



**AGINCOURT**  
RESOURCES



# **A SHARED FUTURE**

SUSTAINABILITY  
REPORT 2015



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# LIST OF ABBREVIATIONS

AISC	All-In Sustaining Costs
AMD	Acid Mine Drainage
AMDAL	Analisis Mengenai Dampak Lingkungan – Environmental Impact Assessment
ASA	Active Safety Agreements
BP4K	Badan Pelaksana Penyuluhan Pertanian Perikanan and Kehutanan – Implementing Agency for Agriculture, Fisheries and Forestry Counseling
BPTP	Balai Pengkajian Teknologi Pertanian – Institute for Agricultural Technology
BST	Basic Safety Training
CIL	Carbon-In-Leach
GPMB	Gelar Pemberdayaan Masyarakat Berbasis Budaya – Culture-based Community Empowerment
GRI	Global Reporting Initiative
HSE	Health, Safety and Environment
ICOLD	International Committee on Large Dams
JSEA	Job Safety Environmental Analysis
KPI	Key Performance Indicators
LKMM	Lembaga Konsultasi Masyarakat Martabe – Martabe People's Consultation Forum
LTIFR	Lost-Time Injury Frequency Rate
MIP	Martabe Improvement Programme
MoEF	Ministry of Environment & Forestry
PPE	Personal Protective Equipment
PTAR	PT Agincourt Resources
QA/QC	Quality Assurance and Quality Control
TSF	Tailings Storage Facility
WPP	Water Polishing Plant



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# ABOUT THIS REPORT

Harvest at a rice farming demonstration plot developed with support from PTAR.

# ABOUT THIS REPORT

**THE MARTABE GOLD MINE IS LOCATED IN SUMATRA, INDONESIA, AND IS OWNED AND OPERATED BY PT AGINCOURT RESOURCES. LIKE MANY MINES IN INDONESIA, IT IS SITUATED IN CLOSE PROXIMITY TO NATURAL FOREST AREAS AND WATERWAYS OF HIGH BIODIVERSITY VALUE. ALSO CLOSE TO THE MINE ARE RICE PADDIES AND PLANTATIONS, AND SETTLEMENTS RANGING IN SIZE FROM SMALL HAMLETS TO TOWNSHIPS.**

PT Agincourt Resources believes that all mining should be conducted in a manner that is socially responsible and sustainable. For the Martabe Gold Mine, this means carefully managing a range of outcomes, including safe and efficient operations, minimisation of environmental and social impacts and ensuring that our presence provides long-term social benefits for all local stakeholders.

Sustainability reporting for the Martabe Gold Mine commenced while PT Agincourt Resources was still under the ownership of G-Resources, in the G-Resources 2009 Annual Report. For reporting on the year 2014, it was decided to improve on this approach by producing a stand-alone sustainability report for G-Resources in conformance with the internationally recognised Global Reporting Initiative (GRI) Guidelines for sustainability reporting.



Purnama Pit (foreground), Process Plant (center) and the Tailings Storage Facility at the Martabe Gold Mine.



Nilam Nur Cahya Pane (Processing Operator) taking a slurry sample from a leach tank at the Martabe Gold Mine process plant. Her helmet, safety boots and work clothes with reflective bands are standard issue for all PTAR employees.

In March 2016, ownership of PT Agincourt Resources passed from G-Resources to new shareholders. As the operational sustainability aspects previously reported by G-Resources were all in relation to Martabe Gold Mine, the continuity of this reporting has been maintained as far as possible in this first sustainability report for PT Agincourt Resources.

**THE PURPOSE OF THIS REPORT IS TO COMMUNICATE IN A CONSISTENT AND EASILY UNDERSTOOD MANNER THE COMPANY'S IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT FOR THE MARTABE GOLD MINE. THIS REPORT MARKS OUR CONTINUED COMMITMENT TO SUSTAINABLE DEVELOPMENT AND IS INTENDED TO ASSIST OUR STAKEHOLDERS IN UNDERSTANDING WHAT WE HAVE DONE WELL AND ALSO WHAT WE CAN IMPROVE.**

The scope, content and boundaries of this report are in accordance with the GRI-G4 Guidelines for Sustainability Reporting<sup>1</sup>. This report focuses on the material aspects of the Martabe Gold Mine, being the potential economic, environmental and social impacts of our operations that are of most interest to our stakeholders. The GRI-G4 Guidelines require the reporting of a range of company data related to sustainable management, known as performance indicators. In this report we have reported on a selection of indicators that as a group satisfies the requirements of the Core Option under GRI-G4<sup>2</sup>.

The way in which the scope, content and boundaries of this report were established is described in Appendix 1 of this report.

The company encourages comment from readers of this report regarding how to improve its sustainability reporting so that it can best meet the interests and concerns of our stakeholders.

<sup>1</sup><https://www.globalreporting.org>

<sup>2</sup>There are two options for an organisation to prepare its sustainability report in accordance with the GRI Guidelines: the Core option and Comprehensive option.

# MESSAGE FROM THE PRESIDENT DIRECTOR

The Board of PT Agincourt Resources understands that the success of the Martabe Gold Mine will always depend on the quality of our stakeholder relationships and that amongst our many stakeholders, our local communities are the most important contributors to this outcome.

By many means and across many forums, our local communities have made it clear what values are of most importance to them in regards to the operation of the Martabe Gold Mine. Opportunities for social advancement, respect for local culture, the safety of people working at our site and protection of the natural environment are all paramount. Every decision that we make in building our business must be held up against these values to ensure that we retain the support of those most important to our company's future. This is the meaning of sustainable development.

When reviewing our company's progress in 2015, I believe that we have made significant progress in managing for sustainable development. Many of our achievements in this regard have not come to us easily but have depended on the sustained hard work and commitment of our employees and also of the contractor companies which support us. In recognition of these contributions, I am pleased to present some highlights here.



In 2015, the Martabe Gold Mine delivered another successful year which can be compared against a range of measures including environmental, social, safety, compliance and technical performance. We maintained our "social licence to operate" by achieving high standards in key aspects of our operation, including worker safety, community development, protection of the environment and regulatory compliance.

Our safety performance during 2015 was outstanding in comparison with the mining industry both in Indonesia and internationally. We were fortunate to complete the year with only two lost-time injuries, yielding a lost-time injury frequency rate of only 0.34 per million man hours, significantly better than regional benchmarks. We take pride in the fact that none of our employees was seriously injured while working at the Martabe Gold Mine last year.

Our environmental management performance was also strong in 2015. The site was awarded a Blue rating in the Indonesian government PROPER environmental assessment programme, meaning full compliance with all applicable environmental regulations and permit conditions. We also received a Pratama (Bronze) award from the Ministry of Energy and Mineral Resources for environmental management. We continued to set industry leading practice in the management of waste rock and tailings, and we maintained support for a river health monitoring programme conducted by the University of North Sumatra.

**Tim Duffy**

President Director & Managing Director  
PT Agincourt Resources

Our commitment to providing our local communities with access to high quality employment opportunities was maintained, with over 68% of our workforce (1,355 employees and contractors) being sourced locally. Likewise, we maintained our strong commitment to local purchase of goods and services wherever possible.

Our community development programmes continued to be diverse and practical in nature. This included construction and renovation of school rooms and sanitation facilities, support for community "reading gardens", training for local farmers and construction of roads, bridges and mosques. In recognition of these efforts, our company received four prestigious Gelar Pemberdayaan Masyarakat Berbasis Budaya (GPMB) awards for community development from the Coordinating Minister of Human Development and Culture.

On the operational front, we enhanced our reputation as a reliable low-cost gold producer. We produced gold for an All-In Sustaining Cost (AISC) of \$503 per ounce, an outstanding result and a significant improvement over preceding years. Total gold produced was 302,449 ounces (2014 275,514 ounces).

I encourage you to keep reading this sustainability report for a more detailed account of both our successes and setbacks in managing for sustainability in 2015.



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# ABOUT THE COMPANY

The Martabe Gold Mine process plant. The plant runs continuously day and night.

# PT AGINCOURT RESOURCES

PT Agincourt Resources is an Indonesian-based mining company. Its sole operating site is the Martabe Gold Mine located in Sumatra, with corporate functions being managed in Jakarta. The core business activities of PT Agincourt Resources encompass exploration, mining and mineral processing of gold and silver bullion.

In 2015, PT Agincourt Resources was 95% owned by G-Resources Group Limited, based in Hong Kong. The remaining 5% was owned by PT Artha Nugraha Agung, with shares held by the South Tapanuli District Government (70%) and the North Sumatra Provincial Government (30%).

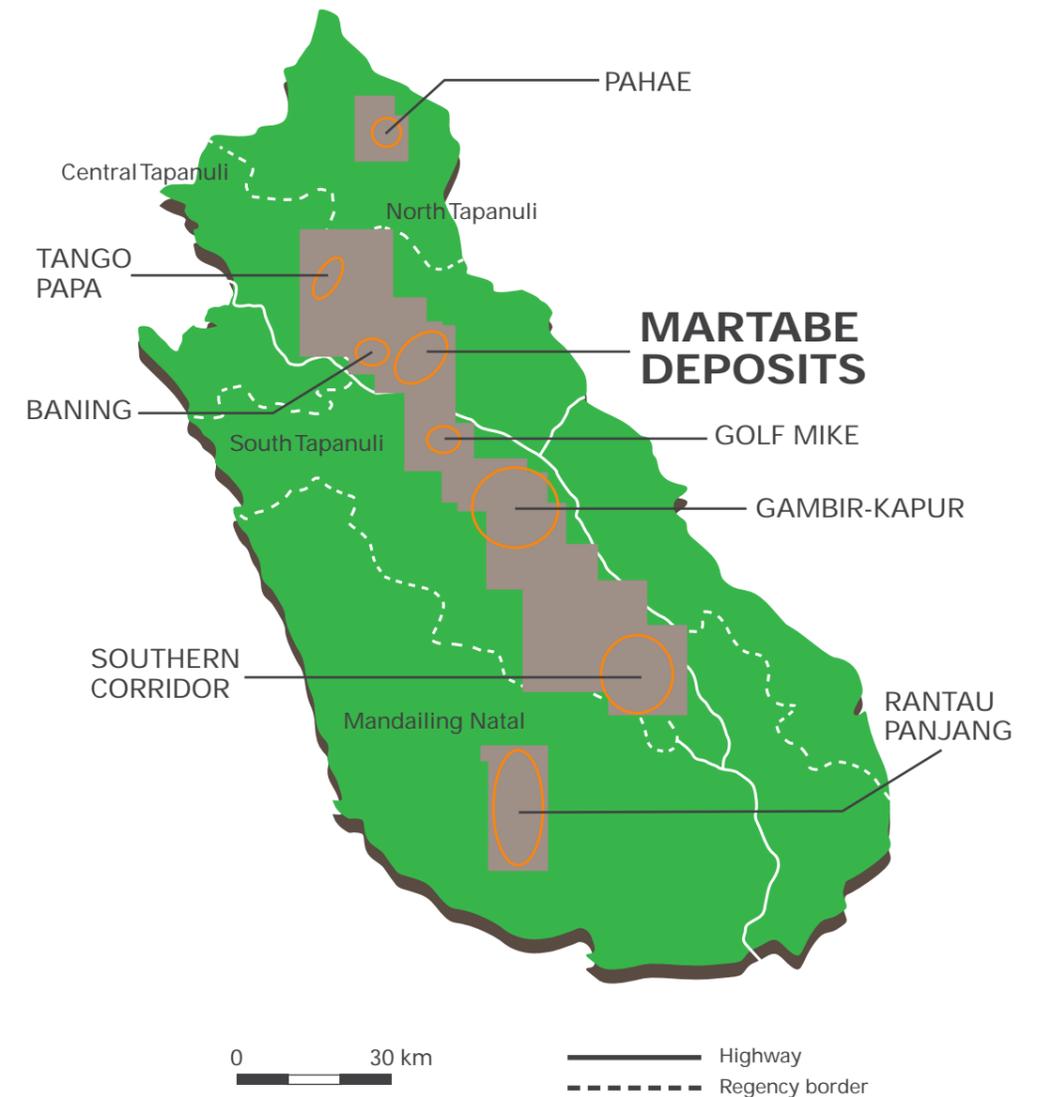
At the close of 2015, PT Agincourt Resources had 709 employees based at the Martabe Gold Mine and 26 employees based at the office in Jakarta. An additional 1,241 contractor employees were based at the mine. The company is committed to providing local communities with employment opportunities, and over 68% of the workforce (1,355 employees and contractors) was sourced locally.

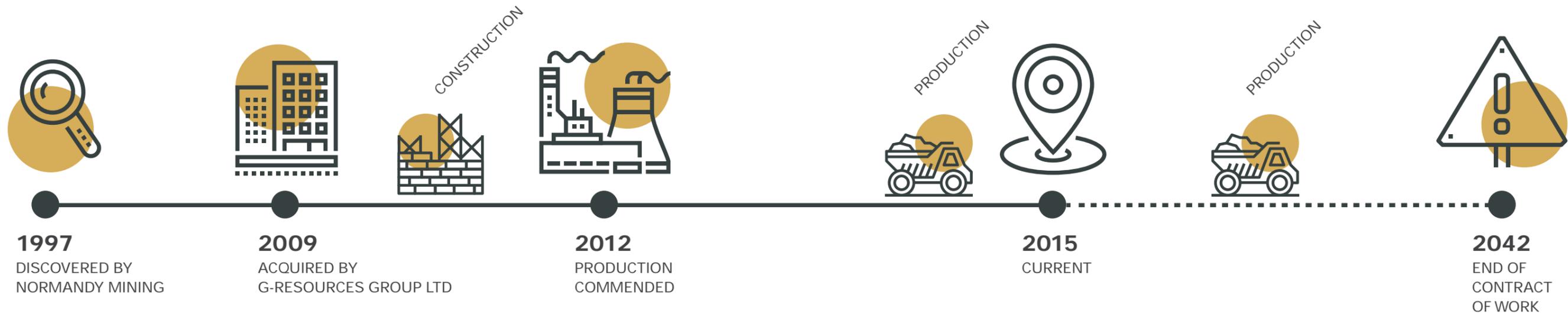
### Scale of the Organisation in 2015

Total Number of Direct Employees	735
Total Number of Contractor Employees	1,241
Total Workforce	1,976
Gold Produced	302,449 oz or 9,407 kg
Silver Produced	2,534,486 oz or 78,831 kg
Total Net Sales	USD 391 million
Gold	USD 351 million
Silver	USD 40 million

# THE MARTABE GOLD MINE

The Martabe Gold Mine is located in North Sumatra in the District of South Tapanuli. It lies in a largely rural area dominated by native forest and palm oil and rubber plantations. Most of the mine's support facilities are located adjacent to the trans-Sumatran highway and close to a number of villages that belong to the sub-district of Batang Toru. The operational facilities are several kilometres distant in a hilly area at the southern boundary of the Batang Toru Forest.





The Martabe gold and silver deposit was discovered by Normandy Mining in 1997. Following several changes in ownership, it was acquired by G-Resources Group Limited in 2009. Construction of the Martabe Gold Mine commenced in the same year, and production commenced in July 2012. The mine operates under a Contract of Work with the Indonesian government that defines terms, conditions and obligations of both PT Agincourt Resources and the government in respect of the operation of the mine and associated exploration activity. The area covered by this agreement covers 163,940 hectares; however, the active mine footprint is currently limited to 391 hectares.

There are six defined mineral deposits at the Martabe Gold Mine. Purnama is the largest and the first to be mined; mining at the nearby Barani deposit is scheduled to commence in early 2016. These deposits are of a type known as high sulphidation epithermal deposits and comprise part of a large-scale mineralised district which has the potential to host further gold and gold-copper deposits. As of December 2015, the estimated resource base of the Martabe Gold Mine was 7.4 million ounces of gold and 69 million ounces of silver.

The mine operational area is centred on the Purnama open-cut mine and a conventional carbon-in-leach (CIL) gold ore processing plant with a design capacity of 4.5 million tonnes of ore per annum. Associated infrastructure includes haul roads, a tailings storage facility (TSF), raw water storage tanks, sediment control dams, a water polishing plant, an analytical laboratory, a high voltage switchyard, explosive magazines and several workshops. Support facilities include an accommodation camp housing fly-in-fly-out employees, a sports oval, a medical clinic, administration and support buildings, a fuel depot, warehousing facilities and a plant nursery.

In addition to supporting mining and processing activities, the site also serves as the base for the company's regional exploration programme and has an exploration facility including offices, a core shed and a helicopter operations base.

As of December 2015, the Martabe Gold Mine had been in production for about three and a half years, with remaining mine life of at least 10 years based on current ore reserves. Through an ongoing exploration programme, the company continually seeks to extend ore reserves and hence mine life.

# ECONOMIC PERFORMANCE OVERVIEW

The Martabe Gold Mine is a profitable low-cost gold producer. The low cost of production is attributable to a range of factors including a good scale of operations, a low strip ratio, a relatively high grade, a relatively simple metallurgical process, excellent logistical access and a high quality workforce. The company has implemented the Martabe Improvement Programme (MIP) since operations commenced; this is aimed at progressively improving ounces of gold recovered and reducing costs in a sustainable manner, so as to increase the margin per ounce of gold produced.

The economic performance of the Martabe Gold Mine during 2015 continued the successes of previous years:

- **Ore processed** was **4.2 million tonnes**, a record for the site.
- **Total gold produced** was **302,449 ounces** and total silver produced was **2,534,486 ounces**, compared with 275,514 ounces and 2,238,076 ounces respectively in 2014.
- **All-in sustaining costs** for gold production under the World Gold Council guidelines were **USD 503 per ounce**, a significant improvement over 2014 (USD 700 per ounce) and outstanding by industry standards.
- **Sales of gold and silver** amounted to **USD 391 million**.

As a successful enterprise, the Martabe Gold Mine makes a very significant contribution to the wealth of local communities as well as nationally. In 2015 this included :

Wages and salaries paid to employees and contract staff amounting to USD

**22.5M**

Tax and royalty payments to Government totalling USD

**30.7M**

A large proportion of wages and salaries is spent in the local area, and this contribution will be continued over the life of the mine, as the company maintains its commitment to a target of

**70%**  
LOCAL EMPLOYMENT

Additionally, both the South Tapanuli District Government and the North Sumatra Provincial Government received dividends through the ownership of

**5%**  
OF PT AGINCOURT RESOURCES  
TOTALLING USD 250,000

Payments for the provision of goods and services by local vendors and suppliers amounting to USD

**12.2M**

Over USD

**1.26M**

spent on community development programmes.



# SUPPLY CHAIN

As is typical for mining operations, the Martabe Gold Mine is supported by numerous contractors and suppliers. The company's purchase of goods and services in 2015 amounted to USD 186 million. Most of this value resulted from contract mining services, logistics services and the purchase of reagents, fuel and spare parts. All mining at the site and associated civil works, including the ongoing construction of the tailings storage facility, is conducted by a contract mining company. This is a common arrangement at mine sites, with proven benefits in terms of cost and operational flexibility.



A dore bar (mixture of gold and silver) after pouring at the Martabe Gold Mine gold room. This will be refined off-site to produce gold and silver for sale.

# CORPORATE GOVERNANCE

Corporate governance can be defined as the framework of rules and practices by which a company is directed and controlled in order to ensure accountability, fairness and transparency in its relationships with its stakeholders.

## PT AGINCOURT RESOURCES OPERATES UNDER HIGH STANDARDS OF CORPORATE GOVERNANCE IN ORDER TO PROTECT THE INTERESTS OF ITS OWNERS AND ALSO THE RIGHTS AND EXPECTATIONS OF ITS OTHER STAKEHOLDERS, INCLUDING THE COMMUNITY, GOVERNMENT, BUSINESS PARTNERS AND EMPLOYEES.

During 2015, the company operated under the direction of the Board of Directors of G-Resources, comprising five executive directors and three independent non-executive directors. This governance was subject to provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong. PT Agincourt Resources also operated under the direction of its own Board of Directors, led by the company's President Director. This governance was subject to the company Articles of Association and the Indonesian Limited Liability Company Law No. 40 of 2007.

The principal functions of these Boards in regards to PT Agincourt Resources were to provide strategic direction and management oversight and to review and report on the company's performance. Operational budgets, contracts and expenditures above defined limits required approval at Board level. Specifically in regard to the issue of sustainable development, the Boards were accountable for policy in relation to corporate social responsibility and for overseeing the application of sound risk management practices, including the application of the precautionary principle in addressing environmental and social risks associated with the operation. The Chief Executive Officer of G-Resources was signatory to that company's Sustainability Policy, the scope of which included all activities managed under PT Agincourt Resources.

Indonesian company law also requires the establishment of a Board of Commissioners for the purpose of supervising a company's Board of Directors. The commissioners are not directly involved in running the company; however, they may monitor the correct application of corporate governance by the Board of Directors. PT Agincourt Resources had six commissioners in 2015, highly experienced across financial, political and social spheres.

The operational running of PT Agincourt Resources was delegated to the management team, led by the President Director, with divisional heads responsible for different aspects of the business. All company employees are subject to strictly implemented financial controls designed to facilitate the achievement of business objectives, safeguard assets against unauthorised use and ensure competitive tendering for goods and services purchased by the company. Varying limits of authority for financial approvals are specified for every level of management, and the company implements an on-line, highly controlled system for authorising payments to third parties. Financial audits of the company are conducted annually.

All employees of PT Agincourt Resources are required to sign a company Code of Ethics and Business Conduct. This commits the employee to a number of basic outcomes related to company governance, legal compliance, ethical behaviour at work and avoidance of conflict of interest between work-related and personal activities and interests. The company also requires all procurement staff and suppliers to sign a detailed Supply Chain Code of Conduct and Supplier Code of Conduct, respectively.

### ALL-IN SUSTAINING COSTS (AISC) FOR GOLD PRODUCTION

In 2014, the World Gold Council introduced a standard for calculating the true cost of producing gold for a mining company. This includes direct production costs (known as "cash costs") but also all other costs necessary for maintaining the business such as royalties and taxes and those costs associated with the smelting of and transport of bullion, corporate functions, administration, sustaining capital, sustaining exploration, mine development and site rehabilitation.





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**PLANNING  
FOR  
SUSTAINABILITY**

Planting rice at a demonstration plot developed with support from PTAR.

# PLANNING FOR SUSTAINABILITY

PLANNING FOR SUSTAINABLE DEVELOPMENT AT THE MARTABE GOLD MINE COMMENCED WELL BEFORE THE CONSTRUCTION OF THE PROJECT WITH THE IMPLEMENTATION OF A COMPREHENSIVE BASELINE ENVIRONMENTAL MONITORING PROGRAMME AND A DIVERSE RANGE OF ENVIRONMENTAL AND SOCIAL IMPACT STUDIES.



Planning for sustainable development remains a key focus of the management team and is supported by the ongoing implementation of special studies. In most cases, these are conducted by specialist consultants with international experience, some of whom are recognised as being leaders in their fields.

Environmental impact assessment is the process of assessing potential environmental and social impacts resulting from a development and identifying controls for their successful mitigation. Indonesian law requires a comprehensive environmental and social impact assessment, known as Analisis Mengenai Dampak Lingkungan (AMDAL)

to be completed for all large mining projects. The AMDAL for the Martabe Gold Mine was produced by consultants with reference to 38 individual environmental and social studies, and it was approved by the Indonesian government in 2008, allowing commencement of the project. The AMDAL comprises three documents, namely an environmental impact statement (Analisis Dampak Lingkungan or ANDAL), an environmental management plan (Rencana Pengelolaan Lingkungan or RPL) and an environmental monitoring plan (Rencana Pemantauan Lingkungan or RPL) which contain a large number of compliance requirements for the company which still apply today.

PTAR employees learning plant propagation skills at the Martabe Gold Mine nursery. The nursery produces seedlings for use in the site rehabilitation programme. A total of 6,272 seedlings were planted in 2015.

Since the AMDAL approval, various additional studies and reports have been completed in support of sustainable management at Martabe Gold Mine, and this process will be ongoing over the life of the mine. In 2015 these included:

- A community health study, which documented the main health issues and related socioeconomic factors faced by the local communities around the Martabe Gold Mine.
- A stakeholder mapping study, which included interviews with community representatives from ten local villages.
- An economic impact assessment, which measured the economic and fiscal impacts of the Martabe Gold Mine at national, provincial, and district levels.
- An addendum to the AMDAL, which addresses various changes to the mine plan including the planned Barani and Ramba Joring pits.
- A waste rock characterisation study for the Purnama deposit.
- An AMD Management Technical Manual. This document summarises the findings of a detailed two-year programme supporting the development of a best-practice AMD management programme for the site. The quality of this work saw two papers dealing with AMD management at the site being accepted for presentation at the 11<sup>th</sup> International Conference on Mine Closure in Australia in 2016.

In 2016, additional studies will be undertaken in support of sustainable management, including:

- A waste rock characterisation study for the Barani and Ramba Joring deposits in continuation of work already completed for the Purnama deposit. This will allow finalisation of a life-of-mine waste rock schedule, an important input into the correct management of waste rock at the site.
- A revision to the site water balance model.
- A forest disturbance survey which will utilise satellite imagery to accurately map disturbance due to operations at the Martabe Gold Mine and also disturbance in the surrounding forest areas due to fire, logging and clearing for agriculture. This will provide important information for biodiversity protection initiatives and it is planned that these surveys will be repeated every year over the life span of the operation.
- A revision to the 2015 economic and fiscal benefits study to take into account more recent macro-economic data.
- A long-term Corporate Social Responsibility plan.

In order to assist the planning of sustainability studies over the life span of the mine, a survey of studies conducted by other selected mining companies was implemented, and a provisional life-of-mine study schedule was established.



## LIFE-OF-MINE SUSTAINABILITY STUDIES SCHEDULE FOR THE MARTABE GOLD MINE





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**OUR  
APPROACH TO  
MANAGING FOR  
SUSTAINABILITY**

A foot bridge constructed at a local village as part of PTAR's 2015 community development programme. Projects like this are often implemented by village work groups with materials provided by the company.



# OUR APPROACH TO MANAGING FOR SUSTAINABILITY

**SUSTAINABLE MANAGEMENT OUTCOMES FOR THE MARTABE GOLD MINE ARE INTEGRATED INTO THE ONGOING MANAGEMENT OF OPERATIONS IN SEVERAL KEY WAYS INCLUDING THE USE OF RISK-BASED INTEGRATED MANAGEMENT SYSTEMS, THE PROVISION OF ADEQUATE RESOURCING IN TERMS OF BOTH BUDGETS AND MANPOWER, THE REQUIREMENT FOR SUSTAINABILITY OUTCOMES TO BE INCLUDED IN ANNUAL PLANS AND THE OPERATION OF SPECIAL COMMITTEES.**



# RISK-BASED MANAGEMENT SYSTEMS

The successful management of operational safety and potential environmental and social impacts resulting from a mining operation depends on the implementation of effective management systems. PT Agincourt Resources has progressively developed integrated health, safety and environment (HSE) and community management systems with the objective of international best practice.

The company implements a number of on-line systems to assist in the management of sustainable management outcomes, including incident management, training and competency and crisis management systems.

# RESOURCING

Sustainable management outcomes are integrated into annual budgets across all company departments so that the management team has the required resources to implement agreed annual plans. All company departments are involved in managing for sustainable management outcomes, while there are a number of departments specifically accountable for outcomes in support of the site as a whole, including the Community Development, Occupational Health and Safety, Environment, External Relations and Training and Development departments. These departments were manned by 158 person in 2015, or 21% of the entire company workforce.



Leach tanks at the Martabe Gold Mine process plant. The tanks are used to extract gold and silver from finely ground ore.

# ANNUAL PLANS AND PERFORMANCE TARGETS

**THE COMPANY DEFINES KEY SUSTAINABILITY OPERATING PRINCIPLES AND GOALS THROUGH A NUMBER OF POLICIES, INCLUDING AN ENVIRONMENTAL POLICY, AN OCCUPATIONAL HEALTH AND SAFETY POLICY, A COMMUNITY POLICY AND A SUSTAINABILITY POLICY.**

In implementing these policies, the company utilises a top-down annual planning process in which the organisation's key objectives for the year are cascaded down into approved plans for departments and then for sections, using a format called Plan on a Page. This process helps to ensure that the activities of departments and sections are aligned with and support sustainable management outcomes for the company. All members of the management team have personal key performance indicators which reflect the outcomes in these plans, and performance in achieving these outcomes is assessed annually.

To assist in monitoring performance against sustainability outcomes during the year, a range of key performance indicators is reported monthly, up to and including the Director level. One example is the Monthly Safety KPI Dashboard, which measures safety management across the departments using ten indicators, some of which are lagging indicators (measuring performance) and some of which are leading indicators (measuring management effort).

# SPECIAL COMMITTEES

Many of the identified sustainability outcomes for the company require coordinated effort from more than one Department. For example, using the management of a runoff water quality, key accountabilities are shared across the Mining, Processing, Environmental and Government Relations Departments. To facilitate and coordinate work in these cases the site operates a number of special committees targeting specific aspects of sustainable operations:

- Site Water Management Committee.
- Acid Mine Drainage Management Committee.
- Stakeholder Management Steering Committee.
- Risk Management Committee.
- Tailings Storage Facility Safety Committee.
- Safety Steering Committee.

All of these committees have a committee charter that defines the purpose and objectives of the forum (one example below).

Stakeholder Management Committee	
<b>Purpose</b>	To providing high-level coordination, guidance and review in support of implementation of best-practice stakeholder management by PT Agincourt Resources.
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Identifying and mapping of stakeholders of importance on an ongoing basis.</li> <li>• Maintaining effective engagement, consultation and collaboration with our stakeholders.</li> <li>• Developing and implementing effective stakeholder management strategies.</li> <li>• Providing stakeholders with relevant information about the operation and its potential impacts and benefits.</li> <li>• Ensuring our stakeholders have a good understanding of our commitment to environmental protection, social welfare and legal compliance.</li> <li>• Providing effective grievance mechanisms for our stakeholders.</li> <li>• Ensuring that the company's community development programme is seen as fair and effective.</li> <li>• Maintaining cooperative and effective relationships with public agencies.</li> <li>• Maintaining and enhancing our "social license to operate".</li> </ul>



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**OUR  
PERFORMANCE  
IN 2015**

A gold pour at the Martabe Gold Mine, almost a daily event. The high temperatures require specialized safety equipment for the gold room staff.

# OUR PERFORMANCE IN 2015

“Social licence to operate” generally refers to a local community’s acceptance or approval of a company’s project or ongoing presence in an area. It is increasingly recognised by the mining industry as a prerequisite to development and operations.

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**IN 2015, PT AGINCOURT RESOURCES MAINTAINED ITS “SOCIAL LICENCE TO OPERATE” BY ACHIEVING HIGH STANDARDS IN KEY ASPECTS OF SUSTAINABLE MANAGEMENT INCLUDING ENVIRONMENTAL MANAGEMENT, PEOPLE AND COMMUNITY DEVELOPMENT. ALTHOUGH THE YEAR WAS SUCCESSFUL FOR THE COMPANY, WE HAVE ALSO IDENTIFIED AREAS FOR FURTHER IMPROVEMENT.**

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# ENVIRONMENT

Communities close to mining operations often have concerns about the potential for impacts from mining on environmental values such as biodiversity, land productivity and air and water quality. In many cases, these concerns arise from knowledge about legacy mine sites with ongoing environmental issues or even about sites still in operation. These concerns must be addressed by any company that wishes to retain the support of local stakeholders.

Mining operations can be managed so that all potential environmental impacts are successfully managed, although it needs to be recognised that in some cases, the lack of correct planning and effective operational controls results in a different outcome. It is also the case that mining can provide rural communities with livelihoods and opportunities for social advancement that are otherwise unavailable or that are only available through land uses that are associated with greater risks of environmental impact such as large-scale monocultures, uncontrolled logging and subsistence farming.

Our goals for environmental management at the Martabe Gold Mine remain consistent year after year:

- Compliance with applicable environmental legislation and operating permits.
- Minimisation of impacts on water resources.
- Safe placement of tailings and waste rock.
- Avoidance of chemical spills.
- Minimisation of clearing of natural vegetation and rehabilitation of cleared areas as soon as possible.
- Rehabilitation of the site, after operations, to a safe and stable condition, supporting native forest or other sustainable land uses in accordance with community needs.
- Protection of biodiversity through operational controls and the implementation of so-called biodiversity offsets.
- Continual improvement.



The Water Polishing Plant at the Martabe Gold Mine. The large open tank or "clarifier" is the final stage before release of clean water by pipeline to the Batangtoru River.

A summary of how we work towards these goals and the results to date is given in the following sections.

We are pleased that our efforts saw the Martabe Gold Mine receive a Pratama (Bronze) award from the Ministry of Energy and Mineral Resources for environmental management in 2015. However, we also recognise that we must continue to improve our environmental performance in line with industry leading practice and society's expectations of the mining industry.

## Compliance

Managing compliance for a mining operation can be a complex undertaking. The operation of the Martabe Gold Mine is subject to laws and regulations enacted at national, provincial and regency levels. In addition, compliance requirements are contained within a range of operating permits specific to the site and to the Contract of Work.

A number of improvements were made in 2015 to support the management of environmental compliance:

- A mining legal database and an operating conditions database were implemented on the company's intranet so that operational management could readily determine compliance requirements for all activities being managed at the site. The operating terms and conditions database alone references 93 permits and 429 individual conditions or compliance requirements.
- Improvements were made to internal compliance reporting to senior management and the Executive.
- Management of the site water management system and discharge compliance was strengthened by the release of the Code of Practice Site Water Management.

The results of work by many employees in maintaining environmental compliance was rewarded in 2015:

- No fines or other sanctions were issued to the company for compliance breaches.
- Discharge of treated water from the site remained fully compliant with regulatory limits prescribed by KepMen LH 202 (see below for more detail).
- For the second consecutive year, the company was awarded a Blue rating under the well-known Indonesian Government PROPER environmental assessment programme — meaning full compliance with all applicable environmental regulations and permit conditions. This assessment was based on an audit of compliance with environmental approvals, discharge water quality, atmospheric emissions, hazardous waste management and site rehabilitation.

In July 2015, the company submitted an application to the Ministry of Environment & Forestry (MOEF) for renewal of our permit to place tailings in the Tailings Storage Facility (TSF). This is a requirement for the operation of the TSF after raising the embankment to RL 360, but is also an opportunity for the company to work with MOEF in the development of new permit conditions that are risk-based and appropriate to the operation of a TSF rather than of an industrial landfill, which is the focus of the applicable regulations. The company hopes that this collaboration may assist establishing an industry approach to the best-practice regulation of tailings management in Indonesia.

### Minimisation of Impacts on Downstream Waters

Water management and the site water balance are universal management concerns for mining operations in the high rainfall environments seen in the tropics. Surface mining usually exposes large areas of soil and disturbed rock. Rainfall on these exposed areas will mobilise solids and sometimes metals and acidity, with the potential for impacts on downstream waterways. Processing plants typically require large amounts of water for day-to-day operations, and open pits and dams may interrupt catchments and reduce the water reaching downstream users.

Rainfall at the Martabe site averages 4,553 mm per year, more than at many mines. In recognition of the

factors summarised above, water management at the Martabe Gold mine was incorporated into feasibility studies and environmental impact assessments well before the project commenced. The site operates a carefully designed water management system, based on detailed water balance modelling, to protect downstream water quality and to avoid excessive volumes of water accumulating in the TSF following rainfall. Under this system, runoff from areas disturbed by mining operations cannot directly leave the site but flows instead to the TSF or to large water management ponds. This arrangement provides for very good control over the quality of water leaving the site and entering downstream waterways.

Excess site water held at the TSF due to rainfall is treated in a water polishing plant (WPP) to remove contaminants before being released to the Batangtoru River. Ferrous sulphate is used to remove metals, and peroxide is used to destroy any residual cyanide. To ensure that this discharge meets required quality standards, the company samples discharge from the WPP every two hours. In parallel, duplicate samples are collected daily and sent to an off-site laboratory to ensure the accuracy of the test results.

In 2015, discharge took place on 283 days, with 12.8 million cubic metres of clean water being released.

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## COMPLIANCE WITH DISCHARGE REQUIREMENTS WAS 100 PERCENT, MAINTAINING A CONTINUOUS RECORD OF COMPLIANCE SINCE THE BEGINNING OF OPERATIONS.

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Ensuring that this discharge remains within regulatory limits designed to protect the receiving environment is a key control for the protection of downstream waters at the Martabe Gold Mine. As a means of providing an independent assessment of this outcome, the University of North Sumatra has been engaged by the company to conduct a River Health Monitoring Program in the streams and rivers surrounding the project. Under this programme, aquatic life at sites in the Batangtoru River was surveyed four times in 2015. The results of this monitoring have confirmed that there are no measurable impacts resulting from WPP discharge. This monitoring programme will be implemented for the life of the mine.

## The Integrated Team - Involving Stakeholders in the Monitoring of Mine Discharge Compliance

At the Martabe Gold Mine there is a need to routinely discharge clean excess site water to the Batangtoru River following treatment at the site's Water Polishing Plant (page 45).

Discharge of excess water is a common feature of mining operations in the wet tropics, and there are proven and cost-effective technologies available for treating mine process water prior to release in order to prevent environmental impacts in receiving waters. However, it is also the case that some mining operations have caused significant impacts on downstream waterways due to poorly managed mine water discharge.

It is therefore understandable that management of discharge from the Martabe Gold Mine to the Batangtoru River has been of particular interest to local stakeholders and regulatory agencies since before commencement of operations, particularly as this is the first such activity to be permitted by the South Tapanuli Regency. By means of a variety of stakeholder engagement processes, the company realised that an independent process for monitoring and reporting on the quality of water released to the Batangtoru River was necessary in order to fully address stakeholder concerns.

To meet this need, PTAR supported the regency and provincial governments in the development of an independent compliance assurance programme for discharge of water from the Martabe Gold Mine. This programme is implemented by a body known as the "Integrated Team", the structure, composition and functions of which have been prescribed by decree of the Governor of North Sumatra.

The Integrated Team comprises two "divisions" headed by a Chairperson:

- A "Sampling Division" is accountable for the collection of water samples and delivery of these to an accredited laboratory in Jakarta. This division comprises nine staff from the Regency and Provincial Governments, two staff from the Martabe Gold Mine, and most importantly, representatives from 15 local villages.
- An "Evaluation Division" is accountable for evaluation of the sampling results and verifying compliance with the discharge limits prescribed by the site's discharge permit. This division comprises 25 members, including staff from the Regency and Provincial Governments, academics from the University of North Sumatra, and two staff from the Martabe Gold Mine.

Every month, representatives from the Sampling Division supervise the sampling of water released to the river, and at five locations in the river upstream and downstream of the discharge point. These samples are then



Members of the Integrated Team and PTAR staff at the closing of the socialisation meeting to announce results of water quality monitoring in June 2015.



Representatives from local villages, both members of the Integrated Team, assisting PTAR Environmental staff with sampling of mine discharge water.

dispatched to an accredited laboratory in Jakarta for analysis. As an additional measure to ensure transparency of process, every quarter instead of simply shipping the samples to Jakarta they are escorted to the laboratory in sealed containers by a group comprising three community representatives and two government officers from the Integrated Team.

Separate to this water sampling activity but also in support of the Integrated Team, a team from the University of North Sumatra conducts aquatic biology monitoring in the Batangtoru River and also the Aek Pahu River every quarter. This "River Health" programme monitors the abundance and diversity of fish species and other biota in the rivers as well as metal levels in the tissue of fish taken from these rivers, and has been running since before commencement of operations.

The result of both the water quality and aquatic biology monitoring programmes are announced at a public meeting held by the Integrated Team at the Martabe Gold Mine, generally held each quarter. The water quality data is compared with the limits in KepMen LH No. 202/2014 and interpretation is provided by experts from the university. After the results are presented and discussed, a record of compliance is signed by the Integrated Team Chairman, government officers, representatives from local villages and PTAR management. Following the meeting, the results are communicated widely to stakeholders. Six such meetings have been conducted over 2014 and 2015.

The involvement of regulatory officers, scientists and local community in the monitoring of mine discharge and evaluation of compliance with the site's discharge permit is designed to ensure that all stakeholders have full confidence in the outcome. The operation of the Integrated Team is thought to be a unique arrangement within Indonesia, and has proven to be a very successful means of allowing for stakeholder involvement in the monitoring of environmental compliance by the company. The operation of the Integrated Team will likely be continued over the life of the operation.

PTAR is fully supportive of this process, and it aligns very closely with our values - GREAT (Growth, Respect, Excellence, Action, Transparency). Specifically we are striving for **excellence** in performance of our environmental compliance, we are completely **transparent** with the authorities and the community stakeholders by involving them and independent experts, and by championing this process we are showing **respect** for our local communities and especially the villages downstream of our discharge location.

## Safe Containment of Tailings

The process for extracting gold and silver from the ore at the Martabe Gold Mine is the same as at most gold mines. The ore is reduced to a fine slurry by crushing and grinding and adding water and cyanide. Once the gold and silver have been recovered, this slurry is known as tailings. Before tailings leave the process plant, it passes through a cyanide destruction process that reduces the cyanide to safe levels. All tailings at the Martabe Gold mine is permanently disposed in a tailings storage facility. The Martabe TSF is of a conventional and proven design, comprising an earth- and rock-fill embankment with a central clay core and associated sand filter zone. Over the life of the mine, the embankment will be progressively raised in height to provide sufficient capacity for the ongoing production of tailings.

Disposal of tailings in a TSF is a safe method in use around the world. However, tailings safety does rely on the proper design, construction and operation of a TSF. Accordingly, the Martabe Gold Mine TSF has been designed and constructed to meet industry best practice. It was designed by an internationally recognised engineering consultancy and complies with the International Committee on Large Dams (ICOLD) dam safety criteria. The design has been reviewed and

certified by the Indonesian Dam Safety Committee, and as a further control, the company commissions an annual independent safety review of the facility.

Construction of the embankment is tightly controlled and is subject to ongoing quality assurance and quality controls (QA/QC). These include tests on the construction materials themselves and tests after the materials have been placed and compacted in the embankment. These test results are signed by the supervising engineer to provide a permanent record of compliance with construction specifications.

Operation of the TSF proceeded to plan in 2015 and has been externally reviewed and verified. The amount of water held in the dam was continually kept to a minimum by the treatment and discharge of any accumulated rainfall inputs via the WPP. Through operation of a TSF Safety Committee, the company closely monitors all aspects relating to the safety of the structure, including the benchmarking of construction and operating practices against industry leading practice.

## Safe Placement of Waste Rock

As for most metalliferous mines, some of the waste rock produced at the Martabe Gold Mine has the potential to form acidity when disturbed by the mining process. This process, known as acid mine drainage (AMD), occurs due to oxidation of sulphide minerals contained in the rock and can be considered an acceleration of a naturally occurring process. It can be successfully managed by correct placement of the waste rock within a properly engineered structure that minimises oxygen entry.

The Martabe Gold Mine is thought to be unique in that construction of the TSF embankment at the site will require utilisation of almost all of the waste rock to be produced over the life of the mine. The TSF embankment is therefore a fully engineered structure addressing both tailings and waste rock disposal requirements for the site. This approach offers a number of key benefits including the reduction of waste rock rehabilitation costs and tailings storage costs as well as the minimisation of the risk of acid mine drainage.

Last year saw the completion of an intensive two-year work programme aimed at best-practice management of waste rock at the Martabe Gold Mine.

This work has entailed the systematic implementation of key outcomes including:

- Detailed waste characterisation studies entailing the testing of over 11,000 samples of rock from the Purnama deposit.
- Development of waste characterisation criteria.
- Production of a life-of-mine waste schedule based on these criteria.
- Selection of a waste sealing specification based on oxidation modelling.
- Progressive implementation of selective waste placement and sealing.
- Performance measurement to validate design and implementation.



An excavator and haul truck at the Purnama Pit, Martabe Gold Mine.

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## **ALL KEY TECHNICAL TEAMS AT THE MARTABE GOLD MINE, INCLUDING EXPLORATION, MINE GEOLOGY, MINE PLANNING, TSF CONSTRUCTION AND ENVIRONMENT, HAVE PLAYED AN INTEGRAL ROLE IN THE STRATEGY IMPLEMENTATION DURING THE YEAR.**

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The results of this work have been documented in an AMD Management Technical Manual for the site, completed in June 2015. This manual documents technical guidance for specific aspects of waste rock management and an overall framework for the management of waste rock. The quality of this work resulted in two papers dealing with AMD management at the site being accepted for presentation at the 11<sup>th</sup> International Conference on Mine Closure, to be held in 2016.

During 2015, specialised monitoring equipment was installed in the waste rock placed in the TSF embankment, and preliminary results from these installations have confirmed the effectiveness of the construction specifications in minimising the potential for acid generation. To ensure that the site is meeting industry best practice in the management of waste rock, the company engaged a specialist consultancy with vast international experience to review waste rock management at the site on an ongoing basis. This included four site reviews in 2015.

### **Avoidance of Chemical Spills**

Seven chemical spills were recorded in 2015. These were all very minor hydrocarbon spills related to equipment operation and maintenance, with a total volume of 35 litres. All spills were immediately cleaned up, and there was no release of spilt material to the natural environment.

### **Minimisation of Clearing of Natural Vegetation**

All land clearing at the Martabe Gold Mine is strictly controlled by means of the company's Land Access & Disturbance Request. This requires all land clearing to be approved by senior management and imposes specific controls on clearing, such as topsoil stockpiling and the implementation of sediment control structures, to minimise environmental impacts. No unapproved clearing was recorded in 2015.

### **Site Rehabilitation**

The company is committed to rehabilitating all areas disturbed by the mining to a safe, stable and productive condition. The long-term goal of the rehabilitation strategy in general is the establishment of a stable tropical forest similar to undisturbed forest in the area. During 2015, a total of 2.3 hectares of land disturbed by mining was rehabilitated, bringing the site total to 12.1 hectares. This is a relatively small area, as the large areas of disturbance at the site such as those at the Purnama Pit and the TSF are still in use and so are not yet available for rehabilitation. A total of 6,272 tree seedlings were planted, with 4,971 seedlings remaining as stock in the site nursery at the close of the year.



Tree planting at a local school sponsored by PTAR as part of a national "One Billion Trees" planting programme

## Protection of Biodiversity

All mining operations that disturb natural vegetation will have some impact on biodiversity, at least until the site has been rehabilitated. The disturbed footprint of the Martabe Gold Mine is partly located within an area of natural forest, and although this area is small compared to the total area of nearby forest, the management of impacts on biodiversity is an important issue for the Martabe Gold Mine.

In 2015, the management of impacts on biodiversity was strengthened by the release of the Code of Practice Biodiversity Management. This code documents operational controls required to minimise impacts on biodiversity including minimisation of unnecessary clearing, restoration of habitat by rehabilitating disturbed areas, minimisation of impacts on downstream waterways, feral animal control, reporting of sightings of any threatened fauna in the project area and a ban on any fauna collection or hunting on-site.

Although these measures will significantly mitigate impacts on biodiversity, the company has also been working to identify options for compensating for impacts on biodiversity through means of biodiversity offsets. Biodiversity offsets are measures that protect or enhance biodiversity which are undertaken specifically to compensate for unavoidable biodiversity impacts associated with a project after operational controls to mitigate impacts have been implemented.

During 2015, the company worked to identify an opportunity for a major biodiversity offset through collaboration with several conservation groups but was unsuccessful in achieving this. In October 2015, consultants completed a preliminary study for PT Agincourt Resources, assessing the feasibility of establishing forested areas on farm or plantation areas adjacent to the Batang Toru Forest as a form of biodiversity offset. Further work is planned in 2016 to assess the viability of this option.

# PEOPLE

## Safety

In line with industry leaders in safety management, our company believes that all accidents are preventable and has the goal of zero harm for all employees at work. Although any accident is preventable, it is also true that minimising the risk of any accident in a complex industrial environment is a difficult endeavour, and most mining companies are not successful in consistently eliminating serious accidents from the workplace.

**MINING OPERATIONS BY THEIR NATURE CONTAIN MANY HAZARDS, AND MINIMISING THE RISK OF ACCIDENTS REQUIRES CONSISTENT ATTENTION TO THREE RELATED FACTORS — WORKPLACE CONDITION, WORKER COMPETENCY AND WORKER BEHAVIOUR. OUR SAFETY PROGRAMMES ADDRESS ALL THREE, ARE REFLECTIVE OF INDUSTRY LEADING PRACTICE AND ARE CRITICALLY REVIEWED ON AN ONGOING BASIS.**

**Examples of programmes which have been in place since commencement of operations include the following.**

## GOLDEN RULES

Mandatory safety rules designed to protect workers from the most common causes of serious accidents in the mining industry. All people working at the Martabe Gold Mine receive training in the Golden Rules before commencing work.

## TAKE 5

A simple safety procedure that takes less than five minutes to complete before commencing work. This comprises a checklist designed to assist workers in identifying both the hazards and the required controls for a job to be done safely.

## ACTIVE SAFETY AGREEMENTS (ASA)

A technique targeting unsafe behaviour that has been successfully applied in other industries and at several major mines in Indonesia. An ASA requires managers to visit the workplace and engage workers in a structured discussion about how they could be hurt and what they should be doing to prevent being injured. In 2015, there were 554 ASAs conducted under this programme.

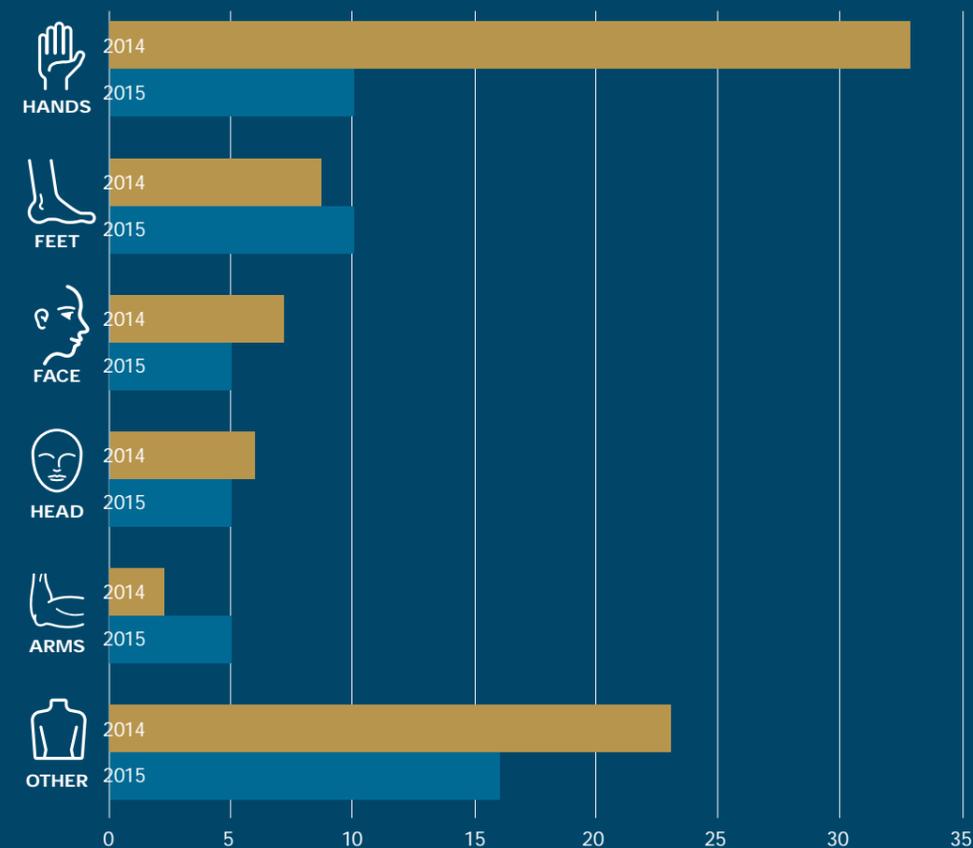
## WORKPLACE INSPECTIONS

Substandard workplace conditions are often a contributing factor to accidents. Common examples include trip and slip hazards, poor lighting, home-made tools, poor electrical cabling and unguarded moving parts on machinery. The company implements a regular inspection programme to monitor workplace conditions across the site using standard checklists and a team-based approach. In 2015, there were 96 workplace inspections conducted under this programme.

In order to monitor progress in meeting safety management targets, a Safety KPI Scorecard report was established in 2015 which uses 10 indicators to measure safety management across the departments.

The company requires that injuries and “near-misses” be reported. Accordingly, a total of 51 workplace injuries were reported in 2015. Of these, the majority, such as insect stings, required first-aid treatment only. Hand injuries were a particular concern in 2014, and we were therefore pleased to see a significant reduction in hand injuries in 2015, from 33 to 10 cases.

Martabe Gold Mine - Injury Count by Body Part



In 2015, the site experienced two injuries requiring time away from work, known as lost-time injuries. In January, a driver from a fuel supply company fell from a delivery truck to the ground, causing a fracture of the right lower leg. In October, a process plant worker was struck on the leg by a metal tie rod, receiving a flesh wound. Both workers fully recovered following treatment and rest.

A key safety performance indicator in industry is the lost-time injury frequency

rate (LTIFR), or the ratio of lost-time injuries to total man-hours worked. We were fortunate to maintain the good safety record achieved in previous years, and we completed the year with an LTIFR of 0.34 per million man-hours. This is an outstanding result by industry standards (for comparison, LTIFRs of 3.0 and 2.1 were reported for surface metalliferous mines Queensland and Western Australia in 2015/16).

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**THE COMPANY REQUIRES ALL REPORTED INJURIES AND “NEAR MISSES” TO BE INVESTIGATED. THE SYSTEMATIC EVALUATION OF SAFETY INCIDENTS TO IDENTIFY CAUSES ALLOWS FOR APPROPRIATE CORRECTIVE ACTIONS TO BE APPLIED SO THAT STEP BY STEP, THE RISK OF ACCIDENTS AT THE MARTABE GOLD MINE CAN BE REDUCED.**

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During 2015, there were a total of 138 safety incident investigations conducted using the company’s incident investigation system, and 396 individual corrective actions were implemented to address the risk of accidents and “near misses”.

Unfortunately, as many organisations have discovered, a good safety record does not ensure an ongoing good safety performance. It may in part reflect good fortune or, more precisely, the great variability often seen in accident rates for organisations even with many safety controls in place. There is never a time for complacency in the management of safety. While we were pleased with our safety performance in 2015, we understand that there is still work to be done in making Martabe a safe place to work, and to this end, additional programmes and safety initiatives will be implemented in 2016.

## 2015 SAFETY EFFORT SNAPSHOT MARTABE GOLD MINE

	Outcome	Number
Safety Awareness	Departmental Safety Committee Meetings	119
	Active Safety Agreements Completed	554
	Hazard Reporting Recognition Awards	11
	Safety Competitions	10
	Safety Alerts & Health Advisories	24
	New Safety Posters	10
Safety Training	Hours Attendance Safety Training Courses	17,000
Assurance	Vehicle & Equipment Inspections	170
	HSE Workplace Condition Inspections	96
	Hazards and Non-conformances Reported	83
Incident Management	Accidents and "Near Misses" Investigated	138
	Corrective Actions Completed	396
Safety Management System	New Safety Procedures & Forms	282

## Health

In addition to minimising the risk of industrial accidents, we are also working to minimise the risk to employee health from workplace exposure to noise, dust, heat and fumes. In 2015, we initiated a risk-based occupational health monitoring programme across all areas of the site. This provides us with a large amount of data on which to base engineering, procedural and personal protective equipment (PPE) controls.

This monitoring programme included :

# 953

WORKPLACE NOISE MEASUREMENTS

# 90

PERSONAL DUST MEASUREMENTS

# 718

EMPLOYEE MEDICAL ASSESSMENTS

# 706

DRINKING WATER TEST

A special monitoring programme for gold room workers confirmed that there was no risk from inhaled gases or workplace contamination.

A significant advancement in managing employee health in 2015 was the first comprehensive employee health assessment. Like most companies, PT Agincourt Resources requires annual medical check-ups for all site employees. Traditionally in the mining industry, these check-ups are used to ensure that individual employees are "fit for work" and to satisfy regulatory requirements. To gain greater value from this health information, a database was established in 2015 for the integration of all company employee medical check-up results. Using this database, consultant doctors were able to provide a detailed assessment of the health issues facing the overall workforce. This assessment has identified significant opportunities for improving employee health, quality of life and life expectancy by modifying lifestyle factors such as diet, exercise and smoking. A "Fit for Life" programme will be implemented in 2016 to address this opportunity with the assistance of consultant doctors.



Aya Asaga (Geologist) logging drill core at the Martabe Gold Mine core shed.

## Employment

A modern mining operation is a complex undertaking requiring contributions from many employees across many disciplines. Many roles require specialised skills and experience which take years to acquire and which are difficult to replace through external recruitment. With the goal of maintaining a high-quality and motivated workforce, the company applies several general principles to recruitment, remuneration and promotion:

- Recruitment and promotion is always based on merit.
- All employees are remunerated according a standard system, taking into account role and performance.
- Remuneration and other employee benefits are competitive with other local industries and the Indonesian mining industry.

As a key measure to maintain our social licence to operate, we are committed to providing our local communities with access to employment opportunities at the Martabe Gold Mine. Since the beginning of the project, we have had the goal of 70% local workforce for the site. At the close of 2015, there were 1355 local people working at the site, representing over 68% of our total workforce. This was a significant achievement, considering that most of these people had no previous experience of work at a mine site. In 2016, we will continue to preferentially recruit from local communities.

The company has a policy of affirmative action for gender equality. At the close of 2015, 15% of our total workforce was female, a similar result to 2014. This result needs to be viewed in the context of local cultural norms, in which traditionally, the men of the household would work for an income and the majority of women would normally be homemakers.

**AT PT AGINCOURT RESOURCES, THERE IS NO DIFFERENCE IN REMUNERATION PACKAGES AVAILABLE FOR MALES AND FEMALES IN THE SAME ROLE, AND THE COMPANY WILL CONTINUE TO WORK TOWARDS THE GOAL OF GENDER EQUALITY IN 2016.**

A significant enhancement to company employee benefits in 2015 was the implementation of third-party inpatient health insurance for all national employees. This provided employees with access to cashless in-patient treatment at over 700 hospitals and clinics across Indonesia, including hospitals in Sibolga and Padangsidempuan, the closest cities to Batang Toru and the mine site. Our health benefits have been benchmarked by a third party against Indonesian norms and have been assessed as being competitive.

## Training

Most of the people commencing employment at the Martabe Gold Mine have no prior experience of work in a mining or industrial environment. Training of our employees is therefore critical to the ongoing success of the Martabe Gold Mine.

The training delivered to our employees and site contractors is of four main types:



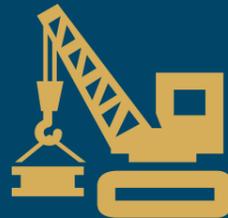
**HEALTH,  
SAFETY AND  
ENVIRONMENT  
TRAINING.**



**PERSONAL  
DEVELOPMENT  
TRAINING**



**TECHNICAL  
SKILLS**



**TRAINING FOR  
LICENCES TO  
OPERATE  
VEHICLES AND  
EQUIPMENT**

Most of our training is delivered on-site by company trainers, and most of the course materials have been developed in-house by the company so as to best meet our needs. A Training and Development Department delivers site-wide training courses, while specialist trainers are based in the operational departments. Most training is available in both English and Bahasa Indonesia. All employee competencies are managed through an on-line training management system.

A total of 117 company training courses were available to employees and contractors on-site in 2015. The average number of training hours for company employees was 43.7. The majority of employee training hours were spent in safety training courses, highlighting the importance of safety to the company.

Safety training is critical to preventing accidents, and while the company provides many types of safety training, there is a core group of safety competencies that is mandatory for all employees at the site, both company employees and contractors:

### Employee Induction

Mandatory training to allow the issue of ID badges. Provides basic knowledge required by all people working at Martabe:

- HSE Induction.
- Pit Induction.
- Golden Rules.
- Hazard Awareness.

### Basic Safety Training (BST)

Basic competencies generally required for people to work safely in operational areas:

- Take 5.
- Job Safety and Environmental Analysis (JSEA).
- Working at Height.
- Basic Permit to Work.
- Working in Confined Spaces.

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**OUR COMMITMENT TO DEVELOPING THE CAPABILITY OF LOCAL EMPLOYEES SAW THEM UNDERGO OVER 21,000 TRAINING HOURS IN 2015.**

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### Developing Local Talent

An important training and development programme for the site is the Nationalisation Development Programme. Under this programme, development plans are implemented for national employees to assist them gain the skills, experience and capability to occupy senior and specialised roles held by expatriate technical advisors. We are pleased to report that in 2016, there were an additional seven national managers and three deputy managers. Four of these new managers replaced expatriate roles.

**THE SUCCESS OF OUR EFFORTS TO MAXIMISE EMPLOYMENT OPPORTUNITIES FOR NATIONALS IS EVIDENCED BY THE FACT THAT IN 2015 THERE WERE ONLY 41 EXPATRIATES WORKING FOR PT AGINCOURT RESOURCES AND SITE CONTRACTORS, COMPRISING ONLY 2.1% OF THE TOTAL WORKFORCE. FOR COMPARISON AT THE END OF 2012, THE FIRST YEAR OF OPERATIONS, THERE WERE 77 EXPATRIATES WORKING AT THE SITE.**



Eva Simanjuntak, Hanifsyah and Melanie Sari (Database Supervisors) at the Martabe Gold Mine geology office.

# COMMUNITY DEVELOPMENT

**COMMUNITY DEVELOPMENT PROGRAMMES ARE COMMON IN THE MINING INDUSTRY, PARTICULARLY WHERE MINING OPERATIONS ARE LOCATED IN RURAL OR REMOTE AREAS WHERE LOCAL COMMUNITIES HAVE LIMITED ACCESS TO PUBLIC SERVICES.**

These programmes may reflect a company's core value of operating in a socially responsible manner. They may be implemented specifically to maintain a company's social license to operate, in other words, to ensure acceptance and support for the company's operations from local communities.

Also, some community development programmes may target outcomes of direct benefit to a mining company; for example, community training programmes may assist opportunities for local recruitment.



Anton Rahmadi, Agus Sudono, Suprianto, Ifan Farianda and Hanafi Harapan (PTAR Community Relations and Community Development Departments) assisting in cleaning a community irrigation canal.

PT Agincourt Resources has been a supporter of community development around the Martabe Gold Mine since project commencement. The company's community development programme goals include:

- Meeting immediate community needs and also providing for sustainable development into the future.
- Providing broad-based benefits that are readily accessible for all local stakeholders, including marginalised groups.
- Maximising benefit by enabling participation in project delivery by recipient communities, such as labour for construction projects or the work of farmers.

Based on stakeholder consultation, special studies and industry benchmarking, the company has targeted six main areas for delivering support to our local communities:

- Health
- Education
- Agriculture
- Public infrastructure
- Local business and economic development
- Social and cultural identity

In 2015, we spent USD 1.26 million on community development programmes. This was in addition to dividends paid to the regency and provincial governments.

### DIRECT FINANCIAL SUPPORT BY PTAR FOR COMMUNITY DEVELOPMENT IN 2015 (USD '000)

HEALTH	USD <b>231</b>
EDUCATION	USD <b>120</b>
PUBLIC INFRASTRUCTURE	USD <b>685</b>
LOCAL BUSINESS AND ECONOMIC DEVELOPMENT	USD <b>109</b>
SOCIAL AND CULTURAL IDENTITY	USD <b>7</b>
COMMUNITY SUPPORT (DONATIONS, EVENTS, ETC)	USD <b>114</b>
<b>TOTAL</b>	<b>USD 1,266</b>

OUR EFFORTS IN SUPPORTING COMMUNITY DEVELOPMENT IN 2015 WERE RECOGNISED WHEN THE COMPANY RECEIVED FOUR PRESTIGIOUS GELAR PEMBERDAYAAN MASYARAKAT BERBASIS BUDAYA (GPMB) AWARDS FOR COMMUNITY DEVELOPMENT FROM THE COORDINATING MINISTRY FOR HUMAN DEVELOPMENT AND CULTURE, INCLUDING GOLD MEDALS FOR OUR POSYANDU (PUBLIC MEDICAL CENTRE) REVITALISATION PROGRAMME AND OUR CLEAN WATER PROGRAMME AND SILVER MEDALS FOR OUR MARKOBUN MAHITA AGRICULTURAL PROGRAMME AND TAMAN BACAAN ANAK CHILDREN'S LIBRARY PROGRAMME.

## Education

Access to education is a fundamental requirement for sustainable development and is central to the aspirations of the communities around the Martabe Gold Mine. During the year 2015, the company maintained support for a number of programmes targeting local education needs. These include the following.

### Reading Gardens

Since before operations commenced, the company has supported the establishment of children's libraries, known as Taman Bacaan Anak or Children's Reading Gardens. These are established in partnership with village administration and provide children with free access to books in the absence of any local public libraries. Support by the company for this programme in 2015 included:

- Establishment of an additional reading garden in Batang Toru, bringing the total number of reading gardens to 13. There have been more than 53,000 visits to these libraries since commencement, with an average of 14 visitors per day per library.
- A two-day workshop to strengthen the capability of reading garden staff, with twenty-two attendees.
- A series of reading garden competitions culminating in a children's art performance. Ninety-five children performed traditional dances at this event, which was attended by more than 500 people.
- Distribution of 3,380 books to the reading gardens.
- Assisting the four best performing reading garden staff to participate in the Children's Library Olympiad 2015 held by the 1001 Buku Foundation in Jakarta. The company also donated funds to this event.



An event at a local school in support of Global Handwashing Day. In 2015 PTAR provided assistance for such events at 18 local schools at which students received information on hand-washing and dental hygiene.

# KAK AWAM MENDONGENG

Yuk Jadi Sahabat Tambang



Awam Prakoso, a well known story teller, participating in a mining awareness event at the 2015 North Sumatra Fair sponsored by PTAR.

## School Improvements

In 2015, the company provided support for the renovation of buildings and the construction of bathrooms at three schools in Batang Toru.

## English for Teaching Programme

The English for Teaching Programme was a collaboration between PTAR, the British Council Foundation Indonesia and the South Tapanuli Education Agency aimed at increasing the skill and confidence of local English language teachers. Spanning 2014 and 2015, this programme provided 17 high school teachers from Batang Toru and Muara Batang Toru with online and classroom training, resulting in significant improvements in teacher competency.

## Training for Preschool Teachers

In 2015, the company facilitated a three-day training workshop for 64 preschool teachers from Batang Toru in collaboration with Tim Penggerak Pembinaan Kesejahteraan Keluarga Batang Toru and the South Tapanuli Regency Education Agency. This included participation by two instructors from State University of Medan and by Awam Prakoso, a famous Indonesian story teller.

## Community Health

**PT Agincourt Resources has provided ongoing support for local health care programmes since project commencement.**

In order to correctly target this assistance in 2015, a coordination meeting was held between the company and the South Tapanuli Health Agency in February. The programmes and initiatives supported by the company in 2015 are summarised as follows.

### Batang Toru Medical Clinic

A major milestone in August 2015 was the opening of a medical clinic in Batang Toru, construction of which commenced in 2014. This project was fully funded by PT Agincourt Resources to a total value of USD 405,000, including provision of an ambulance. This clinic is operated by the South Tapanuli Public Health Agency and is designed to meet basic inpatient and 24-hour emergency needs, with two permanent doctors, six nurses and 15 beds. Prior to the operation of this clinic, the closest location for hospital standard medical services was in Padangsidimpuan, more than an hour's travel from communities local to the Martabe Gold Mine.

### Posyandu Revitalisation Programme

Posyandu or Pos Pelayanan Terpadu are community health centres for children, mothers and pregnant women, providing for basic health care needs including family planning, vaccinations, nutritional supplements and health care information. The company has been supporting the local posyandu since 2008. In 2015, the company visited 36 posyandu in villages in Batang Toru and Muara Batang Toru to donate food and milk. These centres received 3,500 visits from infants, mothers and pregnant women during the year.

To further support the posyandu, the company conducted "Posyandu Week" activities in October and November. This included competitions for best posyandu facility, best midwife, best cadre, healthiest infants and best infant food supplement programmes. Twenty-nine local villages participated in these competitions, which concluded with an event attended by more than 400 community representatives and health officers.



Missy Lubis (PTAR Community Health Officer) assisting with weighing of children at a local Posyandu (community health centre) supported by PTAR.

### Support for Community Health Services

Support by the company for general community health services included:

- Eighteen visits to local posyandu lansia (posyandu for the elderly) in support of elderly health services. This included food distribution and blood tests for 1,037 elderly residents.
- An exercise programme for the elderly across six local villages, involving 100 participants.
- Support for an event in Batang Toru for National Elderly Day, involving 187 elderly locals. This included medical check-ups and treatment for 178 persons.
- Delivery of free health services in five remote villages in Batang Toru and Muara Batang Toru, with a total of 605 recipients. This included free immunisations, check-ups for pregnant women, blood tests, dental consultations and counselling on hand-washing with the distribution of soap.
- Provision of medical care that resulted in the full recovery of two children with chronic malnutrition.

### School Health Programmes

As in previous years, the company supported various health initiatives for local schools, including:

- Delivery of health care information to 97 students from five local schools.
- For the second year, support for Word Environment Day by means of a Clean and Healthy School competition in collaboration with the South Tapanuli Public Health Agency.
- For the third year, support for the Global Handwashing Day, with events at 18 local elementary schools at which 1000 students received information on hand-washing and dental hygiene.

### Health Awareness

The company supported various health awareness and training events throughout the year in collaboration with South Tapanuli government agencies, including:

- A workshop on motivation and teamwork attended by 95 health centre staff and midwives.
- A workshop for community sanitation facilitators attended by 40 local government health staff, village midwives and health volunteers.
- A workshop on tuberculosis control with 160 participants over two days.
- A training course on immunisation delivery attended by 55 village midwives and health officers. As part of this event, the company donated vaccine, immunisation booklets and reference material.
- A seminar on reproductive health attended by 161 local health officers.
- An awareness session on HIV/AIDS attended by 130 housewives.
- A coaching programme on health issues for school peer counsellors.



Recipients of cataract surgery waiting for post-operative care in the "Open Your Eyes, See the Beautiful World" programme supported by PT Agincourt Resources. From its inception in 2011, this programme has provided free cataract surgery for 4,230 local people.

### Cataract Surgery Programme

In 2015, for the fourth consecutive year, PT Agincourt Resources collaborated with the Bukit Barisan Military Command and the humanitarian organization "A New Vision" to provide free eye examinations and cataract surgery for underprivileged members of the local community, in a programme called "Open Your Eyes, See the Beautiful World". During this event, 694 patients received cataract operations and a further 36 people were treated for pterygium (growth over the eye).

From its inception in 2011, this programme has provided eye examinations for more than 12,000 people and cataract operations for 4,230 people. The success rate of these operations has been 100%, with the youngest patient being only eight months old. In addition to the company providing financial support, about 150 employees from the Martabe Gold Mine have worked as volunteers to help prepare patients for surgery and provide post-surgery care.

The restoration of sight can significantly relieve financial hardship within the families of the people receiving surgery, as both the person with restored sight and their family carer are then able to return to contributing to the household.

## Support for Local Business

### Local Procurement

PT Agincourt Resources has a policy of the preferential purchase of goods and services from local suppliers if price and quality requirements can be met. This has resulted in significant levels of local procurement, and this support will be maintained over the life of the operation.

In 2015, there were 91 local suppliers to the company, and local purchases amounted to USD 12.2 million. This included a diverse range of goods and services, such as:

- Fuel supply.
- Supply of sand for construction of the TSF.
- Construction and building repair and renovation.
- Light vehicle maintenance and rental.
- Provision of packed meals.
- Waste transportation.
- Landscaping and grounds maintenance.
- Tree felling.
- Provision of office stationary supplies.
- Operation of a commissary at the mine camp (selling snacks, drinks and basic supplies to employees).



PTAR staff assisting in the weighing of produce from a papaya demonstration plot, established as part of a company community development programme in 2015.

### Local Business Improvement Programmes

In addition to supporting local businesses through the direct purchase of goods and services, the company also provides support for business establishment and development. In 2015, this included:

- A training course for youth entrepreneurs, with 38 participants from local villages.
- Support for the establishment of Bagasta, a souvenir and cafe shop in Batang Toru run by local women.
- Donation of seed and fertiliser to local rice farmers.
- A programme to increase the productivity of rice paddies by the use of demonstration plots, in collaboration with BP4K Batang Toru (Badan Pelaksana Penyuluhan Pertanian Perikanan dan Kehutanan, or the Implementing Agency for Agriculture, Fisheries and Forestry Counselling).
- A benchmarking trip for 23 representatives from local farmer groups to the North Sumatra BPTP (Balai Pengkajian Teknologi Pertanian, or Institute for Agricultural Technology), an agricultural research body.
- Assistance to local farmer groups in the establishment of demonstration plots of watermelon, pineapple and papaya totalling 1.5 hectares, in collaboration with BPPPK Batang Toru. By the end of the year, these plots had provided produce for sale to the Martabe Gold Mine catering contractor and to local markets.
- Benchmarking trip for local farmers to inspect pineapple production in Pekanbaru.
- Assistance for the development of aquaculture (fish farming) in several local villages. This included the provision of fingerlings and training in fish husbandry. The catfish harvest was marketed to local markets and in Padangsidempuan, the capital of the regency.
- Assistance for six Kelompok Wanita Tani (women farmer groups) with the establishment of demonstration plots for cucumber, eggplant, long bean, bean, watermelon, kale and ginger. These plots provided produce for sale to the Martabe Gold catering contractor and to local markets. Development of the Kelompok Wanita Tani is also successful in progressing women's empowerment.

### Infrastructure

**PUBLIC INFRASTRUCTURE IMPROVEMENT HAS BEEN AN ONGOING FOCUS OF THE COMPANY'S COMMUNITY DEVELOPMENT PROGRAMME, WITH BENEFITS BEING AVAILABLE TO A WIDE CROSS-SECTION OF THE COMMUNITY. THIS HAS INCLUDED IMPROVEMENTS TO WATER SUPPLIES, TOILETS AND WASHING FACILITIES, ROADS AND BRIDGES AND SCHOOL FACILITIES.**

These improvements have generally been implemented by village work groups, with materials provided by the company or by local contractors. In 2015, this support included:

- Construction of a clean water pipeline project, scheduled for completion in 2016. This comprises 16 km of pipe and will service seven local villages.
- Three toilet facilities in local villages.
- Concrete roads in seven villages totalling 1.4 kilometres.
- Renovation of bridges and construction of two new foot bridges.
- Road lighting in Batang Toru.
- Construction of a mosque and renovation of four existing mosques.
- Continuation of construction of the Al-Jihad "Great Mosque" commenced in 2014 and scheduled for completion in 2016.
- Renovation of a football field.



Teaching traditional dance at a community "reading garden" in a local village, sponsored by PTAR.

## Support for Cultural and Social Events

**PT AGINCOURT RESOURCES UNDERSTANDS THAT THE TRADITIONAL CULTURE OF COMMUNITIES SURROUNDING THE MARTABE GOLD MINE IS ESSENTIAL TO THE SENSE OF IDENTITY AND QUALITY OF LIFE ENJOYED BY LOCAL COMMUNITIES.**

In 2015 support for the promotion of local culture included:

- A public workshop to discuss books written by a local traditional leader, Sultan Tinggi Barani Perkasa Alam. This author is the only person from South Tapanuli to have written books documenting local Batak tradition and culture, and the author has been prolific in this regard, with 43 titles.
- A Tabligh Akbar (mass religious gathering) to mark the onset of the Muslim holy month of Ramadan. This was organised in collaboration with Majelis Ulama Indonesia (the senior Muslim clerical body in Indonesia). About 3,000 people attended this event.
- Also in Ramadan, fast-breaking events at the mosques of 15 local villages, with 600 participants, as well as a fast-breaking event for orphans and the elderly, with 200 participants. The company also provided donations of food for 404 orphans and 1,197 elderly locals.
- Donations and sponsorships for 63 causes including religious celebrations, national days, public facility improvement, women's groups, educational and sporting events and youth activities.



A traditional Batak ceremony to welcome a new mining contractor to the Maraboe Gold Mine. Leading the group to greet local community leaders, from left to right are Mick Fisher (Operations Manager JV MacMahon NKE), Tim Duffy (President Director PTAR), Stevi Thomas (Deputy General Manager General Affairs PTAR) and Ed Cooney (General Manager Operations PTAR).

# STAKEHOLDER ENGAGEMENT

# STAKEHOLDER ENGAGEMENT

**A COMPANY'S STAKEHOLDERS ARE THOSE INDIVIDUALS OR GROUPS THAT HAVE AN INTEREST IN THE ACTIVITIES OF THE COMPANY AND ARE IMPORTANT TO ITS ONGOING SUCCESS.**

Stakeholder engagement is the process by which a company engages in dialogue with its stakeholders, to share information, understand stakeholder concerns and expectations, resolve issues and maximise opportunities for cooperation. Effective stakeholder engagement is essential for the success of PT Agincourt Resources through maintenance of our social license to operate.

The stakeholders of PT Agincourt Resources are a diverse group with a wide range of views, beliefs, expectations and needs. They include the local communities surrounding the Martabe Gold Mine, government agencies, legislative bodies, politicians, non-government organisations, suppliers, contractors, investors, academics, media, customary and religious leaders, and also our own employees and their families.

PT Agincourt Resources has been carefully managing stakeholder relationships since commencement of the Martabe Project. Our approach since the beginning has been to:

- Identify our stakeholders, and understand their needs, concerns and aspirations.
- Actively seek dialogue and build trust with all stakeholder groups, including potentially marginalised groups such as women, the elderly and youth.
- Provide timely and accurate information to our stakeholders about all aspects of operations at the Martabe Gold Mine.
- Show patience in dealing with others and respect for their beliefs, cultural values and practices.
- Support local employment and Implement fair and transparent processes for recruitment and procurement.
- Facilitate open reporting of concerns and grievances in relation to our activities.



Ifan Farianda (Senior Supervisor Business Support) assisting with rice planting at a demonstration plot supported by PTAR.

# COMMUNICATION WITH STAKEHOLDERS

The Martabe Gold Mine is the first mine operation in South Tapanuli, and hence many of our local stakeholders have a limited understanding of mining and the management of environmental and social impacts associated with mining operations. To help raise awareness of operations at the Martabe Gold Mine the company maintains a very active broad-based communication programme. In 2015 this included:

Tours of the mine site for 2,020 local people as part of a community site tour programme, including village leaders, students, teachers, farmers, market vendors and members of youth and womens groups. Under this programme, which has been running for three years, participants receive an explanation of site water management and production activities at the site and are able to voice any questions or concerns.

Hosting site visits by students and staff of the Medan Institute of Technology, the TD Pardede Institute of Science and Technology, the University of North Sumatra and the Islamic University of South Tapanuli.

Publication of Tona Nadenggan (meaning “the good message” in the local Batak language), a bi-monthly company magazine that covers matters of interest to external stakeholders including community development projects, environmental management and cultural activities.

Publication of Saroha (meaning “one heart” in the local Batak language), a weekly company email newsletter for employees which also covers community-related topics.

Maintaining the company website Great Martabe, which presents news and information on the mining industry, operations at the Martabe Gold Mine and stakeholder-related topics.

Wide distribution of the company's 2014 Sustainability Report, which was printed in the Bahasa Indonesian, English and local Batak languages and which was also made available on the Great Martabe and G-Resources web sites.

Hosting of an annual seminar for 28 journalists from 20 North Sumatra media outlets to help improve the media's understanding of mining and to support balanced and factual reporting on the Martabe Gold Mine.

Circulating 40 press releases on selected issues related to the Martabe Gold Mine and holding seven media briefings to share operational updates.

Facilitation of quarterly site visits to communicate the company's sustainable development projects for media at all levels, including two television documentary crews for the production of short features on the operation and our community development programme.

Arranging eleven on-line information sessions (known as “e-Coaching Jam”) which allowed students to directly engage with mining professionals from the Martabe Gold mine and gain practical knowledge about employment in the mining industry.

Participation in the 44th North Sumatera Fair and several other public events by displaying information about activities at the mine site and hosting an information session on mineral exploration for student groups.

# ENGAGEMENT IN STAKEHOLDER FORUMS

An important element of our stakeholder engagement strategy is regular meetings with the Lembaga Konsultasi Masyarakat Martabe (LKMM). The purpose of this forum is to facilitate dialogue between the company and local communities, with membership comprising 21 elected representatives from 15 local villages, including participants from women's groups and youth groups. In 2015, company representatives met with the LKMM each month to discuss issues ranging from payment of a company dividend, farmers' concerns and the local recruitment practices of site contractors.

Additionally, August 2015 saw the inauguration of Badan Pengelola Deviden Masyarakat Martabe, comprising 17 community members and tasked with the equitable distribution of company dividend funds to the community. These dividends represent 40% of the returns allocated to government through ownership of 5% of the company.



Tengku Erry Nuradi (Acting Governor North Sumatra) on a tour of the Martabe Gold Mine with Linda Siahaan (Vice President PTAR).



Candra Nugraha (Environment Manager PTAR) addressing members of DPRD South Tapenuli (Parliamentary Commission) on a site visit to review mine operations.

**In addition to meeting with these groups, we participated in many other stakeholder meetings including:**

- Regular attendance at meetings of the Batang Toru Forest conservation forum Wahana Komunikasi Konservasi Ekosistem Hutan Batang Toru (WAHANA).
- Meetings with members of the North Sumatra parliament (DPRD) both in Medan, to present on environmental management at the Martabe Gold Mine, and on-site, to review operational aspects, safety and the implementation of the national health care programme.
- Meeting with local government, and community members from the District of Muara Batang Toru to explain and get support for the regional exploration programme in that district.
- Attendance at a workshop organised by the North Sumatra Board of Forestry to review changes in zoning status for forest areas.
- Attendance at a meeting of the Sumatra Orangutan Conservation Forum in September.
- A meeting with the non-government organisations Conservation International Indonesia and Pertanian Alternatif Nusantara Sumatra Utara to brief them on the company.
- Attendance at a watershed management workshop organised by Conservation International Indonesia.
- Attendance at a workshop held by the National Human Rights Commission on resolution of social conflict related to farming land use in North Sumatra.

# MANAGEMENT OF GRIEVANCES AND CONCERNS

The company encourages open and unrestricted reporting from stakeholders in regards to concerns and grievances about our activities. Any such grievances are recorded, assessed and responded to. In 2015, we received five formal community grievances and a range of other undocumented complaints and concerns.

The issues included:

- Claims of reduced rice yield.
- Opportunity for employment with PT Agincourt Resources.
- Fairness of recruitment practices by a site contractor.

All of these were resolved through dialogue with the parties involved.

# UNDERSTANDING STAKEHOLDER PERCEPTION

An important aspect of stakeholder engagement is to understand the economic and social impacts resulting from the operation of the Martabe Gold Mine and also the conditions and challenges facing our stakeholders in general. To this end, the company commissioned an economic impact assessment conducted by the University of Indonesia in 2015. This measured the economic and fiscal impacts of the Martabe Gold Mine at national, provincial and district levels, and it also provided

valuable socioeconomic data regarding our local stakeholders. Information on the latter was gained through a survey of 250 households across 10 local villages.

Important results from this survey are summarised as follows:

- 70% of the households agreed that the company has informed local communities of its activities, citing meetings, information boards, leaflets and site visits.
- 54% of the respondents perceived positive impacts resulting from the presence of the mine, such as employment, improvement of public infrastructure, local business opportunities, general economic improvement and community welfare.
- 29% of the respondents perceived negative impacts resulting from the presence of the mine, such as pollution, population increase and social issues.
- 92% of the respondents knew that there were employment opportunities for women at the mine.
- 92% of all respondents stated that in the past one year, they have had no issue or conflict with our company.

Any important understanding when reviewing information from stakeholder surveys is that perceptions do not necessarily reflect reality; however, they have to be understood and managed in any case, as perceptions will directly affect the company's social licence to operate irrespective of whether they are completely accurate or less so. The information gained from the survey will assist the company in better targeting stakeholder communication efforts and community development programmes. We will continue surveys of this nature over the life of the mine.

Another way of understanding stakeholder perception and in particular of identifying issues of concern is to monitor local and national media for views and information regarding the company's activities. In 2015, we recorded a total of 867 media hits, consisting of 699 positive, 94 neutral and 74 negative viewpoints or cases of news regarding the Martabe Gold Mine.

# NO. 7

## EXPLORATION & SUSTAINABLE MINING

Mining at Purnama Pit. The mining fleet utilizes articulated dump trucks for the movement of ore and waste.

# EXPLORATION & SUSTAINABLE MINING

**FOR THE MINING INDUSTRY, EXPLORATION IS FUNDAMENTAL TO THE PRINCIPLE OF SUSTAINABLE DEVELOPMENT, AS ONLY THROUGH THE CONTINUED DISCOVERY OF NEW ORE BODIES OR BY THE EXTENSION OF EXISTING ORE BODIES CAN MINING CONTINUE TO OCCUR INTO THE FUTURE.**

It is not appreciated by all stakeholders that mineral exploration is a high-risk activity and one that sees many more failures than successes; the success rate of all exploration programmes across the world is estimated to be 0.5% or less. Exploration by PT Agincourt Resources has overcome these odds by adding 1.15 million ounces of gold to the Martabe reserves since 2009. This is equivalent to an additional 4.6 years of mine life (at a nominal production rate of 250,000 ounces of gold per year). This is an outstanding result. Martabe is a world-class mineral deposit, and the company is aiming to make further additions to mine life by means of a very active exploration programme managed by a highly skilled and experienced exploration team.



Sahat Lubis (General Assistant) and Edward Mandabaian (Project Geologist) sampling and trench mapping.



Muhammad Syahputra (Geologist) explaining features of a drill core sample to visiting students at the Martabe Gold Mine core shed.

The long time lag between discovery and being able to commence the mining of new orebodies is another factor which needs to be taken into account when managing for sustainable mining operations. At the Martabe Gold Mine, exploration is aimed at adding to the current orebodies as well as discovering new orebodies that might require many years to develop. This is managed by means of a risk-based exploration strategy whereby more effort and budget is spent on targets close to the current mine, and a smaller budget is continuously spent on high-risk but high-reward targets which might support the development of a new mining operation.

The risk-based exploration strategy being implemented has been successful in extending current mine life and also in improving the probability of discovering major new deposits. In short, it is supporting the goal of sustainable gold mining.



Nixon Herdianto (Processing Operator) inspecting one of the grinding mills at the Marfabe Gold Mine.

# APPENDICES

## APPENDIX 1

### OUR PROCESS FOR DEFINING REPORT CONTENT, SCOPE AND BOUNDARIES

In order to gain full value from our sustainability reporting and also to meet the requirements of the GRI-G4 Guidelines for Sustainability Reporting, it is our aim that the scope, content and boundaries of this report fully address the interests and concerns of our stakeholders with regards to our operations, with particular reference to local stakeholders that may be directly affected by the Martabe Gold Mine.

To this end, a multi-staged approach has been applied in determining the content of our sustainability reporting, a process that commenced in support of the 2014 Sustainability Report and has been enhanced since that time.

In 2014 we began this process by internally identifying the aspects of our activities that have been identified as being of particular interest or concern to our stakeholders through many forms of stakeholder engagement. This took into account both actual and potential or perceived impacts, with particular emphasis on those relevant to local communities around the Martabe Gold Mine.

This preliminary list of topics collated by company staff was then validated by consultants against company records of stakeholder engagement documenting issues of interest or concern in relation to our operations. To ensure materiality from a broader perspective these topics were compared with to aspects commonly reported in sustainability reporting for mining companies in general. The "Sustainability Topics for Sectors: What Do Stakeholders Want to Know?" guide produced by GRI Research and Development was utilized for this purpose.

This work produced a preliminary list of material topics and groupings that was presented to company Executives for review and approval in late 2014. This extensive list was then prioritized by ranking each in terms importance from the perspective of both stakeholders and the company. From this process, the most material topics were identified as:

- Economic impacts
- Local businessdevelopment
- Tailings management
- Water pollution
- Management of Biodiversity
- Site Rehabilitation
- Local employment
- Community development and support
- Occupational health and safety
- Training and staff development

A company workshop was then carried out to identify the G4 Aspects that were aligned to these topics. A total of 44 indicators from GRI's Specific Standard Disclosures were identified as relevant and able to be reported, and on this basis were included in the scope of the 2014 Sustainability Report. As a separate exercise, General Standard Disclosures were selected to meet the "in accordance - core" option of the GRI-G4 Guidelines.

In 2015 this work was reviewed on the basis of additional information on local stakeholder concerns provided by a stakeholder mapping study and an economic impact assessment, both completed in 2015. These studies reinforced the existing selection of material aspects, and for reasons of continuity the selection of material aspects and associated indicators applied to the 2014 Sustainability Report was carried over into this report.

The boundaries of this report were modified from that of the 2014 Sustainability Report due to a change of ownership of PT Agincourt Resources (explained in Section 1). As PT Agincourt has only one operation, all aspects of operational sustainability contained in this report apply to the Martabe Gold Mine.

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	2014	2015
<b>CATEGORY: ECONOMIC</b>			
<b>ASPECT: ECONOMIC PERFORMANCE</b>			
<b>EC1</b>			
<b>Direct Economic Value Generated and Distributed*</b>			
Total Economic Value Generated – Revenues (A)	USD '000	387,577	394,774
Total Economic Value Distributed (B)	USD '000	310,515	319,412
<i>Total Operating Costs</i>	USD '000	260,611	261,937
<i>Wages and Benefits to Employees and Directors</i>	USD '000	27,074	25,403
<i>Community Investments</i>	USD '000	1,652	1,329
<i>Total Payments to Government</i>	USD '000	21,178	30,743
<i>Royalties Expense</i>	USD '000	2,111	2,348
<i>Other Taxes</i>	USD '000	4,313	3,976
<i>Tax Expenses</i>	USD '000	14,754	24,419
<b>Total Economic Value Retained (A – B)</b>	USD '000	<b>77,062</b>	<b>75,362</b>

## NOTES:

- \*PTAR.
- As per GRI Guidelines, Economic Value Retained = Economic Value Generated - Economic Value Distributed.
- Amounts include revenues and costs determined on an accruals basis, consistent with the audited financial statements.
- Operating costs related to expense recognised in the financial statements. They exclude employee wages and benefits, payments to governments and community investments.
- Dividends in the amount of USD 3,000,000 were paid to PTAR's controlling shareholders in 2015.
- Dividends in the amount of USD 250,000 were paid to PTAR's non-controlling shareholders in 2015.

## EC2

## Financial Implications and Other Risks and Opportunities for Organisation's Activities Due to Climate Change

No significant impacts, other risks and opportunities identified for PTAR's activities due to climate change.

## ASPECT: MARKET PRESENCE

## EC5

## Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage

Male	Ratio	1.0	1.0
Female	Ratio	1.0	1.0

## EC6

## Proportion of Senior Management Hired from the Local Community

Percentage Local	%	0.0	3.7
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## NOTES:

- Senior Management is defined as Managers and above.
- Local is defined as residing in South and Central Tapanuli.

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	2014	2015
<b>ASPECT: INDIRECT ECONOMIC IMPACT</b>			
<b>EC7</b>			
<b>Development and Impact of Infrastructure Investments and Services Supported</b>			
Total Community Investment	USD '000	1,652	1,329
<i>Community Relations</i>	USD '000	104	63
<i>Community Development:</i>	USD '000	1548	1266
<i>Health</i>	USD '000	156	231
<i>Education</i>	USD '000	195	120
<i>Local Business and Economic Development</i>	USD '000	190	109
<i>Social and Cultural Identity</i>	USD '000	12	7
<i>Community Support</i>	USD '000	105	114
<i>Public Infrastructure:</i>	USD '000	890	685
Total Number of Projects	Number	36	33
Total Duration of Projects	Days	1,891	2,266

## NOTES:

- 2014: Converted from IDR, with USD 1 = IDR 12,821.
- 2015: Converted from IDR, with USD 1 = IDR 13,640.
- Investments have been provided in the form of cash and in-kind. Pro bono contributions have not been included in this table.

## ASPECT: PROCUREMENT PRACTICE

## EC9

## Proportion of Spending on Local Suppliers

Local	%	13	7
National	%	68	73
International	%	19	20

## NOTES:

- Local is defined as suppliers with their business based in South and Central Tapanuli.
- National is defined as suppliers with their business based in Indonesia, other than South and Central Tapanuli.

## CATEGORY: ENVIRONMENTAL

## ASPECT: MATERIALS

## EN1

## Materials Used by Weight or Volume

<b>Raw Materials</b>			
<i>Milled Ore (Dry)</i>	tonne	3,867,000	4,220,000
<b>Other</b>			
<i>Process Reagents</i>	tonne	17,452	16,045
<i>Grinding Media</i>	tonne	7,774	9,893
<i>Oils and Lubricants</i>	tonne	28	31
<i>Other Chemicals</i>	tonne	43	107

## NOTES:

- All materials are non-renewable.

## EN2

## Percentage of Materials Used that are Recycled Input Materials

Total Recycled Input Materials Used	%	0	0
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## NOTES:

- No recycled input materials were used.

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	2014	2015
<b>ASPECT: WATER</b>			
<b>EN8</b>			
<b>Total Water Withdrawal by Source</b>			
Surface Water	m <sup>3</sup>	5,974,000	5,974,000
Ground Water	m <sup>3</sup>	99,692	101,482

### NOTES:

- Surface Water is the average water withdrawals as determined by site water balance modelling.
- No municipal or waste water is drawn.
- Rain water entering the TSF and other dams is included in the site water balance.

### EN9

#### Water Sources Significantly Affected by Withdrawal of Water

Aek Pahu	m <sup>3</sup> /h	682	682
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### NOTES:

- This is the average reduction of flow as determined by site water balance modelling.
- Flow in Aek Pahu stream (downstream of the BSD) has been reduced due to interception of catchment by site water management structures. Modelling indicates on average flow is reduced by 682 m<sup>3</sup>/h.

### EN10

#### Percentage and Total Volume of Water Recycled and Reused

Volume Water Recycled	m <sup>3</sup> /h	Up To 451	Up To 451
Percent Water Recycled	%	Up To 60	Up To 60
Volume Water Reused	m <sup>3</sup> /h	0	0
Percent Water Reused	%	0	0

### NOTES:

- These are the percentages and total volume of water recycled and reused as determined by site water balance modelling.

## ASPECT: BIODIVERSITY

### EN11

#### Operational Sites Owned, Leased, Managed in, or Adjacent to Protected Areas and Areas of High Biodiversity Value Outside Protected Areas

Number of Sites	Count	1	1
Position in Relation to the Protected Area	km	Adjacent	Adjacent
Size of Operational Site (Footprint)	Ha	370	391

### NOTES:

- Site is the Martabe Gold Mine located in North Sumatra, Indonesia.
- Site has nil subsurface and underground land.
- Mine footprint approximately 4 km at closest point to Protected Forest.
- The majority of the landscape within the Mining footprint before construction was forest, degraded forest, plantation, cleared land and tracks. Due to the close proximity of villages, townships and extensive plantation areas the area had experienced significant previous disturbance including the presence of numerous walking tracks used by workers to access rubber plantations.

### EN13

#### Habitats Protected or Restored

Number of Habitats in Protected Area	Count	0	0
Number of Habitats in Restored Area	Count	0	0

### NOTES:

- Areas that have been rehabilitated on-site are not yet fully restored.

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	2014	2015
<b>ASPECT: EFFLUENTS &amp; WASTE</b>			
<b>EN22</b>			
<b>Water Discharge</b>			
<b>Total Water Discharge</b>	m <sup>3</sup>	<b>10,125,971</b>	<b>12,826,258</b>
Clean Water Discharge from Water Polishing Plant (WPP)	m <sup>3</sup>	10,111,874	12,813,667
Domestic Discharge	m <sup>3</sup>	14,097	12,591

### NOTES:

- Clean Water is treated at the Water Polishing Plant, compliant with KEPMEN LH 202/2004, then discharged into the Batangtoru River.
- Domestic Water is treated at the Camp Sewage Plant, compliant with KEPMEN LH 112/2004, then discharged into a minor stream.
- All water is discharged into natural waterways rather than being directly provided to other parties for use.
- Volumes shown are metered volumes.
- Release of general site runoff water is not included in the above table.
- Domestic Discharge shows discharge from the site Sewerage Treatment Plant.

### EN23

#### Total Weight of Waste by Type and Disposal Method

<b>Hazardous Waste</b>			
Reuse	tonne	0	0
Recycling	tonne	0	193
Composting	tonne	0	0
Recovery	tonne	602	267
Incineration	tonne	11	0
Deep Well injection	tonne	0	0
Landfill	tonne	0	109
On-site storage	tonne	0	0
<b>Non Hazardous Waste</b>			
Reuse	tonne	0	0
Recycling	tonne	0	0
Composting	tonne	35	14
Recovery	tonne	0	0
Incineration	tonne	278	52
Deep Well injection	tonne	0	0
Landfill	m <sup>3</sup>	6,816	7,220
On-site storage	tonne	0	0

### NOTES:

- In 2015, a large proportion of domestic waste, which was previously incinerated and composted, was disposed of by a third party.
- A monthly tally of waste disposal quantities is maintained by the Environmental staff. Off-site disposal is regulated by contract. All hazardous waste is disposed by licensed waste disposal companies subject to regulation by Government.
- On site tailings disposal is documented in MM3.

### EN24

#### Total Number and Volume of Significant Spills

<b>Total Number of Spills</b>	Number	<b>3</b>	<b>7</b>
<b>Total Volume of Spills</b>	litre	<b>46</b>	<b>35</b>
<b>Oil:</b>			
Soil	litre	41	35
Water	litre	5	0

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	2014	2015
<b>Fuel:</b> Soil	litre	0	0
Water	litre	0	0
<b>Waste:</b> Soil	litre	0	0
Water	litre	0	0
<b>Chemical:</b> Soil	litre	0	0
Water	litre	0	0
<b>Other:</b> Soil	litre	0	0
Water	litre	0	0

## NOTES:

- All reported spills are regarded as significant.
- All reported spills occurred at the Martabe Site.
- No significant impacts resulted from spills that occurred and all spills were fully cleaned up.

## EN25

## Weight of Transported, Imported, Exported, or Treated Waste Deemed Hazardous

Transported	tonne	613	569
Imported	tonne	0	0
Exported	tonne	0	0
Treated	tonne	0	0
Shipped Internationally	%	0	0

## EN26

## Identity, Size, Protected Status, and Biodiversity Value of Water Bodies and Related Habitats Significantly Affected by the Organization's Discharges of Water and Runoff

Water Body and Related Habitats	Number	0	0
Size	-	-	-
Protected Status	-	-	-
Biodiversity Value	-	-	-

## ASPECT: OVERALL

## EN31

## Total Environmental Protection Expenditures and Investments by Type

Waste Disposal, Emission Treatment, and Remediation	USD '000	2,109	2,864
Treatment of Water	USD '000	1,765	2,298
Hazardous Waste Management	USD '000	147	349
Non Hazardous Waste Management	USD '000	150	151
Rehabilitation	USD '000	47	66
<b>Prevention and Environmental Management</b>	<b>USD '000</b>	<b>1,481</b>	<b>1,464</b>
Environmental Monitoring	USD '000	399	503
Training	USD '000	4	7
Research and Development	USD '000	405	340
Reclamation Guarantee	USD '000	197	78
Other Actual Environmental Management	USD '000	476	536

## NOTES:

- 2014: Converted from IDR, with USD 1 = IDR 12,821.
- 2015: Converted from IDR, with USD 1 = IDR 13,640.

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	2014	2015
<b>ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS</b>			
<b>EN34</b>			
<b>Grievances about Environmental Impacts Managed through Formal Grievance Mechanisms</b>			
Total Grievances Filed	Number	7	1
Total Grievances Addressed	Number	7	1
Percentage of Grievances Addressed	%	100	100
Total Grievances Resolved	Number	7	1
Percentage of Grievances Resolved	%	100	100

## NOTES:

- No environmental grievances were carried over from 2013 to 2014.
- No environmental grievances were carried over from 2014 to 2015.

## CATEGORY: SOCIAL - LABOR PRACTICES &amp; DECENT WORK

## ASPECT: EMPLOYMENT

## LA1

## Total Number and Rates of New Employee Hires and Employee Turnover by Age Group and Gender

<b>Total New Hires</b>	Number	<b>112</b>	<b>78</b>
Male	Number	101	67
Female	Number	11	11
Age <30	Number	25	34
Age 30-50	Number	80	36
Age > 50	Number	7	8
Local	Number	36	29
Non-Local	Number	76	49
<b>Hiring Rate</b>	%	<b>15</b>	<b>10</b>
Male	%	16	11
Female	%	9	8
Age <30	%	12	20
Age 30-50	%	16	7
Age > 50	%	14	20
Local	%	9	7
Non-Local	%	23	15
<b>Total Turnover</b>	Number	<b>68</b>	<b>90</b>
Male	Number	57	85
Female	Number	11	5
Age <30	Number	16	16
Age 30-50	Number	37	52
Age > 50	Number	15	22
Local	Number	21	25
Non-Local	Number	47	65
<b>Turnover Rate</b>	%	<b>9</b>	<b>12</b>
Male	%	9	14
Female	%	9	4
Age <30	%	8	9
Age 30-50	%	7	10
Age > 50	%	31	54
Local	%	5	6
Non-Local	%	14	20

## NOTES:

- Rates are calculated using the total number of employees in the given category at the end of the year.

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	2014	2015
<b>LA2</b>			
<b>Benefits Provided to Full-Time Employees that are Not Provided to Temporary or Part-Time Employees</b>			
<b>Count</b>	Number	0	0

## NOTES:

- PTAR does not have Part-Time Employees.
- Benefits provided to Full-Time Employees include: Life Insurance; Health Care; Disability & Invalidity Coverage; Parental Leave (Maternity Leave); Retirement Provision.
- Stock Ownership is not provided.

<b>LA3</b>			
<b>Return to Work and Retention Rates After Parental Leave</b>			
Entitled to Parental Leave	Number	123	129
Parental Leave Taken	Number	5	15
Return to Work After Parental Leave	Number	5	15
Return to Work After Parental Leave Ended who Were Still Employed Twelve Months After Their Return to Work	Number	5	15
Retention Rates After Parental Leave	%	100	100

## NOTES:

- Only female employees are entitled to Parental Leaves, which is termed Maternity Leave.
- Data applies only for PTAR National female employees.

## ASPECT: OCCUPATIONAL HEALTH &amp; SAFETY

<b>LA5</b>			
<b>Workforce Represented in Formal Joint Management–Worker Health and Safety Committees</b>			
Number of Workforce Represented	Number	515	513
Percentage of Total Workforce Represented	%	69	70

## NOTES:

- Numbers correspond to PTAR employees from departments that have H&S Committees.
- Percentage is the ratio between number of employees represented and the total PTAR employees.

<b>LA6</b>			
<b>Type of Injury and Rates of Injury, Lost Days, and Total Number of Work-Related Fatalities, by Gender</b>			
<b>Total Fatalities</b>	Number	<b>0</b>	<b>0</b>
Male	Number	0	0
Female	Number	0	0
<b>Total Lost Time Injuries (LTI)</b>	Number	<b>3</b>	<b>2</b>
Male	Number	3	2
Female	Number	0	0
<b>Total Medical Treatment Injuries (MTI)</b>	Number	<b>13</b>	<b>20</b>
Male	Number	12	20
Female	Number	1	0
<b>Total Recordable Injuries (TRI)</b>	Number	<b>16</b>	<b>22</b>
Male	Number	15	22
Female	Number	1	0
<b>Lost Time Injury Frequency Rate (LTIFR)</b>	Per Million Man-Hours	<b>0.45</b>	<b>0.34</b>
<b>Total Recordable Injury Frequency Rate (TRIFR)</b>	Per Million Man-Hours	<b>2.42</b>	<b>3.39</b>
<b>Rates of Absenteeism</b>			
<b>Total Absentee Rate</b>	%	<b>0.39</b>	<b>0.50</b>
Male	%	0.40	0.50

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	2014	2015
Female	%	0.34	0.49

## NOTES:

- Injury data applies for the total workforce (including contractors).
- Absentee rate applies only for PTAR National employees.
- PTAR uses LTIFR and TRIFR measures for injury rates.

<b>LA7</b>			
<b>Workers with High Incidence or High Risk of Diseases Related to Their Occupation</b>			
High incidence or high risk of occupational diseases.	Number	0	0

<b>LA8</b>			
<b>Health and Safety Topics Covered in Formal Agreements with Trade Unions</b>			
Coverage of health and safety topics in formal agreements with trade union.	%	100	100

## NOTES:

- A Collective Labour Agreement is in place between PTAR and the Trade Union within the Organization, which includes relevant health and safety articles.

## ASPECT: TRAINING &amp; EDUCATION

<b>LA9</b>			
<b>Average Hours of Training per Year per Employee</b>			
<b>Average Training Time by Gender</b>			
Male	hours	39	45
Female	hours	37	39
<b>Average Training Time by Employee Category</b>			
Managers & Above	hours	19	19
General Staff	hours	38	52
Non-Staff	hours	38	38

<b>LA10</b>			
<b>Programs for Skills Management and Lifelong Learning that Support the Continued Employability of Employees and Assist Them in Managing Career Endings</b>			
<b>Total Types of Internal Training Delivered</b>	<b>Number</b>	<b>92</b>	<b>117</b>
Health & Safety	Number	36	32
Mobile Equipment	Number	27	33
Technical	Number	12	20
Developmental	Number	13	29
Language	Number	4	3

## NOTES:

- The total amount of funding for external training & education in 2014 was USD 158,454.
- The total amount of funding for external training & education in 2015 was USD 86,358.
- Transition assistance programs provided to assist employees in managing career endings are not included in the above table.

<b>LA11</b>			
<b>Percentage of Employees Receiving Regular Performance and Career Development Reviews, by Gender and Employee Category</b>			
<b>Gender</b>			
Male	%	100	100
Female	%	100	100
<b>Employee Category</b>			
Managers & Above	%	100	100

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	2014	2015
General Staff	%	100	100
Non-Staff	%	100	100

### NOTES:

- Data applies for PTAR National employees.

### ASPECT: DIVERSITY & EQUAL OPPORTUNITY

#### LA12

##### Percentage of Individuals within Governance Bodies, by Gender and Age Group

Total Percentage			
Male	%	87	87
Female	%	13	13
Age <30	%	0	0
Age 30-50	%	37	44
Age >50	%	63	56
Board of Directors			
Male	%	83	83
Female	%	17	17
Age <30	%	0	0
Age 30-50	%	33	50
Age >50	%	67	50
Board of Commissioners			
Male	%	100	100
Female	%	0	0
Age <30	%	0	0
Age 30-50	%	33	17
Age >50	%	67	83
Executive Management			
Male	%	75	75
Female	%	25	25
Age <30	%	0	0
Age 30-50	%	50	75
Age >50	%	50	25
Percentage of Employees per Employee Category, by Gender and Age Group			
Total Percentage			
Male	%	84	83
Female	%	16	17
Age <30	%	27	23
Age 30-50	%	66	71
Age >50	%	7	6
Managers & Above			
Male	%	94	89
Female	%	6	11
Age <30	%	3	0
Age 30-50	%	42	67
Age >50	%	55	33
General Staff			
Male	%	83	83
Female	%	17	17
Age <30	%	13	12
Age 30-50	%	80	81
Age >50	%	7	7
Non-Staff			
Male	%	84	83
Female	%	16	17
Age <30	%	45	38

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	2014	2015
Age 30-50	%	53	61
Age >50	%	2	1

### NOTES:

- Percentage of Employees per Employee Category, by Gender and Age Group applies for all PTAR employees.

### ASPECT: EQUAL REMUNERATION FOR WOMEN & MEN

#### LA13

##### Ratio of Remuneration of Women to Men by Employee Category

Employee Category	Unit	2014	2015
All Staff (General Staff, Managers & Above)	%	84	88
Non-Staff	%	100	99

### NOTES:

- Salary and remuneration is calculated as averages.
- Data applies for PTAR National employees.

### CATEGORY: SOCIAL - SOCIETY

#### ASPECT: LOCAL COMMUNITIES

##### SO1

##### Implemented Local Community Programs

Program	Unit	2014	2015
Total Number of Operations	Number	1	1
Operations with Implemented Community Programs	Number	1	1
Percentage	%	100	100

### NOTES:

- This indicator is explained in the narrative of the report.

##### SO2

##### Operations with Significant Actual and Potential Negative Impacts on Local Communities

### NOTES:

- This indicator is explained in the narrative of the report.

#### ASPECT: ANTI-CORRUPTION

##### SO4

##### Communication and Training on Anti-Corruption Policies and Procedures

Category	Unit	2014	2015
Employees that have signed the Code of Ethics and Business Conduct.	%	94	97
Suppliers that have signed the Supplier/Service Providers Code of Conduct.	%	100	100

### NOTES:

- Anti-corruption policies and procedures are described in the company's Code of Ethics and Business Conduct.
- Clauses related to anti-corruption are included within the General Terms and Conditions for Suppliers.
- Specific training on anti-corruption is not provided.

#### ASPECT: GRIEVANCES MECHANISM FOR IMPACTS ON SOCIETY

##### SO11

##### Grievances About Impact on Society Managed Through Formal Grievance Mechanisms

Metric	Unit	2014	2015
Total Grievances Filed	Number	2	4
Total Grievances Addressed	Number	2	4
Percentage of Grievances Addressed	%	100	100
Total Grievances Resolved	Number	2	4
Percentage of Grievances Resolved	%	100	100

### NOTES:

## APPENDIX 2: GRI-G4 Performance Data Tables

Performance Indicator	Unit	2014	2015
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- No grievances were carried over from 2013 to 2014.
- No grievances were carried over from 2014 to 2015.

### CATEGORY: MINING & METALS SECTOR

#### ASPECT: BIODIVERSITY

##### MM1

##### Land Disturbed and Rehabilitated

<b>Total Land Disturbed and Not Yet Rehabilitated at the Beginning of the Year</b>	ha	<b>358.4</b>	<b>370.0</b>
Area Disturbed	ha	14.9	23.1
Area Rehabilitated	ha	3.3	2.3
<b>Total Land Disturbed and Not Yet Rehabilitated at the End of the Year</b>	ha	<b>370.0</b>	<b>390.8</b>

##### MM2

##### Sites Requiring Biodiversity Management Plans

PTAR has one site and that site has a Biodiversity Management Plan.

#### ASPECT: EFFLUENTS & WASTE

##### MM3

##### Total Amounts of Overburden, Rock, Tailings, and Sludges

Overburden	tonne	7,412,253	7,174,414
Tailing	tonne	3,867,188	4,219,528
Sludges	tonne	0	0

##### NOTES:

- Amounts of tailings are assumed as the weight of dry tonnes milled (rock/ore) less the weight of precious metals extracted.

#### ASPECT: LOCAL COMMUNITIES

##### MM6

##### Significant Disputes Relating to Land Use, Customary Rights of Local Communities and Indigenous People

Significant disputes related to land use, customary rights and indigenous peoples.	Number	0	0
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##### MM7

##### Extent to Which Grievance Mechanisms Were Used to Resolve Disputes Relating to Land Use, Customary Rights of Local Communities and Indigenous People

Significant disputes related to land use, customary rights and indigenous peoples.	Number	0	0
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#### ASPECT: CLOSURE PLANNING

##### MM10

##### Operations with Closure Plans

Mine Closure Guarantees deposited.	USD '000	0	1,478
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##### NOTES:

- PTAR has one operation, which has a Closure Plan in place.
- The total Mine Closure Guarantee is USD 23,456,541

## APPENDIX 3: GRI-G4 Index Tables

ASPECT	INDICATOR	DESCRIPTION	PAGE(S)	NOTES	
Strategy and Analysis	G4-1	Strategy and Analysis	8-9	For more information, please visit our website <a href="http://www.greatmartabe.com/">http://www.greatmartabe.com/</a>	
	G4-2	Description of key impacts, risks, and opportunities	8-9	Reported.	
	G4-3	Name of organization	12	Reported.	
	G4-4	Primary brands, products, and services	12	Reported.	
	G4-5	Location of the organization's headquarters	-	Available at the back page of this report.	
	G4-6	Areas of operation	13	Reported.	
	G4-7	Nature of ownership and legal form	12	Reported.	
	G4-8	Market served (geographic, sector, types of customers, and beneficiaries)	13	Reported.	
	G4-9	Scale of organization	12	Reported.	
	G4-10	Number and composition of employee	12	Reported.	
	G4-11	Employee covered by collective bargaining agreements	117	All our employees are covered by a Collective Labour Agreement.	
	G4-12	Organization's supply chain	18	Reported.	
Organizational Profile	G4-13	Significant changes in organization	-	No significant changes within the organization over 2015. Change of ownership undertook in March 2016 before this report is published.	
	G4-14	Precautionary approach or principle	20-21	Reported.	
	G4-15	Externally developed economic, environmental, and social charters and principles	-	Nothing significant to report.	
	G4-16	Memberships of associations	-	Nothing significant to report.	
	G4-17	List of entities included in the organization's consolidated financial statement	-	Financial statement is being developed during the development of this sustainability report.	
	G4-18	Process of defining the report content and boundaries	108-109	Reported.	
	G4-19	List of material aspects	108	Reported.	
	G4-20	Aspect boundary within the organization	109	All aspects of operational sustainability contained in this report apply to the Martabe Gold Mine.	
	Material Aspects and Boundaries				

## APPENDIX 3: GRI-G4 Index Tables

ASPECT	INDICATOR	GENERAL STANDARD DISCLOSURE DESCRIPTION	PAGE(S)	NOTES
	G4-21	Aspect boundary outside the organization	-	No material aspects considered outside the organization.
	G4-22	Effects of restatements	-	As of March 2016, ownership of PT Agincourt Resources passed from G-Resources to new shareholders. However, this does not affect any restatements of information in 2015.
	G4-23	Significant changes from previous reporting period	7	All boundaries of material aspects are related to PT Agincourt Resources. In last year's reporting, one material aspect is related to G-Resources.
	G4-24	List of stakeholder groups	90	Reported.
	G4-25	Basis for identification and selection of stakeholders	90	Reported.
Stakeholder Engagement	G4-26	Approach to stakeholder engagement	90	Reported.
	G4-27	Key topics and concerns that have been raised through stakeholder engagement	97	Reported.
	G4-28	Reporting period (fiscal year/calendar year)	-	Calendar year.
	G4-29	Date of most recent previous report	-	This is our second sustainability report; the first report was for 2014 reporting.
Report Profile	G4-30	Reporting cycle (annual, biennial)	-	We report annually.
	G4-31	Contact point for questions regarding the report and the contents	-	Available at the back page of this report.
	G4-32	GRI content index (core/comprehensive)	7	Reported.
	G4-33	External assurance	-	No external assurance applied for this report.
Governance	G4-34	Governance structure	20-21	Reported.
Ethics and Integrity	G4-56	Organization's value, principles, standards, codes of conducts, code of ethics	21, 45	Reported.

## APPENDIX 3: GRI-G4 Index Tables

ASPECT	INDICATOR	SPECIFIC STANDARD DISCLOSURE DESCRIPTION	PAGE(S)	NOTES
Economic Performance	EC1	Direct economic value generated and distributed	16-17, 110	Reported.
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	110	Reported.
Market Presence	EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	63, 110	Reported.
	EC6	Proportion of senior management hired from the local community at significant locations of operations	66, 110	Reported.
Indirect Economic Impacts	EC7	Development and impact of infrastructure investments and services supported	85, 111	Reported.
Procurement Practices	EC9	Proportion of spending on local suppliers at significant locations of operation	111	Reported.
Materials	EN1	Materials used by weight or volume	111	Reported.
	EN2	Percentage of materials used that are recycled input materials	111	Reported.
Water	EN8	Total water withdrawal by source	112	Reported.
	EN9	Water sources significantly affected by withdrawal of water	112	Reported.
	EN10	Percentage and total volume of water recycled and reused	112	Reported.
Biodiversity	EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas of high biodiversity value outside protected areas	55, 112	Reported.
	EN13	Habitats protected or restored	55, 112	Reported.
	MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	53, 120	Reported.
	MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	120	Reported.
Effluents and Waste	EN22	Total water discharge by quality and destination	113	Reported.
	EN23	Total weight of waste by type and disposal method	113	Reported.
	EN24	Total number and volume of significant spills	53, 113	Reported.
	EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of	50, 114	Reported.

## APPENDIX 3: GRI-G4 Index Tables

ASPECT	INDICATOR	SPECIFIC STANDARD DISCLOSURE DESCRIPTION	PAGE(S)	NOTES
	EN26	the Basel Convention <sup>2</sup> Annex I, II, and VIII, and percentage of transported waste shipped internationally	114	Reported.
Overall	MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks	120	Reported.
	EN31	Total environmental protection and expenditure and investment by type	114	Reported.
Environmental Grievance Mechanisms	EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	115	Reported.
Employment	LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	115	Reported.
	LA2	Benefits provided to full-time employee that are not provided to temporary or part-time employees, by significant locations of operation	116	Reported.
	LA3	Return to work and retention rates after parental leave, by gender	116	Reported.
Occupational Health and Safety	LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	116	Reported.
	LA6	Type of injury and rates of injury, occupational disease, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	58, 116	Reported.
	LA7	Workers with high incidence or high risk of diseases related to their occupation	117	Reported.
	LA8	Health and safety topics covered in formal agreements with trade union	117	Reported.
Training and Education	LA9	Average hours of training per year per employee by gender, and by employee category	65, 117	Reported.
	LA10	Program for skills management and lifelong learning that support the continued employability of employees and assist them in managing career	117	Reported.

## APPENDIX 3: GRI-G4 Index Tables

ASPECT	INDICATOR	SPECIFIC STANDARD DISCLOSURE DESCRIPTION	PAGE(S)	NOTES
	LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	117	Reported.
Diversity and Equal Opportunity	LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	21, 118	Reported.
Equal Remuneration for Women and Men	LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	63, 119	Reported.
Local Communities	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	119	Reported.
	SO2	Operations with significant actual or potential negative impacts on local communities	119	Reported.
	MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous people	120	Reported.
	MM7	The extent to which grievances mechanism were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes	120	Reported.
Anti-corruption	SO4	Communication and training on anti-corruption policies and procedures	119	Reported.
Grievances Mechanisms for Impacts on Society	SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	98, 119	Reported.
Closure Planning	MM10	Number and percentage of operations with closure plans	120	Reported.

## APPENDIX 4: Glossary

<b>All-in Sustaining Cost (AISC)</b>	A standardised way to measure the cost of gold production for gold mining companies, established by the World Gold Council. It includes so-called cash costs (costs directly due to mining and processing activities) plus costs related to sustaining production in the complete mining lifecycle from exploration to closure.
<b>Analytical Laboratory</b>	A facility for measurement of the physical, chemical or biological properties of water, soil, rock or other materials.
<b>Biodiversity</b>	The variety within and between all species of plants and animals and the ecosystems within which they live and interact.
<b>Chemical Spills</b>	Any unplanned release of a chemical, whether it is a solid, liquid, or gas.
<b>Contract of Work</b>	A system that was used by the Indonesian Government to grant concessions and define mining rights and obligations for foreign mining companies.
<b>Contractors</b>	Providers of services to an organisation or company as per arrangements documented in a contract.
<b>Corporate Governance Code</b>	The system of rules, practices and processes by which a company is directed and controlled.
<b>Downstream Waters</b>	Rivers, streams and lakes that receive flow from a defined area.
<b>Environmental Impact Assessment (AMDAL)</b>	One of the key regulatory approvals required for a mine in Indonesia to proceed. The AMDAL consists of several documents including the Terms of Reference ( <i>Kerangka Acuan</i> ), Environmental Impact Statement (AMDAL) and Environmental Management and Monitoring Plans (RKL & RPL). The AMDAL process includes a comprehensive consultation and socialization program with local, provincial and central stakeholders.
<b>Explosive Magazines</b>	The storage facility for explosives used at a mine site.
<b>Ferrous Sulphate</b>	A chemical compound commonly used in the treatment of water to remove metals.
<b>Fuel Depot</b>	A facility where fuel is stored and dispensed.
<b>Geological Core Sheds</b>	A facility where rock samples (cores) produced by exploration drilling are stored, catalogued and analysed.
<b>Haul Roads</b>	Roads designed for use by large dump trucks at mine sites.
<b>High Voltage Switchyard</b>	A facility for the control and transmission of high voltage power. At a mine site, normally located between a power station and equipment requiring electricity.

## APPENDIX 4: Glossary

<b>Lost Time Injuries (LTI)</b>	A work related injury that causes the employee to miss the next regularly scheduled work shift.
<b>Lost Time Injury Frequency Rate (LTIFR)</b>	A ratio of the number of LTIs per million hours worked: $LTIFR = \frac{LTIs \times 1,000,000}{\text{total hours worked}}$ .
<b>Material aspects</b>	Under the GRI Reporting Guidelines, Material Aspects are those aspects or activities of an company or organisation that are associated with significant economic, environmental and social impacts or that otherwise significantly influence the assessments and decisions of stakeholders in regard to that company.
<b>Mine Closure Plan</b>	A plan that documents all the activities that are needed to make a mine site safe, stable and productive to an agreed standard following mine closure. Usually includes tabulation of costs associated with mine closure.
<b>Operating Permits</b>	Permits issued by various levels of government, which allow exploration and mining operations to operate under certain terms and conditions.
<b>Oxidation</b>	Reaction of a material typically due to exposure to oxygen and water (rust is a result of oxidation).
<b>Plant Nursery</b>	A facility where trees and plants are propagated and grown to usable size.
<b>Processing Plant</b>	The facility where ore is processed to extract metals such as gold and silver.
<b>Raw Water Storage Tanks</b>	Tanks for the storage of clean water (typically collected from rivers, streams or groundwater).
<b>Rehabilitation</b>	The process of reclaiming land disturbed by mining activities to a safe, stable and productive state.
<b>Remuneration</b>	Basic or wage or salary plus any additional amounts paid such as bonuses, overtime and special allowances.
<b>Rock Slurry</b>	A mixture of finely ground rock particles and water (like a mud).
<b>Sediment Dams</b>	Dams used to hold water for a period to allow sediments (fine soil and rock particles) to settle out.
<b>Suppliers</b>	Organizations or people that provide a product or service used by another organization or company.
<b>Surface Mining</b>	Method of extracting minerals located near the surface of the ground, by mining from an open pit (as opposed to underground mining using shafts and tunnels).

## APPENDIX 4: Glossary

<b>Sustainability</b>	Development which meets the needs of current generations without compromising the ability of future generations to meet their own needs.
<b>Tailing Storage Facility</b>	A structure for the permanent storage of tailings (typically comprising an embankment or wall enclosing the tailings).
<b>Tailings</b>	The fine rock slurry that remains after the minerals of value has been recovered in a processing plant.
<b>Waste Rock</b>	Rock mined from a pit that contains insufficient mineralisation for treatment and has no economic value.
<b>Water Balance</b>	A calculation of total water held within a system or structure taking into account water inflows and water outflows over time.
<b>Water Diversion Drains</b>	Drains that direct runoff water around areas or structures.
<b>Water Polishing Plant</b>	The facility at the Martabe Gold Mine that removes any contamination from site process water so that it is safe to release.
<b>World Gold Council (WGC)</b>	The market development organisation for the gold industry. Its purpose is to provide industry leadership and stimulate demand for gold.

For Sustainability Report feedback and enquiries,  
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