INDIKA ENERGY

2018 SUSTAINABILITY REPORT

DRIVING GROWTH FOR INDONESIA

Sustainability lies at the heart of all that we at PT Indika Energy Tbk. have done, are doing and plan to do in the future, in order to ensure that our business operations and social empowerment programs deliver an ever greater contribution and positive differences to reinforce Indonesia's development as a people and a nation,"

Azis Armand
Chief Executive Officer, Indika Foundation

INDIKA
FOUNDATION

INDIKA ENERGY

DRIVING GROWTH FOR INDONESIA

2018 Sustainability Report

ABOUT THIS SUSTAINABILITY REPORT

This report covers the activities of PT Indika Energy Tbk and our subsidiaries PT Kideco Jaya Agung (Kideco), PT Indika Indonesia Resources (IIR), PT Petrosea Tbk. (Petrosea), PT Tripatra Engineers & Constructors (Tripatra), PT Mitrabahtera Segara Sejati Tbk. (MBSS), PT Indika Logistics and Support Services (ILSS), and PT Cirebon Electric Power (CEP), which operate as Indika Energy Group (IEG).

Indika Energy operates with the understanding that ours is a long-term business, and that our ability to prosper is intimately bound up with our ability to play a positive role in society. Based on these considerations, Indika Energy therefore prioritizes sustainability as the key element in the success of our business objectives, namely to achieve efficiency and high value growth, while also maintaining and enhancing our good corporate reputation.

We do this by striving to meet and, where possible, exceed the expectations of the communities where we operate by nurturing cordial and mutually beneficial interactions with local residents, enhancing the safety and welfare of our employees and their families, and managing the viability of the local ecosystems.

We also strive to uphold and socialize our values as a means of establishing common grounds with local communities, as part of the process of optimally serving all of our stakeholders.

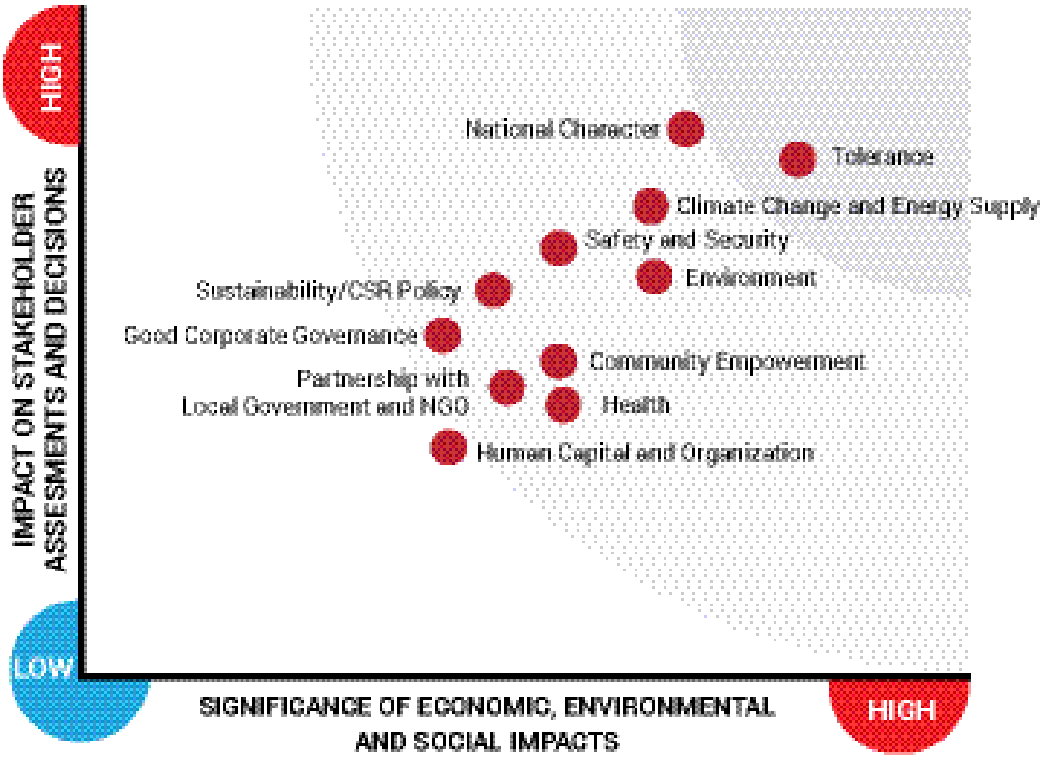
By holistically implementing the principles, policies, strategies and practices integral to our Sustainability DNA, which includes integrity, strength in diversity, responsibility to stakeholders, social and environmental concerns, and the drive to be the best we can be overall, Indika Energy expects to achieve business longevity. Our Sustainability DNA also enables us to generate equitable and lasting prosperity in an increasingly democratic and egalitarian socio-economic and political environment in Indonesia.

Since 2017, we have fully materialized our commitment through the establishment of the Indika Foundation, toward strengthening and facilitating nation-building in line with Indika Energy's great confidence in the capacity and potential of the Indonesian people to unify and harness their diverse cultures and traditions for the benefit of all citizens.

In 2018, we continued this process by enhancing existing strategies and programs, as well as creating new ones with the intention of consistently driving the economic empowerment of communities in tandem with our business activities, in order to sustainably benefit our internal and external stakeholders.

This ninth edition of the Indika Energy Sustainability Report sets out the main actions and results of Indika Energy Group's activities in 2018, including financial and non-financial information related to the company's economic, environmental and social performance.

This report covers the activities of PT Indika Energy Tbk and our subsidiaries PT Kideco Jaya Agung (Kideco), PT Indika Indonesia Resources (IIR), PT Petrosea Tbk. (Petrosea), PT Tripatra Engineers & Constructors (Tripatra), PT Mitrabahtera Segara Sejati Tbk. (MBSS), PT Indika Logistics and Support Services (ILSS), and PT Cirebon Electric Power (CEP), which operate as Indika Energy Group (IEG).



In this report, unless otherwise stated, "IEG", "Group", "we", "us" refer to the combined group, whose achievements, difficulties, challenges and advancements have been set out in four main sections:

Education, Health, Community Empowerment, Environment.

The boundary and scope of this Sustainability Report covers Indika Energy Group assets (including projects in development or execution phases, sites and closed operations) that have been wholly owned and/or operated by Indika Energy, as well as assets that have been owned as a joint operation, which were operated by Indika Energy Group during the period from January 1 to December 31, 2018.

All data presented in this report have been internally validated, with much of the quality management data also being internationally certified through ISO 9001, OHSAS 18001 and ISO 14001. Meanwhile, the data regarding economic performance are based on the 2018 Indika Energy Annual Report, which has been verified by a public accountant.

The overall content of this report has been prepared in accordance with the Global Reporting Initiative (GRI-4) Standards: Comprehensive Option and its Mining and Metals Sector Supplement, and the International Council on Mining and Metals' Sustainable Development Framework. It also adheres to Sustainable Development Goals (SDG) guidelines in conjunction with Indonesia's 2030 agenda.

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CONTENTS

PRESIDENT DIRECTOR'S MESSAGE

INDIKA ENERGY ACCOMPLISHMENTS TO DRIVE NATIONAL GROWTH

DRIVING GOOD CORPORATE GOVERNANCE

INDIKA FOUNDATION

EDUCATION

HEALTH

COMMUNITY EMPOWERMENT

ENVIROMENT

APPENDIX

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




Alcohol Pads
PASEO
PASEO

PRESIDENT DIRECTOR'S MESSAGE



Over the last 45 years, our efforts to build up national energy infrastructure have shaped Indika Energy into a leading national energy company with world-class competencies. Having established ourselves firmly in this regard, we now believe it is time to expand our footprint beyond energy and particularly coal, as part of ensuring sustainable growth going forward. This decision was made from a position of financial and operational strength.

In 2018, the Company recorded solid revenue improvement of 169.7% to US$ 2,962.9 million, Gross Profit increase of 421.7% to US$ 641.2 million, and Operating Income increase of 1,388.9% US$ 508.1 million to deliver Core Profit increase of 78.2% to US$168.4 million for 2018. These results reflected the full-year consolidation of Kideco revenue following its acquisition at the end of 2017, followed by higher revenue contribution from Petrosea driven by improvement in its mining contract and engineering & construction business, as well as improvement in the coal trading business. These solid results, as well as cash reserves or some US$700 million at the end of the year, gave Indika Energy substantial flexibility to invest in new businesses.

During the year, the management therefore began actively looking at new opportunities. In April 2018, Indika Energy signed a 20-year US$108 service agreement with PT ExxonMobil Lubricants to build a fuel terminal in Kariangau, East Kalimantan. This was followed by the establishment of PT Indika Digital Technology (IDT), an information technology (IT) business which draws on Indika Energy's substantial experience with implementing IT solutions to successfully digitize its operations. IDT is expected

For more than four decades, Indika Energy Group has helped to develop Indonesia by building national energy infrastructure including oil & gas projects all over the archipelago. We have always worked with professionalism and integrity to do our best for the country in an ethical and sustainable manner, while also honoring our corporate social responsibilities. In 2018, we continued to further our commitment to sustainably driving national growth as outlined below.

to be able to help Indonesian businesses transform and compete in the digital era, in line with the government program "Making Indonesia 4.0" and the rise of Industry 4.0 era.

In October 2018, coinciding with the eight anniversary of Indika Logistics, the management launched PT Interport Mandiri Abadi (IMA) to focus on business opportunities related to terminal and port activities. Then in November, Indika Energy established PT Indika Mineral Investindo (IMI), through which the Company acquired a 19.9% share ownership in Nusantara Resources Limited (NUS) in December in order to participate in the development of the Awak Mas gold project mining concession in South Sulawesi.

All of these businesses represent a concrete step to diversify Indika Energy's portfolio towards enhancing growth, while simultaneously continuing to drive the growth of the Indonesian economy through continuous investment in projects and businesses.

Complementing these business initiatives, we also continued to carry out sustainability programs through Indika Foundation, which focuses on voicing and amplifying the spirit of tolerance and national character development through programs such as "Let's Share Art" and multicultural classes.

During 2018, Indika Energy's sustainability program focused on its four pillars of education, health, environment and community empowerment. These activities were carried out in collaboration with the following partners: Sokola for educational activities in Mariso Sulawesi, Indorelawan for volunteer programs, and Sabang Merauke for student exchange programs. Indika Foundation also initiated Toleransi.id, a social platform that aims to inspire, encourage and stimulate collaborative tolerance activities both offline and online. Apart from that, Indika Energy Group also contributed assistance and volunteerism in response to various national disasters, as form of solidarity and concern with the people of Indonesia and the communities where we operated.

Closing out 2018, we were grateful for the support of employees and all stakeholders, which had fired the spirit and performance of the Company to achieve such progress – enabled us to continue contributing to the nation. Entering 2019, Indika Energy was aware that the industry conditions continue to be volatile due to the influence of various key factors such as coal and oil prices, as well as global economic conditions. As such, our business portfolio and management approach will need to continuously adapt and change. However, our commitment to building up Indonesia, supporting the programs and aspirations of the central and regional governments, and doing our best to contribute to the progress of the surrounding communities and maintaining environmental sustainability, remains unchanged. We will steadfastly face the challenges ahead in pursuit of sustainable growth, both for our shareholders and to support national priority programs and development.

M. Arsjad Rasjid P.M.

President Director

INDIKA ENERGY ACCOMPLISHMENTS TO DRIVE NATIONAL GROWTH



THROUGH CONSISTENT INVESTMENT AND DEVELOPMENT IN BUSINESSES AND COMMUNITIES, INDIKA ENERGY HAS EFFECTIVELY DRIVEN THE GROWTH AND DEVELOPMENT OF INDONESIA'S ENERGY SECTOR AS WELL AS ADJACENT SECTORS, IN AN ENVIRONMENTALLY CONSCIOUS AND ETHICAL MANNER THAT HAS CONSISTENTLY DELIVERED LONG TERM BENEFITS FOR THE NATION.

AS THE WORLD FACES AN INCREASINGLY COMPLEX SET OF CHALLENGES, SUSTAINABILITY HAS BECOME INCREASINGLY IMPORTANT AS A GUIDING PRINCIPLE IN IDENTIFYING AND CREATING LASTING VALUE. CONTINUING ITS 45 YEARS OF SERVICE TO THE NATION, INDIKA ENERGY REAFFIRMS ITS COMMITMENT TO SUSTAINABILITY THROUGHOUT ALL THREE OF ITS KEY BUSINESS PILLARS AS WELL AS INDIKA ENERGY FOUNDATION, AS IT MOVES TO ENHANCE ITS CORE PORTFOLIO THROUGH DIVERSIFICATION TO DRIVE GROWTH FOR THE BENEFIT OF THE COMPANY, ITS STAKEHOLDERS, AND THE INDONESIAN PEOPLE.



ABOUT INDIKA ENERGY

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

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

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

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

Going forward, Indika Energy also anticipates the possibility of collaboration with key stakeholders in support of the government's ongoing drive toward energy diversification and the development of renewable energy in the current and upcoming decades.

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

ENERGY RESOURCES

Indika Energy's Energy Resources portfolio expanded significantly in 2018, following the majority acquisition of Kideco in December 2017 which transformed the Company into Indonesia's third largest coal producer. The transition was smoothly managed, with Kideco achieving record coal production and sales in 2018. Other Energy Resources portfolio companies also contributed positively.

KIDECO

Established in 1982, PT Kideco Jaya Agung (Kideco) is Indonesia's third largest coal producer, with a first generation Coal Contract of Work (CCoW) 47,500 hectare concession in East Kalimantan. As of December 2017, Indika Energy owns 91.0% of Kideco. In 2018, Kideco maintained its position as one of the lowest-cost coal producers in Indonesia with a low stripping ratio of 6.3 in 2018 even as total volume of coal produced increased by 2.0 million tonnes to 34.0 MT, resulting in revenues of US$1,802.2 on a total of 34.1 million tonnes of coal sold. Kideco moreover fulfilled its Domestic Market Obligation in support of the government policy and won its third successive Proper Hijau ("Proper Green") government award for environmental management in the Mine Minerals and Coal Industry category.

www.kideco.co.id

MUTU
MULTI TAMBANGJAYA UTAMA

In 2012 the Company acquired an indirect 85.0% equity interest in PT Multi Tambangjaya Utama (MUTU), a high-rank bituminous thermal and coking coal company holding a third-generation CCoW valid until 2039 based in Central Kalimantan, with a concession area of 24,970 hectares. Production began in 2016. Supported by comprehensive infrastructure including coal hauling roads and a barge port, as well as the relevant environmental and production permits, MUTU's production in 2018 is increased to 1.5 million tonnes of coal, driving a 156.0% increase in revenue to US$106.2 million.

INDIKA TRADING

The Company's coal trading business was carried out by Indika Capital Investments Pte Ltd. (ICI) and Indika Energy Trading Pte. Ltd. (IETPL) in 2018. The coal trading business leverages the Group's existing network and experience and working together with the Company's owned mines as well as with other major coal producers to deliver reliable supply. In 2018 revenue from the coal business improved slightly by 3.0% to US$289.4 million on higher trading volume.



ENERGY SERVICES

In line with its historic commitment to support national economic growth, Indika Energy continued to push continuous improvement in its Energy Services Business Pillar companies, which provide crucial support services with proven world-class safety standards to the oil & gas and mining sector in Indonesia.

TRIPATRA

Tripatra is the EPC company with the longest service history of any such company in Indonesia since its establishment in 1973. Tripatra provides a complete range of EPC, O&M, engineering, procurement and construction management (EPCM) and logistics services for a range of energy clients with a focus on the oil & gas, downstream and petrochemical, and power generation sectors.

In 2018, Tripatra's revenues increased by 1.3% to US$278.3 million from US$274.8 million in 2017. The increase was relatively modest because of the near completion of the ENI project which reported 2018 revenues falling 76.5% to US$16.3 million from US$69.4 million in 2017. Net profit increased by 10.1 % to US$28.4 million compared with 2017. As of 31 December 2018, Tripatra's contracted backlog stood at approximately US$457.9 million, compared with US$601.2 million as of 31 December 2017.

www.tripatra.com

PETROSEA

Petrosea, which was established in 1972 and acquired by Indika Energy in 2009, offers a comprehensive array of services to the Indonesian mining sector. As one of only a few Indonesian companies with the ability to deliver a complete pit-to-port and life-of-mine mining solutions, Petrosea provides open-pit coal and sedimentary rock mining and mine operation services to coal companies in Indonesia across all stages of production.

Petrosea provides the following principal services: Contract Mining and Oil (including the Petrosea Offshore Supply Base, which is further discussed in the Energy Infrastructure section) and Engineering and Construction.

Petrosea's top line performance improved in 2018, with revenue growth of 69.9% to US$441.4 million. The main driver was improved performance in Contract Mining and Engineering and Construction, offset by stable performance in the Logistics business.

As of 31 December 2018, Petrosea had a backlog with remaining contract value of US$696.4 million, compared with US$487.2 million in 2017.

www.petrosea.com



ENERGY INFRASTRUCTURE

Recognizing that both business growth and national development require a strong foundation in the form of comprehensive and integrated infrastructures, Indika Energy has established end-to-end logistics solutions including services, facilities and equipment with an emphasis on supporting the coal and power sector.

mbss

Incorporated in 1994, PT Mitrabahtera Segara Sejati Tbk. (MBSS) is an integrated one-stop coal transportation and logistics company, which provides coal handling management services from port, barging, river and sea based transportation to offshore vessels using its floating crane systems. As of 31 December 2018, MBSS operated a large and varied fleet comprised of 78 barges, 86 tug boats, 4 floating cranes, 2 floating loading facilities and 1 support vessel.

In 2018, revenue increased by 10.10% to US$75.4 million in 2018.

www.mbss.co.id

PETROSEA

Petrosea Logistics & Support Services (PLSS) is the third business line of PT Petrosea. PLSS offers shorebase management through subsidiary, logistic & freight forwarding services, and waste disposal services. Currently, PLSS manages a Bonded Logistic Center facility in Tanjung Batu, Balikpapan, East Kalimantan. There will be further PLB developments in Marunda, North Jakarta.

www.petrosea.com

CIREBON POWER

PT Cirebon Power (CP) is a 660 MW coal-fired power generation plant (CFPP) located in Cirebon, West Java in which the Company owns a 20.0% indirect equity interest in CEP. In 2018, CEP's net income contribution to Indika Energy profit amounted to US$6.1 million.

www.cirebonpower.co.id

CIREBON ELECTRIC POWER

Established in 2007, PT Cirebon Energy Prasarana (CEPR) is an international consortium for the expansion of the CEP project in which the Company indirectly owns 6.25%. In October 2015, CEPR signed a 25-year PPA with PLN for a 1x1000MW coal powered expansion of the existing CEP power plant in Cirebon, which is scheduled to begin commercial operations in 2022.

INDIKA LOGISTICS

PT Kuala Pelabuhan Indonesia (KPI) is a subsidiary of Petrosea, following acquisition by Petrosea of 95.00% KPI's shares from PT Indika Logistic & Support Services (ILSS) on 28 June 2018. An operator of marine fleets and ports, the company provides ship docking integrated operations, management, logistics, maintenance and portside services.



INDIKA ENERGY OPERATIONS AREA

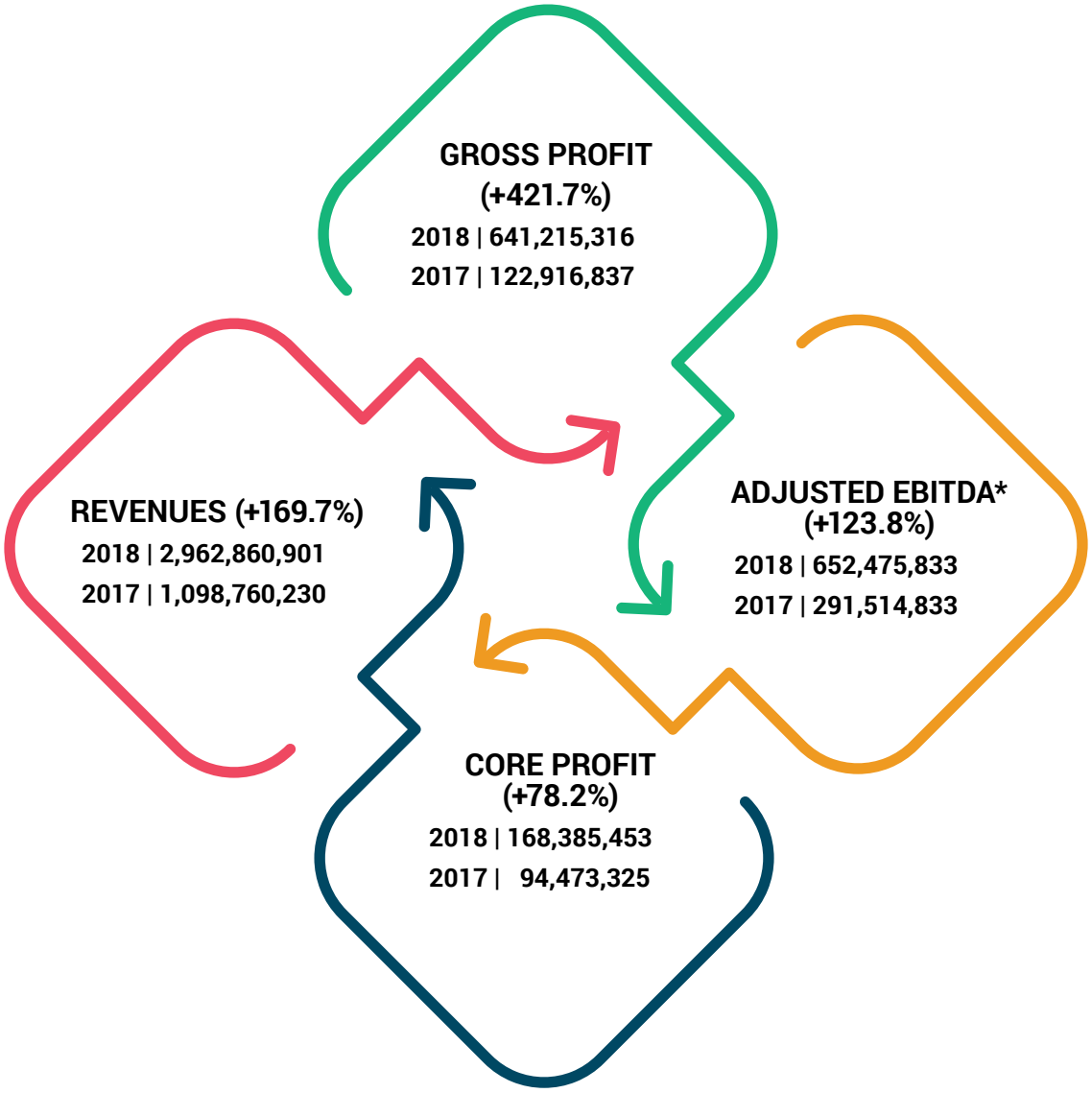


OUR ACHIEVEMENTS AT A GLANCE

In 2018 Indika Energy:

- Produced 35.5 MT tonnes of coal in 2018
- Won "Top 3 GCG Issues in Energy Sector" at the Corporate Secretary Award 2018
- Kideco won an award for being the highest supplier of domestic coal for Indonesia in 2018 from the Indonesia Mining Association, and Proper Hijau ("Proper Green") award for environmental management in the category of Mine Minerals and Coal Industry for the third time in a row.
- Indika Energy signed a storage facility service agreement with PT Exxon Mobil Lubricants Indonesia
- Indika Energy diversified portfolio by investing in Nusantara Resources Limited, a gold mining company listed on the Australian Stock Exchange and established Indika Digital Teknologi

FINANCIAL



COAL PRODUCTION

35.5 million tonnes

NUMBER OF EMPLOYEES

+8,000 employees

NUMBER OF NATIONALITY

14 nationalities

*) including dividends received from associates and jointly controlled companies

DRIVING GOOD CORPORATE GOVERNANCE

BUSINESS CONDUCT

Since its establishment, Indika Energy has established a reputation for upholding the highest standards of corporate governance, in line with our determination to ensure that we operate in a balanced and sustainable manner towards long term growth.

This commitment has critically contributed to our success by securing the trust of investors, customers, and partners. Our approach to corporate governance is strongly grounded in the good corporate governance (GCG) principles of transparency, responsibility, openness, fairness and accountability. We consistently deliver our commitments to shareholders, employees and host communities by demonstrating these values through actions, processes, systems and interactions with all stakeholders.

This is clearly reflected in our strict adherence to the existing laws of the Republic of Indonesia, in particular the rulings and regulations relating to business and financial activities as monitored and enforced by The Financial Services Authority (OJK), Indonesian Stock Exchange (IDX), and other pertinent institutions.

BOARD OF COMMISSIONERS AND DIRECTORS

The Board of Commissioners is the organ of the Company responsible for supervising the policies and management of the Company as conducted by the Board of Directors, both with regards to management of the Company and the Company's business, and to advise the Board of Directors in executing its role.

Good corporate governance (GCG) is a key priority for Indika Energy in all of our corporate endeavors, onsite mining, energy production, as well as our Corporate Social Responsibility activities. All employees and partners are expected to adhere to the principles of GCG, which have been further set forth in Indika Energy's systems, processes and expected behaviors towards ensuring sustainable long term impact for stakeholders.

The Board of Commissioners shall perform their duties and responsibilities independently and ensure the implementation of good corporate governance in the interests of the Company.

Whereas the Board of Directors of the Company is responsible for operating the Company, and safeguarding and advancing the interests of the Company in line with the precepts of GCG.

COMMITTEES

In 2018, two of the Board of Commissioners' supporting committees underwent a transformation. The Risk and Investment Committee was recast as the Project and Investment Committee, with the function of reviewing new project proposals. Whereas the risk monitoring function was added to the tasks of the Audit and Corporate Governance Committee, which subsequently became the Audit, Risk and Compliance Committee with the task of supervising audit, risk and compliance within ongoing projects.

Meanwhile, the Human Capital Committee handled talent management policy, nomination and remuneration as well as succession planning towards ensuring the sustainability of the Company. All of the committees performed their assigned tasks properly during the year.

These committees supported the Board of Commissioners and worked to ensure that corporate governance was properly implemented during the year, by providing valuable oversight of Indika Energy's operations.

COMPLIANCE POLICIES

Indika Energy is determined to comply fully with all human rights, anti-bribery and corruption regulations in an effort to ensure that the communities in our operational regions, as well as the nation, benefit optimally from the development of natural resources.

Internally, we have developed an e-learning zero-tolerance for corruption module that all employees are expected to complete. In addition, our Internal Audit and Risk Intelligence Challenge (RIC) teams carry out internal audits periodically.

Indika Energy has also established a whistleblowing system for reporting ethical infractions and lack of adherence. This system includes communication channels for reporting inappropriate behavior or failure to comply with corporate ethics or existing laws at all Indika Energy Group companies.

MEMBERSHIP AND CERTIFICATION

We prioritize our commitment to Health, Safety and the Environment (HSE) through ethical operations in strict adherence to existing standards and regulations, including Environmental Impact Assessment requirements. Our subsidiaries hold relevant environmental management certificates such as ISO14001:2004. Together with our subsidiaries, we also hold membership in the Indonesian Coal Mining Association (APBI-ICMA), Indonesian Mining Association (API-IMA), Indonesian Chamber of Commerce (KADIN), and Indonesian Contractors Association (AKI).

INDIKA FOUNDATION

OUR COMMITMENT

The spirit of Indonesian nationalism is Pancasila, which contains a feeling of pride and love for the Indonesian people and their homeland without viewing other nations as being inferior.

Indika Energy embraces this heritage as well as the legacy of Pancasila's five guiding principles, which places the good of the people and nation above that of any individual or group. Tolerance and continued growth of the national spirit are indeed key to Indonesia's continuity. This is a call to action for Indika Energy, as a national company that cares about Indonesia's sustainability.

Since its establishment on February 15, 2017 Indika Foundation has believed in the importance of a positive perspective and optimism in the potential of the future of the Indonesian nation. This belief, and pride, in community life within the framework of the Unitary State of the Republic of Indonesia, is a uniting force rather than a divisive force, as is our diversity.

Indika Foundation has two main focuses, namely building national character and the spirit of national tolerance. We define the former as believing in, and being proud of living in, a community based on the values of Pancasila and the foundation of the 1945 Constitution within the framework of the Republic of Indonesia. Whereas the latter is carried out by emphasizing that our differences are an asset that unites us rather than separates us, and therefore we should mutually respect and appreciate one another without discrimination based on ethnicity, religion, race, and inter-group relationships.

In order to effectively pursue these two priorities, Indika Foundation has established several fundamental values to guide it. These are:

- **A national mission:** To build a strong Indonesia and empower its potential in ways that reflect the noble values of Indonesia.
- **Good corporate citizenship:** Supporting donors who contribute efforts to be a good corporate citizen.
- **Can be justified:** Deliver impact that has strong justification for beneficiaries, the Foundation, and contributing donors.
- **Managed effectively:** All programs and activities should be arranged, implemented, communicated, monitored, and evaluated appropriately and professionally.
- **Compliance:** Always in compliance with applicable laws and regulations.

OUR PROGRAM HIGHLIGHTS IN 2018

— **Multicultural Class at SMK Bukti Karya Vocational Schools**

This Multicultural Class aimed senior high school students to directly experience diversity by using a boarding school format with students coming from various provinces and religions. As a result, students experienced intense interaction with people from different background during their period of study. This program is free of charge, with all accepted students receiving scholarships to attend. In 2018 the program enrolled 80 students from 18 provinces, including West Papua, Riau Islands, Aceh, and North Kalimantan, taught by 15 teachers. Both the number of students and teachers increased compared to the previous year.

— ***Seminggu Bersama Kementerian Keuangan Program***

Seminggu Bersama Kementerian Keuangan (SBKK), or 'A Week With the Ministry of Finance', was created in collaboration with the Ministry of Finance with the objective of promoting tolerance and celebrating

In order to further realize and advance Indika Energy's hopes for the nation, Indika Foundation has been established as the umbrella entity under which all of the Group's corporate social responsibility efforts are coordinated. Indika Foundation moreover works in partnership with other stakeholders and organizations to accelerate its efforts towards driving national development and amplifying the spirit of tolerance, with the view that national diversity is a treasured asset and resource that must be preserved.

diversity, as an effort to tackle emerging intolerance within the Ministry of Finance body. This program was adapted from an existing homestay program called SabangMerauke, with the objective of teaching participants about tolerance, education, and nationalism. A total of 80 participants signed up to be mentored, while 120 participants signed up as mentors, and 13 families registered to be foster families.

— **TOLERANSI.ID**

Toleransi.ID is a hub and driving force that aims to inspire and encourage people to act, as well as stimulating collaboration with offline and online activities. An Ask Me Anything event was held where 6 representatives from 6 religions came to serve as resources. The event was further supported by well-known speakers and performers such as Mo Sidik, Surya Sahetapy, and Najelaa Shihab.

— **Millenial Islami**

In collaboration with SabangMerauke, the United Nations Development Program (UNDP) of Indonesia and the Center for Community and Islamic Studies (PPIM) UIN Jakarta, Indika Foundation invites young Indonesian Muslims to spread peace messages.

This program is designed to help millennial aged 18-25 years to gain moderate Islamic knowledge as well as to promote our national values. The program is conducted both online and offline through video, blog, photo, comic and competitions as well as workshops for finalists this competition. In 2018, we received more than 2,000 works submitted from various provinces in Indonesia.

The Islamic Millennial team also produced video content, articles with the theme of moderate Islam that nuanced nationality and aired on Instagram account @ milenialislami and through series of video series titled #meyakinimenghargai, which features a moderate Islamic theme. Meanwhile, offline, a roadshow was held to a number of schools, campuses, Islamic boarding schools or mosques that invited a number of speakers; ustadz or scholars who provide knowledge about moderate Islam.

— **Mari Berbagi Seni**

Mari Berbagi Seni (MBS) is an art-sharing movement initiated in 2014 by Ganara.Art, a Jakarta-based art school. Mari Berbagi Seni has taught creative art education programs to more than 11,000 children and teachers in Jakarta, Bogor, Tangerang, Yogyakarta, Makassar and several islands in the Maluku area. The objective is to subtly teach tolerance to teenagers outside Jakarta, especially those living in 10 least tolerant Indonesian cities, by using art with critical thinking as the core subject. Thus far, Mari Berbagi Seni has successfully reached 6 of the least tolerant cities namely Makassar, Yogyakarta, Ambon, Jakarta, Depok, and Tangerang.

— **Storytelling to Cultivate Tolerance**

Indika Foundation collaborates with Petrosea to carry out various storytelling activities about tolerance and peace in Kideco mine located in Paser, East Kalimantan, and at the Petrosea Offshore Supply Base (POSB) Sorong, West Papua. These activities were held in July-August 2018 in the form of a storytelling training for teachers and parents, as well as story performances for children. The participants were enthusiastic, with 78 parents and 67 teachers were present at this event.

Also in order to instill the spirit of tolerance through stories, in November 2018 Indika Foundation launched a children's book titled "Jangan Malu Beki" at the 2018 Awicarita Festival, a storytelling festival held at the Pinus Asri Forest, Imogiri, Yogyakarta. This book, which is very suitable as a source of stories for children, instills the value of tolerance, such as gratitude for diversity.

600+ children benefited from the Indika Energy Group scholarship program

Our partnership with Sabang Merauke attracted **743** applicants in 2018 to join the program as Adik, Kakak and Family of Sabang Merauke

EDUCATION

OUR COMMITMENT

Education helps people better their lives by giving them the knowledge and skills they need to succeed. We are convinced that education is key to addressing existing problems in communities and empowering positive changes.

As such, Indika Energy is committed to providing access to quality education for children as well as skills training for the people living around our operational areas, in the belief that this will trigger a positive ripple effect for those individuals and communities.

By providing education for these communities, we enable them to access and find useful knowledge and sharpen their understanding of important issues, so that they can achieve better health and apply the skills they have learned to work productively. This would empower them to break the cycle of poverty, improve their baseline health and welfare, and create viable livelihoods that are aligned with local conditions and needs, for the generations to come.

We also apply this commitment to our own people, by supporting and enhancing education and skills development for our employees and their children, in order to increase their capacity to positively contribute to the business and the nation as part of our efforts to drive national development and sustainable progress.

OUR WORK

At the holding level, in line with the United Nations Sustainable Development Goals (SDGs), Indika Energy Indika Energy collaborated with Sokola, an organization facilitating community-based alternative education for indigenous peoples, to facilitate early childhood education, nutritional improvement, and skills development for youth and women in Mariso, Makassar, South Sulawesi. Indika Energy also collaborated with the Sabang Merauke organization to promote the national spirit of Bhineka Tunggal Ika (Unity in Diversity). Furthermore, the company continued to provide the Indika Energy Cerdaskan Anak Bangsa scholarships for the children of employees in order to strengthen employee engagement and improve education for the youth generation in Indonesia.

Meanwhile, Kideco held the Kideco Mengajar program at elementary schools and polytechnics, which brought in Kideco employees to share their knowledge with local communities and students. Kideco also provided a mobile library and study facility in the form of a car to increase interest in reading around the company's operational areas. In addition, to improve the quality of education and achieve more sustainable education, Kideco helped to train school teachers.

Tripatra, on the other hand, donated 49 computers to school students in Jakarta through the Tripatra Mengajar program, inspiring and sharing skills with students in Jakarta together in partnership with the Komunitas Jendela.

Together with with Sokola and Indika Foundation, Indika Energy improved early education awareness by **53%** in Mariso

Cirebon Power donated **+1,700** education books through Pos Indonesia

Besides providing electrification for the nation, Cirebon Power's vocational training program, which was held together with Korean Midland Power (KOMIPO) and the Ministry of Industry of the Republic of Indonesia, supported the local community as well as the government's electrification program.

This program, which was conducted from August 2018 until January 2019 at the Cirebon Power Vocational Center, Desa Waruduwur, Kecamatan Mundu, Kabupaten Cirebon, gave participating students the training and skills to become experts in the field with certification from a national body. Moreover, the Ministry of Manpower of the Republic of Indonesia also issued certificates of competency to these students, enabling them to work at any power plant of their choice.

This vocational education prioritizes skills and expertise compared to theory aims to prepare students to become experts who are able to apply and expand their knowledge to improve their own welfare as well as that of the community. Graduates of this vocational program are guided to mastering specific skills that they can be directly employed by private institutions, government institutions or become self-employed.



Cirebon Power held **4,800+** hours of vocational training in Cirebon

17,450+ students benefited from the Kideco mobile library

Whereas Petrosea supported education in schools around its Tabang Project in Kalimantan, and also renovated schools and developed library facilities in Sorong, Papua. MBSS provided scholarships for its employees' children as well as for students for communities around the Satui and Barito rivers.

Cirebon Power ran a vocational training center at its site in Cirebon, which was attended by 20 of the best graduates from technical schools in Cirebon. This vocational program consisted of 200 hours of learning guided by instructors from the Bandung Manufacturing Polytechnic, as well as experts directly from Korea. The students also completed 4,800 hours on-the-job-training at the Cirebon Power Plant, and finally underwent the competency test from Ikatan Ahli Teknik Ketenalistrikan Indonesia (IATKI, Indonesian Association of Electrical Engineering Expert). Cirebon Power provided scholarships for 1,200 students as well as a coastal community library and literacy center.



Petrosea developed a **water installation** facility in Klabinain, Sorong

Petrosea improved **waste management expertise** in Sorong



HEALTH

OUR COMMITMENT

Indika Energy believes that low educational levels and a lack of viable livelihoods are integrally linked to the numerous health issues facing Indonesia today. For this reason, health is a major concern within our business operations and in our approach to community empowerment in the areas around our operations. In our view, improving health is a critical step to driving national development and creating a productive nation.

In order to do this, we focus on both health education and provision of health infrastructure and services. In the areas where we operate, we strive to ensure that the children in local schools are taught the basics of hygiene, sanitation, and good nutrition as part of science and other pertinent subject matter. We also strive to educate the wider community on good health practices, as part of facilitating community empowerment and ensuring that they have optimal productive capacity.

Similarly, we also focus on the health and safety of our workforce at Indika Energy by providing healthy working conditions.

OUR WORK

Indika Energy Group carries out various activities related to improving national health. In collaboration with Indika Foundation, Indika Energy regularly holds blood drives, especially during the fasting season when blood supplies typically run low and more donors are needed than usual. Similarly, MBSS and Tripatra also conduct periodic blood drives.



Petrosea provided nutritional supplements for **130+** babies and toddlers

MBSS program for Bagan Asahan coastal clean-up affected **1,000+** families

Together with Sokola, Indika Energy delivered supplemental nutrition for **82%** children under 5 in Mariso

Meanwhile, Kideco has focused on providing clean water installations for local communities in its operational areas for several years. Kideco has also provided a Mobil Sehat to support medical check-ups and health campaigns. In addition, Kideco has also supported Community Health Clinic (Posyandu) cadres in routinely carrying out training for local health workers, resulting in a ripple effect at the grass roots level.

Tripatra, on the other hand, held mass community circumcision ceremonies in 2018, where the procedures were carried out hygienically for minimum discomfort and optimum safety.

Medical check-ups for local communities were also carried out by Indika Indonesia Resources, along with provision of supplemental nutrition for toddlers to encourage optimal development at this crucial age. Petrosea similarly engaged in providing extra nutrition for young children in Sorong. These Supplemental Feeding Programs (Program Pemberian Makanan Tambahan) (PMT) are particularly important for children under five as a source of additional nutritions, not only to avoid malnutrition but to improve the nutritional status of the children in these environments.

Petrosea also held a health campaign and sanitation improvement in Sorong which aimed to improve housewives' knowledge regarding the importance of daily sanitation and hygiene in the home environment. A water installation facility was also established by Petrosea in Klabinain Sorong, for the benefit of local residents.

One of Kideco's programs for sustainability is the Integrated Farming System (IFS), a development and empowerment program for the Paser community in East Kalimantan. Currently, mining and plantations are major drivers of the regional economy, but Kideco recognizes that other knowledge and skills are needed by the local people to sustainably improve their livelihood.

The IFS program brings together agriculture. Plantations, animal husbandry cultivation, fisheries, community training centers and outbound or recreational facilities within an area of 6.5 hectares in order to generate income. The sale of commodities and products from this area has already begun to produce non-mining revenue for the community.

With Kideco's support, we hope that IFS can grow and improve the welfare as well as the distribution of wealth among people in Paser Regency in the long term. IFS aims to improve the ability and competitiveness of the community on an ongoing basis. We hope that IFS can continually grow and contribute to the local community's economic independence by creating new lines of businesses and encouraging the residents to develop new products and services. .

IFS considered as being a Community Empowerment Development program by the government and thus receiving full support from the Provincial Government and the District Government. It is also expected that the benefits of the IFS program will have a positive ripple effect on the local community by generating a positive cycle of income, which in turn directly impacts people's lives and can also inspire the creation of new businesses as well as efforts by other companies to support such programs.

In addition to supporting the IFS program, Kideco provided 200 hectares of oil palm land to 100 family heads in Samurangau Village who were expected to make use of this land to improve the regional economy and community welfare.

In collaboration with Indika Energy and Indika Foundation as per 2018, Indorelawan had **1,411+** organizations registered as partners and **80,433+** volunteers

MBSS provided **2,800+** ducklings for 65+ families in Muara Enim

Petrosea KUBE in Paser was able to produce **3,800+** bottom plugs monthly, valued at IDR 76 million

COMMUNITY EMPOWERMENT

OUR COMMITMENT

All of Indika Energy Group's sustainability programs are carefully aligned with its business strategies toward creating sustainable operations supported by educated, healthy and productive workers as well as local communities. In achieving this goal, Indika Energy considers community participation to be a key factor for success.

All of Indika Energy's community economic empowerment programs are designed with input from local communities in order to truly help them to improve themselves. We believe that empowerment is the best way to help these communities develop the ability to support themselves independently and sustainably. This is done, as is the case with all of our sustainability activities, by determining what the communities need within the context of our long-term strategies toward sustainable operations that benefit all of our stakeholders. We then work together with the



Indika Foundation identified and explored potential collaborations with **150** organizations in Indonesia and other ASEAN countries for peace

community to develop programs that can help them to realize their aspirations, thus making them an active participant in the process.

OUR WORK

In order to increase public sensitivity and awareness of various social issues, Indika Foundation collaborated with Indorelawan through Indika Foundation in the hopes of encouraging communities and individuals across the nation to work together (gotong royong) and collaborate in various volunteer activities.

Kideco focused on empowering communities in its operational areas in a number of specific ways. Its major programs were the Integrated Farming System (IFS) program discussed above, which provides the local community with non-mining income through agriculture, animal husbandry, fisheries plantations and other land-based economic activities. In addition, Kideco helped to develop community infrastructure facilities, which are important in supporting local economic activities, and assisted the community's Micro Finance Institution (Lembaga Keuangan Mikro).

Disaster relief is another important form of community empowerment in affected communities. Indika Indonesia Resources (IIR) initiated disaster relief support in the form of its IIR Peduli Palu program, while Tripatra provided disaster relief assistance through its Tripatra Peduli Lombok and Palu program.

Petrosea held a fishery program that trained local residents in its operational areas on using fish cages to breed fishes. The company also assisted underprivileged residents in Klabinain Subdistrict whose homes were in poor condition by repairing their homes. A KUBE Bank Sampah was also implemented by Petrosea in Sorong, with KUBE standing for Kelompok Usaha Bersama (Joint Business Group) that aimed to empower local residents to set up sustainable businesses.

In Muara Enim, which is one of MBSS' operational sites, MBSS helped to improve the welfare of Gedung Buruk village by providing families in poverty with duck eggs, feed and coaching on how to raise them, in hopes of enabling them to become successful duck farmers.

By working together with the marine police and a state-owned insurance policy, Cirebon Power provided life and accident and disability insurance for 3000 fishermen in 10 nearby villages. Cirebon power also provided micro financing loans for community small businesses, together with capacity building and mentoring to help the development of businesses such as catering, making shrimp crackers, sewing, and batik making among others.



ENVIRONMENT

OUR COMMITMENT

Indika Energy is certain that preserving a clean, safe, and healthy environment can go hand in hand with meeting the world's energy needs. Our efforts to accomplish this involve continuous evaluation to improve our processes to reduce pollution and waste, conserve natural resources, and minimize any potential negative environmental impacts of our activities and operations.

From our everyday actions to major capital investments, we are dedicated to making the right decisions for the environment. We also strive to look for and adopt effective and reliable mechanisms to improve our internal standards for environmental management.

OUR WORK

In 2018, Kideco focused on maintaining its seed bank and protecting biodiversity around its site operations. Meanwhile, Petrosea carried out a number of initiatives including mangrove restoration in Klabinain District, tree planting to create a greening effect and improve carbon capture, and the anti-plastic Sapu Bersih Campaign in Kariangau, East Kalimantan. This campaign was carried out together with local stakeholders to clean up plastic bags from the beaches, in order to keep the local environment clean and beautiful and help support the development of the area into a tourism destination.

MBSS also engaged in mangrove planting in the coastal village of Tanah Merah, South Kalimantan, as an effort to protect the coast from erosion, minimized the use of solvents and fuel, and continued to treat its wastewater discharge in compliance with regulations.

Cirebon Power helped to restore a local mangrove plantation. As part of the company's ongoing environmental rehabilitation effort, Cirebon Power has developed a seed bank in cooperation with a local environmental NGO called Forum Masyarakat Peduli Lingkungan (FORMAS PL). This seed bank has already produced soursop, mangosteen, longan and custard apple plants, as well as protected plants such as *reutealis trisperma, cerbera manghas, polyalthia longifolia, swietania mahagony and terminalia katappa*. Thousands of seedlings from this seed bank are planted in surrounding villages every year, together with the local villagers, village officials, and Environmental Groups in the community.



Cirebon Power planted more than **25,000** trees in its surrounding plant area

Cirebon Power has also implemented sophisticated water management and treatment system within its operations. More than 749 million m3 of water is used mainly for the boiler, cooling tower, and office. In compliance with government regulations, the water is cooled through the cooling tower and reused. In total, over 598 million m3 or equal to 80% of all Cirebon Power's water consumption has been recycled. Subsequently before release, all wastewater is treated and then discharged into the sea with at a temperature difference of less than two degrees Celsius compared to the water intake to mitigate impact on the marine environment, which exceeds regulatory compliance thresholds.



Together with its stakeholders, Petrosea planted **9,000+** trees in South Kalimantan

ANNEX GRI G - 4 INDEX CORE

	DISCLOSURE OF GENERAL STANDARDS	PAGE
G4-1, G4-2	Strategy and Analysis	14
	Organisational Profile	
G4-3	Organizational Profile	15
G4-4	Primary brands, products, and/or services	14,15, 16,17
G4-5	Location of organization's head office	7
G4-6	Number of locations where the organization operates	6
G4-7	Nature of ownership and legal form	6
G4-8	Markets served	14
G4-9	Scale of the reporting organization	6
G4-10	Total number of employees	18
G4-11	Total employees covered by collective labor agreement	37
G4-12	Supply chain of the organization	14
G4-16	List memberships of associations	33
	Materiality and purpose of the Report	
G4-17	Entities included in the report	6
G4-18	Process of determining report content and boundaries	6
G4-19	Material aspects	7
G4-20	Boundaries of reporting the material aspects	6
G4-23	Significant changes during the reporting period	6
	Stakeholder engagement	
G4-24	List of stakeholder groups	33
G4-25	Basis for identification and grouping of stakeholders	33
G4-26	Approach to stakeholder engagement	33
G4-27	Stakeholders' key topics and concerns	33
	Report profile	
G4-28	Reporting period	6
G4-29	Date of most recent previous report	6
G4-30	Reporting cycle	6
G4-31	Contact point for questions regarding the report	7
G4-32	GRI content index core option	28

	DISCLOSURE OF GENERAL STANDARDS	PAGE
	Governance	
G4-34	Governance structure of the organization	32
G4-35	Delegating authority process for economic, environmental and social	32,33
G4-36	Appointed executive-level position or positions with responsibility for economic, environmental and social	32
G4-37	Consultation between stakeholders and the highest governance body on economic, environmental and social topics	32
G4-38	Composition of the highest governance body and its committees	32
G4-40	Nomination and selection processes for the highest governance body and its committees	32
	Ethical Integrity	
G4-56	The organization's values, principles, standards and norms of behavior	14
	Economic performance	
G4-EC1	Direct economic value generated and distributed	13
G4-EC8	Understanding and describing significant indirect economic impacts, including the extent of impacts.	22 - 27
	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.	28, 29
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	28, 29
G4-EN13	Habitats protected or restored	28, 29
G4-EN27	Environmental impact mitigation of products and services	28
	Social aspects	
G4-SO1	Local community engagement	26, 27
G4-LA1	Total number of employee hires and employee turnover by age group, gender and region.	37
G4-LA5	OHS joint committee	34, 35
G4-LA6	Injury rate	34

INDIKA ENERGY GROUP GREATLY APPRECIATES THE SUPPORT OF OUR PARTNERS

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