2006 Sustainability Report

Our Path in Sustainability
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A NEW REPORTING FOR A BETTER DISCLOSURE

Welcome to our 2006 Sustainability Report.

This is the second year that Antam is presenting a summary of our contribution to sustainable development, covering the year 2006. This report presents an account of Antam’s economic, environmental and social performance over a year of activity throughout our 100% Indonesian operations. From now on, we will disclose our performance and progress in our yearly Sustainability Report.

For this new reporting exercise we have conducted numerous dialogues with our relevant stakeholders and this which proves to be very productive. Realizing the benefits of this approach, we are now striving to develop a formal stakeholder engagement specifically dedicated for our sustainability reporting, in our attempts to better manage our sustainability issues.

For the first time, the format follows the framework set out by the new Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G3 launched in October last year. Although our reporting system is not fully in compliance with the GRI guidelines yet, we have followed them as closely as possible and we are committed to be in full compliance before 2010.

We believe this Sustainability Report is both a management and a communication tool. This report is aimed at providing transparent information to our stakeholders and elicits relevant feedback on what we have done and commit to do towards sustainability in our operations. Then we can identify areas where decisions and actions are called for.

We would be pleased to address any concerns or questions regarding our new reporting strategy, and we invite you to express your feedback, to improve further our reporting performance next year.
“Sustainability has been integrated into our company’s strategy.”
Practices in Sustainable Development

Sustainability for us is not only a word. It has a deeper meaning. Sustainability has been integrated into our company’s strategy. We are keenly aware that the ownership of a formal business license only is insufficient. Social license with our other stakeholders on the sites we operate in is mandatory as well. This applies in the local as well as global context. To realize this we constantly try to comply to the best practices in governance, social responsibility, mining technology as well as the environment preservation. Compliance towards the standard best practices for us is an important step in achieving sustainability.

The primary duty of the Board of Commissioners is to supervise the Board of Directors that it is discharging its management responsibilities in the interests of the company and to give advice to the Board of Directors. One of the Best Practices requires us to observe and to monitor the corrective actions taken towards sustainability of the company.

We have begun a serious effort to improve our sustainability reporting by showing Antam’s accountability to our stakeholders for the company’s performance by measuring and disclosing those, following the Global Reporting Initiatives (GRI) G3 in our 2006 Sustainability Report.

It is a long way to go to achieve our dream to be a sustainable company. But we are confident that through our strategies, correct policies and compliance to the current best practices, we will rise to the challenge.

Ir. Wisnu Askari Marantika
President Commissioner

Ir. Suryo Suryantoro, M.Sc.
Commissioner

Ir. Yap Tjay Soen, MBA
Independent Commissioner

Ir. Supriatna Suhala, M.Sc.
Commissioner

Prof. Dr. Ir. Irwandy Arif, M.Sc.
Independent Commissioner
“The key success factor of the Corporate Social Responsibility (CSR) implementation in Antam is total commitment.”
Our Total Commitment

Antam’s 2006 Sustainability Report reflects our second attempt to present our company’s commitment to sustainable development. Sustainability is at the core of Antam’s philosophy.

We are convinced that measuring and disclosing our company performance towards the goal of sustainable development based on the recent Global Reporting Initiative (GRI) G3 will help us strengthen our strategy to achieve sustainability.

Once we were asked what is the key success factor of the Corporate Social Responsibility (CSR) implementation in a company. According to us, the answer is the commitment. “Implementing CSR for Antam means giving our total commitment.”

An initiative or a program aimed at developing the community would fail if not managed properly and continuously, in line with Antam’s commitment to sustainability.

CSR initiatives should be sustainable. Our CSR programs go beyond simply giving. We try to apply the concept of sustainability by developing a CSR strategy with clear and concrete targets, goals and programs that address our stakeholders’ expectations.

Our commitment is also long term. We want our CSR strategy to be understood and supported by our stakeholders, especially our employees. This is the right moment for all of us to understand that the company and its sustainability depend on our approach towards CSR.

This second sustainability report indicates that we still need a lot of improvement in managing our CSR. Through this report we are able to see, learn and understand our strengths and weaknesses, and identify areas where improvements are called for. This would definitely reinforce our commitment to do the best for our company, our environment, our community, and all our stakeholders.

Ir. Dedi Aditya Sumanagara
President Director

Ir. Alwin Syah Loebis, MM.
Director of Operations

Ir. Syahrir Ika, MM.
Director of HR & General Affairs

Ir. Darma Ambiar, MM.
Director of Development

Kurniadi Atmosasmito, SE., MM.
Director of Finance

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ANALYZING OUR SUSTAINABILITY CHALLENGES
Our sustainability commitment is to continuously analyze and respond to our environmental, social and economic challenges. Developing sustainability strategy requires listening and sharing experiences with our stakeholders. Our approach is to set sustainability objectives based on this analysis and increase the use of performance indicators to track our improvement for the upcoming years.

**OUR IMPACT ON STAKEHOLDERS**

Developing a deep impact analysis constitutes a starting point to understand sustainability challenges aiming to be transparent to our stakeholders. Antam is striving to evaluate these impacts through a collaboration process with Antam employees and stakeholders.

We seek to identify impacts to our stakeholders in a responsible manner. This year our major impacts are described under the following categories.

**Reducing Long Term Dependency of Surrounding Communities**

Helping the Indonesian Government to meet the national Millennium Development Goals

The Indonesian Government is committed to the United Nations Millennium Development Goals which is aiming to reduce world poverty by half in 2015. Under the Indonesian Constitution of 1945, it is stated that all resources in Indonesia should be used to improve the welfare of Indonesian citizens.

While this is a very ambitious goal, as a limited state owned company aiming to meet international standards, Antam has significant impacts on Indonesian people, especially the local communities. Hence Antam has a responsibility to contribute to the efforts of the Indonesian Government to achieve its National Millennium Development Goals.

Helping people to help themselves

Although CSR is relatively new in Indonesia, we have already implemented many social and community development programs since 1992. However, in July 2005, we have formalized and institutionalized our Community Development Departments at Antam’s Headquarters and at the Business Units. At present we are seriously reviewing our ongoing CSR programs because we realize how important it is that we help people to help themselves in a strategic manner.

Antam is engaging some Universities, Research Institutions, Government and Non-Governmental Organizations in reviewing our ongoing activities to ensure sustainability of future CSR programs.

We have been consistently learning from our experiences and challenging ideas in an attempt to create programs which are more focused, more efficient and more impact oriented with the objective of gradually reducing the economic dependency of the surrounding communities on Antam.

We will put more emphasis on the monitoring and evaluation of our programs to ensure lasting impact to our beneficiaries especially in the perspective of the closure of certain mine fields.

**Environmental Rehabilitation Goes Hand in Hand with Enhancing Socio-Economic Conditions**

For Antam, people’s lives depend on the sustainability of the environment. While the physical rehabilitation of the disturbed land must be addressed under the environmental laws, the company has also other socio-economic obligations in ensuring that the surrounding community should have alternative economic and job opportunities available to sustain their life after the closing down of the mines.

In line with this objective of sustainable development, Antam is committed to implement sustainable activities aiming at developing renewable economic resources to replace the non-renewable ones and thus enhancing socio-economic conditions.

**Strengthening Local Government efforts**

Antam relations with the Government are explicitly guided by our Ethical Relations Policy and Company’s Ethics Standards. We are supporting the development programs of the local governments and thereby have strong impacts on government representatives.
With the new mining regulation already formulated and hopefully endorse soon by the parliament, Government bodies are expecting to have better coordination with business organizations such as Antam and thus ensuring better positive impacts of our activities.

At the same time Antam will also have newly developed programs that certainly lead towards better and stronger impacts especially on the local agencies but also national government. We are committed to help local Governments because we know it will benefit local communities.

In this regard, our CSR programs have been formulated in close consultations with the local governments in order to ensure a synergy and comprehensiveness of the activities, and to avoid unnecessary duplications and waste of resources.
Through such joint ventures, Antam is trying to transfer its knowledge and experience especially to the local governments so that their respective technical and administrative capacities could also be strengthened for the benefit of the local communities.

**SUSTAINABILITY TRENDS CREATING OPPORTUNITIES**

While on one hand we are expected to have sustainable positive impact on our stakeholders, on the other hand we are also strongly impacted by global sustainability trends which create both risks and opportunities for our business in short, medium and long term perspectives. We realize that it is through sustainability approaches that we will be able to minimize our risks while creating opportunities for our business.

**Culture**
The global mining industry possesses a unique culture. For many countries, mining is fundamental to the survival of small townships as it provides significant employment opportunities and substantial report for wider community initiatives.

**Limited Lifespan**
The mining industry is generally perceived as heavily dependent on non-renewable mining resources. This implies that mining projects have a limited lifespan and that the ongoing life of our company is contingent upon exploration and/or acquisition.

**Globalization**
The mining industry is becoming increasingly global as large diversified participants invest in projects overseas, and as local firms such as Antam are becoming subject of acquisition or more and more impacted by foreign operators.

**Highly Regulated**
The regulatory environment is complex as a result of the global nature of the industry, the scarce or non-renewable nature of the mineral commodities, and the environmental, health and safety issues connected with mining practices. Government policy issues impact us strongly throughout our business. This includes tax rates, licenses/leases, land access, royalties, health & safety, industrial relations and environmental regulations.

**Technology**
Technology is a key competitive differentiator for us in the global mining industry. Cutting-edge exploration, production and support process technologies and highly trained technical staff can help reduce project risk and minimize production costs. Technology is not only used to open pathways to new markets, but can also underpin the demise of other markets, for example by product substitutions. Furthermore, diminishing quality of reserves increases the need for improved technologies to process low quality ore at a cost effective price.
Antam Sustainability, Managing Risks and Capitalizing on Opportunities
Managing our risks through the prism of sustainability

By being fully aware of the above mentioned influencing factors, and by identifying the challenges derived from these factors, Antam has prepared itself well on how to deal with risks and continuously improve its management capability.

The Risk Management Committee was established in 2003 and in 2006 further integrated and aligned the management of risks into its strategy by establishing an Enterprise Risk Management (ERM) unit. The ERM unit helps create a culture of risk awareness throughout the organization by emphasizing risk is everybody’s business. From the analyses conducted, Antam had identified 209 key risks short listed into 36 risks that matters spread over 9 categories.

The most important risks are discussed hereunder because they have the potential to affect our financial performance and the long term prospects of Antam.

Operational Risks
Operational risks are considered the most significant risk and are therefore closely monitored. This derives from the fact that mining is slow yielding and capital intensive. It takes years to develop new sites and smelting plants. They can further be delayed by disruption or cost overruns, which are not uncommon.

Operational risks include risks to health and safety of workers, to the environment and surrounding community. To minimize these risks, Antam appoints world class contractors, implements a zero accident policy, maintains good relations with local communities and maintain globally accepted environmental standards. To ensure it meets international standards of management and environmental management Antam is ISO 9001 and ISO 14001 certified.

Commodity Price Risk
Antam’s products are basically commodities, hence subject to volatility of market prices. To obtain price certainty, Antam may conduct hedging activities, with the main goal of protecting the company’s budgeted price, as stated in the company hedging policy. But hedging also has the risk of forgoing the upside potential in an increasing price environment, which happened in 2006.

Another way to manage this risk is by lowering production costs, as Antam has greater control in this respect, despite its rising cost profile. The main challenge here is the high fuel cost, and Antam has been planning to switch to a less expensive power source. Other efforts include replacing older equipments.

Foreign Exchange Risk
Current volatility of market prices, such as foreign exchange, can cause a significant impact on Antam’s financial performance. Prevalent because Antam revenue is substantially in US Dollar while more than half of its costs are in Rupiah. Although Antam’s debts are all in US Dollar, the company is generally adversely affected when US Dollar weakens against Rupiah. In addition, liquidity management is also a significant concern for Antam to maintain a healthy cash flow.

To mitigate this risk, Antam has established a Market & Liquidity Risk Tools to act as guidance & direction to measure & manage the risk, associated to the market & liquidity exposures that Antam has been facing.

Reserves Risk
Antam reserves estimates might be higher than what it can actually recover. Price and exchange rate fluctuations may render certain reserves uneconomical to mine. To minimize this risk, Antam estimates its reserves according to the Joint Ore Reserve Committee (JORC) code. Antam exploration
Engaging Our Stakeholders

Making Work Place More Humane is Antam’s Top Priority

Involving Local Communities in Developing Local Economies

Antam Commitment for 2007

We are determined to turn the way we are managing our challenges into long term opportunities, as part of our core sustainability strategy.

may also not result in the discovery of additional mine-able deposits. For this purpose Antam try to minimize the risk by forming joint ventures with international partners who can help with capital and advanced technology.

Regulatory Risk
With the decentralization of authority from the central government, regulatory uncertainties exist, which may create risk in licensing, royalties and other permits. Another significant regulatory risk is the upcoming draft mining law which may curb ore exports and may cause Antam to forego a portion of its future revenue. To manage this risk, Antam has built new smelters & developed good relationships with local government & community.

Environment related Risks
Environmental issues have indeed potentially affecting Antam, because some of its exploration areas had been designated as “protection forest” even though Antam had beforehand secured the mining rights.

This is due to the Forestry Law Number 41/1999 which restricts open mining in “protection forest” areas. The law has been resulting in the slow growth of mining business due to the restriction on mining fields’ expansion which is derived from environmentalist and community pressures. This comes also from a reflection of the sustainability trends happening in the developing countries all over the world.

Dialogues with various relevant stakeholders and engaging them partnerships have been attempted to minimize the impacts of this type of risk to ensure that Antam mining rights are respected.

Capitalizing on New Opportunities
The greatest opportunity for Antam is to operate the rich mineral potential of Indonesia, ranked amongst the top in the world, in a sustainable way. The geological attractiveness of Indonesia is undisputable, and Antam has several long term exploration and mining permits, and vast high quality reserves and resources spread throughout the archipelago.

Even though it constitutes a challenge itself we have an opportunity to be a full Indonesian company which enables us to better understand and integrate local sustainability concerns in our business.

As the Indonesian government has the golden share of Antam, this definitely gives Antam an added advantage. No doubt the government will support, listen to and protect its own state-owned companies. In a developing country like Indonesia most likely favors will also be given, over other companies in the private sectors. Considering this, Antam opportunities by influencing stakeholders on sustainability issues are crucial and could become a particular advantage.

At the outset, it seems that Antam doesn’t need to go overseas to source and may do well by just sticking at doing business and creating opportunities for and within Indonesia, making the most value of its reserves and give more benefits to the Indonesian people. However, riding on the globalization trend, since the year 2006 Antam has also started to explore possibilities of outsourcing from overseas reserves in other countries.
2006, A YEAR OF BUSINESS DEVELOPMENT
BUSINESS REVIEW

Our products derived from Antam’s core minerals. Nickel and gold, together account for the majority of Antam’s sales revenue, but Antam is strengthened by the diversity of its product lines, which include bauxite.

In the foreseeable future Antam is expecting to offer stainless steel and chemical grade and smelter grade alumina, this is processed from bauxite, to the world markets.

An unprecedented growth

The year 2006 was a milestone year as Antam completed a long period of expansion and entered a new growth phase. It was a trial year of the new ferronickel smelter, which was handed over to Antam and is now under our control. It was a productive year, as we still managed to double our ferronickel output and exceed our gold production target.

It was a landmark year as our company entered a new level and new playing field in terms of market capitalization as well as sales and profits. Our net income jumped 84% to Rp1,553 billion on sales of Rp5,629 billion. Our cash flows and profits grew to unprecedented levels, and we improved our industry-beating net profit margin and return on equity.

It was a year of achievement as shareholder returns grew significantly, with our share price rising, again outperforming international, domestic general and mining indices. We achieved a market capitalization of over US$1 billion, and became more recognized, and more owned, by international and domestic world-class investors.

Exploring Our Future Business Development

Increasing exploration expenditure

Exploration is the key to the future of any mining company. At its most basic, a mining company is only as good as its reserves in that the life and profitability of the company is finite, determined by the amount and quality of the reserves. We take exploration seriously and increased our exploration spending by 73% to Rp9 billion in 2006, with significant results. We will increase it again to Rp15 billion in 2007. Most of our exploration is focused on nickel drilling, but also gold and bauxite exploration activities.

However, it was a year of exploration for more than just new ore deposits. As we finalized the construction on FeNi III, an important, challenging and lengthy growth phase came to an end. In 2006, we began to enter into a new phase of growth and to explore all the possibilities available to maximize value creation.

Looking for new project development

While Antam has long had a robust project pipeline, including the Tayan Chemical Grade Alumina project, due to large cash flow generation we began to explore other interesting options:

- We explored the opportunity to build a 400,000 tonnes per year smelter grade alumina project with Chinese partners, which would upgrade our existing facilities at the Kijang bauxite mine.
- We investigated the Obi Iron Cap project, which would use overburden at Obi Island to make pig iron containing nickel for sale to steel manufactures.
- We also surveyed the different possibilities of developing our largest nickel ore deposits. We held discussions with two international partners, one from Japan and the other from Australia, with regards to the best fit with our plans in consideration of financing and technology.
While these projects were in the initial, mostly feasibility study phase, they are a part of our project pipeline and will be, in one form or another, the source of future value.

**Investing locally and internationally**

This year, we explored the possibility of making acquisitions and specifically of making gold acquisitions. We made a bid on a 2.5 million ounce deposit for sale at Martabe, Sumatra, and studied the opportunity of acquiring a 3% stake in Newmont’s Batu Hijau gold and copper mine. For the first time we explored the opportunity of investing outside of Indonesia.

We also explored which of our minority-interest joint venture projects, in nickel, gold, lead/zinc and diamonds that are at varying stages of development, we wanted to support and/or increase our interest.

**Our Economic contribution to Indonesia**

As a state-owned company, Antam provides substantial direct and indirect economic benefits to the government of Indonesia. Since the beginning of our operation we know that we have strong economic impact on the Indonesian nation and the local communities. We have already undertaken qualitative study regarding our indirect impact. We are now striving to undertaken a survey of our multiplier effect to analyze better our direct and indirect benefit the Indonesian economy.

In 2006, Antam contributed mining royalty of Rp128.2 billion. In comparison in 2000, our contribution was 4 times less than that meaning our unprecedented growth benefits to the Indonesian economy. However, even though these figures are in growth, we are trying to analyze how this benefits to the local community surrounding our activities.
AWARDED FOR OUR PERFORMANCE

Since the beginning of our operation we have been awarded by several organizations for our good corporate conduct. Last year we have received various awards which are closely in relation with the sustainability of our business.

We are proud to receive awards in 2006, however maintaining these awards and improving our leadership in the field of sustainability constitute another challenge.
## Where We Operate

### Operations (100% Antam)

<table>
<thead>
<tr>
<th>Type</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bauxite Mine</td>
<td>Kijang</td>
</tr>
<tr>
<td>Gold Factory</td>
<td>Cikotok</td>
</tr>
<tr>
<td>Gold Mine</td>
<td>Cikidang</td>
</tr>
<tr>
<td>Iron Sands Mine</td>
<td>Kutoarjo</td>
</tr>
<tr>
<td>Iron Sands Mine</td>
<td>Lumajang</td>
</tr>
<tr>
<td>Precious Metal Refinery</td>
<td>Jakarta</td>
</tr>
<tr>
<td>Gold Mine and Factory</td>
<td>Pongkor</td>
</tr>
<tr>
<td>Nickel Mines And Smelters</td>
<td>Pomalaa</td>
</tr>
<tr>
<td>Nickel Mines</td>
<td>Tanjung Buli, Mornopo, Gee</td>
</tr>
</tbody>
</table>

### Antam’s Projects

#### Strategic or Majority Stake Development Projects

1. Tayan Chemical Grade Alumina (CGA) Antam 49%
2. Bintan Smelter Grade Alumina (SGA) Antam 51%
3. Obi Iron Cap Antam 51%
4. FeNi IV Antam 70%
5. Hydromet Antam 30%

#### Minority Stake Joint Venture Projects

6. PT Nusa Halmahera Minerals* Antam 17.5%
7. PT Cibaliung Sumberdaya Antam 10.25%
8. PT Sorikmas Mining Antam 25%
9. PT Gag Nickel Antam 25%
10. PT Weda Bay Nickel Antam 10%
11. PT Dairi Prima Minerals Antam 20%
12. PT Galuh Cempaka* Antam 20%

* currently operational

### Antam’s Promising Exploration Areas

<table>
<thead>
<tr>
<th>Prospect</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Nickel</td>
<td>Bahubulu, Tapunopaka, Mandiodo</td>
</tr>
<tr>
<td>B Nickel</td>
<td>Tangofa, Langkawe, Wosu</td>
</tr>
<tr>
<td>C Nickel</td>
<td>Bull, Gee</td>
</tr>
<tr>
<td>D Gold</td>
<td>G. Patah-Tiga</td>
</tr>
<tr>
<td>E Gold</td>
<td>Seblat</td>
</tr>
<tr>
<td>F Gold</td>
<td>Papandayan</td>
</tr>
</tbody>
</table>

Note: Antam had 17 other active exploration areas not indicated on this map

### Head Office
- Assets: Rp1,783 billion
- Sales: N/A
- Employees: 331

### Gold and Refining
- Assets: Rp688 billion
- Sales: Rp690 billion
- Employees: 769
Engaging Our Stakeholders

Making Work Place More Humane is Antam’s Top Priority

Involving Local Communities in Developing Local Economies

Antam Commitment for 2007

Indonesia

Bauxite and Iron Sands
Assets Rp4716 billion
Sales Rp4734 billion
Employees 1630

Nickel and Refining
Assets Rp104 billion
Sales 205
Employees 228

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2006 ANTAM Sustainability Report
IMPLEMENTING GOOD CORPORATE GOVERNANCE
We consider being a responsible and a leading Indonesian company means implementing Good Corporate Governance. Our ambition is to exert a responsible and long term influence on the Indonesian business and being considered as a role model.

OUR GOOD CORPORATE GOVERNANCE, FOR A SUSTAINABILITY ORIENTED ANTAM

Since becoming a listed company in Indonesia in 1997 and in Australia in 1999, Good Corporate Governance (GCG) has always been considered as an important element for Antam in achieving sustainable growth and becoming a world standard mining company. Furthermore, as one of the largest and most influential state-owned companies, Antam is committed to be involved in Indonesia’s recovery by contributing significantly to the development of the Indonesian economy and to become a role model for other companies, especially state owned companies, in implementing GCG.

As Antam is listed in the Australian Stock Exchange (ASX), our GCG practices have to follow ASX GCG best practice guiding principles. Our compliance is assessed annually by reputable firms; in 2004 by Standard & Poors, in 2005 and 2006 by Ernst & Young. The complete statement on the status of GCG practices is published in the Annual Report of the respective years, which also includes the reasons of departure from ASX recommendations, if any.

Our main concern is to be transparent and to provide a full disclosure concerning corporate governance, while keeping our strategic affairs confidential.

A "TWO-TIERED" RESPONSIBILITY STRUCTURE

Antam’s organizational structure is based on the “two tier” system applicable in Indonesia, where a distinction is made between the management board (Board of Directors or BoD) and the supervisory board (Board of Commissioner or BoC). Hence the role of President Commissioner (Chairman) and President Director (CEO) are not exercised by the same individual. The roles and responsibilities of each member of the BoD and BoC are described on the formal BoD and BoC charter.

Antam’s BoD is responsible for setting the strategic direction of the company, subject to approval by the BoC. It is then responsible for implementing the approved strategy and running the company efficiently, including its control and accountability system. The BoC is responsible for overseeing the BoD functions and approving the company strategic and annual plan. The BoC is also responsible for monitoring the implementation of GCG practices performed by the BoD.

The BoC has established five committees, each led by a commissioner, to technically support it in satisfying its roles and responsibilities, i.e. Audit, Risk Management, Corporate Governance, Nomination, Remuneration & Human Resources Development and the Environment and Mine Closure Committees.

Of the five commissioners, two are independent. In fact, by ASX definition, the President Commissioner also qualifies as independent, hence it can be deemed that there are three independent commissioners. The BoC consists of two persons from the Ministry of Energy and Mineral Resources, and three professionals with engineering, mining and management backgrounds. Five Directors, four of which have over 20 years experience at Antam, and one from the Ministry of Finance, comprised the BoD.

As a group, Antam Boards have a complimentary mix of skills that provide the desired depth and experience. Antam board members are appointed by election at the shareholder Annual General Meeting for five year terms and can be reelected for another five year terms.

We believe that the above mentioned structure and organization lay a solid foundation for management and oversight of Antam, which is an authority delegated by our shareholders, and which we take very seriously.
ENGAGING STAKE SHARE HOLDERS IN THE DECISION AND EVALUATION PROCESS

Our external relationship with our stakeholders is guided by our External Relationship Policy which states that relations with external parties are made proactively based on the principle of mutual respect and that information disclosure must be fair, open, honest, accurate, timely and prudent to increase shareholders and stakeholders' trust.

Maintaining Shareholders Trust
To maintain shareholders and investors' confidence and trust, the Corporate Secretary regularly and consistently announces Antam’s quarterly and annual performance and plans through the mass media and related institutions.

Antam shareholders’ mechanism is available to express opinions to the highest governance body basically is through the Annual General Meeting (AGM) of shareholders, during which even minority shareholders can participate actively. AGMs are the most important business events where important decisions are made in relations to our business activities in close consultations with our shareholders. In the case the shareholders feel the need to convey certain urgent or critical resolutions; it can be facilitated through a procedure called Extraordinary General Meeting (EGM).

The determination of Company’s Policies, long-term plans and good practices in our operations is thoroughly discussed with the shareholders and their views are very seriously taken.

Introducing a New Assessment Strategy for Directors
The BoC has established an Audit Committee and a Risk Management Committee to oversee implementation of risk management by Antam managers. Antam has also started implementing Enterprise Risk Management (ERM) and continuously improving its capabilities, with a periodic risk profile/map for the overall company as an output.

The Audit Committee which consists of five members led by an independent commissioner who has extensive experience in mining is also responsible for reviewing Antam’s financial report, appoint and monitor external auditor, evaluate the effectiveness of Antam’s internal control systems, review the company compliance with regulations and its implementation of risk management.

The directors’ remuneration is reviewed annually by the Commissioners through the Nomination, Remuneration and Human Resources Development (NRHRD) Committee, but the final figures are decided at the AGM of shareholders. Although Antam has started implementing Director’s Key Performance Indicators (KPI), the relationship between KPI and remuneration package has not been associated yet.
During 2006 the Commissioners through the NRHRD committee finalized the KPI for individual directors and directors as board and implemented it. However, the performance evaluation procedures for the boards, its committee and individual directors had not been disclosed, awaiting a formal performance evaluation.

**Listening to Our Main Resources, Our Employees and Workers**

Employees can channel their concerns about working relationship or other work-related issues to the management and BoD through the PERPANTAM. With regard to the employee’s union, there is a Bi-partite Cooperation Body (Lembaga Kerja Sama Bipartit) consisting of employees representatives from PERPANTAM and management representatives (9 persons each), whose main function is to deliberate and find acceptable solutions to issues that could not be resolved and decided by Antam alone.

Both sides are open and transparent in the day to day operations. There is a standard practice of holding quarterly meetings to discuss possible issues and problems that may come up, and during such meeting, the management will also discuss new policies and strategies with the Worker’s Union in order to get their views as important inputs before such policies are being endorsed for implementation. Even though much less used, a formal channel has also been established to facilitate employees to communicate sensitive issues to the management and BoD with full confidentiality and protection guaranteed.

**PROMOTING ETHICAL AND RESPONSIBLE CONDUCTS**

At Antam we conduct our business in an ethical and responsible manner, reflecting the interests of our shareholders, employees, host communities, government as well as others affected by our activities because we are committed to high standards of corporate governance. Through our conducts we build our reputation, and in its turn, we believe this will have a significant impact on the sustainability of our business.

To promote ethical conduct, Antam has developed an Ethics Policy and Code of Conducts which gives guidelines on how the management and employees should deal ethically and responsibly in fulfilling Antam’s legal and other obligations to all the legitimate stakeholders. The code of conduct also explains how the company monitors and ensures compliance with the code with regard to reporting and investigating reports of unethical practice.

Along the same lines, we treat all our shareholders equitably and ensure that the rights of all investors, including minority and foreign shareholders are protected.

Transparent effective communications with shareholders have been promoted utilizing all relevant media. One thing that we have been doing which is regarded by outsiders as outstanding example of our commitment to transparency is publishing our BoD and BoC salaries in various media, among others Annual Report, as follows:

**Board of Directors Remuneration (Rupiah)**

<table>
<thead>
<tr>
<th>Name</th>
<th>Monthly Salary</th>
<th>Monthly Housing</th>
<th>Monthly Transportation</th>
<th>Monthly Electricity</th>
<th>Total Monthly</th>
<th>Total Annual</th>
<th>Total Bonus</th>
<th>Total Annual + Bonus*</th>
<th>Total Annual + Bonus 2005*</th>
</tr>
</thead>
<tbody>
<tr>
<td>President Director</td>
<td>47,600,000</td>
<td>10,000,000</td>
<td>1,500,000</td>
<td>1,500,000</td>
<td>60,600,000</td>
<td>727,200,000</td>
<td>983,000,000</td>
<td>1,805,400,000</td>
<td>1,805,400,000</td>
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<tr>
<td>Director</td>
<td>42,840,000</td>
<td>9,000,000</td>
<td>1,350,000</td>
<td>1,350,000</td>
<td>54,540,000</td>
<td>654,480,000</td>
<td>884,700,000</td>
<td>1,624,860,000</td>
<td>1,624,860,000</td>
</tr>
</tbody>
</table>

* Includes Idul Fitri and production bonuses

**Board of Commissioners Remuneration (Rupiah)**

<table>
<thead>
<tr>
<th>Name</th>
<th>Monthly Salary</th>
<th>Monthly Transportation</th>
<th>Monthly Housing</th>
<th>Monthly Communication</th>
<th>Total Monthly</th>
<th>Total Annual</th>
<th>Total Bonus</th>
<th>Total Annual + Bonus*</th>
<th>Total Annual + Bonus 2005*</th>
</tr>
</thead>
<tbody>
<tr>
<td>President Commissioner</td>
<td>19,040,000</td>
<td>3,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>24,040,000</td>
<td>288,480,000</td>
<td>393,200,000</td>
<td>719,760,000</td>
<td>719,760,000</td>
</tr>
<tr>
<td>Commissioner</td>
<td>17,136,000</td>
<td>3,000,000</td>
<td>800,000</td>
<td>800,000</td>
<td>21,736,000</td>
<td>260,832,000</td>
<td>353,880,000</td>
<td>648,984,000</td>
<td>648,984,000</td>
</tr>
</tbody>
</table>

* Includes Idul Fitri and production bonuses

Antam has also established a written draft on disclosure policy which reflects its philosophy that information disclosure should be fair, open, honest, accurate, prudent and timely. Currently, the policy is being reviewed by the management and this would be formalized in the coming year.
ENGAGING OUR STAKEHOLDERS
As a mining company, there is a potential to have not only positive but also negative impacts among our stakeholders, especially in relation to the communities where we operate. Antam is very sensitive on this particular issue and therefore, we try our best to respect the rights of the communities and their cultural heritage. Engagement and partnerships with our stakeholders and especially with the local people is our top priority, because we want them to grow with us and we do not want to be isolated by people living around our mining operations.

**STAKEHOLDERS’ TRUST IS OUR PRIDE**

Engagement of stakeholders in our activities has therefore been taken seriously from the highest levels at Antam. The existing external relations policy has always been that information disclosure must be fair, open, honest, accurate, timely and prudent to increase shareholder and stakeholder trust on Antam. Antam’s mission clearly emphasizes that Antam should maximize its shareholder and stakeholder values, raises employee’s welfare and participate in improving the welfare of the communities surrounding a mining operation.

We fully realize that Antam’s image and reputation will depend very much on how Antam deals with its constituents and how far we engage our stakeholders in our operations. Our most important stakeholders are our shareholders, buyers, investment community, our employees (employees union), contractors, suppliers, governmental and non-government organizations, local communities and many other research and development institutions who are directly or indirectly concerned with on how Antam is conducting its business.

Although our policy and approach to stakeholder relations and engagement have been going on well so far, we also realize that as a mining company that is aiming to reach an international standard by 2010, we still have a lot of work to do to further strengthen and improve our relations and engagement with our stakeholders, not only in Indonesia, but also globally. Antam is taking this as a challenge and therefore, Antam is reviewing its relationships with all our stakeholders seriously.

**A CONSULTATION PROCESS TO IMPROVE STAKEHOLDER MANAGEMENT**

As a leading mining company in Indonesia, we have always aimed high to respect our stakeholders as our most direct partners in business. Our approaches to formal engagements with stakeholders and local communities are taking place through four major activities:

- Community Development programs funded out of Antam's operational budget.
- Partnership Programs in collaboration with local entrepreneurs.
- Environment Development Programs funded through our profit.
- Informal engagement by the management and all employees with local leaders and communities based on mutual respect.

We are engaging some research institutions or development agencies including NGOs in helping us in identifying relevant activities that could be implemented by the communities.

We have group meetings as well with the local people and religious and local leaders to listen to their aspiration and expectations. Usually Antam is attending regular meetings organized with the local government to know which synergies could be found for local economic development programs.

We are now at a stage of mapping out and engaging all our stakeholders in all our new projects. The objectives are to better manage and respect our stakeholders, to make our sites an integrated part of the local community.
PROTECTING THE ENVIRONMENT
FROM THE PHILOSOPHY TO MANAGEMENT EFFICIENCY

Adapting Our Philosophy to the Local Environment
All Antam employees, across all section and business units adhere to our Environmental Philosophy and promise to restore the original function of the earth of Indonesia when mining operation will ceased.

Antam strongly believes that biodiversity and a healthy environment is right for every Indonesian. Antam understands that mining activities can pose potential environmental risks to the surrounding environment, and that every mine site had different conditions to be taken into consideration. Antam is dedicated to developing long term sustainability plans to help prevent and mitigate any potential impact to the environment.

To sustain our business activities in a long term, to develop long term sustainability we need to control our environmental impacts and continually have an open line of communication with local communities. Antam believes that public involvement and transparency is a crucial part of sustainability and helps to assure community acceptance regarding Antam’s operation procedures.

We operate underground and open pit mining in remote site, coastal and populated area providing different sustainability contexts meaning each mine needs its unique environmental management system. In addition, every business unit has its own environmental policy derived from the original Antam environmental policy to better cope with local and specific issues.

Environmental Policy Striving Towards Sustainability
Through our environmental policy, we are committed to continuous environmental improvement. This is part of our ongoing process towards sustainability. Our company-wide environmental policy includes but not limited to:

- The use of technology and methodology that minimizes impact on the environment and optimizing the use of natural resources.
- Compliance with all pertinent environmental standards and participating in comprehensive environmental impact studies.
- Minimizing potential impacts on local flora and fauna.
- The thorough planning of mine closure procedures, post mining activities and rehabilitation programs.
- The evaluation, audit and periodically review improvement of environmental management.

Our involvement with local communities, local government, environmental experts as well as other stakeholders is an essential factor in minimizing the impact on the environment. This approach is adopted at each stage of the mining life cycles with a focus on environmental conservation and protection of biodiversity. This is the way we seek to implement the precautious principle from an environmental angle.

A Framework Based on Antam Environmental Specialists
The Board of Directors, in coordination with the Board of Commissioners, is responsible for setting environmental policy and monitoring performance. All Antam operations and development are required to implement our Antam Environmental policy.

Our Environment and Mine Closure Committee also assist the BoC in monitoring the effectiveness of Antam’s environmental and mine closure management ensuring compliance with the highest standards of mining practices. To perform the programs, we are fully supported by our well qualified environmental specialists within our governance and management structure.

Responding to Environmental Challenges to Improve Management Performance
Antam recognizes that mining can have potentially negative impacts on the environment. It is for this reason that we are committed to operating our company in accordance with the international
standards. We are proud of the fact that we are striving to solve environmental challenges regarding pollution reduction, water management with our recent certification of our operating facilities according to ISO 14001.

However, we are still facing challenges, which drive us to improve our environmental performance. Our main environmental goals for the upcoming years include:

• Extend the PROPER (Program Penilaian Peringkat Kinerja Perusahaan di bidang Lingkungan Hidup - Indonesian Environmental Performance Program) rating to Green for all operating units by 2010.
• Extend the environmental management system compliance with the best international standards for all the operating units.
• Promote biodiversity throughout reclaimed land.
• Improve energy efficiency as to mitigate global climate change.
• Increase mine closure and post mining programs to get better result.

Turning these challenges into opportunities is itself a challenge. Our commitment to the application of a proactive and dynamic environmental management system in all mining process is aimed at making this possible.

Assuring Compliance and Looking Beyond
Antam’s environmental policy includes the commitment to regular external audits to assess environmental compliance, management performance and best practices. This audit program ensures all Antam sites are operating in accordance with Antam’s policy, the legislative requirement form the impact study process and the principles of sustainable development.

Being in full compliance
For each project activity, under the Indonesian regulation, a consistent environmental impact assessment is undertaken to evaluate the environmental feasibility. Called AMDAL “Analisis Mengenai Dampak Lingkungan”, it comprises an integrated and comprehensive assessment of major and significant impacts of a project or activity which takes into account ecological, social, economic and cultural aspects.

This process impose for Antam to report yearly and every five year to the government agencies including the Ministry of Energy and Mineral Resources, the Ministry of Environment both at central and local level.

Checking our system more than required
Apart from that legal requirement; we implement various mechanisms for reviewing our environmental management system. We feel that this method allows us to efficiently identify areas of concern and develop effective action plans to address the environmental issues. It comprises:

• Follow-up reviews every six months by certification agency as required by the ISO 14001 protocol.
• Quarterly and annual report, to assess our practices.
• Internal regular audit to provide internal feedbacks.
• External regular audit to provide recommendation.
• Field and facilities inspections form the head office to the site as well as annual meetings to check system efficiency at local level.

Antam is a member of the Indonesian PROPER program audited by government agencies which encourages companies to go above and beyond basic compliance regarding environmental performance. Five level of performance exist starting from Black, Red, Blue, Green and Gold. The Blue level ensure the company is in compliance with the Indonesian regulation.
Engaging Our Stakeholders

Making Work Place More Humane is Antam’s Top Priority

Involving Local Communities in Developing Local Economies

Antam Commitment for 2007

We have recently progress from Red to Blue level for our site in Pomalaa and our target is to reach the green level for all our operating facilities on or before 2010. The following table displays Antam’s table of credentials.

Management System Certification and Environmental Performance

<table>
<thead>
<tr>
<th>Unit</th>
<th>ISO 14001 Certification Process</th>
<th>PROPER Rating* 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pomalaa Nickel Mining Business Unit</td>
<td>OK</td>
<td>Blue</td>
</tr>
<tr>
<td>Pongkor Gold Mining Business Unit</td>
<td>OK</td>
<td>Blue</td>
</tr>
<tr>
<td>Logam Mulia Precious Metal Refinery</td>
<td>OK</td>
<td>-</td>
</tr>
</tbody>
</table>

* The result for 2006 has not been released yet

Investing in environmental performance

At the core of our strategy is the resolution to ensure, that line management accountabilities are clearly established. Measuring our environmental protection expenditure allow us to assess the efficiency of our environmental initiatives and management system, it also provides valuable input for cost-benefits analyses. The positive trend regarding expenditure since 2001 clearly demonstrates that we understand the benefits of investing in environmental performance. Reducing environmental risk goes hand in hand with reducing economic risk and at the same time improving stakeholders’ acceptance of our activities.

The expenditure in 2006 almost doubled from last year. This is due to our new settling ponds construction in Pongkor and additional slag handling from our recent ferronickel plant in Pomalaa.

MANAGING THE LAND TOWARDS BIODIVERSITY PRESERVATION

Throughout the total life of a mine, from exploration to rehabilitation, we are committed to managing the land with respect to the surrounding environment. Mining activities such as land clearing, top soil peeling, drilling, tailing disposal, overburden storage and transportation affect the quality of the environment and may temporary disturb the ecosystem. Antam is aware that the physical, biological and chemical changes must be managed in a sustainable manner to preserve biodiversity.

Selecting, Acquiring and Operating the Land with Care

Taking care of the environment starts at the exploration stage

Before the commencement of any Antam activity, a thorough exploration stage including an entire literature process, general study, semi-detailed and details exploration based on local and international expertise is conducted. This exploration process is directed at discovering new deposit in a sustainable manner. The Boards of Directors decides whether or not to progress to the next level of an operation stage, the development stage. Such a decision is made by taking into account the various risk.

To do so, Antam works with environmental and scientific specialists to conduct studies that identify applicable regulations, community needs and perceptions as to reduce potential social or environmental risks.

Acquiring the land by listening and respecting

Land ownership is a crucial issue that needs to be addressed before a mine opens. After having selected sites and area under several economic and environmental criteria, our land acquisition process is based on our principle to listen before acting.

We undertake area status studies to screen ownership in coordination with local communities and local government. The objectives are to find the best win-win solutions between Antam and land owners taking into consideration the future use and sustainability issues.

Environmental Expenditure

(Rp billion)

0 5 10 15 20 25 30 35 40 45
02 03 04 05 06

200 2.0 1.5 1.2 0.5 0.3 0.2

2015 2020 2025 2030 2035

2006 ANTAM Sustainability Report
Preventing land and soil conservation during operation
A well implemented mine is crucial for a successful mining operation. It is for this reason that during the mine development phase, projects are assessed independently by consultants taking into account the scale and value to ensure that the development process has been implemented in accordance with contract and avoid or mitigate risks.

Action taken during phases in mine life includes:
• Top soil layers are conserved, by dumping in a specific area and protected to preserve nutrient value for further revegetation purpose.
• Overburden stockpiles are placed in appropriate areas around the mines and protected from erosion by cover-crop plant. They can remain inactive for several years and consequently not suitable for immediate revegetation. However we are committed to reclaim areas of overburden each year when it is not necessary for operations.
• Check dams, Sedimentation ponds, sedimentation traps, berms, tailing dams, erosion prevention channels and other water capture areas are constructed to avoid erosion and allow the sedimentation of solid material.
• Rehabilitating the disturbed area according to its purpose, prioritized by replanting local species.
• Controlling waste from processing and supporting activities in accordance with the standards.
• As evidence water and soil quality is measured on a regular basis.

Closing our operation with strategic principles
Mining activities involve a temporary use of the land. Ideally sustainable planning for closure should commence before mining begins. All Antam sites have specific plans 5 years prior to mine closure eventhough the government regulation required only 1 year.

From an environmental point of view, the closure plan accounts for land disturbance issues and includes proven methodology for local landscape rehabilitation. Mines closures entails strategic principles:
• An holistic view of environmental matters.
• Coordination with all stakeholders to ensure the mine closure and post mining program is accommodating their aspirations.
• Preventive action thanks to our environmental management system.
• Environmental concerns are fully integrated in the company with a strategic importance.

Currently Antam managing three mines closure and post mining activities (Gebe nickel, Cilacap Iron Sands, and Cikotok Gold Operation), this will constitute one of our biggest challenges.

We have started to develop financial provisions and pilot projects, in an attempt to anticipate and learn the best way to replicate good practices and best management programs for operations closure and future post mining activities.

Following mine closure, the post mining plan will ensure that decommissioning, reclamations and monitoring activities will be managed in an efficient and sustainable manner.

Rehabilitating Our Sites and Restoring Biodiversity
Biodiversity refers to the number and variety of living organisms; including genetic diversity, species diversity, and ecological diversity. Preserving diversity is a complex issue that needs to be considered in every potential impact during mining, especially in a country like Indonesia which is known for its biodiversity.
Integrating biodiversity conservation in rehabilitation program
Antam recognizes and accepts its responsibility for having potential direct and indirect impact on biodiversity, that’s why today the issue of biodiversity is embedded in our environmental policy. We are now in the phase of planning how to include and develop our management system to provide a systemic approach to biodiversity in our operation.

Number of Species surrounding Antam Site

<table>
<thead>
<tr>
<th>Flora (number of species)</th>
<th>Fauna (number of species)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endemic</td>
<td></td>
</tr>
<tr>
<td>UICN Red Book Endangered Species</td>
<td>2</td>
</tr>
<tr>
<td>Endemic</td>
<td>306</td>
</tr>
<tr>
<td>UICN Red Book Endangered Species</td>
<td>9</td>
</tr>
</tbody>
</table>

To help achieve our goals or land rehabilitation and the preservation of flora and fauna, Antam has been working with external organizations like: Education Institutions, Forestry Research and Development Agency, NGOs and other stakeholders. Antam believes that these partnerships will benefit reclamation procedure with respect to biodiversity conservation.

Land reclamation
Antam has is striving to a goal of 100% land reclamation for the future. We include reclamation plans as a critical component of all development projects. In 2006, on one hand we have disturbed new 145 hectares of land for our operation, on the other hand we have reclaimed 263 hectares of land.

Since 1990, Antam has rehabilitated 75% of mined out areas and aims at achieving 77 % rehabilitation for 2007.

All our reclamation programs are audited and controlled by one of the following organizations: the forestry department, or environmental ministry or ministry of energy and mineral resources.

Exploring the scientific and economic potential of rehabilitated area
Antam is currently conducting research regarding the economic potential of post mining lands. In consultation with the local government we have made the choice to rehabilitate as much land as possible with economic value added trees. This is our vision of how environmental conservation can benefit the community economically.

For example in Pomalaa, the main potential industrial trees in the area are the “Mahoni”, “Kayu Kukuh” and ‘Jati Putih’. More studies should be undertaken to assess the economic potential of our reclaimed area in the next years. We are also working with the Non-Governmental Organization (NGO) “FORSDA” (Forum Swadaya Masyarakat Desa) which acts as a facilitator between the surrounding community and Antam for better coordination in reclamation activities.

In Pongkor, scientific and agro-forestry studies are conducted in association with the Forestry Research and Development Agency, Badan Penelitian dan Pengembangan Kehutanan, based in Bogor. The objective is to develop our knowledge about rehabilitation and learn how to manage a sustainable reclamation by optimizing the use of our tailings. The tailings are used as a substrate for the eucalyptus trees and other rehabilitation species.

We are following the governmental objective to develop Jarak plantations, in order to study the potential of biodiesel production in Indonesia. In 2006 we planted 6 hectares in Pomalaa and 4 hectares in Gebe, in 2007 it will be up to 15 hectares.

REUSING MATERIALS AND TAILINGS

As we are using two major mining systems, the types of material and tailings differs from each activity.
Soils at Antam Iron Sands Mine Out is Safe for Food Plantation

In 2006, Antam and the department of Soil Science and Land Resource from Bogor Agricultural University jointly participated in a study concerning the properties and quality of soils and nutrients status of plants on Cilacap Iron Sand Mine Site (ISMS).

The objective of the study was to analyze soil degradation of post mining lands including elemental concentrations of potential toxins that could adversely affect humans or prove degrade the soils.

The results of this study were presented in the first International Seminar on Mine Closure in Perth, Australia.

The study reveals that most of heavy metal and others parameters were under the international standard or lower in comparison with concentrations in natural soil of other places in Indonesia. The second conclusion was that plants (wetland rice, long bean and watermelon) grown on post mining lands in Cilacap ISMS were far under critical concentration for plants.

Underground mining

For the underground mining operation we use cut-and-fill methods. In this process waste rock, which has already been processed for gold extraction is put back into underground tunnels through back-filling. Finer tailings in the process water are disposed in our 2 million m³ tailing dam for sedimentation. The water is then discharge to rivers after water quality control.

In our underground mine in Pongkor we produce an estimated of 30,000 tons of tailings per year from ore processing, and 3,000 m³ from development works. The repartition of the reuse of the tailings is divided into two categories:

- 0% are backfilled to the underground mine.
- 0% are meant to be used as a cribbing materials for underground support to secure our operation, bricks block, and medium for reclamation works.

While the waste from development works are reused as an underground backfill barricade and road improvement.

The sediment from the tailings dam can also be used to produce brick block and medium for reclamation materials. Currently, with 1 m³ of sediment it is possible to produce 210 brick blocks and still in the experiment stage.

Open Pit Mining

For the ferronickel production, ore is extracted and after several crushing and drying processes, mixed with carbon and anthracite to enable an easier smelting. The fusion processes enable us to separate our product from the slag which constitutes a non hazardous solid waste that can be reused for several activities.
When a Gold Mine Operates Next to a National Park

Antam’s biggest gold mine is located in Pongkor, Bogor regency, next to Mount Halimun National Park.

Thanks to environmental management progress in Pongkor, and in partnership with the forestry Research and Development Agency, as well as the Ministry of the Environment, the extension to a National Park area covering the entire contract of work of Antam is planned to occur by the time the operation will close in 2014.

Antam is now preparing the mines closure plan adapted to this challenging program in order to reintroduce local species as well as the original water flow in the area.

For underground mining activities a river has been turned to enable a better sedimentation in the tailing dam, including water quality control before discharge to the environment. This measure has been approved to prevent any pollution to surrounding environment and the river basin will return to the original status soon.

One of the challenges is to control and stop the illegal mining activities that still exist on site and represent a high risk for the illegal miner but also the human health and the environment. Indeed, illegal miners process gold ore by crushing and separate gold from the rock by using mercury throwing the waste to the river.

Since 1999, thanks to our campaign to fight illegal act, other alternative to develop business have been found. The number of illegal miners has been reduced from thousands to several dozen only. Unfortunately, some damage has been cause to the environment and Antam is restoring as fast as possible what the gold rush history caused.

Besides, previously the contract of work boundaries include few local original communities, that prefer to live in their pristine mountains when underground mining operation started since they did feel disturb by the activity. Once the mine will close this community will enjoy living with autonomy in a national park.

In our major site in Pomalaa, last year we produced 637,000 tons of slag which we reuse for specific purpose. The remaining slag is stocked close by the jetty to build a so-called “Beach slag”.

The slag is useful for a large number of infrastructure applications (roads, jetty etc.) that benefits Antam and the surrounding community. Last year 15.5% of the total amount of slag, 99,200 was use for community purposes.

MANAGING OUR HAZARDOUS WASTE IN A RESPONSIBLE MANNER

Under the Indonesian regulation, hazardous wastes are called B3, “Bahan Beracun dan Berbahaya”. Throughout our operation and process we are using substance providing hazardous wastes.

We have already identified life cycle of our hazardous wastes in our operations. These B3 wastes produced are responsibly stored for future management. However, we are starting to implement a new strategy to minimize and eliminate the hazardous substances and wastes on our sites. This strategy starts with a deep investigation of our B3 wastes and others under our management system to find alternative solution avoid the use of dangerous substances and foster the use of environment-friendly products.
We are working with local contractor that have the capability to manage our specific hazardous wastes. Our main partner is PT Prasadha Pamunah Limbah Industri (PPLI) in Java, who disposes and treats most of our B3 waste under the best international standard (World Bank, US-EPA). We are developing a general agreement with PPLI in order to ensure that all B3 will be treated by PPLI with traceability and transparency.

Our main B3 category is the hydrocarbon or chemical contaminated products. Our incinerator is used to burn Hydrocarbon contaminated solid waste produced by workshop and operations. As evidence we monitor emission from incinerator exhaust. Last year after several analyses proves we were far under the regulatory standards.

This year we produced 17,177 Kg of solid B3 and almost 00,000 liter of liquid B3. Reducing and recycling B3 wastes will be one of our focus for next year.

<table>
<thead>
<tr>
<th>Type of B3 Waste</th>
<th>Source</th>
<th>Amount</th>
<th>Treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>Medical Center</td>
<td>1,031 Kg</td>
<td>Incinerated</td>
</tr>
<tr>
<td>Laboratory</td>
<td>Laboratory</td>
<td>875 L</td>
<td>Treated &amp; Reused</td>
</tr>
<tr>
<td>Used Oil Sludge</td>
<td>Fuel Storage/Workshop</td>
<td>27,202 L</td>
<td>Reused</td>
</tr>
<tr>
<td>Grease / Tac Gear</td>
<td>Workshop / Plant</td>
<td>7,200 L</td>
<td>Incinerated and send to PPLI</td>
</tr>
<tr>
<td>Expired Chemical</td>
<td>Plant</td>
<td>400 L</td>
<td>Send to PPLI</td>
</tr>
<tr>
<td>Oil and Chemical Contaminated Material</td>
<td>Workshop and Plant</td>
<td>9,394 Kg</td>
<td>Incinerated</td>
</tr>
<tr>
<td>Used Oil and Oil Sludge</td>
<td>Workshops / Power Plant</td>
<td>471,122 L</td>
<td>Reused and Incinerated</td>
</tr>
<tr>
<td>Ash from Incinerator</td>
<td>Incinerator</td>
<td>6,752 Kg</td>
<td>Send to PPLI</td>
</tr>
</tbody>
</table>

**STUDYING THE POTENTIAL OF ALTERNATIVE ENERGY**

Mining is an energy intensive industry, mining milling smelting operations consume considerable amount of electricity, natural gas, diesel fuel and other hydrocarbon fuels.

Indonesia has significant potential for renewable energy. Our energy strategy focuses on how we might obtain additional energy from renewable sources. In our main business unit based in Pomalaa, we are studying diverse options to use energy from Hydro, Steam, and Gas power plant.

PT Poso Energy is planning to develop a 330 MW hydro power plant and the plan has been submitted to Antam offering 90 MWh capacity for our activities. PT Tamboli Energy is also developing a 20 MW hydro power plant and the power purchase agreement is still in process for a capacity of 15 MWh.

Finally, PT Hatch is currently exploring the feasibility of a steam power to supply Antam, investigation will be undertaken in 2007 for the contingency action plan.

**ASSURING A STRICT EFFLUENT CONTROL**

Assuring the quality of our effluent is a significant environmental concern. Among our business units we have dozen of sampling location to control air emissions, indoor air quality, outlet discharge and water quality on a regularly basis. This information is reported to the government of Indonesia. However, as we know this is also one of the main concerns for our stakeholders, we are starting to disclose this information yearly to demonstrate our commitment to a strict and transparent control of our effluent.
Our principal air emission concern includes, NO$_2$, SO$_2$, particulates and metals.

Our main water concern includes cyanide, metals and suspended particulates.

In the following graphics, we give an overview of the analysis undertaken by independent laboratories accredited by the Government of Indonesia, and make a comparison with local standards. Last year the quality of our effluent was very good and our objective is to maintain this level of control for the protection of the environment and the surrounding communities.
On average we are far under the standard however, if we do exceed the standards it is immediately reported the head office and the appropriate measure are taken to reduce the pollution rate to below standard.

For the upcoming year we strive to implement a continuous monitoring plan thorough our operation to better follow and react in case of emergency.

**Pongkor Emission**

(\(\text{mg/m}^3\))

- **NO\(_2\)**: 658
- **SO\(_2\)**: 407
- **Pb**: 0.03
- **Particulates**: 350

**Pomalaa Emission**

(\(\text{mg/m}^3\))

- **NO\(_2\)**: 138.6
- **SO\(_2\)**: 356
- **Pb**: 0.044
- **Particulates**: 350
MAKING WORK PLACE MORE HUMANE IS ANTAM’S TOP PRIORITY
Antam’s human resource is an important asset and we consider our employees as our partners in production. We are therefore, making all our efforts to provide them with the best available working environment and conditions that the company could afford to. In return, we trust that our employees will also be able to contribute meaningfully to the growth of Antam.

**EMPLOYMENT AND DECENT WORK**

**Managing our employees under a decent work condition**

As a leading mining company in Indonesia with a vision to become an international standard company by 2010, Antam is always aiming to develop its employees to the highest standard possible to meet the challenge. There is a growing demand for highly skilled manpower at Antam because our business expansions plan for the coming years. Human resource development has become a challenge for Antam operations and therefore, intensive training and education activities are being undertaken by each Business Units, while a professional Learning Centre has been established at Antam’s Headquarters in Jakarta, which will provide for highly managerial and specialist types of training for its future executives and senior management staff.

At the national level, Antam’s overall employment and decent work practices are fully guided by its Human Resource Policy which totally complies with the existing national labour laws and government regulations in Indonesia. Antam’s Management and the Employee’s Union had also signed a Collective Labour Agreement that determines the working conditions for its employees. By fully complying with the Indonesian Labor Laws No. 13/2003, which are based on the ratification of ILO Core Conventions, Antam has aligned itself into the international best practices in the labor and human resource sector.

**Listening to our workforce**

There are two strong and professional Worker’s Unions (PERPANTAM and SPSI) that represent the workforce of Antam. The Worker’s Union is also responsible to negotiate the overall working conditions with the Management of Antam, and once it has been agreed by both parties, a Collective Labour Agreement (CLA) will then be signed for a period of two years. The Collective Labour Agreement and its Guidelines are used by the Management and the Worker’s Union in ensuring smooth and harmonious relationships between the two parties. The employees are determined to work “hard and smart” with a motto of “Perpantam for a Better Antam” towards the achievement of Antam’s vision of becoming an international standard company by 2010.

**Quality in diversity**

As of 2006, Antam had 2,749 full time personnel working at various Business Units, including at Antam’s Headquarters in Jakarta. Among the total personnel, there were 209 persons in managerial positions, of which 16 positions (around 7.5 percent) were occupied by female managers. Antam’s policy is committed to diversity and equal opportunities. This could be considered substantial for a mining company and we will aim for higher participation of women at management positions in the future.

**Recruitment vs Retirement**

<table>
<thead>
<tr>
<th>Unit</th>
<th>Recruitment</th>
<th>Retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head Office</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>Nickel Mining Business Unit</td>
<td>136</td>
<td>81</td>
</tr>
<tr>
<td>Pongkor Gold Mining Business Unit</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Kijang Bauxite Mining Business Unit</td>
<td>-</td>
<td>25</td>
</tr>
<tr>
<td>Logam Mulia Precious Metals Refinery Business Unit</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Geomin Unit</td>
<td>1</td>
<td>87</td>
</tr>
</tbody>
</table>

There is no doubt that higher productivity can be achieved if we are able to provide the necessary and appropriate skills that would be needed by our employees in performing their work.
Engaging Our Stakeholders

Protecting the Environment

Making Work Place More Humane is Antam’s Top Priority

Involving Local Communities in Developing Local Economies

Antam Commitment for 2007

Higher Skills with Improved Productivity

Antam fully realizes that the progress towards an international standard company must be based on a competent and highly skilled workforce. For Antam, a competent workforce is a valuable resource in meeting Company’s mission and the achievement of its vision.

Therefore, our Human Resource Policy ensures that all employees have the right to training according to their position and in maintaining their management and technical competencies and their personal development through appropriate training programs fully taken care by Antam.

In 2005 Antam has spent Rp6.5 billion on training of its staff, while in 2006, the training allocation has increased by 60% thus reaching Rp10.4 billion. On average, Antam has a target that each and every employee should get 12 days training/year, but at the end of 2006, the average training had reached more than 13.5 days/year/person. We have exceeded our training target and in return, the productivity has increased and our production target for instance at Pongkor Business Unit has exceeded the target of 2,575 kg during 2006.

Looking forward towards the near future business expansion, Antam opened a Learning Centre since October 2006 at Antam’s Head Office in Jakarta to prepare its managerial and specialist personnel in meeting future requirements.

The Learning Centre has introduced three important programs:

- Competency Development Programs.
- Productivity Programs.
- Career Development Programs.

Based on an assessment process, 200 managerial plus 200 specialist candidates have been given grading relevant to their assessment results, and appropriate training packages will be provided to qualify them then to senior managerial and specialist positions. In addition, those candidates will be provided with what we called “soft competencies” such as communication skills, negotiation skills, and political skills, including CSR principles so they can deal with full understanding of the aspirations and expectation of Antam’s stakeholders.

With regard to non-staff training, Antam’s Head Office will work closely with each Business Units and most of the training will be conducted by utilizing existing training institutions in their locations (outsourcing). A total budget of Rp21 billion has been programmed to train around 2,500 employees.

**Better Social Protection Will Create A Safer And A More Productive Work Place For Antam’s Employees**

While Antam is committed to providing comprehensive decent working conditions to its managerial staff and employees based on its Human Resource Policy and the Collective labour Agreement, we also felt that a well developed social protection package for Antam’s employees should be part of the overall services to its staff. We are taking great care of our employees, and are proving them with such benefits that go beyond the usual standard practice, even after their retirement.

The practices of working hours, overtime, leave, sick leave, maternity leave and others, are not only in full compliance with the national regulatory framework and regulations, but in most cases, Antam’s provisions are going beyond the requirements of the existing laws and practices. On top of other benefits such as social security, work accidents, medical insurance, old age benefits/pensions and other personnel related compensations, Antam is paying all its staff various welfare benefits, this is not the standard for other companies. For instance, Antam’s pension rules include the medical expenses for thousands of pensioners and their families up to three children (to maximum of 25 years old).
IMPROVING OCCUPATIONAL HEALTH AND SAFETY IS A JOINT EFFORTS OF THE MANAGEMENT AND EMPLOYEES

One of the most important aspects of social protection at work is of course the aspect of occupational health and safety. The management and all employees are fully aware that occupational safety and health is a mutual responsibility of both parties and that they both should aim to minimize all accidents and avoiding all types of hazardous work as much as possible, and increase awareness of workers to their rights in health protection. In this context Antam operates under a very stringent guidance of Company Policy on Occupational Health, Safety (K3), Environment and Medical Services as well. Articles 17 – 33 on this policy guarantees the employees of management commitment to aim for “Zero Harm” to our employees, contractors, communities and environment at work sites. In principles Antam must comply with all laws and regulations applicable in the field of occupational health, safety and environment.

The delivery of preventive health services to employee in their work place also has an advantage, while easier access and facilitating environmental and health monitoring is in deed helpful in preventing industrial hazards. It also makes it possible to control various environmental pollutants from mining activities and ferronickel plant.

On the environmental part, Antam must possess, implement and comply with provision on environment (Quarter Impact Analysis) in every operation. Employees should be protected from any possible work related and environmental accident or hazard. Based on its policy, Antam must provide know-how and skills that are related to occupational health, safety and environment for all company’s employees.

Overall Record of Accidents

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>Accident Category</th>
<th>Total Accident</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Light</td>
<td>Major</td>
</tr>
<tr>
<td>Nickel Mining Business Unit</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Gebe Operation</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Tj. Buli &amp; Gee Operation</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>Gold Mining Business Unit</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Logam Mulia Precious Metals Refinery Business Unit</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Kijang Bauxite Mining Business Unit</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cilacap Operation</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cikotok Operation</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
<td>12</td>
</tr>
<tr>
<td>Total working time</td>
<td>11,612,237 hours</td>
<td></td>
</tr>
<tr>
<td>Lost time</td>
<td>10,228 days</td>
<td></td>
</tr>
<tr>
<td>Frequency Rate (Fr)</td>
<td>2.67</td>
<td></td>
</tr>
<tr>
<td>Saverity Rate (Sr)</td>
<td>880.79</td>
<td></td>
</tr>
</tbody>
</table>

DISCRIMINATION IS AGAINST ANTAM’S PRINCIPLES

We believe a work place that gives a feeling of equality will certainly boost people’s morale and enthusiasm to serve the company better.

Antam’s Human Recourse Policy ensures that the entire Antam’s Human Resource Management process must be based on equitable treatment and merit and free from nepotism. Antam is committed to create fair employment opportunities, including the prohibition of any kind of discrimination. Antam provides equal opportunities and treatments to all Antam’s personnel. The Company’s Ethical
Standards and Code of Conduct require that recruitment of personnel, participation in training, payment of compensations and other benefits and allowances at work should be conducted on an equal basis without taking into consideration of religious/faith, race/nationality, skin, colour, sex(including pregnancy), age, disability, status or other characteristics protected by the law.

**Equal treatment to Antam's employees means taking care of Antam's sustainable progress.**

In terms of non-discrimination at work, Antam is not only in full compliance with the national legal requirements, but our HR Policy and Code of Conduct are also going beyond the national legal requirements and in that way, we are confident that our practices are very much in line with ILO Convention 100 on “Equal Remuneration or Equal Pay for Equal Job” and ILO Convention 111 on “No Discrimination in Employment and Occupation”.

For Antam, the work place should also be free from any type of harassment, and every employee has the right to legal protection against injustices from a supervisor, a subordinate or a colleague and is duty bound to reveal all related issues in a proportional and objective manner.

**HELPING CHILDREN AND UNDER PRIVILEGED PEOPLE**

The future of Indonesia will be in the hands of our present children. It is therefore our obligation not to exploit them but rather nurture and develop them to become potential and productive human resources for our future.

With regard to Child Labor and Forced Labor, The Indonesian Government had ratified all ILO Conventions regarding above matters, and the following National Labor Laws had been put in place to implement the ILO Conventions on Child Labor: UU No.13/2003 (Chapter X articles 67 – 75) and on Forced Labor: UU No. 19/1999. Antam is in full compliance with both the national laws and the international conventions as well. Antam fully respects the Universal Declaration of Human Rights and support international best practices in its labor affairs.

In fact, Antam’s Community Development program has always given high priority on education. At every Business units, Antam has set up a comprehensive education system from kindergarten up to Senior High School level (Grade 12) and Antam is providing all the expenses to run the education system, including provisions for full time teachers and housing as well.

The schools are open not only to the children of Antam but also to public. Upon closing of mine operations, Antam will normally transfer the entire education system to the local government to run it further for the benefit of the local communities. To ensure closer observation of above mentioned laws in Antam’s day to day operations, we have our Ethical Code and Code of Conduct to deal with the issues.

**FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING**

The employees have the right to choose among the two worker’s unions (PERPANTAM and SPSI), and those who do not want to join the unions are also free to do so.

The unionization at Antam is based on the National Labour Law No. 21/2000 which is very much in line with ILO Conventions 87 and 98 on Freedom of Association, The Right to Organize and Collective Bargaining in year 1999. With other words, Antam’s labour practices are very compatible with both the national and the international requirements.

The freedom of choice that Antam’s employees have is a unique situation where almost all ranks and files at Antam could become members of the Unions (PERPANTAM or SPSI) if they wish so, with the exception that those in Human Resource Department and some parts of the Finance Department could still become members but for confidential reasons, could not play the role as Union Leaders.
INDUSTRIAL RELATIONS/SOCIAL DIALOGUE

Our Human Resource Policy and the Collective Labour Agreement with the Worker’s Union form the guidance of our relationships where both sides are aiming at a ‘win-win situation’ where a harmonious and productive relationship could be achieved that certainly will lead to positive results that are not only benefited mutually, but it also be felt by our shareholders, our buyers, investors and all other stakeholders who are concerns with Antam’s operations. Such a condition will only give the company a sustainable impact.

Perpantam on Management

Perpantam and Antam have agreed on very clear ground rules of the game based on the CLA and its Guidelines that both sides respect. Those rules are meant to create commitment, consistency, and consequences in a harmonious partnership to boost productivity. As worker’s representatives, we feel honored that Antam’s management is engaging the worker’s union seriously in all policy decision making processes and taking us as its business partners. We believe, this cooperation and good relations between the company and the labor union could bring the company to another level of sustainability.

We are aware that as the labor union, we are playing a significant role in our company sustainability. Thus, we are supporting all of our company’s initiatives and program to maintain its sustainability. We realize that, at the end, company’s sustainability will give impact to our welfare as workers, in terms of material and spiritual.

All this time we have seen that the company has given its best efforts in order to maintain its sustainability. However, we see that there are still challenges for Antam’s sustainability in terms of human relations and industrial relations indicated the following:

1. How to harmonize the HR Policy and make them as every department’s responsibility and thereby will work towards the achievement of Antam’s vision as a Company of International Standard in 2010;
2. How to ensure that Antam’s training programs will produce qualified work force so that we will be able to compete at national and international level, and be better prepared for their retirement and mine closures/post mining phases.
3. How to ensure the transparency and ethics in our business activities, to improve the company’s credibility and lowering our cash cost in the long term. At the end, it will bring benefits to employees, shareholders, and stakeholders.

We strongly believe that with hard work and good relationships between Perpantam and Antam, we could enliven our motto “Perpantam for a Better Antam.”
While the Company is giving high attention to the concerns of the employees, likewise the employees through its Worker’s Union (PERPANTAM) is also paying equal respect and cooperation to the management. Worker Union’s motto speaks for itself – “Perpantam for a Better Antam”. Our mutual understanding on the working conditions of all the employees has been reflected in signing a Collective Labour Agreement covering 2,767 unionized employees for the period of 2006 – 2008.

The Collective Labour Agreement (CLA) itself is supplemented with Guidelines that consists of a compilation of Company’s Policies and Regulations. The aim is that all Antam’s Employees will fully understand Antam’s applicable policies and regulations and thereby, a harmonious partnership between the management and the employees could be created at the work place.

RESPECTING INDIGENOUS PEOPLE’S RIGHTS

Because of the diversities in Indonesian cultures and their local rights, we fully recognize the sensitiveness of those issues and through our community development programs we are learning on how to improve our interactions with local and indigenous people. Antam’s Business Units are always trying hard to engage the local governments and local leaders in our activities and programs in supporting our community development activities.

We have to acknowledge that while we have been implementing many social programs and community activities in the past, the Antam’s Comdev Group Departments (Departments that are responsible for community development programs) have only been institutionalized in July 2005. We are aiming in making it more CSR focused and comprehensive and therefore, Antam’s Business Units are now involving relevant Universities, Research Institutions and NGO’s as well in undertaking what we call “Social Mapping”. We do so, in areas where we are operating and in other potential areas so that our future programs to empower and develop local people and local economy will be based on professional assessment, plan and implementation strategies.

This is very much in line with Antam’s mission which says “Antam will participate in improving the welfare of communities surrounding mining operations.

In addition, Antam will also strictly follow its standard of ethics which clearly provide for Antam to:

- Ensure that the surrounding community should also taste benefits from Antam and respect their rights.
- Prioritize the principles of human rights in addressing conflict that may arise with community, labour unions and employees.

Antam aims to provide as much business and job opportunities to local entrepreneurs and people as long as they meet the required standards. For example, more that 65% outsourcing business and jobs at Pongkor Business Unit are being undertaken by local organizations and local workers.

DISCIPLINARY PRACTICE AND CONFLICT RESOLUTION

Antam’s Human Resource Policy (articles 9.4.7 and 9.4.9) deal with disciplinary practices and conflict resolution process. Regarding these two issues, the management and the worker’s union had agreed to follow procedures that had been laid down in the Collective Labour Agreement under Chapter XVI – articles 85 – 95 concerning Violations and Disciplinary Action and Chapter XVII – articles 96 – 99 which deal on Grievances and Conflict resolution. There are proper mechanisms in place to deal with the issues internally, and then only if the problems could not be solved internally, both parties may seek third party’s arbitration or through the labour court as the last resort.

We have never faced any major labour conflict so far, instead the Industrial Relations Systems of Antam is so harmonious and productive that other multi-national companies are studying and trying to adopt the system of Antam’s good practices in this respect for their own benefit.
IN Volving Local Communities In Developing Local Economies
When we are addressing the problems of our surrounding communities by empowering local people and develop local economies, we are in fact on the road to a smoother and successful business path while minimizing the risks ahead of us.

**OUR PROGRAM WITH THE STAKEHOLDERS**

It is nothing more important than engaging our stakeholders in our activities that make them feel productive and participative in our overall operations.

While Antam had already implemented many social and community development programs since its establishment such as education, health, construction of public facilities and infrastructures, scholarships, partnerships with various governmental and non-governmental organizations, we still feel that Antam could do more to help in the development of local communities and their economy. In this regard, we are at a stage of formulating our new and more focused programs with our stakeholders. To do this, financial and human resources will be allocated accordingly to start our new and more focused CSR programs in 2007. We will certainly put more emphasis on the monitoring and evaluation of our programs to ensure lasting impact to our beneficiaries. Special programs have to be designed to meet the requirements for the closure of certain mine sites as well. Antam has so far not reported systematically in all economic impacts of its community development activities, but we are however in the process of examining our contributions through our ongoing Community Development (COMDEV) programs and we will reflect these in our future reports.

In line with this, Antam has undertaken what is called COMDEV programs. Under the COMDEV programs, there are three major activities:

1. **Community Development activities:** founded by company’s budget.
   - This program is being implemented to deal with various and broader social issues that are being faced by local communities where Antam is operating such as: education, health, infrastructure, disaster relieves and many other problems that have socio-economic impact on local communities. This is the most important and special program that is being funded directly from Antam’s own budget as part of our social commitment to local communities.

2. **Local Environment Development Program (Bina Lingkungan - BL):** revolving fund based on % from Antam’s profit. The activities range from Health (Community Health), Education, worship facilities, public facilities, and natural disaster.

3. **Partnership Program with SMEs (Program Kemitraan - PK):** revolving fund based on 1 – 3% from Antam’s profit.

Based on the three major programs (Comdev, PK and BL), Antam has implemented the following activities at our work sites:

**Budget vs Actual for Development Program 2006 (Rp billion)**

<table>
<thead>
<tr>
<th>Program</th>
<th>Budget</th>
<th>Actual</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Development</td>
<td>16.2</td>
<td>16.7</td>
<td>103.3</td>
</tr>
<tr>
<td>Local Environment Development Program</td>
<td>8.4</td>
<td>11.2</td>
<td>133.6</td>
</tr>
<tr>
<td>Partnership Program</td>
<td>9.4</td>
<td>4.9</td>
<td>51.7</td>
</tr>
<tr>
<td>TOTAL</td>
<td>34.0</td>
<td>32.8</td>
<td>96.5</td>
</tr>
</tbody>
</table>
SOCIAL INVESTMENT MAKING SMALL BUSINESSES GROW

As a good example, through our continuous consultations and engagements since 1992 with local governments and communities, we have been able to build a network of 2,039 small and medium size business partners throughout nine provinces. Our partnership program has improved during 2006 and therefore, our rate of returns of loans had shown an increase and we are reaching up to 60%. This is a proof that our monitoring system and development of our partners have been positive and we will still try our best to improve in the future.

We are going to form an Association of Antam’s Small and Medium Size Entrepreneurs in August 2007. This Association of Antam has a good prospect and through the formation of this Association, we hope those small and medium business entities could form an economic network that could support each other in technical and managerial aspects as well that would enable them to grow further with Antam. Our main aim is that through the engagement of the Antam’s Association of 2,039 entrepreneurs, Antam would be able to further strengthen their capacity in dealing with our future CSR’s programs that would lead to a more efficient and productive community and local

ANTAM SUPPORTS MY BUSINESS

It was quite interesting to meet Mr. Abdul Gaffar Songkeng (51 years), a medium size entrepreneur who is doing business in marine products in Dawi-Dawi, a fishermen village in Pomalaa. According to Mr. Gaffar, he has been doing business in export of fish and tinned lobsters through a broker in Pare-Pare. He is also selling fish for local consumption. Before that he was one of the fishermen like any other fishermen in Dawi-Dawi.

According to him, it is quite unique to do business in marine products in Pomalaa. As an example, to guarantee the supply of fish and lobsters from the fishermen, he will have to develop a very close partnership with the fishermen before they are eager to sell their catches to him. Gaffar tried to overcome the problem with his own initiative; he bought and supplied fishing equipments or other items that are needed by the fishermen. Through such an approach, the fishermen became confident on him and trusted him as someone whom they can deal with fairly. Through this mutual trust, the fishermen started to supply him with their catches while on the other hand Gaffar will ensure them with the provisions they would need and take care of the processing and canning of the lobsters and the export of their products.

Of course to be able to maintain this business relationship, he needs some working capital to maintain his partnership with the fishermen. He had in fact received a loan from Antam in 1995 through its Partnership Program (PK). After he had refunded his loan in the same year (1995), it seemed that he still needed some additional loan from Antam to pursue his business further. Through the help of the Cooperative Department, he again submitted a proposal. However his efforts this time to get additional loan from Antam and also from other sources did not materialize until 2005. Without additional loan, his business became relatively stagnant.
economic development activities with a sustainable impact. While we are focusing on the quality improvement of this Association at present, we still will expand the Association by engaging new entrepreneurs and use this Association as our ‘engine of growth’ in our sustainable development programs with our local stakeholders.

SUSTAINING LOCAL ECONOMY

It is very important to keep a proportional balance between Antam’s operational activities and the conditions of the local economy. It is therefore very recommendable that Antam could generate a positive impact on local economy in a sustainable way.

In this context, Antam is undertaking social mapping of those areas with the collaborations with various Universities, Research Institutions, Government and Non-Governmental Organizations. With this social mapping, we hope to be able to identify economic resource potentials of each area, the level of their human resources, their aspirations and expectations, the availability of infrastructure and market facilities which have been the stumbling blocks in our efforts so far.

Failing to obtain a loan through a third party, Gaffar took the initiative in 2005 in submitting his loan application directly to Antam. This time Antam was quite alert and without any complicated procedures, the loan was approved and released in May 2006. Even though he was not able to get the full amount he was looking for, Rp45 million that he received from Antam was quite substantial in pursuing his business further.

With the assistance from Antam, his business started to grow and expanded further. For the canning of lobsters, he is now gaining a profit between Rp2.5 million to Rp3 million per month. He is now employing 10 workers and the total monthly sales of his three activities is around Rp50 million – Rp75 million. His present sales had increased around 50% compared with previous years. Mr. Gaffar is very thankful to Antam’s assistance because the loan provided to him had been able not only to benefit him personally and his family members, but more than that, in a small way, he has been able to support economic activities for so many fishermen and employing also some workers who then take care of their families. He is especially thankful because he was able to send all his eight children to high schools and trust that their future should be much better than his own. He is now exporting to Singapore and Japan as well.

Asking Mr. Gaffar what he thinks about Antam, in a humble way he said “I would still need the assistance from Antam so that I can expand my business further, because it will not only benefit me as a person, but it will also provide work for so many fishermen and workers and that would help in alleviating them and their families from poverty”. According to Gaffar, Antam is showing more care to small businesses in the locality compared with other organizations. No wonder that Mr. Gaffar has a special emotional feeling about Antam... “Without Antam, we will not be able to do much”, he said so ending our conversation with him. Antam is all the time ready to work with many more fishermen and small entrepreneurs like Mr. Gaffar, because it has been proven that a small assistance if well and seriously managed could help many people out of poverty.
Gebe: A Valuable Experience

The main focus in the Mine Closure and Post Nickel Plan of Gebe is how to sustain the social-economic development vis-à-vis the environmental rehabilitation work at the island so that the local government and the people in Gebe can continue building on the results of the Plan.

Gebe has grown since Antam started its operation in 1979 in terms of its population, administrative structure, and economic activities and in its local infrastructure as well. From 500 people in 1976, the population had increased rapidly to 7,308 people in 2000, while the place has grown from a small village to a small town and adding three more villages to the local structure. Antam has built the infrastructure for its operations and all public facilities. Economically it is estimated that an amount of Rp 18.5 billion per year is in circulation on Gebe Island originating from company expenditures and expenditures of Antam's 970 employees and their families. In addition, the revenues originating from nickel mining increased rapidly between Rp 2.9 billion to Rp 7.9 billion in year 2000 from royalties and taxes. All these had stimulated the local economy rapidly and the rising of several business activities among the local people.

Steps taken towards sustainability

The Mine Closure and Post Nickel Plan of Gebe has outlined potential economic activities and empowerment programs of human resources in order to support the overall rehabilitation plan. The plan also realizes that business facilities and supporting infrastructures need to be developed to facilitate the activities. Working capital and investors will be needed to drive the whole efforts to create a new economic life to replace Antam's business operations. Partnerships with local government, central government, business circles and development institutions including civil societies are important part of the overall plan. Based on a very comprehensive socio-economic research, the plan is focusing on the development of renewable economic resources available locally.

As a first step, Antam started and will gradually transfer all its public utilities and infrastructures to the local government that would manage them for the benefit of the local people. Antam will still finance some parts of the expenditures and has a plan in place to gradually phasing out. All public buildings, infrastructures, communication, transportation, sport, health and educational facilities, including the existing power plant are being transferred to the local government. The power plant will be used in collaboration with potential investors for industrial activities. Antam has also installed two generator sets to be run by local government as electric supply for local communities.

For the development of local economy, Antam is focusing on the development of renewable economic resources available in and around Gebe Island, especially in fishing and fishing industry, added value production process of agriculture products and marine related tourism. Value added production process in the agriculture sector had already started. As an example, people in Gebe are now producing coconut oil rather than making copra (dried coconuts).
To support and facilitate the drive of the economic activities, government is at a stage of completing the construction of a harbour and ice making plant that would be used for the development of fishing industry in Gebe. Antam in collaboration with the Ministry of Fisheries and Marine Affairs are at an advantage stage in bringing potential investors to do business in the fishing industry in Gebe.

At the same time, in order to strengthen the ongoing activities, Antam in consultation with the Ministry of Accelerated Development of Underdeveloped Regions will take Gebe as a pilot project and Central Government will then come up with appropriate development plan and budget for the development of Gebe. Provision will also be made to train skilled fishermen and to build fishing boats that would support the plan to make Gebe as a comprehensive fishing centre.

Antam will still be engaged with research and development institutions and the local government in reviewing the plan and the implementation of the program in order to be able to always improve or if necessary, to add new activities that will sustain the economic life in Gebe. For Antam, this is one of the best opportunity for us not only to demonstrate our commitment to social responsibility, but more so, to learn from this experience and to prepare ourselves better for future CSR challenges ahead of us.

Antam is certainly enriched with the experience in Gebe Island and in Cilacap and with these experiences; Antam is now better prepared to deal with other post mining issues in the future. In the case of the Gold Mine in Pongkor, (West Java), even though the closure is estimated to take place in 2014, Antam has already formed a Mine Closure Committee and work has started to ensure a much smoother closure by empowering the local community to develop renewable potential economic resources and local entrepreneurs to balance the phasing out of mining activities. Social dialogues and close collaborations with all stakeholders are very crucial and important to ensure an acceptable level of sustainability.
ANTAM COMMITMENT FOR 2007
In the foreseeable future Antam expects to have a new phase of development. We realize sustainable development is the name of the game today, and as major state-owned enterprise we have an important role to play in achieving this goal.

Hence we are committed to implement a core sustainability strategy and will strive to continuously improve our economic, social and environmental performance.

In the coming years we will track on performance in the following areas and report in our next Sustainability Report (SR) on how we are progressing in our attempts to embed sustainability in the basic fabric of our company.

CORPORATE GOVERNANCE

Realizing the importance of maintaining efficient relations and cooperation among governance body, management and staff in order to continuously improve GCG practice at Antam; we strive to make more efforts in our GCG socialization by utilizing a cascading program, so at all level, all employees understand the concept of GCG and conduct the business accordingly.

ENVIRONMENT PRESERVATION

Some environmental issues are local while others are global, both are equal of importance. As an Indonesian company we will focus our energy on local concerns without forgetting that the environment where we operate is invaluable for everybody. We will put more resources to protect the environment for the benefit of Antam and the surrounding communities.

SOCIAL DEVELOPMENT AND RESPECT FOR HUMAN RIGHTS

We realize that a ‘Social License’ will ensure sustainable progress and growth for Antam and this can only be achieved if both the management and employees are fully aware of the basic principles of sustainable development. Putting their high commitment into implementation in the next year will provide them with a new synergy enabling them to continuously improve our local communities.
## Corporate Identity

<table>
<thead>
<tr>
<th>Name of Corporation</th>
<th>PT Antam Tbk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incorporated in Jakarta</td>
<td></td>
</tr>
</tbody>
</table>

| Founded | July 5, 1968 |

| Authorized Capital | Rp3,800 billion |

| Issued and Fully Paid Capital | Rp953.8 billion |

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Government of the Republic of Indonesia 65%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Public 35%</td>
</tr>
</tbody>
</table>

| Line of Business | A leading Indonesian diversified mining and minerals processing company, Antam’s businesses are vertically integrated from exploration and mining through processing, marketing, and trading. |

<table>
<thead>
<tr>
<th>Contact Us</th>
<th>PT ANTAM Tbk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gedung Aneka Tambang</td>
</tr>
<tr>
<td></td>
<td>Jl. Letjen TB Simatupang No. 1, Lingkar Selatan, Tanjung Barat</td>
</tr>
<tr>
<td></td>
<td>Jakarta, 12530</td>
</tr>
<tr>
<td></td>
<td>Indonesia</td>
</tr>
<tr>
<td>Tel.</td>
<td>(62-21) 789-1234, 781 2635</td>
</tr>
<tr>
<td>Fax.</td>
<td>(62-21) 789-1224</td>
</tr>
<tr>
<td>E-mail</td>
<td><a href="mailto:corsec@antam.com">corsec@antam.com</a></td>
</tr>
</tbody>
</table>

For more information please visit our website [www.antam.com](http://www.antam.com). Please contact us to join the e-mail distribution list Antam NewsAlerts.

* This report contains certain statements that may be considered “forward-looking statements”; the Company’s actual results, performance or achievements could differ materially from those projected in the forward-looking statements as a result, among other factors, of changes in general, national or regional economic and political conditions, changes in foreign exchange rates, changes in the prices and supply and demand on the commodity markets, changes in the size and nature of the Company’s competition, changes in legislation or regulations and accounting principles, policies and guidelines and changes in the assumptions used in making such forward-looking statements.
# Antam’s Performance in 2006 Based on Global Reporting Initiative (GRI) G3

## 1. Economic Performance Indicators

### Economic Performance

<table>
<thead>
<tr>
<th>EC1</th>
<th>Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Antam’s net income jumped 84% to Rp1,553 billion on sales of Rp5,629 billion. In 2006, Antam contributed mining royalty of Rp128.2 billion.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EC3</th>
<th>Coverage of the organization’s defined benefit plan obligations.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>EC4</th>
<th>Significant financial assistance received from government.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Despite the majority shareholder of Antam being the government, Antam does not receive any financial assistance from the government nor does it have any special privilege.</td>
</tr>
</tbody>
</table>

### Indirect Economic Impact

<table>
<thead>
<tr>
<th>EC9</th>
<th>Understanding and describing significant indirect economic impacts, including the extent of impacts.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Developing a deep impact analysis constitutes a starting point to understand sustainability challenges aiming to be transparent to our stakeholders. Antam is striving to evaluate these impacts through a collaboration process with Antam employees and stakeholders. Antam’s seek to identify impacts to stakeholders in a responsible manner.</td>
</tr>
</tbody>
</table>

## 2. Environmental Performance Indicators

### Materials

<table>
<thead>
<tr>
<th>EN2</th>
<th>Percentage of materials used that are recycled input materials.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Laboratory waste: 875 L, treated and reused. • Used Oil and Oil Sludge from Workshops and Power Plant: 471,122 L, reused and incinerated. • Used Oil Sludge Fuel Storage/Workshop: 27,202 L, reused.</td>
</tr>
</tbody>
</table>

### Energy

<table>
<thead>
<tr>
<th>EN6</th>
<th>Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Antam is following the governmental objective to develop Jarak plantations in order to study the potential of biodiesel production in Indonesia. In 2006 Antam planted 6 hectares in Pomalaa and 4 hectares in Gebe. In 2007 Antam expects to plant up to 15 hectares.</td>
</tr>
</tbody>
</table>

### Biodiversity

<table>
<thead>
<tr>
<th>EN11</th>
<th>Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Location: Pongkor, West Java. Adjacent to Mount Halimun National Park.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EN12</th>
<th>Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Biodiversity refers to the number and variety of living organisms; including genetic diversity, species diversity, and ecological diversity. Preserving diversity is a complex issue that needs to be considered in every potential impact during mining, especially in a country like Indonesia which is known for its biodiversity. Antam recognizes and accepts its responsibility for having potential direct and indirect impact on biodiversity, that’s why today the issue of biodiversity is embedded in our environmental policy. Antam’s now in the phase of planning how to include and develop management system to provide a systemic approach to biodiversity in our operation.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EN13</th>
<th>Habitats protected or restored.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mount Halimun National Park.</td>
</tr>
</tbody>
</table>
### 2. Environmental Performance Indicators

<table>
<thead>
<tr>
<th>EN14</th>
<th>Strategies, current actions, and future plans for managing impacts on biodiversity.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Antam has been working with external organizations such as Educational Institutions, Forestry Research and Development Agency, NGOs and other stakeholders to support Antam's goals of land rehabilitation and the preservation of flora and fauna. Antam believes that these partnerships will benefit reclamation procedure with respect to biodiversity conservation.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EN15</th>
<th>Number of IUCN Red List Species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.</th>
</tr>
</thead>
</table>

#### Emissions, Effluents, Waste

<table>
<thead>
<tr>
<th>EN18</th>
<th>Initiatives to reduce greenhouse gas emissions and reductions achieved.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Our principal air emission concern includes NO2, SO2, particulates and metals.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EN24</th>
<th>Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Waste from Medical Center: 1,031 Kg, incinerated.</td>
</tr>
<tr>
<td></td>
<td>• Laboratory: 875 L, treated &amp; reused.</td>
</tr>
<tr>
<td></td>
<td>• Used Oil Sludge from Fuel Storage/Workshop: 27,202 L, reused.</td>
</tr>
<tr>
<td></td>
<td>• Grease/Tac Gear from Workshop/Plant: 7,200 L, incinerated and send to PPLI.</td>
</tr>
<tr>
<td></td>
<td>• Expired Chemical from Plant: 400 L, send to PPLI.</td>
</tr>
<tr>
<td></td>
<td>• Oil and Chemical Contaminated Material from Workshop and Plant: 9,394 Kg, incinerated.</td>
</tr>
<tr>
<td></td>
<td>• Used Oil and Oil Sludge from Workshops/Power Plant: 471,122 L, reused and incinerated.</td>
</tr>
<tr>
<td></td>
<td>• Ash from Incinerator: 6,752 Kg, send PPLI.</td>
</tr>
</tbody>
</table>

#### Overall

<table>
<thead>
<tr>
<th>EN30</th>
<th>Total environmental protection expenditures and investments by type.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Environmental expenditure increased from Rp13.4 billion in 2002 to Rp40.3 billion in 2006.</td>
</tr>
</tbody>
</table>

### 3. Labour Practices and Decent Works Performance Indicators

<table>
<thead>
<tr>
<th>LA1</th>
<th>Breakdown of total workforce by employment types and by region/unit.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In 2006 total workforce was 2,958 persons consisting of:</td>
</tr>
<tr>
<td></td>
<td>• Head Office: 331.</td>
</tr>
<tr>
<td></td>
<td>• Gold and Refining: 769.</td>
</tr>
<tr>
<td></td>
<td>• Bauxite and Iron Sands: 228.</td>
</tr>
<tr>
<td></td>
<td>• Nickel and Refining: 1,630.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LA2</th>
<th>Net employment creation and average turnover by region/unit.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In 2006, total new recruitment was 146 persons for all units, while around 900 employees were released due to the restructuring process at Antam.</td>
</tr>
</tbody>
</table>

#### Labour/Management Relations

<table>
<thead>
<tr>
<th>LA3</th>
<th>Percentage of employees represented by independent trade union organizations.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>94% from total of 2,958 employees are members of the two Company's Unions (Perpantam and SPSI), while around 6% consist of the Executives/ Senior Management and those who do not join the unions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LA4</th>
<th>Policy and procedures involving information, consultation and negotiation with employees over changes in operations.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Antam's HR Policy (articles 9.4.6 a /b) clearly states that employees are fully appraised on Antam's policies and all changes that may impact on the employees and aware of all challenge they face. In practice, Antam has a Bipartite Coordination Body (management and employees representatives; 9 persons each) which conducts regular quarterly meetings to discuss any policy and operational issues and employees views are respected and taken into consideration.</td>
</tr>
</tbody>
</table>

#### Occupational Health & Safety

<table>
<thead>
<tr>
<th>LA5</th>
<th>Practices and recording and notification of occupational accidents and diseases as per ILO Code of Practice.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Antam strictly follows the Government's Safety and Health Regulations (K3LP) for the Mining Sector. Antam also follows the SMK3 standard procedures of the Government which was adopted from ILO OSH Guidelines for reporting purpose.</td>
</tr>
<tr>
<td>3. Labour Practices and Decent Works Performance Indicators</td>
<td>Antam’s Performance in 2006</td>
</tr>
<tr>
<td>-------------------------------------------------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td>LA7  Standard injury, lost days and absentee rates and number of fatalities (incl. subcontractors).</td>
<td>There were 18 light accidents, 12 major accidents, 1 fatal, 10,228 lost days, 2.67 frequency rate and 880.79 severity rate.</td>
</tr>
</tbody>
</table>

**Training & Education**

| LA9  Average hours of training per year per employee. | On average, Antam aims that every employee should get 12 days training per year. At the end of 2006, it has reached an average of 13.5 days per year. |

**Diversity and Equal Opportunity**

| LA10 Description of equal opportunity policies and its monitoring system. | Antam’s Human Resource Policy ensures that the entire Antam’s Human Resource Management Policy must be based on equal treatment. The Company’s Ethics Standards and Code of Conduct regulate that in terms of recruitment, selection, placement, training, compensation and promotion should all be conducted without any kind of discrimination. There are mechanisms to handle grievances with HR Policy as well as under the Collective Labour Agreement (Chapter XII on Grievances). |
| LA11 Composition of Senior Management and corporate governance bodies, including ratio male/female. | The Corporate Governance consists of five Commissioners and five Directors at the Head Office. On top of that, there are five Committees: i) GCG Committee, ii) Nomination, Remuneration and Human Resources Development Committee, iii) Audit Committee, iv) Risk Management Committee, and v) Environment and Mine Closure Committee. |

**Additional Indicators**

| LA12 Employee benefits beyond those legally mandated. | Antam’s remuneration system is far beyond the official requirements of the Government. In addition, Antam is paying other benefits that are not included in the legal requirement such as housing subsidy, allowance for religious ceremonies, funeral, 13th month salary, bonuses, annual incentives and other employment related benefits. |
| LA13 Provision for formal worker representation in decision making. | Worker’s representatives feel honored that Antam’s management is engaging the worker’s union seriously in all policy decision making processes and taking workers as its business partners. |
| LA14 Evidence of substantial compliance with ILO Guide Lines for OSH system. | Antam’s health and safety practices are based on OSH Policy (K3LP) for the Mining Sector. Antam also has its own OSH, Environment and Medical Services Policy (K3). Antam follows the standard Government Safety and Health Guide Lines (SMK3) which has been adopted from ILO Guidelines for OSH System for reporting purpose. |
| LA15 Description of formal agreements with trade unions covering health and safety. | Chapter V on Occupational Health and Safety and Working Environment (articles 17 – 23) is an official agreement between the Employees Union and the Management that regulates a safe and healthy working environment for the workers. The employees have the right not to accept any work instruction in case they feel the safety requirements are inadequate. |
| LA16 Description of programs to support continued employability of employees and to manage career endings. | HR Policy requires high level of competency for all Antam’s employees in addition to employee’s personal development efforts. When near retirement time, all employees are given the opportunity to attend additional training programs according to their choice (mostly on entrepreneurship) as preparation to support their social-economic activities following retirement time. |
| LA17 Specific policies and programs for management skills for lifelong learning. | There are specific management skills training programs prepared by Antam’s Learning Center for Senior Management personnel and future Senior Management candidates. Other skills or management training are based on HR Policy (9.3.1 Personnel Planning and 9.4.4 on Employee Training). |
### 4. Human Rights Performance Indicators

#### Strategy and Management

<table>
<thead>
<tr>
<th>HR1</th>
<th>Policies and guidelines to deal with all aspects of human rights. How they relate to existing eight ILO core conventions.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Antam’s HR practices are based on its HR Policy, Ethical Policy, Company’s Code of Conduct and a Collective Labour Agreement. All the normative are in compliance with national labour laws and regulations and its Company’s Code of Conduct ensures that each operational activity shall not violate the principles of human rights. Specific articles are dealing with issues of equality, non discrimination, freedom of association and collective bargaining, no child labour or forced labour and social protection and thus meeting all eight ILO core Convention requirements.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HR2</th>
<th>Evidence of consideration of human rights impacts as part of investment and procurement decision, including selection of suppliers/contractors.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Antam is highly committed not to violate the principles of human rights in each operational activity. In its relations to procurement, or selection of suppliers/contractors, Antam strictly follows its Code of Conduct article 2.8 on Relations with suppliers which are based on a high standard procurement ethics.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HR3</th>
<th>Description of policies and procedures to evaluate and address human rights performance, including monitoring system.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Violations of human rights aspects at Antam are addressed under HR Policy, Ethic Policy and Company’s Code of Conduct. There is a high level Nomination, Remuneration and Human Resources Development Committee to observe all the issues related to human resource and human rights.</td>
</tr>
</tbody>
</table>

#### Non-Discrimination

<table>
<thead>
<tr>
<th>HR4</th>
<th>Global Policy and procedures preventing all forms of discrimination.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Antam’s HR Policy, Collective Labour Agreement and Ethic Policy address and ensure that selection, recruitment, placement, promotion and termination processes and other working conditions are conducted in transparent manner with consideration to human rights principles and labour laws, including ILO conventions.</td>
</tr>
</tbody>
</table>

#### Freedom of Association and Collective Bargaining

<table>
<thead>
<tr>
<th>HR5</th>
<th>Description of freedom of association policy and its application.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Antam’s HR Policy and Company’s Code of Conduct acknowledge the freedom of association and collective bargaining of its employees based on Government Labour Law No. 13/2003. To this extend, its labour practices are very much in line with ILO Conventions No. 87 and 98. Its applications are clearly reflected through the two professional employees unions (Perpantam and SPSI) at the company level and the signing of a Collective Labour Agreement between the Management and Perpantam.</td>
</tr>
</tbody>
</table>

#### Child Labour

<table>
<thead>
<tr>
<th>HR6</th>
<th>Description of policy excluding child labour as defined by the ILO Convention 138.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Legally Antam is strictly adhering to Labour Law No. 13/2003, which includes Chapter X articles 67 – 75 on Child Labour. Antam’s Collective Labour Agreement with Employees Union (Article 11.3) specifically had fixed 18 years as the minimum age for employment at Antam, while its Company Code of Conduct does not permit the employment of Child Labour. This is in line with ILO Convention 138.</td>
</tr>
</tbody>
</table>

#### Forced and Compulsory Labour

<table>
<thead>
<tr>
<th>HR7</th>
<th>Description of policy to prevent forced and compulsory labour ILO Convention No. 29.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Antam follows Labour Law No. 13/2003 which prohibits any type of force and compulsory labour as per ILO Convention No. 29. In the case of OSH, any employee may refuse to undertake an instruction to work in case he/she feels that the safety requirements do not meet the standard. Harassment is not in line with HR Policy and Discipline Enforcement Team monitors all cases of discipline violation.</td>
</tr>
</tbody>
</table>
### 4. Human Rights Performance Indicators

**Antam’s Performance in 2006**

**Additional Indicators, Disciplinary Practices**

| HR8 | Description of appeal practices. | Existing practices are based on HR Policy, Ethic Policy and Collective Labour Agreement. Appeal mechanism can be conducted through: i) Direct supervisor; ii) Head of Department; iii) Head of HR Department; iv) Bipartite Body; or v) Tripartite Body (as per legal requirement). |

**Indigenous Rights**

| HR11 | Policies and guidelines to address the needs of indigenous people. | With regard to the needs of indigenous people, Antam's practice are based on its Community Development Policy which says that Antam should observe and participate in developing community in the context of sustainable development (article 11.1) and in compliance with all laws and regulations. The application of these policies are implemented where Antam has to allocate 1 – 3 % of its net profit for its partnership programs in addition to Antam’s own budget supporting community development activities. |

| HR12 | Description of jointly managed community grievance mechanisms/authority. | Under the company code of conduct, Antam will prioritize the principles of human rights in addressing conflict/grievance that may arise with the community in cooperation with the Government and Non-Government Organizations as well (article 2.1.15). |

| HR13 | Share of operating revenues from the area of operations that are redistributed to local communities. | Antam follows government rules and regulations on taxation and revenues. Some revenue portions are paid to official departments and local governments and will be used for community development purpose as planned. |

### 5. Society Performance Indicators

**Antam’s Performance in 2006**

**Community**

| SO1 | Description of policies to manage impacts on communities, including monitoring system. | Company's Code of Conduct supports fulfillment of human rights and considers the impacts of operational activities to surrounding community. Under the same provision, Antam also ensures that the surrounding communities should also get the benefits from Antam while respecting their local right (article: 2.1.1.2). To monitor the programs and activities, Antam has set up Community Development Units at its Head Office and all Business Units so that the work could be coordinated and managed better. |

**Bribery and Corruption**

| SO2 | Policy and procedures and mechanism for organizations and employees addressing bribery and corruption. | Company's Code of Conduct regulates all Antam’s employees and management practices on possible unfair and non transparent financial benefit within the system. There are standard ethics on disclosing financial activities of Antam’s personnel outside the company, on accepting gifts, discounts, special treatment, unreasonable payments, acceptance of travel expenses or hotel accommodation etc. In other words, all Antam’s personnel must be able to proof that they are not involved in any unfair, illegal or non-transparent financial benefit within and outside the company. As per article 2.11.1.6, Antam’s personnel should be required to immediately report any indication of or actual frauds with the company to the responsible units at Antam. |

**Public Policy**

| SO3 | Description of policy and procedures for managing political lobbying and contributions. | On political lobbying and contributions, Antam’s Company’s Code of Conduct explicitly and highly prohibits to donate the Company’s funds or assets for political purposes, both domestic and foreign and requires its business partners to comply with these provision on unreasonable payment and also with all laws and regulations. |
### 6. Product Responsibility Performance Indicators

<table>
<thead>
<tr>
<th>Customer Health and Safety</th>
<th>Antam’s Performance in 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PR1</strong></td>
<td>Description policy for preserving customer health and safety during use of products and services.</td>
</tr>
</tbody>
</table>

### Product and Services Labeling

| **PR2** | Description of policy and compliance mechanisms related to product information and labeling. | On compliance related to product information and labeling, all information to the public regarding the company, its products or services shall be accountable, informative and clear as per Antam’s External Relations Policy (article 5.5.2.1) and business unit managers are responsible to ensure that information materials related to products or services comply with Antam’s policy. |