





# PT MERDEKA COPPER GOLD TBK

## SUSTAINABILITY POLICY

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## OBJECTIVES

This policy reflects the commitment of PT Merdeka Copper Gold Tbk and its subsidiaries (hereinafter shall be referred to as “Merdeka”) towards Sustainability and how Merdeka conducts its business. This policy sets the foundation for how Merdeka operates in a sustainable and responsible manner, creates value for Merdeka’s stakeholders, and generates positive impacts on the economy, environment, people, and communities where we operate.

## MERDEKA’S COMMITMENT

### Environmental Stewardship


Merdeka is committed to protecting the environment and minimizing and rehabilitating Merdeka’s mining operations’ environmental impacts. In alignment with Merdeka’s Environmental Policy, we are committed to continuing to implement an effective environmental management system and practices in all of Merdeka’s operations. In view of this, we will:

1. Comply with all prevailing Indonesian laws and regulation requirements on environmental stewardship.
2. Implement an effective environmental management system in line with internationally accepted environmental standards.
3. Consult with relevant stakeholders on environmental issues and work to minimize Merdeka’s environmental impacts.
4. Use water responsibly and work to reduce water use through efficient water management and integrate water scarcity into Merdeka’s regular risk assessments.
5. Use natural resources and raw materials responsibly.
6. Manage Merdeka’s mineral waste responsibly and reduce Merdeka’s effluent generation.
7. Demonstrate Merdeka’s commitment to managing hazardous waste safely and responsibly and minimizing impacts on the environment, workers, and surrounding communities.
8. Conduct rehabilitation of land and areas where we operate to minimize negative impacts and protect and conserve biodiversity throughout Merdeka’s operations.
9. Take actions to combat climate change by committing to continuously reducing Merdeka’s Green House Gas (“GHG”) emissions and participating in climate change initiatives.
10. Assess and manage the regulatory, reputational, market risks and physical risks related to climate change.

### Occupational Health and Safety

The health and safety of Merdeka’s employees, contractors, and other business partners are the highest priority of Merdeka’s mining operations as described in our Occupational Health & Safety Policy goal of “Everyone Safe Always”. A safety culture, eliminating potential hazards, and reducing the risk of work accidents are the basic principles of doing Merdeka’s business which we embed in Merdeka’s operations through the development of policies, procedures, and standards. In this regard, we will:

11. Comply with all prevailing Indonesian laws, regulations, and standards on Occupational Health and Safety (OHS).

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12. Implement an effective OHS management system in accordance with internationally accepted OHS standards that contribute to OHS realization.
13. Provide OHS training to all employees, conduct supervision, and provide resources to ensure employees can carry out their duties in a healthy and safe manner.
14. Ensure all employees, contractors, business partners, and visitors to Merdeka’s premises are involved and covered in Merdeka’s OHS system, programs, targets, and metrics.
15. Encourage a healthy lifestyle, promote and monitor fit-for-work programs, and provide a work environment that protects employees’ health.
16. Develop and implement emergency response plans and procedures.
17. Provide a mechanism for employees to communicate and submit their grievances on OHS issues.
18. Ensure all incidents and dangerous occurrences are promptly reported and investigated and appropriate corrective actions are taken immediately.

### **Employment**

Merdeka believes that employees are Merdeka’s most valuable asset and have a strategic role in supporting Merdeka’s business sustainability. Professional and competent employees are required for good mining practices. Therefore, we are committed to continuously developing Merdeka’s employees’ competencies, supported by an effective human resources management system. We understand the importance of job creation and business opportunities development for local communities around Merdeka’s mining operations. We acknowledge that prioritizing local workers will strengthen the community’s economy and increase regional development growth. In this respect and in alignment with Merdeka’s Human Resource Policies, we will:

19. Adhere to all prevailing Indonesian labor laws and regulations.
20. Create a conducive work environment that provides a sense of security that allows employees to work effectively.
21. Apply a zero-tolerance workplace discrimination policy in accordance with the prevailing International Labour Organizations (ILO) conventions. Merdeka will treat its employees equally regardless of religion, race, gender identification, and sexual orientation.
22. Enforce a zero-tolerance policy for any form of harassment and violence.
23. Foster diversity and inclusion in all of Merdeka’s operational areas through the implementation of diversity and inclusion training and initiatives.
24. Carry out initiatives for talent recruitment and conduct employees’ continuous competencies and skill development as well as leadership training.

### **Human Rights**

Merdeka respects internationally recognized human rights and is fully committed to the principles of freedom, equality, and non-discrimination. As described in Merdeka’s Human Rights Policy, we strive to treat all individuals with respect and dignity. Recognizing that Merdeka’s business and operations may have impacts on human rights, we will:

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25. Respect the human rights of Merdeka’s employees, business partners, contractors, and communities throughout Merdeka’s operations.
26. Respect internationally recognized human rights as expressed in the Universal Declaration of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, and other prevailing international human rights principles and Indonesian laws and regulations regarding human rights, including but not limited to Indonesia’s Human Rights Law Number 39/ 1999 regarding Human Rights.
27. Uphold Merdeka’s employees’ right to freedom of expression and freedom of peaceful assembly and association.
28. Prohibit all forms of forced and compulsory labor in Merdeka’s operational areas and adhere to all applicable laws and regulations on working hours and paid leave.
29. Prohibit the use of child labor policy in all of Merdeka’s operational areas.
30. Conduct human rights due diligence in all Merdeka’s operations in accordance with the United Nations (UN) Guiding Principles on Business and Human Rights.
31. Enable the remediation of human rights impacts that Merdeka may cause or to which we contribute.
32. Establish effective grievance mechanisms for Merdeka’s employees, business partners, and communities whose rights might have been affected by Merdeka’s operations including through effective implementation of Merdeka’s whistleblowing system.
33. Promote, support, and facilitate human rights education and training for every individual working at Merdeka.

**Community Engagement and Empowerment**

Merdeka is committed to contributing to the welfare of communities, particularly those surrounding Merdeka’s mining operations, through collaboration with local governments and communities. Besides having positive impacts on the local economy, we realize that Merdeka’s operations may generate negative impacts on the communities. In light of this, we will:

34. Recognize and respect the culture, beliefs, and values of indigenous people and the local communities where Merdeka operates.
35. Refrain from operating in protected and high conservation areas and areas with high biodiversity value and work to achieve a net positive impact on biodiversity.
36. Deliver shared values and knowledge and provide capacity building and beneficial partnerships with the communities that will provide sustainable positive socio-economic benefits to the communities and indigenous people.
37. Maintain positive communication with government, community, and other related stakeholders in resolving disagreements, issues, and challenges to ensure a fair and mutually beneficial outcome.
38. Implement Community Development and Empowerment programs by respecting the culture of the local community and indigenous people and promoting principles of transparency and fairness which will improve the welfare and quality of life of communities and indigenous people.

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- 39. Provide alternative livelihood for artisanal miners in situations where artisanal mining activities are taking place in Merdeka’s operational areas to enable company access to Merdeka’s assets. We will collaborate with the government, communities, and other stakeholders to empower, promote and improve the livelihood conditions for legitimate small-scale mining activities.
- 40. Seek effective representation and participation of indigenous peoples in addressing issues that may impact indigenous people.
- 41. Conduct a respectful dialogue and consult with local communities and indigenous people throughout Merdeka’s operations and work to achieve the Free, Prior, and Informed Consent (FPIC) of communities and indigenous people before Merdeka commences operation.

**Responsible Suppliers, Contractors, and Business Partners**


Merdeka has an extensive supply chain and we recognize the important roles Merdeka’s suppliers, contractors, and business partners play in ensuring Merdeka’s business and operations continuation. In supporting Merdeka’s operations continuation, we demand that Merdeka’s partners comply with the principles included in this policy. Accordingly, we will:

- 42. Include environmental, health and safety, labor, respect for human rights, and good corporate governance aspects in the criteria for the selection of Merdeka’s suppliers, contractors, security providers, and other business partners.
- 43. Develop and enforce a Supplier Sustainability Code of Conduct that is in line with Merdeka’s Sustainability Policy.
- 44. Monitor and evaluate suppliers, contractors, and security providers’ compliance with Merdeka’s Code of Conduct and the Supplier Sustainability Code of Conduct which includes environmental, health and safety, labor, respect for human rights, and good governance aspects.

**Corporate and Sustainability Governance**

Merdeka is committed to the principles of Good Corporate Governance (“GCG”) and a robust governance approach to the implementation of sustainability. We are committed to establishing the management structure as well as developing and continuously improving policies, standards, guidelines, and procedures that guide the way we work at all levels of the company aligned with GCG principles. For this purpose, we will:

- 45. Comply with all prevailing Indonesian laws, regulations, and standards on GCG and implement GCG at all levels within Merdeka guided by Merdeka’s Code of Conduct.
- 46. Carry out Code of Conduct training for all of Merdeka’s employees and contractors.
- 47. Avoid all bribery and corrupt practices in all Merdeka’s business interactions.
- 48. Ensure effective implementation of Merdeka’s whistleblowing system that allows Merdeka’s employees to report any violation or unethical behaviour that occurs within Merdeka’s operational areas and/or submit complaints on violations of the rights of Merdeka’s stakeholders. We will guarantee no retaliation toward anyone reporting violations and submitting complaints and ensure that appropriate measures are promptly taken to address the report and complaints.

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49. Report Merdeka's sustainability practices and performances in Merdeka's sustainability reports in accordance with prevailing Indonesian laws and regulations as well as global sustainability reporting standards.
50. Ensure effective implementation of this policy through the oversight of Merdeka's Sustainability and ESG Committee that reports to the Board of Directors.
51. Embed this policy into Merdeka's operational strategies, operational policies, and operational procedures.
52. Communicate this policy to Merdeka's employees, suppliers, contractors, and other relevant parties through training and publication on Merdeka's website.

## REFERENCES

1. United Nations Guiding Principles on Business and Human Rights
2. ILO Declaration on Fundamental Principles and Rights at Work
3. OECD Due Diligence Guidance for Responsible Business Conduct
4. Global Reporting Initiative (GRI) 2021
5. Regulation of the Financial Services Authority (OJK) No. 51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies
6. ISO 14001:2015 – Environmental Management System
7. ISO 45001:2018 – Occupational Health and Safety (OHS)
8. MSCI ESG Rating and Sustainalytics ESG Rating Risk Criteria
9. Merdeka's Environmental Policy
10. Merdeka's Net Zero Statement
11. Merdeka's Occupational, Health, and Safety Policy
12. Merdeka's Anti-Money Laundering Policy
13. Merdeka's Anti-Bribery Policy
14. Merdeka's Conducive and Positive Work Environment Policy
15. Merdeka's Speaking Up and Anti-Retaliation Policy
16. Merdeka's Conflict of Interest Policy
17. Merdeka's Anti-Corruption Policy
18. Merdeka's Child Labour Protection, Abolition of Forced Labour, Freedom of Association, and Protection of Organization Policy
19. Merdeka's Anti-Discrimination and Gender Equality Policy
20. Merdeka's Human Rights Policy
21. Merdeka's Community Policy
22. Merdeka's Community Development and Empowerment Standard
23. Merdeka's Code of Conduct
24. Merdeka's Guidelines for Good Corporate Governance