquisition-based development and expansion. We also expanded our sustainability scope to assist and empower the communities in which we operate.

Indika Energy continued leveraging its internal energy sector linkages and carefully detailed planning for specifically targeted implementation meant to sustainably extract increasingly greater value from its diverse operations that span exploration, engineering, construction, production, shipping and transshipment, as well as the utilization of the coal it produces for electrical power generation. We also continued our consolidation of corporate structure and operations toward increased efficiency and greater integrity of internal mechanisms, while also increasing the efficacy of our community social welfare activities.

This studied approach of diversification of services, consolidation, integration and unification of directions, as well as stringent efficiency measures and strategic shifts in production and services focus, enabled Indika Energy Group to weather the following years of global macro-economic crises and massive energy sector challenges.

Going into 2016, Indika Energy, a group of major operating companies and other business entities with extensive experience in coal, oil and gas, and electricity generation, continued integrating toward enhanced internal consolidation for sustainability in anticipation of impending energy mix and other changes in the energy sector.

Within this context, we anticipate the possibility of collaboration with key stakeholders in support of the government's ongoing drive toward energy diversification and the development of renewable energy in the current and coming decade. It is also reaching out, through Indika Foundation, to broaden our social impact hand-in-hand with other institutions and associations dedicated to the wellbeing of society.

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

CORPORATE VALUES

- **INTEGRITY**

  Honest with oneself, others and one's work at every moment by upholding prevailing ethical standards and legal norms

- **ACHIEVEMENT**

  Achievement as the measure of success and the motivation to do what is best for the company

- **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

- **SOCIAL RESPONSIBILITY**

  Highly concerned for the environment and community, and contributing added value as well as contributing to the prosperity of the society

BUSINESS PILLARS

Energy Resources

Indika Energy emphasizes the strategic and efficient production of Indonesia's natural resources to meet both domestic and global energy demand through its key coal mining facilities of Kideco Jaya Agung, Multi Tambangjaya Utama (MUTU), and Indika Energy Trading (IET).

KIDECO

Kideco Jaya Agung produces a range of low-Sulphur (0.1%) sub-bituminous coal and ash (average 2.8%) from 651 million tonnes (MT) of proven coal reserves and another estimated 1,376 million MT at its Roto North, Roto South, Roto Middle, Susubang, and Samarangau Paser Regency open-pit mine concessions in East Kalimantan.

In 2016, Kideco, which primarily feeds electricity power plants, produced 32.1 million tonnes of coal, declined from 39 million tonnes in 2015, while maintaining a low strip ratio of 6 amidst volatile coal market conditions, enabling it to rank among the lowest cost coal producers worldwide.

www.kideco.com

Kideco is Indonesia's **3rd largest** coal producer; consistently maintaining lowest cost operations

MUTU

MULTI TAMBANGJAYA UTAMA

Multi Tambangjaya Utama (MUTU), acquired by Indika Energy in 2012, is a thermal coal mining company in Central Kalimantan, Indonesia, serving both regional and international markets. MUTU holds a third-generation Coal Contract of Work (CCoW) valid until 2039 for a 24,970 ha concession area in Central Kalimantan.

In 2016, MUTU shipped 0.1 million tonnes of 6500 kcal/kg (GAR) coal to international markets. MUTU achieves efficiency through its self-owned hauling road and year-round coal barging facilities.

MUTU's **63** kilometer, **20**-meter wide paved hauling road can handle **200,000** tonnes gross weight per month

INDIKA TRADING

Established in 2013 and in operation the next year, Indika Energy Trading (IET) sources, supplies and trades coal on the domestic and seaborne markets in partnership with leading coal producers in Indonesia to ensure sustainable quality supplies of coal products from high to low calorific value for diverse industries. In 2016, IET coal sales volume reached 5.5 million tonnes.



BUSINESS PILLARS

Energy Services

This pillar, enhanced by Indika Energy's two main subsidiaries, Petrosea and Tripatra that provide both pit-to-port mining and oil & gas development services, encompasses engineering, procurement and construction (EPC), operations and maintenance (O&M), and logistics to provide solutions all along the energy value chain.

TRIPATRA

Established in 1973, Tripatra, with its subsidiaries Tripatra Engineering and Tripatra Engineers & Constructors, is among the longest serving engineering, procurement and construction companies in Indonesia. Tripatra consistently provides a complete range of services for energy clients in the oil & gas, downstream, petrochemical, and power sectors.

In 2016, Tripatra signed a cooperation agreement with BP Berau Ltd., operator of the Tangguh LNG Project, to undertake the EPC Tangguh Expansion Project (Tangguh LNG Train 3) located in West Papua.

In 2016, Tripatra's revenues declined by 54.3% to US$ 217.5 million from US$ 475.9 million primarily due to a decrease in revenues from Tripatra's contracts with ExxonMobil Cepu Ltd., JOB Pertamina Medco Tomori Sulawesi and STC Joint Operations as these projects neared completion.

www.tripatra.com

Petrosea achieved **41 million** man-hours without Loss Time Injury (LTI) in 2016

PETROSEA

Petrosea, which has logged over 40 years of experience in contract mining, engineering, construction and logistics services, currently operates five mining sites in Kalimantan. Petrosea also operates a deep-water offshore supply base (POSB) located in West Balikpapan, which provides services to major oil and gas clients, including Chevron, Halliburton, and ExxonMobil. Petrosea also holds 50% of the Santan Batubara coal mining joint venture with Harum Energy (50%).

In 2016, Petrosea acquired mining contracts for Binuang Mitra Bersama (BMB), Indoasia Cemerlang, and Anzawara Satria, while having successfully completed Engineering & Construction (E&C) projects for ConocoPhillips, Newmont and Indonesia Bulk Terminal.

Petrosea's top line performance was stable with revenue improving by 1.2% to US$ 209.4 million in 2016, although total volume of overburden removal contract decreased by 13.07% to 57.33 million BCM. Petrosea secured two new contracts for overburden removal, and number of contracts in Engineering & Construction Management.

Petrosea achieved a new safety record of 41 million man hours Lost Time Injury (LTI) free, a clear indication that the highest safety standards work safety and health have always been on top priority.

www.petrosea.com

Tripatra continued to exhibit its **solid reputation** and importance as a long-serving engineering, procurement and construction company in Indonesia



BUSINESS PILLARS

Energy Infrastructure

Indika Energy leverages its wide range of infrastructure and facilities, including roads, ports, barges, transshipment sites and "its partially owned" coal-fired Cirebon Electric Power plan, to provide vital river and sea logistics services and electricity generation to support the activities of energy sector stakeholders.

mbss

Incorporated in 1994, Mitrabahtera Segara Sejati (MBSS) is an integrated one-stop coal transportation and logistics company providing port infrastructure and services ranging from barging and river and sea-based transportation to offshore vessels with floating crane systems.

MBSS operates **86** tugboats, **75** barges, **6** floating cranes, and 1 support vessel

In 2016, MBSS was significantly impacted by customers' lower coal production and average selling price, which was passed on to MBSS as the service provider. In addition, competition continued to be intense due to high available capacity in the market. Moreover, a portion of the fleet entered their 5-year docking cycle for maintenance, reducing available capacity. Consequently, revenue declined by 26.7% to US$ 65.8 million in 2016 due to lower volume transported and margin pressure.

www.mbss.co.id



PETROSEA

Petrosea Logistics and Support Services (PLSS) provides shore-base management through subsidiary, logistic & freight forwarding services, waste disposal services, a chemical drum containment area, tubular inspection shops and emergency response training facilities. In 2016, the Indonesian government appointed PLSS as a Bonded Logistics Centre to facilitate development of the oil and gas industry in the country's eastern region.

POSB, one of the largest port suppliers in Indonesia, holds **international certifications** for waste management

PT POSB Infrastructure Kalimantan operates the Petrosea Offshore Supply Base (POSB), a shorebase management facility providing offshore supply logistics services for international and national oil and gas exploration and extraction companies operating in the Makassar Straits. In 2016 revenues from POSB declined by 31.2% to US$ 22.7 million from US$ 32.9 million in 2015 due to lower activities in the oil and gas sector. POSB has extended and renewed contracts to support revenue generation going forward.

www.petrosea.com

CIREBON ELECTRIC POWER

Indika Energy established Cirebon Electric Power (CEP), a 660 MW coal-fired power generation plant (CFPP) in Cirebon, West Java, in April 2007, through its wholly owned subsidiaries Indika Power Investments Pte. Ltd. and PT Indika Infrastruktur Investindo, together with Marubeni Corporation, Samtan Co. Ltd. and Komipo Global Pte.

CEP uses **supercritical technology** for high efficiency; consuming less coal and producing fewer emissions

The power plant, in stable operations with net dependency tests (NDC) consistently meeting PPA requirements, has operated above availability and performance expectations, including complete recycling remnant ash, and achieving gas emissions significantly below government and industry limits.

CEP supports **4,914 GwH** per year for Java-Madura-Bali electricity

In 2016, CEP was named "Asia Coal Power Project of the Year" in the Asian Power Awards 2016 in Seoul, South Korea. CEP is currently developing power plant capacity of 1,000 MW.

www.cirebonpower.co.id

INDIKA LOGISTICS

Indika Logistic and Support Services provides a wide range of logistic services, including but not limited to supply chain business process solution, warehousing and inventory management, transportation, and port operation and related services. As Port Business Entity License (BUP) holder, ILSS operates and provides port and logistic related services at all Indonesia major and intermediary ports.

Key Figures

REVENUES (-29.4%)
2016 | 775,232,931
2015 | 1,097,296,489

GROSS PROFIT (+0.4%)
2016 | 88,701,825
2015 | 88,329,632

LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY (+51.6%)
2016 | (67,594,082)
2015 | (44,587,878)

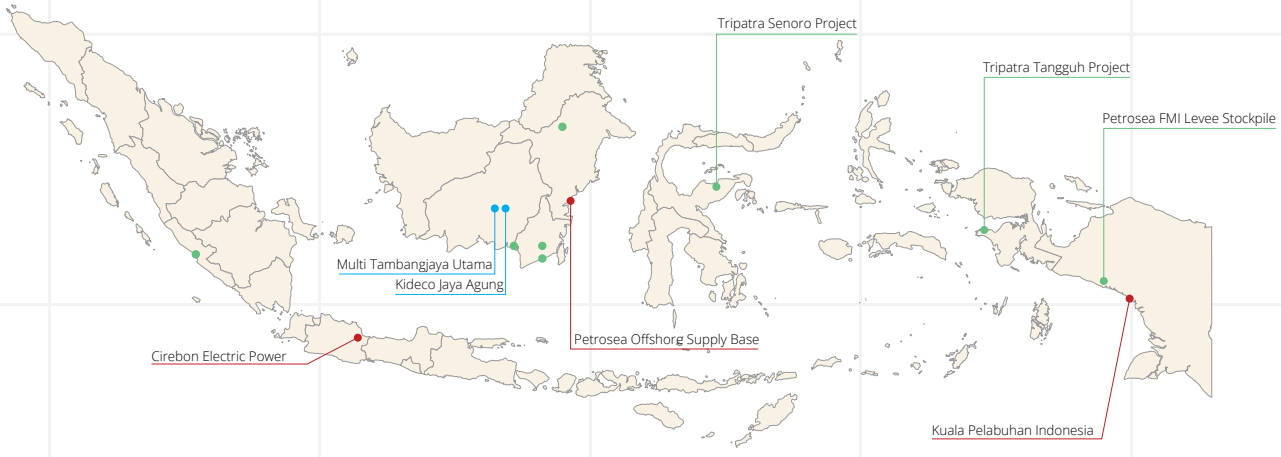
ADJUSTED EBITDA* (-18.9%)
2016 | 155,714,099
2015 | 191,958,917

COAL PRODUCTION
32.2 million tonnes

NUMBER OF EMPLOYEES
6,465 employees

NUMBER OF NATIONALITY
17 nationalities

Key Projects Locations 2016



*) including dividends received from associates and jointly controlled companies



HOW SUSTAINABILITY WORKS AT INDIKA ENERGY GROUP

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 solidarity 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, drive 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.



Sustainability Concept

Our Sustainability DNA

In 2016, Indika Energy implemented the new Sustainability DNA which links our sustainability principles to a solid collaboration model, to fundamentally improve policies, strategies and working methods for more disciplined and consistent implementation of our programs.

Five core principles drive our sustainability efforts in business and the community. All sustainability programs must fulfill our good corporate citizen mission; support business strategically; 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 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.

Sustainability Platform

Indika Energy Group has carefully mapped out the application of its new sustainability DNA to maximize the effectiveness of all of our programs. To facilitate this effort and enhance cohesion among companies, in January 2016, Indika Energy organized and held a "hackathon" involving representatives of all of the company's subsidiaries in discussions to encourage exchange of opinions and ideas and to challenge one and all to come up with solutions to the issues identified for resolving.

The "hackathon" process began with identifying the problems Indika Energy Group and its operational communities are facing to seek alternative solutions and plan ways to implement them, including further developing and utilization of appropriate software.

A number of issues emerged in these initial discussions, all of which involved Indika Energy's information communication and technology (ICT) team, which pinpointed the pressing need for a more effective reportage and monitoring system program and enhanced synergy between the holding company and the subsidaries, as well as among them. This exchange of ideas is being channeled to facilitate the efforts of our ICT team to develop innovative and effective software solutions.



In 2015, Indika Energy tweaked the traditional building blocks of our basic business strategies, including those for our corporate social welfare program, breathing new life into the way we do things to create vital, functional, enduring DNA that will thrive down the line to guarantee consistent renewal toward sustainability.

Based on the input and recommended solutions from the subsidiaries, in 2016, Indika Energy Group developed a platform expected to bridge all of our individual sustainability programs and to simplify our joint sustainability processes into solid and unified planning, risk analysis, approval, and implementation monitoring and evaluation programs.

At this time, Indika Energy is disseminating awareness building information on our new Sustainability Platform and providing guidance to our subsidiaries on the utilization of the platform within their business operations and sustainability activities. One of our first steps to ensure the efficacy of this Sustainability Platform has been to centralize all of the data of the Holding Company and its various subsidiaries into the platform. This is meant to bring everything together into one easily accessed system to simplify and facilitate exchange of information and approval processes, as well as monitoring and evaluation activities.

Education

Without access to knowledge and capacity building experiences, Indonesians, like all human beings, lack the tools necessary to developing to their full potential to mold empowered families and communities, and to drive the economic growth and globally competitive development of their nation. For these reasons, Indika Energy has created its education pillar programs.

Principles and Approach

Indika Energy is well aware that education helps people better their lives by giving them the skills and knowledge they need to succeed. In leveraging that understanding, we have striven to provide access to quality education for all children and skill training for the people living in our operational areas. We work in these directions with the expectation that such local efforts will have a ripple affect across the nation.

We believe that our efforts to open better access to education and empowering younger generations will enhance their economic and social welfare capacities, while enabling them to share useful knowledge and understanding of important issues with other members of their communities to facilitate greater empowerment.

In this way, all community members will have the opportunity to achieve better health and to benefit from the application of new skills toward greater productivity and economic welfare. Going forward, this will provide more viable livelihoods as a basis for sustainable community development and prosperity.

2016 Education Programs

In line with United Nations Millennium Development Goals (MDGs), Indika Energy has collaborated with the Yayasan Pemimpin Anak Bangsa (YPAB), a nonprofit organization that provides remedial education through its Packet A (elementary school), Packet B (junior high), and Packet C (high school) to dropouts, as well as computer skill training, at the YPAB Learning Center in Bintaro, South Tangerang, and in Tanah Abang, Jakarta.

Throughout 2016, Indika Energy also supported Sokola, an organization facilitating community-based alternative education for customary peoples, to facilitate literacy and provide educational guidance in Sumber Candik, Jember, East Java. More than 100 people, ranging in age from pre-school to elderly, have gained access to education and benefited sustainably from the program.

Indika Energy's education sector activities also encompass counselling, guidance and empowerment of young people. In collaboration with Indonesian Future Leader (IFL), whose goal is to develop an empowered younger generation, Indika







Energy works at providing a viable climate for the emergence of future leaders. IFL, initiated in 2009, focuses on imbuing young people with a volunteer spirit toward improving community social welfare.

In 2016, with the support of Indika Energy, IFL launched the Indonesia Podium program, which publishes and disseminates informative materials through discussions involving the participation of as many as 7,000 young people. IFL operates not only in Jakarta, but also in Malang and Makassar. Throughout 2016, IFL recruited and mobilized 422 young volunteers to implement social welfare activities, such as the youth Campaign, Ramadhan sharing on the road, and beach cleanup drives.

Also in 2016, Indika Energy Group continued its scholarship provision for the children of employees with excellent scholarly standing through the Indika Energy Cerdaskan Anak Bangsa Scholarship program. These scholarships are meant not only to facilitate the education and advancement of our employees' children, but also to show our appreciation to the dedication of our workers company wide. We believe that the scholarships will encourage our employees' children to study hard and continue their educations. Since initiating this program in 2012, Indika Energy Group has provided scholarships to more than 500 children.

Indika Energy's subsidiaries, Tripatra and MBSS also implemented educational programs to complement their sustainability visions for business operations and the communities in which they operate. Tripatra donated more than 140 used computers to schools in Gayam, Bojonegoro to route the information technology as well to promote educational activities. MBSS replaced teacher's chairs in SD Dinamika Indonesia, Bantar Gebang as a form of support for all teachers in their daily activities. Meanwhile, CEP in 2016, conducted site visit for students to introduce CEP environmental friendly operations which participated more than 400 students.

400+ students gained more knowledge on electricity and coal power plant through CEP study visit.

Through our collaboration with Sokola, **100+** people in Jember are now able to read and write and implement it in their daily life.

Since 2012, Indika Energy Group has provided scholarships to **500+** children.



Health

Indika Energy regards health improvements as part of its efforts to improve the quality of human resources, as an important investment that supports the economic development of communities. This is the reason as to why health is one of the Company's main concerns in operational areas, as one of the Company's avenues to empowering communities.



Principles and Approach

Health is one of major concern within our business operations and in our approach to community empowerment around us. We believe that synergy in our sustainability activities on education, health and livelihood has the capacity to improve the overall welfare and well-being of the communities in which we are present.

Children in the local community schools as well the communities are taught the basics of hygiene, sanitation, and good nutrition, along with their science and other pertinent subject matter. We are convinced that developing both education and health infrastructure and services are effective ways to facilitate community empowerment and economic capacity by ensuring a healthier, more productive workforce and overall community welfare well into the future.

2016 Programs

Throughout 2016, Indika Energy Group intensified efforts to facilitate the strengthening of health infrastructure, including the development of Integrated Community Health Clinics (Posyandu) and the provision of health education. Indika Energy believes in improving health facilities and spreading the knowledge of hygiene, sanitation, and nutrition, as well acknowledge of the specific health care required by women of reproductive age, children and the elderly.

Indika Energy understands that one the key elements in improving the health and wellbeing of the people of Indonesia is to bring communities to the awareness that improving and expanding health and medical services constitutes a long-term investment in the human resources that will drive the development of the economy. This is why we consistently set health as an empowerment priority in our efforts to increase the wellbeing, welfare and prosperity of communities in the areas in which we have business operations.

In 2016, Indika Energy subsidiary, MBSS, made a concerted effort to improve the health and wellbeing in cooperation with local health service agencies of the people in one of its operational areas through the Bakti Sosial Susur Sungai Barito. Through this collaboration, MBSS facilitated the provision of routine health services, including medical examinations, dental checks and care, reproductive health

examinations for expecting mothers, and post-natal care and checkups for newborns, as well as medical checkups for children under five in the Barito River Basin in South Barito, Central Kalimantan.

Petrosea, another subsidiary of Indika Energy, prioritized the educational aspect of promoting better health in the communities surrounding its Petrosea Offshore Supply Base (POSB) in Kariangau, East Kalimantan, through a public awareness drive designed to inform more than 400 families in the area of the importance of prioritizing hygiene and proper sanitation in their daily lives. Petrosea also undertook a concerted, targeted drive to enhance and strengthen health service provision for children by supporting local health agency efforts to improve the capacity of Health Center personnel to provide better pediatric healthcare; along with undertaking a community health campaign in Batu Kajang, East Kalimantan.



390+ people now have better access to health through MBSS program in villages along Barito Rivers in Central Kalimantan.

In 2016, Petrosea educated more than **400+** families in East Kalimantan on hygiene and proper sanitation.

Community Empowerment

Indika Energy Group believes that people of all walks of life have the innate ability to improve themselves and their welfare with the proper input and encouragement toward independent and collaborative community-based pinpointing of local problems and the formulating of carefully targeted action plans to be implemented individually and collectively.

Empowerment Principles and Methods

Indika Energy's community empowerment program, which is aligned with our business strategies for sustainable operations and encompasses our need for educated, healthy and productive workers, is based on the idea that assisting people to find ways to help themselves is the quickest and most efficacious way to enable them to achieve more solid financial footing and the ability to support themselves independently and sustainably.

As is the case with all of our sustainability activities, Indika Energy works toward community empowerment by making an assessment to understand what communities need, and what we can do to empower those communities within the context of our longterm business strategies toward sustainable operations that benefit all of our stakeholders.

Going forward from this identification of needs, Indika Energy prioritizes collaborating with communities toward fulfilling their aspirations because we are confident that ongoing community participation in empowerment activities is a win-win approach to mutual advancement well into the future.

2016 Community Empowerment Programs

Community empowerment toward enhanced capacity, social cohesion, and economic independence for the people living in the areas in which Indika Energy Group companies have business operations is a particularly vital element of our 3+1 Sustainability Pillars. In the midst of the socioeconomic limitations and challenges facing the people living all across the archipelago, the social cohesion and spirit of cooperation instilled through our community empowerment efforts are facilitating mutually beneficial outcomes through our other sustainability pillars of Health, Education and Environment.

In 2016, Indika Energy remained committed to playing a facilitating role in assisting our operational communities toward empowering themselves and achieving maximum capacity toward greater prosperity.



For that reason, Indika Energy continued our cooperation, initiated in 2014 with Indorelawan, a foundation dedicated to connecting social welfare organizations with a pool of of more than 28,000 volunteers through their online volunteer management platform. Through Indorelawan's website, www.indorelawan.org, organizations or communities seeking volunteer assistance can reach out to volunteers in line with their needs. At the same time, volunteers can access information about the types of projects and activities available for assistance to determine if their skill sets, location, and schedules match up.

In addition, a number of Indika Energy subsidiaries have undertaken specifically targeted community empowerment activities in their individual operational regions.

Among these projects is Petrosea's community development and empowerment drive in the area around their Kideco Jaya Agung project in Paser Regency, East Kalimantan. Petrosea, which requires bottom plugs (a simple mining tool) for blasting, intiated an ongoing effort with the local community to produce them. Petrosea can now purchase bottom plugs from the community at more competitive prices than on the market, while the community receives much needed income. Currently, with production levels at 3,000 bottom plugs per month, Petrosea has begun assisting local producers to expand their market to include other contractors supporting the Kideco Jaya Agung project.

Tripatra also engaged in community empowerment efforts in its operational area of Cepu, East Java, through the donation of furniture, water tanks, and medical equipment to various community-assistance oriented social welfare institutions, such as the Indonesian Red Cross.



We support Indorelawan who has **30,000+** active volunteers.

Petrosea support its community ini Kideco to produce **3,000+** bottom plugs per month.

Environment

Indika Energy Group understands that without preservation of the natural environment it would not be possible to sustain either its business or its social welfare efforts toward improved health, education and community independence for the people near its operational sites. For that reason, it actively works at persevering Indonesia's ecosystems and biodiversity.



Principles and Approaches

Indika Energy is convinced that preserving a clean, safe, and healthy environment can go hand in hand with meeting the energy needs of not only Indonesia, but of countries across the globe.

We feel that it is our responsibility as a domestic energy sector company to do our utmost to sustainably preserve the natural environment, facilitate the maintenance of balanced ecosystems, and protect endangered wildlife to ensure the continued existence of a viable habitat for human beings.

Our efforts to accomplish this involve continuous evaluation toward improving our operational processes to reduce pollution and waste, to conserve natural resources, and to minimize any potential negative environmental impacts from both our business operations and community socioeconomic empowerment activities.

We believe when coal mining is conducted responsibly, it can provide positive benefits to all stakeholders to live life and carry out daily activities.

As part of this commitment, in 2012, Indika Energy Group sought and received recertification for the ISO 14001 certificate that was granted to us in 2004 for our Environmental Management System. We also hold ISO 9001 certification for quality management systems. In 2016, Kideco also received the Green Proper National Award from the Minister of Environment and Forestry, and the Gold Proper Province Award from East Kalimantan provincial government, as well as Aditama Award from the Ministry of Energy and Mineral Resources, for Mining Environmental Management.

Conservation and Biodiversity

Indika Energy Group, which is active in the extraction of coal and other fuel resources to meet global energy demands, is intensely aware that our operations have the potential to affect landscapes and ecosystems. So even before our operations begin, we inventory the existing species of endemic flora and fauna at site in thorough compliance with regulations relating to land reclamation in post-mining areas

We collect seeds from trees and other plants in disturbed land and forest areas for nurturing at our nursery facility, from which seedlings will be sourced for utilization in land reclamation and rehabilitation at defunct extraction sites.

Supporting the implementation of reclamation-revegetation activities, Kideco has two nursery facilities in WUP Roto Samurangau and WUP Susubang Uko. Both of these facilities, with a total area of 2.5 ha, have a production capacity of over 800,000 trees/year. More than 45 plant species were developed consisting of pioneer plants, insertion plants and other plant groups. In 2016, Kideco reclaimed 442.1ha.

We also collect seeds from trees and other plants in disturbed land and forest areas for nurturing at our nursery facility, from which seedlings will be sourced for utilization in land reclamation and rehabilitation at defunct extraction sites.

We also collaborate with Yayasan Scorpion Indonesia to preserve the natural environment and assist with protecting endangered wildlife species in Indonesia.

Thus far, Indika Energy has assisted in facilitating the return of nine poached and trafficked gibbons to their natural habitat in Sumatra.

Water Conservation

Indika Energy consistently ensures that all of the waste water from its operational sites complies with mandatory environmental quality levels by implementing a comprehensive water treatment and run-off control system. This system involves closely monitoring run-off from mining sites before treating it in settling ponds to achieve the effluent standard for coal mining before discharging it into waterways at the mandatory environmental quality level. Our careful environmental management of mining operations is meant to ensure that soil erosion is significantly reduced and local streams and rivers are not adversely affected.

Indika Energy's affiliate company Cirebon Electric Power (CEP), a steam powered electricity plant with a capacity of 660 MW, also known as PLTU Cirebon committed to managing the aspects of its operation that may impact on the environment. PLTU Cirebon is the first large coal fired power plant implementing a closed cycle cooling tower for power plant cooling. "The benefit of this system is that no hot water is discharged into the sea where several seas biotas such as plankton and benthos are sensitive to hot water.

Technological Innovation

Indika Energy, which continuously evaluates and improves its working methods and processes, effectively leverages technological innovation to minimize negative operational impacts on the environment and effectively monitor energy use for greater efficiency to achieve optimal benefit to stakeholders.

PLTU Cirebon that has operated steadily for four years, is an example of our commitment to protecting the environment. PLTU Cirebon uses supercritical boiler technology that lowers coal consumption and emissions. In 2016, the CEP power plant was honored as "Asia Coal Power Project of the Year" at the Asian Power Awards 2016 in Seoul, South Korea.



CEP power plant awarded as **"Asia Coal Power Project of the Year"** at the Asian Power Awards 2016.

In 2016, we assisted the return of **nine** poached and trafficked gibbons to Sumatra.

Kideco received the **Green Proper National Award** and the Gold Proper Province Award in 2016.

Sustainability Governance

Indika Energy understands that as a business entity in a larger national and global environment, the solidarity that grows from integrity-based internal and external relationships are vital to the sustainability of operations and social welfare activities. We understand that good governance at all levels and in all aspects of operations and activities is key to sustainability.

Principles and Approach

As a company listed on the Indonesian Stock Exchange (BEI), Indika Energy is committed to consistently enhancing good governance to sustain our business. For that reason, our Directors and Commissioners carefully monitor the use of the Good Corporate Governance principles of transparency, accountability, responsibility, independence, fairness and equality in all of the company's strategic planning, policies and actions.

Throughout 2016, Indika Energy strictly enforced its Company Business Ethics, as well as the regulations, of the Indonesian Stock Exchange (BEI) and Financial Services Authority (OJK) to achieve greater efficiency through streamlining of corporate structure and reorganization of the Audit and Corporate Governance; Human Capital; and Risk committees to strengthen our sustainability for the continuing benefit of all stakeholders.

Board of Commissioners, Committees, and Board of Directors

Indika Energy's Board of Commissioners (BOC) guards the interests of the company, while the Board of Directors (BOD) manages it with good corporate governance principles. BOC member remuneration, approved by shareholders, is regulated by internal policy, regulatory measures and industry standards.

On 23 May 2016 the BOC and BOD participated in Indika Energy's Induction training for competence enhancement in the company and subsidiaries.

A number of committees assist BOC with oversight of internal systems, nomination and remuneration of BOC and BOD, risk management, and good corporate governance. The Audit Committee formed by BOC for internal control, which subsequent to April 2016, also took on the function of corporate governance supervision thus becoming the Audit & Corporate Governance Committee. Human Capital Committee takes care of nomination and remuneration matters, as well as oversees employee engagement strategy, while Risk and Investment Committee enforces good risk management. BOC also holds authority to form other committees as required.

In line with BEI's regulations, the BOC and BOD hold joint coordination meetings every 4 months to discuss Directors' reports on business conditions, performance and prospects.

Diversity in Management

Indika Energy Group's BOC and BOD members reflects its Code of Business Conduct (COBC) and corporate values which advocate educational, experiential, age, gender, ethnic, religious, and socioeconomic status diversity at all levels of our workforce, thus ensuring a rich and varied egalitarian spirit and atmosphere across all of the company's operations and activities.

Whistleblowing System

Indika Energy Group has applied an irregularities reportage system since December 2013 to actively curb lack of compliance to company regulations. This zero tolerance Whistleblowing System provides a channel for conveying information concerning any irregularities companywide in order to avoid conflicts, ensure problem resolution, and maintain the Group's public reputation. No irregularities were reported during 2016.

Membership and Certification

Indika Energy Group ethically prioritizes and implements Health, Safety and Environmental (HSE) principles throughout its operational units to ensure wellbeing of its employees and the environment. Our companywide HSE efforts range from Environmental Feasibility Studies to ISO14001:2004 Environmental Management certification. In addition, Indika Energy Group companies are members of the Indonesian Coal Mining Association (APBI-ICMA), Indonesian Mining Association (API-IMA), Indonesian Chamber of Commerce (KADIN), Indonesian Contractors' Association (AKI) and others.

Code of Business Conduct (COBC) certification is a **mandatory requirement** in the employee recruitment process.

Stakeholders	Interest	Engagement
Shareholders	o Opportunity for long-term growth o Commitment to achieve sustainable development goals	o General Meeting of Shareholders o Periodic communication o Routine meetings o Annual Report o Sustainability Report
Government/ Regulator	o Compliance with regulations o Tri-sector partnership o Monitoring of social and environmental performance	o Official meetings o Joint program o Performance reporting
Employees	o Occupational Health and Safety o Career and remuneration	o Performance review o Direct communication o Internal media o Education and training o Annual Report o Sustainability Report
Suppliers	o Collective Labor Agreement o Prioritization for local content o Transparency	o Capacity building o Publication and dissemination of performance reports
Consumers	o Timeliness o Product quality o Waste management	o Routine communication o Technological innovation and technical support o Dissemination of product information
Communities	o Impact management o Local manpower absorption o Contribution to the community o Capacity development o Community development	o Public consultation o Participation in community management o Development programs o Publication and dissemination of reports
Media	o Disclosure of information	o Public expose o Media releases o Media gatherings o Media consultation
NGO	o Social and environmental performance o Tripartite partnership	o Consultation o Partnership o Sustainability Report

Since the COBC was launched, we have collected gift items from external parties with a total value of **US$ 500+**.
All of these items have been donated.

Sustainability through Responsible Manpower Management

Diversity is at the core of Indika Energy Group's approach to recruitment and manpower management. We engage, develop and retain talented people on the basis of their capacity and potential for achievement rather than their gender, language, culture, religion, sexual orientation, or socioeconomic status. Everyone has equal opportunity to employment and advancement in our companies.



Principles and Approach

Human capital is one of Indika Energy Group's major assets. Our employee's diversity of backgrounds, skills, experiences, and ideas enables us to respond innovatively to business challenges. Within this diversity, we encourage a culture of inclusiveness that guides our recruitment and manpower management policies in line with our Code of Business Conduct. We provide equal employment opportunities for all; making exceptions only for positions that require specific physical abilities for primary job functions. Currently 4% of our executives are women.

To effectively harness the dynamics of this workplace diversity to benefit all stakeholders, Indika Energy creates a sense of solidarity through quality leadership, development opportunities, and rewards for good performance at all levels.

Indika Energy Group believes that communication and open, honest dialog are keys to quality leadership and manpower management. Our culture of leader-led communication and engagement is supported by a number of communication tools. These include Indikaenergy-Net, a portal dedicated to employment needs, and keeping employees regularly informed through updates, news and announcements, as well as our internal magazine Indikator. We also hold town-hall meetings and have established employee group chat to make our dialogs less formal and to bring us all closer together on meeting employees' expectations.

In 2016, Indika Energy provided **9,572 days** of training at a cost of more than **US$ 129,000**

In 2016, Indika Energy had **6,465 employees**, down 34% from 8,396 in 2014

the company's needs and business strategies. In tandem with these decisions, Indika Energy Group encouraged employees throughout all of our operations to enhance productivity, efficiency and asset utilization to achieve an operational edge in the industry.

Indika Energy also understands the paramount importance of the human rights of our employees and the people in our operational communities. All of our staffs undergo human rights training, and our subsidiaries, most notably Petrosea and Tripatra, have set grievance mechanisms into place to address the concerns of communities over the impact of our operations.



In 2016, Indika Energy Group employed 6,465 people of 15 different nationalities in Jakarta and at our project sites, who receive periodic training to enhance operational acumen, leadership skills, productivity, efficiency, and asset utilization. In 2016, our training days reached 9,596.

In the face of intense business pressures in the midst of a challenging energy sector climate at the beginning of 2016, Indika Energy rationalized its organizational structure to improve efficiency. This was done not only within the holding company, but involved organizational adjustments at certain of our subsidiaries in line with periodic reviews of Key Performance Indicators (KPI). These included employee performance levels and remuneration within the context of

Indika Energy Group, which spends millions of dollars with suppliers every year, also intentionally sources and markets products and services from and through diverse suppliers and sales partners to spur local economic development for the benefit of underserved communities. In tandem with this business approach, we also forge partnerships with local institutions and organizations in the health, education, community empowerment and environmental protection sectors to achieve greater development and independence of local communities.

Sustainability through Safety

Indika Energy Group, which operates an energy sector chain from pit to port and onwards, as well as producing electricity for homes and businesses, understands the importance of workplace safety from the very nature of our operations. We apply strict safety processes toward zero injury and mortality.

Principles and Approach

Indika Energy believes that Health, Safety and Environment (HSE) are vital to its business sustainability. Promoting a safe and healthy workplace is also key to maintaining our reputation as a good place to work. We are deeply committed to keeping our people safe from injuries and death day in and day out. We believe that everyone deserves to return home safe and sound to their loved ones at the end of every shift.

In 2016 our lost time injury rate dropped to 0.29 for the year; which indicating the strength of our safety processes and culture.

In compliance with regulations and as evidence of Indika Energy's solid commitment to protect and keep our employees safe, we have established our HSE Committee to facilitate the application of HSE service standards, to formulate safety-first management policies, identify hazard factors, investigate accident cases, deliver feedback regarding HSE, and to educate and motivate employees.

Our solid commitment to protecting and keeping our employees safe, has also motivated Indika Energy Group to formulate, prepare and apply regulations based on our I-Drive philosophy as specified in our Indika Energy Group Employee Handbook on Safety. I-Drive refers to the HSE management system of Indika Energy Group, in accordance with OHSAS 18001:2007 certification.

We monitors our HSE performance at each project site through regular monitoring and audit according to guidelines, standards and the HSE management system in order to identify opportunities for improvement, evaluate compliance and ensure application of high safety standards. One performance indicator that we use as a reference is the level of lost time injuries.

Total Recordable Injury Rate

Number of injuries recorded per million hours worked

	2014	2015	2016
MUTU & MEA	0.00	0.00	0.00
Petrosea	1.92	0.78	0.63
Tripatra	0.057	0.064	0.00
MBSS	2.11	1.29	3.45

Lost Time Injury Rate

Number of lost-time injuries per million hours worked

	2014	2015	2016
MUTU & MEA	0.00	0.00	0.00
Petrosea	0.00	0.00	0.00
Tripatra	0.057	0.00	0.00
MBSS	4.00	1.00	0.29

In 2016, our lost time injury rate dropped to **0.29** for the year

Each Indika Energy Group employee is provided a handbook containing a description of the I-Drive work pattern and procedures for implementation of the Group's Health, Safety and Environment (HSE) policies.

Indika Energy Group holds monthly safety coordination meetings, with periodic safety reports submitted to the Board of Directors.

IN THE SPOTLIGHT

Indika Energy understands that no individual, business or nation stands alone within the human realm. Everything we do as individuals and corporations has a ripple effect on the economy, communities and our shared social and natural environment. For that reason, we have embraced good corporate governance and corporate social responsibility to sustain business growth, community empowerment and the viability of the earth's ecosystem. We also believe that sustainability is a collective responsibility, and intentionally build a bond among our companies, our employees and with the people in the communities in which we operate. Together we have the capacity to build a better company, better nation and better future.



Expanding Horizons through Education

An uneducated mind is like a dark, closed room without windows to let in the light and the fresh air of directed thought that enhance the human psyche and enrich individual potential toward sustainable endeavors. For that reason, Indika Energy has made education one of its 4 sustainability pillars.



Sokola Jember Program Opens up Minds

If books are windows on the world as many people say, the people of Sumber Candik Village in Jelbuk Regency, Jember District, East Java, which has the highest illiteracy rate in Java, have narrow horizons indeed.

In this village nestled in the isolated foothills of Argopuro Mountain, where access to formal education facilities and skilled teachers remains daunting, the majority of people between the ages of 14 to 57 can neither read nor write. The closest school is an arduous 2-hour journey along a winding road, which even teachers eschew.

Understanding that education is key to community empowerment toward developing Indonesia, in March 2016, Indika Energy started supporting the efforts of Sokola, a non-profit organization, to eradicate illiteracy there. Through the basic literacy program, called Sokola Kaki Gunung, Indika Energy helps Sokola provide people of all ages in Sumber Candik the chance to learn to read and write.

"I am delighted that I can keep learning. Especially because we also get to play," says Babun, 8

Early education classes (15 children under 5) and elementary classes (30 grade-school age children) run from 3 p.m. into early evening 6 days a week in an easily accessed Mushola prayer house. Classes attended by a total of 30 adolescents and adults are also held there from 7 to 9 p.m.

Notably, some of these students are not fully illiterate. They can read and write Arabic text, although the Latin alphabet was an enigma for them until the classes began.

"It is easier to get to school now. I don't have to walk such a long way anymore," says Hamidah, 9

Among the most important factors in the success of the Sokola Kaki Gunung is the support of family and the problem-solving method employed by the teachers, which encourages group discussions, practice, and problem-solving assignments.

The goal is for 75% of the participants to have mastered basic reading, writing and arithmetic within 6 months so they can better contribute to the community. As the saying goes, wherever there is a school, every student becomes a teacher and every book knowledge.

Before assisting the Sokola program in East Java, Indika Energy had supported Sokola's efforts to eradicate illiteracy in Flores.

East Java Central Statistics Agency data for 2014 indicates that **1.2 million** provincial residents remain illiterate

To date, more than **100 people**, ranging in age from the very young to the elderly, have benefited from the literacy program

PLTU Cirebon Takes Education Where it is Needed

As innovation powered technology evaporates the distance between nations and cultures, driving competition, achievement of computer skills is becoming imperative for Indonesia's younger generation in particular. Unless computer science and technological skills are equally expanded among Indonesia's companies, schools and households, the nation will continue to fall behind the global community.

'We have benefited from PLTU Cirebon's Mobile Learning program, which promotes technology and innovation," says Cirebon Regent, Sunjatya Purwadi

Program overview

Despite the technology-driven hustle and bustle of urban life in 58% of Indonesia's cities, only 29.8% of Indonesia households have computer access. Indonesia also lags behind other countries in innovation, reflecting that basic computer technology knowledge remains limited. Thus, it is imperative that Indonesia's young people gain access to the soft skills they need for participating in this era of modern technology.

For that reason, Indika Energy's affiliate company, Cirebon Electric Power (CEP), in cooperation with Yayasan Cinta Anak Bangsa, has launched the two-pronged Technology and Innovation Program for young people ranging from 9 to 12 years of age in Cirebon, West Java. This program encompasses PLTU Cirebon Mobile Learning activities and Innovation Motivation Story Telling, which is based on the book titled "Innovation" written by President Director of Cirebon Energi Prasarana, Heru Dewanto.

The Mobile Learning facilities provide computer skills to young people with limited access to technology, while sharing ideas through story telling as exemplified in the content and illustrated storying-telling format of the book, themselves innovations in Indonesia's publishing world. These efforts have proven to be an excellent tool to stimulate innovative thinking and activity among Indonesia's young people, even those still in elementary school.

This Technology and Innovation Program is driven by PLTU Cirebon's social concern sustainability spirit with its core elements of education, health and economic empowerment, which are expected to have a concrete impact on the development of the young people of Cirebon into people with critical thinking, creativity, the courage to innovate, and the capacity to continuously master new technology.

"Investment in education is imperative because it brings change," says YCAB Foundation Founder & CEO, Veronica Colondam.



Only **29.8%** of households have access to computers in Indonesia.

The program saw participation by more than **1,500 students** within 1 year of establishment.

MBSS Improves Health for Barito Riverbank People

MBSS actively acts on its belief that providing adequate health and education facilities and services in the regions in which it operates not only advances its business, but also empowers local communities toward greater productivity, all of which will ensure sustainability of the company's overall operations and the health and capacity of this generation and those to come.



Improving health and education improves community welfare

MBSS worked actively throughout 2016 toward the enhancement of the quality of health services through its Barito Riverbank Social Welfare Program that collaborated with local health agencies to provide improved and expanded health services, including medical examinations and treatment, dental care, pre- and post-natal care, and pediatric care for 318 individuals living in South Barito, Central Kalimantan.

In remote regions like the Barito River Basin area, health facilities and services are not only vital in incidences of accidents and other emergencies, disease outbreaks, or chronic ailments, but also for dissemination of information about sanitation and hygiene and reproductive and child health, which are vital for the overall welfare of community members of all ages.

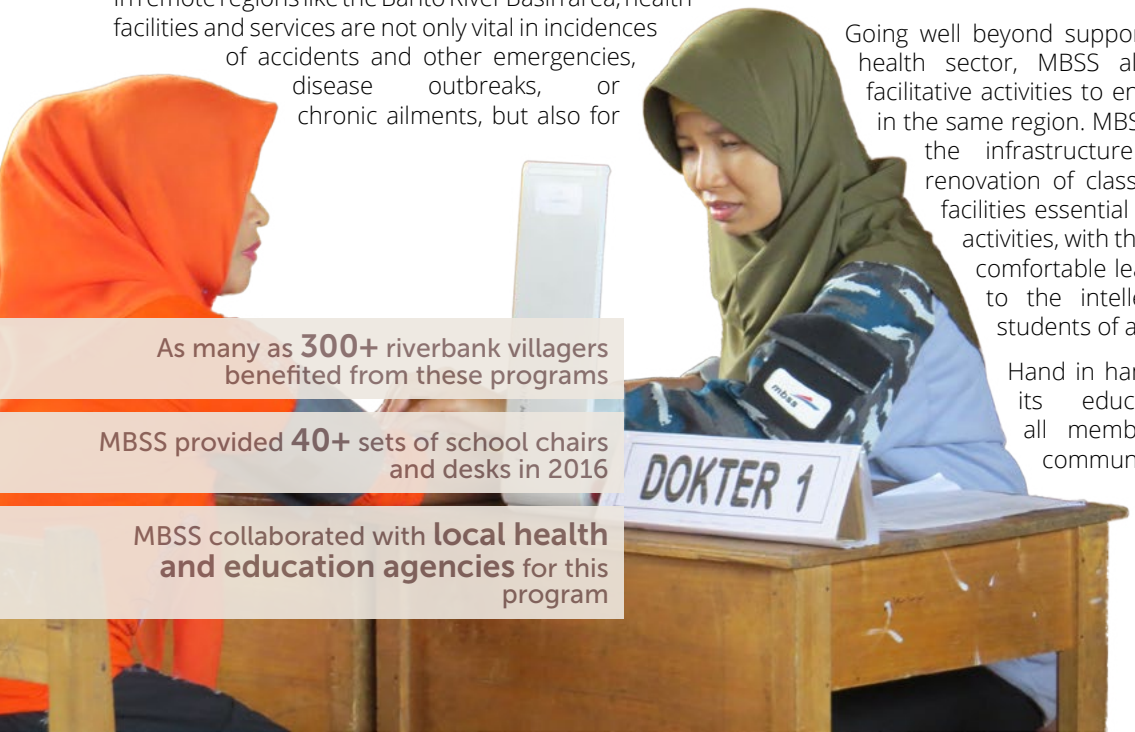
They also provide a vital source of immunization facilities and knowledge of nutrition and child raising to ensure the health and proper development of the younger generation.

> "Our appreciation to MBSS who has helped to improve the quality of health of in Tampulan Village and its surrounding areas," says Daryomo, Head of South Barito Health Office

This specifically designed and targeted community empowerment program aims to improve access to adequate health facilities and services for the local community, with the expectation of developing increasingly cordial and beneficial relations with all of our local stakeholders.

Going well beyond supporting the efforts of Indonesia's health sector, MBSS also undertook a number of facilitative activities to enhance the quality of education in the same region. MBSS actively assisted in improving the infrastructure of schools, including the renovation of classrooms and provision of other facilities essential to ensure effective educational activities, with the understanding that a safe and comfortable learning environment is essential to the intellectual and skill development students of all ages.

Hand in hand with MBSS' health program, its education program empowers all members of the Barito riverbank community in Central Kalimantan toward improving their well-being and welfare well into the future for many generations to come.



As many as **300+** riverbank villagers benefited from these programs

MBSS provided **40+** sets of school chairs and desks in 2016

MBSS collaborated with **local health and education agencies** for this program

Indorelawan Volunteers to Empower

The media bombards us daily with news of disasters and situations of intense social concern. Much of what happens will remain within that circle of concern, while others fall within our circle of influence due to our fields of expertise or proximity. Indorelawan provides a way for everyone to act and influence toward positive outcomes.

Program overview

Indika Energy, which strongly believes that volunteering in the spirit of Indonesia's tradition of Gotong Royong (Mutual Assistance) provides core solutions for all social problems exiting or emerging across the archipelago, has supported the non-profit organization Indorelawan since its inception.

Indorelawan was established to maximize the potential of volunteerism through the application of technology to bridge the communication and action gap between communities that need volunteers in times of disaster, or to assist in problem solving to address difficult to resolve situations through concrete physical action and provision of targeted assistance toward social empowerment.

At this time, communities across the country, which require a helping hand, often go without assistance because they are not able to find channels to communicate their situation effectively, and those who would want to make a difference for them do not know about the need. Indika Energy, through Indorelawan, has stepped in to help bridge this gap between pressing need and potential resolution.

Indorelawan advocates and organizes to mobilize and facilitate two kinds of volunteers: experts with vital knowledge and experience in various sectors, and concerned individuals who may not have specific skills, but have the energy and compassion to assist in any way they can. The assistance of expert volunteers, for example, is often required temporarily during times of natural disasters or other emergency situations, while the other volunteers can assist in a wide variety of ways, depending on their specific interests or talents, in both short and long-term programs for communities in need.

"Lack of immediate information might keep urbanites from volunteering at all," says Director of Indorelawan Marsya Anggia

Everyone who expresses interest in volunteering through Indorelawan is welcome to register for verification of their application and further selection processes that will ensure their commitment and suitability for the various tasks to be undertaken to provide community assistance.

In 2016, Indorelawan had 276 partner organizations and 28,000 volunteers, 6,300 of them actively engaged, to provide social assistance and empowerment throughout Indonesia.

"*Indorelawan.org* is a great idea that helps people needing volunteers a lot," says Afra Suci Ramadhan, founder of the Youth Movement Pamphlet



In 2016, national media outlets (Kick Andy talk show, Metro TV, Kompas TV, and the Kompas and Jawa Pos newspapers) promoted Indorelawan

Based on a survey of 174 Jakartans, 87% wanted to volunteer, but only 30% percent had done so because of lack of information

In 2016, Indorelawan had **28,000+** volunteers, **6,300** of them activated, and **276** partner organizations

Petrosea Creates Win-Win Community Economy Solution

Petrosea, a subsidiary of Indika Energy, has taken a visionary step in utilizing Indonesia's ancient tradition of Gotong Royong (Mutual Assistance) to resolve an immediate contemporary business need for greater production efficiency within its operations, while economically empowering the communities in the areas in which it operates for the long run.

Problem solving through company-community solidarity

In 2016, Petrosea encountered an efficiency problem in its Kideco Jaya Agung Project in the Legai Village and Samarangau areas. In order to increase mining operation production, the company required bottom plugs for the blasting phase made from a specific plastic material (generally used for PVC pipes and plates), which cost a relatively expensive Rp 40 thousand per unit on the market at that time.



To meet its hefty need for bottom plugs in its mining operations, Petrosea hits upon the idea of leveraging this need for a vital production tool to economically empower the region they operated in through Indika Energy's concept of consolidating toward sustainability by inviting the people of Legai Village and Samarangau to collaborate in the production of bottom plugs.

The villagers eagerly stepped up to accept this economic opportunity to enhance their welfare and began producing around 3,000 bottom plugs monthly, which brought the cost to the company for each bottom plug down to only Rp 17 thousand per plug. This cost, highly competitive in light of the market price, enabled Petrosea to save more than Rp 69 million per month, while providing income of Rp 51 million per month for the people of its operational area.

Petrosea then further enhanced this innovative sustainability initiative for creating a viable community industry by planning and implementing a guidance program toward enabling the community industry work groups to form a legally based cooperative in order to solidly expand their business cooperation with a number of other Kideco companies.



The participating communities have gained an income of more than **Rp 612 million** per year from the production of bottom plugs

The local community production units produce **3,000+** bottom plugs per month

Indika Energy Teams up with Scorpion to Protect Wildlife

From the outset of its establishment in the mining and energy sector, Indika Energy has championed the protection of the natural environment, including endangered species of flora and fauna. Currently, Indika Energy is working with the Yayasan Scorpion Indonesia to preserve the biodiversity of the Indonesian archipelago.



Indika Energy Environmental Pillar Shelters Endangered Wildlife

Indonesia is known worldwide for its vast variety of flora and fauna. Unfortunately, many wildlife species are near extinction due to industrial expansion, hunting, poaching, and illegal trafficking of rare animals on the domestic and global markets, where they draw high prices that encourage the unscrupulous.

> "Indika Energy's support is expected to help wildlife individuals get a chance to live and thrive in their natural habitats," says Gunung Gea, Director of Yayasan Scorpion Indonesia.

For example, the increasingly rare gibbon is a protected species in Indonesia, but the International Union for Conservation of Nature (IUCN) has recently warned that gibbons and other large mammals on Sumatra, such as orangutans, elephants, rhinoceros, and tigers, are facing such critical population declines that they could end up extinct.

The only way to counter this is to protect, nurture in captivity, rehabilitate and return individuals of the various endangered wildlife species back into their natural habitat after conditioning them to live independently of human intervention.

In line with its sustainability environmental pillar, Indika Energy acts on its concern for sustaining the balance of the Earth's ecosystem by supporting programs for the conservation of the natural environment. At the end of September 2016, Indika Energy began collaborating with Yayasan Scorpion Indonesia to return three gibbons currently in captivity; two symphalangus syndactylus gibbons and one hylobates agilis gibbon, who originate from the Sipirok Forests in Tapanuli, North Sumatra.

All of these gibbons are 5 years of age, and were taken into protective care after being rescued from wildlife traffickers who were offering them up to the highest bidder. During their captivity, they have undergone an extended stint of rehabilitation and reconditioning by the Sumatra Rainforest Institute (SRI) in Panyabungan, North Sumatra toward returning them to their natural habitat. During this time, the 3 gibbons have learned how to once again live independently in their natural habitat with the assistance of the Natural Resources Conservation Center, which focuses on facilitating the release of adequately independent wildlife back into their natural wild habitat to develop and live freely.

Currently, besides the 3 Gibbons, there are 10 other protected species individuals undergoing veterinary treatment and training in preparation for their return to the wild by SRI in Panyabungan before their transfer to the Kalaweit Animal Rescue Center for further training before their release into their natural habitat.



Throughout 2016, a total of **9 gibbons** were prepared for release back into their regions of origin in Sumatra

Beyond assisting the rehabilitation of the gibbons, Indika Energy also worked to **raise public awareness** on endangered species in cooperation with Indonesia's media outlets

Indika Energy's environmental concern activities are in line with the government's efforts to **protect the rich biodiversity** of Indonesia

ANNEX GRI G - 4 INDEX CORE

	DISCLOSURE OF GENERAL STANDARDS	PAGE
G4-1, G4-2	Strategy and Analysis	8-10
	Organizational Profile	
G4-3	Organizational Profile	12
G4-4	Primary brands, products, and/or services	13-15
G4-5	Location of organization's head office	5
G4-6	Number of locations where the organization operates	16
G4-7	Nature of ownership and legal form	12
G4-8	Markets served	16
G4-9	Scale of the reporting organization	4-5
G4-10	Total number of employees	16
G4-11	Total employees covered by collective labor agreement	30
G4-12	Supply chain of the organization	13-15
G4-16	List memberships of associations	28
	Materiality and purpose of the Report	
G4-17	Entities included in the report	5
G4-18	Process of determining report content and boundaries	4
G4-19	Material aspects	5
G4-20	Boundaries of reporting the material aspects	5
G4-23	Significant changes during the reporting period	4
	Stakeholder engagement	
G4-24	List of stakeholder groups	28
G4-25	Basis for identification and grouping of stakeholders	27
G4-26	Approach to stakeholder engagement	28
G4-27	Stakeholders' key topics and concerns	28
	Report profile	
G4-28	Reporting period	4
G4-29	Date of most recent previous report	4
G4-30	Reporting cycle	4
G4-31	Contact point for questions regarding the report	5
G4-32	GRI content index core option	40
	Governance	
G4-34	Governance structure of the organization	28

	DISCLOSURE OF GENERAL STANDARDS	PAGE
G4-35	Delegating authority process for economic, environmental and social	28
G4-36	Appointed executive-level position or positions with responsibility for economic, environmental and social	28
G4-37	Consultation between stakeholders and the highest governance body on economic, environmental and social topics	28
G4-38	Composition of the highest governance body and its committees	28
G4-40	Nomination and selection processes for the highest governance body and its committees	28
	Ethical Integrity	
G4-56	The organization's values, principles, standards and norms of behavior	12
	Economic performance	
G4-EC1	Direct economic value generated and distributed	16
G4-EC8	Understanding and describing significant indirect economic impacts, including the extent of impacts.	16
	Environmental aspects	
G4-EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	26
G4-EN12	Description of significant impacts of activities, products, and areas and areas of high biodiversity value outside protected areas. services on biodiversity in protected	26
G4-EN13	Habitats protected or restored	26
G4-EN27	Environmental impact mitigation of products and services	26
	Social aspects	
G4-SO1	Local community engagement	30
G4-SO4	Communication and training on anti-corruption policies and procedures	28
G4-SO5	Confirmed incidents of corruption and actions taken	29
G4-LA1	Total number of employee hires and employee turnover by age group, gender and region.	31
G4-LA5	OHS joint committee	32
G4-LA6	Injury rate	32

Indika Energy Group greatly appreciates the support of our partners















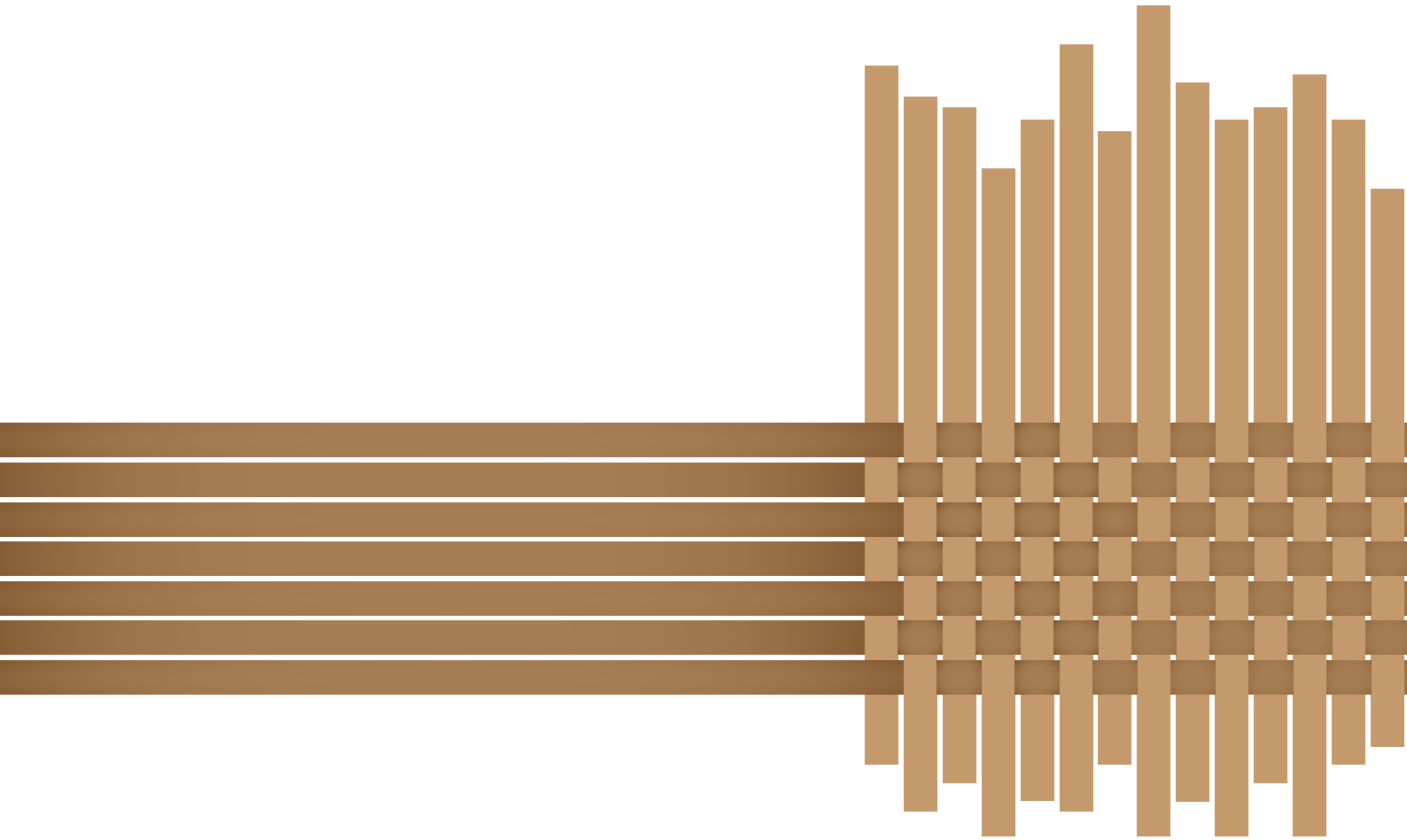






Palang Merah Indonesia





PT Indika Energy Tbk.
Graha Mitra, 3rd Floor
Jl. Jend. Gatot Subroto Kav. 21
Jakarta 12930, Indonesia
sustainability@indikaenergy.co.id