



KIDECO
Member of Indika Energy Group

20
20

Sustainability
Report

Sustainable
Collaboration and
Innovation to
Build a Nation

www.kideco.co.id

Sustainable Collaboration and Innovation to Build a Nation



KIDECO will always be in one motion with all of its stakeholders through solid collaborations, particularly in facing various challenges, such as the COVID-19 pandemic. By means of diverse innovations and stringent safety protocol, KIDECO heightens efficiency and continues in production to ensure the energy supply needed for the Nation.

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Our ESG Achievement

Environmental Performance

2020 Award	Strategy	2019 Award
Gold PROPER • Ministry of Environment and Forestry • Governor of East Kalimantan Province ADITAMA AWARD • Ministry of Energy and Mineral Resources	<ul style="list-style-type: none"> Meeting Environmental Quality Standards in accordance with prevalent requirements Efforts performing innovation activities outside the activities required Active communication among relevant departments 	<ul style="list-style-type: none"> ASEAN Center for Energy Best ASEAN Energy Awards 2019

2020 Achievement



4,168.12 Ha

Reclamation Area



131,424 GJ

Energy Decline Value



135,210.60 Ton CO₂ Eq

GHG Emission Decline Value

Social Performance

2020 Achievement

- Zero fatal work accidents.
- Integrated Farming System Program.
- The implementation of PPM program.



Giving stimulant funds for education

2020 Award	2019 Award
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- TOP CSR Award 2020**
- Job Creation Program Category
 - Skill Enhancement Program Category
 - Top Leader for CSR Commitment

- Indonesia Mining Association Award**
- Best Mining Safety Management 2019
 - Best Community Empowerment Execution 2019

- ISDA Award**
- Grand Platinum Award



Group inspection, which was conducted by contractor partners in work areas, to ensure well-performed operational activities

Governance Performance

2020 Achievement	Strategy
ISO 37001:2016 Certification Number ABMS 740623 (Anti-Bribery Management System) by PT BSI Group Indonesia, Dec 2020	Obtaining the ISO 370001 Certification proved that KIDECO has implemented Anti-Bribery Management Systems in the company, as well as good corporate governance



Road watering in mining sites to reduce dust

Economic Performance

2020 Achievement
Coal production of 33,004,280 tons.
Coal sales of 33,004,280 million tons.
Revenue of USD 1.802.224.715
Saving cost production by 20.1%
Customer Satisfaction Index of 99,74%

2020 Certification	2019 Certification
<ul style="list-style-type: none"> ISO 50001:2018 Energy Management System. ISO 45001:2018 OHS Management System. ISO 9001:2015 Quality Management System. ISO 14001:2015 Environment Management System. PAS 99 :2012 Integrated Management System. 	<ul style="list-style-type: none"> ISO 50001:2011 OHSAS 18001:2007 ISO 9001:2015 Certification on Quality Management System. ISO 14001:2015 Certification on Environment Management System. PAS 99 :2012 Certification on Integrated Management System.

Excellent Performance in the Pandemic Era

Strengthening Environmental Value

Performance Excellence	Unit	2020	2019	2018
National PROPER Rating		Gold	Gold	Green
Postmining Reclamation Land Area	Ha	4,168.12	3,741.94	3,356.69
Energy Decline	GigaJoule	131,424	122,669	68,657.10
GHG Emission Decline	Ton CO ₂ eq	135,210.60	129,920	105,612.91
Total Water Use	M ³	2,749,222	3,255,187	2,982,651
Fulfillment of Environmental Quality Standards Requirements	Category	Compliant	Compliant	Compliant

Nurturing Employee Value

Performance Excellence	Unit	2020	2019	2018
Fatal Work Accident	Incident	Zero	Zero	Zero
Safe Working Hours	Million Hours	12.46	11.31	10.60
Employees' Number of Hospital Visits	Visit	657	791	614
Total Employee Training Hours	Hour	19,352	22,896	20,560
Percentage of Rapid Test/PCR Test	%	1.114%	-	-
Average Training Hours/Employee	Hour	39.74	32.94	18.87

Sharing Human Values

Performance Excellence	Unit	2020	2019	2018
CSR Fund Realization	Billion Rp	42.10	47.48	46.63
Total COVID-19 Pandemic Management Assistance	Billion Rp	20.8	-	-

Building Clean Business with Integrity

2020	2019	2018
The Board of Commissioners conducts oversight operation in the Company		
For effective oversight in the Company, the Board of Commissioners regularly held a Meeting between the Board of Commissioners and the Board of Directors of the Company	For effective oversight in the Company, the Board of Commissioners regularly held a Meeting between the Board of Commissioners and the Board of Directors of the Company	For effective oversight in the Company, the Board of Commissioners regularly held a Meeting between the Board of Commissioners and the Board of Directors of the Company
Assisting the Board of Commissioners in realizing and supporting effective oversight in the Company.		
Establishment of committees with changes to the name and composition of the Committees, such as follows: <ul style="list-style-type: none"> • Audit, Risk, and Compliance Committee • Nomination and Remuneration Committee (previously was known as Human Capital Committee) • Project & Investment Committee <p><i>* The Committee held a regular meeting, which was scheduled every three months with the Board of Directors</i></p>	Establishment of committees with changes to the name and composition of the Committees, such as follows: <ul style="list-style-type: none"> • Audit, Risk, and Compliance Committee • Human Capital Committee • Project & Investmet Committee <p><i>* The Committee held a regular meeting, which was scheduled every three months with the Board of Directors</i></p>	Establishment of committees with changes to the name and composition of the Committees, such as follows: <ul style="list-style-type: none"> • Audit, Risk, and Compliance Committee • Human Capital Committee • Project & Investmet Committee <p><i>* The Committee held a regular meeting, which was scheduled every three months with the Board of Directors</i></p>

Creating Economic Values

Performance Excellence	Unit	2020	2019	2018
Saving Production Cost	%	+20.1	+20.0	+18.6
Production Volume	Ton	33,004,280	34,281,940	34,000,935
Sales Value	Million USD	1,249.4	1,574.1	1,802.2
Customer Satisfaction Index	%	99.74	99.48	99.73
Corporate Tax Obligation Value	Million USD	60.4	98.3	208.9
Fulfillment of TKDN (Domestic Component Level)	%	41.11	22.15	44.91*

*Restatement was necessary due to a recalculation based on the Government's TKDN calculation

Message from President Director [102-14, 102-15]

Dear respected stakeholders.

Welcome to KIDECO's Sustainability Report. The theme of the 2020 Sustainability Report is Sustainable Collaboration and Innovation to Build a Nation. This theme emphasizes KIDECO's commitment as part of Indika Energy, namely to implement sustainability policy. KIDECO continuously contributes to the development of Indonesia through resources and economic development in Paser Regency, East Kalimantan, as well as consistently safeguards any endeavors in energy supply.

We understand that sustainability implementation does not merely guarantee the Company's operational and business continuity. Sustainability must be able to secure the welfare of mining community and others in Paser Regency, when mining activities cease to exist due to coal depletion. Since 2017, with the supports of stakeholders, KIDECO has carried out Community Development and Empowerment Program (PPM) to promote community self-sufficiency in the future.

The attempt was surely met by various challenges. Environmental, social, and governance (ESG) issue still caught the attention of many parties throughout 2020. At the same time, the Company encountered the COVID-19 pandemic, which influenced the volatility of global coal price.



Implementation and Achievement of Sustainability Performance

Dear respected stakeholders.

We are grateful that the perseverance in implementing the sustainability performance, mainly in the commitment of protecting KIDECO's employees, contractors, and mining community ensured the continuity of operations and production activities. In 2020, we realized coal production up to 33,004,280 tons, or 100% of the target. The realization of coal sales reached 33 million tons, or 100% of the targeted 33 million tons. Efficiency policy successfully optimized operating income, and it did not diminish the distribution of revenue portions to meet the stakeholder needs.

In the environmental management aspect, KIDECO along with business partners maintain responsible and sustainable mining practices, combined with community empowerment in the mining sector. Efforts conducted in 2020 resulted in Gold PROPER award presented by the Ministry of Environment and Forestry.

In practicing Occupational Health and Safety (OHS), KIDECO recorded zero fatality for three consecutive years.

Our resolution underpinned the COVID-19 pandemic management in areas of operations, suppressing the lethal virus transmission and optimizing the recovery rate each time an employee was exposed. We also ensured the COVID-19 pandemic did not put the operations and production activities to a halt.

Similar efforts also made for the community empowerment and other communities both in the mining community and other communities in Paser Regency, East Kalimantan. The Community Empowerment and Development Program (PPM), which was held sustainably, is expected to prepare the community to be independent. Self-sufficiency can be achieved if they have access to education, health, are economically empowered, and have better environmental supports.

Strategy in Achieving Targets, Managing Business Risks and Prospect

With Indika Energy, KIDECO continues to increase the sustainability performance. We consistently establish communication with stakeholders to minimize any risks arising from the Company's operations and business activities to the implementation of sustainability performance.

One of which is risks in licensing, as the Coal Mining Concession Work Agreement (PKP2B) of KIDECO with the Government of Indonesia will end in 2023. KIDECO continuously communicates with authorities in the government concerning the extension of PKP2B to Mining Business License (IUPK). The applied efforts must follow the provisions stated in the revised Law Number 4 of 2009 on Mineral and Coal Mining, which was legalized by DPR on 12 May 2020.

In spite of various risks faced, KIDECO believes the coal mining still offers prospects and opportunities for the Company's business development. Coal remains the best alternative solution for meeting the world's energy demand. Preserved production and market unquestionably affects the Company's sustainability and various programs that will promote community self-sufficiency in the future.

Closing

KIDECO and Indika Energy would like to express their appreciation for the supports and cooperation shown by all the stakeholders throughout this time. We hope such supports and cooperation will continue in place efficiently in the years to come, so that KIDECO could continue making contributions to the Government of Indonesia and improvements towards the community welfare in Paser Regency.

Jakarta, August 2021

On Behalf of the Board of Directors

M. Kurnia Ariawan

President Director

About PT Kideco Jaya Agung

KIDECO at a Glance

Company's Name [102-1]	PT Kideco Jaya Agung (KIDECO)
Activities, Brands, Products and Services [102-2]	Coal mining activities. The product is in the form of bulk coal.
Head Office [102-3]	Graha Mitra, 1st Floor Jalan Jenderal Gatot Subroto Kav. 21. Jakarta 12930, Indonesia
Location of Operations [102-4]	Paser Regency, East Kalimantan, Indonesia.
Legal Form [102-5]	Limited Liability Company
Market Served [102-6]	60 domestic and international customers. Export destination to 10 countries.

Vision, Mission, and Corporate Values [102-16][102-26]

Vision	Mission
To be a world-class coal mining company in Indonesia.	To maximize values for our stakeholders through sustainable profits and reserves.

Socialization of the Company's Vision and Mission are conducted continuously to all stakeholders through many forum and activities.

Corporate Values	
Integrity	Being truthful to oneself, others, and about work at any time by upholding high ethical standards and prevalent legal norms.
Unity in Diversity	Acknowledging diversity as company asset, whilst accepting, respecting, complementing, and strengthening each other as one solid unity.
Cooperation	Contributing and cooperating actively based on trust and prioritizing shared interests compared to personal comforts.
Achievement	Using achievement as a benchmark to success and motivation to give the best for the company.
Social Responsibility	Having deep awareness towards the environment and community, as well as contributing to the increase of added values and community welfare.

Milestones in Sustainability

KIDECO's Milestones	
1982	Establishment of PT Kideco Jaya Agung in September.
1993	Signing of the Coal Mining Concession Work Agreement (PKP2B) with the Government of the Republic of Indonesia.
1993	Commencement of commercial production with the capacity of 1.2 million tons per year.
2014	The highest achievement in production, 40.3 million tons.
2017	PT Kideco Jaya Agung became a part of PT Indika Energy Tbk.
2018	Use of a new logo as KIDECO's identity.
2019	Gold PROPER from the Ministry of Environment and Forestry.
2020	Maintained the Gold PROPER rank awarded by the Ministry of Environment and Forestry.

Environmentally-Friendly Coal Products

KIDECO's coal products are bituminous coal, an environmentally-friendly thermal coal with efficient energy (calorie) due to the low content of sulphur and ash compared with other coals. KIDECO's coals obtained respectable reputation and are in accordance with the environmental regulations that are increasingly rigorous, related to coal use as energy resource in power plant facilities. [102-2]



Collecting and stockpiling coals

KIDECO's Coal Product Specifications [102-2]

Element	Roto South	Blend	Samurangau
Calorific Value (GAR)	4,800-5,000	4,500-4,600	4,150-4,200
Moisture Content (ARB)	22-29	27-31	35-38
Ash Content (ADB)	2.5-3.5	2.5-3.8	3.0-6.5
Sulphur Content (ADB)	0.09-0.10	0.09-0.10	0.09-0.10
Particle Size < 50mm (%)	95	95	95

Locations of Operations

Mining Business Area (WUP) of KIDECO is located in Paser Regency, East Kalimantan, Indonesia with an initial land area of 50,921 hectares. According to the Letter of Directorate General of Mineral and Coal on the Approval of Work Plan of All PKP2B Areas Number 2444/30/DJB/2017 of 10 November 2017, KIDECO's PKP2B land area was reduced by 3,421 hectares. On 14 November 2017, the Second Amendment of PKP2B of KIDECO was signed with 47,500 hectares of WUP, which was corroborated with the Decree of ESDM Minister Number 250.K/30/DJB/2018 of 21 May 2018 on Contraction for the Amendment of KIDECO's Coal Mining Concession Work Agreement.

Coal mining operations take place in Roto Samurangau and Susubang Uko. The Operations adhere to the Forest Area Borrow-to-Use Permit (PPPKH) Number 005/KWL/PTGH-3/1992, which was then amended through the PPPKH Addendum Number 3139/KWL/PTGII-3/1998-299/KJA-Adm/VII on 12 August 1998. KIDECO's PPPKH has been modified based on the Investment Coordinating Body (BKPM) Letter for and on behalf of the Minister of Environment and Forestry Number 5/1/IPPKH/PMA/2018 of 2 April 2018 on Forest Area Borrow-to-Use Permit for Operations in Production and Supporting Facilities, on behalf of PT Kideco Jaya Agung, spanning 11,975.66 hectares in Limited Production Forest and Production Forest in Paser Regency, East Kalimantan Province.

Mining Business Area [102-4]

Area	Unit	2020	2019	2018
Pinang Jatus		6,554	6,554	6,554
Samu Bui		6,583	6,583	6,583
Susubang Uko	Ha	6,903	6,903	6,903
Roto Samurangau		27,460	27,460	27,460
Total		47,500	47,500	47,500

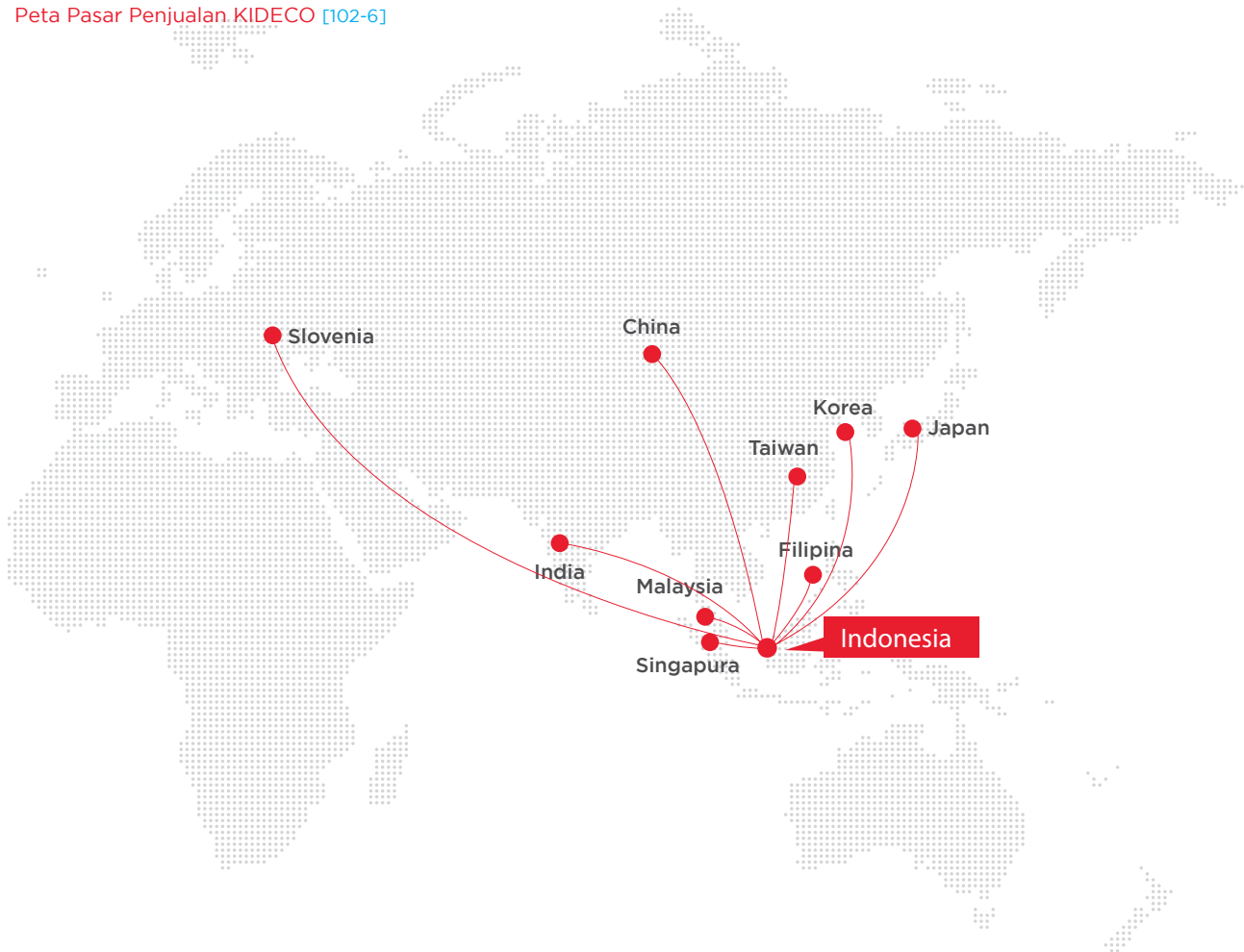
Ownership [102-5]

Shareholder	Number of Shares	Percentage (%)
PT Indika Energy Tbk.	100,139	40
PT Indika Inti Corpindo	127,676	51
ST International Corporation	22,531	9
Total	250,346	100

Market Served

Total Sales (Million Tons)	Total Sales in 2020		
	Destination	Volume (Million Ton)	Percentage (%)
33	Domestic, including Domestic Market Obligation (DMO).	10.70	32
	Export to 10 countries.	22.30	68
Total		33.00	100

Peta Pasar Penjualan KIDECO [102-6]



Scale of Organization [102-7]

Description	Unit	2020	2019	2018
Number of Employees	Person	552	523	486
Number of KIDECO Employees Members of Union	Person	337	333	397
Total Coal Sales	Million USD	1,249.4	1,574.1	1,802.2
Balance Sheet				
Total Assets		489.5	509.9	593.7
Total Liabilities	Million USD	280.7	266.2	335.8
Total Equities		208.8	243.6	257.9
Coal Production and Reserves				
Proven and Estimated Reserves*	Million USD	466	531	535
Production	Ton	33,004,280	34,281,940	34,000,935

Note: *Based on JORC & KCMi Documents



Visit of DPRD of East Kalimantan Province to KIDECO's reclamation area - multifunction conservation area of Arboretum Tandarayan

Composition of Employees

Number of employees as of the end of 2020 was 552 people, consisting of 501 men or 90.77% and 51 women or 9.23%. All of these were full-time employees. They were placed in Head Office Jakarta and in areas of operations in Paser Regency. Throughout 2020, there were other 12,585 employees recruited by KIDECO. [102-8][102-41][401-1]

In general, KIDECO had local workers involved, originating from the community in Paser Regency and other areas in East Kalimantan. The Company's commitment to implement diversity has enabled harmonization among employees and in working activities.

Number of KIDECO's Employees Based on Gender [102-8]

Description	2020	2019	2018
Male	501	478	460
Female	51	45	26
Total	552	523	486

Number of Employees and Other Workers in KIDECO [102-8]

Description	2020	2019	2018
KIDECO's Employees	552	523	486
Other Workers (Work Partners)	12,585	12,711	13,727
Total	13,137	13,234	14,213

Number of KIDECO's Employees Based on Employment Status [102-8]

Description	2020	2019	2018
Permanent Employees	487	496	468
Non-Permanent Employees	65	27	18
Total	552	523	486

Number of KIDECO's Employees Based on Origin [102-8]

Employees' Origin	2020	2019	2018
Paser Regency	323	319	332
Other Regencies in East Kalimantan Province	53	46	49
Other Areas in Indonesia	166	148	105
Foreign Nationals (Expatriat)	10	10	0
Total	552	523	486

New Employees Recruitment in KIDECO in 2020

Areas of Operations	Male	Female	Total
Roto Samurangau	41	6	47
Jakarta Office	7	3	10
Total	48	9	57

Turnover Rate [401-1]

2020	2019	2018
5.1%	4.2%	4.6%*

*Restatement was evident after 2018 due to the expanding area coverage from previously only mine site to overall area.

Number of Employees Exiting KIDECO and Their Reasons in 2020

Background	Male	Female	Total
Pension	15	-	15
Resignation and Change Job	6	3	9
Demise	3	-	3
Layoff - (End of contract)	1	-	1
Total	25	3	28

All employees are protected by Collaborate Labor Agreement, which is developed by the management and workers' union, namely All Indonesian Workers' Union (SPSI), Indonesian Workers Welfare Union (SBSI), Paser Workers Union (SPP), and Coal Workers Union (SP Bara). In total, there are 337 KIDECO employees or 61.1% of total employees who join the workers union. [102-41]

Workers Union (SP) Membership

Description	2020	2019	2018
Total KIDECO Employees	552	523	486
Total KIDECO Employees - SP Members	337	333	397
Percentage of Membership (%)	61.1	63.7	81.7

Business Process and Supply Chain

There are no small-scale/community mining activities in KIDECO’s mining areas. Operations and business of KIDECO involve partner companies in supply chain, prioritizing local companies and the use of operational goods, capital goods, equipments, raw materials, and other supporting materials obtained domestically. This process adheres to the ESDM Minister’s Decree Number 1953K/06/MEM/2018 on the Use of Operational Goods, Capital Goods, Equipments, Raw Materials, and Other Supporting Materials Obtained within the Country in the Energy and Mineral Resources Sector. KIDECO became a coal mining company with the best Domestic Component Level (TKDN) as per an assessment by Indonesian Mining Association. [MM8][102-9]



Group inspection, which was conducted by contractor partners in work areas, to ensure well-performed operational activities

Business Process, Supporting Facilities, and Partner Companies in KIDECO’s Supply Chain

Business Process	Activities and Supporting Facilities	Number of Partner Companies
Mining	<ul style="list-style-type: none"> • Open mining. • 121 units of excavators. • 884 units of dump trucks. 	8
Crushing Plant	<ul style="list-style-type: none"> • 4 haul roads, spanning 3-19 km, especially dedicated for the crushing plant. • 10 units of magnetic crusher with 55 million tons/year capacity. 	0
Inland Transportation	<ul style="list-style-type: none"> • A specifically-dedicated haul road of 39 km in length to the port. • Over 100 units of Hauler trucks with 100-120 million tons/day carrying capacity. 	3*
Storage and Port Facility	Tanah Merah Coal Terminal (TMCT) is internationally certified with 52 million tons capacity. 21 units of conveyors with magnetic separators, and metal detectors were also installed to avoid the metal mixing with coal.	0
Transshipment	Offshore transshipment facility in Adang Gulf, complete with 3 Floating Loader Facility (FLF) and 3 units of Floating Crane (FC).	3**

* Mandiri Herindo Adiperkasa (MHA), Samindo Utama Kaltim (SUK), Trasindo Murni Perkasa (TMP).

** Cotrans Asia (CTA), Mitra Bahtera Segara Sejati (MBSS), Sea Bridge Shipping (SBS)



KIDECO is committed to involve local and national suppliers in goods procurement, encouraging them to purchase domestic products. The Company defines domestic product as goods that are manufactured and sold by local suppliers at regency, provincial, and national level. The realization of goods expenditure that comprised of domestic products in 2020 reached 98.27% of the total goods expenditure, which totalled USD87.82 million. [204-1]

The engagement of local companies contributes to Regional Own Revenue (PAD), as well as employment opportunities for local community. This has significantly generated indirect impacts to KIDECO in the form of supports for the company's operations. [203-2]

Realization of Goods Expenditure (Million USD)

Year	Domestic Product	Import Product	Total	Percentage (%)
	1	2	3	1:3
2020	86.30	1.52	87.82	98.27
2019	110.25	1.88	112.13	98.32
2018	103.89	3.07	106.96	97.12

Percentage of Partner Companies Based on Domicile (%) [204-1]

Category	2020	2019	2018
Local Companies in Paser Regency	0.9	0.4	27
Local Companies in Other Regions in East Kalimantan	3.4	3.4	29
National	95.7	96.2	44
Total	100	100	100

Despite the significant expenditure realization in domestic product, KIDECO still had challenges in the realization of Domestic Component Level (TKDN). As of the end of the reporting period, KIDECO's TKDN was 41.11%. The challenges faced upon meeting the TKDN value were:

- Many available domestic products were unregistered for TKDN certification at the Domestic Goods Usage Intensification (P3DN) division, Ministry of Industry.
- Availability data containing domestically-manufactured capital goods for mineral mining activities with TKDN was not thoroughly developed.
- Supply of domestic goods required was limited.
- Some vendors performed self-assessment on TKDN without being registered to the P3DN division, Ministry of Industry for TKDN certification.

External Initiatives and Certification [102-12]

External Initiatives	Status
Corporate Forum For Community Development	Member
CSR Forum of Mining for East Kalimantan Province	Member
CSR Forum for Paser Regency	Chairman
CSR Forum of the Social Ministry for East Kalimantan Province	Member
KIDECO HR Forum	Chairman
HR Forum for Paser Regency	Member

Certification

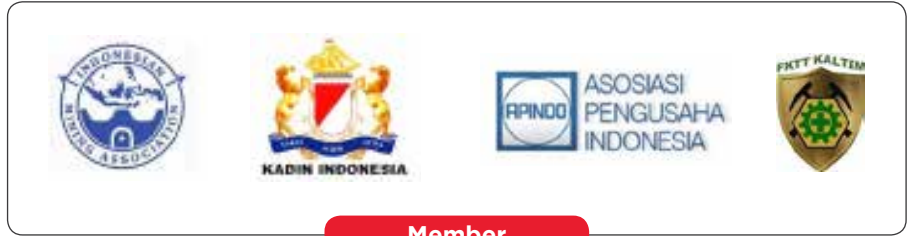
Name of Certification	Organizer	Validity
PAS 99:2012 Integrated Management Registration	British Standard Institution (BSI) Indonesia	2020 - 2023
ISO 9001:2015 Quality Management System	British Standard Institution (BSI) Indonesia	2020 - 2023
ISO 14001:2015 Environment Management System	British Standard Institution (BSI) Indonesia	2020 - 2023
ISO 45001:2018 OHS Management System	British Standard Institution (BSI) Indonesia	2020 - 2023
ISO 50001:2018 Energy Management System	British Standard Institution (BSI) Indonesia	2019 - 2022
SMK3 of PP 50 of 2012 on OHS Management System	SUCOFINDO c/q the Ministry of Manpower of the Republic of Indonesia	2019 - 2022
ISO 37001:2016 Anti Bribery Management System	British Standard Institution (BSI) Indonesia	2020 - 2023

Non Certification

Standards/Regulations	Stages	Department
ISO 31000:2018 Enterprise Risk Management System	Implementation Stage	ERM Department
Decree of Directorate General of ESDM Number 185.K/37.04/DJB/2019 on Mining Safety Management System (SMKP)	Implementation Stage	HSE Department
ISO 14040:2016, ISO 14044:2017, and Directorate General Regulation on Environmental Pollution and Degradation Control Number 14 KLHK Life Cycle Assessment	Potential Impact Assessment on Global Warming, Acidification, Nutritional Enrichment, Ozone Depletion, Energy Use, Renewable Energy Use for KIDECO's Coal Life Cycle	Planning Department - CMS

Association Membership

KIDECO has an active role in organizations and associations that are relevant with the Company's activities. KIDECO does not make any financial contribution outside the membership fee. [102-13]



About the Sustainability Report

The 2020 Sustainability Report of KIDECO contains information on sustainable performance, including economic, as well as environmental, social, and governance performance (ESG). The reporting period took place on 1 January-31 December 2019, and 1 January-31 December 2020 with a reporting cycle of once every two years. The information disseminated concerns the continuity of the 2018 Sustainability Report, which was published in 2019. In the upcoming year, KIDECO will prepare the Sustainability Report annually. [102-10, 102-48, 102-49, 102-50, 102-51, 102-52]

The Sustainability Report was prepared in accordance with the GRI Standards: Core Option, and is complete with an Index at the end of the Report. KIDECO does not have any subsidiaries, hence information on financial performance solely originates from KIDECO and has been audited by a Public Accountant Firm (KAP). The sustainability performance reporting covers material topics that include mining operations areas in Paser Regency, as well as in Head Office, Jakarta. Several information stated in the reporting is adjusted to the supporting information disclosure in achieving the Sustainable Development Goals (SDGs). [102-45, 102-54, 102-55]

Defining material topics in the Report refers to the dynamics of KIDECO's sustainability performance in 2019 and 2020, including the COVID-19 pandemic by taking into account ESG-related global issues. The reporting preparation considers the principles of defining report content, which are materiality, sustainability context, stakeholder inclusiveness, and completeness. [102-31, 102-32, 102-49]

Process Stage of Defining Report Content [102-46]

Identification

Sustainability aspects that impact stakeholders and economic, social, and environmental performance of KIDECO, whether in Head Office in Jakarta or mining business areas.



Priority

Defining every material topic that is deemed priority through discussions with KIDECO's Management.



Validation

Validating material topics and scope boundaries of the reporting by KIDECO's Board of Directors



Review

Internal and external evaluation based on feedback and suggestions to improve the reporting quality

Material Topics and Boundaries of the Reporting [102-46, 102-47, 103-1]

No	Material Topic	Boundaries of the Reporting and Impacts to the Stakeholders	
		Head Office	Mining Operations Areas
1	Occupational Health and Safety	<ul style="list-style-type: none"> Government 	<ul style="list-style-type: none"> Local Government Employee Partner Companies Community
2	Economic Performance	<ul style="list-style-type: none"> Shareholder Government 	<ul style="list-style-type: none"> Customer Local Government Employee Partner Companies
3	Good Corporate Governance	<ul style="list-style-type: none"> Shareholder Government 	<ul style="list-style-type: none"> Local Government Employee Partner Companies Customer Community
4	Biodiversity	<ul style="list-style-type: none"> Government 	<ul style="list-style-type: none"> Local Government Employee Partner Companies Community
5	Energy	<ul style="list-style-type: none"> Government Shareholder 	<ul style="list-style-type: none"> Local Government Employee Partner Companies
6	Water and Effluent	<ul style="list-style-type: none"> Government 	<ul style="list-style-type: none"> Local Government Employee Partner Companies Community
7	Waste	<ul style="list-style-type: none"> Government 	<ul style="list-style-type: none"> Local Government Employee Partner Companies Community
8	Emission	<ul style="list-style-type: none"> Government 	<ul style="list-style-type: none"> Local Government Employee Partner Companies Community
9	Local Community Engagement	<ul style="list-style-type: none"> Government Shareholder 	<ul style="list-style-type: none"> Local Government Partner Companies Community

KIDECO has performed an assurance over this report and it was led by an independent external party, SR Asia. The assurance was carried out virtually in the presence of all Functions, which were involved in preparing this sustainability report. The assurance results can be viewed on page 98-101 [\[102-56\]](#)

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Environmental Performance

The focus of sustainability performance in environmental management is supports given in climate change impacts prevention and environmental preservation. To enhance carbon absorption and greenhouse gas (GHG), KIDECO carries out revegetation through land reclamation and rehabilitation, energy efficiency, emission control, waste management, and water use management.

Management Approach [103-1, 103-2, 103-3]

Environmental performance is vital as it directly influences the efforts made in climate change impacts prevention and environmental preservation. KIDECO is committed to prevent the climate change impacts stemming from mining activities in Roto Samurangau and Susubang Uko, as well as to support environmental preservation endeavors. Environmental performance that became material topics include biodiversity, energy, water and effluent, waste, and emission. Strategies are conducted by implementing ISO 14001:2015 Environmental Management System, ISO 50001:2018 Energy Management System, and Mining Safety Management System (SMKP), as well as renewable energy use initiatives. The environmental management is under the responsibility of Chief Mine Officer and evaluated by the Board of Directors through the mechanism of key performance indicator (KPI) achievement. The 2020 environmental management performance was conducted well, being awarded with PROPER Gold by the Ministry of Environment and Forestry.

Environmental Policy

KIDECO's Commitments

Integrated Management Standards (Pas 99):

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



KIDECO's Specific Goals

- Quality/Operational
- Occupational Safety and Mining Operation Safety
- Occupational Health
- Environment



Environmental Specific Goals

- Ensuring all living environments to be taken into account in all operations within the company
- Preventing pollution and reducing incidents in the declining environmental capacity
- Performing reclamation in post-mining areas to be productive, stable, and safe in accordance with its locations
- Creating and heightening environmental awareness, and requiring all employees to be responsible towards the environment
- Implementing the 4R aspect (Reduce, Reuse, Recycle, Recovery) in B3 and Non-B3 waste management program
- Monitoring and preserving biodiversity
- Conserving water resources and reducing water pollutant load
- Reducing air pollution, conventional pollutant substances, and greenhouse gas

Environmental management is carried out by the Environment Department, which is led by the Chief Mine Officer. In the reporting period, KIDECO obtained PROPER Gold from the Ministry of Environment and Forestry (KLHK), as well as the Government of East Kalimantan Province. All mining activities in Mining Business Areas (WUP) Roto Samurangau and WUP Susubang Uko have completed their permit documents. [102-20]

KIDECO's PROPER Rating

Award	2020	2019	2018
PROPER for National	Gold	Gold	Green
PROPER for East Kalimantan	Gold	Gold	Gold
PPLB of the Ministry of ESDM	Aditama (Gold)	Finalist of Subroto Award*	Aditama (Gold)

Note: (*) PPLB of K-ESDM is held biannually

Completeness of Permit Documents

Type of Document	Area and Document Number	
	Roto Samurangau	Susubang Uko
Feasibility Study	Directorate General of Mineral and Coal: Number 906/31.06/DJB/2020 of 4 August 2020.	Directorate General of Mineral and Coal: Number 608/31.02/DJB/2018 of 23 March 2018.
Environmental Impact Assessment (Amdal)	Regent of Paser: Number 660/009/IL/BLH/2015 of 28 August 2015. Capital Investment and Integrated One-Stop Services/ DPMPSTP (Addendum to AMDAL & RKL-RPL) Number 503/1137/DPMPSTP-03/41 dated 3 October 2019.	DPMPSTP: Number 530/006/DPMPSTP.3.7/XII/2017 of 27 December 2017.
Reclamation Plan	Revised Reclamation Guarantee of 2018-2022 for the 2019-2022 DJMB-KESDM Number 1807/37.06/DJB/2019 of 24 October 2019.	Five-Year Reclamation Guarantee of 2020-2023 of DJMB-KESDM: Number 491/37.06/DJB/2020 of 21 April 2020
Post-Mining Plan	Directorate General of Mineral and Coal: Number 558/30/DJB/2012, 7 February 2012	Directorate General of Mineral and Coal: Number 1528/37/DJB/2019, 11 September 2019.



Group inspection, which was conducted by contractor partners in work areas, to ensure well-performed operational activities

Land Reclamation and Rehabilitation Supports Carbon Absorption

Open mining operations conducted by KIDECO impact the environmental baseline, including the biodiversity within it. The diminishing trees lowers carbon absorption that it also contributes to the climate change impacts.

We are committed to preserve biodiversity by reclaiming and rehabilitating post-mining areas in a sustainable manner to generate added values for the environment. This also includes reintroducing carbon absorption to lower the impacts of climate change.

KIDECO continues to make innovations, maximizing the endeavors in preserving biodiversity. In 2020, we initiated a program called “With Teachers, Together We Enrich Green Generation Literacy”. The program was aimed to promote and stimulate community awareness to protect biodiversity surrounding schools, offices, and residence environment.

The implementation of the program also became a support to the Large-Scale Social Restrictions (PSBB) in combating the COVID-19 pandemic. By way of this program, KIDECO provided a solution to the community to be creative at home, school, and office by conserving plants. As of the end of 2020, there were 25 types of orchids, 11 medicinal plants, and 16 ornamental plants which were planted and maintained by the community. Such activity is believed to be pleasurable and good for self-rejuvenation that could help strengthen body’s immune system against the COVID-19 pandemic.

KIDECO also optimizes the nursery center in WUP Roto Samurangau of 2 Ha with 800,000 seedlings capacity per year, and in WUP Susubang Uko with 2,000 seedlings capacity per year. The presence of the nursery center will help supply seedlings required for reclamation activity run by the Company.

Land Reclamation and Revegetation [\[304-3\]\[MM1\]](#)

The realization of land reclamation in WUP Roto Samurangau in 2020 reached 393.59 Ha, which brings the cumulative reclamation land area up to 4,018.03 Ha. Whereas, the realization of land reclamation in WUP Susubang Uko in 2020 reached 32.60 Ha, bringing the cumulative reclamation land area up to 150.09 Ha. Hence, the total cumulative reclamation land area as of the end of the reporting area reached 4,168.12 Ha.

Realization of Reclamation (Ha) [\[102-48\]\[304-3\]\[MM1\]](#)

WUP	2020		2019		2018*	
	Realization	Cumulative	Realization	Cumulative	Realization	Cumulative
Roto Samurangau	393.59	4,018.03	502.00	3,624.44	527.37	3,247.44
Susubang Uko	32.60	150.09	25.97	117.49	20.05	109.25
Total	426.19	4,168.12	527.97	3,741.93	547.42	3,356.69

Note: Reutilization of reclaimed land in 2018 & 2019 in WUP Roto Samurangau and WUP Susubang Uko reached 226.81 Ha and 36.65 Ha respectively

*Restatement was necessary due to differences in calculation in the 2018 SR, which accumulated the cumulative area from 2018 to 2017.

Discussion on land reclamation and revegetation in this report does not cover mining closure plans and targets, as KIDECO still processes the permit extension of mining business activities with the Government, which will influence future mining closure plans. [\[MM10\]](#)

Percentage of Reclaimed Land to Mining Land and Realization of Reclamation and Revegetation Activities [\[304-3\]\[MM1\]](#)

Description	Unit	2020	2019	2018
Mining Land	Ha	12,325.48	12,074.86	11,749.22
Reclaimed Land		4,168.12	3,741.93	3,356.69
Percentage of Reclaimed Land to Mining Land	%	33.82	30.99	28.57
Total Trees	Stem	3,959,341	3,692,641	3,362,407

Outside operations areas, KIDECO performs rehabilitation on critical land around river basin (DAS). Adhering to the Decree of Minister of Environment and Forestry Number 138/Menlhk/Sekjen/PLA-0/2/2019 of 13 February 2019, we conduct rehabilitation on 13,260 Ha DAS in Kutai National Park (TNK), East Kutai. By the end of 2020, the rehabilitation was realized up to 212.50 Ha of the Planting Plan Stage I of 4,000 Ha.

Preserving Biodiversity

Open mining operations run by KIDECO in WUP Roto Samurangau and WUP Susubang Uko directly impact the environmental baseline, including the biodiversity in it. We are committed to preserve biodiversity living in the Block by improving land reclamation and managing conservation programs, whether independently (located outside the nature reserve) or in cooperation with third parties. A part of WUP Roto Samurangau is located in production forest and its utilization has obtained a permit from the Ministry of Environment and Forestry, through the Decree of Minister of Environment and Forestry of the Republic of Indonesia Number SK.138/Menlhk/Setjen/PLA.0/2/2019. [304-2]



One of the findings from Fauna monitoring results, Rufous-tailed tailorbird - *Orthotomus Sericeus*

Luas Wilayah Izin Operasi Produksi [MM2]

WUP	Forest Area			Non-Forest Area	Total Land Area
	Conservation Forest	Protection Forest	Production Forest		
Roto Samurangau	-	-	11,975.66	15,484.34	27,460.00
Susubang Uko	-	59.00	1,897.00	4,947.00	6,903.00
Total Land Area	-	59.00	13,872.66	20,431.34	34,363.00

Unit in Ha.



One of the findings from Fauna monitoring results, Proboscis Monkey - *Nasalis Narvatus*

Moreover, coal hauling operations are also situated in some section of Teluk Adang Nature Reserve. Operations in Teluk Adang Nature Reserve are carried out in accordance with the Minister of Forestry’s Regulation Number P.85/Menhut-II/2014 on the Procedures for Cooperation in the Management of Nature Reserves and Nature Conservation, as well as the amendment in the Minister of Environment and Forestry’s Regulation Number P.44/MENLHK/SETJEN/KUM.1/6/2017 on the Amendment to P.85/Menhut-II/2014. The cooperation includes utilization of roads and docks within Teluk Adang Nature Reserve of 62.18 Ha in Paser Regency. [304-1]

Monitoring Land and Waters

KIDECO periodically monitors biodiversity living around the reclaimed area or mining areas, as well as in the waters. Based on the monitoring results, several species of protected fauna were discovered, consisting of 13 species in WUP Roto Samurangau and 9 species in WUP Susubang Uko.

List of Protected Species in the Reclaimed Land [304-4]

Local Name	Scientific Name	Protection Status Based on the IUCN Red List
Fauna		
Bekantan Kahau	<i>Nasalis larvatus</i>	Endangered
Owa Kalawat	<i>Hylobates muelleri</i>	Endangered
Lutung Merah	<i>Presbystis rubicunda</i>	Least Concern
Lutung Dahi-putih.	<i>Presbystis frontata</i>	Vulnerable
Lutung Kelabu	<i>Trachypithecus cristatus</i>	Vulnerable
Rusa Sambar	<i>Rusa unicorn</i>	Vulnerable
Kijang Muntjak	<i>Muntiacus muntjak</i>	Least Concern
Pelanduk Napu	<i>Tragulus napu</i>	Least Concern
Pelanduk Kancil	<i>Tragulus javanicus</i>	Data Deficient
Beruang Madu	<i>Helarcartos malayanus</i>	Vulnerable
Kucing Tandang	<i>Prionailurus planiceps</i>	Not Available
Kucing Kuwuk	<i>Prionailurus bengalensis</i>	Least Concern
Trenggiling Peusing	<i>Nycticebus menagensis</i>	Critically Endangered
Kukang	<i>Nycticebus menagensis</i>	Vulnerable
Kucing merah	<i>Catopuma badia</i>	Endangered

We maintain the preservation of protected fauna by performing KIDECO Care Program, building wildlife corridors and planting multipurpose plants to connect fragmented forests that are caused by mining activities. These are put into practice by involving local residents to plant and maintain trees. The company also join forces with third parties to monitor reclaimed land and natural forest areas surrounding WUP through surveys using transect method, plot study and landsat, as well as other analysis. [304-3] [MM2]

Aquatic biota monitoring was conducted in 33 points located in upstream and downstream, among which were Kandilo, Samurangau, and Biu River to the loading point in Teluk Adang. From the monitoring was found that the average results for aquatic biota diversity index was at medium score ($H' > 1$). As for the uniformity index in overall locations shows the community was in a stable state ($E' > 0.75$). This exhibits no dominance found in the community by certain species.

Efficient and Renewable Energy for GHG Emission Reduction

Energy use that derives from fuel for mining activities and their supports influences greenhouse gas (GHG) emission that is released into the air. KIDECO endeavors to utilize energy efficiently to sustain the GHG emission reduction through sustainable innovation and renewable energy use.

Energy Use and Saving

Energy is used to support mining operations and other operational activities. The energy used in Roto Samuragau Block and WUP Susubang Uko originates from diesel fuel use for transportation and owned-power plants. The source of energy utilized by the Head Office in Jakarta is taken from PT PLN

(Persero) power supply and oil fuel for operational vehicles. This report discloses information on energy use in WUP Roto Samurangau and WUP Susubang Uko, including scope 1 and 2. The calculation is carried out by converting the volume of fuel use to energy unit (GJ) based on a method applied in the Energy Audit results.

Total energy volume used in 2020 amounted to 13,573,347 GJ with Energy Intensity of 0.41 GJ/Tons of Coal. The volume of energy used in 2020 declined by 997,621 GJ or 6.85% compared to 2019, which amounted to 14,570,968 GJ with Energy Intensity of 0.43 GJ/Tons of Coal. [\[302-1, 302-2, 302-3\]](#)

Energy Use Inside and Outside of KIDECO and Energy Consumption Intensity [\[302-1, 302-2, 302-3\]](#)

Description		Unit	2020	2019	2018
Scope	Energy Source				
KIDECO	Diesel Fuel	GJ	597,309	641,214	857,169
Contractor	Diesel Fuel		12,976,038	13,929,754	14,177,847
Total Energy Use (KIDECO + Contractor)			13,573,347	13,570,968	15,035,016
Energy Intensity	Total Production	Ton	33,004,280	34,281,940	34,000,291
	Number of Energy Intensity	GJ/Ton	0.41	0.43	0.44

Energy Audit Results

The main energy used in KIDECO's operational was solar/diesel fuel energy with High Speed Diesel (HSD). Such energy was used as power plant, heavy equipment, and all other utility supports. Precisely 83.50% of solar energy is used for mining process, 9.13% for hauling activities, and the remaining 7.37% for packaging. In 2019, Kideco performed an energy audit, led by PT Tracon Industri. The following are recommendations proposed by PT Tracon Industry to Kideco:

1. To establish an Energy Action Team to explore opportunities in energy saving.
2. To issue a formal policy pertaining to energy to support the performance of energy team to achieve flexible execution.
3. To install/utilize a recordable (online) Power Monitoring System, so that it can have the ability to monitor energy consumption at every level, and perform predictive maintenance.
4. To use secondary oil to replace diesel fuel in blasting process.
5. To use renewable energy, particularly solar cell to substitute electric power in office environment.
6. To plan office transfer by taking into account the principled account green building concept, encompassing conserving energy, adapting to climate, minimizing resources use, as well as considering building and holistic function.

Sustainable Innovation and Renewable Energy

In 2020, KIDECO introduced an innovation changing computerization subsystem on high dump (HD) vehicle unit to support energy efficiency. With this device, in the process of dumping over burden the HD unit will be locked at the rotation of 1,600-1,800 rpm when the vehicle's gas pedal was pressurized. Thus, the fuel consumption will be more efficient than before, which tended to operate at the rotation above 1,800 rpm. This program started in September 2019 and successfully generated energy efficiency of 1,194.65 GJ, which was equivalent to saving value

of Rp156,12 million. This innovation also reduced the air pollutant load generated.

In accordance with the Presidential Regulation Number 66 of 2018 that regulates the expansion of 20% biofuel use for diesel fuel (B20), KIDECO has been using B30. Total biofuel use (B30) in 2020 reached 356,495,374 Liters (100%). KIDECO also developed solar cell utilization for small-scale power plants, either for supporting facilities or through corporate social responsibility (CSR) program.

Volume and Percentage of Biofuel Use and Cost to Diesel Fuel

Year	Volume (Liter)			Cost (USD)		
	Biofuel	Diesel Fuel	%	Biofuel	Diesel Fuel	%
2020	356,495,374	-	100		113,471,866	-
2019	382,697,241	-	100	198,353,126	-	100
2018	-	395,658,303	0	-	217,053,681	0

Energy Saving

During the reporting period, KIDECO made efforts to save energy use, among which were the implementation of Fuel Management System (FMS), Vendor Held Stock (VHS), and audit energy by a certified independent party every three years. The

value of the total energy saving in 2020 reached 131,424 GJ, saving a total Rp18.19 billion worth of cost. KIDECO had a target to lower the intensity of energy consumption by 1% per year, whereas the 2020 realization was 1.79% of the previous year. [302-4]

Efforts in Energy Saving and their Achievements [302-4]

Effort	Energy Saved Value (GJ)		
	2020	2019	2018
Solar cells use in mining areas	17,270.55	17,270.55	17,270.55
Solar cells use in fostered villages	13,295.58	13,295.58	13,295.58
Secondary oil use as diesel fuel substitution in blasting activities	21,347.94	12,336.11	5,178.12
Lighting system replacement in overburden excavation activities	16,426.21	14,275.16	3,519.90
Bottom plug stick use in blasting activities	1,489.64	3,515.03	6,850.64
Mud handling system replacement with pump installation on excavator units	42,693.78	32,668.10	22,542.31
Sound reduction device installation on HD 777D unit	1,050.35	144.12	Program has yet started
Self-sufficiency through water drinking refill using RO technology	190.52	47.63	Program has yet started
Biodigester within IFS area	17,659.44	29,116.99	42,148.16

Efforts in Energy Saving and their Achievements [302-4]

Effort	Saving Value (Million Rp)		
	2020	2019	2018
Solar cells use in mining areas	2,111.60	3,320.39	3,514.63
Solar cells use in fostered villages	1,625.59	2,556.17	2,705.71
Secondary oil use as a substitute to diesel fuel in blasting activities	2,610.12	2,371.71	1,053.77
Lighting system replacemet in overburden excavation activities	2,008.36	2,744.51	716.32
Bottom plug stick use in blasting activities	182.13	675.79	1,394.14
Mud handling system replacement with pump installation on excavator units	5,219.98	6,280.69	4,587.46
Sound reduction device installation on HD 777D unit	128.41	27.71	Program has yet started
Self-sufficiency through water drinking refill using RO technology	32.53	8.13	Program has yet started
Biodigester within IFS area	4,272.45	7,044.43	10,197.14

Controlling and Reducing GHG Emission

The commitment in reducing GHG emission is evident through GHG emission control. It was conducted by monitoring and measuring GHG emission Scope 1 of GRI Standards, namely GHG emission generated from operating heavy equipments in coal mining and hauling process. In 2020, KIDECO did not perform any emission calculation on GHG Scope 2 and 3 based on the GRI Standards, but we will commence

the calculation in 2021. The GHG emission load calculation system refers to the Regulation of KLHK Minister Number 4 of 2014. Total GHG emission of 2020 amounted to 1,003,820 tons CO₂eq with GHG emission intensity of 0.031 ton CO₂eq/ton coal, which was lower compared to total GHG emission 2019, which reached 1,077,599 tons CO₂eq with GHG emission intensity of 0.032 ton CO₂eq/tons coal.

[305-1][305-2][305-3]

Calculation Results of GHG Emission Volume and Intensity [305-1][305-2][305-3][305-4]

Description	Unit	Average Measurement		
		2020	2019	2018
GHG Emission Generated by KIDECO	Ton CO ₂ eq	44,174	47,421	63,516
GHG Emission Generated by Contractors Using the Energy Sourced from KIDECO	Ton CO ₂ eq	959,646	1,030,178	1,050,578
Total GHG Emission	Ton CO ₂ eq	1,003,820	1,077,599	1,114,095
Total Coal Production	Ton	33,004,280	34,281,940	34,000,291
GHG Emission Intensity	Ton CO ₂ eq/Ton	0.031	0.032	0.033

KIDECO also monitors and measures ambient air quality, which is performed by an external laboratory, Balai K3 Samarinda (Samarina OHS Office). The measurement is based on the quality standards regulated in the Government Regulation Number 41 of 1999 on National Ambient Air Quality Standards, Minister of Manpower Regulation No. 05 of 2018

concerning Occupational Safety and Health in the Work Environment and Minister of Environment Decree No. 48/Men.LH/11/1996 concerning Noise Level Standards. Of the monitoring and measurements results held in 2020, the ambient air quality in KIDECO WUP was below the threshold determined. [305-1]

Air Quality Monitoring

No	Parameter	Unit	Environmental Quality Standards	Average Monitoring Results		
				2020	2019	2018
Roto Samurangau Block						
1	CO	µg/Nm ³	30,000*	346.67	325.42	419.11
2	NO ₂	µg/Nm ³	400*	33.37	35.13	5.11
3	SO ₂	µg/Nm ³	900*	32.14	33.98	11.64
Dust						
4	Residential	µg/Nm ³	230*	126.84	121.91	76.87
	Work Area	µg/Nm ³	230*	146.61	142.60	86.07
Susubang Uko Block						
1	CO	µg/Nm ³	30,000*	352.70	326.55	644.11
2	NO ₂	µg/Nm ³	400*	26.70	36.45	3.87
3	SO ₂	µg/Nm ³	900*	27.47	31.87	12.59
Dust						
4	Residential	µg/Nm ³	230*	103.64	146.39	64.22
	Work Area	µg/Nm ³	230*	130.93	142.21	62.26

Note:

* Based on Government Regulation of Number 41 of 1999

Noise Monitoring

No	Parameter	Unit	Environmental Quality Standards	Average Monitoring Results		
				2020	2019	2018
Roto Samurangau Block						
1	Residential	dB	55+3*	53.2	55.6	51.22
2	Work Area	dB	85**	53.1	54.8	55.86
Susubang Uko Block						
1	Residential	dB	55+3*	45.8	49.3	47.86
2	Work Area	dB	85**	49.0	48.0	48.25

Note:

* Based on the Regulation of Minister of Environment Number 48/Men.LH/11/1996

** Based on the Regulation of Minister of Manpower Number 5 of 2018

Throughout the reporting period, KIDECO endeavored to reduce GHG emission and other emissions, such as: [305-5]

- Revegetation on overburden area or the integrated farming system program. Such effort (revegetation) was applied within the reclaimed area, DAS, or other areas to support any activities in controlling the climate change impacts. With revegetation activities, CO₂ can be absorbed by trees.

Benefits of Revegetation for CO₂ Emission Reduction [102-48, 305-5]

Description	Unit	2020	2019	2018
Revegetation in Overburden Backfill Area				
CO ₂ Emission Absorption	Ton CO ₂ eq	28,146.48	25,268.50	22,667.06*
Saving Value	Million Rp	9,838.42	8,529.23	7,969.03*
Revegetation in the Integrated Farming System (IFS) Area				
CO ₂ Emission Absorption	Ton CO ₂ eq	35.48	35.68	80.88
Saving Value	Million Rp	12.40	12.04	28.77
Watershed Rehabilitation	Ton CO ₂ eq	1,434.97	Program not implemented yet	
Saving Value	Million Rp	502.24	Program not implemented yet	

*Restatement was evident concerning a disclosure of the 2018 SR, as this year information is presented based on the accumulated calculation since the reclamation first started.

- Solar cells use for lighting system in mining locations, and electricity in the community.

Benefits of Solar Cells Use to CO₂ Emission Reduction [305-5]

Description	Unit	2020	2019	2018
Solar Cells Use in Mining Areas				
CO ₂ Emission Absorption	Ton CO ₂ eq	1,277.25	1,277.25	1,277.25
Saving Value	Million Rp	446.45	431.13	454.35
Solar Cells Use in Community				
CO ₂ Emission Absorption	Ton CO ₂ eq	983.28	983.28	983.28
Saving Value	Million Rp	343.70	331.90	349.78

- Energy use from excavators as an energy source that replaced the tower lamp system for lighting system in the excavation activities.

Benefits of Energy Use from Excavators as Tower Lamp Replacement [305-5]

Description	Unit	2020	2019	2018
Installation of LED on Excavators				
CO ₂ Emission Absorption	Ton CO ₂ eq	1,214.80	1,055.72	286.83
Saving Value	Million Rp	424.63	356.35	100.84

- Sound reduction installation on HD unit for fuel saving during dumping process.

Benefits of Sound Reduction Installation on HD Unit [305-5]

Description	Unit	2020	2019	2018
CO ₂ Emission Absorption	Ton CO ₂ eq	70.88	10.66	Program has yet started
Saving Value	Million Rp	27.22	3.60	

- Replacement of sediment handling system by installing pumps on excavator units.

Benefits of Sediment Handling System Replacement by Installing Pumps on Excavator Units [305-5]

Description	Unit	2020	2019	2018
CO ₂ Emission Absorption	Ton CO ₂ eq	3,157.43	2,415.98	1,667.12
Saving Value	Million Rp	1,103.66	815.50	586.11

- Use of non-halon APAR (fire extinguisher)

Benefits of Non-Halon APAR [305-5]

Description	Unit	2020	2019	2018
CO ₂ Emission Absorption	Ton CO ₂ eq	98,847	98,847	98,847
Saving Value	Million Rp	34,551	33,365	35,162.61

- Biodigester in IFS area.

Benefits of Biodigester in IFS Areas [305-5]

Description	Unit	2020	2019	2018
CO ₂ Emission Absorption	Ton CO ₂ eq	1.17	1.93	2.27
Saving Value	Million Rp	0.41	0.65	0.81

- Reverse osmosis-based refill water

Benefits of Reverse Osmosis-Based Refill Water [305-5]

Description	Unit	2020	2019	2018
CO ₂ Emission Absorption	Ton CO ₂ eq	14.09	3.52	Program has yet started
Saving Value	Million Rp	4.93	1.19	

- Water gun use as water truck replacement for Watering the Coal Stockpile Access Road

Benefits of Water Gun Use as Water Truck Replacement for Watering the Coal Stockpile Access Road [305-5]

Description	Unit	2020	2019	2018
CO ₂ Emission Absorption	Ton CO ₂ eq	20.27	20.27	Program has yet started
Saving Value	Million Rp	7.09	6.84	

Performance in GHG Emission Reduction [102-48]

Process and Program	Unit	2020	2019	2018
Production				
Lighting System Replacement in Excavation Activities	Ton CO ₂ eq	1,214.80	1,055.72	260.32
Revegetation in Overburden Landfilling Areas	Ton CO ₂ eq	28,146.48	25,628.50	22,667.06*
Sound Reduction Device Installation on HD 777D Unit	Ton CO ₂ eq	77.68	10.66	Program has yet started
Water Gun use as Water Truck Replacement for Watering the Coal Stockpile Access Road	Ton CO ₂ eq	20.27	20.27	Program has yet started

*Restatement was evident concerning a disclosure of the 2018 SR, as this year information is presented based on the accumulated calculation since the reclamation first started.



Assisting the government-led inspections of operational activities in KIDECO sites

Process and Program	Unit	2020	2019	2018
Supporting Facilities				
Solar Cells Use in KIDECO	Ton CO ₂ eq	1,277.25	1,277.25	1,263.73
Use of Non-Halon APAR	Ton CO ₂ eq	98,847.70	98,847.70	98,847.70
Mud Handling System Replacement	Ton CO ₂ eq	3,157.43	2,415.98	1,667.12
ComDev-related Program				
Biodigester in IFS Areas	Ton CO ₂ eq	1.17	1.93	2.79
Revegetation in IFS Areas	Ton CO ₂ eq	35.48	35.68	36.91
Solar Cells Use in Communities	Ton CO ₂ eq	983.28	983.28	983.28
<i>Self-Sufficiency through Reverse Osmosis-Based Refill Water</i>	Ton CO ₂ eq	14.09	3.52	Program has yet started
Total Emission Reduction	Ton CO ₂ eq	135,210.60	129,920.49	125,755.42
Total GHG Emission Load	Ton CO ₂ eq	1,003,819.67	1,077,598.89	1,114,094.65
Success in GHG Emission Reduction	%	13.47	12.06	11.29
Watershed Rehabilitation	Ton CO ₂ eq	1,434.97	Program has yet started	

Success in Conventional Emission Reduction

Process and Program	Unit	2020	2019	2018
Supporting Facilities				
Periodical Maintenance on Genset	Ton CO	10.43	33.65	48.19
Total Emission Reduction	Ton CO	10.43	33.65	48.19
Total Conventional Emission Load	Ton CO	10.43	69.74	160.01

Note: Conventional emission includes sulfur dioxide, particulates, hydrocarbon, hydrogen and sulfide.

Total Conventional Emission Load

Type of Emission	Unit	2020	2019	2018
NO _x	Ton	597.46	219.56	85.16
SO _x	Ton	5.81	6.31	26.27
CO ₂	Ton	92.96	67.52	160.01
Particles	Ton	12.48	9.90	9.88

Results of Air Quality Measurement

Type of Emission	Unit	Quality Standards	2020	2019	2018
NO _x	Ton	0.4	0.0003	0.0003	0.0004
SO _x	Ton	0.9	0.03	0.03	0.01
CO ₂	Ton	30	0.32	0.32	0.49
Particles	Qg/m ³	10	0.12	0.12	0.07
Noise	dB	85	55.60	55.60	52.93

To lower the emission load, in 2020 KIDECO introduced an innovation, using water guns to substitute the operations of water trucks on coal stockpile access roads. The water gun unit was installed in several points along the stockpile areas without undermining the quality of watering required. This program had a positive outcome,

wherein previously two units of water truck were used for watering the access road, now they are removed. This has started since January 2019, and managed to cut down emission by 40.54 tons CO₂eq as of December 2020, which was equivalent to saving value of Rp13.93 million.

Waste Management for GHG Emission Prevention

Waste is one of the sources of GHG emission. KIDECO's efforts in waste management to reduce the potential of GHG emission are realized in 3R activities (reduce, reuse, recycle), in accordance with the type and characteristic of waste generated.

Activity, Waste Generated, and Their Management

Activity	Form and Type of Waste	Management
Opening pit	<ul style="list-style-type: none"> Topsoil Overburden 	<ul style="list-style-type: none"> Piled in mining areas and its surroundings. As a back fill.
Heavy Equipment Operation and Automotive Workshop	Hazardous and Toxic Waste (B3)	<ul style="list-style-type: none"> Stored in Temporary Dump Site (TPS). Transfer to a licensed third party.
Health Center		<ul style="list-style-type: none"> Reuse. Reduce.
Office		<ul style="list-style-type: none"> Reuse
Canteen	Non-B3 Waste	<ul style="list-style-type: none"> Recycle Reduce

Topsoil and Overburden Management

Topsoil and overburden (OB) materials generated from the pit opening are managed by stockpiling them within and outside the mining areas. The materials to be used as backfill materials in former mining land. [306-2][MM3]

Overburden (OB) Volume [306-2][MM3]

WUP	Unit	2020	2019	2018
Roto Samurangau		177,307.51	208,814.49	209.20
Susubang Uko	Million BCM	9,613.71	5,827.50	4.38
Total		186,921.23	214,641.99	213.58

B3 Waste Management and Processing [306-2]

Hazardous and Toxic (B3) Waste derives from heavy equipment operations. It is managed and processed through reuse, recycle, reduce, and handover to a licensed third party.

B3 Waste Management [306-2][MM3]

Type of Waste	Method of Processing
Used oil, used batteries, used oil filters, contaminated rags, used hoses, used grease, clinical waste, used TL lamps, used cartridges, incinerator residue/ash, contaminated soil, electronic waste, laboratory waste, and used B3 packaging waste	<ul style="list-style-type: none"> • Stored in temporary storage (TPS), totaling 26 units. • Storage permit from the Regent of Paser and the Head of DPMPSTP of Paser Regency. • Submitted to a licensed third party for processing.
Clinical waste, used oil filters, diesel filters, used rags and the like with waste code B110d (eg used hoses)	<ul style="list-style-type: none"> • Decree of the Minister of LHK No. SK. 473/Menlhk/Setjen/PLB.3/7/2019, 22 July 2019 (Extended). • Decree of the Head of BKPM No. SK. 1/1/KLHK/2020, March 3, 2020.
Used oil	Used as a substitute to diesel fuel for blasting activities. In accordance with the Decree of Minister of Environment and Forestry Number 376/Menlhk/Setjen/PLB.3/8/2018 dated 31 August 2018.



Operations' daily monitoring, which was led by KIDECO, to ensure well-implemented operations that adhered to regulations

B3 Waste Generated (Ton) [306-3]

Type of B3 Waste	2020	2019	2018
Used Oil	2,344.22	3,184.40	2,609.50
Used Batteries	69.06	61.72	58.99
Used Oil Filter	82.34	110.29	97.81
Contaminated Clothes	71.86	95.63	77.00
Used Hose	22.22	26.90	29.91
Used Grease	9.6	8.93	9.27
Clinical Waste	14.53	0.32	0.20
Used TL Lamps	0.26	0.43	0.18
Used Catridge	0	0	0.03
Incinerator Recidue/Ash	4.31	4.36	2.57
Contaminated Soil	9.91	13.26	14.05
Electronic Waste	0	0.25	0.43
Laboratory Waste	0.64	0.39	0.14
Used B3 Packaging Waste	2.34	0.62	0.47
Total	2,631.64	3,507.50	2,900.54

We introduced an innovation in reducing used oil by installing LED on heavy equipments in excavation activities. Such design reduced the amount of used oil waste generated from using generators for the light tower, which previously required two units on each excavator. This program was started in 2019, successfully reduced 9.72 tons used oil of the B3 waste as of December 2020, saving a total of Rp216 million. This innovation also unburdened some load borne by the environment.

Moreover, KIDECO continued to lessen the generated B3 waste by:

- Performing oil flushing differential, hydraulic, and transmission;
- Replacing mud handling system;
- Reducing the generated used oil with LED used in excavation activities;
- Installing LED on new buildings;
- Replacing tank packaging for oil;
- Using used oil for blasting activities.

Volume and percentage of B3 waste reduction: used oil

Reduction program	Unit	2020	2019	2018
Differential, hydraulic, and transmission of Oil Flushing	Ton	408.16	474.30	225.95
Mud handling system replacement by installing edy pump	Ton	2.53	1.96	1.34
LED for lighting system replacement	Ton	6.48	3.24	0.00
Total reduction	Ton	417.20	479.50	227.29
Total generated B3 waste	Ton	2,631.64	3,507.50	2,900.54
Success in B3 waste reduction - used oil	%	15.85	13.67	7.83

Percentage of B3 waste reduction: used TL lamps and B3 packaging

Reduction program	Type of waste	Unit	2020	2019	2018
LED installtion	Used TL lamps	Ton	0.46	0.53	0.18
Tank packaging use for oil packaging replacement	Used oil packaging	Ton	191.03	157.65	157.7
Total reduction		Ton	191.49	158.18	157.88
Non-dominant generated B3 waste		Ton	287.42	323.10	290.99
Success in B3 waste reduction: used TL and B3 packaging		%	66.62	48.96	54.25

Used Oil Waste for Blasting Activities

We continued using used oil as a substitution to diesel fuel (AN-FO) for blasting activities, in accordance based on permission from the Ministry of Environment and Forestry (KLHK) Decree of the Minister of Environment and Forestry No. SK. 376/Menlhk/Setjen/PLB.3/8/2018 concerning Extension

of B3 Waste Management Permit for PT Kideco Jaya Agung's B3 Waste Utilization Activities. Total volume of used oil reused in 2020 reached 504.62 tons, saving a total of Rp2,9 billion.

Volume and Percentage of B3 Waste Reduction: Used Oil

Reduction Program	Unit	2020	2019	2018
Used Oil in Blasting Activities	Ton	504.62	291.60	122.00
Used Oil Utilization by a Licensed Third Party	Ton	1,839.60	2,093.03	2,488.00
Total Reduction	Ton	2,341.22	2,384.63	2,610.00
Total Generated B3 Waste	Ton	2,631.64	3,507.50	2,900.54
Success in B3 Waste Reduction - Used Oil	%	89	68	90

Value of Used Oil Waste in Blasting Activities

Description	Unit	2020	2019	2018
Utilization Volume	Ton	504.62	291.60	122.00
Saving Value	Million Rp	2,907.74	2,371.52	1,050.88

The implementation of mud handling during the reporting period was able to optimize mud hauling process. To reduce the generated used B3 packaging, such as drums, jerry cans, and other small packagings, KIDECO enforced a provision requiring waste management companies to send

large-size refillable B3 packaging, so that they can be redelivered to the waste management companies. The enactment of the policy commenced in 2020, which reduced the generated B3 waste of 191.03 tons with saving value of Rp2.87 billion.

Non-B3 Waste Management

Processing Method	Form of Utilization	Unit	2020	2019	2018
Organic	Utilization of manure for composting.		144,400	112,800	97,800
	Utilization of fish bone waste into fish feed pellets.		2,150	3,000	206
Recycle	Utilization of used tyres for road markings and erosion control.		1,672,140	1,078,780	2,902,300
	Utilization of used belt conveyor.	Kg	1,580	1,643	1,860
	Utilization of used drinking water packaging bottles (1.5 liters)		12.44	184	300
	Utilization of tyres for public assistance.		391,230	31,360	-
Total Utilization			2,211,512.44	1,227,767.00	3,002,466.00
Success in Utilization			71.20	58.04	88.63



Housekeeping management in workshop areas

Non-B3 Waste Processing and Management

Non-B3 waste processing and management are practiced by reusing the waste for various purposes. Throughout the reporting period, KIDECO applied an innovation of reutilizing non-B3 waste coming from used tyres to be utilized as materials for constructing shooting range field in Mako Brimob Subden 3 Pioneers (Company 3 Battalion A Pioneers) in Paser Regency. This program was started in 2020, and managed to utilize 391,230 kg used tyres, which was equivalent to a saving value of Rp232.88 million.

- Electronic mail program (e-mail) for administration affairs to reduce paper use.

Value Generated from Electronic Mail Program

Description	Unit	2020	2019	2018
Volume of Paper Saved	Kg	104.83	110.9	113.3
Saving Value	Million Rp	1.25	1.33	1.36

- Waste reduction from plastic bottles packaging through tumbler for employees program.

Value Generated from Tumbler for Employees Program

Description	Unit	2020	2019	2018*
Volume of Plastic Bottle Waste Reduction	Kg	9,329	1,764	0
Saving Value	Million Rp	617.96	236.25	0

*Program has yet started

Water Management to Safeguard Water Resources

In KIDECO, water is used for both operations and domestic necessities. Source of water is harvested from rainwater that is accommodated both in sediment ponds and surface water. We make attempts to manage water use efficiently, so that it can control the necessary energy used to extract water, and maintain several existing water sources.

As of the end of 2020, KIDECO performed an innovation of using fog cannon in coal stockpile areas. Prior to this program, spraying water on coal dust was conducted using water truck which deemed as ineffective, as both filling and spraying process required a large amount of water. The working principle of the device focuses on the high-pressurized water which is sprayed through 100 nozzles, creating 50-300 Qm of fog particles. The fog cannon will move horizontally up to an angle of 3,200 to reach all areas of coal stockpile. The function of nozzle causes better splits in water droplets, creating equal spray, and eventually could lessen the water consumption. The use of fog cannon for

spraying on coal dust in coal stockpile areas saved 4,997 m³/year of raw water, or equivalent to Rp6.4 million.

Water Management

Water is needed for both operations and domestic purposes. It is harvested from rainwater, which is accommodated in sediment ponds, and surface water based on the License for Water Intake (SIPA) of Paser Regency Government. As of the end of reporting period, KIDECO has had eight (8) SIPA.

Total volume of water extracted in 2020 reached 2,243,244 m³ with average water discharge of 256 m³/hour. The company applied strict monitoring through flow meter to ensure water extraction would not affect the rivers and give zero disruption towards communities. [\[303-1, 303-2, 303-3, 303-5\]](#)

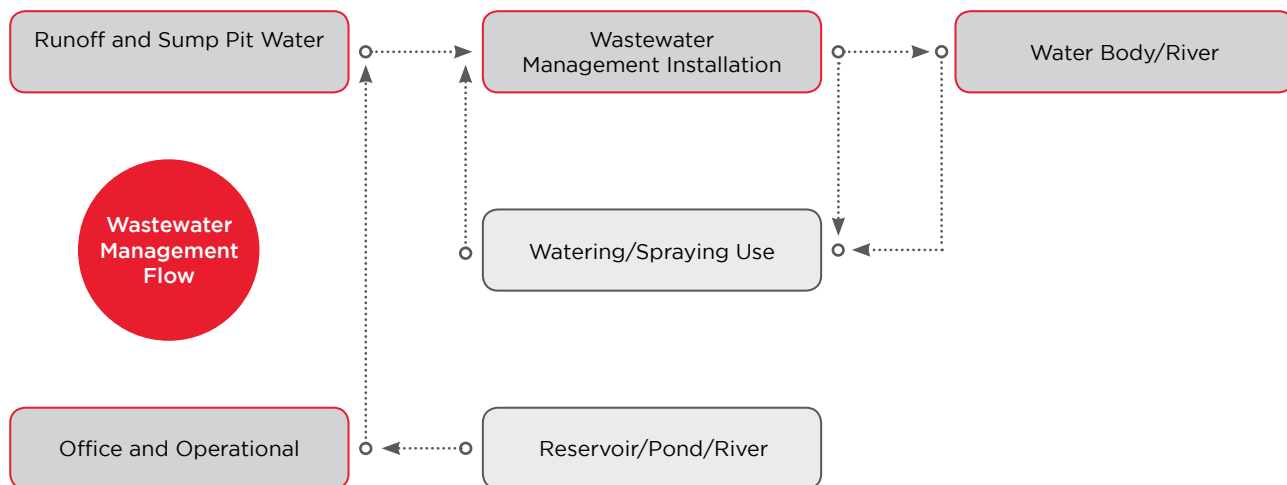
Water Use Based on Source (m³) [\[303-3\]](#)[\[303-5\]](#)

Water Source	2020	2019	2018
Surface Water (Rain-fed pond and river)	2,243,244	2,426,796	1,692,136
Surface Water (Sediment pond)	505,979	828,391	1,290,515
Total	2,749,222	3,255,187	2,982,651

In 2020, KIDECO operated 29 sediment ponds with the capacity of 7,730,042 m³. These sediment ponds also function to control erosion, sedimentation, and process wastewater, comprising of runoff and sump pit water and that of domestic activities. The processing was followed by periodical monitoring and testing, which were conducted by an external laboratory, in accordance with the Regional

Regulation of East Kalimantan Province Number 2 of 2011 on the Management of Water Quality and Water Pollution Control. Of the testing, it is recognized that the quality of wastewater treatment has complied with the quality standards established upon its release into water body. Total volume of sediment ponds in 2020 and 2019 was 505,979 m³ and 828,391 m³ respectively. [\[303-4\]](#)

Wastewater Management Flow



Used Water Volume [303-4]

Description	2020	2019	2018
Volume of Used Water	349,271,827	397,053,619	451,112,717
Total Sediment Ponds	29	30	32

Wastewater Quality Monitoring

Receiving Water Body	Parameter	Unit	Environmental Quality Standards	KIDECO's Standards	Average Measurement Results		
					2020	2019	2018
WUP Roto Samurangau							
▪ Kandilo River	pH		6-9	7-8	7.94	7.64	7.73
▪ Samurangau River							
▪ Popor River	TSS	mg/l	300	200	13	10	10
▪ Tandarayan Reservoir							
▪ Melas River	Fe	mg/l	7	<7.0	0.29	0.11	0.06
▪ Kamarayun River							
▪ Biu River	Mn	mg/l	4	<0.5	0.04	0.02	0.03
▪ Janju River							
WUP Susubang Uko							
	pH		6-9	7-8	7.89	7.63	7.84
▪ Kandilo River	TSS	mg/l	300	200	11	8	8
▪ Suru River							
▪ Kenyan River	Fe	mg/l	7	<7.0	0.21	0.06	0.04
	Mn	mg/l	4	<0.5	0.04	0.05	0.03

Environmental Quality Standards are based on the Regional Regulation of the East Kalimantan Province Number 2 of 2011, Attachment I.27 on Water Processing and Water Pollution Control

River Water Quality Monitoring [303-4]

No	Parameter	Unit	Environmental Quality Standards	Average Measurement Results		
				2020	2019	2018
WUP Roto Samurangau						
Physics						
1	Temperature	°C	Deviation 3	25.11	21.97	25.44
	TDS	mg/l	≤1000	96.94	134.93	340.61
	TSS	mg/l	≤50	89.45	79.38	117
Inorganic Chemistry						
2	pH		6-9	7.63	7.66	7.71
	BOD	mg/l	≤3	1.50	0.71	1.13
	COD	mg/l	≤25	5.24	1.86	2.67
	DO	mg/l	≥4	7.02	7.08	6.68
	Total Phosphate	mg/l	≤0.2	0.05	0.01	0.04
WUP Susubang Uko						
Physics						
1	Temperature	°C	Deviation 3	24.86	21.83	25.19
	TDS	mg/l	≤1000	107.28	122.65	343.63
	TSS	mg/l	≤50	128	39.25	41
Inorganic Chemistry						
2	pH		6-9	7.57	7.61	7.57
	BOD	mg/l	≤3	1.55	0.84	1.18
	COD	mg/l	≤25	4.73	2.30	2.79
	DO	mg/l	≥4	6.97	6.75	6.61
	Total Phosphate	mg/l	≤0.2	0.06	0.02	0.04

Environmental quality standards value for TSS KIDECO parameter used class 2 quality standards in accordance with East Kalimantan Regional Regulation No. 02 of 2011.

KIDECO is committed to reducing wastewater pollution load into bodies of water. This measure was performed to minimize the impact on bodies of water and the biota within.

Calculation of Pollution Load Reduction in WUP Roto Samurangau

Parameter	Pollution Load (Ton/Year)			Total Pollution Load Reduction (Ton/Year)		
	2020	2019	2018	2020	2019	2018
TSS	4,680.54	3,733.62	4,394.76	(946.92)	661.14	1,544.73
Iron (Fe)	104.28	38.39	28.07	(65.89)	(10.33)	32.66
Manganese (Mn)	12.21	9.86	8.63	(2.34)	(1.24)	2.03

Perhitungan Penurunan Beban Pencemaran Susubang Uko Block

Parameter	Pollution Load (Ton/Year)			Total Pollution Load Reduction (Ton/Year)		
	2020	2019	2018	2020	2019	2018
TSS	342.34	233.89	288.10	(108.45)	54.21	56.75
Iron (Fe)	7.51	1.76	1.55	(5.76)	(0.21)	2.73
Manganese (Mn)	1.55	2.30	0.95	0.75	(1.35)	0.54

Percentage of Pollution Load Reduction in Roto Samurangau and WUP Susubang Uko

Parameter	Beban Pencemaran (Ton/Tahun)					
	2020			Reduction Percentage		
	1	2	3	1:2	2:3	
TSS	5,022.88	3,967.50	4,682.85	127%	85%	
Iron (Fe)	111.79	40.15	29.61	278%	136%	
Manganese (Mn)	13.76	12.16	9.58	113%	127%	

Total Pollution Load Reduction

Parameter	Pollution Load (Ton/Year)					
	2020			Reduction Percentage		
	1	2	3	1:2	2:3	
TSS	(1,055.37)	715.35	1,601.48	(148%)	45%	
Iron (Fe)	(71.64)	(10.54)	35.38	680%	(30%)	
Manganese (Mn)	(1.59)	(2.59)	2.58	62%	(101%)	

In 2020, KIDECO had an innovation, installing filtering bags (Filsa) to increase domestic wastewater treatment in domestic wastewater treatment installation. Such innovation was to reduce the pollution load of TSS parameter by 0.06

ton/year, or equivalent to saving Rp132 million. This innovation was able to cut down the energy used, as it is designed with automatic system to save the production cost.

Social Performance

The COVID-19 pandemic situation in 2010 made KIDECO's social sustainable performance focus on protecting employees and communities. We ensure occupational health and safety (OHS) is in place, and community welfare, especially those who live in the mining area, is maintained.

Management Approach [103-1, 103-2, 103-3]

Social performance is vital, as it influences mining operations and supports the company's sustainability. Social performance that was included as material topics are OHS and local community engagement. Strategies implemented by KIDECO are maintaining the health and safety of employees and workplace, as well as community in the time of COVID-19 pandemic. The Company also continued the community empowerment initiative in the mining area through social responsibility activities (CSR). OHS management became the responsibility of Chief Mine Officer, whereas CSR became the responsibility of Chief Administration Officer (CAO). The OHS and CSR management performance evaluated by the Board of Directors is through the mechanism of key performance indicators (KPI) achievement. Overall, the 2020 OHS and CSR management was conducted well that it helped achieve Gold PROPER from the Ministry of Environment and Forestry.

Protecting Our Employees

Occupational Health and Safety Policy

QHSE Mission

1. Zero accidents resulting in fatality.
2. Zero lost work day.
3. Minimizing the loss of company assets and equipments.
4. Guaranteeing all occupational health hazards are managed effectively.
5. Ensuring employee health is managed effectively.
6. Creating and having a clean and healthy workplace.

Specific Goals of KIDECO's Integrated Management System Policy [403-1]

Occupational Safety & Mining Operations Safety	Occupational Health
<ul style="list-style-type: none"> • “Zero” accidents resulting in fatality. • “Zero” lost time injury (LTI). • Minimizing the loss of equipments and assets. • Ensuring feasibility study, facilities, infrastructure, installation, and mining equipments maintenance are managed effectively and in accordance with prevailing standards. 	<ul style="list-style-type: none"> • Ensuring all health hazards at workplace are effectively managed. • Ensuring employee health is managed effectively. • Creating and maintaining a clean and healthy workplace. • Actively preventing the transmission of HIV/AIDS and psychotropic substances.



Efforts

- Complying with all prevailing laws and regulations, and implementing national and international standards to reflect our commitment.
- Providing adequate trainings to all employees to achieve the company goals.
- Integrating Quality, Occupational Health and Safety, and Environment (QHSE) in daily activities.
- Performing improvements sustainably.



Establishment of QHSE Policy and Operational System

Organization & System	QHSE Team & Committee; OHSAS 18001
Operation & Execution	Education & training; QHSE Protocol Management.
Program & Objective	QHSE Program; Supports for QHSE management for suppliers.

Organization and QHSE System

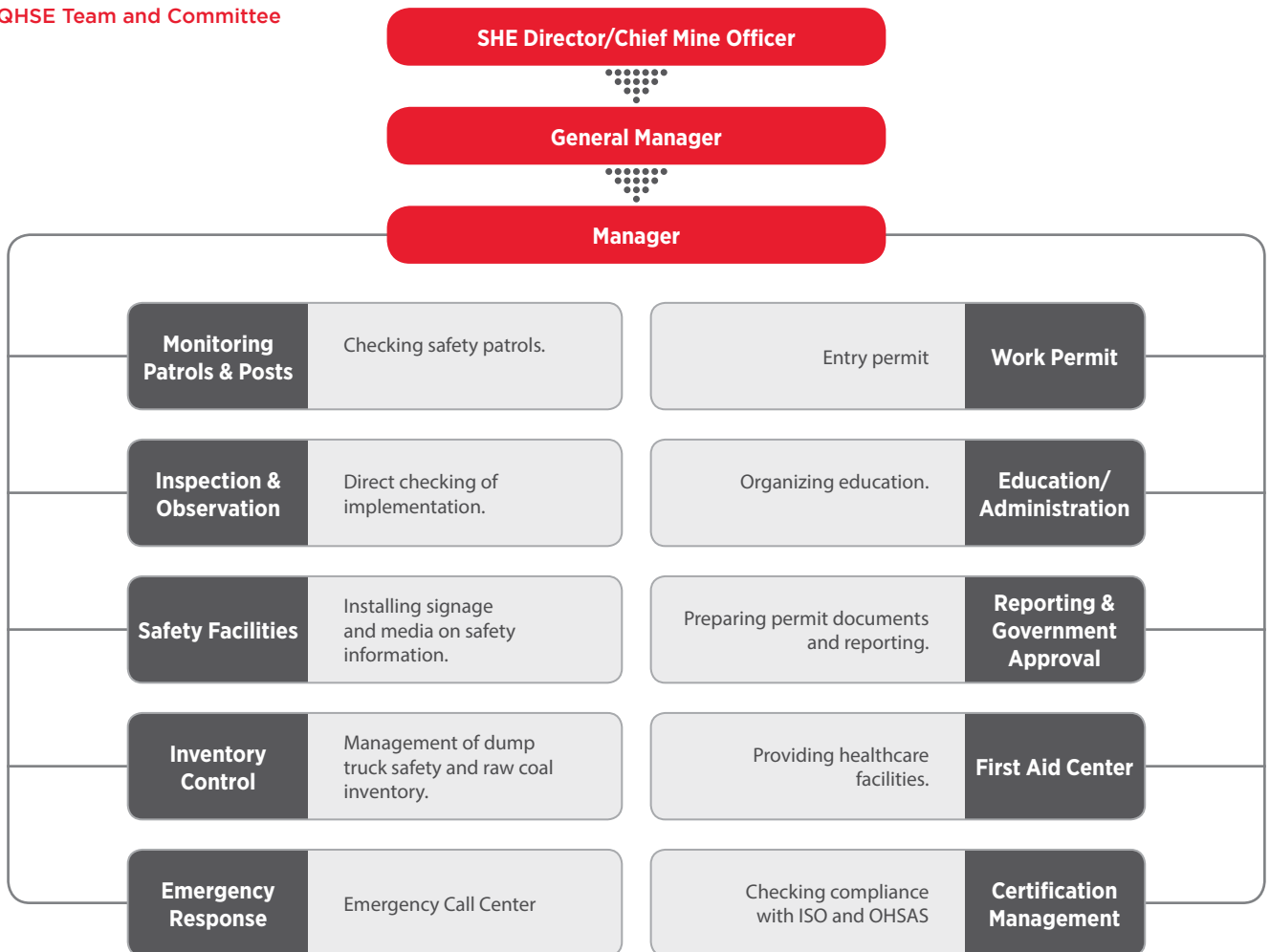
In 2020, a change occurred related to the organization and OHS and Environment Management System (SMK3L). Security, which was initially under External Department (Legal External), was moved to HSE Department in 2020. The HSE Department is currently developing a security system that could accommodate/include all areas of operations.

The HSE Department is also in digitalization process with the making of ‘safety web’ and establishment of Go Arc Safety KIDECO application. This application will then be able to be accessed by the employees, so that they could perform reporting, consultation, and participate if there are any unsafe/hazardous conditions and actions. Reports will be reviewed by the management which two-way communication is also required with the whistleblower to ensure

whether should there be a follow-up measure, including by the whistleblower. As per the developments, the web system consists of 4 features, namely Hazard Report, Online Training, Permit, and Accident. According to plan, the ‘safety web’ will be launched in the first quarter of 2021, and is expected to increase OHS performance. [403-4]

The ongoing adjustment will strengthen the running QHSE system. KIDECO established OHS Development Committee (P2K3) as a joint committee representing employees and the management, which governs OHS affairs in Collective Labor Agreement (CLA), and binding to all KIDECO employees, business partners’ employees, and contractor employees. [403-4][403-8]

QHSE Team and Committee



P2K3 Membership in 2020

Description	Total	Total KIDECO Employees	Percentage to Total Employees
Employee Representatives	35	501	7
Management Representatives	5		1
Total	40		8

Together Against the COVID-19 Pandemic

With the occurrence of COVID-19 pandemic in 2020, KIDECO ensured that all activities were carried out by considering health protocols and employee safety. The implementation of health protocol for mining workers was based on Technical and Environment Director/Chief Mine Officer of the Ministry of Energy and Mineral Resources (ESDM) Number 797/37.04/DBT/2020 of 12 March 2020 on the Prevention of the COVID-19 Transmission at Workplace. Moreover, there is Circulation Letter of the ESDM Ministry Number 02.E/04/DJB/2020 of 24 March 2020 on the Prevention and Management of Corona Virus Disease (COVID-19). [403-1]

KIDECO formed a Task Force Team (TFT), involving cross-department to specifically manage the COVID-19 pandemic in the company. TFT consists of teams of HSE, General Affair, Management Support, and doctors. We continue to perform socialization of health protocol through notification, announcement, and encouragement. The efforts to break the chain of the COVID-19 are by performing mass rapid antigen test on all KIDECO employees. Any reactive/positive results found among the employees, polymerase chain reaction (PCR test) must be enforced along with self-isolation. As of the end of 2020, the implementation of rapid antigen test has attained 1,114% of total KIDECO employees and contractor employees. [403-10]

Starting the year 2021, the Company continued to control the COVID-19 pandemic by establishing and managing self-isolation centers in Balikpapan and



Personal Protective Equipment assistance in managing COVID-19 in Paser Regency

Paser. This was based on the consideration that the number of patients remained high while care facilities, including hospitals were insufficient. The self-isolation facilities have obtained their permit from local Health Office, and they will be dedicated for employees who are positive with COVID-19, whether with mild symptoms or asymptomatic. For those who are confirmed positive with moderate/severe symptoms, they still have to be evacuated to referral hospitals.

KIDECO together with the contractors also prepared special plans to ensure mining operations keep running in the midst of the COVID-19 pandemic.

Occupational Safety Performance

Statistically, work safety performance shows an increase, which is indicated by the absence of fatality cases for three consecutive years. [403-9]

Use of Explosives and Blasting	Worthiness Test of Equipment and/or Installation	Mining Safety Cost
<p>Several efforts made by KIDECO relevant to environmentally safe blasting that maintain mining slope stability are:</p> <ul style="list-style-type: none"> Using the Tie Up method made per hole to reduce the blasting vibration impact on mining slope stability. Monitoring ground vibration due to blasting by establishing the maximum PPV standard of 3mm/s in accordance with SNI 7571: 2010. Procedure for blasting near critical areas refers to the Risk Level Classification and Slope Stability Status Based on the Movement Velocity Increase at Pit and Waste Dump Slope. Using the Pre Split Blasting method to create new Freeface and reduce the impact of ground vibration. Using the Air Decking (Top Decking, Bottom Decking, Sysdeck, Bottle Airdeck, Concrete Decking) method. Determining the drilling distance near the slope of 16 meters, measures from the first hole near the slope to the foot of the slope. 	<p>The equipment used at the KIDECO WUP is subject to a feasibility study by an independent third party.</p> <p>The following are equipment and/or installation receiving the Equipment Utilization Worthiness Certificate from the Directorate General of Mineral and Coal, the Ministry of Energy and Mineral Resources.</p>	<p>KIDECO provides a Mining Safety cost with the 2020 realization of Rp56,180.62 million and the 2019 realization of Rp61,521.99 million.</p> <p>The cost includes the operations safety cost organized by the company's partners.</p>

Pesawat Angkat dan Angkut		Bejana Tekan		Penyalur Petir		Jack Stand		Tangki Timbun	
Km 40	23	Km 40	18	Km 40	24	Km 40	10	Km 40	3
Km 35	3	Km 35	5	Km 22	3	Km 35	8	Km 35	3
Km 22	6	Km 22	4			Km 22	10	Km 4	1
TMCT	13	TMCT	14			TMCT	10	SM Paku	1
Pama	21	Pama	25					TMCT	8
Buma	5	Bima	4					Pama	2
				Instalasi Listrik					
				Km 40	2				
				Km 22	3				

Number of Work Accident Incidents [403-9]

Category	2020	2019	2018
Minor Accident	0	0	0
Major Accident	0	0	0
Fatality	0	0	0
Lost Time Injury	0	0	0
Frequency Rate (%)	0	0	0
Severity Rate (%)	0	0	0



Mining accident investigation training, which was joined by KIDECO representatives and business partners (the training was held prior to the COVID-19 pandemic)

KIDECO gives attention to workers with high-risk threats to occupational health and safety. We also take several measures to prevent work accidents and work-related illnesses.

Type of Work	Mitigation
Blasting.	Certification & Competency (KIM, KPP Pratama, KPP Madya), Working Permit & Permit Entry
Driver/heavy machinery operator.	GPS tracking, in car camera, speed awareness monitoring

Occupational Health Performance

In the reporting period, KIDECO held programs and activities to support a healthy workplace, among which were:

- Support of healthcare cost and provision of health insurance, including BPJS Health; [403-3]
- First Aid (P3K) Central Facility at mining operations areas and the Tanah Merah Coal Terminal (TMCT); [403-3]
- Healthcare Class, in the form of visits and giving healthcare materials to partner companies; [403-5] [403-6]

- HIV/AIDS and drug abuse Prevention and Mitigation (P2);
- Routine medical checkups in cooperation with external healthcare institutions, among which the Balikpapan Pertamina Hospital. [403-7]

Support for the Occupational Health Program [403-6]

Description	Unit	2020	2019	2018
Healthcare Cost	USD	409,494.14	384,352.61	137,542
Health Insurance		591,668.78	539,111.70	436,259
Referral Hospital Cooperation	-	1,145	1,095	1,095

Healthcare Program for KIDECO Employees, Employees of Partner Companies, and the Public [403-6]

Program	Number of Participants		
	2020	2019	2018
Counseling and Promotion			
P2 Counseling for HIV/AIDS, Hepatitis A&B, dengue fever, heart attack, stroke, diabetes, and other non-communicable diseases	360	315	1,581
Counseling for drug abuse and black market prevention and eradication, rest management, employee occupational health, first aid, health talk	850	5,398	1,082
Consultation and Screening for COVID-19 Prevention	3,645	Unimplemented	
Prevention			
Employee medical examination	484	473	473
OHS-awareness calisthenics	200	200	200
Cholesterol, blood sugar, and uric acid tests	113	91	91
Blood donation	163	719	719
Webinar to Improve Health in the COVID-19 Pandemic	36	Unimplemented	
Treatment			
Patient visit to P3K Center	657	614	614
COVID-19 Management Protocol in the Company	Implemented	Unimplemented	
Leave Restriction to Local Areas	Implemented	Unimplemented	
Masks and Vitamins Distribution	Implemented	Unimplemented	
Employee Shift Management to avoid a gathering of employees	Implemented	Unimplemented	
Capacity Management on Employee Transportation Unit	Implemented	Unimplemented	

Potential Occupational Health Problems and Mitigation Strategies

Form of Health Problem	Strategi Penanggulangan
Occupational and work-related illnesses (PAK), including high-risk jobs.	<ul style="list-style-type: none"> • Management of healthy menu for employees at the company cafeteria and nutrient contents calculation. • Calisthenics once per week. • Routine medical checkups. • Provision of Personal Protective Equipment (APD).
Drug abuse and HIV/AIDS transmission.	Mandatory drug, psychotropics, and other addictive substances test during medical examination. Prevention counseling.

OHS Training

In 2020, we gave mandatory safety training for KIDECO employees and employees of partner companies/contractors. [403-5]

OHS Training [403-5]

Description	2020	2019	2018
Type of Training	30	29	62
Number of Participants	3,497	2,974	25,583

Type of OHS Training [403-5]

Description	2020	2019	2018
First Operational Supervisor (POP)	358	307	191
Mid Operational Supervisor (POM)	62	34	13
Senior Operational Supervisor (POU)	13	13	3
Class 2 Blaster Course	21	21	46
Energy Manager	3	3	3
Land Surveyor	7	7	4
SMKP Auditor	15	9	3
General OHS Expert	20	22	32
Construction OHS Expert	6	6	7
Electricity OHS Expert	4	2	6
Lifting Equipment SIO	72	74	91
P3K Officer FAT and Licensing	0	15	415
Incident Investigation	60	38	100
HIV/AIDS Counselor	0	0	68
Genset Operator	6	6	22
Boiler and Pressure Vessel OHS Expert Certification	1	1	1
Class 1 Blaster	2	2	1
Lifting and Rigging Equipment OHS Expert Certification	2	1	1
Total	652	561	1,007

Strategy Toward Zero Fatality and LTI [403-2]

KIDECO is committed to improving OHS performance. In 2020, the measure taken was by conducting direct inspection to the field by engaging the Board of Directors. The goal was to motivate employees to work safely.

For 2021, the Company will engage all managerial levels, starting from Assistant Manager to the Board of Directors, in night patrol. Through the activity, they will conduct inspection at night to locations of operations to ensure that OHS has been complied with and implemented for the safe operations of activities. The night patrol activity will support the implementation of safety patrol, safety talk, and safety meeting which engage business partners.

Aside from night patrol, the management will also form a Disciplinary Committee for OHS. The Company will also ensure that in 2021, all Supervisors have the competency as a First Operational Supervisor (POP), Mid Operational Supervisor (POM), and Senior Operational Supervisor (POU). Another measure is by increasing communication with business partners/contractors, previously from once every three months to once every month.

We continue the evaluation activity of partner companies/contractors pertaining to SMK3L implementation. We ensure that partner companies/contractors are not implementing labor practices that contradict universal Human Rights values, particularly workers' rights. In 2020, MK3L evaluation included 45 partner companies/contractors and 41 partner companies/contractors in 2019. [412-3]

Evaluation Results of Partner Companies

Description	2020	2019	2018
Work Contract Termination	2	3	0
Work Contract Extension	38	36	38
New Partner Companies	7	5	3
Total Partner Companies	45	41	41

Leaving Jobs that Endanger Employees

In any job circumstances that might endanger and threaten the safety of employees and provoke work-related diseases, employees are allowed to leave their work. In accordance with applicable provisions in KIDECO, the process of leaving one's work requires completing daily work preparation form; hazard reporting, p5m program (safety talk), and supervisory inspection (environmental readiness form for daily work); as well as reporting any news related to identification of perilous activities and risks. KIDECO protects all employees from any form of retaliation due to leaving work on the basis of occupational safety and work-related diseases.

Investigation on OHS Incidents

As per standard operating procedure (SOP), every occupational health and safety (OHS) incident is followed up by an investigation. HSE KIDECO manages a Discipline Enforcer Committee (KPD), whose duty is to review any conducted investigations. Based on the investigation results, KIDECO proceeds with an advanced step to identify threats and assess risks that are related to the incident, determine corrective measures through control hierarchy, and decide on necessary improvements in OHS management system.

KIDECO continues to cultivate a work culture for employees and the management as the regulatory guidelines for the attitude and behavior in working, in order to meet global standards, compliance culture, and high integrity. Hence, employees will give support to MK3L implementation.

High Ethics

Employees are capable of having an honest and transparent attitude based on high ethical awareness.

- A healthy outlook toward the Company.
- Honesty and diligence.
- Having initiative and setting an example.
- Having awareness, autonomy, and responsibility.

Global Proficiency

Employees are capable of working with a professional spirit based on global thinking and s.

- Global sensitivity.
- Foreign language skills.
- Specialized knowledge.

Work Culture



Positive & Active

Employees are capable of actively performing their work to achieve their goals, rejecting passive attitude. A healthy outlook toward the Company.

- Awareness of goals.
- Formidable spirit.
- Strong competitive spirit.

Creative

Employees do not fear change and innovation, and attempt to find better solutions through creative thinking.

- Creative problem-solving abilities.
- Changing way of thinking.
- Driving force.
- Courage in facing challenges.
- Flexibility.

Protecting the Human Rights of Employees

All policies and stipulations established by the Company are continuously aligned with the universal values in the Human Rights Declaration. In the reporting period, KIDECO did not face allegations pertaining to policies or actions indicated to violate Human Rights.

Human Rights in the Collective Labor Agreement

Regulating working hours and the obligation to give overtime compensation to avoid forced labor. [409-1]

The freedom to unionize and have opinions by forming labor unions and composing Collective Labor Agreement (CLA). [407-1]

Diversity and equality, including giving remuneration without discriminating against gender or other backgrounds. [405-1][405-2]

Prevention of child labor with the minimum worker age of 18 years old and the prevention of young workers for hazardous work with the implementation of the competencies of all fields of work. [408-1]

KIDECO develops labor relations with employees based on prevailing regulations, including Law No. 13 of 2003 on Labor. In terms of remuneration, the Company complies with stipulations on minimum wage regulated based on the stipulations of the regional heads.

Percentage of the Comparison between the Lowest Wage against the Local Minimum Wage [202-1]

Position	2020	2019	2018
Non-Staff	115.66%	118.45%	116.34%
Female	115.66%	125.50%	131.95%
Male	115.66%	118.45%	116.34%

Facilities and Benefit Programs for Employees

Facilities and Benefit Programs	Description	2020	Accumulation (2016-2020)
Loan for Home Construction	Financial loan to the maximum of Rp250 million with 0% interest for home construction.	56 employees	A total of 81 employees, with the total budget of Rp19.07 billion
Regular Children's Education Assistance	Financing the education of employees' children from kindergarten to university.	563 employees' children	A total of 5,386 employees' children, with the total budget of Rp3.06 billion
Children's Education Assistance for University Admission	Financing the education of employees' children for admission into university.	30 employees' children, Rp60 million in assistance	181 employees' children, with the total assistance of Rp211 million
Excelling Children's Education Assistance	Financing the education of employees' excelling children from Elementary School to university.	97 employees' children, Rp73,35 million in assistance	A total of 643 employees' children, with the total assistance of Rp252.87 million
Education Program for Retirees	Material: Life motivation, financial management, stress management, physical health, success profile for entrepreneurs.	0 person	22 person
Employee Term of Service Award	Appreciation and gifting gold to employees who have served and contributed from 10 to 20 years.	41 people	Recipients of Gold Coin totalled 220 with the total assistance of Rp2,414.37 million



Daily meetings, which were held in SM-D viewpoint areas, were aimed to coordinate work for smoothly-running mining activities

Protecting the Competencies of Employees

KIDECO continues to urge employees to develop their competencies, through education and training which are held internally or externally. The materials include basic and technical skill training, performance management, leadership, OHS development, financial management and planning, regulation change, and relevant to international standardization (ISO) implementation. In 2020, the average employee training hours were 39.74 hours per employee. Training organization was adjusted to the COVID-19 pandemic situation.

Average Hours of Employee Training [404-1]

Year	Total Employee			Total Training Hours	Average Training Hours/ Employee
	Male	Female	Total		
2020	446	41	487	19,352	39.74
2019	681	14	695	22,896	32.94
2018	814	34	848	16,000	18.87

Average Hours of Employee Training Based on Type of Training [404-1]

Type of Training	2020	2019	2018
Managerial In-House & Public Training	422	610	165
Operations & Certification In-House & Public Training	65	85	683
Total	487	695	848

Total Training Hours Based on Position Level [404-1]

Position Level	2020	2019	2018
Manager Upwards	74	136	54
Assistant Manager	80	102	82
Supervisor	153	246	370
Staff/Foreman/Officer/Engineer	165	202	274
Non-Staff	15	9	68
Total	487	695	848

Career Development of KIDECO Permanent Employees

In 2020	Male	Female	Total
Promotion	62	6	68
Rotation/Transfer	4	-	4
Total	66	6	72

In 2020, KIDECO participated its employees in the following competency tests:

1. First Operational Supervisor
2. Mid Operational Supervisor
3. Senior Operational Supervisor
4. Class 2 Blaster
5. Class 1 Blaster
6. SMKP (Mining Occupational Health and Safety Management System) Auditor
7. General K3 Expert
8. Construction K3 Expert
9. Electricity K3 Expert
10. Lifting Equipment SIO
11. P3K Officer FAT and Licensing
12. Incident Investigation
13. HIV Counselor
14. Genset Operator
15. Boiler and Pressure Vessel OHS Expert Certification
16. Lifting and Rigging Equipment OHS Expert Certification

Protecting Communities from the COVID-19 Pandemic

Aside from the employees and workers of partner companies/contractors, KIDECO is also committed to protecting the communities around the areas of operations from the COVID-19 pandemic. We adjusted the execution of Corporate Social Responsibility (CSR) activities by implementing virtual meetings and trainings.

In the reporting period, KIDECO has allocated the fund for healthcare assistance relevant to COVID-19 of Rp2.67 billion in various forms:

- 500 units of rapid test kits and 800 units of personal protective equipment (APD) to the Panglima Sebaya Tanah Grogot Regional General Hospital (RSUD). The assistance has handed over on 8 June 2020. Details of the handed over assistance were 260 units of biosensor rapid test, 240 units of livzon rapid test, 200 units of reusable hazmat suits, 200 units of surgical masks, 200 units of latex gloves, and 200 units of goggles.
- Assistance of 900 units of APD, 900 units of N95 masks, 500 units of surgical masks, 450 units of latex gloves, 180 units of goggles, 90 units of face shields, and 45 units of safety boots. The assistance was handed over to the Paser Deputy Regent representing the Paser Regency COVID-19 Taskforce on 29 April 2020.
- Assistance of 3,790 units of APD, which were 190 units of reusable hazmat suits, 190 units of reusable hazmat suits, 180 units of rapid test kits, 190 units of hand sanitizers, 190 units of goggles, 190 units of face shields, 1,140 units of masks, 1,140 units of gloves, 190 pairs of shoe protectors. The assistance was handed over on 22 June 2020 to 19 community health centers through the Paser Regency Health Office.
- KIDECO built an isolation centre house in the Songka Village, Batu Sopang District with a capacity of 50 beds in cooperation with the Paser Regency Health Office, Batu Sopang District Government, and the COVID-19 Taskforce team in the Batu Sopang District.
- KIDECO performed renovations of the ex Panglima Sebaya Hospital to be an isolation room with a capacity of 80 beds.
- KIDECO gave assistance of 15,550 basic need packages for COVID-19 relief on Eid al-Fitr 1441 H in 60 villages, 22 Islamic boarding schools in 8 districts in the Paser Regency.
- KIDECO, together with the East Kalimantan Regional Police & Paser Police Department, gave assistance of 450 basic needs packages in 3 districts with the East Kalimantan Regional Police Vital Object Protection Division and 150 basic needs packages with the Paser Police Department for COVID-19 relief.
- KIDECO performed the disinfectant spraying activity in Batu Kajang Village.
- KIDECO conducted promotive activity by installing COVID-19 prevention billboards at 30 points in 4 districts and distributing 15,550 COVID-19 prevention brochures in 82 villages in 8 districts



Handover of rapid test assistance to RSUD Panglima Sebaya, Paser Regency

KIDECO handed over the renovated ex Panglima Sebaya Hospital building to the Paser Regency Government. The renovated ex hospital building consists of one secretariate building and four buildings, which in the COVID-19 pandemic functioned as patient isolation rooms. Aside from renovations, KIDECO equipped the buildings with furniture, such as chairs, work desks, metal cabinets, AC, fans, mattresses, bedsheets, and pillows, as well as waiting chairs.



Quarantine housing inspection with the Health Service Office of Paser Regency

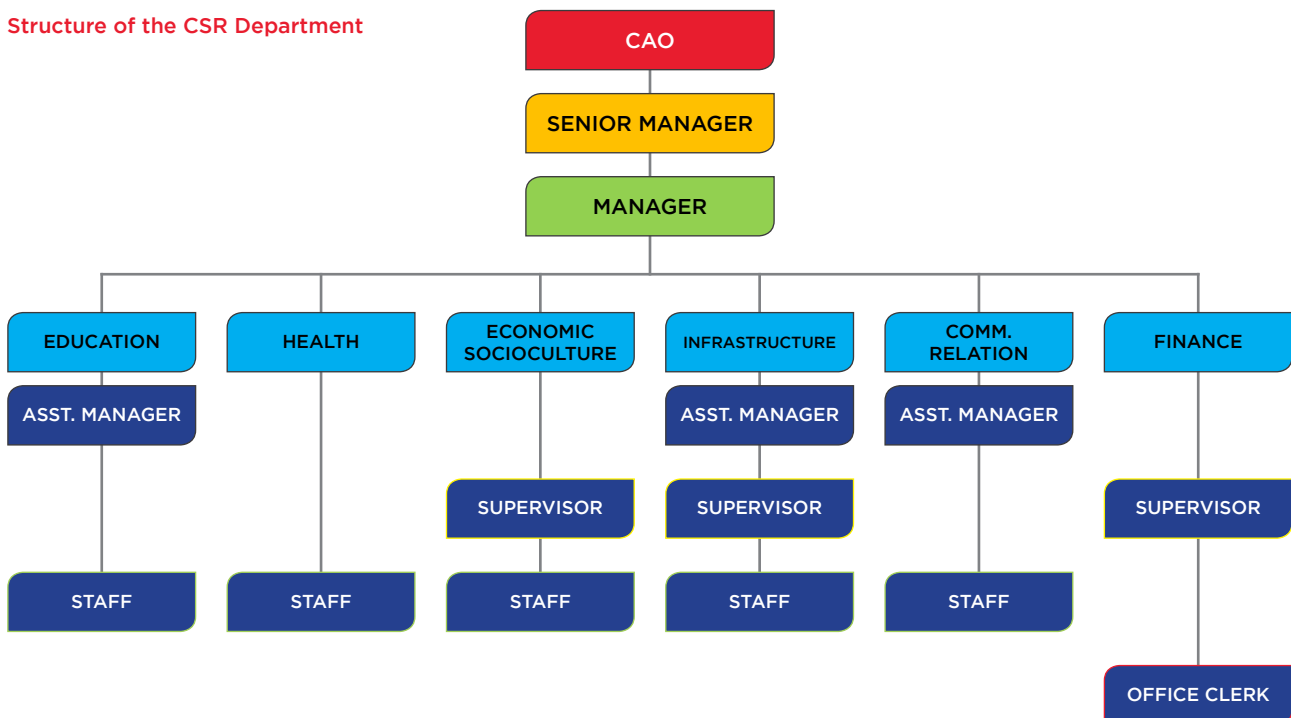
Empowering Communities

Despite facing the COVID-19 pandemic, KIDECO still places Corporate Social Responsibility (CSR) implementation as a main focus aside from mining. CSR is the key pillar in the sustainability of the Company’s business activities. CSR implementation is conducted by the CSR Department.

Vision, Mission, and Goals of the CSR Policy

Vision	Mission	Policy
Growing with KIDECO toward an independent community.	<ul style="list-style-type: none"> Improving the community’s capability to create value in every aspect of life. Making responsible social investments. Harmonious and hospitable toward the environment. 	<ul style="list-style-type: none"> Supporting the vision of KIDECO Corporate Social Responsibility to move forward together toward an independent community. Creating and maintaining Corporate Social Responsibility implementation for the creation of capacity improvement in various aspects of life. Optimizing implementation to create social responsibility investments. Creating harmonious relations with communities, the government, other stakeholders, safety, health.

Structure of the CSR Department



Responsibilities of the CSR Department: [102-19]

- Determining CSR strategies and action plans;
- Establishing CSR KPI and monitoring the developments;
- Supervising community development and cooperation;
- Publishing CSR report.

KIDECO formed the CSR Committee, headed by the President Director and assisted by the Finance Director, Operations Director, and the Head of Mining Engineering. The existence of the CSR Committee also functions to facilitate the CSR forum for communities. [102-20]

CSR Financing

In accordance with the planning approved by the Ministry of Energy and Mineral Resources, the KIDECO CSR program is focused on community empowerment and other CSR activities. The community empowerment activities are conducted through the Community Development and Empowerment (PPM) program. The annual financing plan of the PPM program is Rp46.63 billion. All the financing originates from KIDECO, none is from the parent company. In accordance with the

Regulation of the Minister of Energy and Mineral Resources No.25 of 2018 on the Mineral and Coal Mining Business, if the community development and empowerment program fund realization is not reached, it will then be added to the following year.

The implemented CSR programs include communities around the mines in the Roto Samurangau and Susubang Uko WUP, which are already in production, and Pinang Jatus, which is still in the exploration phase. Overall, the KIDECO CSR programs cover 71 locations in Ring I to Ring V areas. The CSR programs are based on results of social and potential mapping, the issues and needs which are collectively decided through the deliberation mechanism at each program target village. If there are any complaints, the communities can file them directly to the ER-CSR function. [413-1][MM7]

The measures are taken to minimize the social impacts from the mining operations activities on the surrounding communities. KIDECO holds the CSR Programs that address four key matters, which are Education, Infrastructure, Health, and Economic Empowerment. As of the end of 2020, there were no significantly potential negative impacts to the local communities around WUP. [413-1][413-2][MM7]

Comparison of KIDECO CSR Program Financing with the Budget (Billion Rp)

	2020		2019		2018	
	Cost	%	Cost	%	Cost	%
Education	6.47	73.8	8.12	99.1	8.01	98.6
Health	3.45	83.0	5.48	105.1	8.56	143.8
Real Income Rate and Occupation	5.49	80.6	5.39	83.1	1.26	96.3
Economic Independence	0.90	58.9	2.19	57.1	5.25	99.8
Social & Culture	19.86	94.5	19.41	135.9	16.80	99.4
Environmental Management	0.23	30.1	3.59	94.1	0.49	94.5
Community Institutionalization	-	-	0.20	40.0	0.49	97.0
Infrastructure	5.67	130.5	3.11	60.1	5.78	83.0
Total	42.10	88.6	47.48	99.9	46.63	100.0

Traditional Communities Engagement

We always engage communities in the composition, execution, and evaluation of the implementation of the PPM Program and other CSR. Several community engagement activities performed by KIDECO were:

- Workshop: Toward the Development of Sustainable Paser on 9 November 2019. The activity was participated in by elements of the Government and the Paser Regency Regional People’s Representative Council, Ministry of Energy and Mineral Resources, as well as 61 village heads and 10 district heads as the direct partners of the KIDECO PPM Program.

- Verification of the Composition of CSR programs for fostered villages, consisting of 71 Fostered Villages in 10 Districts in the Paser Regency.
- Social Mapping, Stakeholders Mapping.
- Multiplier Effect Study of the Impacts of the Presence of PT Kideco Jaya Agung.

PPM Program Priorities

The PPM Program is intended to revitalize local economy and improve the quality of life of local communities. The PPM Program includes economy, education, health, and infrastructure. Until the end of the reporting period, fostered villages have been spread in 10 districts across the Paser Regency.

PPM Program Priorities			
<p>Economy and Culture</p> <ul style="list-style-type: none"> • Development of local economic potentials through the plantation, farming, husbandry, and fishery program packages; • Micro enterprise capital financing. 	<p>Education</p> <ul style="list-style-type: none"> • Improvement of the quality and capacity of fostered school residents; • S1 & S2 scholarship assistance program; • Education stimulus; • Mobile library; • Education infrastructure assistance; • Stimulant Funds for Education; • Rewards for Excelling Students; • KIDECO Bina Bersama Foundation. 	<p>Heath</p> <ul style="list-style-type: none"> • Quality improvement of integrated service post officers; • Assistance for healthcare infrastructure; • Healthcare promotion; • Clean-Water Facilities. 	<p>Infrastructure</p> <p>Assistance for the provision of infrastructure to support PPM independence: community service, access to roads and bridges, clean water, education, health, religious facilities, and others.</p>

PPM Economy and Culture Program

The priorities of the economic program are income increase, the creation of job opportunities, and community economic independence. In 2020, there were several programs implemented.

Plantation

Implementation of the program is based on the local wisdom values of the local communities, which are generally farmers with considerably sizable land ownership. The plantations developed are oil palm and rubber. The types of assistance conducted by KIDECO are the improvement of farmers’ capacity, institutionalization, land provision, land stripping, including the provision of superior seedlings, maintenance and construction of access roads to plantations. The benefits of plantation development have been felt by several villages that have implemented it, among which are Samurangau, Kelempang Sari, Modang, Keluang Paser Jaya, Kersik Bura, Suatang Keteban, Pasir Belengkong, Sungai Terik, Suweto, Rantau Atas, Libur Dinding, and Prayon. In 2020, there were two villages that conducted oil palm plantation development, Sempulang Village and Keluang Paser Jaya Village.

Integrated Farming System

The integrated farming system is managed in an environmentally friendly manner and has advantages compared to conventional farming systems. One of the advantages is combining farming activities with rural tourism for the optimization of land utilization. The existence of tourism in the integrated farming system has the potential of increasing the happiness index of local communities and becoming an alternative source of income. During the reporting period, implementation of the integrated farming system program showed significant increase, whether pertaining to institutional performance, environmental performance, or husbandry and fishery as well as plant cultivation performance. In 2020, Kideco founded the Jaya Agung Independent Cooperative, as well as increased several aspects, such as: compost fertilizer production, horticultural plants number/commodity, and number of cattle. Kideco also succeeded in overcoming the meat crisis approaching the holiday by distributing 25 cows and 50 goats for sale.

Institutional Performance

Program Performance	Unit	2020	2019	2018
Number of Agricultural Groups	Group	4	4	4
Number of Members	People	100	95	95
Amount of Average Income per Member	Rp	2,500,000	2,400,000	2,339,156
Number of Resident Study Visit	People	250	15,000	9,142

Environmental Performance

Program Performance	Unit	2020	2019	2018
Amount of Liquid Fertilizer Processing	Liter	175,000	165,000	155,000
Amount of Organic Fertilizer Processing	Kg	219,000	156,000	135,800
Amount of Fish Waste Utilization as Cattle Feed	Kg	0	2,500	1,500

Husbandry, Fishery, and Plant Cultivation Performance

Program Performance	Unit	2020	2019	2018
Number of Cows	Cows	78	53	82
Number of Goats	Goats	50	100	73
Number of Fish	Fish	15,000	10,000	6,842

Home Industry

KIDECO cultivates partnership with home industry entrepreneurs, such as amplang, kerupuk (crackers), and other snacks of a similar type. These micro business activities have housewives as members by forming an Agriculture Women Group (KWT) as well as becoming the pioneer of producers of food without preservatives in the Paser Regency. In 2020, Kideco distributed the cost for breadmaking training of Rp5 Million for the Rangan Indah KWT, as well as gave the oil drainer machine and bread machine for the Ngeno Lou KWT (State Detention Center GSM).

Home Industry Development Program Realization

Achievement Indicator	Unit	2020	2019	2018
Number of Home Industry Production Central	Unit	15	13	12
Number of Types of Products Produced	Product	69	67	65
Number of Members	People	87	85	83
Business Revenue per Annum	Million Rp	5,000	3,000	1,004

Number of Members of the Paser Regency Community Organizations in 2020

Description	Location/Village	Number of Members
Rangan Indah Agricultural Women Group	Rangan/Kuaro	50
Samuntai Agricultural Women Group	Samuntai/Long Ikis	45
Rindang Jaya Agricultural Group	Samurangau/Batu Sopang	15
Harapan Mandiri Agricultural Group	Samurangau/Batu Sopang	15
Village-Owned Enterprises (Bumdes)	Janju/Tanah Grogot	8

PPM Education Program

In the long term, the existence of quality Human Capital will support the independence of communities in facing post-KIDECO mines. Until the end of the reporting period, several activities were organized.



Human capital increase of school teachers proximate to KIDECO operational areas

KIDECO PPM Education Program

School Development Program	Education Stimulus Assistance
Teacher Training and Skills	Mobile Library
S1 & S2 Education Scholarship	KIDECO Bina Bersama Foundation (YBBK) Performance
Excelling Students Prize	

School Development Program (SDP)

The implementation of SDP is no longer focused on the fostering of particular schools. Currently, SDP is focused on activities to enhance the Human Capital (HC) of teachers and students. It no longer dwells on the model school with continuous assistance but more on the inclusion of all schools in the teacher training program. In 2020, the SDP program has been implemented in more than 200 schools in all districts in the Paser Regency. KIDECO cooperated with a number of parties to expand the activity, such as the Teachers Forums of Indonesian Kindergarten Teachers Association (IGTKI), Headmasters Work Group (K3S), Teachers Work Group (KKG), Headmasters Work Association (MKKS), Subject Teachers Association (MGMP). By cooperating with the forums, it is easier for us in coordinating. Until the end of 2020, Kideco has 19 Fostered Adiwiyata Schools, consisting 3 Model Schools and 16 Impact Schools.

Teacher Training and Skills

The teacher training program is organized in cooperation with the regency level Teachers Forum. In the reporting period, KIDECO held training and skills for 707 teachers from the Batu Sopang, Muara Samu, Kuaro, Muara Komam, Long Ikis, Long Kali, Tanah Grogot, Paser Belengkong, Batu Engau, and Tanjung Harapan Districts. Our target was to give training to 1,000 teachers. However, due to the COVID-19 pandemic, program realization was obstructed. The Teacher Training theme that we raised was “Freedom in Learning and the 21st Century Learning Strategy in Schools”. The theme was in line with the theme established and echoed by the Minister of National Education for educational revolution for students and teachers to be able to explore and have more freedom in learning as well as composing the 21st Century learning strategy that demands students and teachers to be responsive to technological development. Therefore, through the training, we hope teachers are able to adjust the methodology in teaching, by using technology as support.

Teachers Training and Upskilling Realization

Program	2020	2019	2018
Number of Schools			
Teachers Training and Upskilling Programs	280	170	604
Number of Teachers			
Training and Upskilling Programs	707	991	1,003



Handing over stimulant fund for education to kindergarteners up to college students residing proximate to KIDECO operational areas

S1 & S2 Education Scholarship and Excelling Students Prize

The S1 education scholarship assistance is intended for excelling students from underprivileged families so they can continue their education to the university level. KIDECO also gives scholarship assistance to excelling university students to continue education to the S2 level. Until the end of 2020, there were 35 excelling university students as beneficiaries, with the total assistance of Rp1 billion per year. The assistance was given for the term of study of 4 years for S1 and 2 years for S2.

KIDECO also gives prizes to excelling students as a form of appreciation and to encourage them to maintain their achievements. In the reporting period, 1,911 excelling students were recorded as beneficiaries, with the total assistance given of Rp326,551,000.

S1 and S2 Education Scholarship Realization

Beneficiaries	Unit	2020	2019	2018
S1 Education	People	30	30	30
S2 Education		5	5	3
Total Cost	Billion Rp	1	1	1

Realisasi Pemetik Manfaat Hadiah Siswa Berprestasi (KIDECO Gemilang)

Description	Unit	2020	2019	2018
Schools	People	96	96	96
Prizes		1,911	1,830	1,815
Total Cost	Billion Rp	326,551,000	255,598,000	250,089,500

Comparison of Planning and Beneficiaries of the Excelling Students (KIDECO Gemilang)

No.	District	Plan		Realization		School Level
		Schools	Prizes	Schools	Prizes	
1	Batu Sopang	34	813	34	813	TK PAUD - SLTA
2	Muara Samu	15	231	15	231	TK PAUD - SLTA
3	Muara Komam	19	357	19	357	TK PAUD - SLTA
4	Kuaro	21	396	21	396	TK PAUD - SLTA
5	Tanah Grogot	7	114	7	114	TK PAUD - SLTA
Total		96	1,911	96	1,911	



Presenting Reading Corner at schools proximate to KIDECO operational areas

Assistance of Education Fund and Mobile Library

KIDECO gives education fund assistance and operates mobile libraries. Education fund assistance is given to excelling students from underprivileged families in all levels of education, as well as excelling teachers. The number of education fund assistance beneficiaries in 2020 was 2,236 people with the amount of fund of Rp1.37 billion. In the reporting period, KIDECO operated 3 units of mobile libraries equipped with multimedia tools and storyteller officers to motivate the spirit of learning and create interactive learning activities.

Mobile Library Program Performance

Description	2020	2019	2018
Number of Vehicles	3	3	3
Number of Books in Collection	13,055	11,535	11,535
Number of School Visits	73	73	73
Frequency of Book Borrowing	3,066	13,377	32,139
Number of Visiting Students and Teachers	1,565	7,389	21,069

Education Stimulus Education Assistance Beneficiaries in 2020

District	Number of Beneficiaries
Batu Sopang	823
Muara Samu	1,138
Tanah Grogot	139
Muara Komam	136

KIDECO Bina Bersama Foundation (YBBK)

YBBK was initiated to give various skills and basic proficiencies necessary in the working world, which are skills of English, Arabic, Korean as well as proficiency in operating computers. YBBK also develops education for children in the form of kindergarten and AlQuran education school (TPA). KIDECO’s contribution to YBBK is an assistance of facilities and infrastructure separate from the PPM Education Program.

YBBK Performance Realization

YBBK Activities	2020	2019	2018
Jaya Taka Kindergarten	184	184	183
Ibadurrahman AlQuran Education School	48	48	93
Computer Course	115	152	643
English Course	229	543	1.222
Korean Course	7	15	33

YBBK Performance Plan and Realization in 2020

Education Type	Number of Students						Total	
	Batu Sopang Unit		Muara Samu Unit		Muara Komam Unit		Plan	Realization
	Plan	Realization	Plan	Realization	Plan	Realization		
Kindergarten	200	184	0	0	0	0	200	184
AlQuran Education School	40	48	0	0	0	0	40	48
Computer Course	58	62	10	19	30	34	98	115
English Course	140	178	15	36	15	15	170	229
Korean Course	20	7	0	0	0	0	20	7

In 2020, KIDECO also gave assistance to the Paser traditional arts and culture through fostering the Rebuntung Dance Art Studio. The fostering focused on the preservation of the Paser traditional art of dance and musical instruments. Many community members participated in the dance studio activities, from the level of Elementary, Junior High, Senior High Schools to general public.

Furthermore, KIDECO has the role as the steward of the Gerakan Sadar Mandiri (GSM/Independent Awareness Initiative). The Initiative is an upskilling & development program of inmates in the Tanah Grogot Class IIB State Detention Center. Specifically, the program performs periodic development of women inmates; so when they return to society, they have proficient skills to support and afford living costs. The activity engages 38 women inmates in the Tanah Grogot Class IIB State Detention Center. The inmates have sufficient equipment and have been able to sell the products they have made themselves.

PPM Healthcare Program

Implementation of the healthcare program is intended to increase the access of communities to healthcare services. Despite facing the COVID-19 pandemic situation, KIDECO continues to implement several programs and operates the “Mobile Clinics” with the area range of six fostered villages.

In 2020, KIDECO has constructed four refill drinking water facilities in four fostered villages, which were Muara Telake Village in Long kali District, Muara Adang Village in Long Ikis District, Samurangau Village in Batu Sopang District, and Biu Village in Muara Samu District, with the cost of Rp503 million. The Company also utilized solar panels in the clean water program in Pinang Jatus Village, Long Kali District.

PPM Healthcare Priority Program Realization

Description	Number of Beneficiaries		
	2020	2019	2018
Competency Training of Integrated Service Post Officers			
Number of Integrated Service Post Officers	-	-	60
Number of Integrated Service Posts	-	6	13
Number of Mobile Clinics	1	1	1
Promotion and Disease Prevention Activities			
Target Participants	Students	475	375
	Teachers	180	30
	Schools	10	6
Healthcare Infrastructure Assistance			
Clean Water Facilities	4	5	12
Mobile Clinics	1	1	1
Healthy Cafeterias	1	1	1
Decent Housing	9	6	10

PPM Infrastructure Construction Program [203-1]

KIDECO constructs a number of public infrastructure and facilities on a pro bono basis to ease communities in accessing public services. The infrastructure construction program realization in 2020 included 13 activities with the following details.

PPM Infrastructure Construction Priority Program Realization

Description	2020	2019	2018
Procurement of fishermen boat engines	94	94	70
Construction/repair of roads	5	4	1
Construction/repair of bridges	1	2	
Construction of religious facilities	3	2	20
Construction of decent housing	1	9	10
Repair/construction of school buildings	5	0	0
Construction/repair of multifunction buildings	1	1	0
Edible bird's nest cultivation	8	8	18
Procurement/construction/repair of the facilities for clean water, electricity, village office, fence, yard, MCK, community security post, and others	5	7	12
Construction/repair of sports facilities	2	0	1
Construction/repair of healthy cafaterias	1	3	0
Construction of toilets & ablution block	3	0	0
Construction of office yards	0	0	2
Procurement of school cars/minibus	1	2	1
Children playground construction	0	0	1
Total	130	132	136

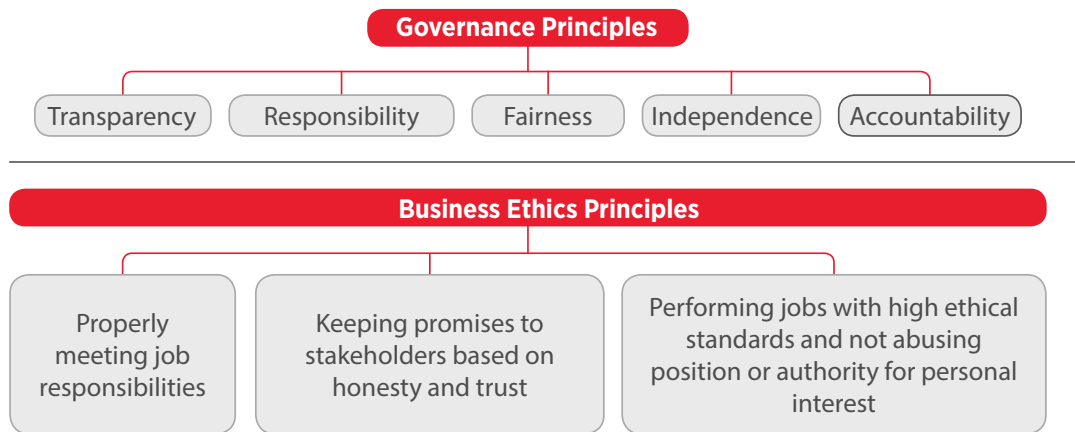
Sustainability Governance and Economic Performance

KIDECO is aware of its duties as part of the local communities, and continues to contribute to the Indonesian economic and social development. The commitment is performed by implementing good corporate governance (GCG) and prioritizing sustainability values.

Support for Clean Governance and Diversity

We implement good corporate governance (GCG) from the highest management, which is the Board of Directors and Board of Commissioners, as well as engage all company officials and employees

without exception. GCG implementation is based on compliance with prevailing regulatory laws, running the business with ethics and integrity, and building good relations with stakeholders.



Support for Anticorruption

In 2020, KIDECO obtained the ISO 37001:2016 Anti-Bribery Management System (ABMS). We are committed to implementing ABMS Policy in the internal scope of the Company and all stakeholders. ABMS implementation will support management in a better decision making process for KIDECO.

As the derivative from ABMS implementation, the Company has enforced several stipulations relevant to what the management and stakeholder may and may not do:

- Not to tolerate any forms of bribery
- The management issued an antibribery policy in November 2020

- All employees are required to sign an integrity pact that contains employees' promise to adhere to all prevailing regulations in the company, including Corporate Values and Corporate Governance, Business Ethics, Antibribery Management System, and Company Regulations
- All Business Partners and Vendors are also required to sign the Integrity Pact, in which their participation is mandatory to support the Antibribery policy, which is implemented by the company

We continue implementing ABMS socialization to all stakeholders. KIDECO also gives training to departments which are directly relevant to ABMS implementation. Socialization and training are performed online to adjust to the COVID-19 pandemic conditions. [\[205-2\]](#)



The Board of Directors of PT Kideco Jaya Agung

Whistleblowing System (WBS)

In the reporting period, KIDECO has the whistleblowing system (WBS). The KIDECO WBS is a channel of communication to be used by internal and external stakeholders to report improper behavior or allegations of employee mistakes considered as fraud, and bribery. The KIDECO WBS can be accessed via the <https://wbs.kideco.app/> [102-17, 102-33]

WBS management is carried out by the Anti-Bribery Compliance Function (FKAP) assisted by the Integrity Ethics Business (EEI). The members of FKAP consist of directors, namely COA, CFO, and CLO. Meanwhile, IDX members consist of Legal, Internal Audit and HRD. The company guarantees the confidentiality of the reporter's identity. Since operating until the end of 2020, the Company has not received any reports submitted through WBS. Continuous socialization is needed to ensure that all employees know about WBS that all incoming reports will be kept confidential and will be followed up by management. [205-3]

Code of Conduct and BOD-BOC Charter

As part of the Indika Energy Group, KIDECO uses the Company Code of Conduct as the guideline in regulating issues which are the responsibilities of the company, members of the company, and

parties involved with the Company's operations and business. All behaviors and actions must be based on GCG principles and company values, uphold ethics, and in accordance with prevailing standards and regulations.

The support for GCG implementation is also realized in the composition of the Charter for Committee. The Charter contains the duties, responsibilities, and authorities of each, therefore minimizing conflicts of interest. [102-25]

Support for Diversity

The KIDECO governance structure consists of the General Meeting of Shareholders (GMS), Board of Commissioners, and Board of Directors. The Board of Commissioners is assisted by special committees to support the supervision function. The Board of Directors concurrently holds the Chief Officer position for the effective business development and implementation strategy as well as monitoring. [102-18, 102-22, 102-23]

Membership of the Board of Commissioners and Board of Directors is determined by the GMS, based on the proposal of Shareholders by taking into account the requirements in the Limited Liability Company Law and other legal stipulations in Indonesia. Members of the Board of Commissioners

and Board of Directors do not have familial relations among them, which may cause conflicts of interest. [\[102-24, 102-25\]](#)

In accordance with the GMS, in the reporting period, the Company made changes to the membership of the Board of Commissioners and Board of Directors. The Board of Commissioners as per 31 December 2020 had seven members, consisting of six males

or 85.7% and one female or 14.3%. Membership of the Board of Commissioners has taken into consideration the expertise background and other diversity factors. [\[102-22\]](#)

To support the supervision function of the Board of Commissioners, in 2020 KIDECO formed three committees, which were: [\[102-22\]](#)

1. Audit, Risk, and Compliance Committee;
2. Nomination and Remuneration Committee; and
3. Project and Investment Committee.

Composition of the Board of Commissioners' Membership as per 31 December 2020

Name	Gender	Position	Bidang Keahlian
Azis Armand	Male	President Commissioner	<i>Economics and Urban planning</i>
Mohammad Arsjad Rasjid Prabu Mangkuningrat	Male	Commissioner	<i>Computer Engineering, Business Administration</i>
Ha Gil Yong	Male	Commissioner	<i>Economics</i>
Retina Rosabai	Perempuan	Commissioner	<i>Business Administration-Accounting</i>
Purbaja Pantja	Male	Commissioner	<i>Statistics-Economics & Business Administration</i>
Bob Kamandanu	Male	Commissioner	<i>Chemical Engineering & Business Administration</i>
Kamen Kamenov Palatov	Male	Commissioner	<i>Finance</i>

Composition of the Board of Directors as per 31 December 2020 was nine people, consisting of eight males or 88.9% and one female or 11.1%. Membership of the Board of Directors has taken into consideration the expertise background and other diversity factors. The Board of Directors is also assisted by Advisory and the Head of Mining Engineering equal to a Director. [\[102-22\]](#)

Composition of the Board of Directors' Membership as per 31 December 2020

Name	Gender	Position	Field of Expertise
Mochamad Kurnia Ariawan	Male	President Director	Finance-Accounting
Johanes Ispurnawan	Male	Vice President Director	Economics and Human Resources
Tatan Achmad Taufik	Male	Director	Finance-Accounting
Anton Kristianto	Male	Director	Marketing, Economics - Management
Leonardus Herwindo	Male	Director	Mechanical Engineering - Business Administration
Edra Emilza	Male	Director	Mining Engineering
Kim Il Soo	Male	Director	Civil Engineering
Kang Seungmin	Male	Director	Mining/Civil Engineering
Dian Paramita	Female	Director	Law, International Business Law

Each change to the membership of the Board of Directors and Board of Commissioners by Kideco is reported to the Minister of Energy and Mineral Resources (ESDM) as a form of fulfillment of the stipulations of Article 64 of the ESDM Minister Regulation No. 7 of 2020 on the Procedures for Granting Areas, Licensing, and Reporting of Mineral and Coal Mining Business. Reporting of the aforementioned new Board of Directors composition has been conducted to ESDM on 11 January 2021 via the Kideco Letter No. KJJ 216/LEG 001/I on the Reporting of the Changes to the PKP2B Board of Directors of 7 January 2021.

Until the end of the reporting period, KIDECO has not appointed a Board of Directors member responsible for sustainability governance. The responsibilities and decision making in sustainability management are performed by the Board of Directors in a collective-collegial manner, with the supervision of the Board of Commissioners, and reported to Shareholders through the GMS. The Board of Directors is able to delegate its responsibilities in sustainability governance implementation to a company official under it, in accordance with the field of duty that is their responsibility. [102-19, 102-20]

When necessary, the Board of Directors conducts consultations with stakeholders through several methods. Consultations are performed to identify and manage environmental, social, and governance (LST) impacts and issues relevant to activities undertaken by KIDECO. Direct consultations are

performed by the Board of Directors, while indirect consultations are conducted through delegating authority to the appointed company official in accordance with the topics which are the materials of the consultation. In implementing community development activities, the Board of Directors gives authority to the External Relations-Corporate Social Responsibility (ER-CSR) Manager to perform consultations with stakeholders, and supervised by the Chief Administration Officer (CAO). [102-19, 102-21, 102-29]

Assessment of the performance of the Board of Commissioners and Board of Directors is performed based on the realization of the Key Performance Index (KPI) target established at the beginning of each fiscal year. KIDECO includes members of the Board of Commissioners and Board of Directors in activities to increase collective knowledge in the Company’s sustainability performance implementation. [102-27, 102-28]

ESG Risk Management [102-11]

KIDECO has mapped main risks which are relevant to the management of environmental, social, and governance (LST/ESG) issues based on the business process implemented by the Company. Risk management is conducted by the Risk Management Team, which reports its performance directly to the Board of Directors. Periodically, the Board of Directors performs risk management evaluation through the mechanism of meetings, and identifies opportunities for the development of KIDECO’s operations and business. [102-30, 102-31]

Type of Risk	Mitigation
Environmental	
Environmental	KIDECO is aware that operations activities have the potential of impacting the environment. The Company continuously complies with all stipulations and obligations relevant to environmental management to reduce the potential environmental impacts caused, including the obligation to perform mine reclamation and rehabilitation.

Type of Risk	Mitigation
Social	
Occupational Health and Safety	The coal mining activities performed by the Company has the potential of the occurrence of work accidents, which may disrupt operations activities. KIDECO continuously strives to reduce the occurrence of accidents or damages that may cause material liabilities by implementing the best mining practices.
Community	KIDECO strives to maintain good relations with local communities to decrease the potential of social conflict. KIDECO organizes sustainable empowerment programs to improve community welfare, in the hopes that they will participate in maintaining and supporting KIDECO's presence.

Type of Risk	Mitigation
Governance	
Regulation	Changes to regulations have a direct impact on the Company's operations activities and competitiveness. KIDECO attempts to make adjustments according to prevailing stipulations of the energy resources governance in Indonesia and strives to prioritize domestic contractors, manpower, products, and services.
Production	Performing periodic coordination among departments relevant to KIDECO and business partners.
Global Coal Market Volatility	The global coal market influences the selling prices and Revenue. KIDECO attempts to maintain the customer base by renewing and extending supply agreements to achieve coal purchases with mutually beneficial agreements. KIDECO does not perform coal reserves development if the coal prices fluctuations on the global market in the long term are not profitable or causing significantly increasing operating cost.

In the reporting period, KIDECO held meetings with various stakeholders, including shareholders, employees, and communities. Several critical matters conveyed for follow-up, as realization of the drainage basin (DAS) rehabilitation program conveyed by the Paser Traditions Defense Agency (LPAP). [\[102-33\]](#)[\[102-34\]](#)

Disclosure of Information Relevant to Remuneration

KIDECO's remuneration policy refers to the prevailing regulations in Indonesia and stipulations of PT Indika Energy Tbk, which is the parent company and Controlling Shareholder. PT Indika Energy Tbk is a stakeholder that is directly involved in the remuneration of the KIDECO Board of Commissioners, Board of Directors, company officials, and employees. This Report has yet to include a disclosure of information on the amount of remuneration and total annual remuneration increment percentage of the Board of Commissioners and Board of Directors, as well as its comparison with total annual remuneration increment of KIDECO employees. [\[102-35\]](#)[\[102-36\]](#)[\[102-37\]](#) [\[102-38\]](#)[\[102-39\]](#)

Approach and Stakeholder Engagement [102-40, 102-42, 102-43, 102-44]

KIDECO builds communication with and engages stakeholders. The KIDECO stakeholders identification is performed based on:

- The proximity of stakeholders to KIDECO’s operational activities;
- The impacts of KIDECO activities, whether direct or indirect, towards the stakeholders;
- The relations and influences held by the stakeholders in economic, legal, and other issues;
- The urgency level of KIDECO against the occurring issues.



President Director of KIDECO handed over basic need packages to pre-prosperous people residing around KIDECO operational areas

Key Topics and the Needs of Stakeholder	KIDECO Response	Method of Engagement, Implementation, and Frequency
Shareholder		
<ul style="list-style-type: none"> • Production and business growth. • Good Corporate Governance (GCG) adjustment. • Good relations with local communities. 	<ul style="list-style-type: none"> • Increase in coal production and sales volume. • Production and operations efficiency. • Adjustments to the organizational structure and other governance. • Implementation of the Community Development and Empowerment (PPM) Program. 	<ul style="list-style-type: none"> • Periodic reports of Company performance, issued according to needs. • Annual GMS Implementation once a year. The 2020 AGMS was held on 26 March 2020. EGMS was held to change the composition of the Company’s Board of Directors. EGMS is held according to needs. • Adjustments to the governance structure in accordance with regulations. • Empowerment assistance, implemented according to needs.

Key Topics and the Needs of Stakeholder	KIDECO Response	Method of Engagement, Implementation, and Frequency
Customers		
<ul style="list-style-type: none"> • Guaranteed coal quality, supply, and price in accordance with the contract. 	<ul style="list-style-type: none"> • Implementation of the Quality Management System (ISO 9001). 	<ul style="list-style-type: none"> • Communication and meetings with customers, at least once in a year. • Customer satisfaction survey. The 2020 Customer Satisfaction Index was 99.74%.

Key Topics and the Needs of Stakeholder	KIDECO Response	Method of Engagement, Implementation, and Frequency
Government		
<ul style="list-style-type: none"> • Legal compliance • Good environmental management performance, including aspects of energy, water, emissions, biodiversity, effluent, & waste • Occupational Health and Safety (OHS) implementation. • The company's business growth • Good relations and positive impacts for the communities 	<ul style="list-style-type: none"> • Fulfilling obligations in accordance with the Coal Mining Concession Work Agreement (PKP2B), including the Post-Mining Plan (RPT). • Environmental management and mining safety in accordance with good mining practice regulations. • Corporate Social Responsibility (CSR). 	<ul style="list-style-type: none"> • Tax payment and other liabilities in accordance with PKP2B, including reclamation bonds. • Certification of environmental management and mining safety standards, along with periodic audits according to needs. • Periodic performance reports to the Government, conducted according to needs. • Participation in PROPER assessment, conducted once per year. KIDECO succeeded in obtaining the Gold PROPER. • Community Development and Empowerment Program.

Key Topics and the Needs of Stakeholder	KIDECO Response	Method of Engagement, Implementation, and Frequency
Employee		
<ul style="list-style-type: none"> • Safe and healthy work environment. • Improvements in welfare and benefits. • Competency improvement and career development. • The Company has good policies and environmental management system. 	<ul style="list-style-type: none"> • Implementation of the Work Health & Safety Management System (OHSAS 18001 and SMK3 PP No.50 of 2012); as well as the Mining Safety Management System (SMKP). • Establishment of remunerations and fulfillment of normative rights. • Employee training and education. • Implementation of the environmental management system. • Employee competency improvement in implementing good environmental system management. 	<ul style="list-style-type: none"> • Implementing daily safety induction and OHS socialization. • Enforcement of Company Regulations in place of PKB. • KPI training and assessment once per year. • Placing employees as initiators and persons-in-charge of the environmental management system.

Key Topics and the Needs of Stakeholder	KIDECO Response	Method of Engagement, Implementation, and Frequency
Local Community		
<ul style="list-style-type: none"> Welfare improvement. Prevention of environmental damage/pollution. 	<ul style="list-style-type: none"> CSR activities and community development and empowerment (PPM), quality improvement of education, healthcare services, and infrastructure construction. Environmental management and mining safety standardization. 	<ul style="list-style-type: none"> Periodic dialogue at least once a week or according to needs. Holding stakeholder forum at least once per month.

Key Topics and the Needs of Stakeholder	KIDECO Response	Method of Engagement, Implementation, and Frequency
Supplier and Partner		
<ul style="list-style-type: none"> Sharing growth through supply chain implementation. The Company has good policies and environmental management system. 	<ul style="list-style-type: none"> Transparency in the process and procedures of operational work contract. Giving technical and operational support to suppliers and business partners. Implementation of the environmental management system and mining safety. 	<ul style="list-style-type: none"> Trimonthly routine meetings with suppliers and business partners, or according to needs if deemed necessary.



President Director of KIDECO handed over basic need packages to pre-prosperous people residing around KIDECO operational areas

Support for Sustainable Operations

The COVID-19 pandemic situation and volatility of world coal prices urged KIDECO to implement sustainable efficiency and innovations, as well as protection of workers. The policies have managed to ensure the continuity of operations in 2020 and hence capable of maintaining economic performance and distributing a part of Business Revenue generated for the needs of stakeholders

Management Approach [\[103-1, 103-2, 103-3\]](#)

We continue to maintain the production rate and generated revenue for KIDECO's continuity. Production optimization is implemented through the Minerva Project initiative, and the expansion initiative of new export destinations for market strengthening. Economic performance implementation is the responsibility of the Chief Finance Officer Function. Performance evaluation is performed by the Board of Directors through the assessment of the key performance indicators (KPI) achievement. Based on the evaluation, the production realization was 33,004,280 tons of coal and recorded the net income of USD75.4 million. Company management is the responsibility of the Board of Directors and evaluated through the Board of Commissioners supervision mechanism in accordance with key performance indicator (PKI) achievement. Based on the evaluation, the KIDECO management performance has run well.

Excellent Performance in a Pandemic

In the reporting period, KIDECO showed excellent performance despite facing the COVID-19 pandemic. We were able to optimize coal production in the reporting period. Production volume in 2020 reached 33,004,280 tons of coal or 100% of the target, and only decreased by 3.73% compared to 2019. The decrease was in line with the Government policy to regulate national coal in order to control the price.

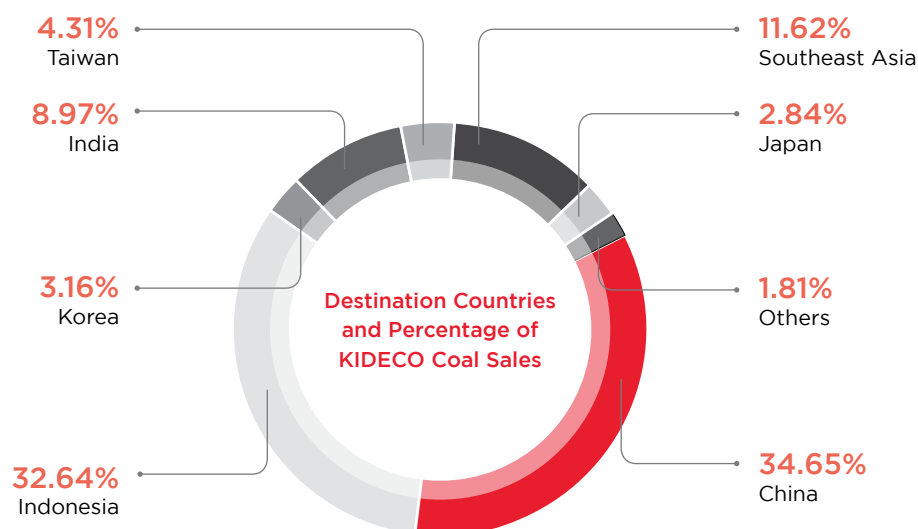
The total sales volume in the reporting period reached 33 million tons of coal, or 100% of the target, and only 4.5% lower compared to 2019. The domestic marketing strategy was to meet the Domestic Market Obligation (DMO), while the main export market was China, along with the ending of the lockdown policy due to the COVID-19 pandemic.

KIDECO Performance Excellence

Description	Unit	2020	2019	2018
Sales		1,249.4	1,574.1	1,802.2
Gross Profit	Million USD	177	248.3	492.0
Operating Profit		138.9	211.0	450.3
Net Income		75.4	119.8	260.1
Gross Margin		14	15.7	27.2
Average Sales Price		37.82	45.07	52.90
Operating Margin	%	11.1	13.4	24.9
Net Margin		6.0	7.6	14.4
EBITDA Margin		10.85	13.9	26.0

KIDECO Performance Excellence

Description	Unit	2020	2019	2018
Overburden	mn bcm	186,921,225	214,641,987	213,582,878
Production Volume	MT	33,004,280	34,281,940	34,000,291
Sales Volume	MT	33,054,580	34,721,730	34,123,642
Stripping Ratio	X	5.66	6.26	6.28
Average Sales Price	USD/Ton	37.82	45.07	52.90



Continuously Maintaining KIDECO's Excellence

We continuously maintain KIDECO's excellence for sustainable operations and business. The KIDECO mining operations areas are not inhabited by residents. [MM9]

Supporting Materials in the Coal Production Process [301-1][301-2]

Material	Unit	2020	2019	2018
Blasting				
Ammonium Nitrate	Ton	30,040	32,265	28,037
Dynamite	Kg	82,344	103,499	103,334
Detonator	Unit	632,758	748,112	656,381
Water Quality Management				
Limestone		46,930	48,365	36,290
Alum	Kg	932,725	624,255	522,005
Other reagents		39,650	54,375	37,700
RollFloc		29,960	26,565	14,200

In the reporting period, the Company conducted exploration to increase coal resources and reserves as well as implemented quality management. Synergy with Indika Group subsidiaries is also a method to ensure the maintenance of excellent operations.

Based on the 2020 exploration activities and the performed estimation, the approximation of the KIDECO coal resources until the end of the reporting period reached 1,550.95 million tons, while the total coal reserves were 466 million tons. With the current production rate, the KIDECO production period is estimated to reach 17 years.

Estimated KIDECO Coal Resources

Area of Operations	Unit	2020	2019	2018
Roto Samurangau		1,536.96	1,543.95	1,538.50
Susubang Uko		24.00	40	40.50
Samu Biu	Million Tons	7.34	-	-
Total		1,568.30	1,583.95	1,579.00

Estimated KIDECO Coal Reserves

Area of Operations	Unit	2020	2019	2018
Roto Samurangau		456.96	525.00	528.70
Susubang Uko		8.30	6.00	6.00
Samu Biu	Million Tons	0.90	-	-
Total		466.00	531.00	534.70

KIDECO is committed to maintaining the quality excellence of environmentally friendly coal products. We implement Quality Management in accordance with ISO 9001:2015 integrated with the KIDECO Integrated Management System, from the phases of mining, hauling, storage, to shipping.

Quality Improvement Target

Target	2020 Achievement
Production according to schedule and on time.	✓
Delivery according to schedule and on time.	✓
Quantity assurance.	✓
Accurate quality specification.	✓









Name of Block	KIDECO Coal Quality Parameter			
	Calory Value (KCal/Kg)	Ash (%)	Total Sulphur (TS) (%)	Total Moisture (%)
Roto Samurangau				
Roto Utara	5,490-6,090	2-5	0.08-0.26	12-19
Roto Tengah	4,490-5,310	2-6	0.07-0.14	21-26
Roto Selatan	4,660-5,230	2-5	0.03-0.11	19-29
Samurangau	4,020-4,740	2-6	0.08-0.21	24-34
Susubang Uko				
Susubang	4,590-5,450	3-8	0.09-0.18	19-24

KIDECO has a one stop mining system with efficient mining operation and infrastructural support for the production capacity of 55 million tons per year. Mining is conducted using the open pit mining method, utilizing trucks and conventional excavators.

Cover material will be excavated, loaded, and hauled based on type of materials. In 2020, conducted operations activities were not accompanied by the resettlement program of communities in areas of operations.

Coal Hauling Operations Flow

Phase	Infrastruktur dan Fasilitas
Mine	 Haul road, excavator, dump truck.
ROM Stockpile	 Haul road, dump truck.
Crushing Plant	 <ul style="list-style-type: none"> Crushing unit and filtering unit. Conveyor belt.
Silo	 <ul style="list-style-type: none"> Haul road. Double trailer truck. Conveyor belt. ROM stockpile. Loading to barge.
Tanah Merah Coal Terminal (TMCT)	
Barge	 Barge
Loading to Ships and Shipment (Transshipment)	 <ul style="list-style-type: none"> Floating crane. Floating transport facilities.

With the portfolio owned by Indika Energy as the parent company, KIDECO develops synergy with other Indika Energy Group subsidiaries. The undertaken synergies include mining operations services with PT Petrosea Tbk (Petrosea) as well as energy infrastructure with PT Mitrahahtera Segara Sejati Tbk (MBBS) and Cirebon Electric Power.

KIDECO's synergy with Petrosea is followed by the Minerva Project implementation, which is an initiative based on information technology using digital data analysis to support the reduction of fuel consumption cost, efficiency development, and asset utilization increase.

Synergy between KIDECO and Indika Group Subsidiaries



Implementation of the Minerva Project and its impacts on the KIDECO mining operations performance

Digital dispatch (brain of the mine).	<p>Reduce number of trucks by 10%</p> <ul style="list-style-type: none"> • 61% reduction in hanging time. • 49% reduction in queueing time. <p>50% increase in daily production.</p>
Real-time crew management.	<p>Production increase of 32%</p> <ul style="list-style-type: none"> • Increase of utilization by 7%. • Increase of truck productivity by 15%.
Digital maintenance system using predictive analytics.	<p>Components with potential issues identified with</p> <ul style="list-style-type: none"> • 80% accuracy. • 2-4 months in advance. <p>Extends component lifetimes by up to 130%.</p>
Digital operational mine planning	<p>Rapid decision-making and escalation for non-compliance.</p> <p>-95% time saved for mine surveys and plan creation.</p> <p>Transparent and predictable digger movement with clarity on reasons for delays.</p>
Digital control tower	<p>95% reduction in time taken to produce reports.</p> <p>Single source of truth across organization.</p>

Economic Value Generated and Distributed

KIDECO revenue in the reporting period originated from the sales of coal. There was no revenue from the financial assistance of the Government, including tax incentive. In 2020, the mining operations activities were faced with a weather anomaly disruption in the form of above average precipitation for an extended period of time; however, it did not incur significant financial implication. The total revenue in 2020 reached USD1,249.47 million. [201-1, 201-2, 201-4]

KIDECO Revenue Realization

Description	Unit	2020	2019	2018
Total Export Sales		791.65	1,062.05	1,268.10
Domestic Sales	Million USD	457.82	512.12	534.10
Total		1,249.47	1,574.17	1,802.20

State Revenue Payment

Area of Operations	Unit	2020	2019	2018
Tax		90.0	190.6	246.2
Non-Tax State Revenue	Million USD	144.6	215.5	241.4
Total		234.6	406.1	487.6

Maintaining Customer Satisfaction

Periodically, the Company performs a customer satisfaction survey. The customer satisfaction survey assessment factors include strategic relations, future growth, volume contribution, profitability, duration of service, loyalty, and business flexibility. In 2020, the Customer Satisfaction Index was 99.74%. The achievement increased compared to 2019.

Customer Satisfaction Index

2020	2019	2018
99.74%	99.48%	99.73%

KIDECO has a Coal Quality Feedback System mechanism for customers, which is managed by the Quality Control Team. The goal is to ensure and maintain the quality of coal products, in accordance with the specifications determined by customers. In the reporting period, we received 12 feedback and all have been followed-up.

Implementation of the KIDECO Coal Products Quality Feedback System in 2020

Feedback Given	Total	Form of Follow-Up
Discrepancy in analysis results	6	Improving monitoring, increasing blending ratio, conducting witness in loading and unloading ports.
Ash issue	3	Sending fresh coal, increasing and maximizing chemical ratio for watering mix when loading coal onto the barge as well as sustainably finishing the old stock with the FIFO method.
Iron metal foreign material	3	Conducting inspection and improvement of supporting units and means of the coal loading and delivery process, checking and controlling the magnetic separator equipment and metal detector.
Total	12	

Mapping of Sustainable Development Goals

Sustainable Development Goal	2021 Target	Achievement Strategy
1. No poverty		
1. Green Edu Eco Agro Wisata (IFS)	· 25,000 Total Visitors	· IFS Rejuvenation
2. Empowerment of micro enterprise of poor households based on the Rangan Indah Agricultural Women Cooperative	· Marketing expansion via internet marketing	· Grant of laptops and printers · Strengthening business capital
3. Self-sufficiency of the Harapan Mandiri and Rindang Jaya Agricultural Groups based on cooperative	· Increase in the production yield of the plantation and horticulture sectors	· IFS Rejuvenation
4. Technological Innovation in Organic Fertilizer Management in Realizing Food Security	· Production target reaches 300 tons of compost fertilizer	· Addition of raw materials (cattle, etc.) and manpower · Cooperation with other agricultural groups in the provision of raw materials
5. Refill Drinking Water Independence Program (PAK AMIN)	· Marketing expansion to the corporate sector	· Operator training
6. Sadar Mandiri Initiative, Tanah Grogot Class IIB State Detention Center Fostered Women	· Increase of bread production · Marketing expansion to outside the State Detention Center	· Grant of bread production equipment
2. Zero Hunger		
1. Green Edu Eco Agro Wisata (IFS)	· 25,000 Total Visitors	· IFS Rejuvenation
2. Empowerment of micro enterprise of poor households based on the Rangan Indah Agricultural Women Cooperative	· Marketing expansion via internet marketing	· Grant of laptops and printers
3. Sadar Mandiri Initiative, Tanah Grogot Class IIB State Detention Center Fostered Women MSME Empowerment	· Increase of bread production · Marketing expansion to outside the State Detention Center	· Grant of bread production equipment
4. Self-sufficiency of the Harapan Mandiri and Rindang Jaya Agricultural Groups based on cooperative	· Increase in the production yield of the plantation and horticulture sectors	· IFS Rejuvenation
5. Technological Innovation in Organic Fertilizer Management in Realizing Food Security Agricultural Group	· Total production reaches 300 tons	· Addition of raw materials (cattle, etc.) and manpower · Cooperation with other agricultural groups in the provision of raw materials

3. Good Health and Well-Being

1. Clean Water Facility	<ul style="list-style-type: none"> · Addition to the number of clean water facilities 	<ul style="list-style-type: none"> · In cooperation with the government and public figures · Monitoring and evaluation
2. Healthy starts from ourselves and environmental efforts (Sedari Dulu)	<ul style="list-style-type: none"> · Increasing the the number of fostered integrated service posts to 8 integrated service posts · Training of integrated service post officers in 3 districts · Training of 100 healthcare workers 	<ul style="list-style-type: none"> · In cooperation with the Health Office, Community Health Centers, health organizations, and integrated service post officers · Healthcare counseling and healthcare activities · Owning 1 unit of mobile clinic
3. Socialization of HIV, AIDS, & Drugs prevention campaign	<ul style="list-style-type: none"> · Socialization of students in 3 districts 	<ul style="list-style-type: none"> · In cooperation with schools

4. Quality Education

1. “Merdeka dalam Belajar (Freedom in Learning)” School Development Program	<ul style="list-style-type: none"> · Training of 1,000 students in 10 districts 	<ul style="list-style-type: none"> · In cooperation with schools
2. “KIDECO Gemilang” Scholarship & Education stimulus fund assistance	<ul style="list-style-type: none"> · 30 S1 scholarship recipients & 5 S2 scholarship recipients 	<ul style="list-style-type: none"> · In cooperation with the Paser Regency government, universities, and banks
3. Green School-based “SEPADU” World Lungs School	<ul style="list-style-type: none"> · 3 locations of fostered schools · Beneficiaries are 1,649 students and 82 teachers 	<ul style="list-style-type: none"> · In cooperation with the Education Office and Environmental Office
4. Building School; Dreams Becoming Reality	<ul style="list-style-type: none"> · Building 4 units in 4 district areas 	
5. KIDECO Bina Bersama Foundation in Improving the Education Capacity of Communities Around the Mines	<ul style="list-style-type: none"> · 1,639 beneficiaries 	<ul style="list-style-type: none"> · 3 units in 3 districts
6. Mobile Library, Developing Literacy in the Paser Area	<ul style="list-style-type: none"> · 73 visited schools 	<ul style="list-style-type: none"> · Having a collection of 4,000 reading materials · 3 units of mobile libraries · 3 visual media

5. Gender equality

1. Sadar Mandiri Initiative, Tanah Grogot Class IIB State Detention Center Fostered Women	<ul style="list-style-type: none"> · Increase of bread production · Marketing expansion to outside the State Detention Center 	<ul style="list-style-type: none"> · Grant of bread production equipment
2. Empowerment of micro enterprise of poor households based on the Rangan Indah Agricultural Women Cooperative	<ul style="list-style-type: none"> · Marketing expansion via internet marketing 	<ul style="list-style-type: none"> · Grant of laptops and printers

3. KIDECO Bina Bersama Foundation in Improving the Education Capacity of Communities Around the Mines	1,639 beneficiaries	<ul style="list-style-type: none"> · Having 3 foundation units in 3 districts
4. Mobile Library, Developing Literacy in the Paser Area	<ul style="list-style-type: none"> · 73 visited schools 	<ul style="list-style-type: none"> · Having a collection of 4,000 reading materials · 3 units of mobile libraries · 3 visual media
5. “Merdeka dalam Belajar (Freedom in Learning)” School Development Program	Training of 1,000 students in 10 districts	<ul style="list-style-type: none"> · In cooperation with schools
6. Clean Water and Sanitation		
1. Developing and facilitating clean water and drinking water for the Teluk Adang coastal communities with the RO technology	4,720 beneficiaries	<ul style="list-style-type: none"> · Monitoring and evaluation · Performed by the village owned enterprise
2. Refill Drinking Water Independence Program (PAK AMIN)	Marketing expansion to the corporate sector	<ul style="list-style-type: none"> · Operator training · Drinking water production increase
7. Affordable and Clean Energy		
8. Decent Work and Economic Growth		
1. Self-sufficiency of the Harapan Mandiri and Rindang Jaya Agricultural Groups Based on cooperative	Increase in the production yield of the plantation and horticulture sectors	<ul style="list-style-type: none"> · IFS Rejuvenation
2. Empowerment of micro enterprise of poor households based on the Rangan Indah Agricultural Women Cooperative	Marketing expansion via internet marketing	<ul style="list-style-type: none"> · Grant of laptops and printers · Strengthening business capital
3. Technological Innovation in Organic Fertilizer Management in Realizing Food Security	Production target reaches 300 tons of compost fertilizer	<ul style="list-style-type: none"> · Addition of raw materials (cattle, etc.) and manpower · Cooperation with other agricultural groups in the provision of raw materials
4. Refill Drinking Water Independence Program (PAK AMIN)	Marketing expansion to the corporate sector	<ul style="list-style-type: none"> · Operator training

9. Industry, Innovation, and Infrastructure

- 1. Infrastructure accessibility realizing Independent and Prosperous CSR Village House of Worship for the empowerment of the congregation
- 2. Kideco CSR Academy Excelling Sports for Youths
- 3. House of Worship for the congregation empowerment

10. Reduce Inequality

Self-sufficiency of the Harapan Mandiri and Rindang Jaya Agricultural Groups based on cooperative	Increase in the production yield of the plantation and horticulture sectors	IFS Rejuvenation
Empowerment of the Teluk Adang Fishermen Community towards access to fish resources	200 units in 3 villages	

11. Sustainable Cities and Communities

- 1. Infrastructure accessibility realizing Independent and Prosperous CSR Village Building Schools
- 2. House of Worship for the congregation empowerment
- 3. KIDECO Bina Bersama Foundation in Improving the Education Capacity of Communities Around the Mines 1,639 beneficiaries 3 units in 3 districts
- 4. KIDECO CSR Academy Excelling Sports for Youths
- 5. Building School; Dreams Becoming Reality Building 4 units in 4 district areas

12. Responsible Consumption and Production

1. Technological innovation in organic fertilizer management in realizing food security	Production target reaches 300 tons of compost fertilizer	<ul style="list-style-type: none"> · Addition of raw materials (cattle, etc.) and manpower · Cooperation with other agricultural groups in the provision of raw materials
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13. Climate action

<i>Green School-based "SEPADU" World Lungs School</i>	3 locations of fostered schools Beneficiaries are 1,649 students and 82 teachers	In cooperation with the Education Office and Environmental Office
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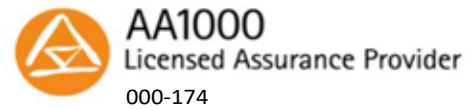
14. Life Below Water

Empowerment of the Teluk Adang fishermen community towards access to fish resources	200 units in 3 villages
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15. Life On Land

16. Peace, Justice, and Strong Institutions

17. Partnerships for The Goals



Independent Assurance Statement

The 2020 Sustainability Report of PT Kideco Jaya Agung

Number : 013/000-174/XI/2021/SR-Asia/Indonesia
 Type/Level : 1/Moderate

Dear stakeholders,

PT Kideco Jaya Agung (“the Company”) has published its **2020 Sustainability Report** (“the Report”), and **Social Responsibility Asia** (“SR Asia”) has been granted responsibility to carry out an assurance work of the Report. The Report summarizes the commitment and efforts of the Company in managing its sustainability performance from **January 1st, 2019 to December 31st, 2020**. The Company has coal mining operations in Kalimantan, Indonesia. The Independent Assurance Statement (“the Statement”) reflecting the results of assurance work based on specific methods and approaches as agreed by the “Management”¹.

Intended User and Purpose

The purpose of this Statement is to provide information to the stakeholders regarding the results of our assessment on the Report content, including its adherence to the sustainability reporting principles and standards and the applicable domestic reporting regulations, as well as to the other international standards used in making and designing the Report. As an AA1000 Licensed Assurance Provider, SR Asia conducted the assurance work in accordance with the agreed-upon scope, mechanism, and procedures, following the best globally accepted standards and practices. The stakeholders can find in this Statement our findings and recommendations regarding the adherence of data and information in the Report against the AA1000AS v3 Assurance Standard. Due to some limitations and assumptions applied in the assurance work, we strongly DO NOT recommend the stakeholders to conclude the Company’s sustainability or its overall performance solely based on this Statement or the Report.

Responsibilities

SR Asia and Management have signed a Non-Disclosure Agreement (NDA) and an Assurance Engagement Agreement for undertaking this assurance work. Except to the Management and unless the law requires it, we also have an ethical code of conduct governing SR Asia NOT to disclose the results of assurance work, data, and information for any purposes or to any other individuals or organizations. The Management is solely responsible for presenting truthful data, figures, and information in the Report. SR Asia is responsible for performing an assurance service, NOT an audit, and coming up with impartial analysis, conclusions, and recommendations. SR Asia has NO responsibilities or accountabilities for any risks or claims arising from third-party reliance on the results of assurance work, the Statement, and the Report, or from any issues, data, and information that are not covered in this Statement or the Report.

Independence, Impartiality, and Competency

Assurance work in SR Asia is conducted based on a particular assurance protocol and ethical code of conduct to ensure its independence. We also carried out a pre-engagement assessment prior to the assurance work to verify the risks of engagement as well as the independence and impartiality of experts in conducting the assurance work. The results of our pre-engagement assessment confirmed that the assurance experts have NO relationships with the

¹ Management of the Company



Company that could significantly influence their ability to generate unbiased and objective reviews and statements. The experts involved in the Assurance Team also have sufficient work experience and knowledge of AA1000 AccountAbility principles and standards, ISO 26000 projects, sustainability report writing, GRI Standards, and POJK 51/POJK.03/2017.

Description of Assurance and Source of Disclosures

SR Asia conducted an initial assessment on the Report draft submitted by the Management. Afterward, our Assurance Team carried out the number of online meetings with the Management to discuss the results of preliminary analysis and traceback data and information presented in the Report. Our analysis and verification covered the materiality aspects, the data and information disclosures applicable, and the sector-specific guidelines. We also conducted the assessment of the Company's sustainability commitments and governance based on the AA1000 Assurance Standard v3 for Assurance Analysis. The assurance activities were carried out using the SR Asia Great digital and following the Covid-19 protocol and behavior guidelines.

Type and Level of Assurance Service

1. **Type 1 assurance** as per AA1000 Assurance Standard v3 and AA1000AP (2018) AccountAbility Principles.
2. A **moderate level of assurance** to address **risks of information and conclusions of the Report being error is reduced, meaning not reduced to very low, but not zero.**

Scope and Limitation of Assurance Service

1. Data and information in the Report for the period of **January 1st, 2019 to December 31st, 2020.**
2. Material topics presented in the Report; they are: **occupational health and safety; economic performance; good corporate governance; biodiversity; energy; water and effluent; waste; emission; local community engagement.**
3. Adherence to the following reporting principles, standards, and regulations:
 - a) the Regulation of Indonesia Financial Service Authority No.51/POJK.03/2017 regarding the Implementation of Sustainable Finance for Financial Service Institution, Listed, and Public Company ("POJK 51"); and
 - b) the Sustainability Reporting Standards (GRI Standards) issued by the Global Reporting Initiative and its Metal and Mining Supplement Sector (MMSS).
4. Evaluation of publicly disclosed information, system, and process of the Company to ensure adherence of the Report content to the reporting principles.
5. SR Asia does NOT include financial data, information, and figures in the Report content. It is assumed that the Company, or independent parties, or other parties associated with the Company have verified and/or audited financial statements, data, and information.

Exclusion

1. Topics, data, and information outside the reporting period, or in the public domain not covered in the reporting period, or not mentioned under the defining materiality section or the discussion on defining Report content.
2. Financial data and information other than those specified in the Report content.
3. Any presumptions or forward-looking statements, including future plans, expectations, opinions, beliefs, and advertisements declared in the Report content.
4. Assessment toward regulations, indicators, standards, guidelines, and principles other than those indicated in the Statement.



Methodology

1. SR Asia assigned several experts to engage as the Assurance Team members in Indonesia.
2. The Assurance Team conducted the pre-engagement protocol to identify the risks of engagement and potential factors that can negatively influence the independence and impartiality of the Assurance Team.
3. In a kick-off meeting, the Assurance Team provided a briefing to the Company about the approach and methodology, scope of analysis, time plan, and various essential aspects of sustainability that will be assessed during the assurance work.
4. The Assurance Team conducted a preliminary analysis of the draft Report.
5. Through online meetings, the Assurance Team shared the results of the initial analysis with the Management and verified the disclosures in the Report content toward the regulation, standards, principles, and indicators of AA1000AS v3, AA1000AP (2018), GRI Standards, MMSS, and POJK 51.
6. The Assurance Team verified evidence to trace data, information as covered in the Report.
7. The Company incorporated the suggestions and recommendations in the draft Report and released the final Report content.
8. The Statement was prepared by the Assurance Team and reviewed as well as approved by the SR Asia Director before submitting it to the Company.
9. The Assurance Team prepared a Management Letter detailing all aspects seen, recorded, and observed during the assurance work to the Management of the Company for further improvement of sustainability processes.

Adherence to AA1000AP (2018) and GRI Standards

Inclusivity – The representation of key stakeholders and disclosures of stakeholder management practices in the Report content is inclusive. Stakeholder engagement practices are performed by various functions and units in the Company with different approaches and methodologies.

Materiality – It has been found that material topics presented in the Report describe the Reporting Organization's sustainability context, including its social and environmental aspects. The Company is recommended to conduct materiality testing with credible references or standards, as well as criteria and thresholds, as applicable for determining material topics in the next sustainability report. In addition, the Company is encouraged to disclose mining closure plan as it is essential to the sustainability of the Company and its stakeholders, especially the local community.

Responsiveness – The Company has allocated sufficient resources to address grievances, timely responses, and maintain relationships with the stakeholders. Procedures are in place for addressing responses and are integrated across management functions and practices, supported by ongoing and continuous communication with the stakeholders. The Company has established Go Arc Safety KIDECO Application that could be accessed by the employees for reporting and consultation if there are any unsafe/hazardous incidents and for local community's grievances, the Company has a specific mechanism called the ER-CSR function.

Impact – The assurance team has evaluated both quantitative and qualitative data regarding the impacts of the Company's business operations on the economy, environment, and society. The resources and competencies required to mitigate the impacts identified are at acceptable level.

In "Accordance" with Core Option – Based on the assurance work and findings, the SR Asia team concludes that the Report has been prepared and adheres to the **core option** of GRI Standards. The Disclosure of Management Approach (DMA) section is presented in the Report, and at least one indicator of each material topic is also disclosed in the Report. The disclosure of the omission statement, as relevant, is satisfactory. The Report also presents specific GRI



indicators of the metals and mining sector (MMSS) performance disclosures that may be enhanced for future reporting.

GRI Standards Principles – Except for the timeliness principle, the Principles for Defining Report Content (stakeholder inclusiveness, sustainability context, materiality, and completeness) and the Principles for Defining Report Quality (balance, comparability, accuracy, clarity, and reliability) are in place in the Report. During the assurance work, the Management extended excellent support by submitting evidence/documents as requested. Disclosures on the mining closure plans should be improved to increase its adherence to the sustainability context principle in the next report.

Recommendation

1. Stakeholder engagement can be carried out strategically and the Management can develop the stakeholder engagement report annually in accordance with the AA1000 standards and principles.
2. A materiality testing process may be developed with specific criteria and thresholds for recognizing material topics in a sustainability report.
3. Sustainability strategy should have yearly target levels at each step for measuring the results of sustainability initiatives at different levels.
4. Develop an integrated management system across functions, covering sustainability performance data and information following the sustainability reporting standards, approaches, and methodologies.
5. The preparation and disclosure of the sustainability report may be scheduled to coincide along with the financial report and annual report to demonstrate commitment to stakeholders.

The assurance provider,

Jakarta, 3rd of November 2021




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Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	60
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	60
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	59
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	103-2	The management approach and its components	67
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Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	66
	413-2	Operations with significant actual and potential negative impacts on local communities	66
GRI STANDARD -Mining and Metals (MM)			
MM1	Amount of Land (Owned or Leased, and Managed For Production Activities or Extractive Use) Disturbed or Rehabilitated		27
MM2	The Number and Percentage of Total Sites Identified as Requiring Biodiversity Management Plans According To Stated Criteria, and The Number (Percentage) of Those Sites With Plans in Place		28-29
MM7	The Extent To Which Grievance Mechanisms Were Used To Resolve Disputes Relating To Land Use, Customary Rights of Local Communities and Indigenous Peoples, and The Outcomes		66
MM8	Number (And Percentage) of Company Operating Sites Where Artisanal And Small-Scale Mining (Asm) Takes Place On, or Adjacent To, The Site; The Associated Risks and The Actions Taken To Manage and Mitigate These Risks		16
MM9	Sites Where Resettlements Took Place, The Number of Households Resettled in Each, And How Their Livelihoods Were Affected in The Process		88
MM10	Number and Percentage of Operations With Closure Plans		27

Feedback Form

The 2020 Sustainability Report of PT Kideco Jaya Agung is a report that provide an overview of financial performance and sustainability. We expect input, criticism and suggestions from you.

1. This report is easy to understand.
 - Disagree
 - Neutral
 - Agree

2. This report has described the material aspects of the Company, both in positive and negative terms.
 - Disagree
 - Neutral
 - Agree

3. What material aspects are most important to you: (value 1 = most important until 6 = least important)
 - Occupational Health and Safety ()
 - Local Community Engagement ()
 - Governance ()
 - Economic Performance ()
 - Energy ()
 - Water ()
 - Effluents & Waste ()
 - Biodiversity ()
 - Emissions ()

Please provide your suggestions / suggestions / comments on this report

Your Profile

Full name:
.....

Occupation:
.....

Nama Lembaga/ Perusahaan:
.....

- Stakeholder Group:
- Government Community
 - Company Industries
 - NGO Other, please specify:.....

Please send feedback form back to:

PT Kideco Jaya Agung

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