

2023 ANNUAL REPORT
KOBUMI

KOBUMI
Finest Goods of The Eastern Paradise

**YOU HAVE THE EARTH,
OUR EARTH,
WE ARE EARTHED**

KO PUNYA BUMI, BUMI KITA, KITA MEMBUMI

The background of the page is a soft-focus photograph of a wide body of water, likely a lake or a large river, under a heavy, overcast sky. The water is calm with subtle ripples. In the distance, a line of green trees marks the horizon. The overall color palette is muted, consisting of various shades of grey, blue, and green, creating a serene and somewhat somber atmosphere.

DISCLAIMER

This Annual Report contains information about company finances, performance, plans and strategies. Some statements herein are called forward-looking statements, which means they are subject to risks and uncertainties. This could make the actual results different from those written in the report. These statements are made based on assumptions about the current and future conditions of the company. Please note that the company cannot guarantee that everything stated in this report will happen as expected. Additionally, the terms ‘Company,’ “KOBUMI,” in this report refer to PT. Ekosistim Bumi Lestari.





DIRECTOR'S MESSAGE

The year 2023 marked KOBUMI's first full year of operation. This is a proud achievement stemming from the planning, concepts, studies, and learning undertaken by EcoNusa during 2020-2022, resulting in the tangible implementation of a social-eco enterprise that officially became PT. Ekosistim Bumi Lestari.

The initiative was formed by EcoNusa alongside 8 cooperatives at the inception of the social enterprise with a strong environmental vision. KOBUMI collaborates with indigenous communities rich in natural resources but vulnerable in terms of rights and the environment, especially from destruction and climate change. KOBUMI's scope includes social forestry areas, including village forests and customary forests. Social forestry plays a crucial role in aligning with the FOLU Net Sink 2030 agenda set by the Indonesian government.

KOBUMI is actively involved in a range of business activities, encompassing the trading and processing of commodities sourced from indigenous communities, the promotion of ecotourism, and logistics services. These endeavors are all directed toward bolstering the economic self-reliance of indigenous and local communities. KOBUMI firmly upholds the belief that the economic autonomy of these communities plays a pivotal role in safeguarding natural resources and ensuring their livelihood rights.

Common challenges faced by indigenous and local communities include limited market access, low-value-added products, financing, and logistics, all of which KOBUMI is committed to addressing.

Collaboration and innovation are values held by KOBUMI as a social enterprise, where we are committed to reinvesting profits back into indigenous communities and local communities through active mentoring programs conducted by EcoNusa and cooperatives. This synergy builds sustainability and maintains ecosystems without exploitative elements that harm nature. Infrastructure supported by investments from EcoNusa is a crucial aspect for both KOBUMI and its partner cooperatives for accelerating commodity sourcing this year, focusing on nutmeg and banana shrimp.

In addition to commodities, KOBUMI also oversees the EcoXplorer ship business, offering commercial travel services and engaging in conservation and marine research. The profits generated from the operation of the EcoXplorer ship are allocated towards sustainable ship management and strategic programs aimed at educating communities about marine ecosystems in coastal areas. The EcoXplorer ship's activities are set to commence in 2024.

In 2023, KOBUMI witnessed substantial advancements in commodity business operations, achieving a gross revenue of IDR. 10,816,242,689.00, marking a tenfold increase compared to 2022. It is worth noting that this growth aligns with our expansion into the commodities market. Alongside this significant revenue milestone, our success is further evidenced by the stability of financial ratios, notably a current ratio of 3.18 and a low debt-to-equity ratio of only 0.35, establishing a robust foundation for our company's sustainable growth.

We maintain optimism that by implementing careful marketing strategies and intensifying sales efforts, we can enhance our performance throughout the first quarter of 2024. The primary challenge encountered in 2023 revolved around effectively managing resources, spanning from commodity sourcing processes to production in the final warehouse. Nevertheless, we are confident that our dedication to continually improving operational efficiency and adopting a proactive approach in confronting challenges will enable us to attain the anticipated level of profitability.

Looking ahead, we are committed to seizing new opportunities and continually improving our performance. With a strong team collaboration and a spirit to achieve success together, I am confident that KOBUMI will be able to achieve a more positive level of success in the future.

In 2024, KOBUMI will strive to strengthen its team and business management, adopting a market-oriented approach (prioritizing profitability and competitiveness to ensure high-quality products and market reach), securing necessary resources (financial resources, technology, and networks to facilitate business), development, establishing lines of accountability and strategic decision-making, aligning with the social, environmental, and cultural goals of indigenous communities, involving communities in ownership and control of businesses, and prioritizing community interests.

KOBUMI will continue to learn and grow to become a social enterprise with a strong vision and mission to uplift local commodities for global competitiveness to improve the welfare of indigenous and local communities so they can be self-sufficient and maintain the sustainability of natural ecosystems through fair and mutually beneficial trade systems.

*Ko Punya Bumi, Bumi Kita,
Kita Membumi*

Tabea,

Lanny Losung
Director of KOBUMI



FOREWORD CHAIRMAN

With genuine happiness, allow me to extend warm greetings to all KOBUMI shareholders and colleagues who have been part of our journey throughout the past year. This foreword marks not only the beginning of compiling the annual report but also an opportunity for all of us to reflect on the achievements we have attained and contemplate the future with a positive spirit.

KOBUMI serves as a collaborative platform in partnership with cooperatives and NGOs, fostering positive changes in the economic landscape of indigenous and local communities. The involvement of cooperatives plays a crucial role in reducing the lengthy supply chains faced by farmers and fishermen. Together with EcoNusa, which contributes to capacity-building efforts ranging from technical skills to financial literacy and administrative aspects, cooperatives directly benefit. In 2023, among the 12 cooperatives that signed a memorandum of understanding (MOU) with KOBUMI, 9 actively participated in assisting sourcing activities in the Papua and Maluku regions.

KOBUMI's vision, "Achieving sustainable community-driven economic self-reliance to ensure the preservation of the natural ecosystem in Eastern Indonesia," is deeply cherished as we strive to achieve self-reliance among indigenous and local communities in Papua and Maluku.

This objective will drive KOBUMI to remain consistent, and committed, and optimize performance in the coming years to uphold environmental preservation and forest conservation. In doing so, we aim to foster collaboration among all ecosystem stakeholders to prevent environmental degradation and overexploitation.

I remember a fisherman in Konda village, South Sorong Regency, expressing, "We live alongside nature, so if today nature only provides us with 10 kg of shrimp, that's sufficient because we support one another." This sentiment resonates with us, highlighting the importance of conducting business with social responsibility. We deeply appreciate the dedication of indigenous and local communities, whose ancestral wisdom emphasizes coexistence with nature.



The year 2023 was full of challenges for KOBUMI, which had just begun full-scale operations. With a limited Management Team, we initiated infrastructure development that will become KOBUMI's future assets so that in the following years, the assets owned can boost KOBUMI's performance.

We also prioritize environmental, social, and economic sustainability. With a focus on sustainable profitability, we continue to build infrastructure as future investments while striving to integrate positive impacts into our operations. We believe that sustainability and profitability are mutually supportive, and we are grateful for the support provided by cooperative partners and the EcoNusa Foundation.

Lastly, I wish to sincerely express appreciation to all KOBUMI shareholders for their cooperation and support. The synergy we have developed together not only benefits the company but also positively impacts indigenous and local communities in Papua and Maluku. Together, we can continue to progress towards building a sustainable and meaningful future.

Greetings from Eastern Indonesia,

**Samson Atapary,
Chairman of KOBUMI**

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ABOUT KOBUMI

PT. Ekosistem Bumi Lestari has successfully been established through close collaboration with the Econusa Foundation and the support of 8 cooperatives representing indigenous and local communities in the Papua and Maluku Islands regions since its inception in May 2022.

This initiative represents our involvement in socio-economic efforts, where KOBUMI becomes an entity owned by indigenous and local communities. Its primary goal is to strengthen the socio-economic conditions of these groups while also focusing on environmental preservation and natural resource management. This initiative is conducted based on sustainable principles, which encompass essential values in preserving the Earth's ecosystems.

In this annual report, we aim to offer a comprehensive overview of the progress and positive impacts brought about by KOBUMI. The primary objective is to demonstrate the tangible contributions made towards enhancing the socio-economic conditions of indigenous and local communities, while also reaffirming our commitment to sustainable environmental preservation and natural resource management.



Photo Caption:
KOBUMI employee is sorting nutmeg.
Nutmeg from the Maluku Islands is in demand by the international market.

• **Board of Commissioners and Director KOBUMI**



Lanny Losung

Director



Samson Atapary

President Commissioner



Teria Salhuteru

Commissioner



Tori Kalami

Commissioner

• **Managerial Team KOBUMI:**



Muh. Nur Mandirian Syah

Head of Operations for
the Papua Region



Deybra Priscilia Titihalawa

Head of Operations for
the Maluku Islands Region

• Shareholder Register KOBUMI:

Shareholder:



Ekosistim Nusantara
Berkelanjutan
Foundation (EcoNusa)



Kamboti
Rempah Maluku
Cooperative



Anugerah
Alam Maluku
Cooperative



Ukar Lean
Cooperative



Egek
Malaumkarta Raya
Cooperative



Keik Boson
Kamwaris
Cooperative



Tomang
Negri Lengguru
Cooperative



Fgan Fen Sisi
Cooperative



Tiva So Babunyi
Cooperative

KOBUMI Address:

- **Head Office:**

PT. Ekosistim Bumi Lestari (KOBUMI)
Jl. Frans Kaisepo KM.7
Kel, Malaingkei, Kec. Sorong Utara,
Papua Barat, 98412, Indonesia

- **Warehousing and Production:**

Pergudangan Usaha Mina
JL. Udang II, Kp. Baru, Distrik Sorong,
Kota Sorong, Papua Barat. 9841,
Indonesia

- **Ambon Branch Office:**

Gudang Nusaniwe (BULOG)
Jl. Air Salobar, Ds. Nusaniwe,
Kec. Nusaniwe, Kota Ambon,
Provinsi Maluku, Indonesia.

- **Jakarta Representative Office:**

Jl. Maluku No. 35,
RT. 6 / RW. 5, Gondangdia,
Kec. Menteng, Kota Jakarta Pusat,
DKI Jakarta 10350, Indonesia


A photograph showing two women, likely of indigenous descent, working together to prepare fishing nets. They are outdoors, with a bright, slightly hazy sky in the background. The woman on the left is wearing a red t-shirt with yellow and black patterns and is focused on her work. The woman on the right is wearing a green t-shirt and is also working on the nets. The nets are made of white mesh and are spread out on a surface in front of them.

Photo Caption:
Mothers in Waimon Village, Sorong are
preparing nets that will be used to catch
shrimp around the village.

FINANCIAL HIGHLIGHTS

PT. EKOSISTIM BUMI LESTARI
BUSINESS SUMMARY
01/01/2023 - 31/12/2023
(IDR)

DATE	01/01/2023 - 31/12/2023
REVENUE	
Income	10.816.242.689,00
Cost of Goods Sold	10.683.509.944,05
Operating Expenses	876.890.662,00
Operating Profit	(744.157.917,05)
Net Profit/Loss	(2.234.470.725,45)
BALANCE SHEET SUMMARY	
Current Assets	9.320.078.420,06
Non - Current Assets	1.931.687.609,00
Current Liabilities	2.927.027.000,00
Non- Current Liabilities	0,00
Owner's Equity	8.324.739.029,06
CASH FLOW SUMMARY	
Operating Activities	(6.263.825.615,50)
Non - Operating Activities	7.563.991.255,00
Net Cash Transfer	1.300.165.639,50
Closing Balance	2.189.627.939,01
ANALYSIS	
Gross Profit Margin	1.23%
Operating Profit Margin	-6.88%
Net Profit (Loss) Margin	-20.66%
Current Ratio	3,18
Debt to Equity Ratio	0,35
Return on Assets	(0.20)
Return on Equity	(0.27)
Average Receivables Conversion Period	182,50
Average Payables Conversion Period	16,78

INVESTMENT IN SUSTAINABLE ORIGINAL PRODUCTS FROM INDIGENOUS AND LOCAL COMMUNITIES

The Maluku Islands and Papua stand as crucial pillars for climate stability, harboring immense potential in natural resources and offering promising opportunities in sectors like marine activities, agriculture, and ecotourism. Unfortunately, these regions are vulnerable to environmental degradation, community rights violations, and economic lag. While various products are produced by the communities, not all can be marketed by KOBUMI.

Initially, KOBUMI focused solely on key commodities with high economic value such as spices, marine products, coffee, coconut, and cocoa. It's crucial to ensure the sustainability of KOBUMI's endeavors while conducting research and development for value addition to other products produced by indigenous communities such as bananas, cassava, taro, and others.

The produce from farms serves as the livelihood source for communities but also acts as a pillar for local and national economic growth. Commodities like coffee, coconut, cocoa, nutmeg, and cloves have garnered global market attraction. Data from the Central Statistics Agency (BPS) notes that agricultural exports during the January-November 2021 period reached IDR 569.11 Trillion, marking a 42.47% increase compared to the same period the previous year.

In 2022, nutmeg emerged as one of the most traded commodities with a total trade value reaching USD 257 million, indicating a 2% increase compared to 2021. This increase is believed to be associated with the growing popularity of Asian cuisines and the increasing demand for essential oils in the international market. Indonesia plays a pivotal role as an exporting country, recording the highest export value of USD 133 million in 2021, contributing to approximately 50% of the global nutmeg demand over the past 10 years.

However, the abundant natural resource potential has yet to be maximized to improve community welfare due to various constraints such as post-harvest processing, funding, limited transportation access, inadequate processing facilities, and highly restricted market access with low price values at the community level. This impacts the reduction of farmers' and fishermen's incomes, as well as increasing the risk of other parties and companies taking over access and rights of indigenous communities.

Considering the existing challenges and potential, the KOBUMI business model is designed to address issues requiring solutions from the level of farmers/fishermen up to large-scale traders.



Photo Caption:

Every day, the mothers picked up walnuts that fell from the trees. Walnuts are a commodity that plays an important role in the economy of the Maluku people.

KOBUMI functions as an off-taker to shorten the lengthy supply chain of the current system. Its aim is to promote economic growth and welfare of farmers and fishermen, while protecting forests and marine resources, which are the primary sources of livelihood for the community.

In 2021, a Business Feasibility Study prepared by EcoNusa (later referred to as KOBUMI) was conducted to develop a comprehensive business plan examining the regions of Ternate, West Halmahera, East Seram, Sorong, Manokwari, and Kaimana, which are the intervention areas supported by EcoNusa to optimize natural resource potentials.

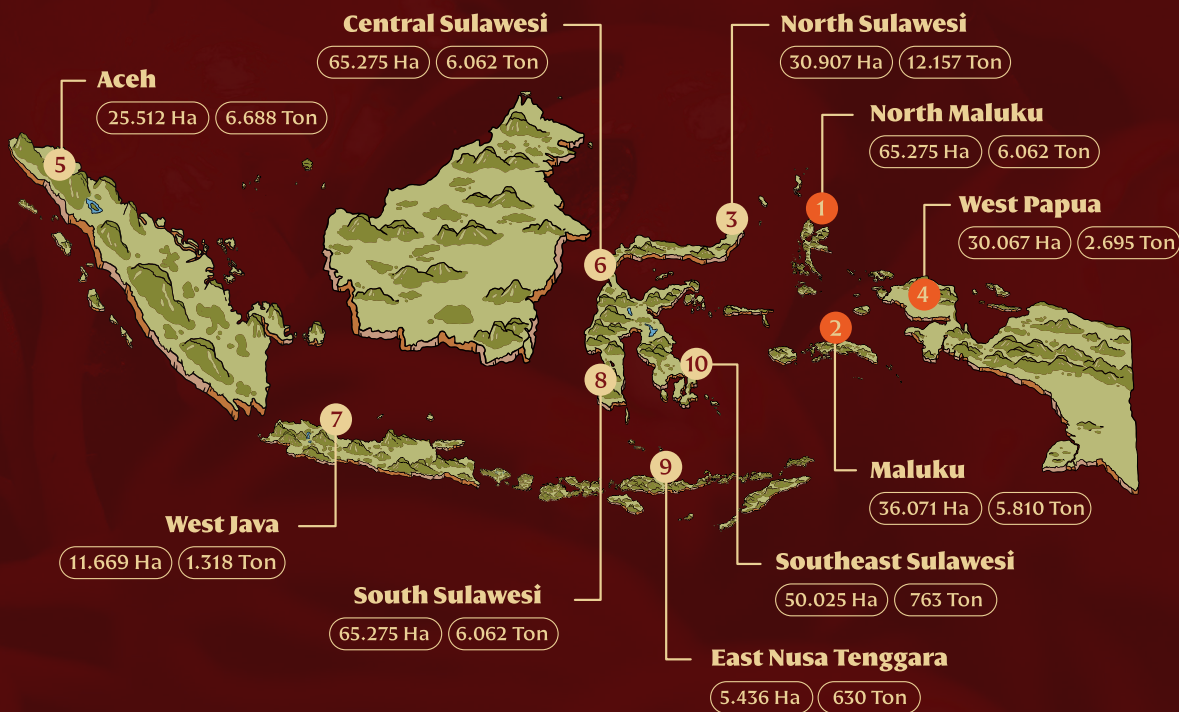
Among the results, nutmeg seeds and shrimp became the main focus in the year of full operation in 2023, with hopes of supporting other key commodities such as almonds, cloves, copra, cinnamon, cocoa, vanilla, and tuna.

From the study, three driven business units emerged, forming the core of supporting business units: Commodities Trade Unit, Fisheries Processing Unit, and Commodities Transport Vessel. The highest market potential for agricultural commodities in the world in 2020 saw annual growth, with nutmeg seeds at 17.2%, cloves at 12.07%, cinnamon at 8%, and almonds at 5.15%. In the same year, in terms of fisheries business, shrimp market growth reached 7.2%, and tuna reached 5.1%.

Facts on Nutmeg Potentials:

1. More than 99% of nutmeg plantations in Indonesia are managed by small-scale farmers, with less than 1% managed by government and private plantations.
2. In terms of productivity, small-scale farmers can achieve higher plantation productivity compared to government and private plantations. The productivity of small-scale farmers is approximately 450 kg per hectare.
3. Many regions in Indonesia have the capacity for nutmeg production. Considering the high demand for exported nutmeg, Indonesia is capable of meeting this demand with the support and contribution of local farming communities.
4. Maluku is one of the largest nutmeg producers with a productivity of over 11,000 tons per year (2021) from a total area of 101,346 hectares. This amount accounts for about 32% of the total nutmeg production in one year.
5. Another potential source is Papua with a total area of 30,067 hectares producing more than 2,000 tons of nutmeg per year.


10 Producer of Nutmeg in Indonesia



With the support of Econusa, KOBUMI’s primary product, shrimp, has facilitated aid to a specific region earmarked for shrimp cultivation: Waimon Village in Sorong Regency and Konda Village in South Sorong Regency. These areas were formerly palm oil plantations whose licenses were revoked by the government. Indigenous communities have meticulously identified these regions and have also sought recognition for their customary lands.

The profound commitment of the communities to preserve natural resources towards achieving economic self-reliance and sustainable livelihoods is clearly evident. Shrimp production originating from primary mangrove forests constitutes a significant contribution from these communities.





Statistical data on Indonesian fisheries exports by the Ministry of Fisheries indicates that shrimp dominates as the highest exported fishery commodity, followed by tuna, squid, and seaweed. Despite aquaculture shrimp production reaching 1.1 million tons (USD 4.79 billion) in 2022, over 99% of the global shrimp supply still comes from wild capture. According to The Marine Ingredients Organization Conference 2022, the harvest in 2022 will be 60% wild caught shrimp and 40% from farmed shrimp.

Through this approach, KOBUMI is expected to become a catalyst for sustainable development in the agriculture and fisheries sectors. Tailored and sustainable investments in indigenous and local community's original products will have a positive impact not only on the export of nutmeg and shrimp commodities but also on the well-being of local communities, environmental sustainability, and inclusive economic growth.



Photo Caption:

Shrimp caught by people from Konda Village and Wamargege Village, South Sorong are preserved in ice, then marketed in Sorong and Jakarta

OUR LEAP IN THE FUTURE

The year 2023 marked a significant milestone for KOBUMI, as it officially commenced operations as a social enterprise based in Eastern Indonesia. After a year of activity, we successfully built infrastructure to support the sustainability of our commodity business, collaborating closely with indigenous and local communities in the Papua and Maluku regions. KOBUMI has established a production facility for Mangrove Prawns in Sorong, equipped with Air Blast Freezing (ABF) machines and a Cold Storage facility with a 10-ton capacity. Our aim is for this facility to not only increase shrimp production but also to maintain optimal quality.

In the Maluku region, starting from October 2023, we have leased a Bulog Warehouse in Ambon City, covering an area of 1440 m², for the production and storage of spice commodities. This step is an integral part of KOBUMI's commitment to fostering economic growth within communities through partnerships with cooperatives and the Econusa Foundation, with the overarching goal of promoting sustainable business practices. We believe that the collaborations we have fostered are key to achieving economic self-sufficiency for communities and ensuring the sustainability of Eastern Indonesia's natural ecosystem.

We strengthen our commitment by integrating positive social and environmental principles into every decision-making process. This is aimed at enhancing the contribution of our commodity business involving indigenous and local communities, as well as encouraging our working and business partners to adopt responsible business practices.

• Company Identity

Company Name	: PT. Ekosistim Bumi Lestari
Date of Establishment	: May 25th, 2022

• Legal Basis of Establishment

Establishment Deed no. 468 dated 24 May 2022, which was signed in the presence of Abdul Ro'uf, S.H. notary in Sorong City, West Papua, who has obtained approval from the Minister of Law and Human Rights with Decree Number AHU-0037232.AH.01.01.Year 2022 and amendments to the Deed of Establishment through a statement on the minutes of the Extraordinary General Meeting of Shareholders of PT. Ekosistim Bumi Lestari No. 608 dated September 24, 2022 with AHU-0070291.AH. 01102. 2022 concerning Approval of Amendments to the Articles of Association of the Limited Liability Company PT. Ekosistim Bumi Lestari.

• **KOBUMI Milestone**

MAY 2022

Cooperatives assisted by the EcoNusa Foundation gathered to form PT. KOBUMI.

AUGUST 2022

PT. KOBUMI Forms Management with Head Office in Sorong, Southwest Papua Province.

SEPTEMBER 2022

PT. KOBUMI Started building warehouse infrastructure and management centers in Sorong and Ambon as the main hub for developing Indigenous Community Products.

JANUARY 2023

- PT. KOBUMI is fully operational and carries out commodity businesses in the Bird's Head Region of Papua, Maluku and North Maluku.
- Launching the Official KOBUMI Website.

FEBRUARY 2023

- The Banana shrimp commodities were initially sourced from Waimon Village in Sorong Regency and Konda Village in South Sorong Regency.
- Similarly, initial sourcing for the Nutmeg Commodity was conducted in February, targeting regions in the Banda Islands and Ambon Island.

• Important Events 2023

January 2023

The Annual General Meeting of Shareholders (AGM)
Sorong, Southwest Papua

KOBUMI held its inaugural Annual General Meeting of Shareholders (AGM) in the city of Sorong, Southwest Papua. The AGM was attended by major shareholders as well as the board of directors of KOBUMI.

During this meeting, strategic discussions were held regarding KOBUMI’s business plans and the involvement of shareholders in accelerating KOBUMI’s business operations.



April 2023

Initial Sales of KOBUMI Nutmeg Commodities from Indigenous Communities in Maluku to Jakarta

EcoNusa Foundation provides support for community-based economic development through the formation of cooperatives by local communities. In April, a total of 12.3 tons of nutmeg with quality grades ABCD and SS, produced by several partner cooperatives in Ambon, were first shipped to local buyers through KOBUMI. This marks KOBUMI’s inaugural sale in initiating this business venture.



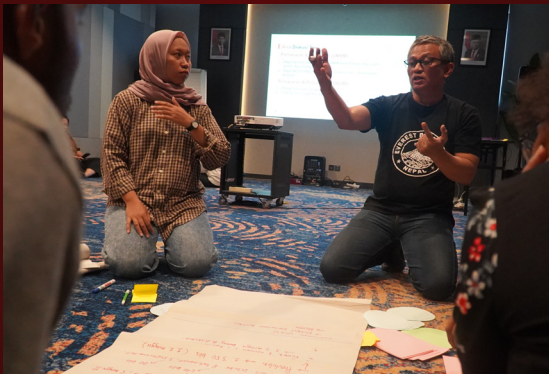
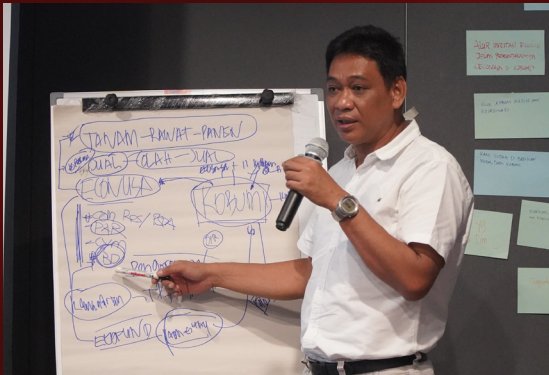
August 2023

KOBUMI Strategic Meeting 2023

Sorong, Southwest Papua

The strategic meeting is organized as a platform to design innovations and devise corporate strategies for the next 6 months. Attended by all KOBUMI staff from the Maluku Islands and Papua Land.

The main focus of this meeting is to develop KOBUMI’s strategy in facing challenges and constraints in accelerating commodity business for the local market.



August 2023

Expanding Warehouse Facilities in Ambon, covering an area of 1440 m², Ambon, Maluku Islands.

Renovation work has been undertaken on the Bulog Warehouse facilities in Ambon, covering an area of 1440 m², which will serve as a production and storage center for spice commodities.

This enhancement aims to expand capacity and operational efficiency, allowing the KOBUMI Warehouse in Ambon to handle more spice commodities with optimal storage standards. It is expected that this renovation will have a positive impact on the distribution and availability of spices in the sourcing region.



September 2023

Installation of New ABF Machine and Cold Storage Facilities at Sorong Warehouse

The KOBUMI Warehouse in Sorong has integrated ABF (Air Blast Freezer) and Cold Storage machines into its facilities. The ABF machine accelerates the product freezing process using high-pressure air, while the Cold Storage provides controlled temperature storage to maintain product quality.

With this enhancement, the Sorong Warehouse can optimize distribution services and product storage with greater efficiency.



11 September 2023

Shipment of 17.1 tons of Grade AB Nutmeg to Jakarta as part of the second container sale in 2023. Production for this container involves nutmeg processing for essential oil by submerging and sun-drying. High-quality nutmeg will sink and not float, thus having a higher essential oil content ranging between 10-16%.



29 September 2023

Delivery of 14.9 tons of AB and SS quality nutmeg to Jakarta for the Middle East market.



October 2023

TRADE EXPO Indonesia 2023, Jakarta

Trade Expo Indonesia (TEI) is the largest trade exhibition in Indonesia, supported by both the government and the private sector. The organization of Trade Expo Indonesia represents a trade exhibition participated in by leading national companies and attended by business players from both domestic and international arenas.

KOBUMI’s participation in TEI 2023 aims to network with various stakeholders, particularly potential Business-to-Business (B2B) or Business-to-Customer (B2C) buyers, investors, and prospective partnerships. During the series of events held from October 18th to 22nd, 2023, KOBUMI’s booth attracted nearly 1,000 visitors.

Our innovative booth, highlighting cultural values, local wisdom, and sustainability, garnered significant attention. We showcased retail and export of Banana Shrimp commodities and Spice commodities (nutmeg, cloves, vanilla), attracting buyers from the Middle East, Europe, Asia, and other regions. We received a total of 180 visits from potential buyers and partners originating from the Middle East, South Asia, Africa (Lagos - Nigeria), China, and Jakarta, Indonesia.



08 November 2023

For the first time, nutmeg from the Banda Islands and Ambon Island was directly exported to the Netherlands by the Maluku Spice Cooperative (Koperasi Kamboti Rempah Maluku - KRM) in collaboration with KOBUMI, with the support of the Econusa Foundation. A total of 8,978 kilograms of nutmeg, consisting of 7,049 nutmeg seeds and 1,928 nutmeg flowers (fuli), valued at EUR110,349.37 for export, were loaded into a 20ft container from the Yos Sudarso Port in Ambon to be shipped to Rotterdam.



01 December 2023

Shipment of 10 tons of SS Quality Nutmeg to Surabaya as part of the 5th container sale in 2023. This high quality nutmeg comes from the Banda, Tehoru and Seith Islands in Central Maluku.



- **Kegiatan Usaha Komoditi**

Based on Article 3 of the Articles of Association ratified in Deed No. 608 dated September 24, 2022, regarding the Amendment of the Articles of Association of PT. Ekosistim Bumi Lestari dated September 29, 2022, by Notary Abud Ro’uf, S.H. Notary in Sorong, West Papua, the purpose and objective of the company are to conduct business in the wholesale trade of agricultural and fisheries products.

**The Regional Sourcing Map of Nutmeg
in Maluku and North Maluku:**



The Regional Sourcing Map for Shrimp and Nutmeg in Papua



a. Rempah

Throughout 2023, nine cooperative partners actively contributed to being part of the business ecosystem built by KOBUMI. A total of 261 farmers and 26 fishermen from 31 villages are involved in this ongoing business process, which is a synergy between cooperatives and the mentoring program conducted by EcoNusa. This collaboration ensures the quality of commodities in accordance with national and international market standards.

KOBUMI, as the off-taker, is supported by EcoNusa, actively mentoring cooperative partners in the Papua and Maluku regions in the production and management of nutmeg and shrimp commodities. For nutmeg commodities, in mid-2023, business planning, including financial recording and institutional management, was expanded to Saloi Rempah Binaya Cooperative and Banda Neira Mandiri Cooperative. Both cooperatives serve as regular suppliers to KOBUMI in the Banda Islands, Central Maluku, and Tehoru, Central Maluku. Nutmeg shipments from these two cooperatives reached 1994.6 kg from August to December 2023.

Other partner cooperatives also made significant contributions, such as Tiva Su Babunyi Cooperative (24,429 kg), Lestari Maluku Cooperative (96.8 kg), and Anugerah Alam Maluku Cooperative (558.2 kg). The total contribution of partner cooperatives reached 27,078.6 kg or approximately 35% of the total sourcing for the second semester of 2023.

In efforts to consolidate business targets, EcoNusa held a business consolidation meeting with KOBUMI and cooperative members to discuss the business planning for the second semester of 2023 and Q1 targets for 2024. KOBUMI's work plan targeted 80,000 kg of nutmeg from August to December 2023, and the realization in December 2023 reached 76,200 kg, more than 90% of the target. This success demonstrates KOBUMI's potential as a social entrepreneurship entity that contributes as an off-taker and opens access to wider markets.

KOBUMI's supply chain operates consistently due to a commitment to transparency, with an emphasis on tracking from source to production. Through close partnerships with cooperatives, up-to-date data from farmers and local collectors have been successfully obtained. Graphs show the largest sourcing in the Banda Islands region reaching 27.3%, with the overall nutmeg sourcing in 2023 reaching 135 tons.

Furthermore, by functioning as an off-taker, KOBUMI also plays a significant role in expanding market access. Between February and April 2023, a total of 132 tons of commodities were procured from nutmeg farmers. Nutmeg sales reached 82,626 kg in 2023. From September to December 2023, KOBUMI arranged the sale of 3 20-foot containers of nutmeg, totaling 42,000 kg, targeting local markets in Jakarta and Surabaya.

Additionally, collaborative efforts with the Kamboti Rempah Maluku Cooperative yielded results with the inaugural export shipment, sending 7 tons of nutmeg and 2 tons of nutmeg flowers to Rotterdam, the Netherlands, with direct support and supervision from EcoNusa. In December 2023, the procurement of clove commodities began and successfully gathered 3 tons.

This initiative is a strategic component of our business plan, designed to support clove and nutmeg farmers in the Ambon Bay region. EcoNusa’s support through a 1,440 m2 warehouse in the city of Ambon has had a positive impact, increasing commodity production and storage.

This warehouse is the largest spice commodity facility in Maluku, creating job opportunities and facilitating direct procurement of commodities from farmers, supporting local farming activities, and in the future, it will also be utilized as a training center for farmers and collectors.

The presence of the warehouse not only enhances KOBUMI’s operational efficiency but also contributes to the overall economic development of the Maluku region.

As the Chairman of the Saloi Rempah Maluku Cooperative in Central Maluku, I feel grateful for our collaboration with PT. KOBUMI and the guidance from the Econusa Foundation.

Despite facing budget constraints and internal management adjustments at the inception of the cooperative, this collaboration has provided tangible benefits for us and local farmers in the 20 villages within our sourcing area in Southern Seram Island, Maluku.

My hope is for continued support to advance the economy of indigenous communities and to connect farmers with markets.

Johand N. Waliana

Chairman of Saloi Rempah Maluku Cooperative



b, Shrimp

Since 2021, the community of Waimon Village in Southwest Papua has been actively applying for their customary forest area to be recognized as customary land by the local and central governments. Econusa has collaborated with the local government in conducting verification, identification, and validation activities for Indigenous Peoples, especially the Iqip, Malalu, Fadan, Aresi, and Kasilit clans residing in Waimon Village. This process involves structured steps for customary mapping, with a total verified land area reaching 9,794.07 hectares.

The community is now facing various natural potentials in Waimon Village, such as marine and forest resources, which can be managed effectively to create prosperity for indigenous communities and future generations. Recognizing the importance of indigenous sovereignty in achieving autonomy and well-being, the Econusa Foundation supports this process. Econusa assists indigenous communities in mapping their customary lands, facilitating participatory discussion processes, and proposing the designation of customary territories to the local government.

This support aims to enable indigenous communities to manage their customary lands effectively, reap its benefits, and maintain local wisdom in its management. One initiative driven by Econusa is the establishment of a cooperative comprising indigenous community members whose livelihoods are as fishermen.

The significant potential in the coastal areas of Waimon Village lies in banana shrimp within the coastal mangrove area of Waimon, covering an area of 13,229 hectares of forest and non-forest areas. Since 2022, intensive mentoring has been carried out to enhance capacity, shrimp quality, financial literacy, and support infrastructure for indigenous communities, ranging from freezers, ice-making machines, fishing nets, to the provision of speed boats and preparation of long boats for cooperatives.

Papua's coastal communities have long relied on shrimp commodities as their main livelihood, catching shrimp using nets and small boats. On average, they can catch between 30 to 50 kg of shrimp per boat per day. However, the distribution process that has been established so far leads to a long chain, starting from sales to local collectors, then continuing to middle collectors, and finally reaching large collectors in districts or even major cities such as Jakarta, Bali, or Surabaya. Such a lengthy supply chain does not provide significant benefits to local communities, and tends to harm their customs and culture.



The establishment of cooperatives driven by Econusa then became partners of KOBUMI in Waimon Village aims to improve the quality and quantity of traditionally caught wild shrimp, thus maintaining the sustainability and preservation of the surrounding environment. By providing price certainty to fishermen who are cooperative members, they can obtain sales proceeds that cover debts and fuel needs for fishing. Currently, there are 26 active fishermen who contribute as shrimp suppliers to the Cooperative, which then supplies shrimp to KOBUMI.

In addition to the Waimon area, since February 2023, KOBUMI together with the Keik Boson Kamwaris Cooperative in the Sorong Regency area, and the Fgan Fen Sisi Cooperative in the Sorong Regency and South Sorong Regency areas, have been sourcing for banana shrimp catches in the mangrove forest coastal areas. The total shrimp commodities successfully caught by fishermen during 2023 reached 1.7 tons.



To support the business sustainability of KOBUMI, Econusa has invested in warehouse rental support and facilitated the installation of an Air Blast Freezing (ABF) Machine and a 10-ton Cold Storage, which were successfully installed in September 2023. This support will be maximized as part of the preparation for banana shrimp exports in 2024 and for other marine fish varieties.

In December 2023, Econusa also supported the procurement of a 6-ton capacity fishing vessel equipped with a chiller to maintain the quality of the catch. This vessel will be fully operational by KOBUMI in the first quarter of 2024.



c. Tourism

In addition to focusing on the main commodities of nutmeg and shrimp, KOBUMI also manages the EcoXplorer Ship, which has successfully completed four trips for commercial and coral reef research and marine conservation purposes since 2023. There are two main categories of guests who choose to sail with the EcoXplorer throughout the year: commercial trips from foreign tourists and government agencies, universities, as well as local and international non-governmental organizations (NGOs).

Commercial trips aboard the EcoXplorer involve ecotourism activities covering routes from Kaimana to Sorong and from Sorong to Cendrawasih Bay. Additionally, the ship is also involved in research trips, such as monitoring activities for the Cendrawasih Bay National Park and Research by the KEHATI Foundation Sorong-Misool, which is also a form of active support from EcoNusa in its commitment to marine research and conservation.

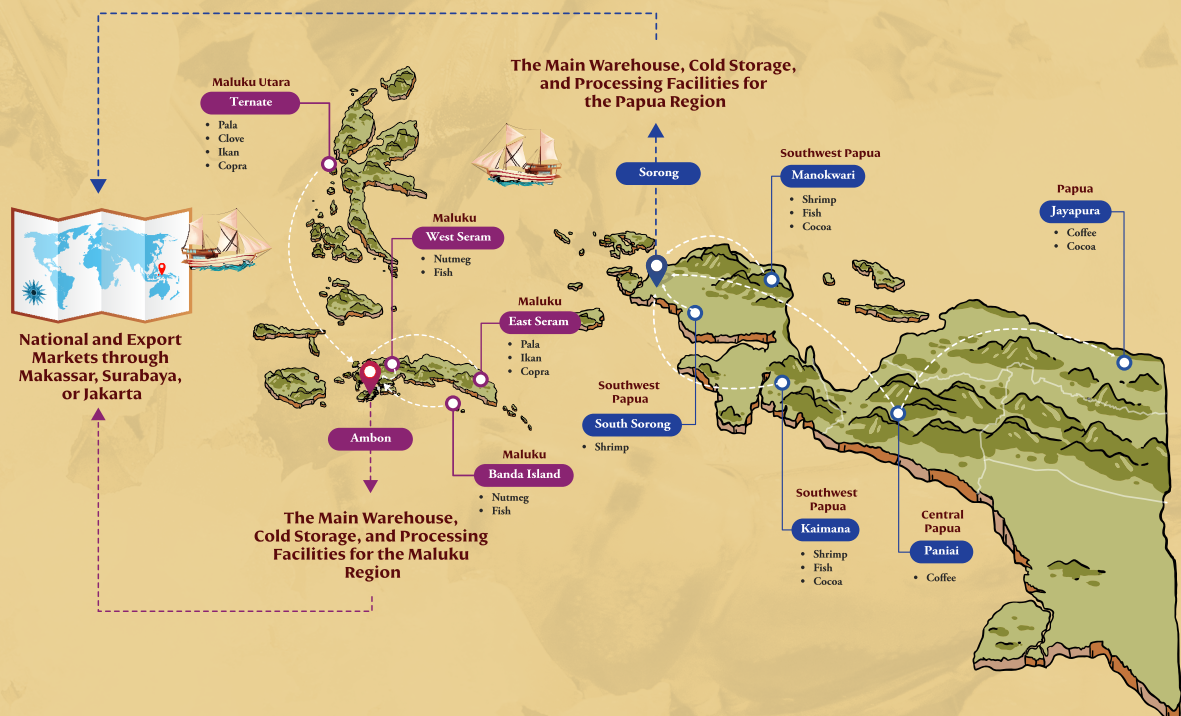


The revenue generated by the ship from all trips undertaken during 2023 amounted to IDR 2,322,625,293 (Two billion three hundred twenty-two million six hundred twenty-five thousand two hundred ninety-three Indonesian Rupiah), reflecting positive financial achievements.

The profits from the use of the EcoXplorer Ship are not only allocated to ensure the sustainability of the ship's operations but also to support strategic programs in the field of marine ecosystem education. These programs will be implemented through the EcoXplorer ship's visits to coastal areas, which are planned to commence in 2024.



• **KOBUMI’s Indigenous Community Economic Zone Development Area in the Maluku Islands and Tanah Papua**



In 2023, KOBUMI established its operational focus in Maluku, North Maluku, and West Papua. These three locations served as central representations of the main commodities processed by KOBUMI throughout the year 2023, namely nutmeg and banana shrimp.

The Maluku and North Maluku regions were the focus for nutmeg, cloves, canarium, vanilla, and copra commodities. Meanwhile, in the West Papua region, particularly in the districts of Sorong and South Sorong, KOBUMI supported the development of the banana shrimp business.

The Kaimana district, on the other hand, was focused on the production of Papua long nutmeg. Meanwhile, for coffee and chocolate commodities, sourcing activities will be conducted in the Jayapura region, Papua, in 2024.

In supporting operational activities in these sourcing areas, KOBUMI has operated three strategic warehouses in Ambon, Sorong, and Ternate. These warehouses serve as essential infrastructure in commodity management and distribution, ensuring availability and sustainability of the supply chain throughout the working areas.



• KOBUMI Vision and Mission

Vision:

Achieving sustainable community-driven economic self-reliance to ensure the preservation of the natural ecosystem in Eastern Indonesia

Mission:

Creating markets and promoting local community commodities to support increased prosperity and environmental protection.

Developing added value for local community commodities, including capacity building and environmentally friendly technology development.

Developing funding sources for the development of local community businesses.

Developing flexible business institutions to accommodate indigenous and local community ownership.

• KOBUMI Values and Commitment

We believe that:

Involvement of Indigenous and Local Communities: Ensuring active participation and acknowledgment of the rights of indigenous and local communities in natural resource management is crucial.

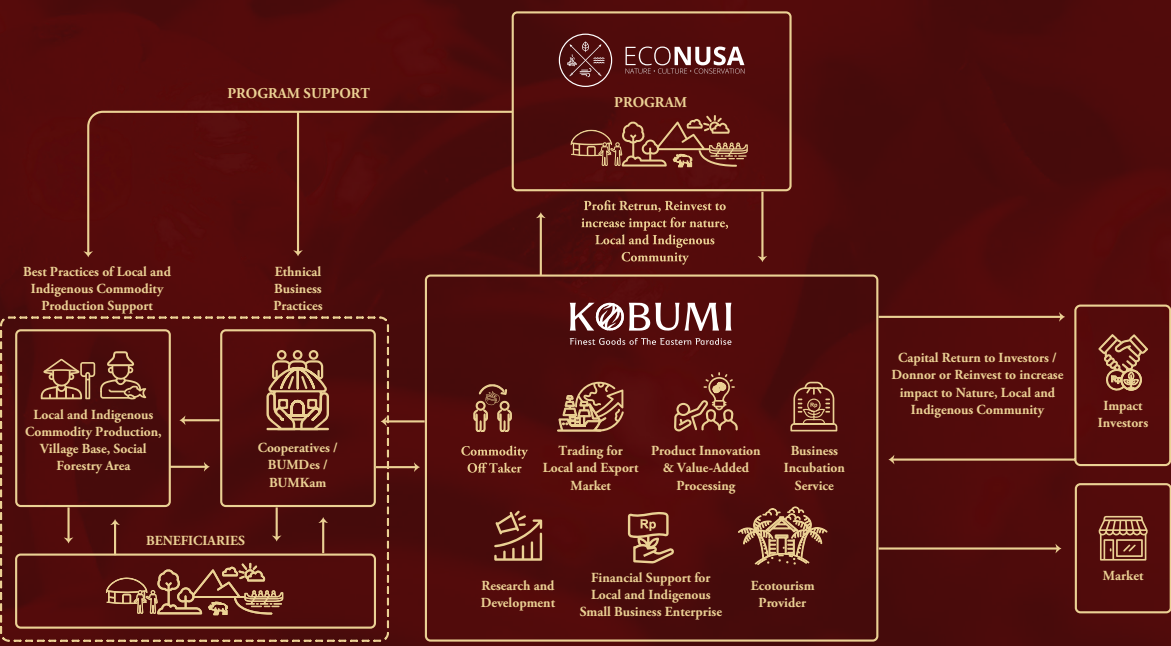
Social and Economic Equity: Creating equitable opportunities for all, including indigenous and local communities, to achieve prosperity is paramount.

Environmental Sustainability: Protecting and managing natural resources sustainably for present and future generations is of utmost importance.

Partnership and Collaboration: Collaborating with diverse stakeholders, such as governments, indigenous and local communities, NGOs, and the private sector, is essential to achieve shared objectives.

Transparency and Openness: Building trust and accountability through transparent and open communication is indispensable.

• KOBUMI Value Chain



KOBUMI embraces business values that are profitable, sustainable, and committed to preserving nature as a key component in forest protection and other natural resources. We prioritize indigenous and local communities as primary pioneers in realizing our vision. KOBUMI’s role as an “off-taker” involves purchasing commodities produced by these communities. We engage in processing and value addition to enhance the quality of these commodities, making them marketable locally and for export. Additionally, KOBUMI plans to provide business incubation services to enhance the capacity and quality of Micro, Small, and Medium Enterprises (MSMEs) in the Papua and Maluku regions. This will be supported by research and product development, as well as KOBUMI’s role in providing financial support services to local small businesses and indigenous communities.

In 2023, KOBUMI also launched ecotourism services in collaboration with EcoXplorer, a Phinisi boat actively providing leisure and research charter services in Eastern Indonesia. These activities include bird watching, snorkeling, diving, and connecting guests to interact directly with local communities and cultures. EcoXplorer also supports coral reef research and marine conservation conducted by local and international academics and NGOs. The profits gained by KOBUMI serve not only as a pillar of business growth but are reinvested to enhance positive impacts on nature, indigenous communities, and local communities through the EcoNusa program. This program includes aspects related to ethical business practices in cooperatives, Village-Owned Enterprises (BUMDES), and Village-Owned Enterprises (BUMKAM), the application of best practices for indigenous and local community commodities, and support for production in the plantation and marine sectors. Additionally, profits will also be distributed to supported community cooperatives, creating a mutually supportive circular business among community enterprises.



Photo Caption:

After harvesting the nutmeg, the mother immediately separated the mace (mace flower) from the nutmeg seeds in the garden. Mace is needed by the industrial world for processed products, such as food, drinks, medicine, perfume, preservatives, anesthetics and spices.



MANAGING INDIGENOUS AND LOCAL COMMUNITY PRODUCTS FOR ECONOMIC INDEPENDENCE

- **Company financial performance review**

We responsibly present KOBUMI's Annual Financial Report, which provides a comprehensive overview of the company's financial performance during the year 2023. This report is prepared with the aim of providing clear visibility to stakeholders regarding our operational results and financial position in managing Indigenous and Local Community Products to drive initiatives in both environmental preservation and economic self-reliance. The carefully documented information in this report includes aspects of revenue, operational expenses, cash flows, as well as financial ratio analysis, which comprehensively depict KOBUMI's achievements and challenges during the reporting period.

This report is intended to provide a better understanding to shareholders, prospective investors, employees, and our business partners, enabling them to gain a more holistic view of the company's financial health and operational performance. We believe that transparency is a crucial aspect in fostering strong relationships with our stakeholders, and therefore, we are committed to presenting accurate and relevant information.

• Income Statement KOBUMI

Description	Amount (IDR)
Income	Rp 10.816.242.689,00
Cost of Goods Sold	(Rp 10.683.509.944,05)
Gross Profit	Rp 132.732.744,95
Operational Costs	(Rp 876.890.662,00)
Operational Profit	(Rp 744.157.917,05)
Net Profit/Loss *	(Rp 2.234.470.725,45)

** in the form of unsold commodity products until December 2023*

Last year, PT. KOBUMI successfully recorded an annual revenue of IDR10,816,242,689, indicating that the company’s sales are performing well. However, this outcome was slightly offset by significant direct costs, amounting to IDR 10,683,509,944.05. As a result, the gross profit amounted to only IDR132,732,744.95.

Although the revenue is quite substantial, the low gross profit, at only 1.23% of revenue, suggests that the company is experiencing minimal profit margins from each product or service sold. Meanwhile, operational expenses also exert significant pressure, reaching IDR 876,890,622.00, or approximately 8.11% of revenue, which includes costs such as employee salaries and marketing expenses.

Additionally, there is an inventory of IDR 2,234,470,725.45 worth of commodity products that remained unsold as of December 2023.

The unsold inventory in 2023 may pose challenges due to delays in the export process to Vietnam in December, potentially reducing the expected revenue for that year. Improving risk management related to shipment and anticipating export delays will help mitigate negative impacts on the company’s revenue.

Given these constraints, moving forward, KOBUMI needs to efficiently and effectively manage costs and resources, as well as conduct thorough evaluations of production aspects. This will be key for KOBUMI to enhance its financial performance and reduce occurring risks.

• Cash Flow Statement KOBUMI

Description	Amount (IDR)
Operational Activities	(Rp 6.263.825.615,50)
Non - Operational Activities	Rp 7.563.991.225,00
Net Cash Transfers	Rp 1.300.165.639,50

The cash flow statement of KOBUMI reveals several crucial aspects of the company’s financial performance during the year 2023. With a net cash flow of Rp1,300,179,639, KOBUMI managed to record positive cash flows from both operational and non-operational activities.

This indicates that KOBUMI is capable of generating sufficient cash flow to finance its day-to-day operational activities as well as investments in non-operational endeavors. However, it’s important to note that there were significant losses in the company’s Profit and Loss statement. These losses signify instability in the company’s financial performance, attributed to factors such as production costs related to unsold commodity stock. Therefore, despite the positive cash flow in 2023, KOBUMI needs to be cautious in addressing the underlying issues causing financial instability in the upcoming periods.

Thus, while positive cash flow is a good indicator, KOBUMI needs to remain vigilant against factors that can affect financial balance and take necessary actions to improve overall financial performance in the coming years.

• Financial Ratio KOBUMI

3.18	0.35	-0.20	-0.27
Current Ratio	Debt to Equity Ratio	Rate of Return on Asset	Rate of Return on Equity

1. Current Ratio

KOBUMI has sufficient current assets with a ratio of 3.18 times to cover its short-term liabilities. This means the company has a good ability to meet its short-term bills and debts. The ideal average current ratio is >2 .

2. Debt-to-Equity Ratio

KOBUMI has a low debt level of 0.35 times compared to its equity. KOBUMI's debt-to-equity ratio indicates that the company has a healthy capital structure with a low debt level, not overly reliant on loans, and has more control over its finances.

3. Return on Assets and Equity

Unfortunately, both ROA (-0.20) and ROE (-0.27) show poor performance. This means the company's losses (-0.20 per asset and -0.27 per equity) indicate that KOBUMI is not generating profits from its assets or equity. This serves as a note for KOBUMI to address as a primary concern.

Photo Caption:

Indigenous people in Konda and Wamargege Villages, South Sorong have a tradition of shrimp calling ceremonies so that the catch will be abundant. After the ceremony, they immediately went to catch shrimp.





Photo Caption:
Mama shows the nutmeg harvest from the garden. Nutmeg
is one of the superior commodities of the Maluku Islands.

YOU HAVE THE EARTH, OUR EARTH, WE ARE EARTHED

KO PUNYA BUMI, BUMI KITA, KITA MEMBUMI

KOBUMI in Figures and Facts 2023



- ## Kobumi Supports Local Independence (Econusa and 12 Cooperative Partners)

One of Kobumi’s direct supports for the development of local self-reliance within communities is through business partnerships with twelve (12) local cooperatives located in the regions of Papua and Maluku.

KOBUMI Partner Cooperative Profile in Tanah Papua Region:



FGAN FEN SISI COOPERATIVE

Location : Teminabuan District, South Sorong
: Regency, Southwest Papua Province.

Fgan Fen Sisi cooperative is a community-based economy that involves fishermen in the villages of Konda and Wamargege, South Sorong Regency, Southwest Papua Province, to sustainably manage natural resources by purchasing banana prawn commodities.



KEIK BOSON KAMWARIS COOPERATIVE

Location : Mayamuk District, South Sorong Regency,
: Southwest Papua Province.

Keik Boson Kamwaris Cooperative serves as a home for the communities in the Waimon and Kasimle areas, South Sorong Regency, Southwest Papua Province, who purchase prawn commodities directly from fishermen as an effort to empower indigenous communities in forming economic self-reliance.

**TOMANG NEGERI LENGGURU
COOPERATIVE**

Location : Kaimana Regency, West Papua Province.

Tomang Negeri Lengguru Cooperative aims to serve as a platform for developing products sourced directly from indigenous communities. Currently, the cooperative purchases long nutmeg commodities from the Lower Arguni District, Kaimana Regency, West Papua Province.



YORA MEKHANDI JAYA COOPERATIVE

Location : Abepura, Jayapura, Papua Province

Yora Mekhandi Jaya Cooperative is a producer cooperative based in the city of Jayapura. The cooperative purchases cocoa beans from farmers in the Mamberamo Raya Regency, Papua Province.



**EGEK MALAUMKARTA RAYA
COOPERATIVE**

Location : Malaumkarta Village - Suatolo,
: Makbon District, Sorong Regency,
: West Papua Province.



Egek Cooperative is a joint initiative with indigenous communities from the villages of Malaumkarta, Suatolo, Suatut, Mibi, and Malagufuk. The cooperative was established with the aim of strengthening indigenous communities, preserving the environment, and creating sustainable economic opportunities for local residents. The concept of Egek emphasizes local wisdom in natural resource management and sustainable environmental preservation. The values inherent in the Egek cooperative include maintaining intergenerational spaces by ensuring the sustainability of natural resources for enjoyment by future generations.

KOBUMI Partner Cooperative Profile in Maluku Region:



TIVA SO BABUNYI COOPERATIVE

Location : Ternate City, North Maluku Province

Tiva so Babunyi Cooperative was formed to mobilize the community, especially nutmeg farmers, in the North Maluku region. The cooperative purchases high-quality nutmeg from small-scale farmers in the North Maluku area. The nutmeg obtained is of the long nutmeg variety.



UKAR LEAN COOPERATIVE

Location : Eastern Part of Seram, Maluku Province.

Ukar Lean Cooperative focuses on purchasing agricultural commodities such as nutmeg and cloves from farmers in the Eastern Part of Seram, Maluku Province.



RAKYAT LESTARI MALUKU COOPERATIVE

Location : Eastern Part of Seram, Maluku Province.

Rakyat Lestari Maluku Cooperative is a community economic institution dedicated to developing the local economy in the Maluku Islands, managing and distributing local commodities based on principles of fairness and sustainability to foster economic self-reliance in the local community. This cooperative focuses on purchasing nutmeg and cloves from farmers in the Eastern Part of Seram region.

KAMBOTI REMPAH MALUKU COOPERATIVE

Location : Salahutu Sub-district,
: Central Maluku Regency, Maluku Province.



Kamboti Rempah Maluku Cooperatives manages nutmeg, cloves, and coconut plantations as one of the livelihood sources for the people of Maluku. KRM purchases spices directly from farmers in the Maluku Regency and surrounding areas.

In 2023, KRM successfully exported nutmeg and cloves to the European market for the first time. This proves that KRM is a cooperative that applies international sourcing and sorting standards. This achievement is evidence of the capability of both KRM and KOBUMI in revitalizing the spirit of Maluku’s indigenous communities to introduce Maluku as the spice hub of the world.

SALOI REMPAH BINAIYA COOPERATIVE

Location : Tehoru District, Central Maluku Regency,
: Maluku Province.



Saloi Rempah Binaiya Cooperative is a local community economic institution dedicated to fostering economic self-reliance among the communities in Central Maluku, particularly in the southern coast of Seram Island, Tehoru, and Telutih, while upholding local wisdom and customs. The Saloi Cooperative purchases dried nutmeg and cloves from local farmers in the Tehoru district and surrounding areas.



BANDA NEIRA MANDIRI COOPERATIVE

Location : Banda District, Central Maluku Regency,
: Maluku Province.

Banda Neira Mandiri Cooperative was formed to assist in developing the potential local commodities in Banda Naira as an offtaker. The Banda Neira Mandiri Cooperative focuses on managing aromatic spice agricultural products as well as the drying and smoking industry of sea produce.



ANUGERAH ALAM MALUKU (ANAM) COOPERATIVE

Location : Banda Islands, Central Maluku Regency,
: Maluku Province.

Anugerah Alam Maluku Cooperative harnesses the potential of nutmeg in the Banda Islands while empowering local farmers. Unlike other cooperatives, this cooperative focuses on product diversification to increase the economic value of nutmeg meat, which typically ends up as waste. The nutmeg meat is processed into unique processed products with high market competitiveness and economic value. These processed products include nutmeg jam, spice powder, and nutmeg wine.



Photo Caption:
One of the nutmeg sorting processes
in the KOBUMI warehouse.

OUR SUSTAINABILITY JOURNEY

• Stakeholders: Who and How We're Involved

KOBUMI has established close relationships with various stakeholders to achieve its sustainability goals. Active mentoring by the Econusa Foundation is part of our collaborative efforts aimed at protecting forests and preserving nature without exploiting them.

1. Indigenous and Local Communities:

KOBUMI collaborates with 9 partner cooperatives, comprising 261 farmers and 26 fishermen. This partnership aims to shorten the supply chain and enhance market access and income for indigenous and local communities.

2. Government and Other Organizations:

a. Through the Econusa Foundation, Memorandums of Understanding (MoUs) have been established with the Maluku Provincial Government to enhance community welfare through sustainable natural resource utilization.

- Empowering communities in agriculture, fisheries, marine environment, forestry, trade industry, and SMEs.
- KOBUMI's involvement aims to accelerate the economy, particularly in the export opportunities of spice commodities in the Maluku region. This is expected to boost the Local Revenue (PAD) of the Maluku Province.

b. Collaboration with the Ministry of Villages, Development of Disadvantaged Regions and Transmigration

- Positioning KOBUMI as a sustainable business model. It involves a collaborative value chain between NGOs and cooperatives, collaboration in market access, and capacity building for farmers and fishermen to produce higher quality commodities.
- Training and learning can take place at the Kobumi Warehouse in Ambon City. This warehouse will showcase the impact of a social enterprise that prioritizes social, economic, and cultural aspects in Indigenous and Local Communities in Papua and Maluku regions.

- c. KOBUMI serves as an example of a sustainable ecosystem introduced by the Koalisi Ekonomi Membumi (KEM), a collective movement aimed at accelerating the growth of sustainable investment ecosystems that prioritize Indonesian local wisdom through cross-sectoral, cross-national, and cross-stakeholder collaboration. Econusa is a member of KEM.

• Alignment with National Goals

Throughout this journey, we have ensured that our sustainability strategies, priorities, and efforts align with relevant National and International frameworks.

1. National Goals: Aligned with Indonesia’s Nawacita priority programs

- Improving the welfare of indigenous and local communities at the rural level through sustainable natural resource management.
- Promoting transparency and accountability in natural resource management.
- Protecting the land and natural resource rights of indigenous and local communities.
- Promoting sustainable and environmentally friendly natural resource management.

2. International Goals:

KOBUMI is committed to achieving the United Nations Sustainable Development Goals (SDGs).





Photo Caption:
Fishermen from Waimon Village shake hands with the Head of the Keik
Boson Kamwaris Cooperative after weighing their caught shrimp.

EMPOWERING STAKEHOLDERS

- **Empowering Employees and Partners**

KOBUMI has responsibly fulfilled its role as a social enterprise operating in the commodity trading sector for 1 year since officially commencing operations. Supported by 12 Cooperative Partners and 1 Foundation, we strive to deliver measurable benefits to all parties collaborating and working with us. To effectively achieve this, KOBUMI needs to articulate a clearer vision and mission to establish strong partnerships and provide significant social impact to indigenous and local communities within the KOBUMI ecosystem.

Individuals involved in KOBUMI are our most valuable resource. About 80% of KOBUMI's partners and employees are from the Eastern Indonesia region. The total number of female workers reaches 28 out of 44 employees, ranging from Director level to Field Commodity Sorting Team, across KOBUMI's operational regions.

57%

of women are involved
in the production
process.

100%

of senior management
is aged between
30-40 years

52%

of Total Employees
are under 30 years
old.

- **Development and Training**

Collaboration that brings sustainable impact includes the support provided by Econusa since 2021 to strengthen the socio-economic conditions of Indigenous communities in the Papua and Maluku regions, particularly those engaged in sustainable farming practices. In the Maluku region alone, several active activities were recorded from 2021 to 2023:

- **Nutmeg Seedling Planting Program**
- **Construction of 10 Seedling Nurseries**
- **Construction of Nutmeg and Copra Commodity Drying Houses**
- **Post-harvest Nutmeg Training**
- **Processing Training for Nutmeg Fruit Derivative Products**

In addition to Nutmeg, Cooperative Partners of KOBUMI for Banana Shrimp commodities also received support facilities including

- **80 units of fishing nets**
- **7 long boats for fishermen in Waimon Village - Sorong Regency and Konda Village - South Sorong Regency**
- **6 Ice-making machines and freezers**
- **9 speed boat machines for fishermen's boats**
- **Support for the construction of Weighing Houses in Waimon and Konda Villages**
- **training on waste management of shrimp heads and financial literacy.**

Significant support from Econusa has brought positive impacts on the production and post-harvest results of farmers in the Maluku region. This directly impacts when Cooperatives sell their commodity produce to KOBUMI at competitive prices in line with the commodity market situation in the Maluku region.



Photo Caption:

The fishermen headed to the weigh house in Kampung Konda, South Sorong to collect their shrimp catch

SOCIAL ECONOMIC AND ENVIRONMENTAL IMPACT



26

Drying House

Constructed to support the quality of farmers' harvests.



2

Weighing House

Constructed in Waimon and Konda.



Training

Capacity Enhancement for the Community

• Social Impact

The biggest challenge for indigenous/local communities in Maluku and Papua is the difficult access to markets. KOBUMI, together with EcoNusa, addresses this gap by acting as a sustainable link for farmers and indigenous/local communities to access target commodity markets and create sustainable value-added product innovations without erasing existing local characteristics and culture.

Furthermore, assistance in the form of facilities and training provided by KOBUMI and EcoNusa enhances community knowledge, harvesting productivity, and the self-reliance and confidence of indigenous/local communities.



I am a shrimp fisherman from Wamargege Village, and I would like to express my gratitude to PT KOBUMI for their assistance in purchasing our catch. This support has truly helped us, the fishermen, in earning income for our daily lives, including household needs and children's education.

Yason Serio

Fisherman of Wamargege Village, South Sorong



- **Economic Impact**

The presence of KOBUMI has a significant impact on the banana shrimp value chain, especially for indigenous/local communities working as fishermen. Thus, managed natural resources play a crucial role as one of the sources of economic prosperity.

Farmers also experience significant impacts through increased income from the sale of their commodities. The presence of KOBUMI encourages an increase in the income of affiliated farmers and fishermen by purchasing their harvests at a higher value than the customary credit system (ijon). KOBUMI builds a fair, honest, and transparent sales transaction system for farmers, creating mutually beneficial relationships in terms of sales and purchases and providing a 6% higher return to farmers through commodity sales.

Photo Caption:
Nutmeg fruit and seeds have become high-value trading commodities.
Communities in the Banda Islands and other regions of Maluku rely
on nutmeg as one of their sources of livelihood

- **Environmental Impact**

The shrimp collection area located in mangrove forest areas and forest areas where palm oil concession permits have been revoked has resulted in the conservation of 58,023 hectares of forest area in West Papua and 13,097 hectares of mangrove areas in Waimon, Sorong Regency. This initiative has created new job opportunities and has contributed to the increase in the livelihoods of the local communities. Traditional shrimp catching methods contribute to the carbon reserves in the area, increasing by 311,184 tons of CO2 Seq/year/hectare.

KOBUMI support for farmers practicing agroforestry has led to an increase in the conservation potential of land and water, agricultural productivity, and carbon reserves, reaching 1,115 tons of CO2 Seq/hectare.

By selling nutmeg to Kobumi, it has opened the door to financial freedom for me. Despite being bound by the shackles of credit debt, I can now see a bright future for my family.

Thanks to this nutmeg selling effort, my children can receive a decent education. This is proof that with determination and hard work, anything is possible.

Baharudin Basiman

Farmer - Banda Islands





Photo Caption:
The dried nutmeg mace is sorted before being packaged for sale in both national and international markets.

AGROFORESTRY INITIATIVES

The agroforestry initiative by EcoNusa plays a crucial role in facilitating KOBUMI as an off-taker to achieve significant improvements in agricultural product quality in Maluku and Papua. Since 2021, the EcoNusa Foundation has provided various support and assistance to small-scale farmers in forest and coastal areas to enhance livelihoods and community self-reliance. The agroforestry initiative has long been designed by EcoNusa to enhance rural self-reliance, food security, and household economic resilience.

Agroforestry is a solution to address many challenges faced by small-scale farmers, including mitigating climate change, aiding in the management and adaptation to extreme weather, and enhancing tree ecosystems (such as biodiversity, soil fertility improvement, soil erosion control, flooding, pest control, and pest management). Agricultural productivity is achieved without the use of conventional fertilizer and chemical pesticides. This example is commonly found in the Banda Islands region, where nutmeg and canarium plantations are integrated. Canarium trees provide protection for nutmeg trees vulnerable to extreme weather.

This agroforestry initiative is built as part of EcoNusa's commitment to environmental conservation and empowerment of indigenous/local communities living in forest and coastal areas.

The initiative is developed not only considering environmental aspects but also from the perspective of local wisdom that has been passed down through generations by local communities as one of their livelihoods and sources of living.

The commodities developed by KOBUMI come from farmers who have agricultural land in forest areas implementing agroforestry farming systems. Currently, the nutmeg production obtained by KOBUMI comes from 7 social forestry areas which are part of village forests in the regions of Central Maluku Regency and Tual, with a total area of social forestry reaching 8079.793 hectares.

The natural resource areas managed by KOBUMI are related to aspects of Social Forestry regulated by the Ministry of Forestry and Environment. The management of forest areas converted into nutmeg plantations and other commodities is done fairly together with local communities and customary law communities within or around forest areas, in line with the goal of improving community welfare.

To support social impact initiatives and support KOBUMI's sustainability, EcoNusa has built supporting infrastructure for quality nutmeg management. The availability of nutmeg drying houses in the Maluku Islands is a form of support for small farmers to manage commodities with better post-harvest standards, also in line with the quality standards set by KOBUMI.



26 Drying House

Together with partner cooperatives, during 2023, EcoNusa has helped build 26 drying houses, including the construction of 20 drying houses scattered in West Seram Regency, including 3 drying houses in Negeri Uweng, 2 drying houses in Negeri Uweth, 2 drying houses in Negeri Mornateng, 2 drying houses in Negeri Lohiatata, 2 drying houses in Negeri Uraur, and in Central Maluku Regency, namely Negeri Makariki 2 drying houses and Negeri Elpaputih 7 drying houses; the construction of 6 drying houses consisting of 2 drying houses in Ambon (near KOBUMI warehouse), 4 drying houses in the Banda Islands; 2 drying houses in Lonthoir and 2 others on Gunung Api.

Together with KOBUMI, this initiative is targeted not only as a form of temporary assistance or training, but the commitment to improving livelihoods and livelihoods of the community is the main target to be achieved. Through this collaboration, KOBUMI acts as a bridge between communities and wider and more targeted market access, utilizing the wealth of natural resources in forest and coastal areas in the Maluku Islands and Papua sustainably, and introducing unique local wisdom to a wider audience.

Run Island was once exchanged for Manhattan because of its richness in nutmeg. Until now, the community continues to cultivate nutmeg, including myself. With the support of solar-powered drying domes from Econusa, our nutmeg and cloves harvest dries faster and has better quality.

Hopefully, in the future, they can be sold at a higher price so that I can save for my child's education until college.

Masna Laempe

Community Member of Run Island,
Banda Islands, Central Maluku





Photo Caption:
One of the processes of sorting nutmeg based on its quality.
During sales, nutmeg prices are differentiated based on quality.

SUSTAINABLE BUSINESS

The value chain from upstream to downstream managed by KOBUMI is environmentally friendly and considers natural and social sustainability. In practice, KOBUMI considers two main aspects: the social and economic impact on communities and the environmental impact of its business practices.

Sourced from the Sustainable Investment Guide issued by the Investment Ministry/BKPM, business activities can be considered Sustainable Business if they include two characteristics, which consist of:

- 1. Ecological :**
Contributing to climate change mitigation and/or adaptation or addressing broader environmental and social sustainability measures, such as using sustainable production methods, contributing to resource efficiency, waste management, and responsibly preserving biodiversity.
- 2. Inclusive:**
Creating job opportunities for local communities, such as marginalized communities, especially young people, women, and low-income households, and connecting these communities as suppliers, traders, or customers to local and global value chains.

Being one of the actors of ‘Sustainable Business’ is a pride for KOBUMI as a new company that has been operating for the past year. KOBUMI has implemented a business that considers environmental sustainability, as well as social and economic livelihoods.

• ECOLOGICAL

KOBUMI’s management of commodities considers the sustainability of biodiversity. Shrimp commodities are caught using traditional methods to prevent damage to mangrove ecosystem, while nutmeg commodities are traditionally harvested and collected without harming seedlings or the surrounding ecosystem.

Together with cooperative members, KOBUMI manages shrimp waste (shrimp heads) into hygienically packaged powdered broth in accordance with BPOM regulations. This powdered broth product also becomes an additional source of income for women (fishermen’s wives). Meanwhile, nutmeg waste (shells and nutmeg fruit) is processed into value-added products. Nutmeg seed shells are further processed into briquettes, while nutmeg fruit flesh is processed into candied fruit, syrup, and wine beverages operated and managed by EcoNusa and KOBUMI’s cooperative partners.

• INCLUSIVE

The majority of KOBUMI’s production activities involve small-scale farmers and fishermen. Prioritizing gender and social equality, KOBUMI provides equal opportunities to support, develop, and enhance the livelihoods of cooperative members and business partners.

Various accompanying activities and regular monitoring are also conducted by KOBUMI, EcoNusa, and partner organizations to ensure that commodity management processes comply with applicable procedures. Periodic capacity-building programs are also conducted to enrich community knowledge in managing businesses sustainably and responsibly.



“The presence of EcoNusa and KOBUMI in this area has been very beneficial. KOBUMI purchases nutmeg at fair market prices, ensuring that farmers receive a fair price.”

Saprudin Mahu

Farmer from Seith - Central Maluku

“Thank you to Kobumi because thanks to the opportunity to sell nutmeg there, my children can now go to school well. In addition, I have also managed to renovate our house using the proceeds from nutmeg sales so far.”

Mipta Parit Laitupa

Farmer from Ureng Village - Leihitu, Central Maluku



“ The collaboration between Fgan Fen Sisi Cooperative and KOBUMI allows us to sell our shrimp catches traditionally while still preserving the environment. With this cooperation, we not only obtain financial benefits for daily needs but also contribute to environmental preservation.”

Hesrom Mondar

Fisherman from Konda Village, South Sorong



Photo Caption:
Mama separates the mace from the nutmeg seed.
Both the mace and the nutmeg seed are sought
after by domestic and international markets.



Photo Caption:
Weighing Process at the Kamboti Spice Cooperative
Warehouse in Maluku, Resulting from Indigenous
Communities in Maluku

OUR FUTURE STRATEGY

Ambitious strategy for 2024. This strategy is focused on three main pillars:

1. Target Sourcing 213 Tons of Premium Commodities:

- Increase the volume of banana shrimp procurement from cooperative partners and expand sourcing using KOBUMI's KLM vessels.
- Build strategic partnerships with Village-Owned Enterprises (Bumdes)/Cooperatives/Farmer Groups to enhance the quality and sustainability of nutmeg and cloves.
- Strengthen the supply chain and logistics to ensure efficiency and timely delivery.

2. Expansion of Banana Shrimp (Mangrove Shrimp) Exports:

- Capitalize on high global demand for banana shrimp
- Increase banana shrimp production by expanding shrimp sourcing areas in the mangrove coast of West Papua.
- Open new markets in Asia: China, Japan, and Taiwan.
- Enhance product value through quality processing and packaging.

3. Open Investment Opportunities:

- Attract investment from domestic and international sources to support business expansion.
- Develop partnerships with multinational companies to enhance technology and market access.
- Offer investment opportunities in fishery and agriculture product processing and marketing.

KOBUMI

Finest Goods of The Eastern Paradise

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