






PT MERDEKA BATTERY MATERIALS TBK

SUSTAINABILITY POLICY

MBM-SUS-POL-003

Rev.	Prepared By: Sustainability Manager	Reviewed and Approved By: Sustainability	Approved By: Vice President Director	Approved By: President Director
1.0	Bahtiar Manurung	Ali Sahami	Jason Greive	Devin Antonio Ridwan
	Sign: 	Sign: 	Sign: 	Sign: 

 MERDEKA BATTERY MATERIALS	PT Merdeka Battery Materials Tbk Sustainability Policy	Document No.: MBM-SUS-POL-003 Revision: 1.0 Department: Sustainability Effective Date: 18 December 2023 Page No.: 2 of 7
---	--	--

I. PURPOSE

This policy reflects the commitment of PT Merdeka Battery Materials Tbk towards sustainability and how it conducts its business. This policy sets the foundation for how PT Merdeka Battery Materials 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 Battery Materials Tbk and Subsidiaries under its operational control (hereinafter referred to as “MBM”) 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

MBM is committed to protecting the environment and minimizing MBM’s operations environmental impacts. In alignment with MBM’s Environmental Policy, we are committed to continuing to implement an effective environmental management system and practices in all of MBM’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 MBM’s environmental impacts.
4. Use water responsibly and work to reduce water use through efficient water management and integrate water scarcity into MBM’s regular risk assessments.
5. Conserve natural resources, including mineral resources and raw materials responsibly.
6. Manage MBM’s mineral waste responsibly and reduce MBM’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 MBM’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 MBM’s operations.
10. Take actions to combat climate change by committing to continuously reducing MBM’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.

 MERDEKA BATTERY MATERIALS	PT Merdeka Battery Materials Tbk Sustainability Policy	Document No.: Revision: Department: Effective Date: Page No.:	MBM-SUS-POL-003 1.0 Sustainability 18 December 2023 3 of 7
---	--	---	--

Occupational Health and Safety


The health and safety of MBM's employees, contractors, and other business partners are the highest priority at MBM'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 work accidents are the basic principles of doing MBM's business which we embed in MBM'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 MBM's premises are involved and covered in MBM'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

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

	PT Merdeka Battery Materials Tbk Sustainability Policy	Document No.: MBM-SUS-POL-003 Revision: 1.0 Department: Sustainability Effective Date: 18 December 2023 Page No.: 4 of 7
---	---	--

Human Rights

MBM 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 MBM's business and operations may have impacts on human rights, we will:

1. Respect the human rights of MBM's employees, business partners, contractors, and communities throughout MBM'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 MBM's employees' right to freedom of expression and freedom of peaceful assembly and association.
4. Prohibit all forms of forced and compulsory labor in MBM'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 MBM's operational areas.
6. Avoid violence and conflict in all of MBM'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 MBM's operations in accordance with the United Nations Guiding Principles on Business and Human Rights.
8. Enable the remediation of human rights impacts that MBM may cause or to which we contribute.
9. Establish effective grievance mechanisms for MBM's employees, business partners, and communities whose rights might have been affected by MBM's operations including through the effective implementation of MBM's whistleblowing system.
10. Promote, support, and facilitate human rights education and training for every individual working at MBM.

Community Engagement and Empowerment

MBM is committed to contributing to the welfare of communities, particularly those surrounding MBM's operations, through collaboration with local governments and communities. Besides having positive impacts on the local economy, we realize that MBM'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 MBM 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.

	PT Merdeka Battery Materials Tbk Sustainability Policy	Document No.: MBM-SUS-POL-003 Revision: 1.0 Department: Sustainability Effective Date: 18 December 2023 Page No.: 5 of 7
---	---	--

5. Provide alternative livelihood for artisanal miners in situations where artisanal mining activities are taking place in MBM's operational areas to enable company access to MBM'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 MBM's operations and work to achieve the Free, Prior, and Informed Consent (FPIC) of communities and indigenous people before MBM commences operation.
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

MBM has an extensive supply chain and we recognize the important roles MBM's suppliers, contractors, and business partners play in ensuring MBM's business and operations continuation. In supporting MBM's operations continuation, we demand that MBM'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 MBM's suppliers, contractors, security providers, and other business partners.
2. Develop and enforce a Supplier Sustainability Code of Conduct that is in line with MBM's Sustainability Policy.
3. Monitor and evaluate suppliers, contractors, and security providers' compliance with MBM'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

MBM 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 MBM guided by MBM's Code of Conduct.
2. Carry out Code of Conduct training for all of MBM's employees, contractors and security providers.
3. Avoid all bribery and corrupt practices in all MBM's business interactions.
4. Ensure effective implementation of MBM's whistleblowing system that allows MBM's employees to report any violation or unethical behavior that occurs within MBM's operational areas and/or submit complaints on violations of the rights of MBM'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.


	PT Merdeka Battery Materials Tbk Sustainability Policy	Document No.: MBM-SUS-POL-003 Revision: 1.0 Department: Sustainability Effective Date: 18 December 2023 Page No.: 6 of 7	
---	---	--	--

5. Report MBM's sustainability practices and performances in MBM'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 MBM's Sustainability Committee which reports to the Board of Directors regularly.
7. Embed this policy into MBM's operational strategies, operational policies, and operational procedures.
8. Communicate this policy to MBM's employees, suppliers, contractors, and other relevant parties, among others, through training and publication on MBM's website.

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. MBM-SUS-POL-002 - Environmental Policy, PT Merdeka Battery Materials Tbk.
10. MBM-HRS-POL-001 - People Policy, PT Merdeka Battery Materials Tbk.
11. MBM-HRS-POL-002 - Diversity, Equity, and Inclusion Policy, PT Merdeka Battery Materials Tbk.
12. MBM-SUS-POL-001 – Occupational Health and Safety (OHS) Policy, PT Merdeka Battery Materials Tbk.
13. MBM-HRS-POL-004 - Anti-Money Laundering Policy, PT Merdeka Battery Materials Tbk.
14. MBM-HRS-POL-003 - Anti-Corruption and Bribery Policy, PT Merdeka Battery Materials Tbk.
15. MBM-HRS-POL-006 - Speaking Up and Anti-Retaliation Policy, PT Merdeka Battery Materials Tbk.
16. MBM-HRS-POL-005 - Conflict of Interest Policy, PT Merdeka Battery Materials Tbk.
17. MBM-SUS-POL-014 – Human Rights Policy, PT Merdeka Battery Materials Tbk.
18. MBM-SUS-POL-015 – Community Policy, PT Merdeka Battery Materials Tbk.
19. MBM's Code of Conduct.
20. MBM's Guidelines for Good Corporate Governance.

	PT Merdeka Battery Materials Tbk Sustainability Policy	Document No.: Revision: Department: Effective Date: Page No.:	MBM-SUS-POL-003 1.0 Sustainability 18 December 2023 7 of 7
---	---	---	--

REVISION HISTORY

Revision	Date	Description
1.0	18/12/2023	First Issue for Implementation