

Jakarta, March 30th, 2023

Number : 018/RP-JATAM/Eks/III/2023

Attachment : -

Subject : Reports and Complaints

Dear

Mr. Mahendra Siregar
Chairman of the Board of Commissioners of the Financial Services Authority of the
Republic of Indonesia

In association with the Initial Public Offering (IPO) conducted by PT Trimegah Bangun Persada, a nickel mining company owned by the Harita Group, which operates in Kawasi, Obi Island, South Halmahera, North Maluku, we on behalf of the Mining Advocacy Network (JATAM) convey following matters.

1. Forasmuch that the IPO of shares of PT. Trimega Bangun Persada took place in the midst of widespread environmental devastation and the suffering of residents in Kawasi, South Halmahera, North Maluku. The operations of PT. Trimegah Bagun Persada, simultaneously with PT. Gane Sentosa Permai, PT. Halmahera Persada Lygend, PT. Megah Surya Pertiwi, and PT. Halmahera Jaya Feronikel on Obi Island—all of these companies are under the auspices of the Harita Group, and have devastated the people's land/plantation areas, polluting water sources, river water, and sea water, polluting the air due to dust and pollution that has an impact on the health of residents, to the point where it triggers social conflicts due to repeated intimidation and violence against residents who defend their land and living space.
2. Whereas in dealings to land issues, PT. Trimegah Bangun Persada, along with a number of other companies belonging to the Harita Group, have unilaterally annexed it without negotiation and fair compensation. This kind of actions at least experienced by Lili Mangundap and four families of land owners in Kawasi. Forced compensation is carried out exclusively based on the Decree (SK) of the South Halmahera Regent Number 117 of 2017 which regulates the price for guava plants, with details: per one fruiting hambu tree costs IDR 75,000, IDR 35,000 for unfruitful trees, and small trees or seedlings cost IDR 6,000. Apart from the type of plant, it is considered not economically valuable. Meanwhile, Lili Mangundap's husband, Andiras Datang, who protested against the unfair negotiation and land compensation process, was instead beaten with a buttstock by the security forces guarding the company. What was even more disastrous was the experience of Doweeks Johanis, another Kawasi resident who experienced violence and ended up in prison for six months in 2019 just for defending his land from the company's forced eviction efforts.
3. Similar situation is occurred as well by other Kawasi residents, where access roads to the resident's lands have been damaged due to the company's operations, along with residents' access to their own plantations. That almost all water sources for Kawasi residents have been polluted, due to nickel ore sedimentation from the company's operations. Residents – which before that is when the mine entered and operated they could get water for free – now have to spend money to get clean water. Some residents who are economically disadvantaged are forced to continue to depend on polluted water

sources.

The results of the Waterfall sample test by The Guardian in February, 2022, showed a high level of contamination by the carcinogenic substance Cr6 of 60 parts per billion (ppb). Cr6 is said to cause liver health issue, reproductive problems, and developmental disorders when ingested or inhaled. Long-term exposure through drinking water has also been linked to stomach cancer. Evidence has shown that Cr6 in drinking water can occur as a result of industrial processes that are caused by none other than the company. Even though it is polluted, residents are forced to use it for bathing and some who cannot buy gallons of water have to boil the water for consumption.

Narasi also carried out a similar investigation of seawater around Kawasi waters, including the Toduku River spring, which also strengthened The Guardian's findings and the confessions of Kawasi residents. Of the 12 water samples tested for nickel content, 11 samples were within the normal levels. However, in samples taken at the downstream point of the Toduku River, the nickel content reached 0.056 milligrams/liter¹¹. This figure has exceeded the safe threshold for marine biota which reaches 0.05 milligrams/liter in accordance with the Regulation of the Minister of Environment and Forestry (KLHK) No. 6 of 2009¹¹. The report concluded that Harita Nickel had dumped factory waste into the Toduku River and Ake Lamo River and had social, economic and health impacts on the community.

4. To inform that the sea space where fishermen find fish in Kawasi, Obi Island has also been polluted. The waste of mining production that is dumped into rivers and flows into the sea causes the coast and sea to turn a murky brown color. The waste disposal pipes from the company's activities lead to the sea, causing the ecosystem and fish to be polluted by heavy metals.

Referring to research conducted by Muhammad Aris in the journal *"Heavy Metal (Ni, Fe) Concentration in Water and Histopathological of Marine Fish, in the Obi Island, Indonesia"* (2020)¹², heavy metal pollution in the waters of Obi Island accumulates in the physiology of fish. Metals that contaminate seawater can be eaten by plankton, then plankton are eaten by small fish and large fish.

Obi Island is one of the national fish stockpiles, the production of which is sent to Jakarta and exported abroad. Fish that are polluted by heavy metals and consumed have a great potential to harm the health of consumers. This metal in the human body then causes cell damage which results in organ damage, so that the functions of the human body organs can be disrupted.

5. To inform that the operation of the coal-fired power plant which supports the operations of PT. Trimegah Bangun Persada and a number of other companies under the Harita Group, has polluted the air and caused residents' health to suffer. The distance is so close that the residents have to deal with dust, noise and dirty environment. In summer, kitchen equipment, dining table, chairs, floors, and rooms are full of dust from activities company and coal dust. The women have to clean up these dirt every day. Toddlers often cry because of the noise from the industrial area.

Residents admit that almost every day there are small children and adults who are brought to the village health facility, where medical equipment is not complete. Officers at the Kawasi Polindes admit that acute respiratory infections (ARI) are the most important health problem in Kawasi. Most patients are toddlers. There were 124 babies aged 0-1 years who

visited the Polindes from January to December 2021. There were 283 toddlers aged 1-5 years, followed by the 20-44 year age group with 179 people.

6. To inform that PT. Trimegah Bangun Persada intends to utilize the forest area around Kawasi to dispose of residual waste from production of mining operation. This was discovered after the company sent a letter to the Governor of North Maluku regarding the Request for Governor's Consideration of the Forest Area Release Plan for the Obi Island Industrial Estate Development Site. In a letter signed by the President Director of PT. Trimegah Bangun Persada, Donald J. Hermanus, the Obi island industrial area covers an area of 14,858.29 hectares, consisting of 9,839.04 hectares of production forest, 4,058.45 hectares of convertible production forest (HPK), an area other uses (APL) 601 hectares and water body 395.29 hectares. The unleashed forest area is a location by means of building the factory facilities and supporting infrastructure, as well as a development plan to optimize existing resources in the industrial area of Obi Island. Including for the construction of dams or embankments for disposal of tailings on land as a substitute in favor of plans for tailings disposal in the deep sea or *Deep Sea Tailings Placement*.
7. To inform that PT. Trimegah Bangun Persada also plans to force the residents of Kawasi to the company's Eco Village (housing). The location of this Eco Village is about five kilometers south of Kawasi. The relocation of the Kawasi residents to Eco Village actually exacerbated the existing problems. Aside from being related to the status of land and buildings owned by the company, the relocation was not simply moving houses, but in addition uprooting the community of residents from their villages which of course have cultural and historical values, along with their land, gardens and sea as living spaces.
8. Whereas starting from all of the facts above, it is known that **the operations of PT Trimegah Bangun Persada, as well as all Harita Group companies in Kawasi so far, have not complied with the principles of Environment, Social and Governance (ESG)**. On the contrary, all of these ESG principles have been violated, as has the company's operations which openly take away the rights of the people of Kawasi and a healthy and sustainable environment.
9. That in case the IPO plan for shares of PT Trimegah Bangun Persada is to be continued, then the company must issue a written statement openly, both to take responsibility for all the environmental and humanitarian crimes that have been committed, as well as to ensure that the island's ecological infrastructure and coastal waters are not damaged, especially in relation to the planned disposal of liquid waste in the forest area of Obi Island. Thus, various entities that are prospective purchasers of shares as well as those who have agreed to buy know before making a transaction, that the investment of fresh funds they are betting on is unlikely to be included in the ethical investment category. Their motives are clear and simple. PT. Trimegah Bangun Persada's investment promises enormous revenue generation, however, the entire production process takes place in the field of mining operations and processing of battery materials with a scale of damage that is completely impossible to recover. Continuing the IPO process will directly accelerate the prospect of worsening environmental conditions and the fate of island residents, both on the mainland and waters of the island of Obi, as well as in the entire sea of Halmahera which may not be completely free from contamination from open pit mining and HPAL processes.
10. We remind you in any case of the Financial Services Authority (OJK) and the Indonesian Stock Exchange (IDX) as financial transaction regulators and the highest capital and financial market organizers in Indonesia, must be responsible and participating in for generating ecological damage from PT. Trimegah Bangun Persada's investment in Obi

Island and its waters. , along with the risk of increasing the cost of mitigation costs, if possible to do so.

Thus we convey, thank you for your kindness and cooperation.



Melky Nahar
Koordinator JATAM

*For more information related to follow-up reports, please contact the Head of JATAM Legal Division,
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