PT Trimegah Bangun Persada Tbk (NCKL) will open an Initial Public Offering (IPO) this April. With the NCKL’s IPO, NCKL, as the Harita Group subsidiary, will experience an increase in net worth from $1.1 billion to $4.6 billion, with a revenue growth target of up to 100%. The increase in funds from the IPO will exacerbate the environmental, social, and economic damage done by the smelter company PT Trimegah Bangun Persada on Obi Island, Halmahera, North Maluku.

Nickel ore waste from this company is channeled into the sea, damaging the aquatic ecosystem until the sea changes color to reddish brown. In addition, much-polluted land is washed away into the sea when the waste is pumped overboard from the sewage pipe. The water source in Kawasi village, which is adjacent to the nickel mine, is no longer accessible because mining and factory construction sediment has turned the water muddy and brown-black.
The company and the South Halmahera Regency Government also plan to relocate Kawasi residents to Eco Village Housing, about 5 kilometers south of Kawasi. This relocation is not just moving houses but has an impact on uprooting the community of residents from their villages with cultural and historical values, along with their land, gardens, and sea as living spaces.

The mining and mineral processing sectors dominate accidents in North Maluku throughout 2022, especially in nickel processing owned by the Harita Group. According to media reports, during 2019-2023, there were 8 cases with two victims dying and five people being injured. This fact refutes the Harita Group's claim that there were no fatalities due to work accidents during 2019-2023 and the claim that the company pays attention to the K3 of workers.

Harita Group, through PT Halmahera Persada Lygend (HPL) uses a coal-fired power plant (PLTU) to operate a nickel processing plant in Kawasi, Obi Island, North Maluku. The total amount of electricity supplied by multiple PLTUs to operate HPL is 210 MW. HPL is a joint venture between the Harita Group and Ningbo Lygend from China, which is also developing and pre-permitting approximately 2,030 MW of PLTU. HPL targets 4,200 MW of PLTU to operate on Obi Island. The construction of the PLTU violates President Xi Jinping's commitment that the Chinese government will not build new PLTU overseas.

Investors buying Harita Group shares; Glencore International AG violated their commitment to the Paris Agreement, and Fidelity International failed to achieve their commitment to halve the carbon footprint of the company's investment portfolio by signing on to The Net-Zero Asset Managers from the Glasgow Financial Alliance for Net Zero (GFANZ) because Harita Group contributed to environmental damage by using power plants to dispose of irresponsibly disposed of mining waste.

Some Harita Group underwriters such as Credit Suisse Group, BNP Paribas, Citigroup, Mandiri Sekuritas, DBS, OCBC Securities, and UOB Kay Hian have been announced. Six underwriters, except Mandiri Sekuritas, are members of the Net-Zero Banking Alliance of GFANZ, which supports Indonesia's Just Energy Transition Partnership (JETP). However, the GFANZ's commitment to a fair, clean energy transition and the promise of net zero emissions was breached due to its affiliation with the Harita Group.
Who is Harita Group?

PT Trimegah Bangun Persada, an Indonesian conglomerate Harita Group subsidiary, operates the country’s first high-pressure acid leaching smelter on Obi island in North Maluku, producing 60,000 tonnes of contained nickel per year.

Harita Group business conglomerate entity in the mining and nickel downstream sector, PT Trimegah Bangun Persada Tbk (NCKL), aims to achieve revenue growth of 100 percent in 2023 after the company held an Initial Public Operation (IPO) at the Indonesia Stock Exchange(IDX) in April 2023.

PT Trimegah Bangun Persada has set its initial public offering price at 1,250 rupiahs to raise 10 trillion rupiahs ($669.79 million) by offering up to 12.67% of its total at 1,250 rupiahs a piece. The IPO proceeds are set for April 5-10, according to a company prospectus published on Tuesday (April 4). Lim Hariyanto Wijaya Sarwono owns 82% of PT Trimegah Bangun Persada through his holding companies, Harita Jayaraya and Citra Duta Jaya Makmur. The IPO could raise his net worth from $1.1 billion to $4.8 billion.
Figure 1: Beneficiaries of the HPL, part of the Harita Group (Trend Asia, 2023) Source: Prospectus of PT Trimegah Bangun Persada (Tbk), March 2023
What is Harita smelter technology?

According to its website, PT Trimegah Bangun Persada operates the country’s first high-pressure acid leaching smelter (HPAL) on Obi Island in North Maluku. The HPAL process turns the local low-grade ore into mixed hydroxide precipitate—a form of nickel that can be further processed to make batteries. Its HPAL facility has a production capacity of 55,000 tons a year. Next year, a new plant will increase its output to 120,000 tons. However, there are questions about the environmental sustainability of the HPAL process used to extract nickel and cobalt from laterite ore.
How much money do they get from the IPO, and what to do with it?

According to the company prospectus, 42.8 percent of the IPO proceeds will be used to pay off the company's debts, and 3.3 percent of the IPO proceeds will be allocated for capital expenditure. Furthermore, most of the IPO proceeds, about 50.4 percent, will be used for the needs of subsidiaries and associates. The remaining 3.5 percent will be utilized for working capital.

As the biggest nickel company in Indonesia, the mining process carried out by the Harita Group has an impact on some environmental damage and pollution as follows:
Disposal of Waste to the Surface and the Seabed

The mining process carried out by the Harita Group is known to have a negative impact on the environment. One is due to the nickel waste disposal process carried out by the Harita Group. This is proven by testing samples at 12 water points around the nickel mining area. As a result, 11 samples were within usual standards, and 1 sample in the Todoku River was already unnatural because it reached 0.056 milligrams/liter. This figure has passed the safe threshold for marine biota, 0.05 milligrams/liter.

The impact of nickel waste disposal is damaging to the marine ecosystem on Obi Island. If it rains, the nickel content deposited on the seabed will lift and make the Obi Island sea reddish-brown.
On the other hand, PT Trimegah Bangun Persada planned to dispose of waste into the sea, or what is known as deep-sea tailings disposal (DSTD) or Deep-Sea Tailing Placement (DSTP). Through the DSTD mechanism, PT Trimegah Bangun Persada intends to dispose of as much as 6 million tons of waste into the ocean annually. But until right now, this proposal has yet to be realized. On the other hand, PT Trimegah Bangun Persada plans to carry out DSTP with the aim of a hydrometallurgical project.

The impact of DSTP will change the physical environment at the site where tailings are deposited. The post-depositional fate and behavior of tailings discharged in the deep sea can significantly impact the sedimentary and geo-chemical environment and the integrity and recovery of faunal communities.

For example, at the mine on Lihir Island, Papua New Guinea, the Deep-Sea Tailings Placement (DSTP) has been operating since 1996. As a result, the number of marine life is substantially reduced across the range of depths sampled (800-2020 meters). In addition, biodiversity in the sea will be threatened with reduction because DSTP cannot control tailings distribution even though they have been injected deep into the seabed.

**Increasing levels of environmental degradation and land grabbing due to the ever-increasing scale of concession permits**

Obi Island in South Halmahera Regency, North Maluku Province, where Harita operates, has an area of 254 thousand hectares; as much as 49% is owned by mining companies. The Harita Group has nickel mining concessions totaling 9,184.23 hectares.

The average mining permit on Obi Island ends in 2032, and three other licenses expire in 2029, including several companies still connected to the Harita Group. Environmental degradation and land grabbing are worsening due to the large scale of mining and smelting concession permits integrated with infrastructure components such as coal-fired power plants and waste storage locations. Despite Harita’s decision to withdraw its plan to dump 6 million tons of garbage into the ocean after protests, the damage had already been done. Mountains of polluted soil were being washed into the sea as waste was pumped out of a black pipe.
Kawasi’s (Obi sub-regency, South Halmahera, North Maluku) water source can no longer be accessed due to sediment caused by mining and factory construction. As a result, the water has become muddy, blackish brown in color. The nickel mines to the east of Kawasi are open quarries. Forested hills located around 3 kilometers from Kawasi are being peeled off by heavy machinery.

Concerning residential areas, the Harita Group said that the land the people live on is too close to the factory and is located in an area prone to earthquakes. Even though the settlement existed before the factory, this led to the forced relocation of people who had no other choice. According to a Mining Advocacy Network (JATAM) report, the Harita Group has carried out a mining process that has harmed the environment in terms of marine pollution and damage to biota and ecosystems.
Harita Group Still Using the Coal-Fired Power Plant to Supply the Smelter Needs

Through PT Halmahera Persada Lygend (HPL), Harita Group uses a new coal steam power plant (PLTU) to operate a nickel processing plant in Kawassi, Obi Island, North Maluku. The whole power plant operates 210 MW. There are still around 2,030 MW of coal-fired power plant in the process of construction and pre-permitting. HPL targets 4,200 MW of coal-fired power plants.

The construction of a new coal-fired power plant by a Chinese company in Indonesia violated a commitment from Chinese President Xi Jinping in September 2021. Xi says the Chinese government will not build more power plants abroad. Instead, HPL, a collaboration between Harita Group and Ningbo Lygend, will create a new power plant. This suggests that the power to process this nickel is dirty, pollutes the air, and contributes to global warming.
With the PLTU as the primary power source for nickel processing, this investment in Harita is dirty and dangerous for the future. PLTU perpetuates coal which is proven to damage the environment and triggers greenhouse gas warming and has the potential to thwart Indonesia's net-zero emission target in 2060.

**Work Accidents Still Occur**

According to media reports on work accidents in subsidiaries and affiliates of Harita Group, there were 9 cases, with two people killed and five injured. The accident occurred in 2019-2023.

This fact of work accidents refutes the claims of Harita Group that during operation, they pay attention to essential aspects in the company's and worker's operations, namely occupational health and safety (K3). This fact also denied Harita's claim that no fatalities had arisen from work accidents during its operation from 2019-2023. The mining and mineral processing sector dominates work accident cases in North Maluku Province throughout 2022, where Harita Group's nickel mining and processing are located.
Who are the investors in the Harita dirty stocks?

According to public information from several current news outlets, at least three investors' names bought stock from Harita during the initial public offering on Indonesia Stock Exchange. The name is Glencore International AG, Fidelity International, and sovereign wealth fund institutions in Asia.

Glencore Internasional AG

Glencore is part of an investor buying a stake from Harita Group (NCKL) during the initial public offering. Glencore's potential lack of climate commitment is because Harita has been destroying the environment.

Glencore is a Swiss multinational commodity trading and mining company. It is one of the world's largest diversified natural resource companies. It is involved in producing, sourcing, processing, refining, transporting, storing, financing, and supplying metals and minerals, energy, and agricultural products.

Glencore's environmental commitment is currently at stake when they invest in the Harita project, which has been scrutinized for various waste mismanagement. Glencore has indeed agreed to align its business and investments with the goals
of the Paris Agreement (to limit warming to well below 2 degrees and to achieve net zero emissions in the second half of this century) as a result of an engagement led by Climate Action 100+. Glencore broke its promise to comply with the Paris Agreement by buying shares from Harita.

Fidelity International

Fidelity, an American multinational financial services corporation, was part of the investors that bought a stake from Harita during the initial public offering. Fidelity is one of the largest asset managers in the world, with $4.9 trillion in assets under management as of December 2021.

Fidelity has the potential to fail to achieve its environmental commitments because it adds to Harita’s portfolio. The portfolio has received extensive attention, especially related to environmental aspects, from the use of PLTUs to the improper disposal of waste. Fidelity is a signatory to The Net-Zero Asset Managers part of the Glasgow Financial Alliance for Net Zero (GFANZ), which sets an emissions target to halve the carbon footprint of its investment portfolio by 2030. The target starts in 2020, starting with equity and corporate bond holdings and reaching net zero for holdings by 2050.

Sovereign Wealth Funds in Asian

Several Asian sovereign wealth funds (SWF) are known investors in Harita. However, an irregularity was found because the name of the SWF was not disclosed in a transparent manner.
Underwriter Harita’s stocks

Underwriters play an essential role in an initial public offering (IPO). In Indonesian, underwriters are known as “penjamin emisi efek.” Usually, underwriters are investment banks, commercial banks, or brokerage firms. They are chosen by the company that will go public. The underwriter serves as an intermediary between the company seeking to issue shares in an IPO and investors. In addition, they might purchase and sell the entire IPO issue to investors.

Harita chose several underwriters with a fancy reputation in security to go public. They are Credit Suisse Group, BNP Paribas, Citigroup, and Mandiri Securities as an underwriter for implementing securities issuance (Penjamin Pelaksanaan Emisi Efek). DSB, OCBC Securities, and UOB Kay Hian as a securities underwriter (Penjamin Emisi Efek).

Six of seven Harita’s underwriters, except Mandiri Sekuritas, are members of Net-Zero Banking Alliance, which is part of Glasgow Financial Alliance for Net Zero (GFANZ).
GFANZ launched in April 2021 during the COP26 climate conference in Glasgow, Scotland. It is an alliance of financial institutions that become members by joining one of seven net-zero sector-specific alliances, including the Net-Zero Banking Alliance, with more than 550 members from 50 countries, including many of the world’s most powerful financial institutions (GFANZERO).

In Indonesia, GFANZ is also one of the entities pushing the Just Energy Transition Partnership policy. One form of GFANZ’s support is the early retirement of PLTU. GFANZ’s commitment can be breached because those six members are currently part of the gross investment in Harita Group companies. Moreover, HSBC and Citigroup were involved as underwriters for Harita Group’s securities. GFANZ’s primary goal is in danger of failing miserably. Those six members have also been proven to have broken their promises and are far from achieving net zero emissions.
The buyer lists Harita’s dirty nickel

Harita’s revenue was at least IDR 29.8 trillion for four years in 2019-September 2022 from the sale of processed gross dirty nickel (known as MHP) to several companies, namely from China: Lygend Resources & Technology Co Ltd, Ningbo Lygend Wisdom Co Ltd, Ningbo Lygend Mining Co Ltd, and Spring Treasure Global Ltd; from Singapore, Guang Xing Trading Pte Ltd; from Sweden, Minmetals North-Europe AB; and Trafigura Asia Trading Pte Ltd; and from Switzerland, Glencore International AG.

List of Harita Group Nickel Buyers 2019-2022

Figure 3: List of Harita Group Buyers 2019-2022 (Trend Asia, 2023)
So far, this fact sheet wants to show that there has been massive damage as a result of the Harita Group's operations both environmentally, socially, and locally economically. The collected funds from the IPO will conceivably increase the destructive force. Therefore, there will be some questions about the value, the value of the investment over the dollar or rupiah quantity from the collected fund. Have the Harita Group's operations created good value for residents in their respective sites? Or is it the misery caused by destroying their living space and livelihood land? The evidence shows that suffering is what is present. Therefore, we call for the following actions:

1. To the Prospective buyers of NCKL shares, to critically question the investment's quality and the investment value, including the underwriters, the Financial Services Authority (OJK), and the IDX.
2. To the NCKL shareholders, to make an in-depth evaluation of their investment portfolio and its contribution to the destruction of nature and people's living spaces and livelihoods, and to be responsible for their contribution.

3. To the underwriters, to seriously review the procedures for due diligence or due diligence on issuers that are assisted in taking the floor on the stock exchange. Many facts were missed in this IPO process, and to be held accountable for its contribution.

4. To buyers of Harita Group products at various levels, to thoughtfully and transparently ensure that the company's supply chain is not entangled with environmental destruction, destruction of living space, and residents' livelihoods, and to be responsible for their contribution.

In addition, we also call back on JATAM's demands to conduct a thorough evaluation of the Harita Group's operations, to refrain from investing, enforce laws, and repair damage. Specifically for OJK and IDX, we urge them to reconsider the decision to give Harita Group access to the trading floor.