

USE OF SUBSIDIARIES AND/OR AFFILIATES IN MINING SERVICES

October 2026

The Minister of Energy and Mineral Resources (“MEMR”) has issued Decree No. 365.K/MB.01/MEM.B/2026 (“**MEMR Decree 365/2026**”) which regulates the use of subsidiaries and/or affiliates in the mineral and coal mining services sector. MEMR Decree 365/2026 came into effect on 18 September 2026 and replaced Regulation of the Director General of Minerals, Coal and Geothermal No. 376.K/30/DJB/2010.

Key Highlights

Prohibition on Using Subsidiaries and/ or Affiliates – Holders of Mining Business Licenses (“IUP”) and Special Mining Business Licenses (“IUPK”) are prohibited from engaging subsidiaries and/ or affiliates that hold a Mining Services Business License (*Izin Usaha Jasa Pertambangan* or “IUJP”) to provide mining services. For these purposes, a subsidiary/affiliate relationship includes: (i) direct share ownership by the IUP or IUPK holder in the relevant IUJP holder; or (ii) common beneficial ownership between the IUP or IUPK holder and the relevant IUJP holder.

Exemptions – Subject to the approval of MEMR, an IUP or IUPK holder may engage a subsidiary and/or affiliate holding an IUJP only where the IUP or IUPK holder is carrying out a Government assignment in connection with:

- (a) the implementation of a National Strategic Project (*Proyek Strategis Nasional* – “PSN”);
- (b) the construction of mineral processing and/or refining facilities or coal development and/or utilization activities; and/or
- (c) the fulfilment of domestic mineral or coal requirements (domestic market obligation – “DMO”).

MEMR will issue its approval or rejection within 14 business days from the date on which a complete and correct application is received.

Limited to IUJP Scope – MEMR approval does not grant the relevant IUJP holder a blanket authorization to provide all types of mining services. The permitted activities remain limited to the scope of services covered by the relevant IUJP and are subject to the validity period of that IUJP.

Prioritization of Local IUJP Holders – IUP and IUPK holders must prioritize local IUJP holders located in the regency/city where the mining operation is located.

Broader Application – The provisions of MEMR Decree 365/2026 also apply *mutatis mutandis* to holders of IUPK for Continuation of Contract/Agreement Operations, Contracts of Work and Coal Contracts of Work, as applicable.

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