**Aneka Tambang**  
**Indonesia, Mining**

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<td>CA 100+ company, so seen by investors as key to driving global net zero emissions</td>
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**Summary view:**
- Aneka Tambang gives only cursory consideration of climate-related issues in its narrative reporting, while the audited consolidated financial statements do not appear to give any consideration to these issues. This is despite the significant exposure of the company to climate change, both from the carbon impact of their mining and ore processing activities but also from anticipated increased demand for nickel as a product used in lithium-ion batteries for electric vehicles.
- The audit consistency check is assisted by the fact that since the other reporting has such superficial consideration of climate-related issues, there is little for the financial statements to be inconsistent with.

**Background**

**The Business**
- PT Aneka Tambang (known as “Antam”) is a state-owned diversified mining company in Indonesia. It is listed on the Indonesia Stock Exchange with 65% owned by the state through holding company PT Indonesia Asahan Aluminium (Persero) with the remaining 35% as free float. Antam has a secondary listing on the Australian Securities Exchange (ASX).
- Antam operates in three core businesses: nickel; gold mining and precious metal refining; and bauxite and alumina. Indonesia is the world’s largest producer of nickel with a 31% market share, while Antam is the largest producer in Indonesia (although Brazil’s Vale, with nickel assets in Canada and Indonesia, is the world’s largest producer of nickel).
- The Indonesian government has severely restricted exports of nickel ore to encourage onshoring of the processing of nickel ore into ferronickel and stainless steel. This hit Antam’s profitability and has encouraged the company to make significant investments in downstream processing operations, which has resulted in increased coal consumption for energy with one new downstream asset involving the construction of a new coal power plant. Both the open pit mining of nickel ore and the processing into ferronickel through drying and electric furnace produce significant CO2 emissions.
- The company also has some coal mining assets, although these do not appear to provide a significant proportion of revenues.

**Approach to climate change**
- At least based on the lack of any consideration in the financial statements and the very limited discussion in the narrative reporting, Antam pays little attention to climate issues. There are no descriptions of climate risks, no stated targets and limited disclosures on emissions.
- The narrative reporting makes passing references to climate issues that lack detail or explanation, such as “ANTAM realizes the importance of contributing to the Sustainable Development Goals (SDGs) by reducing climate change … supporting greenhouse gas emission reduction with productive programs and innovative initiatives in mining activities”.
- The anticipated increase in demand for nickel for use in lithium-ion batteries for electric vehicles is only briefly mentioned, although Antam is investing in a project to produce EV batteries in Indonesia, suggesting this may be a larger part of future plans.
- Although coal is not currently a significant asset for Antam, the annual report states that “some analysts predict that coal will become an energy source that drives the global economy in the future, even beating oil and gas”, perhaps indicating greater interest in coal assets.
- The annual report states that Antam planted 690,000 trees in 2020 but it is not explained whether this is part of a carbon sequestration programme of some sort.
Accounting: judgements and consistency with other reporting

Accounting judgements

- Antam reports under Indonesian Financial Accounting Standards (IFAS).\(^1\)
- There is no reference in the notes to the financial statements that accounting judgements have been impacted by climate-related considerations – even though there are a number of judgements that might be expected to be impacted for a company operating in mining and ore processing, such as impairments and estimated useful lives of mining assets.
- Under Critical Accounting Estimates and Judgements, it states that proven and probable reserves estimates are based on principles incorporated in the Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of the Australasian Joint Ore Reserves Committee (JORC), but there is no indication that this factors in climate change considerations in any way. (This reporting in accordance with the JORC Code is required for the secondary listing on the ASX.)

Consistency with other reporting

- The narrative reporting in the annual report gives only cursory reference to climate-related issues.
- The separate Sustainability Report, which is based on GRI Standards and published at the same time as the annual report and accounts, covers climate-related considerations in only slightly more depth. There are some disclosures on Scope 1 and 2 carbon emissions (the great bulk of which are Scope 1 from the nickel segment), although practically no discussion of the risks or strategic issues that these emissions may present.

Climate assumptions in accounts: visibility and Paris alignment

Visibility of climate assumptions in accounts

- There are no apparent climate-related assumptions. There is thus no sensitivity analysis.

Paris alignment

- With no visibility of climate assumptions, there can be no alignment with the goals of the Paris Agreement.

Audit: visibility in KAMs and consistency check

Audit firm: Tanudiredja, Wibisana, Rintis & Rekan, a member of the PwC network
Responsible partner: Jumadi, S.E.
Audit standards: Standards on Auditing established by the Indonesian Institute of CPAs

Visibility in Key Audit Matters

- There is no reference to climate change in the auditor’s report.
- There are no KAMs highlighted in the auditor’s report. This is despite the significant accounting judgements inherent in the financial reporting for a company operating in this sector.

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\(^1\) Indonesia has not adopted IFRS Standards for reporting by domestic companies. Indonesia has been converging its national standards toward IFRS Standards, but without a plan for full adoption of IFRS Standards. ([https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/view-jurisdiction/indonesia/](https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/view-jurisdiction/indonesia/))

Stripes image credit: Prof. Ed Hawkins  www.showyourstripes.info
The Annual Report appears to be largely internally consistent in that there is minimal discussion on climate change in the narrative reporting and the fact the issue is wholly ignored in the financial statements.

The auditor’s report does not describe the scope of the auditor’s work and does not indicate that the auditor reviews or provides assurance over any other information disclosed by the company, such as the narrative reporting in the annual report.

The Climate Accounting Project is an independent investor-led project to reinforce the statements of the IASB and IASB that material climate change issues are incorporated within their standards. This analysis seeks to understand the extent to which companies and auditors are delivering against this aspect of these standards and similar local standards.

Key
- Good practice
- Few concerns
- Some concerns
- Significant concerns

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