





PT MERDEKA COPPER GOLD TBK

SUSTAINABILITY POLICY

MCG-SUS-POL-003

Rev.	Prepared By: Sustainability Manager	Reviewed and Approved By: Sustainability	Approved By: Vice President Director	Approved By: President Director
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I. PURPOSE

This policy reflects the commitment of PT Merdeka Copper Gold Tbk towards sustainability and how it conducts its business. This policy sets the foundation for how PT Merdeka Copper Gold Tbk operates in a sustainable and responsible manner, creates shared value for all its stakeholders, and generates positive impacts on the economy, environment, people, and communities where we operate.

II. SCOPE

This policy is applicable to PT Merdeka Copper Gold Tbk and Subsidiaries under its operational control (hereinafter referred to as “MCG”) and its business partners. We will work together and encourage our joint ventures and business partners, that are not within our operational control, to align their practices with this policy.

III. OUR COMMITMENT

Environmental Stewardship

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

1. Comply with all prevailing Indonesian laws and regulations 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 MCG’s environmental impacts.
4. Use water responsibly and work to reduce water use through efficient water management and integrate water scarcity into MCG’s regular risk assessments.
5. Conserve natural resources, including mineral resources and raw materials responsibly.
6. Manage MCG’s mineral waste responsibly and reduce MCG’s effluent generation.
7. Implement practices that include maintenance, surveillance, and inspection of tailing facilities to ensure the safe operation and closure of tailings storage facilities.
8. Demonstrate MCG’s commitment to managing hazardous waste safely and responsibly and minimizing impacts on the environment, workers, and surrounding communities.
9. Conduct rehabilitation of land and areas where we operate to minimize negative impacts and protect and conserve biodiversity throughout MCG’s operations.
10. Take actions to combat climate change by committing to continuously reducing MCG’s Greenhouse Gases (“GHG”) emissions and participating in climate change initiatives.
11. Assess and manage the regulatory, reputational, market risks, and physical risks related to climate change.

Occupational Health and Safety

The health and safety of MCG’s employees, contractors, and other business partners are the highest priority at MCG’s operations as described in our Occupational Health and Safety Policy goal of “Everyone Safe Always”. A safety culture, eliminating potential hazards, and reducing the risk of

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work accidents are the basic principles of doing MCG's business which we embed in MCG's operations through the development of policies, procedures, and standards. In this regard, we will:

1. Comply with all prevailing Indonesian laws, regulations, and standards on Occupational Health and Safety (OHS).
2. Implement an effective OHS management system in accordance with internationally accepted OHS standards that contribute to OHS realization.
3. 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.
4. Ensure all employees, contractors, business partners, and visitors to MCG's premises are involved and covered in MCG's OHS system, programs, targets, and metrics.
5. Encourage a healthy lifestyle, promote and monitor fit-for-work programs, and provide a work environment that protects employees' health.
6. Develop and implement emergency response plans and procedures.
7. Provide a mechanism for employees to communicate and submit their grievances on OHS issues.
8. Ensure all incidents and dangerous occurrences are promptly reported and investigated and appropriate corrective actions are taken immediately.

People

MCG believes that employees are MCG's most valuable asset and have a strategic role in supporting MCG's business sustainability. Professional and competent employees are required for good business practices. Therefore, we are committed to continuously developing MCG'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 MCG's 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 MCG's human resources policies, we will:

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

Human Rights

MCG respects internationally recognized human rights in line with the United Nations Guiding Principles on Business and Human Rights and is fully committed to the principles of freedom, equality, and non-discrimination. We strive to treat all individuals with respect and dignity. Recognizing that MCG's business and operations may have impacts on human rights, we will:


1. Respect the human rights of MCG's employees, business partners, contractors, and communities throughout MCG's operations.

2. 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.
3. Uphold MCG's employees' right to freedom of expression and freedom of peaceful assembly and association.
4. Prohibit all forms of forced and compulsory labor in MCG's operational areas and adhere to all applicable laws and regulations on working hours and paid leave.
5. Prohibit the use of child labor policy in all of MCG's operational areas.
6. Avoid violence and conflict in all of MCG's operational areas. We will ensure that our supply chains are conflict-free and do not contribute to violence or human rights violations.
7. Conduct human rights due diligence in all MCG's operations in accordance with the United Nations Guiding Principles on Business and Human Rights.
8. Enable the remediation of human rights impacts that MCG may cause or to which we contribute.
9. Establish effective grievance mechanisms for MCG's employees, business partners, and communities whose rights might have been affected by MCG's operations including through the effective implementation of MCG's whistleblowing system.
10. Promote, support, and facilitate human rights education and training for every individual working at MCG.

Community Engagement and Empowerment

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

1. Recognize and respect the culture, beliefs, and values of indigenous people and the local communities where MCG operates.
2. 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.
3. Maintain positive communication with government, community, and other related stakeholders in resolving disagreements, issues, and challenges to ensure a fair and mutually beneficial outcome.
4. 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.
5. Provide alternative livelihood for artisanal miners in situations where artisanal mining activities are taking place in MCG's operational areas to enable company access to MCG'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.
6. Seek effective representation and participation of indigenous peoples in addressing issues that may impact indigenous people.
7. Conduct a respectful dialogue and consult with local communities and indigenous people throughout MCG's operations and work to achieve the Free, Prior, and Informed Consent (FPIC) of communities and indigenous people before MCG commences operation.

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8. Avoid or minimize the risks and impacts that may arise from our operations on the health and safety of the local community.

Responsible Suppliers, Contractors, and Business Partners

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

1. Include environmental, health and safety, labor, respect for human rights, and good corporate governance aspects in the criteria for the selection of MCG's suppliers, contractors, security providers, and other business partners.
2. Develop and enforce a Supplier Sustainability Code of Conduct that is in line with MCG's Sustainability Policy.
3. Monitor and evaluate suppliers, contractors, and security providers' compliance with MCG'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

MCG 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:

1. Comply with all prevailing Indonesian laws, regulations, and standards on GCG and implement GCG at all levels within MCG guided by MCG's Code of Conduct.
2. Carry out Code of Conduct training for all of MCG's employees, contractors and security providers.
3. Avoid all bribery and corrupt practices in all MCG's business interactions.
4. Ensure effective implementation of MCG's whistleblowing system that allows MCG's employees to report any violation or unethical behavior that occurs within MCG's operational areas and/or submit complaints on violations of the rights of MCG'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.
5. Report MCG's sustainability practices and performances in MCG's sustainability reports in accordance with prevailing Indonesian laws and regulations as well as global sustainability reporting standards.
6. Ensure effective implementation of this policy through the oversight of MCG's Sustainability Committee which reports to the Board of Directors regularly.
7. Embed this policy into MCG's operational strategies, operational policies, and operational procedures.
8. Communicate this policy to MCG's employees, suppliers, contractors, and other relevant parties, among others, through training and publication on MCG's website.

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IV. REFERENCES

The development of this policy is guided by the following documents:

1. Regulation of the Financial Services Authority (OJK) No. 51/POJK.03/2017 - the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies.
2. Global Reporting Initiative (GRI) Standards 2021.
3. United Nations Guiding Principles - Business and Human Rights.
4. ILO Declaration - Fundamental Principles and Rights at Work.
5. OECD Due Diligence Guidance for Responsible Business Conduct.
6. ISO 14001:2015 – Environmental Management System.
7. ISO 45001:2018 – Occupational Health and Safety (OHS) Management System.
8. MSCI ESG Rating and Sustainalytics ESG Risk Rating Criteria.
9. MCG-SUS-POL-002 - Environmental Policy, PT Merdeka Copper Gold Tbk.
10. MCG-HRS-POL-001 - People Policy, PT Merdeka Copper Gold Tbk.
11. MCG-HRS-POL-002 - Diversity, Equity, and Inclusion Policy, PT Merdeka Copper Gold Tbk.
12. MCG-SUS-POL-001 – Occupational Health and Safety (OHS) Policy, PT Merdeka Copper Gold Tbk.
13. MCG-HRS-POL-004 - Anti-Money Laundering Policy, PT Merdeka Copper Gold Tbk.
14. MCG-HRS-POL-003 - Anti-Corruption and Bribery Policy, PT Merdeka Copper Gold Tbk.
15. MCG-HRS-POL-006 - Speaking Up and Anti-Retaliation Policy, PT Merdeka Copper Gold Tbk.
16. MCG-HRS-POL-005 - Conflict of Interest Policy, PT Merdeka Copper Gold Tbk.
17. MCG-SUS-POL-014 – Human Rights Policy, PT Merdeka Copper Gold Tbk.
18. MCG-SUS-POL-015 – Community Policy, PT Merdeka Copper Gold Tbk.
19. MCG’s Code of Conduct.
20. MCG’s Guidelines for Good Corporate Governance.

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REVISION HISTORY

Revision	Date	Description
1.0	04/11/2023	First Issue for Implementation
2.0	18/12/2023	Add the Scope section; add commitment no.7 concerning the maintenance, surveillance, and inspection of tailing facilities; and add one commitment no. 31 on avoiding violence and conflict in all of MCG's operational areas