



PT Perusahaan Gas Negara Tbk

# OPEN TO THE WORLD

ANNUAL REPORT 2019







**INFRASTRUCTURE,**  
PGN's vital role is to ensure that the nation's energy infrastructure—its delivery system—is growing along with its population. As a part of the Pertamina family, PGN has expertise to determine which infrastructure investments will benefit the most people.

As Pertamina's Gas Subholding, PGN has the experience to deliver large projects safely and on schedule.



The presence of the marker post, indicates the presence of good energy PGN natural gas around the location.





**THE SUCCESS MULTIPLIER**  
Indonesia's economic growth is no accident—it's the result of tremendous energy—industrious human energy powered by clean natural gas energy. New jobs and prosperous communities flourish where energy is clean, available, and reliable. Reliability is especially important: we must be able to trade energy resources with other nations to ensure that Indonesia's energy is 'always on'.



With the support of resources that are always ready and available 24 hours and 7 days every week, helping to create multiplier effects for customers.





**A GAS UTILITY—AND MORE Infrastructure is not the whole success story; relationships matter too. PGN invests a lot of effort in successful partnerships, both downstream with customers, and upstream, with suppliers. Success requires every bit of our 55 years of experience, and it takes tremendous dedication from our employees.**



PGN's natural gas always supports added value and national economic growth.





**OPEN TO THE WORLD**  
Now, PGN is building on its experience to develop reliable partnerships worldwide. For our 2020 calendar, we feature eleven vibrant and growing nations. From good energy for the nation, PGN is ready open to the world



PGN is building its experience in being able to collaborate with partners from all over the world.

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The background of the slide is a photograph of an industrial gas processing plant. On the right side, a worker in a bright orange uniform with 'PGN' written on the back, a white hard hat, and a green respirator mask is working on a piece of machinery. The scene is filled with complex piping, valves, and large industrial tanks. The lighting is bright, suggesting an outdoor or well-lit indoor environment.

# 01

## PERFORMANCE OVERVIEW

**Subholding Gas is a State strategic tool in accelerating infrastructure development to improve the utilization of domestic natural gas.**

The Government's initiative to form a SOE Oil and Gas Holding and the assignment of PGN's role as Subholding Gas will strengthen the Company's position as an integrated natural gas expert in Indonesia and strengthen the Company's ability to enter the global market of natural gas.



## FINANCIAL HIGHLIGHTS

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2019 USD (Audited)	2018 USD (Audited)	2017* USD (Audited)	2016 USD (Audited)	2015** USD (Audited)
Revenues	3,848,717,684.00	3,870,266,738.00	3,570,597,761.00	2,934,778,710.00	3,068,790,845.00
Cost Of Revenues	(2,621,348,716.00)	(2,560,766,539.00)	(2,389,088,310.00)	(2,047,838,771.00)	(2,105,680,228.00)
<b>Gross Profit</b>	<b>1,227,368,968.00</b>	<b>1,309,500,199.00</b>	<b>1,181,509,451.00</b>	<b>886,939,939.00</b>	<b>963,110,617.00</b>
Distribution and transmission expense	(439,144,207.00)	(437,777,037.00)	(456,005,252.00)	(220,401,617.00)	(201,231,465.00)
General and administrative expense	(269,785,012.00)	(251,687,465.00)	(245,614,539.00)	(234,003,179.00)	(190,418,733.00)
Other expenses	(34,197,787.00)	(36,672,208.00)	(17,431,512.00)	(50,419,256.00)	(108,753,637.00)
Other income	62,091,786.00	88,167,421.00	52,441,992.00	62,126,336.00	94,536,121.00
<b>Operating Profit</b>	<b>546,333,748.00</b>	<b>671,530,910.00</b>	<b>514,900,140.00</b>	<b>444,242,223.00</b>	<b>557,242,903.00</b>
Other income (expenses)	(266,431,257.00)	86,626,625.00	(96,959,242.00)	(59,257,077.00)	(119,878,320.00)
<b>Profit Before Income Tax</b>	<b>279,902,491.00</b>	<b>584,904,285.00</b>	<b>417,940,898.00</b>	<b>384,985,146.00</b>	<b>437,364,583.00</b>
Income tax expenses	(166,921,296.00)	(220,265,625.00)	(164,652,154.00)	(76,401,230.00)	(34,605,679.00)
<b>Profit For The Year</b>	<b>112,981,195.00</b>	<b>364,638,660.00</b>	<b>253,288,744.00</b>	<b>308,583,916.00</b>	<b>402,758,904.00</b>
Total Other Comprehensive Income / (Loss)	16,801,653.00	(27,802,676.00)	(318,229.00)	6,664,827.00	15,852,504.00
<b>Total comprehensive income for the year</b>	<b>129,782,848.00</b>	<b>336,835,984.00</b>	<b>252,970,515.00</b>	<b>315,248,743.00</b>	<b>418,611,408.00</b>
<b>Profit For The Year Attributable To:</b>					
Owners of the parent entity	67,584,090.00	304,991,574.00	196,904,843.00	304,324,421.00	401,199,880.00
Non-controlling interests	45,397,105.00	59,647,086.00	56,383,901.00	4,259,495.00	1,559,024.00
<b>Total</b>	<b>112,981,195.00</b>	<b>364,638,660.00</b>	<b>253,288,744.00</b>	<b>308,583,916.00</b>	<b>402,758,904.00</b>
<b>Total Comprehensive Income For The Year Attributable To:</b>					
Owners of the parent entity	83,701,431.00	276,566,961.00	196,070,225.00	310,669,477.00	416,193,057.00
Non-controlling interests	46,081,417.00	60,269,023.00	56,900,290.00	4,579,266.00	2,418,351.00
<b>Total</b>	<b>129,782,848.00</b>	<b>336,835,984.00</b>	<b>252,970,515.00</b>	<b>315,248,743.00</b>	<b>418,611,408.00</b>
<b>Earning per Share - Basic and Diluted</b>	<b>0.003</b>	<b>0.013</b>	<b>0.008</b>	<b>0.013</b>	<b>0.017</b>
<b>EBITDA</b>	<b>1,040,191,752.00</b>	<b>1,217,057,900.00</b>	<b>1,084,538,445.00</b>	<b>807,374,808.93</b>	<b>951,221,280.00</b>

\*restated \*\* reclassified

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	2019 USD (Audited)	2018 USD (Audited)	2017* USD (Audited)	2016 USD (Audited)	2015** USD (Audited)
Total Assets	<b>7,373,713,156.00</b>	7,939,273,167.00	8,183,180,242.00	6,834,152,968.00	6,495,022,261.00
Total Liabilities	<b>4,139,412,275.00</b>	4,737,382,456.00	3,872,766,621.00	3,663,959,634.00	3,472,218,207.00
Total Equity	<b>3,234,300,881.00</b>	3,201,890,711.00	4,310,413,621.00	3,170,193,334.00	3,022,804,054.00
Capital Expenditure	<b>397,730,045.00</b>	355,594,542.00	382,288,445.00	433,245,372.00	789,756,429.00
Net Working Capital	<b>1,085,190,544.00</b>	869,084,380.00	1,393,561,263.00	1,309,302,342.00	1,055,210,656.00
Total Investments in Associated	<b>365,897,864.00</b>	381,413,453.00	474,034,008.00	427,438,815.00	387,948,711.00

\*restated \*\* reclassified

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	2019 USD (Audited)	2018 USD (Audited)	2017* USD (Audited)	2016 USD (Audited)	2015** USD (Audited)
Cash flow from operating activities	<b>810,581,461.00</b>	918,971,233.00	728,617,597.00	655,546,283.00	528,440,038.00
Cash flow from investing activities	<b>-939,771,629.00</b>	-724,024,599.00	-318,783,060.00	-500,527,338.00	-1,122,060,581.00
Cash flow from financing activities	<b>-155,142,943.00</b>	-10,607,964.00	-699,499,996.00	5,389,376.00	594,880,389.00
Cash and cash equivalents at beginning of year	<b>1,315,234,446.00</b>	1,140,427,367.00	1,448,616,063.00	1,135,502,538.00	1,130,950,217.00
Cash and cash equivalents at end of year	<b>1,040,376,489.00</b>	1,315,234,446.00	1,140,427,367.00	1,304,043,250.00	1,135,502,538.00

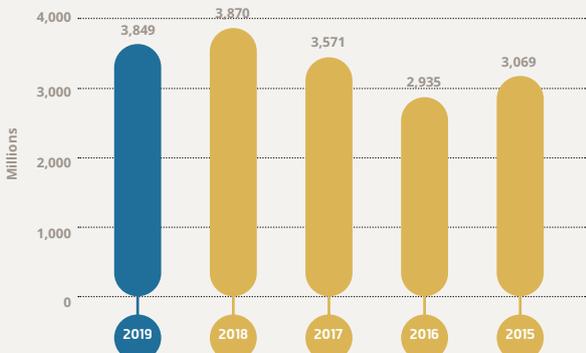
\*restated \*\* reclassified

## FINANCIAL RATIOS

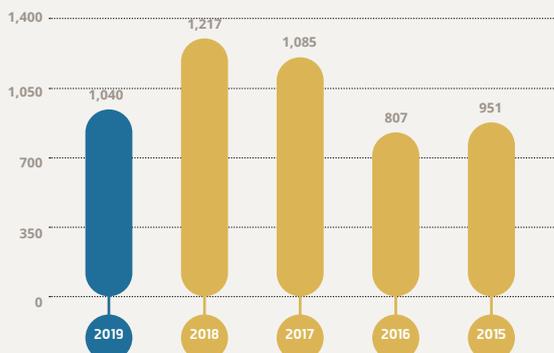
	2019 USD (Audited)	2018 USD (Audited)	2017* USD (Audited)	2016 USD (Audited)	2015** USD (Audited)
<b>Liquidity Ratio</b>					
Current ratio (X)	<b>1.97</b>	1.54	2.66	2.61	2.58
Cash Ratio (X)	<b>0.93</b>	0.82	1.35	1.60	1.70
<b>Profitability Ratio</b>					
Gross Profit Margin (%)	<b>32%</b>	34%	33%	30%	31%
Net Profit Margin (%)	<b>1.76%</b>	7.88%	5.51%	10.37%	13.07%
ROE (%)	<b>2.09%</b>	9.53%	4.57%	9.60%	13.27%
ROA (%)	<b>0.92%</b>	3.84%	2.41%	4.45%	6.18%
<b>Growth Ratio</b>					
Sales Growth Rate (%)	<b>-0.56%</b>	8.4%	-4.4%	-4.37%	-9.97%
Net Profit Growth Rate (%)	<b>-77.84%</b>	54.89%	-24.15%	-24.15%	-44.49%
<b>Leverage Ratio</b>					
Debt to Equity (%)	<b>85.04%</b>	109.43%	75.07%	91.56%	85.00%
Debt to Asset (%)	<b>56.14%</b>	59.67%	49.36%	53.61%	53.46%
<b>Stock Price Ratio</b>					
Price to Earning (X)	<b>55.99</b>	11.64	21.87	16.01	12.02
Price to Book Value (X)	<b>1.17</b>	1.11	0.98	1.54	1.51

# FINANCIAL PERFORMANCE

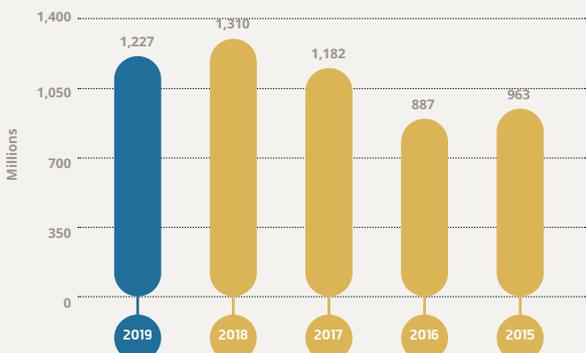
REVENUES (MILLION USD)



EBITDA (MILLION USD)



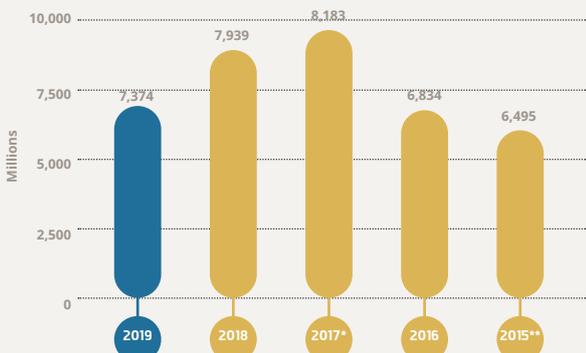
GROSS PROFIT (MILLION USD)



OPERATING PROFIT (MILLION USD)



TOTAL ASSET (MILLION USD)

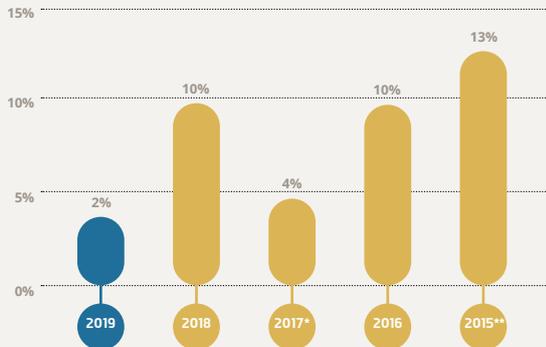


TOTAL LIABILITAS (MILLION USD)

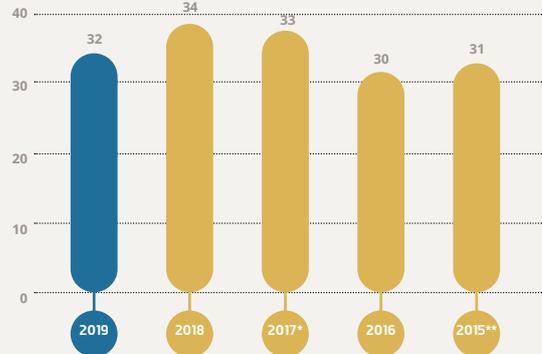


## FINANCIAL RATIOS

### RETURN ON EQUITY (%)



### GROSS MARGIN (%)

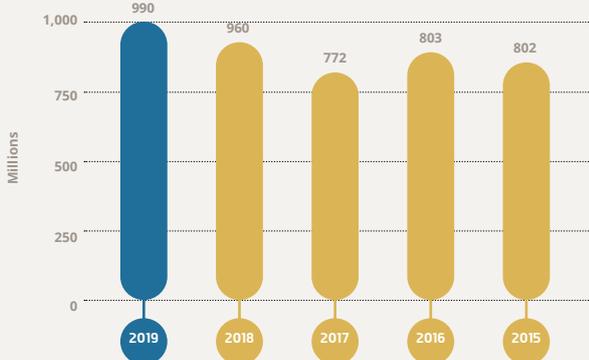


## OPERATIONAL PERFORMANCE

### OPERATION HIGHLIGHTS

No	Description	Unit	2019	2018	2017	2016	2015
1.	Volume :						
	Distribution	BBTUD	990	960	772	803	802
	Transmission	MMSCFD	2.046	2.101	733	795	789
	Lifting Oil & Gas (Upstream)	MMBOE	10,3	14,4	14,7	11,2	8,9
2.	Number of Customer		397.474	325.917	299.766	168.973	111.076
3.	Pipeline Length	KM	10.169	9.916	7.453	7.278	7.026

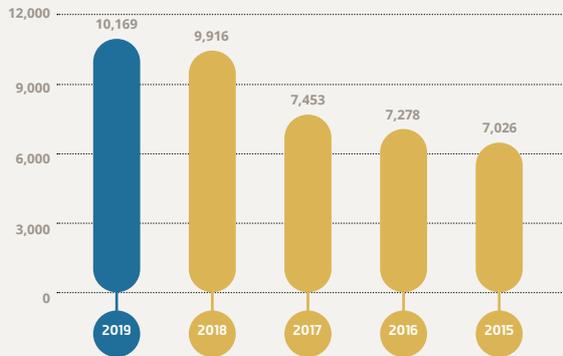
### DISTRIBUTION VOLUME (BBTUD)



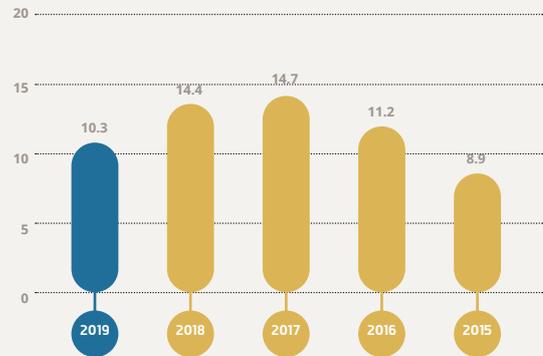
### NUMBER OF CUSTOMERS



## PIPELINE LENGTH (KM)



## LIFTING VOLUME (MMBOE)



## PORTFOLIO INFRASTRUCTURE OF DISTRIBUTION AND TRANSMISSION PIPELINE (IN KILOMETER)

LOCATION	PIPELINE				
	2019	2018	2017	2016	2015
<b>Distribution</b>					
Jakarta	751	750	744	691	759
Bogor	639	622	623	586	616
Tangerang	470	464	444	445	403
Cilegon	117	116	103	102	90
Bekasi	445	443	414	387	331
Karawang	203	191	179	176	145
Cirebon	402	402	400	389	389
Palembang	184	184	178	178	163
Lampung	98	98	98	98	88
<b>Total Regional Distribution 1</b>	<b>3,308</b>	<b>3,270</b>	<b>3,184</b>	<b>3,052</b>	<b>2,984</b>
Sidoarjo	410	415	414	405	313
Pasuruan	216	205	203	199	189
Surabaya	591	584	574	552	494
Semarang	17	17	17	16	10
<b>Total Regional Distribution 2</b>	<b>1,235</b>	<b>1,221</b>	<b>1,209</b>	<b>1,172</b>	<b>1,007</b>

### PORTFOLIO INFRASTRUCTURE OF DISTRIBUTION AND TRANSMISSION PIPELINE (IN KILOMETER)

Medan	644	625	605	606	627
Pekanbaru	15	15	15	15	15
Batam	162	158	157	148	109
Dumai	46	46			
<b>Total Regional Distribution 3</b>	<b>867</b>	<b>845</b>	<b>777</b>	<b>770</b>	<b>751</b>
Pertagas	8	7			
<b>Total Distribution</b>	<b>5,418</b>	<b>5,343</b>	<b>5,169</b>	<b>4,994</b>	<b>4,742</b>
<b>Transmission</b>					
Medan	37	37	37	37	37
Grissik - Duri	536	536	536	536	536
Grissik - Batam - Singapore	469	469	469	469	469
SSWJ	1,006	1,004	1,004	1,004	1,004
Dumai	67	67			
Kepodang - Tambak Lorok	201	201	201	201	201
LNG Lampung	21	21	21	21	21
LNG Jakarta	15	15	15	15	15
Pertagas	2,399	2,223			
<b>Total Transmission</b>	<b>4,751</b>	<b>4,573</b>	<b>2,284</b>	<b>2,284</b>	<b>2,284</b>
<b>Total Distribution &amp; Transmission</b>	<b>10,169</b>	<b>9,916</b>	<b>7,453</b>	<b>7,278</b>	<b>7,026</b>

### UPSTREAM OIL AND GAS PRODUCTION VOLUME 2019

Blok	PI	Oil (BOE)	Gas (MMSCF)	BOE
Pangkajene PSC	100%	1,181,577	9,282	2,781,886
Ketapang PSC	20%	814,765	2,317	1,214,278
Fasken	36%		20,900	3,603,503
Bangkalanai PSC	30%	48,356	1,889	374,000
Muriah PSC	20%		1,551	267,457
Muara Bakau PSC	12%	115,725	24,267	4,299,716
<b>Total</b>		<b>2,160,423</b>	<b>60,206</b>	<b>12,540,839</b>

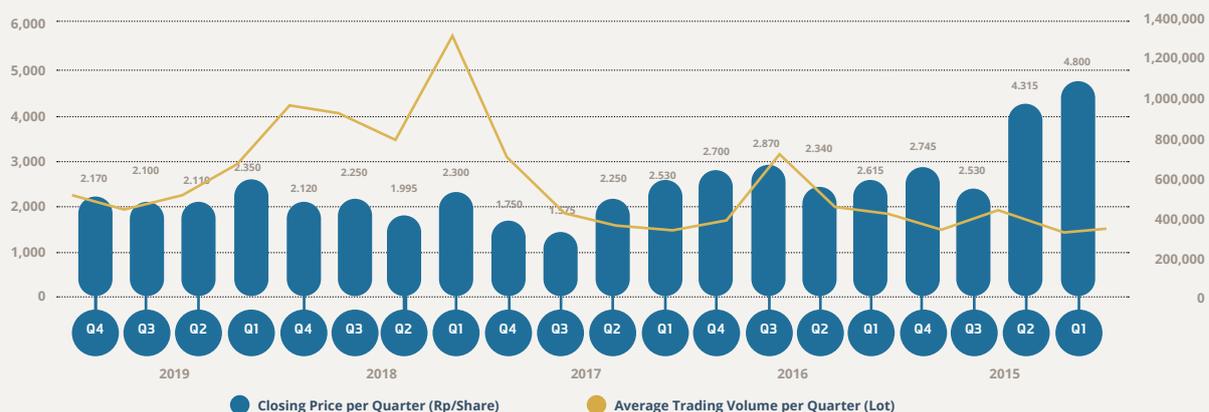
## STOCK PERFORMANCE

PGAS's shareprice movement in 2019 was opened at the level of Rp. 2,150 and closed at the level of Rp. 2170 or rose by 1% throughout 2019. PGAS is at its highest point at the level of Rp. 2,720 on February 22, 2019 and reached the highest closing price at the level of Rp. 2,650 on February 22, 2019. PGAS was included in the LQ45 index. PGAS liquidity is very high with an average trading volume in 2019 reaching 501,815 lots. PGAS was the 23th largest capitalization share on the Indonesia Stock Exchange and is the 6th largest capitalization among SOE companies with a market capitalization of Rp. 52.6 trillion.

### PGAS SHARE PRICE INFORMATION 2015-2019

Year		2019	2018	2017	2016	2015	
Number of Outstanding Shares (in million shares)		24,242	24,242	24,242	24,242	24,242	
Market Capitalization (Trillion IDR)	Q4	53	51	42	65	67	
	Q3	51	55	38	70	61	
	Q2	51	48	55	57	105	
	Q1	57	56	61	63	116	
Average Trading Volume (Lot)	Q4	489,121	952,793	690,235	336,031	316,740	
	Q3	415,214	915,409	415,702	713,461	382,169	
	Q2	448,065	772,960	315,187	414,884	301,928	
	Q1	657,086	1,331,824	285,249	370,762	317,773	
Highest Price	Q4	2,460	2,420	1,900	2,940	3,160	
	Q3	2,300	2,280	2,390	3,520	4,350	
	Q2	2,430	2,450	2,570	2,860	4,890	
	Q1	2,720	2,860	3,050	2,770	6,050	
Share Price (Rp/Share)	Lowest Price	Q4	1,820	1,905	1,365	2,200	2,305
		Q3	1,775	1,505	1,455	2,340	2,150
		Q2	1,820	1,790	2,240	2,170	3,855
		Q1	2,140	1,725	2,410	2,350	4,600
Closing Price	Q4	2,170	2,120	1,750	2,700	2,745	
	Q3	2,100	2,250	1,575	2,870	2,530	
	Q2	2,110	1,995	2,250	2,340	4,315	
	Q1	2,350	2,300	2,530	2,615	4,800	

### PGAS AVERAGE TRADING VOLUME AND CLOSING PRICE 2015-2019



## MARKET CAPITALIZATION



## BOND PERFORMANCE

### PGN BOND RATING 2018-2019

Type	Amount	Interest Rates	Maturity Date
Senior Notes PGN	USD 1,350,000,000	5.125%	16 Mei 2024

Rating Agencies	2019		2018	
	Rating	Outlook	Rating	Outlook
Moodys	Baa2	Stable	Baa3	Positive
Fitch	BBB-	Stable	BBB-	Positive
S&P	BBB-	Stable	BBB-	Negative
Pefindo	idAAA	Stable	idAAA	Stable

**PGN BOND'S PRICE & YTM MOVEMENT FROM ISSUANCE UNTIL DECEMBER 31, 2019**



**SAKA BOND RATING 2018-2019**

Type	Amount	Interest Rates	Maturity Date
Senior Notes SAKA	USD 625,000,000	4.450%	5 Mei 2024

Rating Agencies	2019		2018	
	Rating	Outlook	Rating	Outlook
Moodys	Ba2	Negative	Ba2	Negative
Fitch	BB+	Stable	BB+	Stable
S&P	BB+	Stable	BB+	Negative

**SAKA BOND'S PRICE & YTM MOVEMENT FROM ISSUANCE UNTIL DECEMBER 31, 2019**





The background image shows an industrial plant with two prominent tall chimneys painted with alternating red and white horizontal bands. The chimneys are supported by light blue metal structures. In the background, there are large blue industrial buildings with various pipes and walkways. The foreground features a green lawn and a concrete drainage channel with several pipes (red, blue, and grey) running through it.

# 02

## MANAGEMENT REPORT

As an enabler from various industries, PGN routinely visits customers to provide solutions to the required energy supply.



## REPORT OF BOARD OF COMMISSIONERS



### **Dear Shareholders,**

We have passed this year together, dynamically and successfully, by having driven fundamental changes for the benefit of PGN and PT Pertamina (Persero) and certainly for our country in ensuring independent energy sovereignty. The still-in-process changes within PGN are dynamic, covering the business, the organization and operations, including changes at the top management of the Company.

This, the 2019, Annual Report of PT Perusahaan Gas Negara is the first for me as President Commissioner. Therefore, as an opening, I would like to give thanks for the trust given by the shareholders to continue the task of overseeing and providing advice to all levels of PGN management. I also welcome the determination of all levels of management and workers, to jointly continue and complete various on-going work programs.

## OPTIMIZATION OF NATIONAL NATURAL GAS INDUSTRY POTENTIAL

2019 was the first year that PGN commenced its role as a Sub-Holding in Gas in the State-Owned Enterprises Gas and Oil Holding structure, with the task of carrying out the integrated natural gas business from midstream to downstream. This included not only the distribution of natural gas via pipelines, but also management of CNG and LNG by augmenting existing infrastructure and performing new infrastructure developments to meet gas demand in Indonesia.

In 2018, the government transferred all of their Series B shares in PGN to PT Pertamina (Persero), which made PT Pertamina (Persero) the majority shareholder of PGN with a 57% share ownership, as stated in Government Regulation No. 6 Year 2018. In the process of transferring these shares, the state will continue to maintain ownership of 1 Dwiwarna A series share.

During 2019, PGN completed a corporate restructuring as a follow-on of the takeover of the majority shares of a subsidiary of PT Pertamina (Persero), namely PT Pertamina Gas, including five subsidiaries of PT Pertamina Gas, namely PT Pertagas Niaga, PT Perta Arun Gas, PT Perta Daya Gas, PT Perta-Samtan Gas, and PT Perta Kalimantan Gas.

The realization of this integration will provide a number of benefits, as well as efficiency and operational synergies from the unification of the natural gas supply chain. In short, this will create increasingly competitive natural gas prices for consumers and create harmony in natural gas infrastructure development that will ultimately increase the capacity and volume of natural gas transacted, improving the Company's consolidated financial performance.

This infrastructure integration opens broad opportunities for PGN to enhance the potentials of natural gas as one of the main energy sources in the domestic market. This includes expanding the use of cleaner natural gas as a raw material for a more environmentally friendly fuel in line with the program to increase the utilization of natural gas, as directed by the government. We now expect PGN to be able to elevate its competitiveness to enter regional and global markets, support national energy sovereignty, and realize PGN as a world-class company.

## MANAGEMENT PERFORMANCE ASSESSMENT

The year of 2019 was truly a tough year for all domestic economic and industrial players. There are two reasons, namely: first, the global economic conditions were less conducive due to the prolonged trade dispute between the United States and China that affected the economies of all countries, including Indonesia. Secondly, 2019 was a political year in the country, which makes economic actors delay realizing investment plans and business expansion. Both of these combined to restrain domestic economic activity and temper Indonesia's economic growth in the range of 5.02%, slightly down from 5.17% in the previous year.

Weakening global and national economic growth lowered demand for all commodities, including energy commodities, with oil, LNG and natural gas prices weakening as a result. Although PGN's main business is in the field of transmission and distribution, in the end the weakening of energy demand due to the weakening economy, affects the demand for transmission and distribution services.

Meanwhile operationally, PGN had to overcome impacts arising from the expiration of the Production Sharing Contract period of the Southeast Sumatra Block and the Sanga-Sanga Block.



Arcandra Tahar  
President Commissioner



Paiman Raharjo  
Independent Commissioner



Kiswodarmawan  
Independent Commissioner

Facing such unfavorable business conditions, the Board of Commissioners views that the Board of Directors succeeded in optimizing all of its potential, especially from the realization that the now integrated management of the various natural gas transmission and distribution infrastructure placements has now molded them into a single unit. The Board of Commissioners closely observed that while many business actors delayed investments, the Board of Directors continued to realize investment plans for gas pipeline infrastructure development, cost structure rationalization, non-core business strengthening, and human resources and Information Communications Technology (ICT) policy and platform realignment. These had the effect to unite all subsidiaries and affiliates in the PGN Group.

The entire work plan realization was carried out in anticipation of future improved business conditions to be followed by increasing demand for clean energy sources.

We view PGN's subsidiaries, such as PT PGAS Solution and PT PGAS Communication, as continuing to show positive contributions in reaching new customers and accordingly contributing positively to Company revenue.

## GOOD CORPORATE GOVERNANCE IMPLEMENTATION

The Board of Commissioners considers that improving quality application of GCG principles must be prioritized as PGN goes through this period of transformative change. Stakeholder trust is gained with such quality application of GCG principles during a transformational process, giving consumers and investors confidence for assured growth of their business interests.

Hence, with the help of supporting organs in the Board of Commissioners, the Board of Commissioners carried out its main responsibility in supervising and advising on the management activities of the Company as designed and carried out by the Board of Directors and all management levels through regular constructive meetings and dialogue.

In carrying out supervisory duties and assessing the performance of the Board of Directors, we refer to the achievement of the Company's performance, both of the parent company and of its subsidiaries, as discussed and determined with Board of Directors KPI at the beginning of the operational period. The referred KPI is the implementation of work programs within PGN's overall business development strategy in the long,



Christian Hamonangan Siboro  
Independent Commissioner



Luky Alfirman  
Commissioner



Mas'ud Khamid  
Commissioner

medium and short terms. We also consider the input of the external auditor and the Supreme Audit Board in determining the success of program implementation and target achievement.

The Board of Commissioners pays heed to recommendations and input from the Committees of the Board of Commissioners, namely the Audit Committee, the Nomination and Remuneration Committee, and the Risk Management and Business Development Monitoring Committee. These three committees, in our evaluation, have carried out their duties and responsibilities in accordance with the specifications set out in the Articles of Association. However, given the increasingly large scale of the Company's business and the increasing challenges and obstacles that must be overcome, the Board of Commissioners encourages Committee members to continuously improve their competencies in accordance with the scopes of their duties.

Responding to calls to improve implementation of the principles of accountability, transparency and responsibility, we mandate all Directors and all staff to improve the management of the Whistleblower System (WBS) and all related structures, such as the Internal Control System, Internal Audit, and implementation of the Company Code of Conduct. The Board of Commissioners

with the support of the Audit Committee undertakes periodic checks and supervision of every report that enters the WBS system and ensures there are concrete actions taken to resolve issues.

The Board of Commissioners appreciates the results of the GCG assessment, which reached 95.09, a Very Good predicate. For this reason, we invite the Board of Directors and all staff to jointly demonstrate that these values are indeed meaningful, by always acting decisively on any violations of the Code of Conduct, especially against fraud and abuse of authority. Of course, such actions are visible efforts to follow up on recommendations from GCG assessment results.

### CHANGES ON BOARD OF COMMISSIONERS COMPOSITION

During the reporting year and just subsequently, there were three changes in the composition of the Board of Commissioners. Firstly, through the Annual General Meeting of Shareholders on April 26, 2019, Hambra was respectfully dismissed from his position as a Commissioner. Furthermore, Luky Alfirman and Mas'ud Khamid were appointed to the Board of Commissioners.

Secondly, through the Extraordinary GMS on August 30, 2019, Mohamad Ikhsan was respectfully dismissed

from his position as a Commissioner and subsequently Christian H. Siboro was appointed as an Independent Commissioner of PGN.

Thirdly, through the Extraordinary GMS on January 21, 2020, IGN Wiratmaja Puja was honourably dismissed from his position as a President Commissioner and subsequently myself, Arcandra Tahar, was appointed as President Commissioner.

On behalf of the Board of Commissioners, I would like to thank IGN Wiratmaja Puja for his hard work and contribution when carrying out his duties as President Commissioner of PGN. In addition, I would like to thank Hambra and Mohamad Ikhsan for their hard work and contribution when carrying out their duties as Commissioners.

The series of changes in the composition of the Board of Commissioners are presented in the following table.

### THE COMPOSITION OF THE BOARD OF COMMISSIONERS

Board of Commissioners	Period			
	Jan, 1 – Apr, 26	Apr, 26 – Aug, 30	Aug, 30 – Des, 31	Jan, 21 2020 – Now
President Commissioner	IGN Wiratmaja Puja	IGN Wiratmaja Puja	IGN Wiratmaja Puja	Arcandra Tahar
Commissioner	Mohamad Ikhsan	Mohamad Ikhsan	--	
Commissioner	Hambra	Luky Alfirman	Luky Alfirman	Luky Alfirman
Commissioner	--	Mas'ud Khamid	Mas'ud Khamid	Mas'ud Khamid
Independent Commissioner	Paiman Raharjo	Paiman Raharjo	Paiman Raharjo	Paiman Raharjo
Independent Commissioner	Kiswodarmawan	Kiswodarmawan	Kiswodarmawan	Kiswodarmawan
Independent Commissioner	--	--	Christian H. Siboro	Christian H. Siboro

### BUSINESS PROSPECTS

In 2020, in accordance with the predictions of several credible economic institutions such as the World Bank, IMF and Bank Indonesia, global and national economic conditions are still not conducive. Especially since the beginning of 2020, the Covid-19 pandemic has plagued almost all countries in the world. Therefore, the Board of Commissioners agrees with the Board of Director's prospects looking forward that the demand for energy commodities is under pressure and thus PGN must prepare anticipatory measures, both strategic and operational.

We encourage the Board of Directors that with the latest conditions developing globally, various economic institutions have adjusted economic growth projections, including Bank Indonesia, which revised the projected global economic growth from 3.0% to 2.5% while national economic growth was corrected from the range of 5.1-5.5% to 4.2-4.6%.

Anticipating these conditions, the Board of Commissioners advised the Board of Directors to continue the PGN consolidation program. PGN should also seek to complete various investment programs aimed at strengthening the business structure and seizing business growth opportunities from increasing domestic demand for gas supply to support the construction of power plants.

We also advise the Board of Directors to intensify communication with relevant government officials, especially those with the Ministry of Energy and Mineral Resources, which is actively completing the construction of new refineries and reconditioning old refineries to meet domestic fuel needs. This is a potential new market, considering that refining facilities require a supply of natural gas. The construction of refineries is an objective of the Government of Indonesia to realize energy independence.

PGN must also be prepared to overcome the impact of Minister of Energy and Mineral Resources Regulation No. 58 of 2017, as last amended through the Minister of Energy and Mineral Resources Regulation No. 14 of 2019, which was effective in July 2019, which regulates a maximum of 7% of the upstream gas price of the upstream gas price, maximum limit of 11% return on investment for natural gas infrastructure, although investors are allowed to submit an IRR which is a maximum of 12% if natural gas infrastructure is built in a new area.

With all these conditions, the demand for natural gas in the future is projected to increase, for the needs of power plants, the realization of the natural gas network program for households and industry, and requirements of oil refining.

In the long term, the synergy of the PGN-Pertagas consolidation, especially within PT Pertamina (Persero) as the new holding company, opens great opportunities for PGN to regionally expand business scale related to natural gas, CNG, and LNG.

Therefore, the Board of Commissioners fully supports the development and realization of the cooperation programs in the "Philippines Initiative" and "Myanmar Initiative" and enhanced commercial pilot projects in Hong Kong as the realization of PGN going international in the natural gas business.

## CLOSING REMARKS

In closing, the Board of Commissioners expresses our congratulations and gratitude for the support and dedication of the Board of Directors along with management and all employee ranks, so that PGN can go through a decisive and challenging year by recording a good performance.

Furthermore, we invite all of the Company to come together to unite all abilities and competencies to overcome various challenges and optimize the opportunities available in a year appears full of trials for all the people of Indonesia; thus, PGN will be able to enlarge its competitiveness, help realize energy independence with initial footsteps into regional and global markets, and support the development of the nation.

We would also like to convey our gratitude to all stakeholders for contributing advice and support, so that PGN can provide the best to shareholders and deliver good energy to the surrounding communities. Moreover, we invite all partners to work together to improve the fabric of cooperation that has been fostered so far for the sake of our success together in a sustainable world.

May God the Most Merciful, the Merciful always bestow His gifts on us all.

Jakarta, April 22<sup>nd</sup>, 2020

On behalf of the Board of Commissioners



**Arcandra Tahar**

President Commissioner

## REPORT OF BOARD OF DIRECTORS



### Dear Shareholders,

2019 will be the first year of PGN taking its role as a Sub-Holding in Gas and of becoming part of PT Pertamina (Persero) as a State-Owned Enterprise Gas and Oil Holding. A Sub-Holding in Gas possesses the duty and role to run the natural gas business in an integrated manner from midstream to downstream. Within this structure, PGN manages the natural gas, CNG, and LNG business chains as one integrated unit. As of December 31, 2019, the management of PGN's and its subsidiaries' and affiliates' infrastructure portfolio together now represent 96% of the national downstream natural gas infrastructure, with a transmission and distribution pipeline length of more than 10,000 km.

To the Company, 2019 was a year full of dynamics, a year containing organizational restructuring programs as well as the reallocation of available resources to buttress PGN's role as a Sub-Holding in Gas and part of PT Pertamina (Persero). All of this is ready to boost the national natural gas potential for the sake of actualizing strategic goals, independence, and national energy sovereignty.

## HINDRANCES AND MITIGATION

In 2019, PGN was confronted with multiple hindrances to be simultaneously overcome. From an operational perspective, it was required for PGN to handle the impacts arising from the end of a Production Sharing Contract of the Southeast Sumatra Block and the Sanga-Sanga Block. Furthermore, there were also several episodes of limited supply of natural gas from local sources to meet customer demand in the West Java and East Java regions; thus, the Company covered these needs of industrial customers in the West Java region by augmenting with LNG cargo. Nonetheless, the cessation of the distribution of natural gas from the Kepodang Field to the Tambak Lorok power plant, which was transported through a transmission pipeline operated by PT Kalimantan Jawa Gas, was also a challenge faced by PGN in 2019.

Efforts need to be undertaken to better guarantee continual supply of natural gas and meet competition from other primary energy sources, such as coal, fuel oil, and renewable energy. Indeed, all this needs to be accomplished while developing and effectively managing the extensive transmission and distribution network in order to well-serve existing customers and new customers.

Despite these challenges, PGN still has to cope with issues of several regulations issued by the government as an effort to improve the governance of the natural gas business. Minister of Energy and Mineral Resources Regulation No. 58 of 2017 concerning Selling Prices of Natural Gas Through Pipes in Oil and Gas Downstream Business Activities, as last amended through Minister of Energy and Mineral Resources Regulation No. 14 of 2019, has been effective since July 2019. With the enactment of this regulation, there is transparency and accountability in the calculation and determination of the selling price of natural gas, as reflected in the regulation of commercial costs in natural gas trading business activities to a maximum of 7% of the price of upstream natural gas, and a setting a maximum return on investment of 11% for natural gas infrastructure projects via the Internal Rate

of Return-IRR mechanism. Investors may, however, propose a maximum IRR of 12% should the natural gas infrastructure be manufactured in new areas.

An internal challenge that is no less critical for success is PGN's transitional process to become part of PT Pertamina (Persero) and to consolidate PT Pertamina Gas, which also means to unite the two cultures into an integrated mind-set.

From an external perspective, PGN, like other business players, is faced with the weakening of national economic growth as affected by the prolonged trade dispute between the United States and China. The weakening of the economy is bringing energy demand down; thus, the demand for natural gas from several major industries, such as electricity, basic chemical industries, and ceramics is also waning. We all also recognize that 2019 was a political year when many business people tended to wait and to see before realizing investment and increasing capacity or in starting a business. This, in turn, affects energy demand.

In facing these challenges, PGN responded effectively through the implementation of a number of strategic actions and policies. To mitigate conditions in the upstream business segment, we continued to encourage our upstream subsidiary PT Saka Energi Indonesia to increase production while trying to obtain other sources. We are grateful that PT Saka Energi Indonesia was able to acquire an extension of management of the Pangkah work area in 2019.

To respond to potentials for additional costs, we are increasing our network management performance through a surveillance and distribution monitoring infrastructure to become more efficient. By optimizing the utilization of advances in digital technology, such as the Internet of Things (IoT), there is opportunity to automatically monitor pipeline conditions and remote volume flows.



**Gigih Prakoso Soewarto**  
President Director



**Dilo Seno Widagdo**  
Director of Commerce



**Desima E. Siahaan**  
Director of Human Resource and General Affair

In addition, to respond to potential reduction in demand for natural gas from the industrial sector, we intensified investments to meet natural gas demand by power plants that diverted from diesel to natural gas. This shows PGN's active response in supporting the government's targets to improve the primary energy mix for PT PLN (Persero) power plants while reducing greenhouse gas emissions as part of fulfilling the commitment to achieve the Sustainable Development Goals.

We also completed the Duri-Dumai transmission project and the Dumai distribution project in order to expand our natural gas infrastructure and indeed secure future sources of revenue. Meanwhile, in order to attract customers to choose PGN natural gas over other primary energies, we are developing products and services that will better meet the needs of each customer segment.

We encourage subsidiaries in the non-gas sector, such as PT PGAS Solution and PT PGAS Communication, to improve their pace and effort to attract new customers by harnessing their competencies.

Overall, we are striving to ensure synergies in the many on-going initiatives while increasing operational efficiency by implementing a 360 Degree Integrated Solution strategic program to improve PGN's future competitiveness.

## PERFORMANCE AND TARGET

PGN's performance in 2019 was generally constrained by macroeconomic developments, namely a weakening domestic economic growth which recorded Gross Domestic Product growth at 5.02%, slightly lower than the 2018 achievement of 5.17%. The waning domestic economy was the impact of the decline in the global economy and at the same time, a manifestation of the influence of the political year that moved economic actors to withhold expansion and investment. Ultimately, the downturn declined the demand for natural gas from industrial customers, which in turn affected PGN's operational and financial performance in 2019.

As a result, the volume of natural gas transmitted fell 2.60% from 2,101 MMSCFD to 2,046 MMSCFD. Natural gas sales were still able to increase 3% from 960 BBTUD to 990 BBTUD. The general cost component had to be managed so as to not upset the budget, while there was an increase in operating expenses, resulting in large part from an upsurge in non-cash expenses due to the cessation of natural gas distribution activities through the transmission pipeline PT Kalimantan Jawa Gas.



**Syahrial Mukhtar**  
Director of Strategy and Business Development



**Arie Nobelta Kaban**  
Director of Finance



**Redy Ferryanto**  
Director of Infrastructure and Technology

Consequently, the total revenue was down 0.6% to USD 3.84 billion from USD 3.87 billion in the preceding year. Net profit recorded a decrease of 77.8% to USD 67.6 million from USD 304.9 million in the previous year.

A significant impact for the decrease in net profit for the year ended December 31, 2019, was due to the imposition of non-cash costs originating from non-core business units, namely PT Saka Energi Indonesia (SEI) and PT Kalimantan Jawa Gas (KJG), as follows:

- a. Allowance for tax disputes totaling USD 127.72 million from SEI whereas as of 31 December 2019 bills and payments to the Tax Office had not yet been issued; and
- b. A decline in the value of the KJG transmission pipeline of USD 98.29 million due to the cessation of natural gas production from the Kepodang Block in the Muriah Block, which was developed by PC Muriah Ltd (PCML) in Q3 2019, causing the transportation of natural gas for the Tambak Lorok power plant to stop.

At this moment, we are updating the prospects for the continuation of the Muriah Block business after the takeover of its operatorship by SEI from PCML. We plan to restart production from this block in the near future with an estimated daily gas volume of an average of 24 MMSCFD with SEI as the operator. In addition, we are in the process of filing a lawsuit through arbitration with PCML for the outstanding Ship or Pay obligations as stated in the natural gas transportation agreement. In addition, we will make endeavors to resolve tax disputes that arise in accordance with applicable legal corridors. We believe these actions will afford good results for the Company.

As a Sub-Holding in Gas, PGN will continue to strengthen its core business of natural gas distribution and transmission. As illustrated in this annual report, the trade business continues to grow at a higher volume than the previous year, reaching 990 BBTUD. This shows that PGN's core business is in a stable condition and will continue to be present in channeling energy both to the people of Indonesia and as a driver of economic growth in Indonesia.

The stability of the core business, translated into EBITDA calculations in 2019, was USD 1,040.0 million and USD 1,217.0 million in 2018, so the EBITDA margin in 2019 was 27.0% and 31.4% in 2018.

From the EBITDA comparison and the EBITDA margin, it is clear that PGN has strong fundamental performance and has the potential to record better performance in the coming years with operational realization of the investments made and the increasing contribution of subsidiaries.

Despite the imposition of non-cash costs, subsidiaries continue to make a good contribution to PGN's performance with the largest contribution made by SEI, PT PGN LNG Indonesia and PT Gagas Energi Indonesia. Our subsidiaries in non-energy businesses such as PT PGAS Solution which provides Operational and Maintenance, Engineering, EPC and Trade support services, and PT PGAS Telekomunikasi Nusantara which provides telecommunications network services, have both noted good growth by recording additional external customers in addition to fulfilling PGN Group's internal needs.

## STRATEGIC POLICIES AND ACHIEVEMENT

Throughout 2019, we have consistently implemented the PGN 360 Degree Integrated Solution strategy, a strategic policy program aimed at integrating and synergizing the Company as a whole. This strategy focuses on coordinating and enhancing synergy in all Directorates and has produced good results. The main objectives for 2019, in addition to accelerating the consolidation of PT Pertamina Gas, are maintaining and increasing the supply of natural gas, expanding transmission and distribution infrastructure, and increasing natural gas sales in an efficient and directed manner. In the end, the target is to strengthen PGN's core business while simultaneously expanding other businesses.

Wherever feasible, we aim to utilize digital technology to increase productivity and efficiency. For example, in the commercial area, we collect and digitally analyze customer data, enabling the Company to segment customers based on behavior and provide solutions that fit the needs of each segment at the right price. This initiative succeeded in increasing revenues in different market segments.

We also noted an increase in the use of the PGN Mobile application, operated by numerous household customers to monitor their daily gas usage.

Internally, we also optimize the use of digital technology in the form of a budget control system that helps us target and control spending, and this results in better control, supervision and transparency. We then digitized and homogenized our internal infrastructure to form a joint Information Communications Technology (ICT) platform and a uniform Human Resources policy to be implemented in all companies across the PGN Group.

The presence of a common ICT foundation and policy will strengthen coordination in the future and increase efficiency by reducing duplication.

Largely, as demonstrated by the maintained performance despite overcoming various challenges, all essential areas are making progress supported by digitization and proper integration. From remote digital surveillance, mapping of infrastructure and volumes to collecting customer data for analysis and supporting targeted sales, PGN has installed digital capabilities and promoted initiatives to take its services to the next level.

Through the 360 Degree Integrated Solution approach, PGN is now changing its approach from offering customers only products to offering total solutions, increasing the value we can deliver to customers and boosting non-gas revenues.

Driving this strategic initiative has produced a strong foundation for PGN, the subsidiaries, and affiliates that will nurture growth as a unified group, enabling competency expansion among and between the subsidiaries and affiliates. An agreement was signed between PGN and PT Pertamina (Persero) and PT Pertamina Gas to allow the assignment of workers between these companies, including PGN subsidiaries and affiliates, resulting in increasingly attractive career paths and encouraging all employees to continually learn, think, and act by considering the PGN Group as a single unit.

In line with this, management is making efforts to instill a market-oriented mind-set in all lines, including the traditional cost centers. Proposed initiatives and on-going programs have begun to be evaluated more closely in accordance with their potential business impact to ensure that all activities and investments add value to PGN.

We have targeted a number of areas to be developed as new businesses to support PGN's growth, such as capturing business synergies with Pertagas and Pertamina's businesses and developing natural gas retailing for residential customers, which holds great opportunities for PGN.

## **GOOD CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY**

We demonstrate our full commitment to always uphold global best-practice corporate governance best practices, as an inseparable element in realizing PGN's vision to become a world-class energy company while earning the trust of all stakeholders. We demonstrate full commitment to always behave ethically, carry out corporate social responsibility, and fulfill legal, ethical, and economic responsibilities stipulated by shareholders.

Therefore, we have gained positive assessments for the implementation of corporate governance every year through the services of an independent assessor. In addition, we review the practice and framework of other initiatives and programs related to the planning and realization of Corporate Social Responsibility Programs (CSR) on one hand as well as social and environmental impact mitigation programs on the other.

Even though the quality of the implementation of PGN's corporate governance principles has been very good, we continue to look for ways to improve and to apply the various adjustments needed to accommodate changes in business processes or requirements. Transparent and accurate information flows, clear business processes, assessment and measurement, strong risk management, and compliance with all relevant regulations are among those objectives that we continue to improve upon.

In line with the expanding business scale, we are now improving the quality of the risk management process through digital mapping and monitoring of infrastructure and natural gas supply to proactively design preventive measures, before related risks turn into incident events.

We are also improving the monitoring of the quality and implementation of Occupational Health and Safety systems and procedures, including by subsidiaries, with the aim of creating a culture of K3 risk awareness and of course achievement of zero accidents throughout.

We also make efforts to synergize the activities of the Partnership and Community Development Program (CSR) and Environmental Development in all PGN companies. In 2019, we again succeeded in realizing 92.54% of the CSR budget provided.

In recognition of the culture of implementing strong GCG best practices and excellent CSR performance, we again received various awards in 2019, including the 2019 Top Governance Risk & Compliance Summit and the Reports of State Organisers' Assets Award from the Corruption Eradication Commission

## **CHANGES ON DIRECTORS' COMPOSITION**

During 2019, there were two changes in the composition of the Board of Directors. Firstly, through the Annual GMS on April 26, 2019, Syahrial Mukhtar was appointed as Director of Business Strategy and Development. Secondly, through the Extraordinary GMS on August 30, 2019, Danny Praditya was honourably dismissed from his position as Commercial Director and Said Reza Pahlevy was honourably dismissed from his position as Finance Director.

The Extraordinary General Meeting of Shareholders also decided on the assignment of Dilo Seno Widagdo from the Director of Infrastructure and Technology to become Commercial Director. The Extraordinary GMS then appointed Redy Ferryanto as Director of Infrastructure and Technology and Arie Nobelta Kaban as Finance Director.

On behalf of the Company's Directors, we hereby express our gratitude to Danny Praditya for his hard work and contribution in carrying out his duties as Commercial Director; we would also like to convey our fervent gratitude

to Reza Pahlevy for his hard work and contribution while carrying out his duties as Finance Director.

The series of changes in the composition of the personnel of the PGN Directors are presented in the following table.

### THE COMPOSITION OF THE PERSONNEL OF THE PGN DIRECTORS

Board of Directors	Period		
	Jan, 1 - Apr, 26	Apr, 26 - Aug, 30	Aug, 30 - Des, 31
President Director	Gigih Prakoso	Gigih Prakoso	Gigih Prakoso
Director of Infrastructure and Technology	Dilo Seno Widagdo	Dilo Seno Widagdo	Redy Ferryanto
Director of Commerce	Danny Praditya	Danny Praditya	Dilo Seno Widagdo
Director of Finance	Said Reza Pahlevy	Said Reza Pahlevy	Arie Nobelta Kaban
Director of Human Resources and General Affairs	Desima Equalita Siahaan	Desima Equalita Siahaan	Desima Equalita Siahaan
Director of Strategy and Business Development	--	Syahrial Mukhtar	Syahrial Mukhtar

### BUSINESS PROSPECTS

We are viewing the prospects of 2020 with increasing vigilance. We are paying close attention to predictions of various credible economic institutions, both nationally and internationally, on unfolding conditions in both the global and national spheres. This heightened awareness includes of the prolonged on-going US trade dispute with China, as well as the Covid-19 pandemic which has now hit almost all countries in the world.

This latest condition has made Bank Indonesia adjust downward its projected national economic growth to 4.2-4.6%, and there is a possibility to be reduced further if the pandemic is not resolved in the short term. These factors can have an impact on national demand for natural gas and, of course, the competitiveness of natural gas as an energy source against other energy commodities, such as petroleum and coal.

We also pay close attention to results of the full implementation of Minister of Energy and Mineral Resources Regulation No. 58 of 2017, which took effect last year. This regulation set a maximum allowable return on investment of 11% for infrastructure businesses and a maximum of 7% for this trade cost.

As was publically known, on January 6, 2020, a Limited Cabinet Meeting was held with the theme of Availability of Natural Gas for Industry. The President of the Republic of Indonesia gave directions in the form of three choices in order to have the price of natural gas for industry support industrial competitiveness, provide added value, and contribute to national economic growth. The three choices presented by the President are as follows:

- There is a government portion of USD 2.2 per MMBTU from upstream business activities which can be reduced or eliminated;
- Enforcement of the domestic market obligation;
- Import of natural gas.

As a follow up to the Limited Meeting, the Ministry of Energy and Mineral Resources involved us and other stakeholders to implement the President's directives. We have developed a number of scenarios for the application of industrial natural gas prices while maintaining economic mechanisms and the sustainability of PGN's business, a business that still has a large task to build natural gas infrastructure in various regions of Indonesia.

All these developments indicate that 2020 will be a challenging year, in which PGN must design and sort out the most appropriate strategic actions as well as consider mitigation measures. We do this, among other means, by expanding our business model and looking for opportunities to create new value outside of our core business.

Meanwhile, PGN also plans to set ambitious targets under its new strategy, formalized since the beginning of last year, namely the 3-2-1 goal: that is triple the volume, double the revenue, and generate one billion net profit in the next five years.

We believe that there is a great opportunity to record the best growth in the coming years by considering the magnitude of the potential replacement of oil energy in power plant, both managed by PT PLN (Persero) and by industry players. However, these opportunities are mostly outside the pipeline coverage area; thus, more expensive modes of natural gas transportation are needed. We are also paying close attention to the opportunities for gas supply for oil refinery operations that are currently being built.

At present and after calculation, we are moving fast in combining the business portfolios and infrastructure networks of PGN and PT Pertamina Gas. Our main focus is on volume growth and developing a road map to optimize performance of our integrated infrastructure. We believe that our cash position is sufficient to support the capital expenditure needed to realize plans as we also generate strong cash flows from our consolidated business.

In expanding our infrastructure, we will also collaborate with other stakeholders, such as PT PLN (Persero) and PT Pertamina (Persero) who have already, or need to build, supporting infrastructure so that they can be aligned with our expansion plans, in order to obtain a substantial efficiency effect. By doing so, we hope to benefit from our strengthened position as part of PT Pertamina (Persero), a position which will give us greater stability in terms of supply.

We acknowledge that the PGN roadmap in manifesting 3-2-1 goals in 5 years will be challenging; however, we believe that with the support of all stakeholders and PT Pertamina (Persero), we will be able to utilize the strong foundations that have been built from the achievements of 2019 performance, giving PGN an opportunity to open to a sustainable world, record business-scale growth, and support improved environmental quality through development of the natural gas and energy business for all stakeholders.

## HUMAN RESOURCES MANAGEMENT

The development of PGN's business with subsidiaries and affiliates has had an impact on the profile of PGN Group employees. The number of workers in 2019 was 3,268 people where 1,359 employees came from PGN stand alone, 1,755 employees from subsidiaries and affiliates and 154 from Pertamina Group.

We realize that employees are the backbone of the Company's progress. Planned, focused, and systematic employee development through the Executive Development Program and Management Development Program for the Company's talent from supervisor to manager level, followed by scholarships and educational assistance for the best participants have raised the educational profile of the PGN workforce.

In 2019, we held independent employee recruitment in a program called PGN Has Talent. In the implementation of this program, 32,461 applicants were interested and had sent in their personal data to participate in the 2019 PGN Has Talent program and have now gone through the selection and assignment placement process in the PGN Group. PGN also participated in the Joint Recruitment of the Ministry of SOE, the simultaneous recruitment conducted by SOE to recruit the best workers in Indonesia, while ensuring to provide opportunities for people with disabilities.

## CLOSING REMARKS

PGN's achievements and progress in 2019 could be achieved by the efforts of all working together, supported by shareholders, regulators, our valued customers, and partners. We give great appreciation for the opportunity that has been given to PGN to become a Sub-Holding in Gas and will do our best to optimize business and to accelerate equitable distribution of community access to natural gas energy throughout the country.

Representing the Board of Directors, I extend our deepest gratitude to the employees for their dedication and hard work, so that PGN succeeded through challenging 2019 with solid performance. All of this further strengthened the Company's foundation to ensure sustainable business growth into the future.

We also express our deepest thanks to the Board of Commissioners for the supervision and guidance given during our duties. We would also like to thank all other stakeholders, for the trust that has been given to PGN to become a Sub-Holding in Gas and enable us to make the best contribution to achieving energy independence in the future.

We believe that such cooperation and trust will enable the Company to record the best and substantial contributions to ensure PGN continues to grow and strengthen in its new role as a Sub-Holding in Gas so as to provide good energy for the nation's development and for achieving sustainable development goals.

Jakarta, April 22<sup>nd</sup>, 2020

On Behalf of the Board of Directors



**Gigih Prakoso**

President Director

## STATEMENT LETTER MEMBERS OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS REGARDING RESPONSIBILITY FOR THE CONTENT OF THE ANNUAL REPORT 2019 PT PERUSAHAAN GAS NEGARA TBK

We the undersigned declare that all the information included in the Annual Report 2019 of PT Perusahaan Gas Negara Tbk has been fully disclosed and we are responsible for the truthfulness of the content of the Company's Annual Report.

This is our declaration, which has been made truthfully.

Jakarta, April 22<sup>nd</sup>, 2020

President Director



**GIGIH PRAKOSO  
SOEWARTO**

Director of Finance



**ARIE NOBELTA KABAN**

President Commissioner



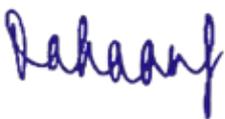
**ARCANDRA TAHAR**

Independent  
Commissioner



**PAIMAN RAHARJO**

Director Of Human  
Resource And General  
Affair



**DESIMA EQUALITA  
SIAHAAN**

Director of Infrastructure  
and Technology



**REDY FERRYANTO**

Independent  
Commissioner



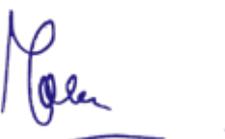
**CHRISTIAN  
HAMONANGAN SIBORO**

Independent  
Commissioner



**KISWODARMAWAN**

Director of Strategy and  
Business Development



**SYAHRIAL MUKHTAR**

Director of Commerce



**DILO SENOWIDAGDO**

Commissioner



**MAS'UD KHAMID**

Commissioner



**LUKY ALFIRMAN**



# 03

## COMPANY PROFILE

### **Contributing to the Country.**

The Company's footsteps, which were built from the colonial era to the role of Subholding Gas, prove that the Company can answer the challenges of the times.





## PT PERUSAHAAN GAS NEGARA TBK AT A GLANCE



### NAME AND DOMICILE OF THE COMPANY

PT Perusahaan Gas Negara Tbk and Domiciled in Jakarta.

Name change of PT Perusahaan Gas Negata (Persero) Tbk to PT Perusahaan Gas Negara Tbk was formally occurred on April 26th, 2018. This was occurred due to the transfer of all B Series shares owned by the Republic of Indonesia in PGN to PT Pertamina (Persero).



### STOCK CODE

Indonesia Stock Exchange: PGAS.



### OWNERSHIP

The Republic of Indonesia: 0%, 1 Series A Dwiwarna Shares.

PT Pertamina (Persero): 56,96%, 13,809,038,755 Series B Shares.

Public: 43,04%, 10,432,469,440 Series B Shares.



### DATE OF ESTABLISHMENT

May 13, 1965.



### LEGAL BASIS OF ESTABLISHMENT

Government regulation No.19/1965 concerning the Disbanding of Badan Pimpinan Umum Perusahaan Listrik Negara and the Establishment of Perusahaan Listrik Negara (P.L.N.) and Perusahaan Gas Negara (P.G.N.).



### AUTHORIZED CAPITAL

Rp7,000,000,000,000 (seven trillion Rupiah).



### ISSUED AND FULLY PAID UP CAPITAL

Rp2,424,150,819,600 (two trillion four hundred twenty four million one hundred fifty million eight hundred nineteen thousand six hundred Rupiah).



### LISTING IN STOCK EXCHANGE

The shares of the Company have been listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange on December 15, 2003.



### COMPANY ADDRESS

Headquarters Address: Jl. KH. Zainul Arifin No. 20, Krukut, Tamansari, West Jakarta, DKI Jakarta

Correspondence Address: The Manhattan Square, Mid Tower, 26th Floor. Jl. TB Simatupang Kav. 15 South Jakarta 12560, DKI Jakarta



[www.pgn.co.id](http://www.pgn.co.id)



Perusahaan Gas Negara



@gas\_negara



1500 645



@Gas\_Negara



[contact.center@pgn.co.id](mailto:contact.center@pgn.co.id)



PGNenergibaik

## THE COMPANY'S LOGO



**1859 - 1965**

The Logo that was used when the Company was still named the L.J.N. Eindhoven & CO Gravenhage.



**1965 - 1994**

Represent the nature of gas utility service, with earth as its source and the Company's mission in production, installation, transmission and distribution.



**1994 - 2003**

A fire flame that represents a dynamic, spirit, and innovation which were the determination of the Company in providing its services. The black circle represent earth and also pipe as the facility to deliver natural gas.



**2003 - 2011**

Reflected the globally oriented vision of the Company, namely, to become the leading public Company in the field of the natural gas provider. The writing of "Gas Negara" is an integral part of the logo as it implies the nature of the Company that is dynamic and continues to grow.



**2011 - 2018**

PGN's logo symbolizes fire consisted of five elements that represented five main stakeholders, namely consumers, investors, employees, the state and PGN itself.



## 2018 - NOW

PGN's logo symbolizes fire consisted of five elements that represented five main stakeholders, namely consumers, investors, employees, the state and PGN itself. The fire has three-dimension nuance that implies a Company that is fully integrated which goes beyond natural gas transportation and trading business to provide comprehensive energy solutions for consumers. The degraded blue color represented the movement, growth, and ability to adapt.

PGN Corporate brand is a symbol that represents PGN to the world. Therefore, it is very important to maintain and establish the value of that corporate brand. The corporate brand also serves as an affirmation so that the use of PGN's name always consistent, that is called as PGN and not with other names such as PGAS or Perusahaan Gas Negara.

## TAGLINE

### "ENERGY"

Identify the important role of PGN which is not only engaged in the area of gas distribution but also participates in the crucial energy supply.

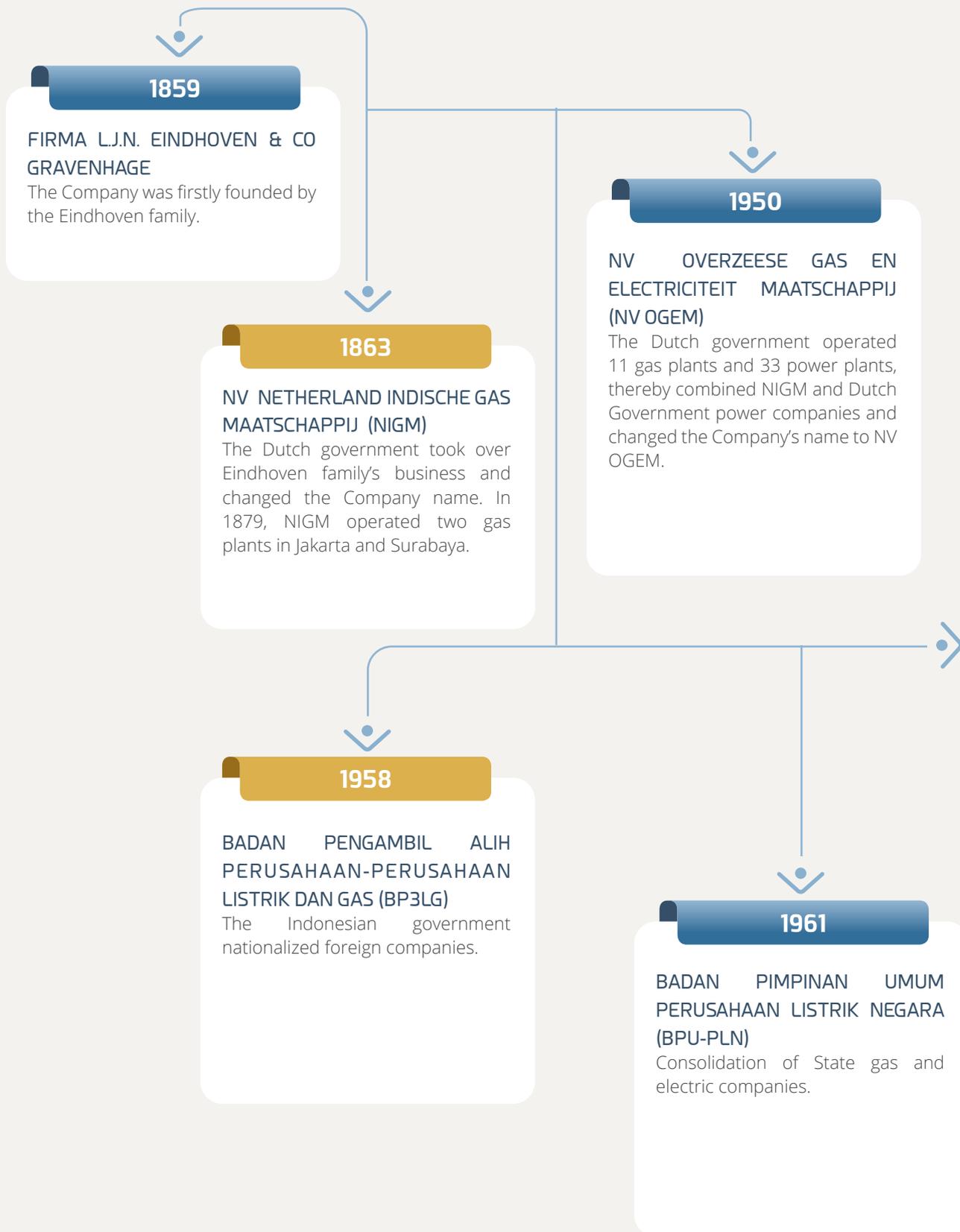
### "FOR LIFE"

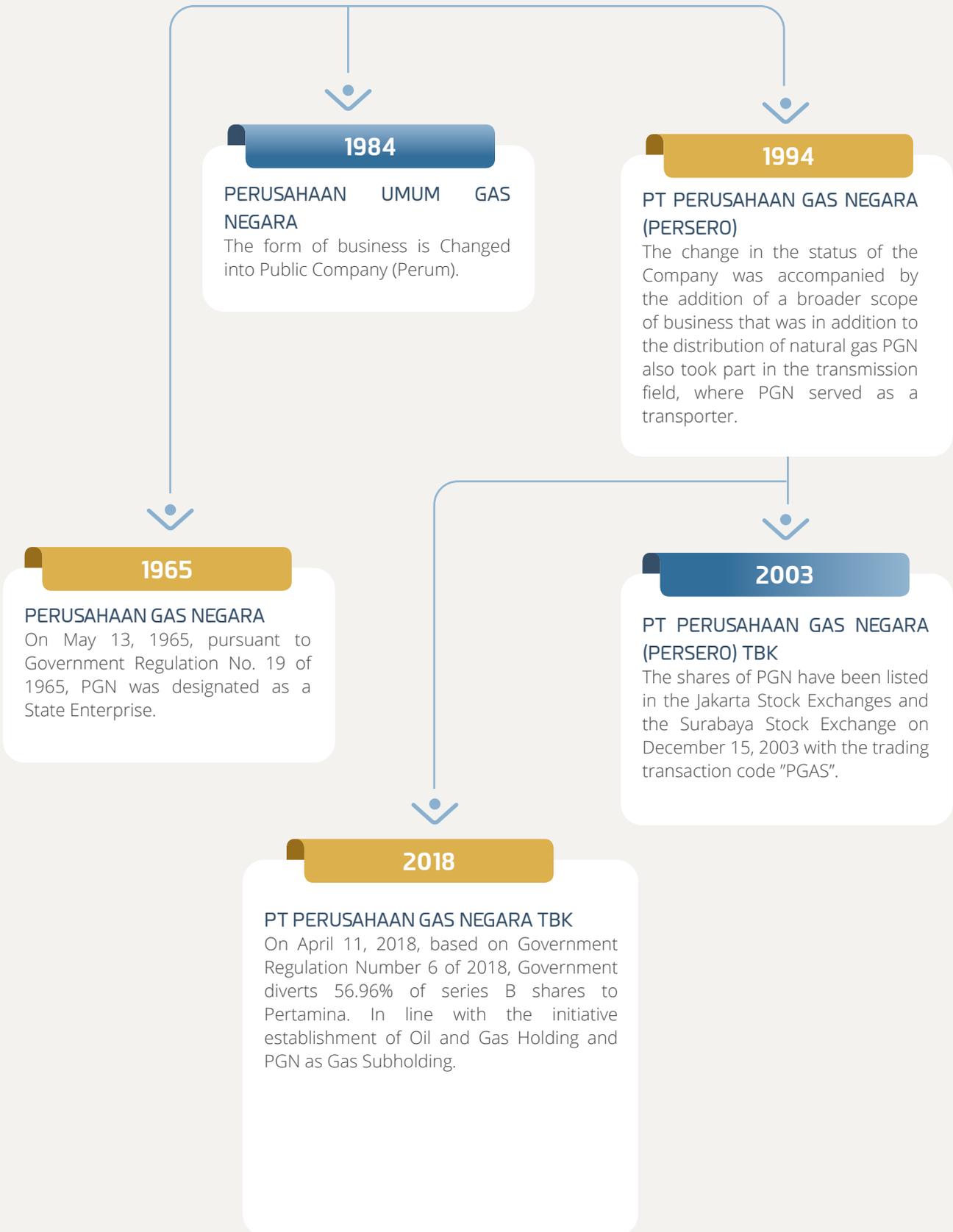
Signifying the important role run by PGN through the natural gas in moving and improving the quality of life in Indonesia ranging from cooking for daily meals to powering the power plant. Oriented to the future, confirming the commitment of PGN to the long-term sustainable energy security for consumers, providing the reliable innovative energy solution for long-term planning.

### "A MEMBER OF PERTAMINA"

Signifying PGN's position as part of Pertamina is in line with the government's initiative to form an Oil and Gas Holding.

# THE COMPANY'S BRIEF HISTORY





Ikhtisar Kinerja Keuangan

Laporan Kepada Pemegang Saham

Profil Perusahaan

Analisis dan Pembahasan Manajemen

Tata Kelola Perusahaan

Tanggung Jawab Sosial Dan Lingkungan Perusahaan

Laporan Keuangan

Referensi

# THE COMPANY'S BUSINESS DEVELOPMENT MILESTONE

**1998**

PGN succeeded in completing the Transmission pipeline of Grissik- Duri followed by the establishment of a Subsidiary in the field of transmission, namely PT Transportasi Gas Indonesia (TGI) in 2002, which will operate the transmission pipeline.

**2003**

Completion of Grissik - Batam - Singapore transmission pipeline network, which is the first downstream natural gas pipeline that crosses national borders. This transmission pipeline is operated by PT Transportasi Gas Indonesia.

**2007**

On October 25, 2007, PGN successfully completed the South Sumatra West Java Transmission Pipeline consisting of SSWJ I with Pagardewa - Bojonegara Gas Receiving Station Section and the gas transmission pipeline of SSWJ II Grissik - Pagardewa segment was inaugurated by the Minister of State-Owned Enterprises (SOE). In the same year, PGN established a subsidiary Company that engages in the telecommunication industry, namely PT PGAS Telekomunikasi Nusantara (PGASCOM). PGASCOM manages the operation and maintenance of fiber optic cable networks. PGASCOM manages operation and network maintenance fiber optic cable, which is built for SCADA operation in order to guard reliability of distribution natural gas along transmission pipeline network Grissik - Batam - Singapore.



Grissik-Pakardewa transmission pipeline.

**2009**

To optimize the power and competence that have been built over the years by utilizing the future business development opportunities, PGN re-established a subsidiary Company with a name of PT PGAS Solution that relates with engineering, operation, and maintenance, EPC contractor, as well as trading businesses.



Maintenance operations and operation of gas infrastructure by PGAS Solution.

**2010**

PT Pertamina (Persero) and PGN established a Subsidiary engaged in LNG, namely PT Nusantara Regas as a new milestone for LNG domestic business.

**2011**

PGN formed 2 subsidiary companies that respectively engage in the natural gas upstream and downstream businesses. The subsidiary Company in the upstream business is PT Saka Energi Indonesia (SEI) while the subsidiary Company in the downstream business is PT Gagah Energi Indonesia (GEI).



LNG regasification operation in Lampung FSRU in Lampung Province waters.

**2012**

PGN established a Subsidiary Company PT PGN LNG Indonesia (PGN LNG). The PGN LNG scope of business among others engaging in the supply of LNG and natural gas, storage activities including regasification to buyers, as well as in other LNG business activities.



Most taxis operating in Batam use natural gas from PGN.

## 2014

PGN established a subsidiary of PT Permata Graha Nusantara (PERMATA). Permata business scope includes property management, workforce provider, management facilities, resource profitability and corporate assets.

In 2014 commercial operations of the FSRU Lampung were also started to support the reliability of gas supply in Java, using LNG.

## 2015

At the end of August 2015, PGN through its affiliated Company PT Kalimantan Jawa Gas (KJG) succeeded in completing the construction of the Kalija I Transmission pipelines from Kepodang gas field to Tambak Lorok Gas Power Plant in Semarang for 201 km long and continued with the commercialization of the pipelines. With the operation of this infrastructure, PGN is the only natural gas downstream business entity that serves all customer sectors (Household, Commercial, Industrial and Power Plant) in Central Java.

In the same year, PT Perta Arung Gas (Pertagas) completed the construction of Arun Belawan Section Transmission Pipeline for 350 Kilometer to support the reliability of natural gas distribution in the Northern Sumatra region.

PT Perta Arun Gas has successfully completed the revitalization of the Arun LNG refinery as an LNG receiving and regasification terminal. The operation of this terminal adds to the full range of existing receiving and regasification terminal facilities, namely in the Jakarta Bay and Lampung.

In July 2015, the government assigned PGN to operate a natural gas distribution network for households (Jargas) that had been built by the government for 11 regions. In December 2015, PGN received additional assignments to build and operate Jargas in 3 regions, namely Surabaya, Tarakan and Batam.

## 2016

Development of gas distribution pipeline in Musi Banyuasin, Bandar Lampung, DKI Jakarta and Mojokerto.

## 2017

Muara Bakau Block where PGN through its subsidiary, PT Saka Energi Indonesia has a participating interest of 11.7% started its production in May 2017. This project is very significant to increase domestic gas supply and meet the target of natural gas lifting in 2017. At the end of 2017 Muara Bakau block production through Jangkrik field reached 580 MMscfd.

## 2018

In line with the government's initiative to establish an Oil and Gas Holding, on April 11, 2018 PGN became part of PT Pertamina (Persero) with the transfer of all series B shares of Government ownership to Pertamina. Furthermore, on December 28, 2018, PGN officially became the Gas Subholding by acquiring PT Pertamina (Persero)'s 51% shares in PT Pertamina Gas (Pertagas), which marks the establishment of Oil and Gas Holding.



The household gas network is available in 16 provinces throughout Indonesia.

## 2019

PGN gets an assignment from the Government to build one million natural gas network connections for household to be built starting in 2020. This year, PGN also receive an assignment from the Government for the supply and distribution of natural gas networks for households using the APBN 2019 fiscal year.

PGN through its subsidiary, PT PGN LNG Indonesia in collaboration with PT Pelindo Energi Logistik began construction of an LNG receiving terminal in Teluk Lamong with a capacity of 40 BBTUD.

## BUSINESS FIELDS

### BUSINESS ACTIVITIES

Pursuant to the Article 3 of PGN's Articles of Association as lastly amended by the Deed Number 34 dated September 10, 2018, made before Notary Fathiah Helmi, S.H., Notary in Jakarta, the business activities of PGN are as follows:

1. Planning, construction, management, and development of the natural gas downstream business that covers the activities of processing, transportation, storage, and commerce;
2. Planning, construction, development of the artificial gas (hydrocarbons gas) production, supply, and distribution;
3. Other than the main business activities, PGN may conduct other supporting business activities that directly related and/or support the main business activities in accordance with the prevailing laws and regulations.

### PRODUCT AND SERVICES

As a company engaged in the natural gas downstream business, PGN conducts its business activities in the areas of natural gas transportation and trading.

In the business of natural gas transportation, PGN and its subsidiaries/affiliates has pipeline networks in NAD, North Sumatera, Riau, Jambi, South Sumatera, Riau Islands, West Java, Central Java, East Java, and East Kalimantan Province to connect the natural gas sources location with the natural gas end user location through the transmission pipelines mode.

In the business of natural gas trading, PGN bought the natural gas from various natural gas Producers and then sold it to various natural gas end user segments, for instance Household Customers, Commercial Segment Customers, Industrial-Manufacture Customers, Power Plants and Transportation Sectors, either distributed through pipelines, CNG or LNG.

To support natural gas trading, PGN provide an integrated natural gas infrastructure to ensure the distribution of natural gas to its end users, ensure the quality of the natural gas (natural gas composition, pressure, temperature) and the service (call center, disruption handling) in accordance with international standard.

Customer management is carried out by PGN based on customer segmentation which is divided into:

1. Household Customers (RT),
2. Small Customers (PK),
3. Transportation sector customers (SPBG),
4. Commercial and Industrial Customers (KI).

PGN offers different products to each customers segment. These products include:

#### a. Sinergi



Sinergi is a reliable and customer-focused integrated energy utilization solution through excellent customer experience for commercial and industrial customer segments.

#### b. GasKita



GasKita is an easy, economical and environmentally friendly energy utilization solution for household customers and small customers.

#### c. GasKu



GasKu is a solution to the supply of clean, environmentally friendly and efficient gas fuels with CNG Mode for the transportation customer segment.

#### d. GasLink



GasLink is a natural gas supply solution for locations without a natural gas distribution network through the Gas Transport Module (GTM), a vehicle that carries natural gas in CNG mode.

Departing from different industrial characteristics, Sinergi products offer a choice of integrated solutions tailored to the needs of the customer's natural gas utilization operations through various contract criteria which are divided into several groups based on the amount of natural gas usage, as follows:

- a. Bronze 1, with the amount of natural gas usage from 1.001 up to 10.000 m<sup>3</sup>/month;
- b. Bronze 2, with the amount of natural gas usage from 350 up to 1.750 mmbtu/month;
- c. Bronze 3, with the amount of natural gas usage from 1.750 up to 17.500 mmbtu/month;
- d. Silver, with the amount of natural gas usage from 17.500 up to 125.000 mmbtu/month;
- e. Gold, with the amount of natural gas usage from 125.000 up to 250.000 mmbtu/month;
- f. Platinum, with the amount of natural gas usage greater than 350.000 mmbtu/month.

## ENHANCEMENT OF PRODUCTS AND CUSTOMER SERVICES

PGN constantly updates products and services that are tailored to the characteristics and needs of customers as a form of PGN's commitment to customer care. In 2019, PGN has developed Sinergi products to provide optimal benefits for customers. The advantages and benefits of Sinergi development products include the following:

- a. Flexibility of customer natural gas usage: increased range of the number of contract usage, multi destination contracts, usage options above the maximum contract (spot gas, interruptible, accumulated semester surcharge) and gas deposit.
- b. Ease of monitoring the customer's natural gas usage: EVC and AMR installation, PGN Mobile.
- c. Customer appreciation: payment due date with bailouts, relaxation of payment guarantees and loyalty programs.
- d. Increased reliability and reach of infrastructure: MR / S streamline, distribution of outlet pressure.

- e. Operation of the infrastructure system: pipe installation inspection and technical assistance for prospective customers.
- f. Improved reliability and quality of natural gas supply: multi-source and natural gas supply management.

The purpose of developing this Sinergi product, in addition to improving excellence service to customers, is as follows:

1. Economic subsidies of natural gas distribution among customer groups.
2. Supporting business entities to continue to be able to do business with reliable and safe services.
3. Meet the needs and expectations in gas usage and customer business patterns.
4. Increase the benefits of using natural gas by customers by meeting customer needs.

In order to support the management to operate its business, PGN and its subsidiaries and affiliates divided their business activities into 4 (four) principal business segments, which are:

1. Natural gas distribution and transmission  
The gas distribution and transmission segment conducts the distribution and transmission of gas to industrial, commercial and household customers and LNG regasification.
2. Exploration and production of oil and gas  
The oil and gas exploration and production segment conducts business activities in exploration, exploitation and business development in oil and gas sector.
3. Other operation  
Other operating segments are related to fiber optic rental services for the provision of network and construction services and repairs to customers as well as management and rental of buildings and equipment.

**GAS SUBHOLDING**

To strengthen the capital structure and PT Pertamina (Persero)'s business capacity, the Government through the Ministry of SOE added the State Capital Participation of the Republic of Indonesia to the PT Pertamina Company Share Capital originating from the transfer of all B Series shares of the Republic of Indonesia to the Company as stipulated in Government Regulation Number 6 of 2018.

B series shares submitted by the Government (Ministry of SOE) to PT Pertamina (Persero) amounted to 56.96%, thus PGN's shares owned by the Government are 1 share of Dwi Warna A series shares. It is in accordance with the mandate of Government Regulation No. 72/2016 concerning Amendments to Government Regulation No. 44/2005 concerning Participation and Administration of State Capital in State-Owned Enterprises and Limited Liability Companies.

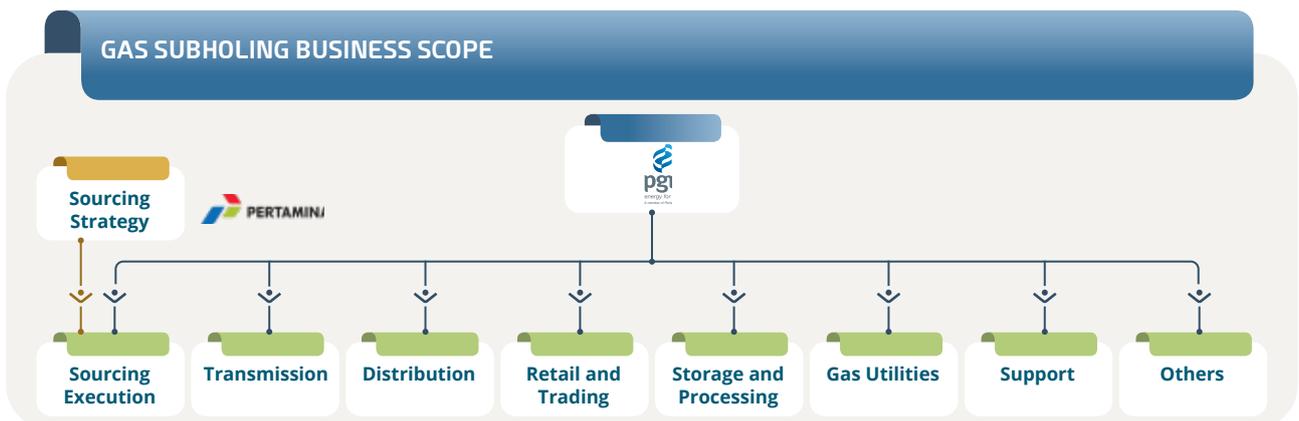
Government Regulation No. 6/2018 is followed up with the signing of the Decree of the Minister of Finance No. 286/KMK.06/2018 concerning the Determination of the Value of PMN in the Share Capital of PT Pertamina (Persero) where the government stipulates the value of adding state capital to the share capital of PT Pertamina (Persero) amounted to Rp 38,136,346,046,696 originating from the transfer of all Republic of Indonesia's B series shares to the Company amounted to 13,809,038,755 shares. This process is complemented by the signing of the Inbreng Shares Deed between the Ministry of SOE and PT Pertamina (Persero) which was effective on April 11, 2018.

As a series of the formation of State-Owned Oil and Gas Enterprise Holding, PGN signed a Conditional Share Sale and Purchase Agreement (CSPA) to acquire Pertagas and its Subsidiaries on June 29, 2018. On December 28, 2018, a total transaction was made to buy 51% of PT Pertamina Gas shares by PGN including five PT Pertamina Gas subsidiaries, namely:

- PT Pertagas Niaga,
- PT Perta Arun Gas,
- PT Perta Daya Gas,
- PT Perta-Samtan Gas, dan
- PT Perta Kalimantan Gas.

Thus the role of Pertamina officially becomes the Oil and Gas Holding and officially changes the role of PGN as Gas Subholding; taking on the role of integrated gas management.

After playing its role as Subholding Gas, there is a new line of business carried out by PGN through its Pertagas Group Subsidiaries, namely transportation of crude oil and processing of LPG. As a Gas Subholding, PGN carries out all activities in the downstream natural gas business process, starting from the procurement of natural gas supplies both from domestic and international sources, managing infrastructure carried out alone or by subsidiaries / affiliates to the distribution of natural gas to all segments of end-user starting from households, small customers, SPBGs, commercial, industrial and electricity generation.

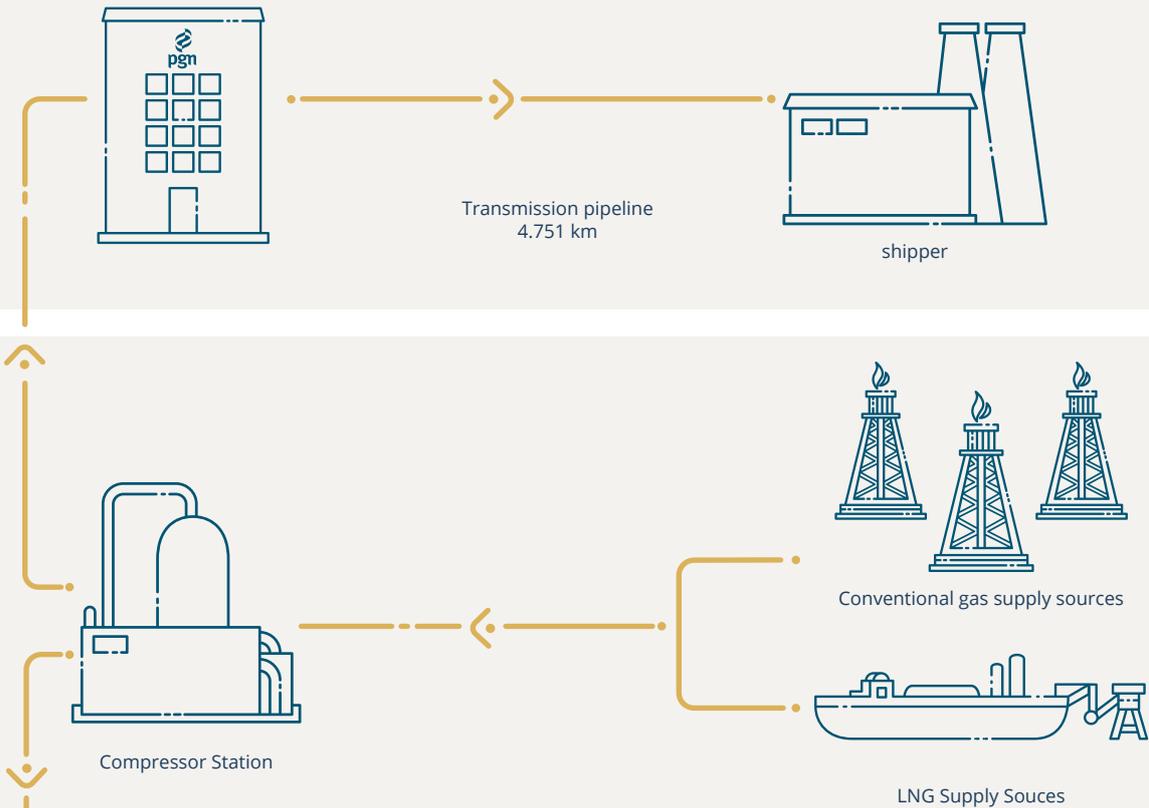




# MAIN BUSINESS UNITS

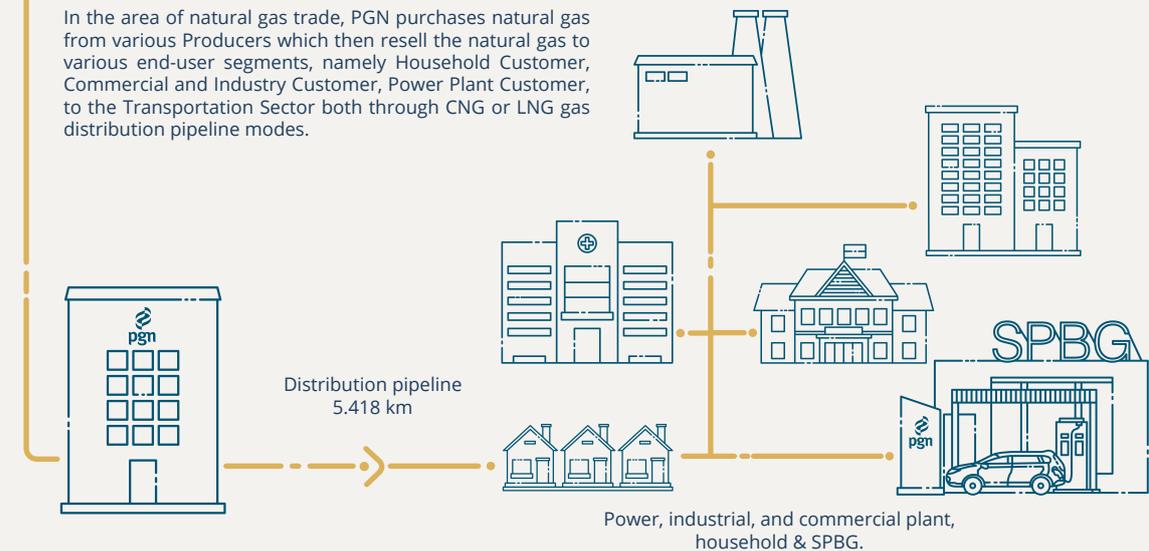
## GTA (GAS TRANSPORTATION AGREEMENT)

In the area of natural gas transportation business, PGN provides the facilities/infrastructure that can be utilized by gas shipper to ensure natural gas can be distributed in a safe and reliable manner



## GSA (GAS SALES AGREEMENT)

In the area of natural gas trade, PGN purchases natural gas from various Producers which then resell the natural gas to various end-user segments, namely Household Customer, Commercial and Industry Customer, Power Plant Customer, to the Transportation Sector both through CNG or LNG gas distribution pipeline modes.



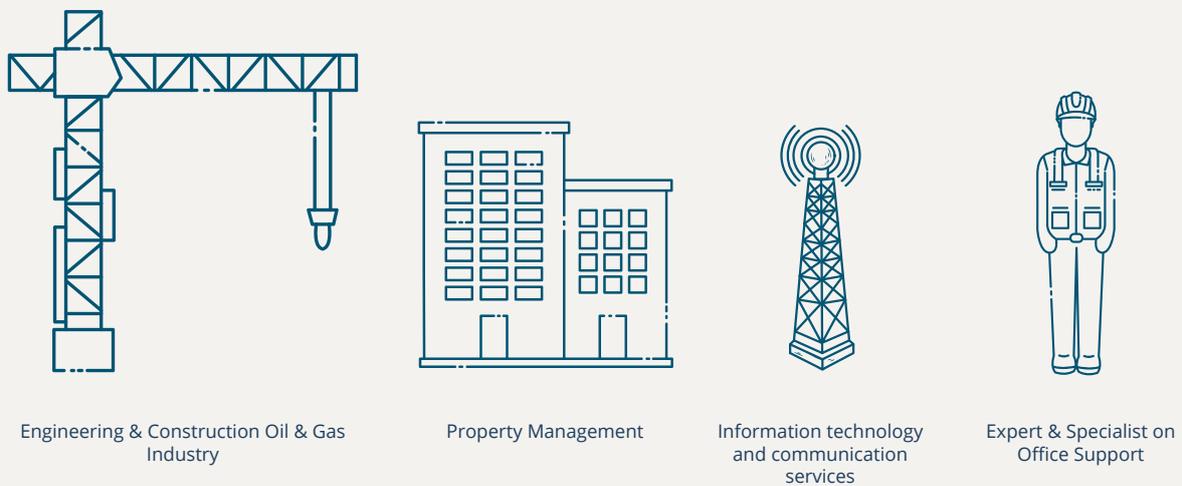
## OIL AND GAS PRODUCTION

In upstream business, PGN through Saka Energi manages 10 (ten) domestic operational areas, and 1 (one) international operational area.



## OTHER BUSINESS

In other business area, such as engineering, procurement, construction, property management, reliable telecommunication services, and professional.



PGN has 3 business segments, where 83.65% of PGN's revenue comes from the commercial business and natural gas transmission, 9.73% of the oil and gas business, and the rest is contributed by other businesses.

# SUBHOLDING GAS SYNERGY

With the joining of PT Pertamina Gas and its subsidiaries / affiliates in PGN's consolidation at the end of 2018, PGN has officially assumed the role of subholding gas from PT Pertamina (Persero). As a Gas Subholding, in 2019 PGN controlled 100% (one hundred percent) market share of natural gas transportation business activities and 92% (ninety two percent) market share of natural gas trading business activities and managed the entire natural gas supply chain starting from the procurement of gas supply earth, infrastructure management up to the distribution of natural gas to end users which includes the segment of household users, transportation (SPBG), small customers, commercial, industrial and power plants.

## UP STREAM

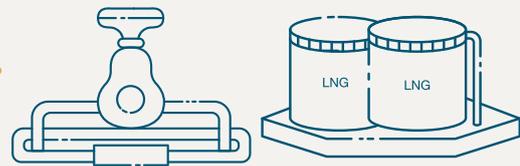
### NATURAL OIL AND GAS PRODUCTION

Natural gas reserves in Indonesia are larger than oil. Saka Energi Indonesia is a subsidiary of PGN that has business activities in the upstream business.

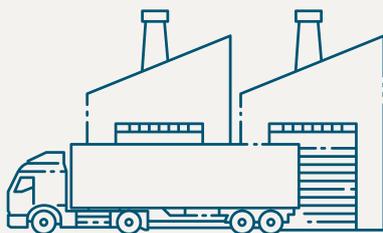


## MID STREAM

Through PLI, NR, TGI, KJG, Pertaga and PAG, PGN maintains a very high reliability and operational infrastructure security. FSRU and Land Based Regasification Facility converts LNG into high-quality natural gas. PGN has 2 (two) FSRUs namely FSRU Lampung and FSRU West Java and also land base regasification facility in Arun through Pertagas.



## DOWN STREAM



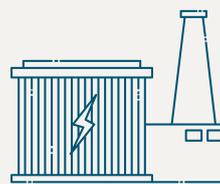
### INDUSTRIAL SECTOR

Indonesia's growth is driven by the development of the industrial sector. Energy solutions for industries that are outside the gas pipeline, can be channeled using Gas Link.



### COMMERCIAL SECTOR CUSTOMERS, HOTELS AND RESTAURANT

Gas Link is a solution for channeling natural gas to locations that are not connected to the gas pipeline. Offering flexibility, Gas Link is also available for commercial, hotel and restaurant sector customers.



### POWER PLANTS

Power Plant made from gas fuel is more environmentally friendly compared to oil fuel or coal.



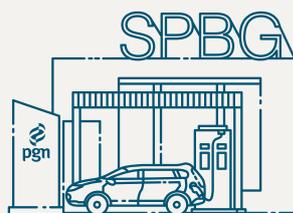
### COMMERCIAL CUSTOMER

Efficiency and reliability are important factors in distributing energy to commercial customer. PGN, in this case, can fulfill these needs.



### HOUSEHOLD CUSTOMER

PGN is the biggest company of natural gas distribution through pipes in Indonesia, and has distributed gas to more than 300.000 household customers in 54 Cities/Regencies all over Indonesia.



### STATION OF FUEL GAS AND MOBILE FUEL REFUELING UNIT (MRU)

Through its Subsidiaries, PGN operates gas fueling stations in various locations on Java, Sumatra and Riau Islands.



### INDUSTRIAL SECTOR

The industrial sector accounts for 40% of the national economic structure. PGN continues to support competitiveness through efficiency in the use of fuel by distributing natural gas to various countries industrial area.

## WORKING TOGETHER AS SUBHOLDING GAS TO BECOME AN INTEGRATED ENERGY SOLUTION

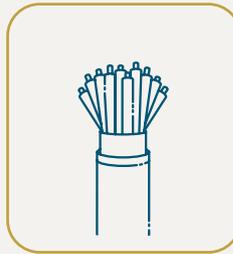
PGN's subsidiaries are moving together to increase the value that we provide to our Customer and Indonesia. Through providing high quality natural gas and reliable supply, the support of our subsidiaries on operations, expertise on engineering, archive and asset management, transmission pipeline management, provide a high quality and flexible CNG supply, and the support of our information technology, has made PGN one of its kind in Indonesia.

### SUPPORTING THE ROLE OF PGN GAS SUBHOLDING



#### pgn SAKA power to discover

SEI manages ten PSCs in Indonesia and one gas shale block in US, five of which are operated entirely by SEI with 100% shares ownership. The five PSCs are Pangkah PSC, South Sesulu PSC, Wokam II PSC, Pekawai PSC and West Yamdena.



#### pgn COM always reliable

PGASCOM conducts business in telecommunications through the provision of fiber optic backbone networks that are directly connected to international networks. Creating application solutions and managing ICT devices for office needs.



#### pgn GAGAS brings energy to you

GEI operates a filling station gas fuel for transportation sector. In addition, GEI also developed CNG business for industrial and commercial sector, especially for markets that are not passed by PGN's gas pipeline.

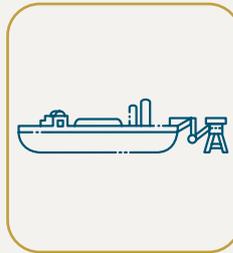


TGI is the first Indonesian company focusing on natural gas transportation for domestic market in Sumatra and Batam as well as international markets in Singapore.



#### pgn MAS commitment to service

Growing from managing assets owned by PGN in the form of buildings and warehouses, PERMATA has developed his expertise being a property developer. Nowadays, its property products, BerandaMAS are one of the iconic properties in Vida Bekasi area.



#### pgn LNG born to make it happen

PLI transformed into important infrastructure that supports reliability of gas distribution. In 2018 PGN LNG has distributed gas products of regasification as many as 256 Bbtud.



#### pgn SOLUTION action for excellence

PGAS Solution has business activities focusing on 4 main fields, namely: Operation, Maintenance, Engineering, EPC and Trading. With the support of an experienced workforce and technology, PGAS Solution is capable to carry out operational activities and infrastructure maintenance of PGN with the level of network reliability of 99.86%.



#### NUSANTARA REGAS a joint venture company between PERTAMINA & PGN

Nusantara Regas is developing and growing along with natural gas demand to support the national electricity sector.



#### PERTAMINA GAS igniting brighter future

Integration of Pertagas into PGN will strengthen PGN's position in managing the downstream natural gas business in Indonesia.

## GAS SUBHOLDING IMPORTANT EVENTS

Throughout 2019, there have been several important events that have become milestones in the implementation of PGN's new role as Subholding Gas. The important events are as follows:

February 16, 2019



Strengthening Gas Sub Holding, PGN-Pertagas Launches The Gas Brand Association.

March 4, 2019

Lunas, PGN Bayar Sisa Akuisisi Pertagas Rp10 T!



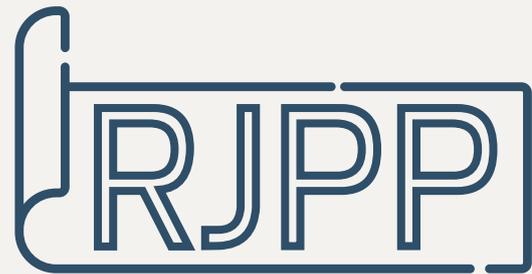
Repayment of Promissory Notes for the Acquisition of 51% of Pertamina's Shares in Pertagas.

April 10, 2019



Signing of the Decision of the Board of Directors of PGN concerning the Alignment of the Subholding Gas Business and Decree of the Board of Directors of PGN regarding Guidelines for the Management of PGN's Relationship as Holding with Subsidiaries / Affiliates.

April 23, 2019



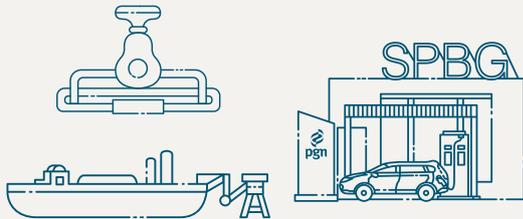
Ratification of New RJPP Subholding Gas by the Board of Commissioners and Directors of PGN.

April 26, 2019



The appointment of Mr. Syahrial Mukhtar who previously served as Corporate Secretary of PT Pertamina (Persero) as Director of Strategy and Business Development of PGN and Mr. Mas'ud Khamid who was Director of Retail Marketing of PT Pertamina (Persero) as Commissioner of PGN in the PGN Annual GMS for 2018 Financial Year. With the appointment of the two officials, it is hoped that they can harmonize PGN's steps as Subholding Gas with PT Pertamina (Persero) as the Holding of Oil and Gas BUMN's.

May 7, 2019



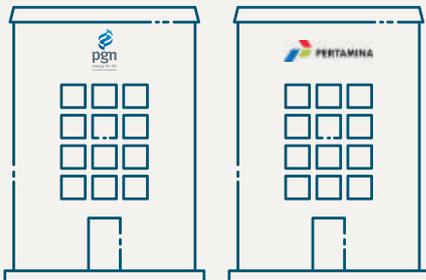
The decision of Pertamina Board of Directors regarding the Transfer of the LNG, SPBG and Jargas Business to PGN.

May 15, 2019



The assignment of Mrs. Rosa Permata Sari as a form of talent mobility within the PGN Group is to accelerate the process of cultural integration between PGN and Pertamina.

July 1, 2019



Assimilation between PGN-Pertamina and the assignment of 16 Pertamina to Business Unit LNG PGN which is an important part of Pertamina's transformation as Oil and Gas Holding and PGN as Subholding Gas.

October 28, 2019



The signing of a joint agreement between PT Pertamina (Persero) and PGN regarding the Principles of Pertamina's Corporate Interaction as Oil and Gas Holding and PGN as Subholding Gas (Charter).

December 27, 2019



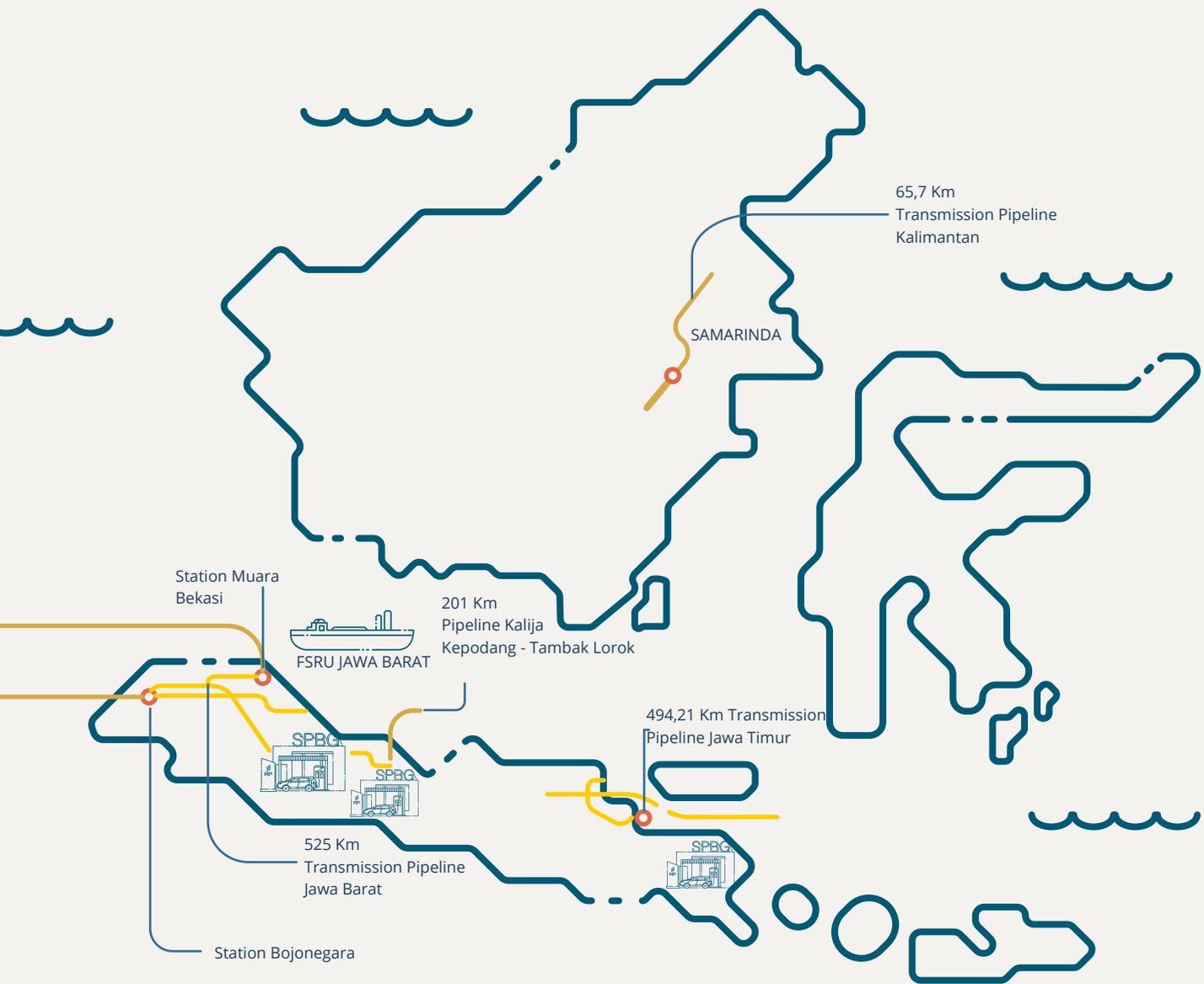
Signing of the Board of Directors Decree on the Alignment of the Subholding Gas Business and the Decision of the Board of Directors of PGN regarding the Guidelines for the Management of PGN Relations as Holding with Subsidiaries / Affiliates, which simultaneously revoked the Decree of the Board of Directors of PGN which was signed on April 11, 2019.

# SUBHOLDING GAS AS NATIONAL NATURAL GAS INFRASTRUCTURE MANAGEMENT

PGN as Subholding Gas integrates natural gas infrastructure in Indonesia and strives to increase energy access to all levels of society and users through both pipeline and non-pipeline infrastructure. At present, PGN as Subholding Gas has operated in 66 districts / cities, in 17 Provinces in Indonesia and continues to open new territories. The natural gas end-user segment that enjoys PGN natural gas energy services ranging from households, transportation (SPBG), small customers, commercial, industrial and electricity generation.

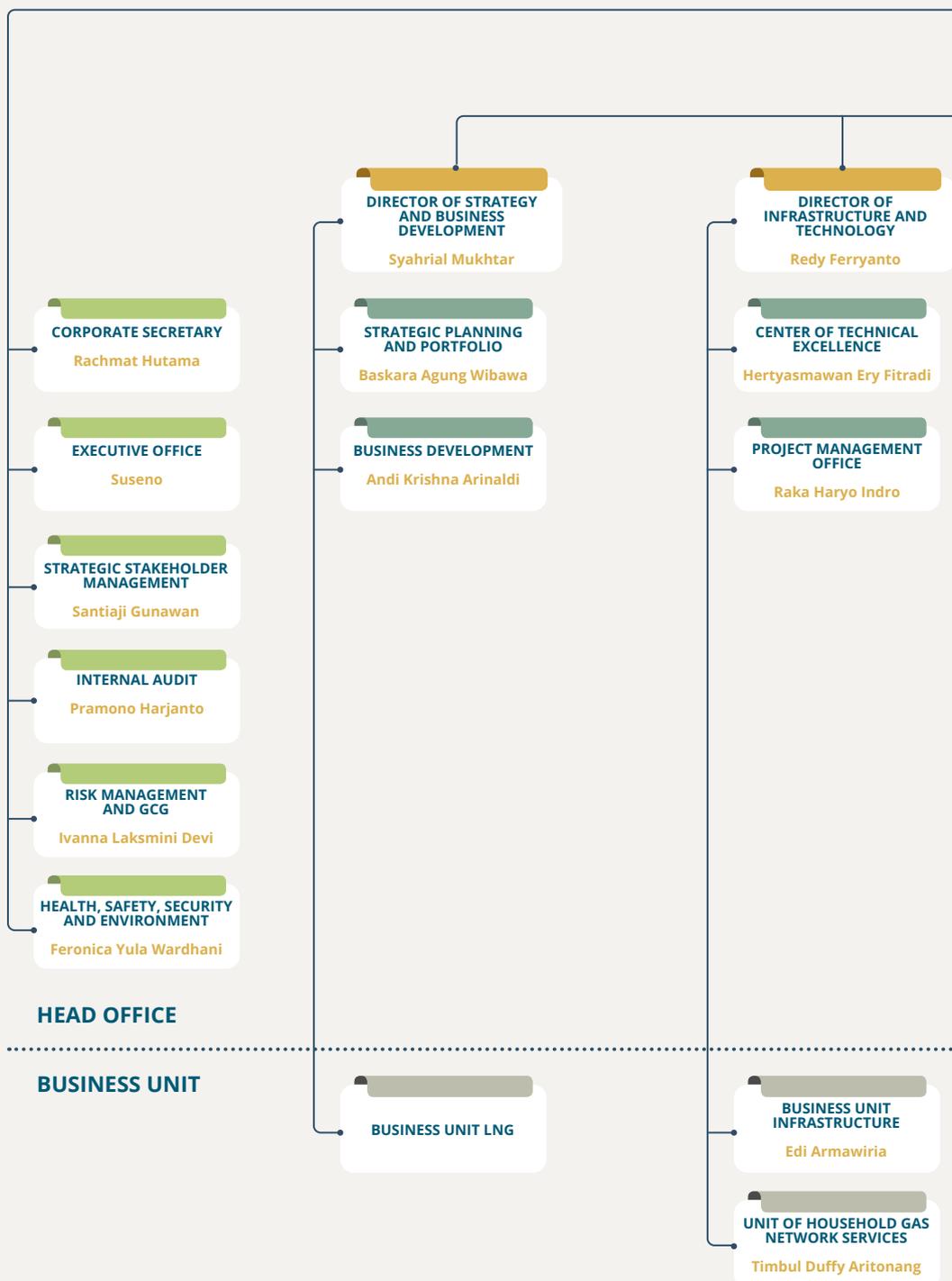


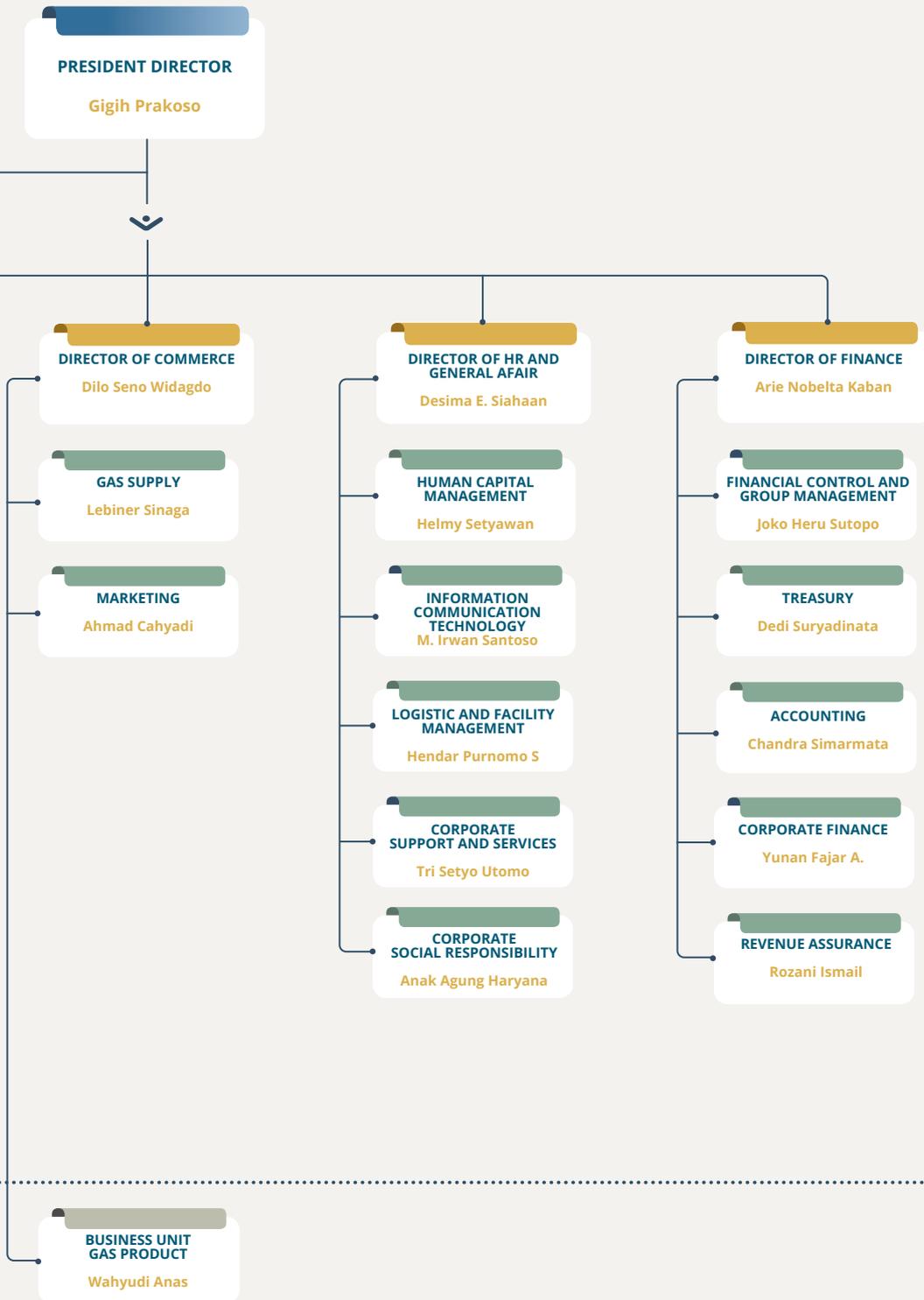
The PGN Group's downstream natural gas infrastructure management portfolio until the end of 2019 includes 96% of the natural gas downstream infrastructure that has been built and is operating. As for the management of the household natural gas network and small customers according to the Government's assignment covering 59 Districts / Cities throughout Indonesia with the length of the managed jargas pipe approximately 3,000 Km.



# Organizational Structure

PGN organizational structure is stipulated through Directors' Decree No. 032800.K/OT.00/PDO/2019 regarding the Organizational Structure of PT Perusahaan Gas Negara Tbk dated August 16, 2019.





Performance Overview

Report to The Shareholders

Company Profile

Management Discussion and Analysis

Good Corporate Governance

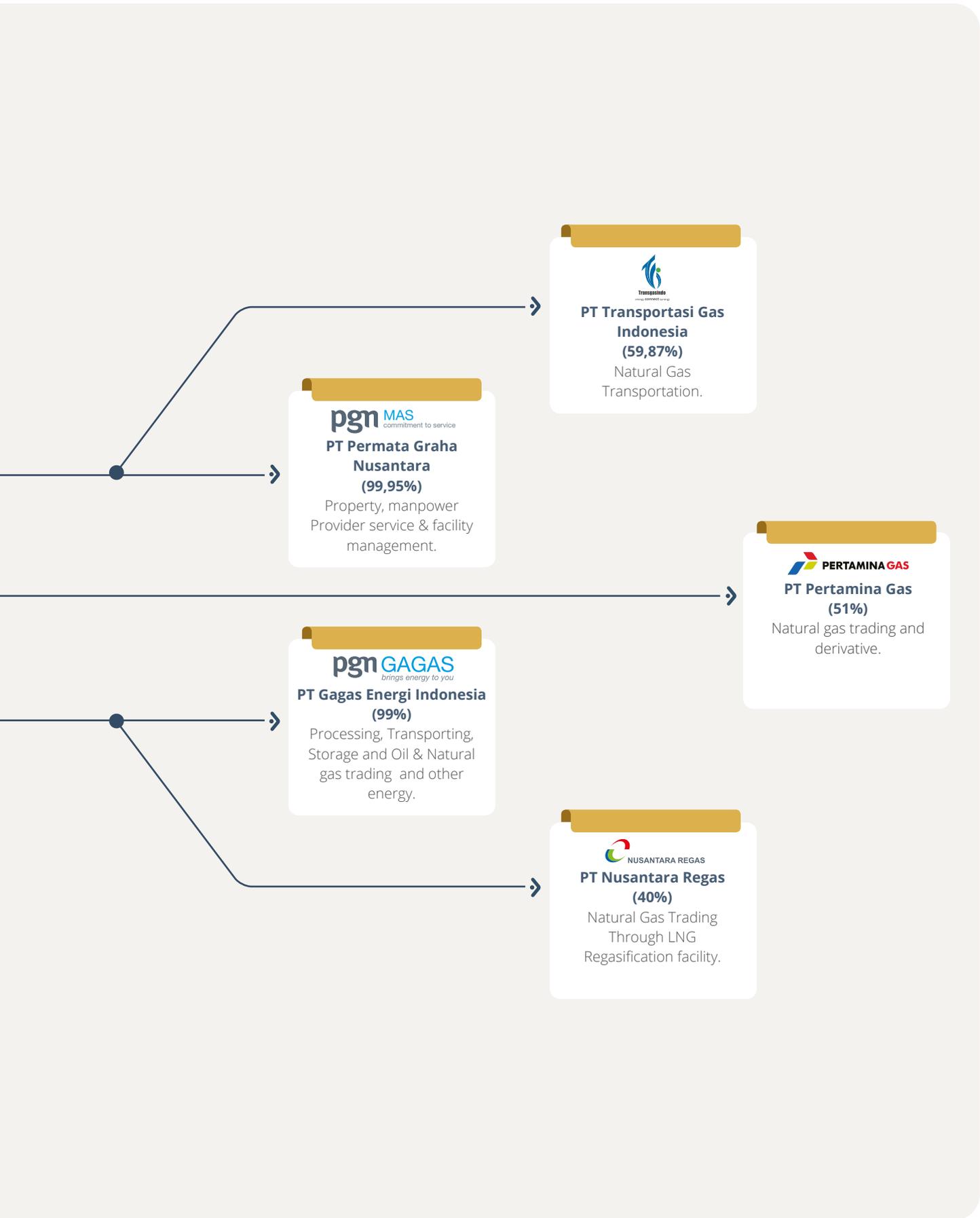
Corporate Social and Environmental Responsibility

Consolidated Financial Statements

Regulatory Cross Reference

## PGN Business Structure





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## **VISION**

**To be World Leading National Gas Company for a Sustainable Future and National Energy Sovereignty**

## **MISSION**

Conducting gas business in midstream, downstream, and other supporting enterprises committed to increase value for all stakeholders by:

1. Provide gas and develop the infrastructure for the utilization of gas as energy and raw materials to create optimum value for the interests of customers and society.
2. Creating value-added for shareholders and employees, environmentally sound, has the superiority and safety priority.
3. To carry out the company's management principles of professional, responsible and sustainable.
4. Organizing other businesses to support gas utilization and sustainable business management.

The Company vision and mission is determined by the decision of Board of Directors 014600.K/OT/PDO/2019 on the vision and mission of PT. Perusahaan Gas Negara Tbk. dated April 25, 2019.



## CORPORATE CULTURE

In supporting the role of PGN as Sub holding Gas and the main manager of the natural gas business in Indonesia, PGN puts the implementation of the corporate culture "ProCISE" (Professionalism, Continuous Improvement, Integrity, Safety & Excellent Service) as one of the important factors to support the process of preparation towards the Subholding Gas. ProCISE was built to grow corporate identity as the National Gas Company. ProCISE is also encouraged as an organizational adhesive in the transformation process so as to foster a spirit of togetherness that is needed to create synergies in providing better service to customers. Professionalism, Continuous Improvement, Integrity, Safety, Excellent Service (ProCISE) has become a culture of every PGN's members. PGN's corporate culture guideline is determined based on Director's Decree number 010705. K/SM. 02.02/UT/2009 dated May 12th, 2009, concerning the Guidelines for corporate culture.

In accordance with the Company's culture implementation roadmap, the focus in 2019 is to make improvements continuously and will be achieved with the involvement of all parties in providing the best effort that is accompanied by activities. The directional succession will make the

organization more solid in the face of challenges. Collaborations with external organisations and mutually beneficial communities can increase the value of the company compared to competitors, thereby encouraging the company's growth consistently.

Review and refinement of sustainable cultural value with the company's vision became imperative so that the achievement of the company's vision is always driven by the appropriate values. The internalization of the culture of PGN Group is adapted to the interests of the long term organization as an effort to establish the future leaders of the company according to the needs of the company and the benefits for the people and the state of Indonesia.

With the implementation of culture aligned to ProCISE culture, every PGN Group's members is expected to have the same pattern of view, action and behaviour in facing various situations. Through the experience of the Main Behaviour that reflects the value of culture ProCISE disciplined and consistent in all fields, then each of the PGN Group's members take an important part in establishing a Corporate Culture in PGN Group entity.

# FIVE CULTURAL VALUES AND TEN CODES OF CONDUCTS OF PGN GROUP PEOPLE

## PGN MAIN CODE OF CONDUCT

Based on the cultural values of the Company and the principles of good corporate governance, PGN has compiled the Guidelines for Business Ethics and Work Ethic (Code of Conduct) of PGN's members. Business Ethics and Work Ethics outline contain the PGN's human conduct guidelines in daily work activities and procedures for dealing with stakeholders. The guideline also provides practical guidance governing conflicts of interest, corruption, bribery, gratification, information management, and others. The code of Business Ethics and Work Ethics has been published and must be adhered to by all PGN's members.

The description of the values of the culture contained in ProCISE as follows:

### 1. Professionalism

Always give the best results by increasing the competence in their field and responsible for every action and decision taken.

### 2. Continuous Improvement

Committed to continuous improvement.

### 3. Integrity

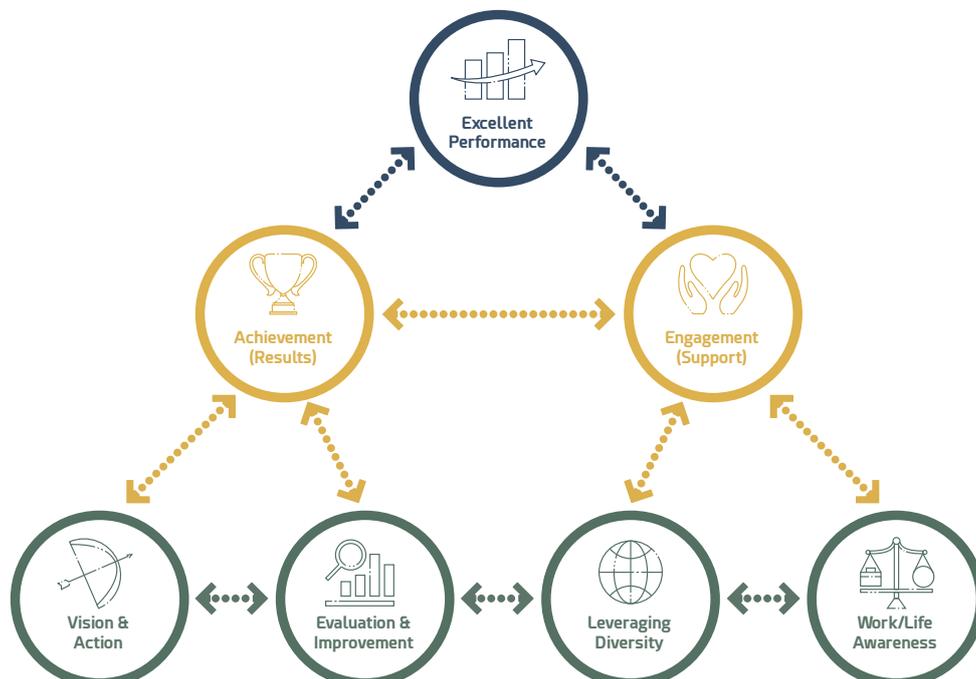
Being honest with oneself and others, consistent between mind, word and deed based on sublime ethical standards.

### 4. Safety

Always prioritize occupational safety and health, both for yourself and the surrounding environment.

### 5. Excellent Service

Prioritize the satisfaction of both internal and external customers by providing the best service.



### PGN GROUP'S KEY BEHAVIOUR

ProCISE contains cultural values as minimal behaviour that must be implemented consistently in daily life by all of PGN Group's members.



I

**PROFESSIONALISM**

II

**CONTINUOUS  
IMPROVEMENT**

III

**INTEGRITY**

IV

**SAFETY**

V

**EXCELLENT SERVICE**



**1** Competent at its field

**2** Responsible



**3** Creative, Inovative And Implementative

**4** Adaptive Through changes



**5** Honest, Open minded And Positive thinking

**6** Discipline and Consistent



**7** Prioritize the occupational Safety and health

**8** Care for the social and natural Environment



**9** Prioritize the satisfaction of Internal and external customers

**10** Proactive, quick, and accurate response

## PGN GROUP CORPORATE CULTURE PROGRAM

### Implementation of cultural Program in PGN Group

Every PGN Group member has a diversity of character strengthening in each entity which certainly strengthens every organization in PGN Group, so it needs to be united through the spirit of "One PGN for a better future" in providing energy Good for the goodness of oneself, associates and companies thus strengthening the joints of the people's economy. The cultural value of ProCISE and the spirit of togetherness of PGN Group through "One PGN for a better future" is one of the keys believed together can synergize and improve the ability to contribute in accordance with existing competencies and opportunities.

The company's strategy directs the performance of the organization in achieving its objectives and corporate culture as the spirit of the organization in printing each of pgn group's members so that it becomes private that can support the organization in achieving its objectives. currently pt pgn tbk, has grown rapidly and cultural values need to be aligned with the management; and synergy are important and absolute things to do.

The key in the effectiveness of implementing the company's culture so as to contribute to the company's performance is humility in providing the best effort, consistent in behaving in accordance with the values believed as well as joint commitments to Mutually shoulder in developing the capabilities of the company in the era of business competition that is rapidly changing; Especially with the current conditions where acceleration is very important to be carried out in the process of internalization of sustainable cultures at all levels.

In the management of culture in PGN Group, the role of Change agent ("Agen Perubahan") is very important because they also change the company's history through its activities and ideas so that the company's identity and company's performance become better. Each individual is a Change Agent and role model for the environment so that the best behave is an obligation for every human being in the PGN Group; Improvement opportunities are always there as long as there are willingness and effort in obtaining them. The consistency of cultural management will affect the company's performance. Special internalization process with specific objectives can be done to several groups/levels, this is expected to be part of the process of forming and acceleration of PGN Group qualified human.

### Lagging and Leading Indicator Corporate Culture

Lagging & Leading Indicator of Company's Culture is an indicator of the implementation of company's culture/value ProCISE. There are 12 indicators monitored every month. Lagging & Leading Indicator of Company's Culture is implemented across the PGN group environment including in subsidiaries/affiliates with support from management. Routine Monitoring and evaluation in various forms and stages are implemented since the program is launched. At the end of the year selected three working units achieved the best predicate in the ProCISE implementation. As a form of appreciation, PGN also chooses the best "Culture Champion" in encouraging the implementation of the Company's Culture. At the beginning of implementation, the implementation has only reached 80% and in 2018 the implementation level was at 96.82%. In 2019, the participation rate of work units in the PGN Group reached 98% and the level of implementation of the company's culture again increased to 93% (in a scale of 1 – 100).

PGN also builds a culture that encourages the realization of healthy corporate management based on the principle of good corporate governance. PGN has arranged and cultivated the PGN Guidelines for Business Ethics and Work Ethics (Code of Conduct). The Code of Business Ethics and Work Ethics outlines the guidelines for PGN Employees in their daily work activities and procedures for dealing with stakeholders. The guidelines also provide practical guidance governing the conflict of interest, corruption, bribery, gratification, information management and others. The code of Business Ethics and Work Ethics has been published and must be adhered by all PGN members.

## CORPORATE CULTURE PROGRAMS OF PGN SUBSIDIARIES AND AFFILIATES

By referring to the PGN Cultural Program "ProCISE", each PGN Subsidiaries and Affiliates adapt the values of ProCISE according to the main business of their respective companies and become the cultural Program of Subsidiaries and Affiliates.

### Implementation of Subsidiary/Affiliate Culture

#### PT Gagas Energi Indonesia

PT Gagas Energi Indonesia culture is BRAVE (Borderless, Respectful, Accountable, Visionary, and Excellent).

#### PT PGAS Solution

PT PGAS Solution culture is SOLUTION (Service Excellent, On Target, Loyalty, Unstoppable Improvement, Team Work, Integrity, Optimist, No Compromise to Safety).

#### PT PGAS Telekomunikasi Nusantara

PT PGAS Telekomunikasi Nusantara culture is CONNECTIVITY (Customer Oriented, Networking, Collaborated, Technology Enable, Integrity, Visioner, and Safety).

#### PT Saka Energi Indonesia

PT Saka Energi Indonesia culture is DEEPS (Driver for Result, Excellence Service, Ethics, Professionalism, and Safety).

#### PT PGN LNG Indonesia

PT PGN LNG Indonesia culture is LIQUIDS (Leadership Integrity, Quality, Unity, Intelligence, Development and Safety).

#### PT Permata Graha Nusantara

PT Permata Graha Nusantara culture is CHARMING (Commitment, Humble, Align, Responsibility, Morale, Initiative, and Goal Oriented).

#### PT Kalimantan Jawa Gas

PT Kalimantan Jawa Gas culture is VIRTUE (Value, Innovation, Reliability, Teamwork, and Uniqueness).

#### PT Nusantara Regas

PT Nusantara Regas culture is REGAS (Reliability, Excellence, Green, Accountable, Sustainable).

## PROFILE OF THE MEMBERS OF THE BOARD OF COMMISSIONERS



### ARCANDRA TAHAR PRESIDENT COMMISSIONER

Indonesian citizen, born in Padang, October 10, 1970 (49 years). Bachelor's degree in Mechanical Engineering from the Bandung Institute of Technology in 1994, Master and Ph.D. in Ocean Engineering Texas A&M University, USA.

Previously he was issued as Principal and President of Asia Pacific AGR Deepwater Development System, Principal Horton Wilson Deepwater and President Petroneering, Minister of Energy and Mineral Resources of the Republic of Indonesia.

Was first appointed as President Commissioner of PGN at the Extraordinary General Meeting of Shareholders on January 21, 2020. Before appointed as Deputy Minister of ESDM of the Republic of Indonesia and Deputy President Commissioner of PT Pertamina (Persero).

Has no relationship with major / controlling shareholders.



### KISWODARMAWAN INDEPENDENT COMMISSIONER

An Indonesian citizen, born in Surabaya, December 28th, 1957 (62 years). A Bachelor of Civil Engineering from the Surabaya Institute of Technology. His last work experience is as Managing Director of Adhi Karya (Persero) Tbk until April 8th, 2016.

He was appointed the first time as PGN's Independent Commissioner at the PGN Annual GMS on April 8th, 2016. Having no affiliation with other members of the Board of Directors and the Board of Commissioners, as well as majority and/or controlling shareholders.



### PAIMAN RAHARJO INDEPENDENT COMMISSIONER

An Indonesia citizen, born in Klaten, June 15th, 1967 (52 years). A Bachelor of Public Administration from the University of Prof. Dr. Moestopo, Master of Economic Administration from the University of Prof. Dr. Moestopo and Doctor of Administrative Sciences from Padjajaran University. Currently serves as Director of Graduate Program at Prof. Dr. Moestopo.

He was appointed the first time as PGN Commissioner at the Annual GMS on April 6th, 2015. Having no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as major shareholders and/or controllers.



### CHRISTIAN HAMONANGAN SIBORO INDEPENDENT COMMISSIONER

An Indonesian Citizen, born in Pontianak, on December 3rd, 1968 (51 years). He has Bachelor of Science at Bandung Institute of Technology (ITB), Master of Management from PPM School of Management, Candidate Doctor of Business Administration (DBA) from the School of Business, Paris.

The legal basis for the first appointment as the Director of Commerce is the EGMS Decision on August 30th, 2019. Having no affiliation with members of the Board of Directors and Board of Commissioners, as well as majority and/or controlling shareholders.



### MAS'UD KHAMID COMMISSIONER

An Indonesian citizen, born in Surabaya on December 12, 1964 (55 years). He has a Bachelor of Physics Engineering from Institute of Technology Ten November (ITS), Surabaya. Currently serves as Director of Retail Marketing of PT Pertamina (Persero).

He was appointed the first time as Commissioner of PGN in the annual GMS on 26 April 2019. Having an affiliation with PT Pertamina (Persero) which is the main shareholder, in his position as Director of Retail Marketing of PT Pertamina (Persero).



### LUKY ALFIRMAN COMMISSIONER

An Indonesian Citizen, born in Bandung on March 27th, 1970 (49 years). Bachelor of Industrial Engineering from Degree Bandung Institute of Technology (ITB), Economics masters and Ph.D. Economics from the University of Colorado, USA in the years 2000 and 2004.

His latest work experience is as an expert staff of the Minister of Finance policy of the state Ministry of Finance, until November 2017 and head of Center for Analysis and Harmonization policy, Secretariat General of the Ministry of Finance. Currently serves as Director-General of Financing and Risk Management of Ministry of Finance. Appointed the first time as PGN's Independent Commissioner at the PGN Annual GMS April 26th, 2019.

Having an affiliation with the Republic of Indonesia which is the controlling shareholder, in his position as Director-General of Financing and Risk Management of the Ministry of Finance.

## PROFILE OF THE MEMBERS OF THE BOARD OF DIRECTORS



### GIGIH PRAKOSO PRESIDENT DIRECTOR

An Indonesian citizen, born in Kalianget (Sumenep), July 30th, 1964 (55 years). Graduated from Bogor Institute (IPB) of Agriculture with a Bachelor Agroindustry Engineering and Management (1987), Master in Business Administration from St. Louis University, USA (1992), Doctorate in Strategic Management from Gadjah Mada University (2006) and PhD from the University of Kentucky, Lexington, USA

Served as President Director since September 10th, 2018. Previously served as Director of Investment Planning and Risk Management of PT Pertamina (Persero) since August 15th, 2017. Director of PGN's Strategy and Business Development since May 4th, 2017. The legal basis for the first appointment as President Director is the EGMS Decision on September 10th, 2018. He was assigned as commissioner of PT Pertamina Gas from August 2018 until now.

Having no affiliation with members of the Board of Directors and Board of Commissioners, as well as majority and/or controlling shareholders.



### DILO SENO WIDAGDO DIRECTOR OF COMMERCE

An Indonesian citizen, born in Jakarta on April 3, 1969, (49 years). Graduated from University of Trisakti with a Bachelor degree in Mechanical Engineering in 1991 and from University of Prasetiya Mulya with a Master degree in International Management in 2001.

Serves as a Director of Commerce since August 30th, 2019. Previously served as the Director of Infrastructure and Technology of PGN since 2016, the President Director at the Subsidiary of PGN PT PGAS Solution since 2013, the Chief Operating Officer of PT Sarana Global Indonesia in 2011-2013, the Project Director of PT Ketrosden Triasmitra in 2008-2011, the Chief Executive Officer of PT Guna Arti in 2004-2008 and in 2001-2004 served as the Marketing Director of PT Anyar Katon.

The legal basis for the first appointment as the Director of Commerce is the EGMS Decision on August 30th, 2019.

Having no affiliation with members of the Board of Directors and the Board of Commissioners, as well as majority and/or controlling shareholders.



### REDY FERRYANTO DIRECTOR OF INFRASTRUCTURE AND TECHNOLOGY

An Indonesian citizen, born in Surabaya on February 13th, 1972 (47 years). Graduated his Bachelor of Chemical Engineering in the field of Gas technology at Bandung Institute of Technology (ITB) in 1996 and International Master of Management in the field of Global Strategic Management in 2001.

Serves as Director of Infrastructure and Technology since August 31, 2019, previously served as Director of Operations and Development of PT Energi Management Indonesia (Persero) since 2018-2019, Chairman of Team Adhoc the Victory of Non EPC Projects Company in 2017-2018, Head of Team ADHOC Contract Settlement Committee and Change of Corporate Work Scope in 2016-2018, Vice President (VP) Overseas Business Development/Representatives Unit. VP Strategic Business Unit Refinery & Petrochemical in 2013-2015.

The legal basis for the first appointment as the Director of Infrastructure and Technology is the EGMS Decision on August 30th, 2019.

Having no affiliation with members of the Board of Directors and Board of Commissioners, as well as majority and/or controlling shareholders.



### DESIMA E. SIAHAAN DIRECTOR OF HUMAN RESOURCE AND GENERAL AFFAIR

An Indonesian citizen, born in Jakarta on December 6th, 1967 (52 years). Graduated her Bachelor of Management in University of Padjajaran Bandung in 1991 and Master of Marketing at Oklahoma City University, USA.

Served as HR and General Director since May 4, 2017. Her career with PGN since 2004 includes: the Corporate Secretary in 2017, the 2015 Corporate Support & Service Division Head, the Corporate Secretariat Head, and the 2011- 2014 PGN Head of Service.

The legal basis for her first appointment as HR and General Director is the Decision of the Annual General Meeting of Shareholders on May 4, 2017.

Having no affiliation with members of the Board of Directors and the Board of Commissioners, as well as majority and/or controlling shareholders.



### ARIE NOBELTA KABAN DIRECTOR OF FINANCE

Indonesian citizen, born in Kutambaru on January 7th, 1975 (44 years). Graduated from Gadjah Mada University with a Bachelor Degree of Accountancy in 2002 and Master of Science in 2008.

Served as Director of Finance since 31 August 2019, previously served as Head of the Corruption Eradication Commission and Senior Auditor KAP Rasin Ichwan (Member of Alliot International).

The legal basis for the first appointment as the Director of Finance is the EGMS Decision on August 30th, 2019.

Having no affiliation with members of the Board of Directors and Board of Commissioners, as well as majority and/or controlling shareholders.



### SYAHRIAL MUKHTAR DIRECTOR OF STRATEGY AND BUSINESS DEVELOPMENT

An Indonesian citizen, born in Jakarta on November 12, 1966 (53 years). Graduated his bachelor degree in Industrial Engineering at Bandung Institute of Technology (ITB) in 1990, Master of Management at Gadjah Mada University in 2000 and Doctorate in Management Strategy at Universitas Indonesia.

Served as Director of Strategy and Business Development on April 26th, 2019, in addition, a regular career at PT Pertamina (Persero) has served as the company's secretariat since 2017, previously served as VP of Stakeholder Relation of PT Pertamina (Persero) in 2016, VP of Corporate Internal Audit of PT Pertamina (Persero) In 2014, the Head of Internal Audit unit of PT Pertamina Drilling Services Indonesia in 2013, President Director of PT Pertamina Training & Consulting in 2002 and various positions in PT Pertamina (Persero) since 1991-2001.

He was appointed the first time as Director of Strategy and Business Development at the Annual General Meeting of Shareholders on April 26th, 2019.

Has affiliation with PT Pertamina (Persero) which is the main shareholder.

## CHANGES TO BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS OF PGN THROUGHOUT 2019 FISCAL YEAR

Throughout 2019 fiscal year, there were several changes of members of the Board of Director and the Board of Commissioner of PGN as follow:

### Changes of PGN Board of Direction and Board of Commissioner in 2019

No.	Name	Last Possition	Appointed Date	Date of Termination
1.	Danny Praditya	Director of Commerce	April 8, 2016	August 30, 2019
2.	Said Reza Pahlevy	Director of Finance	April 26, 2018	August 30, 2019
3.	Syahrial Mukhtar	Director of Strategy and Business Development	April 26, 2019	--
4.	Hambra	Commissioner	April 26, 2018	April 26, 2019
5.	Mas'ud Khamid	Commissioner	April 26, 2019	--
6.	Mohamad Ikhsan	Commissioner	April 6, 2015	August 30, 2019
7.	Christian Hamonangan Siboro	Commissioner	August 30, 2019	--

### MEMBERS OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS OF PGN THAT HAVE EVEN SPOKE IN 2019



#### IGN WIRATMAJA PUJA

He is an Indonesian citizen, born in Bali on December 21, 1963 (55 years). He has a Bachelor of Mechanical Engineering Degree from Bandung Institute of Technology (ITB), Master and Ph.D. of Mechanical Engineering from the University of Kentucky, USA. His previous work experience is as Director General of Oil and Gas at the Ministry of Energy and Mineral Resources until August 2017 and served as Head of the Human Resources Development Agency of the Ministry of Energy and Mineral Resources up to now.

He was appointed the first time as PGN Commissioner at the Annual General Meeting of Shareholders on April 6, 2015. Then he was appointed as PGN's President Commissioner at the annual GMS on April 26, 2018.

He has an affiliation with the Republic of Indonesia as the controlling shareholder, in his position as Head of the Human Resources Development Agency, Ministry of Energy and Mineral Resources.



#### HAMBRA

Indonesian citizen, Born in Ketapang, Maluku on October 10, 1968 (50 years). Obtained a bachelor's degree in Law from Pattimura University Ambon and a Master of Business Law from Gadjah Mada University. His last work experience is as a Deputy for Business Infrastructure, Ministry of SOE until now.

Appointed the first time as PGN Commissioner at the PGN Annual GMS on April 26, 2018.

Having an affiliation with the Republic of Indonesia which is the controlling shareholder, in his position as Deputy for Business Infrastructure, Ministry of SOE.



### MOHAMAD IKHSAN

Indonesian citizen, born in Sigi, November 7, 1964 (54 years). Bachelor of Economics from the University of Indonesia, Master of Economics from Vanderbilt University and Ph.D. of Economics from Illinois University. His latest work experience is a Member of the Expert Team of the Vice President of the Republic of Indonesia up to now.

Appointed the first time as PGN Commissioner at the Annual GMS on April 6, 2015.

Having an affiliation with the Republic of Indonesia which is as controlling shareholder, in his position as a Member of the Expert Team of the Vice President of the Republic of Indonesia.



### DANNY PRADITYA

Indonesian citizen, born in Jakarta on September 13, 1978 (40 years). He completed his undergraduate at the University of Indonesia in 2001 and a master degree at Karlsruhe University of Applied Science, Germany, in 2004. Served as Commercial Director since April 8, 2016. Previously served as President Director of PGN's Subsidiaries namely PT Gas Energi Indonesia since 2013 and as Managing Director of PT Citra Nusantara Gemilang in 2006-2013.

The legal basis for his first appointment as Commercial Director is the Decision of the 2016 Annual General Meeting of Shareholders on April 8, 2016. He was assigned as President Commissioner of PT PGN LNG Indonesia from May 1, 2016 to the present and President Commissioner of PT Gas Energi Indonesia from August 15, 2017 to the present.

Having no affiliation with members of the Board of Directors and the Board of Commissioners, as well as majority and/or controlling shareholders.



### SAID REZA PAHLEVY

Indonesian citizen, born in Banda Aceh, September 6, 1969 (49 years). He completed his education in DIII, ITB Polytechnic, and Bachelor of Accounting Economics from University of Indonesia. He has served as Director of Finance since April 26, 2018. Previously served as Director of Administration & Finance of PT Pertamina Patra Niaga (2015 - 2018), VP Shared Processing Center of PT Pertamina (Persero), VP Shared Process Center of PT Pertamina (Persero) (2013). The legal basis for his first appointment as Director of Finance is the Decision of the Annual GMS on April 26, 2018. Assigned as Commissioner of PT Saka Energi Indonesia from November 1, 2018 until now.

Having no affiliation with other members of the Board of Directors and Board of Commissioners, but having an affiliation with the major shareholders.

## PROFILE OF THE SECRETARY OF THE BOARD OF COMMISSIONERS



### THOHIR NUR ILHAMI

An Indonesian citizen, born in Semarang on September 26, 1959, 59 years and appointed as the Secretary of the Board of Commissioners since January 1, 2016. Graduated from University of Diponegoro with a Bachelor degree in Economics Management in 1986.

Once previously served as the Head of Treasury Division, Head of Finance Division of PT PGN (Persero) Tbk, and Director of Finance of PT PGAS Telekomunikasi Nusantara, as well as the Director of Finance of PT PGN LNG Indonesia before retiring as a PGN employee by 2015.

Having no affiliation with members of the Board of Directors and Board of Commissioners, as well as majority and/or controlling shareholders.

## PROFILE CORPORATE SECRETARY



### RACHMAT HUTAMA

Indonesian citizen, born in Jakarta on July 13, 1973, (45 years).

Graduated with a Bachelor of Law degree from Diponegoro University in 1996. Served as Corporate Secretary since July 3, 2017. He began his career in the Company as a Staff, Legal and Public Relations Division and Division Head, Legally from 2014 to being appointed as Corporate Secretary.

Having no affiliation with members of the Board of Directors and Board of Commissioner, as well as a majority and/or controlling shareholders.

## PROFILE GROUP HEAD INTERNAL AUDIT



### PRAMONO HARJANTO

Indonesian citizen, born in Yogyakarta on August 14, 1970 (48 years).

Graduated with a Bachelor of Accounting Economics from Gadjah Mada University, Yogyakarta in 1996, and received a State Accounting Registration D-17464. Started his career in Supervision as an External Auditor at Hans Tuanakota & Mustofa (HTM) Public Accountant/Deloitte Touche Tohmatsu International as Senior Auditor from 1997 to 2001, continuing his career as an Internal Audit Supervisor at Petrochina International Companies from 2001 to 2005 and as Senior Manager of Internal Audit at PT Transportasi Gas Indonesia since 2005 to 2013. Served as Head of Internal Audit since February 7, 2013.

In addition to structural positions, the concerned also active in the Communication Forum of Internal Control Unit (FKSPI) as Head IV of Organizations Division at FKSPI Center since 2013.

Having no affiliation with members of the Board of Directors and the Board of Commissioners, as well as majority and/or controlling shareholders.

# HUMAN RESOURCE

The Holding Initiative of State-Owned Oil and Gas Enterprise is carried out by the Government in an effort to strengthen State-Owned Enterprises involved in oil and gas. This initiative is achieved by the integration of midstream and downstream Oil and Gas businesses into PGN's business and organization as Sub-holding of Gas, which influences the strategy on Human Capital Management.

Human Capital Management is essential to ensure the preparation, willingness, and the capability of the organization to accommodate necessary alterations and anticipate internal member's readiness to face the dynamics during the process on the State-Owned Oil and Gas Enterprise Holding stage as well as the role of PGN as Sub-holding of Gas.

Through the preparation of policies and work programs, PGN supplemented the design and management of the human capital by increasing the capacity and competence of the employees as well as employee services based on information technology to accelerate and fulfill the needs of State-Owned Oil and Gas Enterprise Holding Organizations smoothly.

PGN also prepares its employees with various development programs comprised of relevant education and training in accordance with the strategic position of PGN and its Vision to be a "World Leading National Gas Company for a Sustainable Future and National Sovereignty". PGN prepares its employees with various development programs through relevant education and training.

## PROFILE AND NUMBER OF EMPLOYEES

Affiliates influenced the profile of PGN employees collectively. The numbers of employees in 2019 has increased, totaling at 3.268 employees with 1.359 employees coming from the main PGN group, 1.755 employees coming from Subsidiaries/Affiliates, and 154 employees coming from Pertamina Group. Compared with 2018, the numbers of permanent workers (PWTT) increased by 5.1% and the numbers of non-permanent workers (PWT) decreased by around 27.8%. This increase of permanent workers is caused by the process of recruitment in PGN Group.

Planned, focused, and systematic employee development is carried out by Executive Development Program and Management Development Program. These programs are provided for employee as talents in the Company, starting from supervisor to managerial level which also gives scholarship or educational support for the best participants. With the help of employee development programs, improvements on the educational profile of PGN employees can be seen throughout 2018 and 2019.

Through development using Executive Development Program and Management Development Program, PGN strives to prepare future leaders of PGN with managerial, business, and leadership capabilities. In 2019, basic management level employees who have taken part in development program and master education scholarship as well as fulfilling career requirements have occupied the position of senior management as well as top management in PGN and its Subsidiaries/Affiliates. Specifically, the increase of 8% (15 employees) in the occupation of middle management level and 25% (19 employees) in the occupation of top level management is a proof of improvement in the quality of human resource in PGN and supports the Company on the realization of business development and long-term goals of PGN.

### Number of Workers By Employment Status

No.	Employment status	2019	2018
1.	Permanent	3.144	2.937
2.	Non-Permanent (contract)	124	172
	<b>Total</b>	<b>3.268</b>	<b>3.109</b>

### Number of Workers By Level Group in the Organization

No.	Position	2019	2018
1.	Top Management	231	132
2.	Midle Management	479	267
3.	Basic Management	819	934
4.	Executor	1.739	1.776
	<b>Total</b>	<b>3.268</b>	<b>3.109</b>

### Number of Workers By Education

No.	Educational	2019	2018
1.	Strata 3 (S3)	2	3
2.	Strata 2 (S2)	373	380
3.	Strata 1 (S1)	1.802	1.661
4.	Diploma	819	776
5.	High School (SLTA)	272	289
	<b>Total</b>	<b>3.268</b>	<b>3.109</b>

### Number of Workers By Gender

No.	Gender	2019	2018
1.	Male	2.462	2.310
2.	Female	806	799
	<b>Total</b>	<b>3.268</b>	<b>3.109</b>

## HUMAN CAPITAL MANAGEMENT ROLE AS STRATEGIC BUSINESS PARTNERS

The ability of Human Capital Management to provide competent human resource is essential to support the achievement of business organization through the optimization of expenditure. Therefore, this ability is one of the most important strategic points controlled by the Human Resource Department. As a strategic business partner, Human Capital Management is expected to contribute on the achievement of the Organization's performance. Fundamentally, this role is established as an answer to the growth of the Organization. This growth leads to additional needs of the Organization, primarily Human Capital Management to have more business knowledge and be more personal. Therefore, Human Capital Management as a strategic partner is needed to have the particular skills on business knowledge, providing necessary viewpoint, support, and influence on the growth of an Organization.

As a strategic business partner, Human Capital Management Group is expected to be a strategic business partner alongside the management to formulate and implement business strategy. Human Capital Management Group as a strategic business partner will be required to harmonize values of the Company with goals, vision, and mission to achieve in the Company. Communication skill and integration of various viewpoints will be the key point in building strategies to face business challenges. Additionally, understanding on their role and function will encourage Human Capital Management as effective strategic business partner in the development of the Company.

## COMPETENCE DEVELOPMENT

In accordance with the Company's Long-Term Planning (RJPP), The Holding Initiative of State-Owned Oil and Gas Enterprise, as well as the role of PGN as Sub-holding of gas, PGN continues to improve its employee development program to be more comprehensive and consistent through educational programs, inhouse training as well as public training, certification, knowledge sharing, and educational courses. These programs are designed systematically to keep up with the development of business in the Company so that each and every employee working in PGN have the competence and able to work professionally in accordance with their field of work and position. In average, PGN allocates 6 days (6 mandays) of training for each employee to support their development or fulfilling several gaps in their competence. Additionally, PGN provides the facility for online learning management system to increase service on the implementation of educational and training programs as well as knowledge sharing.

### A. Domestic Scholarship and Self-managed Bachelor and Master Program

As a part of systematic PGN Group development program, throughout 2019 PGN has given full tuition scholarships to 33 (thirty-three) employees with 31 (thirt-one) best participants of MDP 2019 program and 2 (two) best participants of EDP 2018 program. These participants took part in Magister of Management educational program on renowned Institutes of Business Education and Universities in Indonesia. Additional, PGN offers the chance for continuing education to Bachelor and Master degree for every employee of PGN group with the initiative of increasing their competence according with occupational needs or position in the form of self-managed educational program.

In 2019, PGN helped 19 (nineteen) employees to continue their master studies domestically, with 7 (seven) employees continuing their undergraduate education through regular self-management and 12 (twelve) employees continuing their undergraduate education through talent self-management. This Master Education Scholarship Program intends to improve the competence and quality of the employees as well as increasing global insight and network expansion to support the achievement of Company's vision.

## **B. STAR Program (Talent Development Program)**

With integrated and comprehensive planning, PGN designed STAR Program to prepare future candidates to lead the Company. STAR Program is designed with the combination of talent management program and succession of PGN potential leaders. The talent management program is comprised of three subprograms, the first is Executive Development Program (EDP), Management Development Program (MDP) as the second program, and First Line Development Program (FLDP) as the third program.

### **1. Executive Development Program (EDP)**

Executive Development Program (EDP) is a leadership program meant for Middle management level employee that focuses on preparing future leaders of PGN and competence improvement in the form of interpersonal ability, leadership capability as well as business capability. This method of development is carried out through structured integrated learning process comprised of three modules, which is Navigating Uncertainty, Managing Stakeholders, and Creating the Future.

At the end of the program, participants will be tasked with project assignment for the improvement or development of business in the Company. This program involves the Top Management of PGN as a mentor for the projects given to the EDP participants. In 2019, out of 21 employees that took part and finished EDP program, 5 best participants from EDP 2018 will be given retention program with 2 (two) participants taking part in Master of Management (MM) post-graduate program at a renowned Institute of Business Education and 3 (three) participants taking part in short courses program at Global Business School.

### **2. Management Development Program (MDP)**

In preparing continuous succession of leadership, PGN has developed Management Development Program (MDP) that is integrated with blended in-class program, online English training, leader camp, project assignment, coaching and mentoring from related Subject Matter Expert (SME) and leadership sharing session from several domestic and international CEOs. This program is built on four modules, specifically: Fundamentals of Business Leadership, Decision Making and Innovation, Managing Business, and Leading with Strategic Management. In 2019, 87 employees that met the requirements took part in MDP program and currently, 40 (forty) best participants were given scholarship to take part in Master of Management (MM) post-graduate program and 11 (eleven) participants received self-managed educational support in a renowned Institute of Business Education.

### 3. First Line Development Program (FLDP)

In addition, PGN designed a development program for the employee to improve their leadership ability and managerial competence preparation for the next career level of executor level employee through First Line Development Program (FLDP). Participants taking part in this program are employees meeting the criteria of STAR (talent) program.

### C. Knowledge Management

The management of human resource in PGN is also carried out through knowledge management. Through a set of activities designed and developed to identify, create, explain, and distribute knowledge possessed by PGN employees as an individual to be used later on in the Company. PGN has developed programs named i-Know, gas talk, knowledge harvesting, KMOnline, Knowledge Credit Point, e-Library, and Innovation Award. The i-Know program is an educational program in the form of knowledge quiz to improve the knowledge and comprehension of the employees about the functions of operational procedure and work process in PGN environment. Through this program, it is hoped that PGN employees will obtain complete knowledge about PGN's business line and therefore be able to provide service excellence to the customers. This program is carried out every quarter of the year by using online application with the format of the quiz that can be accessed by the employees in any place at any given time during a certain time period.

The Gas talk program is a form of knowledge sharing carried out by involving employees of PGN as a speaker. With this program, PGN employees can increase their insight on various things related to the business of the Company, therefore the knowledge of employees in PGN will be more comprehensive about the position of the Company in the development of related industrial

business. This program is carried out every quarter of the year in the form of a talk show to provide the opportunity to share knowledge, information, and experience for mutual benefit.

Knowledge Harvesting Program as an addition to i-Know and Gas talk programs. PGN has also started to develop knowledge harvesting as a part of knowledge management. Knowledge Harvesting is a form of activity to document knowledge attached to each individual in the form of written documents with the intention of capturing, nurturing, and developing knowledge in PGN into the Knowledge Guidebook of PGN programs.

Knowledge Credit Point is a provision of points to employees that participate in knowledge sharing by writing articles, sharing knowledge after taking part in a training, or being a speaker at a domestic, regional, and international forum.

The KM Online Program (KMOn) is a portal of PGN's internal knowledge filled with important information for PGN employees.

eLibrary is a form of online library that provides various books and literatures to support employees learning through library collection. Implementation of knowledge management, both direct and indirect gives a positive influence to the Company by building the culture of learning, therefore providing convenience for every employee to utilize knowledge provided in the Company's environment. Consequently, employees are able to improve their competence, creativity, and innovation. On the other side, the Company is able to improve productivity as well as saving time and expense because existing knowledge can be reused in other context such as another process or a product that is going to be developed.

Innovation Award Program is one form of acknowledgement program for employees that have given extra work in the way of their work that increases the Company's capability through their ideas and creative innovation. The aim of Innovation Award Program is improving creativity and innovative thinking, creating an environment for the employees to explore business opportunities for the continuity of the Company, and improving employee involvement through the acknowledgement of their innovations.

#### **D. Inhouse dan Public Training**

PGN owns technical and managerial competence development program through inhouse and public training as well as certification. With the average allocation of 6 mandays, training for each employee, PGN has carried out 2 managerial competence training participated by 4 participants, 1 leadership management training carried out on a Business School located in Pennsylvania, participated by 3 participants, and 207 technical competence training participated by 2,134 participants. With the need to improve skills and professionalism of the employees in core and supporting fields, PGN continues to improve certification programs with the goal of increasing the capability to acquire business opportunities with the potential to increase service quality and performance of the Company. Throughout 2019, PGN employees have taken part in 14 technical certification programs participated by 70 employees and 18 non-technical certifications participated by 36 employees. Consequently, there have been an increasing number of professional and certified PGN employees in their own field of work.

In 2019, a new program is established to support the performance and commercial accomplishments through a Program named "Achieving The Challenging

Sales Target - Changing Your Mindset & Way of Working", as a form of in-house training program designed with comprehensive module for frontline employees of PGN (Sales Area, Customer Management, and Sales Administration) and comprised of 3 educational module. In the end of the module, participants will present the accomplishment of their performance throughout 2019 and target accomplishment plans for 2020 based on materials obtained during the first module (Market Analysis), second module (Managing Customers), and third module (Final presentation - Performance Review of 2019 and Tactic Plan for 2020).

#### **E. Learning Management System**

In order to accelerate processes on administration as well as training and education implementation, PGN developed a web-based online application named "Learning Management System". Using this application, employees are able to access information on training and education such as educational program plans and yearly corporate training, syllabuses and modules for training and education as well as employee's learning schedule which enables quicker drafting or adjustment to training and education plans for the employees.

#### **F. English Program**

In order to further improve the ability of the employee to communicate in English, the Company has given self-managed English training facility for its employee where each employee are able to choose one from several providers that have been set according with flexible training schedule based on the employee's available time. This program is a part of development to prepare middle management level and top management level (Assistant Vice President and Vice President) employees with sufficient English proficiency as a requirement to take part in talent programs in the Company.

## The Competency Development

No.	Category	Number of Program	Number of Participants
1.	EDUCATION		
	Local Master Program (Full Scholarship)	1	33
	Local Master Program (Talent Self-Managed)	1	12
	Local Master Program (Regular Self-Managed)	5	5
	Local Under-graduate Program (Regular Self-Managed)	2	2
2.	INHOUSE AND PUBLIC TRAINING		
	Managerial Competencies (Public)	2	4
	Technical Competencies	207	2134
3.	CERTIFICATION		
	Technical Certification	14	70
	Non-Technical Certification	18	36
4.	PROGRAM STAR (DEVELOPMENT PROGRAM)		
	Management Development Program (MDP)	4 modul	87
5.	KNOWLEDGE MANAGEMENT		
	iknow	4	5080
	Gas Talks	4	515
	Knowledge Harvesting	5	5
6.	PROGRAM ENGLISH COURSE		
	English Conversation	1	16
	Business English	1	3
7.	MINISTRY INTERNSHIP PROGRAM		
	Certified Internship from the Ministry of HR	1	55
	Certified Internship from the Ministry of SOE	1	89

### EXPENDITURES

Throughout 2019, PGN has establish various programs, such as development program, employee management program, and internship program like scholarship for Bachelor and Master degree, talent program (STAR), knowledge management, education and training, e-learning management system, English language training, and support the Ministry's internship program in the Company with the total expenditure of 53 billion Rupiah.

### PGN GOT TALENT

In order to support the achievement of Corporate's target as well as adjusting with the dynamics on human resource management related to the role of PGN as a Sub-holding on Gas, PGN implemented the process of acceptance and appointment of New Employees. PGN Got

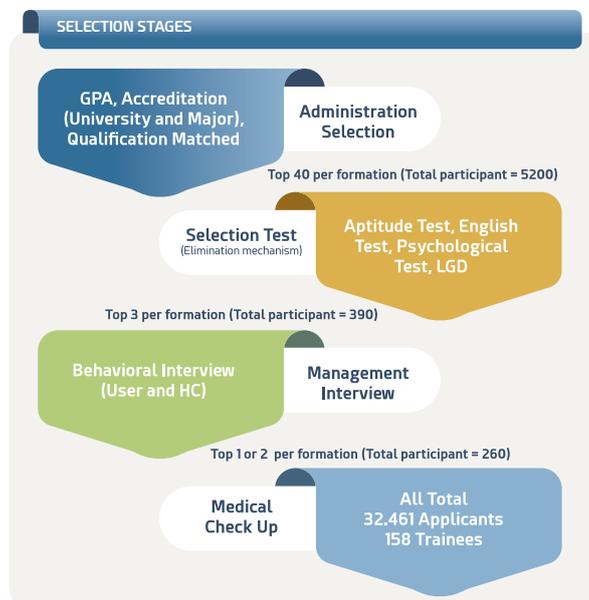
Talent 2019 is a contest on New Employee recruitment process meant for entry levels, which is centrally carried out to fill the positions available in PGN Holding as well as Subsidiary (PGN Group) in 2019. Early selection process is done through a specifically crafted website made for the recruitment of PGN named web career PGN. The recruitment process is centrally coordinated by the central human resource (HCM Group).

Publication on the recruitment of PGN Got Talent 2019 is carried out through PGN's social media as well as web career PGN, with registration process and submission of proposal carried out using web career PGN with a period starting from December 30th, 2018 until February 9th, 2019. This activity got 32,461 interested individuals that have completed their personal data in order to take part

in PGN Got Talent 2019. The stages in the selection test is comprised of administration selection, academic potential test (aptitude test), English test, and psychological test held in 4 cities, Medan, Jakarta, Yogyakarta, and Surabaya throughout March 5th to 29th, 2019

PGN also participated in the Joint Recruitment of the Ministry of SOE, the simultaneous recruitment carried out by SOEs to recruit the best workers in Indonesia and also provide opportunities for people with disabilities.

The recruitment process is carried out independently and is a joint recruitment coordinated by the Ministry of SOEs. Providing employment opportunities for persons with disabilities is a tangible manifestation of PGN's commitment to channeling good energy to all people throughout the country. PGN is also committed to improving the quality of human resources so that they can contribute to the maximum, in addition to providing opportunities for all PGN employees to achieve the highest potential.



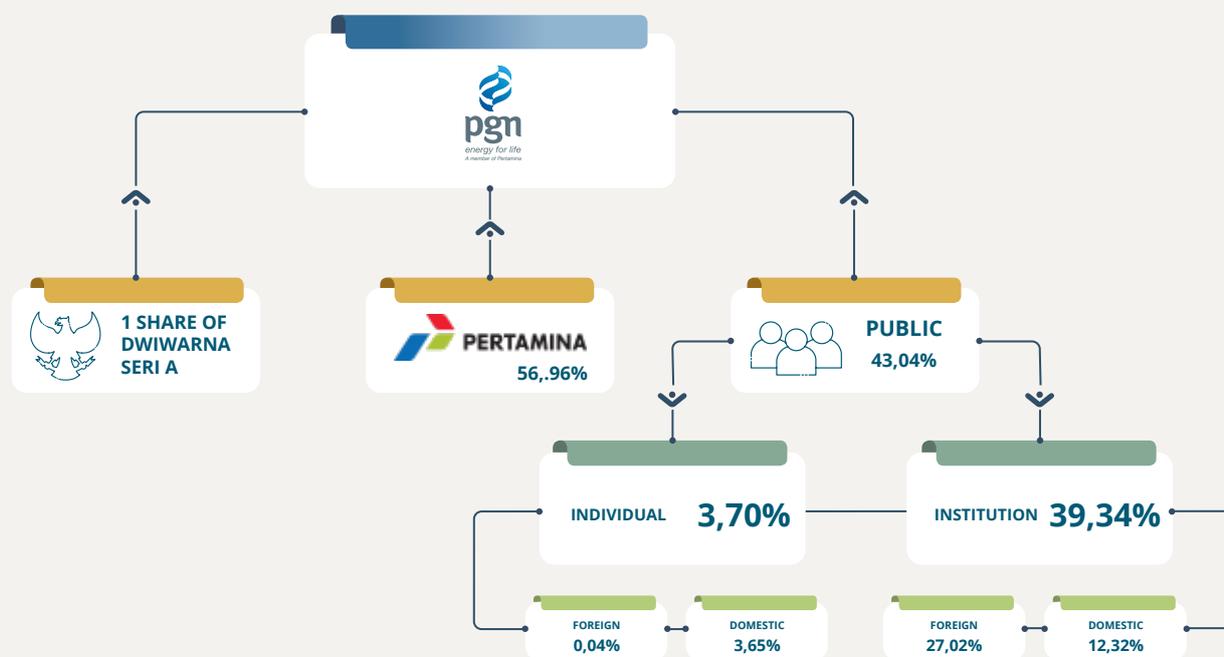
After going through a strict process of selection, potential new employees of PGN are invited to take part in Onboarding Program, a structured program to select the best candidate to recruit as an employee of PGN. This program is divided into in class training, on the job

training, as well as project assignment and business presentation that is packaged into a blended program. With this blended program, potential new employees are expected to know and study on their role, assignment, and responsibility of each functions.



# INFORMATION OF THE SHAREHOLDERS

## COMPOSITION OF THE SHAREHOLDERS



## List of Top 20 Major Shareholders per December 31st, 2019

No	Investor	Shares	Percentage	City	Status
1	PT Pertamina (Persero)	13,809,038,755	56.96%	Jakarta	Domestic Institutions
2	BPJS Ketenagakerjaan	1,002,406,100	4.14%	Jakarta	Domestic Institutions
3	Investec Asset Mgt	427,884,200	1.77%	London	Foreign Institutions
4	Norges Bank Investment Mgt	427,448,000	1.76%	Oslo	Foreign Institutions
5	Eastspring Investments	418,379,600	1.73%	Jakarta	Domestic Institutions
6	BlackRock Investment Mgt - Index	394,841,944	1.63%	San Francisco	Foreign Institutions
7	Vanguard Group	381,398,655	1.57%	Philadelphia	Foreign Institutions
8	Petroleum Nasional Berhad (Petronas)	307,260,500	1.27%	Kuala Lumpur	Foreign Institutions
9	Edgbaston Investment Partners	283,503,200	1.17%	London	Foreign Institutions
10	Mandiri Investasi	187,741,800	0.77%	Jakarta	Domestic Institutions
11	Polunin Capital Partners	137,462,200	0.57%	London	Foreign Institutions
12	Abu Dhabi Investment Authority (ADIA)	131,449,466	0.54%	Abu Dhabi	Foreign Institutions
13	Schroder Investment Mgt	125,994,000	0.52%	Jakarta	Domestic Institutions
14	AIA Indonesia	123,951,600	0.51%	Jakarta	Domestic Institutions
15	Ashmore Asset Mgt	120,722,712	0.50%	Jakarta	Domestic Institutions
16	BlackRock Investment Mgt - Index	115,879,291	0.48%	London	Foreign Institutions
17	GIC	115,132,290	0.47%	Singapore	Foreign Institutions
18	Acadian Asset Mgt	114,927,215	0.47%	Boston	Foreign Institutions
19	Dimensional Fund Advisors	114,206,900	0.47%	Sydney	Foreign Institutions
20	State Street Global Advisors	109,979,709	0.45%	Boston	Foreign Institutions

The percentage of the total number of issued and fully paid shares is 24,241,508,196 (twenty-four billion two hundred forty-one million five hundred eight thousand one hundred and ninety-six) shares. PT. Pertamina (Persero) is a major shareholder with 56.96 % (fifty-six point ninety-six percent) shares of PGAS, continued by the Republic of Indonesia, possessing one Dwiwarna series A share that provides special voting rights.

### Ownership of PGN Shares Reaching 5% or More per December 31st, 2019

Name	Owner Status	Number of Shares	Percentage
PT Pertamina (Persero)	Indonesia	13,809,038,755	56.96%

There are no shareholders with share ownership reaching 5% or more other than PT. Pertamina (Persero).

On December 31st, 2019, PT. Pertamina (Persero) owns 13.89.038.755 (thirteen million eight hundred nine million thirty-eight thousand seven hundred fifty-five) shares of common stock, continued by the Republic of Indonesia, owning one series A Dwiwarna Share that provides special voting rights. Series A Dwiwarna Share is non-transferable, having special rights in terms of capital changes, appointment and termination for members of the Board of Directors and Board of Commissioners, Articles of Association, merger, consolidation and acquisition as well as the dissolution and liquidation of the Company.

### Ownership of PGN Shares by the Members of Board of Commissioner and the Board of Directors per December 31st, 2019

No	Name	Position	Number of Shares	Percentage
1.	IGN Wiratmaja Puja	President Commissioner	0	0%
2.	Mas'ud Khamid	Commissioner	0	0%
3.	Luky Alfirman	Commissioner	0	0%
4.	Kiswodarmawan	Independent Commissioner	0	0%
5.	Paiman Raharjo	Independent Commissioner	0	0%
6.	Christian H. Siboro	Independent Commissioner	0	0%
7.	Gigih Prakoso	President Director	0	0%
8.	Arie Nobelta Kaban	Director of Finance	0	0%
9.	Redy Ferryanto	Director of Infrastructure and Technology	0	0%
10.	Dilo Seno Widagdo	Director of Commercial	0	0%
11.	Desima Equalita Siahaan	Director of Human Resource and General Affairs	0	0%
12.	Syahrial Mukhtar	Director of Strategy and Business Development	0	0%

### Public Shareholder Group (Each Share Ownership less than 5%) per December 31st, 2019

No	Name	Number of Shareholders	Number of Shares	Percentage Ownership
<b>Domestic Shareholders</b>				
1.	Indonesian Individual	29.666	866.005.527	3,65%
2.	Cooperative	8	801.000	0,00%
3.	Foundation	19	16.722.100	0,07%
4.	Pension fund	134	326.477.250	1,35%
5.	Insurance	105	940.341.800	3,88%
6.	Limited company	96	875.948.566	3,61%
7.	Financial institutions	1	500	0,00%
8.	Mutual fund	280	825.502.821	3,41%
	<b>Sub Total</b>	<b>30.309</b>	<b>3.871.799.564</b>	<b>15,97%</b>
<b>Foreign Shareholders</b>				
9.	Foreign Companies	215	10.539.200	0,04%
10.	Foreign Corporation	869	6.550.129.560	27,02%
	<b>Sub Total</b>	<b>1.084</b>	<b>6.560.668.760</b>	<b>27,06%</b>
	<b>Total</b>	<b>31.393</b>	<b>10.432.468.324</b>	<b>43,04%</b>

## INFORMATION ON SUBSIDIARIES AND AFFILIATED COMPANY

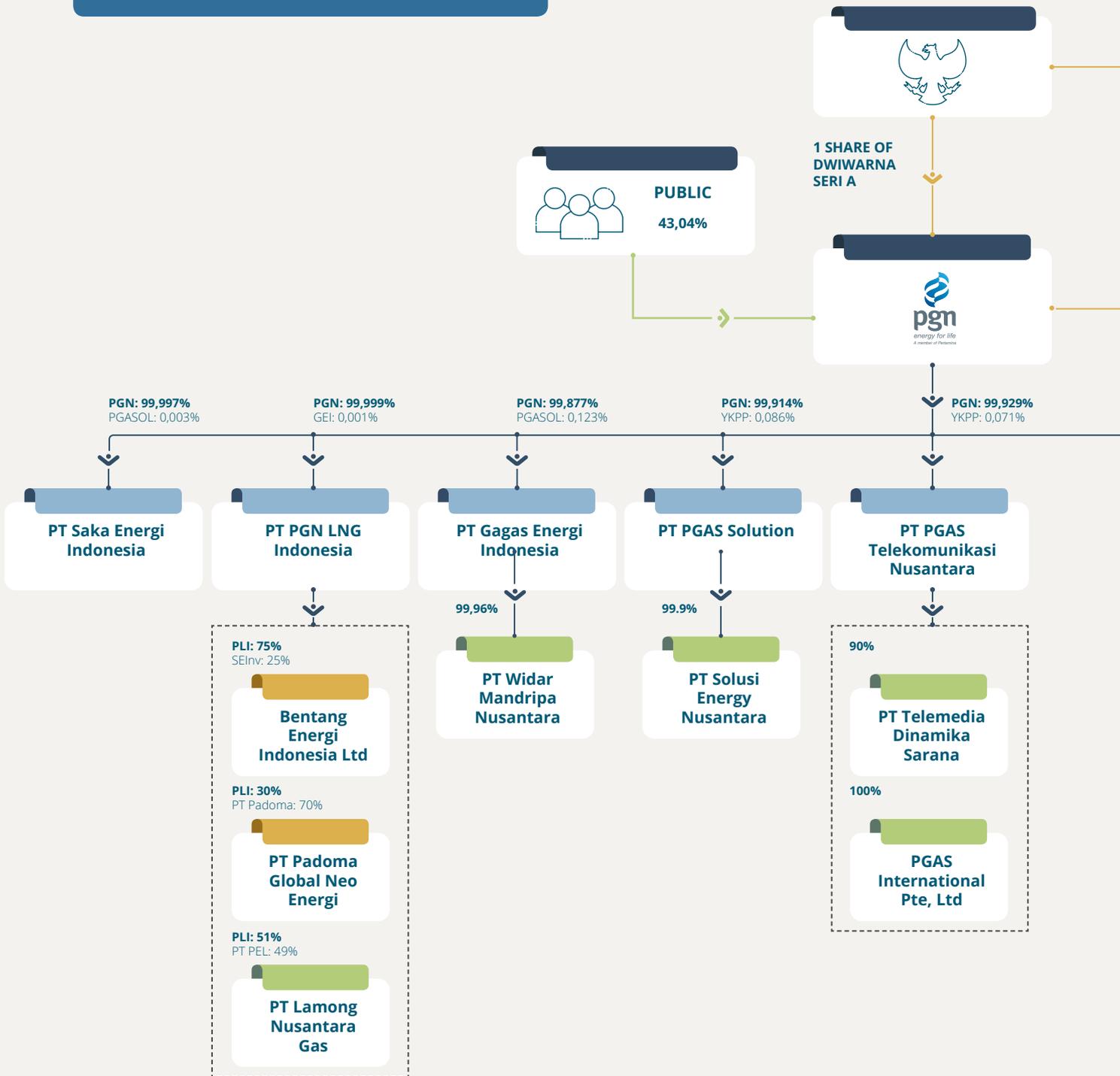
### INFORMATION OF SUBSIDIARIES AND AFFILIATED COMPANIES

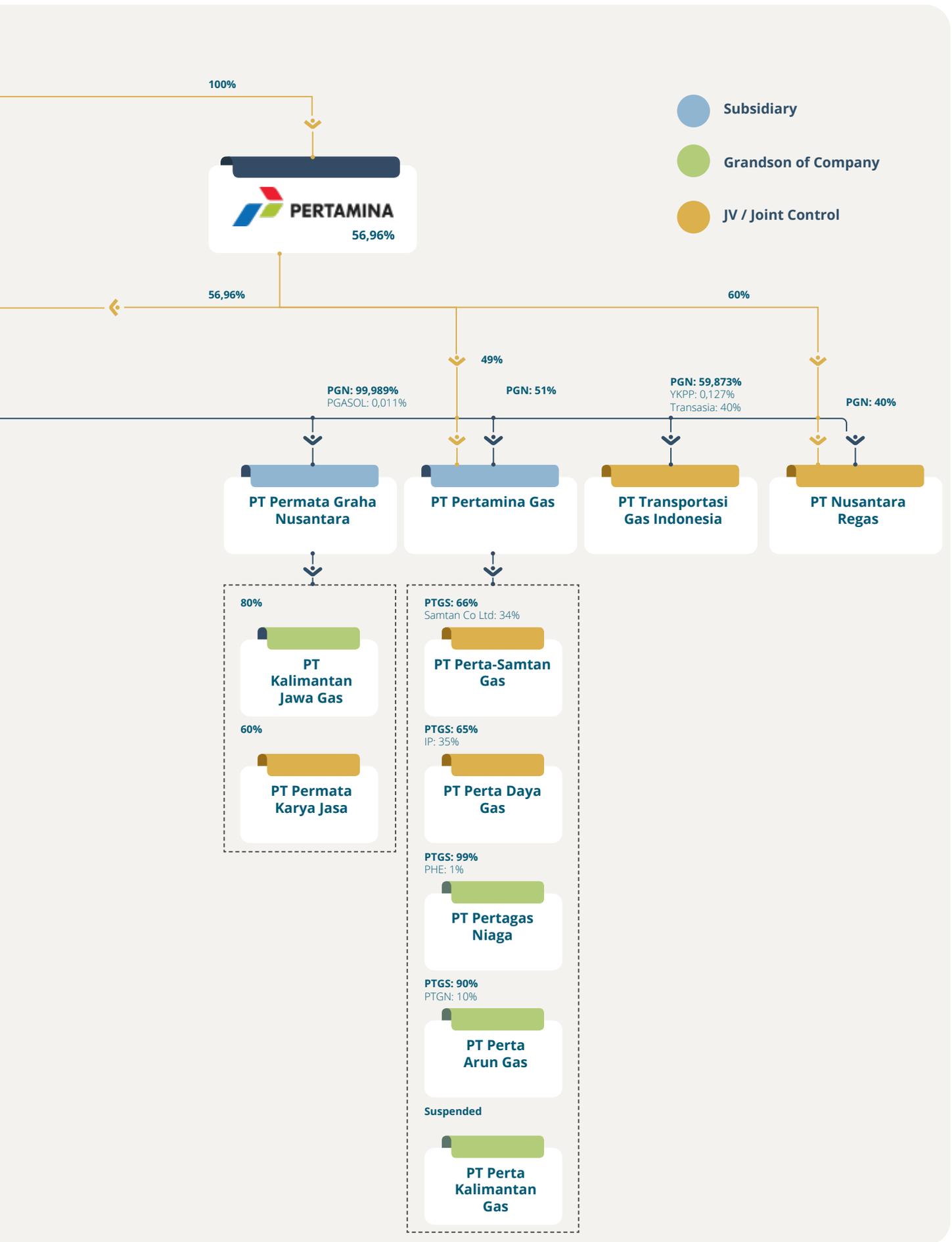
Company Name	Subsidiary/ Affiliation	Share Ownership	Line of Business	Status
PT Pertamina Gas	Subsidiary	<ul style="list-style-type: none"> <li>Perseroan - 51%</li> <li>PT Pertamina (Persero) - 48,99%</li> <li>PT Pertamina Pedeve Indonesia - 0,01</li> </ul>	Natural gas ad its derivatives trade, transportation/ Transmission, Natural Gas Processing and storage and Other business	Operated
PT Saka Energi Indonesia	Subsidiary	<ul style="list-style-type: none"> <li>Perseroan - 99,997%</li> <li>PT PGAS Solution - 0,003%</li> </ul>	Upstream Business	Operated
PT Gagas Energi Indonesia	Subsidiary	<ul style="list-style-type: none"> <li>Perseroan - 99,88%</li> <li>PT PGAS Solution - 0,12%</li> </ul>	Downstream Business	Operated
PT PGN LNG Indonesia	Subsidiary	<ul style="list-style-type: none"> <li>Perseroan - 99,999%</li> <li>PT Gagas Energi Indonesia - 0,001%</li> </ul>	Liquefied Natural Gas Business	Operated
PT PGAS Telekomunikasi Nusantara	Subsidiary	<ul style="list-style-type: none"> <li>Perseroan - 99,93%</li> <li>Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara - 0,07%</li> </ul>	Telecommunication	Operated
PT PGAS Solution	Subsidiary	<ul style="list-style-type: none"> <li>Perseroan - 99,91%</li> <li>Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara - 0,09%</li> </ul>	Engineering	Operated
PT Permata Graha Nusantara	Subsidiary	<ul style="list-style-type: none"> <li>Perseroan - 99,989%</li> <li>PT PGAS Solution - 0,011%</li> </ul>	Property management, Provision of manpower services & Facility Management, Profitization of Resources and Company's assets	Operated
PT Transportasi Gas Indonesia	Affiliation	<ul style="list-style-type: none"> <li>Perseroan - 59,87%</li> <li>Transasia Pipeline Company Pvt,Ltd, - 40%</li> <li>Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara - 0,13%</li> </ul>	Gas Transportation	Operated
PT Nusantara Regas	Affiliation	<ul style="list-style-type: none"> <li>Perseroan - 40%</li> <li>PT Pertamina (Persero) - 60%</li> </ul>	Facility of Floating Storage and Regasification Terminal (FSRT)	Operated
PT Kalimantan Jawa Gas	Affiliation	<ul style="list-style-type: none"> <li>PT Permata Graha Nusantara - 80%</li> <li>PT Bakrie &amp; Brothers Tbk - 20%</li> </ul>	Gas Transportation	Operated
PT Permata Karya Jasa	Affiliation	<ul style="list-style-type: none"> <li>PT Permata Graha Nusantara - 75%</li> <li>Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara -25%</li> </ul>	Oil & Gas sector Supporting services	Operated

## INFORMATION OF SUBSIDIARIES AND AFFILIATED COMPANIES

Company Name	Subsidiary/ Affiliation	Share Ownership	Line of Business	Status
PT Solusi Energi Nusantara	Affiliation	<ul style="list-style-type: none"> <li>PT PGAS Solution - 99,9%</li> <li>PT Permata Graha Nusantara - 0,1%</li> </ul>	Engineering	Operated
PT Widar Mandripa Nusantara	Affiliation	<ul style="list-style-type: none"> <li>PT Gagas Energi Indonesia - 99,996%</li> <li>PT Permata Karya Jasa - 0,004%</li> </ul>	Power plant and Trade	Operated
PT Telemedia Dinamika Sarana	Affiliation	<ul style="list-style-type: none"> <li>PT PGAS Telekomunikasi Nusantara - 90%</li> <li>Koperasi Jasa PGASCOM - 10%</li> </ul>	Telecommunication	Operated
PT Pertagas Niaga	Affiliation	<ul style="list-style-type: none"> <li>PT Pertamina Gas - 99%</li> <li>PT Pertamina Hulu Energi - 1%</li> </ul>	Gas Trade	Operated
PT Perta Arun Gas	Affiliation	<ul style="list-style-type: none"> <li>PT Pertamina Gas - 90%</li> <li>PT Pertagas Niaga - 10%</li> </ul>	Regasification	Operated
PT Perta-Samtan Gas	Affiliation	<ul style="list-style-type: none"> <li>PT Pertamina Gas - 66%</li> <li>Samtan Co, Ltd - 34%</li> </ul>	Gas Processing	Operated
PT Perta Daya Gas	Affiliation	<ul style="list-style-type: none"> <li>PT Pertamina Gas - 65%</li> <li>PT Indonesia Power - 35%</li> </ul>	Transportation, regasification, distribution and gas processing	Operated
PT Perta Kalimantan Gas	Affiliation	<ul style="list-style-type: none"> <li>PT Pertamina Gas - 70%</li> <li>PT Medco Gas Indonesia - 30%</li> </ul>	Commercial gas facilities	Suspension
PT Gas Energi Jambi	Affiliation	<ul style="list-style-type: none"> <li>Perseroan - 40%</li> <li>PT Wahana Catur Mas - 40%</li> <li>PT Jambi Indoguna Internasional - 10%</li> <li>PT Bukaka Corporindo - 10%</li> </ul>	Trade and Development	Not yet opening
PT Banten Gas Synergi	Affiliation	<ul style="list-style-type: none"> <li>PT Andiracitra Grahawira - 68,43%</li> <li>PT Banten Global Synergi - 14,14%</li> <li>PT Banten Global Development - 8,57%</li> <li>Izma Agyano Bursman - 8,71%</li> <li>Perseroan - 0,14%</li> </ul>	Transportation Services, Trade, and Mining	Operated

# PGN GROUP STRUCTURE





Performance Overview

Report to The Shareholders

Company Profile

Management Discussion and Analysis

Good Corporate Governance

Corporate Social and Environmental Responsibility

Consolidated Financial Statements

Regulatory Cross Reference

# PT PERTAMINA GAS



## PT Pertamina Gas

<b>Type</b>	Subsidiary Entity
<b>Establishment</b>	February 23, 2006
<b>Head Office</b>	Gedung Oil Centre Lantai 1-4 Jl. M.H. Thamrin Kav. 55 Jakarta Pusat 10350, Indonesia
<b>Contacts</b>	Telp. +62 21 3190 6825 Fax. +62 21 3190 6825 Web: www.pertagas.pertamina.com
<b>Industry</b>	Natural oil and gas transportation
<b>Number of Subsidiaries</b>	5 (five)
<b>Total Assets</b>	USD 2.06 Billion
<b>Number of Employees</b>	799 people

PT Pertamina Gas (Pertagas) is a PGN Subsidiary engaged in the business of natural gas and its derivatives trading, transportation/transmission, processing, storage and other businesses. Established in 2007, Pertagas has Subsidiaries namely PT Pertamina Gas Niaga, PT Perta-Samtan Gas, PT Perta Gas, PT Perta Arun Gas and PT Perta Kalimantan Gas. Since January 2012, natural gas trading has been handled by its subsidiary: PT Pertagas Niaga. This is an implementation of the enactment of the Ministry of Energy and Mineral Resources Regulation No. 19/2009.

PT Pertamina Gas (Pertagas) is a PGN Subsidiary engaged in the business of natural gas and its derivatives trading, transportation/transmission, processing, storage and other businesses. Established in 2007, Pertagas has Subsidiaries namely PT Pertamina Gas Niaga, PT Perta-Samtan Gas, PT Perta Gas, PT Perta Arun Gas and PT Perta Kalimantan Gas. Since January 2012, natural gas trading has been handled by its subsidiary: PT Pertagas Niaga. This is an implementation of the enactment of the Ministry of Energy and Mineral Resources Regulation No. 19/2009.

Pertagas direct shareholders are PGN, Pertamina and PT Pertamina Pedeve Indonesia with 51%, 48.99% and 0.01% of ownership respectively.

### Business Development

Pertagas operates in Indonesia, covering Sumatra, Java and Kalimantan. The Company's working area is divided into six operational areas, with five operating areas handling gas pipelines, and one operating area handling oil pipelines.

In the gas transportation business segment, Pertamina Gas has distributed gas in 2019 amounting to 519,483 MMSCF, this realization rose 1.41% from 2018 which was 512,271 MMSCF.

The realization of gas commercial volume in 2019 reached 45,266 or 96.97% from the realization in 2018 of 46,680 BBTU. This decrease was caused by: Realization of gas trading in East Java 74.4% of the realization in 2018, this was due to reduced gas allocation from KEIL.

Generally, the realization of gas processing throughout 2019 reached 214,466 tons or 3.9% increased of the 2018 processing volume, which was 206,409 tons. The realization of oil transportation volume by Pertamina Gas in 2019 reached 3,746,265 barrels. In general, the realization of LNG regasification throughout 2019 amounted to 45,836 BBTU or only reached 30.86% of the total regasification capacity. The realization of gas compression at Tambak Lorok CNG Plant throughout 2019 reached 50.81% of the total refinery capacity. The realization of the compression volume of gas distributed to Indonesia Power in 2019 reached 2531 BBTU or 41.35% increase from the realization in 2018, which was 1,791 BBTU.

On December 31, 2019, the composition of Pertagas Board of Commissioners and Board of Directors is as follows:

### COMMISSIONER

Name	Position
Gigih Prakoso	President Commissioner
Dadi Sugiana	Commissioner
Surat Indrijarso	Commissioner
Wahyu Setyawan	Commissioner
Hadi M. Djuraid	Commissioner

### DIRECTOR

Name	Position
Wiko Migantoro	President Director
Tenny R.A. Rusdy	Director of Finance and Business Support
Rosa Permata Sari	Director of Technical and Operation
Indra Setyawati	Director of Strategy and Business Development
Achmad Herry Syarifuddin	Director of Commercial



## PT SAKA ENERGI INDONESIA



### PT Saka Energi Indonesia

<b>Type</b>	Subsidiary Entity
<b>Establishment</b>	June 27, 2011
<b>Head Office</b>	The Energy Building Lantai 11-12 Jl. Jend.Sudirman Kav.52-53, SCBD Jakarta 12190
<b>Contacts</b>	Telp. +62 21 2995 1000 Fax. +62 21 2995 1001 Email: contact.us@sakaenergi.com Web: www.sakaenergi.com
<b>Industry</b>	Oil and Gas (Upstream)
<b>Number of Subsidiaries</b>	29
<b>Total Assets</b>	USD 2.30 Billion
<b>Number of Employees</b>	321 people

PT Saka Energi Indonesia (SEI) is a wholly owned subsidiary of PGN. Direct shareholders of SEI are PGN and PT PGAS Solution with ownership of 99.997% and 0.003% respectively. In accordance with the SEI's Articles of Association, the purpose and objective of the Company is to undertake business and investment in upstream oil and gas, which includes exploration, exploitation, business development in oil and gas, coal bed methane (CBM) and other energy sources. At the end of 2019, SEI manages ten PSCs in Indonesia and one US shale gas block, five of them are fully operated by SEI with 100% share ownership. The five PSCs are Pangkah PSC, South Sesulu PSC, Wokam II PSC, Pekawai PSC and West Yamdena PSC.

### SEI Operating Areas

Block Name	Participating Interest	Operator	Status
Ketapang PSC	20%	Petronas Carigali Ketapang II Ltd.	Production
South Sesulu PSC	100%	PT Saka Indonesia Sesulu	Exploration
Bangkanai PSC	30%	Ophir Indonesia (Bangkanai) Limited	Production
West Bangkanai PSC	30%	Ophir Indonesia (West Bangkanai) Limited	Exploration
Pangkah PSC	100%	Saka Indonesia Pangkah Limited (SIPIL)	Production
Muriah PSC	20%	Petronas Carigali Murah Ltd.	Production
Fasken	36%	Silver Bow	Production
Muara Bakau PSC	11,6%	ENI Muara Bakau BV	Production
Wokam II PSC	100%	PT Saka Energi Wokam	Exploration
Pekawai PSC	100%	PT Saka Energi Sepinggan	Exploration
West Yamdena PSC	100%	PT Saka Energi Yamdena Barat	Exploration

## Business Development

Throughout 2019, SEI Subsidiaries produced total lifting of 10.32 MMBOE. The detail volume of each commodity is 4.82 bpd of lifting oil, 84 Bbtud of gas, 68 mtpd of LPG and 48 Bbtud of LNG.

In September 2019 the Muriah block ceased operations due to natural gas production reasons. Compared to 2018, the total lifting produced decreased by 38% from 14.31 MMBOE, which was mainly due to the termination of SEI ownership in the South East Sumatra block and the Sanga-Sanga block in 2018. Both blocks were returned to the Government due to their management period has ended.

### SEI Production Volume 2015-2019

Production Volume (BOEPD)	2015	2016	2017	2018	2019
	28.310	39.939	50.262	49.613	34.363

On December 31, 2019, the composition of the SEI Board of Commissioners and The Board of Directors is as follows:

#### COMMISSIONER

Name	Position
Gigih Prakoso	President Commissioner
Arie Nobelta Kaban	Commissioner
Susilo Siswoutomo	Commissioner
Mustafid Gunawan	Commissioner

#### DIRECTOR

Name	Position
Nofriadi	President Director
Siti Yanti Mulyanti	Director of Finance & Administration
Khostarosa Andhika Jaya	Director of Operational
Susmono Soetrisno	Director of Commercial



## PT GAGAS ENERGI INDONESIA



### PT Gagas Energi Indonesia

<b>Type</b>	Subsidiary Entity
<b>Establishment</b>	June 27, 2011
<b>Head Office</b>	Komplek PGN Gedung B, Lantai 9-10 Jl. K.H. Zainul Arifin No.20 Jakarta 11140
<b>Contacts</b>	Telp. +62 21 2907 1415 Fax. +62 21 2907 1138 Email: info@gagas.co.id Web: www.gagas.co.id
<b>Industry</b>	Gas Downstream
<b>Number of Subsidiaries</b>	1
<b>Total Assets</b>	USD 73.35 Million
<b>Number of Organic Employees</b>	72 People
<b>Number of Employees Assistance PGN</b>	15 People

PT Gagas Energi Indonesia (GEI) is a subsidiary of PGN engaged in processing, transportation, storage and trading of oil and gas and other energy. GEI provides natural gas for the transportation sector, industrial and commercial business activities through gas pipeline, CNG and mini LNG, SPBG and Mobile Refueling Unit (MRU). GEI direct shareholders are PGN and PT PGAS Solution with ownership of 99.88% and 0.12% respectively.

GEI has 3 segments of natural gas and energy derivative products, namely:

- Gasku, supply of CNG-based natural gas through SPBG for the transportation sector.
- Gaslink, CNG-based natural gas supply for industrial and commercial sectors.
- Kelistrikan, supply of electrical products for industrial and commercial sectors through GEI's subsidiary, PT Widar Mandripa Nusantara (WIDAR), with the portion of WIDAR share ownership of 99.996% by GEI and 0.004% by PT Permata Karya Jasa.

### Business Development

In order to support the Government program and expand the distribution and utilization of gas for the transportation sector (Gasku), GEI has built and managed 12 SPBGs and 4 MRU spread across DKI Jakarta, West Java, Banten, Lampung, East Java and Riau Islands, Serang and Cilegon and also continue to innovate in the management of SPBG in the form of partnership schemes where GEI acts as Sole Agent for BBG Transportation.

In 2019, GEI expanded the CNG industry market (Gaslink) in Madura Island, East Java and Batam and as a form of synergy through the Gaslink On Call program, GEI contributed to backing up PGN gas distribution in various operational areas.

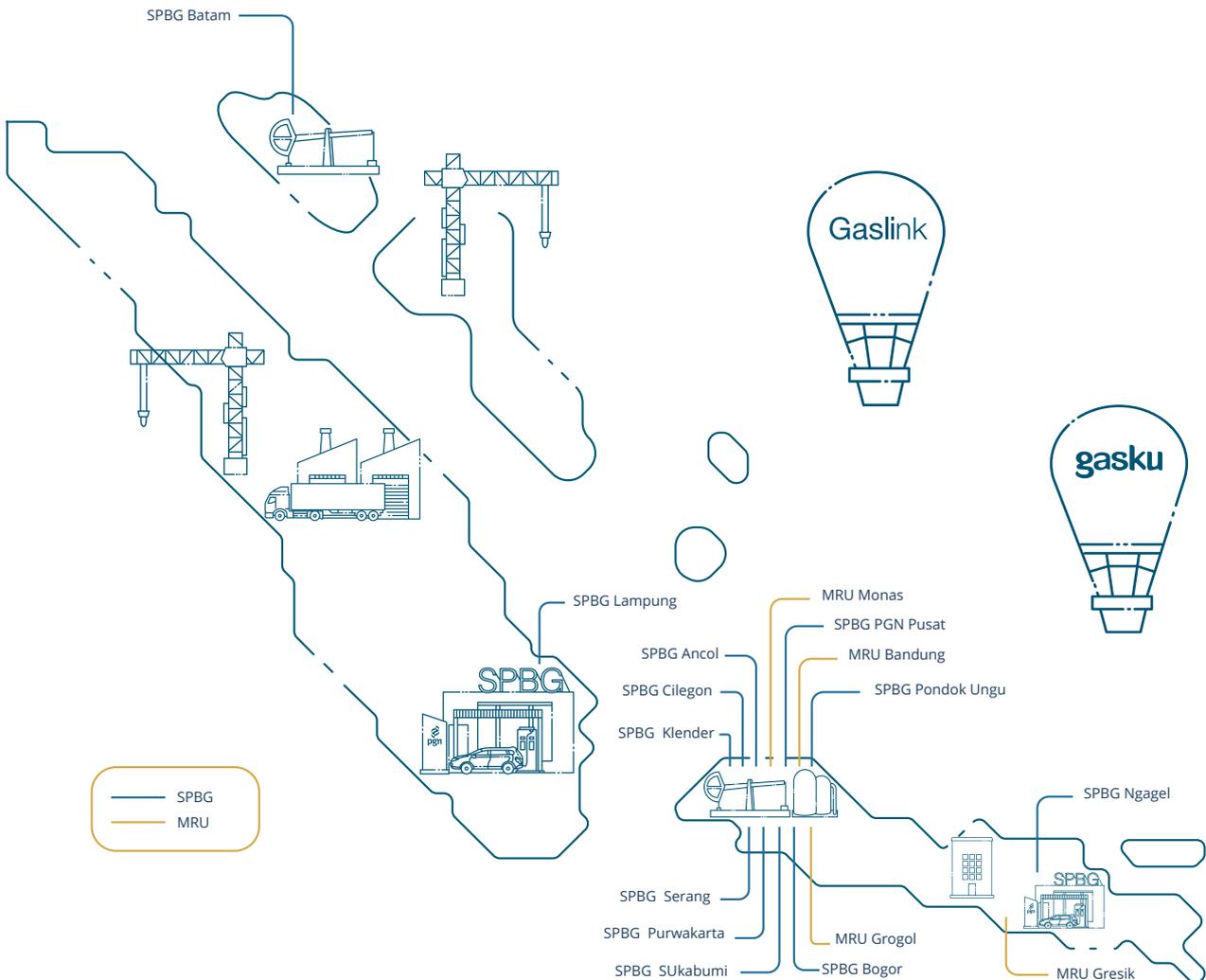
On December 31, 2019, the composition of the SEI Board of Commissioners and the Board of Directors is as follows:

### COMMISSIONER

Name	Position
Syahrial Mukhtar	President Commissioner
Adhi Wibowo	Commissioner
Hendry Ahmad	Commissioner

### DIRECTOR

Name	Position
Sabaruddin	President Director
Eri Surya Kelana	Director of Finance & Administration
Dian Kuncoro	Director of Commercial
Timbul Duffy B Aritonang	Director of Jargas



## PT PGN LNG INDONESIA



### PT PGN LNG Indonesia

<b>Type</b>	Subsidiary Entity
<b>Establishment</b>	June 27, 2012
<b>Head Office</b>	Komplek PGN Graha PGAS, Lantai 2 Jl. K.H. Zainul Arifin No.20 Jakarta 11140
<b>Contacts</b>	Telp. +62 21 2907 3266 Fax. +62 21 2907 1133 Email: contact.center@pgnlng.co.id Web: www.pgnlng.co.id
<b>Industry</b>	Liquified Natural Gas
<b>Number of Subsidiaries</b>	3
<b>Total Assets</b>	USD 377.19 Million
<b>Number of Organic Employees</b>	38 People
<b>Number of Employees Assistance PGN</b>	13 People

PT PGN LNG Indonesia (PGN LNG) is a Subsidiary of PGN engaged in the processing, transportation, storage and trading of Liquified Natural Gas (LNG) that was established in 2012. Since 2014, PGN LNG has operated FSRU Lampung located in Labuhan Maringgai, with a capacity of 1.5 – 1.7 MTPA and delivery limit of 240 MMscfd. FSRU Lampung is integrated with SSWJ facilities connecting gas sources in Sumatra with the largest potential customers in West Java. PNG LNG direct shareholders are PGN and PT Gagas Energi Indonesia with ownership of 99.99% and 0.0001% respectively.

### Business Development

Throughout 2019, PGN LNG had distributed 17.253 Bbtud of regasified gas. FSRU operations and maintenance of offshore pipelines, Tower Yoke, and Onshore Receiving Facility (ORF) located in Labuhan Maringgai, Lampung, run safely and smoothly. Business development efforts that have been carried out throughout 2019 are the auction of the PLN FSRU Gorontalo Project "Procurement of 15,000 m3 LNG FSRU Infrastructure for 100 MW PLTG Gorontalo", which has entered the negotiation stage with PLN. In addition, PGN LNG participated in the auction of the Eastern Indonesia PLN Project "LNG Infrastructure for Gas Power Plants in Sorong, Manokwari, Nabire, Jayapura, and Biak" which has entered the stage of administration and technical proposal submission.

In addition to participating in the PLN auction project, PGN LNG is also exploring the smelter market in the Sulawesi region and assisting PGN in exploring the LNG market in Asia. On October 1, 2019, PGN LNG together with PT Pelindo Energi Logistik established a subsidiary, PT Lamong Nusantara Gas, which will operate the East Java LNG Terminal. To maintain its quality, Occupational Health & Safety (OHS) and improve its services, PGN LNG has received several Management System Certifications, including certification of the Occupational Safety and Health Management System that applies internationally namely ISO 9001:2015 Management System on Quality Management System, ISO 14001:2015 for the Environmental Management system and ISO 45001:2018 about Occupational Health & Safety (OHS) Management System. All international certification was issued by PT SUCOFINDO International Certification Services which accredited by the National Accreditation Committee (KAN). In addition, PGN LNG has a Work Safety and Health Management System (SMOHS) PP 50 of 2012 concerning the National Occupational Safety and Health Management System issued by the Government of the Republic of Indonesia.

On December 31, 2019, the composition of PGN LNG Board of Commissioners and Board of Directors is as follows:

### COMMISSIONER

Name	Position
Dilo Seno Widagdo	President Commissioner
M Fanshurullah Asa	Commissioner
Hendrik Dikson Sirait	Commissioner

### DIRECTOR

Name	Position
Jeffry Hotman Simanjuntak	President Director
Sahat Parlindungan Simarmata	Director of Finance & Administration
Andi Sangga Prasetya	Director of Commercial



# PT PGAS TELEKOMUNIKASI NUSANTARA



## PT PGAS Telekomunikasi Nusantara

<b>Type</b>	Subsidiary Entity
<b>Establishment</b>	January 10, 2007
<b>Head Office</b>	Komplek PGN Gedung B, Lantai 4 Jl. K.H. Zainul Arifin No. 20, Jakarta 11140
<b>Contacts</b>	Telp. +62 21 633 1345 Fax. +62 21 633 1381 Email: sales@pgascom.co.id dan cs@pgascom.co.id Web: www.pgascom.co.id
<b>Industry</b>	Information & Communication Technology
<b>Number of Subsidiaries</b>	2
<b>Total Assets</b>	USD 45.14 Million
<b>Number of Organic Employees</b>	96 People
<b>Number of Employees Assistance PGN</b>	13 People
<b>Number of Employees Seconded to PTI</b>	3 People

PT PGAS Telekomunikasi Nusantara (PGASCOM) is a Subsidiary of PGN engaged in the telecommunication network business and established in 2007. PGASCOM provides services:

### 1. Business Solutions

Business solution services provided by PGASCOM such as developing application development and information systems that can be accessed from mobile devices, video conferencing and remote monitoring services through CCTV devices.

IT or PL infrastructure (Operating Technology for SCADA) including cloud services and data centers. Cloud services for storage, servers, content hosting, email hosting that are tailored to customer needs. Scada Automation, which is an integrated service for business process automation and data acquisition systems with high reliability and safety standards such as those needed in the oil and gas industry, all system components are well managed and operating safely.

### 2. Professional Service

One of PGASCOM services with human resources and professional infrastructure in providing business solutions. Professional services provided are ICT Business Solutions which include IT (Information Technology) Based Solutions and OT (Operation Technology) Based Solutions and ICT Infrastructure Providers which include IT Network Services, Data Centers and User Premises Equipment (UPE). This service is provided in the form of consultation, development, operation and maintenance services, services and providers of ICT equipment/infrastructure.

### 3. PGASCOM Connectivity

Data communication services through fiber optics with excellent quality and high speed using standard data communication protocols. PGASCOM connectivity services consist of 2 types of services, namely network based services and internet based services.

PGASCOM has exclusive rights from PGN to manage and operates PGN's 1,300 km optical fiber network from Jakarta to the Singapore border, with a capacity of up to 780GBps and using 24 to 96 cores optical cable. As a reliable backbone provider, PGASCOM which is 99.93% owned by PGN and 0.07% owned by Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara (YKPP PGN), has subsidiaries namely PT Telemedia Dinamika Sarana (TDS) and PGAS Telecommunication International Pte Ltd (PTI) domiciled in Singapore.

PGASCOM has permission to support its business, namely Closed Fixed Network Permit, Principle Permit for Local Operations of Packet Switched Based Network (JARTAPLOK), Landing Right Permit, Internet Interconnection Service License (Network Access Provider) and through its subsidiary namely TDS which has Internet Access Service Permit (Internet Service Provider) and PTI who have a Service Based Operator (SBO) License issued by the Singapore Infocomm Media Development Authority (IMDA). Currently PGASCOM has operations in various regions in Sumatra, Java, Batam and Singapore.

On December 31, 2019, the composition of PGASCOM Board of Commissioners and Board of Directors is as follows:

### COMMISSIONER

Name	Position
Desima E. Siahaan	President Commissioner
A.A. Gde Ngurah Ari Dwipayana	Commissioner
Emron Pangkapi	Commissioner
Makhдум Priyatno	Commissioner

### DIRECTOR

Name	Position
Dwika Agustianto	President Director
Sulthani Adil Mangatur	Director of Finance & Administration
Anak Agung Putu Bagus Putra	Director of Technical and Operation
Larassetyo Wibowo	Director of Commercial and Development

### Business Development

Throughout 2019, PGASCOM recorded sales capacity of 452Gbps and provided telecommunications service reliability of 99.90%. PGASCOM continues to provide the best service to its customers and to increase market confidence in PGASCOM services. The PGASCOM backbone network uses Dense Wavelength Division Multiplexing ("DWDM") technology with available capacity of 780 Gbps, while the Metro Ethernet PGASCOM Service uses devices that meet MEF CE 2.0 international standards (Metro Ethernet Forum). All operational activities are supported by experienced human resources and work equipment with maintenance standards. In addition, to improve network reliability, PGASCOM also has a back-up network through collaboration with several operators with capacity swap patterns. Thus, PGASCOM can improve the reliability of services to customers by maintaining a minimum SLA of 99.50% to customers in accordance with the commitment to the Government through the Ministry of Communication and Information.

## PT PGAS SOLUTION



### PT PGAS Solution

<b>Type</b>	Subsidiary Entity
<b>Establishment</b>	August 6, 2009
<b>Head Office</b>	Komplek Perkantoran PGN Gedung C, Lantai 4 Jl. K.H. Zainul Arifin No. 20 Jakarta 11140
<b>Contacts</b>	Telp. +62 21 6385 4572/4506 Fax. +62 21 6385 4572/4506 Email: info@pgn-solution.co.id Web: www.pgn-solution.co.id
<b>Industry</b>	Operation, Maintenance, Engineering, EPC and Trading
<b>Number of Subsidiaries</b>	1
<b>Total Assets</b>	USD 114.85 Million
<b>Number of Organic Employees</b>	85 People
<b>Number of Employees Assistance PGN</b>	184 People
<b>Number of Employees Perkasa</b>	1.110 People

PT PGAS Solution (PGAS Solution) is a Subsidiary of PGN established on August 6th, 2009 with 4 main focus areas: Operation & Maintenance, Engineering, EPC, and Trading. PGAS Solution Shareholders are PGN and Yayasan Kesejahteraan Pegawai and Pensiunan Gas Negara (YKPP PGN) with 99.91% and 0.09% of ownership respectively.

In order to be more competent in the field of engineering, PGAS Solution established a subsidiary in the field of technic and engineering namely PT Solusi Energi Nusantara (SENA). SENAs was established on April 20, 2015 with the main business of providing engineering services in the oil and gas industry covering pipeline, mechanical, electrical, geodetic, civil, process and telemetry fields. SENAs Shareholders are PGAS Solution and PT Permata Graha Nusantara with 99.9% and 0.1% of ownership respectively.

### Business Development

PGAS Solution plays an important role in PGN business. Operations & Maintenance Activities of PGN's pipelines and infrastructure in Indonesia are entrusted to PGAS Solution. Network reliability is a fixed price that cannot be negotiated thus natural gas distribution of PGN from upstream to the last customers is safe. With the support of an experienced workforce and the latest technology PGAS Solution is able to carry out the operation and maintenance activities of PGN infrastructure, and in 2019 the network reliability level that was successfully provided by the PGAS Solution reached 96.72% with a target of 90%. With its potential, PGAS Solution has a commercial division to encourage penetration of business outside the PGN Group.

In 2019, there were several projects outside the PGN group including the development of EPC telecommunications infrastructure, EPC business development of toll road infrastructure, EPC development of water infrastructure (SPAM), infrastructure in the building (Mechanical Electrical Plumbing) and gas pipeline. In addition, PGAS Solution also has a Training Center that has functions as a place for competency testing of workers in the Natural Gas field.

On December 31, 2019, the composition of PGAS Solution Board of Commissioners and Board of Directors is as follows

### COMMISSIONER

Name	Position
Arie Nobelta Kaban	President Commissioner
Alimuddin Baso	Commissioner
Fahmi Harsandono	Commissioner
Susyanto	Commissioner

### DIRECTOR

Name	Position
Chaedar	President Director
Taryaka	Director of Finance & Administration
Tatit Srijayendra	Director of Operational
Yoga Trihono	Director of Technic and Development



# PT PERMATA GRAHA NUSANTARA



## PT PERMATA GRAHA NUSANTARA

<b>Type</b>	Subsidiary Entity
<b>Establishment</b>	April 24, 2014
<b>Head Office</b>	Komplek PGN Gedung B, Lantai 7-8 Jl. K.H. Zainul Arifin No. 20 Jakarta 11140
<b>Contacts</b>	Telp. +62 21 634 0030 Email: permata@pgnmas.co.id Web: www.pgnmas.co.id
<b>Industry</b>	Facility Management, Asset Management, ERE/Developer and Design & Build
<b>Number of Subsidiaries</b>	2
<b>Total Assets</b>	USD 150.54 Million
<b>Number of Employees</b>	95 People

PT Permata Graha Nusantara (PERMATA) is a Subsidiary of PGN having business activities in the field of Facility Management Services, including the provision of manpower, Asset Management, Entrepreneurial Real Estate, Archives Management, Real Estate/developer, and other business fields. The shareholders of PERMATA are PGN and PT PGAS Solution with 99.99% and 0.01% of ownership respectively. To support the employment services activities, PERMATA established PT Permata Karya Jasa (PERKASA). PERKASA shareholders are PERMATA with 60% of ownership and Yayasan Kesejahteraan Pegawai and Pensiunan Gas Negara with 40% of ownership.

### Business Development

In 2019, PERMATA consistently runs its main business activities by continuing to develop its existing potential. In implementing this, PERMATA works together with a subsidiary of PT Pertamina (Persero) to carry out services in the field of Facility Management. In addition to PT Pertamina (Persero) and PGN Group, PERMATA this year also won the trust to carry out work at the Ministry of SOEs, namely in the field of Facility Management, Archive Management and Provision of Transportation Services.

In addition, PERMATA also conducts activities at Gedung Sinergi 8 in the form of providing a private office, coworking space and providing a place for tenants. Some achievements in 2019 obtained by PERMATA include as a company that is consistent in carrying out the implementation of GCG by gaining awards in the category of The Big 6 Indonesia GCG Implementation. In the annual report event, PERMATA received awards from the ARC Award (Gold and Bronze) and Galaxy Award (Gold) and from the Stevie Award (Bronze).

In carrying out its activities during 2019, PERMATA received a zero accident award from the Ministry of Labor. At the end of 2019, PERMATA will rebrand its products, namely Spatium (for Facility Management activities), Fleedy (for transportation service activities), Art Build (for design and construction service activities). To guarantee the service standards provided are in accordance with internationally and nationally recognized standards, PERMATA has obtained ISO 9001: 2015 Certification, ISO 1400:2015 Certification and SMOHS.

At the end of 2019, the composition of PERMATA Board of Commissioners and Board of Directors is as follows:

### COMMISSIONER

Name	Position
Desima E. Siahaan	President Commissioner
Hendar Purnomo	Commissioner
Khabib Sholeh	Commissioner

### DIRECTOR

Name	Position
Ismet S.A. Pane	President Director
Ariadi	Director of Finance & Administration
Muhammad Hardiansyah	Director of Operation and Commercial



## PT TRANSPORTASI GAS INDONESIA



### PT TRANSPORTASI GAS INDONESIA

<b>Type</b>	Affiliation
<b>Establishment</b>	February 1, 2002
<b>Head Office</b>	Jl. Kebon Sirih Raya No. 1 Jakarta 10340
<b>Contacts</b>	Telp. +62 21 315 8939 Fax. +62 21 315 3757 Email: public.relation@tgi.co.id Web: www.tgi.co.id
<b>Industry</b>	Natural gas transportation
<b>Number of Subsidiaries</b>	-
<b>Total Assets</b>	USD 369.50 Million
<b>Number of Employees</b>	280 People

PT Transportasi Gas Indonesia (TGI) is the owner and operator of the leading natural gas pipeline in Indonesia. Shareholders of TGI are PGN, Transasia Pipeline Company Pvt. Ltd. and Yayasan Kesejahteraan Pegawai Perusahaan Umum Gas Negara (YKPP PGN) with share ownership of 59.87%, 40% and 0.13%, respectively.

TGI is the first Indonesian Company to focus its business in the field of natural gas transportation, both for domestic market in Sumatera and Batam as well as international market in Singapore. With more than 15 years of experience in the natural gas transportation business and zero-down time commitments and environmentally sound operations, TGI is one of the most trusted transporters with pipelines of more than 1,000 km on land and sea.

TGI operates the 470 km Grissik - Singapore pipeline and Grissik - Duri, Riau for 536 km. TGI also operates several compressor stations in Sakernan, Belilas and Jabung (Sumatra), as well as meter stations in Duri - Riau,

Panaran, Batam and Pemping, Riau Islands. All pipelines and stations are monitored 24 hours 7 days a week by special facilities.

#### Business Development

Throughout 2019, TGI had distributed gas to its customers of 676 MMscfd (3.3% higher than 2018). TGI also optimizes operational performance, efficiency initiatives such as parts and inventory systems and optimizes internal resources. The reliability level of the infrastructure network including the network system, piping system, metering system, compressor and Scada system is at the level of 99.94%.

## Natural Gas Distribution Volume Profile 2015-2019

MMSCF	2015	2016	2017	2018	2019
Distribution Volume	742	687	649	654	676

On December 31, 2019, the composition of TGI Board of Commissioners and the Board of Directors is as follows:

### COMMISSIONER

Name	Position
Redy Ferryanto	Presiden Commissioner
Craig Alexander Lamb	Vice President Commissioner
Hufron	Commissioner
Syahrial Mukhtar	Commissioner
Mohd Iskandar Bin Ismail	Commissioner

### DIRECTOR

Name	Position
Zuryati Simbolon	President Director
Wibisono	Director of Finance & Administration
Gamal Imam Santoso	Director of Technical
Abdul Rashid Bin Mukri	Director of Operational
Vinolia Suriyanto	Director of Business Development



## PT NUSANTARA REGAS



### NUSANTARA REGAS

a joint venture company between PERTAMINA & PGN

#### PT Nusantara Regas

<b>Type</b>	Affiliation
<b>Establishment</b>	April 14, 2010
<b>Head Office</b>	Wisma Nusantara, Lt 19 Jl. M.H. Thamrin No. 59 Jakarta 10350
<b>Contacts</b>	Telp. +62 21 315 9543 Fax. +62 21 315 9525 Web: www.nusantararegas.com
<b>Industry</b>	Facility Floating Storage and Regasification Terminal (FSRT)
<b>Number of Subsidiaries</b>	-
<b>Total Assets</b>	USD 275.77 Million
<b>Number of Employees</b>	74 People

PT Nusantara Regas (NR) is a joint venture between PT Pertamina and PGN which was established on April 14th, 2010 with shares ownership of 60% and 40% respectively. NR has a business scope covering the natural gas trading sector, among others the provision of Floating Storage Regasification Unit (FSRU) facilities, the provision of floating storage and regasification facilities, including but not limited to gas transportation facilities and related facilities/ infrastructure. Not only expected to be able to overcome the problem of gas supply needs for PLN's power plant and some industrial players in West Java, NR establishment is also aimed at supporting the diversification of gas supply in Indonesia and ultimately contributes to national energy development which is reflected primarily in optimizing the utilization of infrastructure capacity of FSRU and regasification terminal services.

#### Business Development

In 2019, Nusantara Regas had distributed 186.9 MMscfd of LNG to its customers. For 2019, there are 2 projects implemented, namely the buoy navigation installation project and the RU IV Cilacap regasification terminal project. Buoy installation work was completed on 31 October 2019, and free span rectification work was completed on 14 December 2019.

The project that began in 2019 was the LNG regasification terminal project RU IV Cilacap, where NR received an assignment from PT Pertamina (Persero) as the executor of this project on May 10, 2019.

Some pre-project activities have begun in 2019 including:

- Management of environmental permits / AMDAL
- FEED activity for mooring, pipeline, and ORF
- The process of procuring donor vessels
- Scoping of required project licenses with relevant agencies

On December 31, 2019, the composition of NR Board of Commissioners and Board of Directors is as follows:

### COMMISSIONER

Name	Position
Ida Yusmiati	President Commissioner
Dilo Seno Widagdo	Commissioner
H Febby Dt. Bangso, M. Par	Commissioner

### DIRECTOR

Name	Position
Moch. Taufik Afianto	President Director
Rigo Supratman	Director of Finance and General Affair
Bara Frontasia	Director of Operation and Commercial



## PT KALIMANTAN JAWA GAS

# KJG

PT Kalimantan Jawa Gas

### PT Kalimantan Jawa Gas

Type	Affiliation
Establishment	July 23, 2013
Head Office	Komplek PGN Gedung B, Lantai 2 Jl. K.H. Zainul Arifin No. 20 Jakarta 11140
Contacts	Telp. +62 21 6385 4534 Fax. +62 21 633 1632 Web: www.kalijaga.co.id
Industry	Gas Transportation
Number of Subsidiaries	-
Total Assets	USD 119.13 Million
Number of Employees	27 People

PT Kalimantan Jawa Gas (KJG) is a limited liability Company established on July 23, 2013. KJG is engaged in the transportation of natural gas, with the ownership composition of KJG as many as 80% and PT Bakrie & Brothers, Tbk as many as 20%. The pipeline owned by KJG to transport natural gas is ± 200 km Kalija I natural gas transmission pipeline that extends from Kepodang Field owned by Petronas Carigali Muriah Limited (PCML) to the power plant unit of PT Indonesia Power (PT Perusahaan Listrik Negara (Persero) in Tambak Lorok, Semarang, Central Java. The gas transportation has been started since August 22nd, 2015.

#### Business Development

KJG strives to provide excellence service to its customers. As a gas transportation Company, the reliability of infrastructure is the key to make gas distribution to customer runs smoothly and safe. In 2019, KJG distributed gas of 19.3 MMScfd, all of which is distributed to meet the energy needs of PLN Tambak Lorok, which is then used for national electricity needs. The volume channeled is still far from the contract commitment, because of that problem KJG has filed an arbitration lawsuit against PC

Muriah Ltd, because there has not been any Ship or Pay payment obligations arising since 2016. Currently KJG is in the stage of filing a statement of claim which is planned to be submitted to the ICC at the end of February 2020.

#### KJG Achievements

As a form of KJG Management's commitment to safety implementation in each of its operational activities, in 2019 KJG was awarded by the Directorate General of Oil and Gas with Patra Nirbhaya Karya Utama award. The award is the fourth consecutive award after in 2016, 2017 and 2018 KJG received the same award. In addition, in 2019 KJG received two awards from BPH Migas as the 5th largest Contributing Paying Business Entity in 2018 and for KJG's compliance with reporting obligations of business entities to BPH Migas. In addition, in 2019 KJG obtained Proper Blue for KJG's concern for the environment.

On December 31, 2019, the composition of KJG Board of Commissioners and Board of Directors is as follows:

### COMMISSIONER

Name	Position
Ade Erlangga Djarwo	President Commissioner
Montty Girianna	Commissioner

### DIRECTOR

Name	Position
Dadang Gandara	President Director
Dadang Gandara	Director of Finance & Administration
Agus Iskandar	Director of Technical and Operation

### Volume Profile of Natural Gas Distribution 2015-2019

MMSCFD	2015	2016	2017	2018	2019
Distribution Volume	86,39	91,25	75,55	46,73	19,31



## PT PERTAGAS NIAGA



### PT Pertagas Niaga

<b>Type</b>	Affiliation
<b>Establishment</b>	March 23, 2010
<b>Head Office</b>	Gedung Patra Jasa Lantai 16 Jl. Jendral Gatot Subroto Kav 32-34 Jakarta Selatan, 12950
<b>Contacts</b>	Telp. +62 21 5203 088 Fax. +62 21 5201 682 Web: <a href="http://www.pertagasniaga.pertamina.com">www.pertagasniaga.pertamina.com</a>
<b>Industry</b>	Commercial Gas Pipes, LNG, CNG, and the City Gas Pipeline Network
<b>Number of Subsidiaries</b>	No
<b>Total Assets</b>	USD 173.40 Million
<b>Number of Employees</b>	49 People

PT Pertagas Niaga is a subsidiary of PT Pertamina Gas and is part of the Company's group. It was established on March 23, 2010 and has become a company engaged in the business sector of natural gas trading and its derivatives. The Company's history is closely related to efforts to realize Indonesia's energy independence that cannot be separated from the long journey of PT Pertamina (Persero).

PT Pertagas Niaga was built as a manifestation of the realization of Regulation of the Minister of Energy and Mineral Resources No. 19 of 2009 concerning Natural Gas Business Activities Through Pipes. The regulation requires that the commercial business be separated from the transportation business of PT Pertamina Gas with the aim of differentiating and facilitating the establishment of rates for types of businesses. The policy also states that PT Pertamina Gas must have separated the transportation business with its commercial business no later than August 31, 2011.

The establishment of PT Pertagas Niaga based on Deed of Establishment No. 15 dated March 23, 2010 from Notary Marianne Vincentia Hamdani, SH. PT Pertagas Niaga rests as a subsidiary of PT Pertamina Gas which is engaged in trading natural gas and its derivative products, and now continues to develop into one of the trusted gas suppliers for business partners, industries and household consumers in Indonesia.

#### **Vision :**

To become a world-class national gas trading company.

#### **Mission :**

Conducting natural gas commercial business in a professional manner, so as to provide optimal added value for environmentally friendly stakeholders, prioritizing service excellence, safety, and health.

## Business Development

PT Pertagas Niaga has a business scope covering business in the field of gas sales through pipelines, gas sales in the form of Liquefied Natural Gas (LNG), Compressed Natural Gas (CNG), and the City Gas Pipeline Network (Jargas). The business is spread across several jobs in Indonesia including Sumatra (North and South), Java (Western, Central and Eastern Parts) and Eastern Indonesia (Kalimantan and Sulawesi).

PT Pertagas Niaga achieved the realization of natural gas trading volume in 2019 of 105 BBTUD or experienced a growth of 42% compared to 2018. The increase in gas trading volume realization was supported by (1) 20% growth in pipeline gas trading, with an additional volume of consumers new gas pipeline is 4.72 BBTUD. (2) CNG

commercial growth of 41% with an additional volume of 0.51 BBTUD from 15 new customers spread from Java and Sumatra. (3) LNG trade growth was 623% compared to 2018, with an additional volume of 8.17 BBTUD. (4) City Gas Network trade growth of 57% compared to the realization of the gas trade volume in 2018. The increase in gas trade volume realization in 2019 is supported by 23 consumers who have conducted Gas In with a volume of 14, 65 BBTUD and the existence of 27 new commercial agreements with a total contracted volume of 164.35 BBTUD.

On December 31, 2019, the composition of PT Pertagas Niaga Board of Commissioners and Board of Directors is as follows:

### COMMISSIONER

Name	Position
Wiko Migantoro	President Commissioner
Yuli Rachmawati	Commissioner
Edwin Irwanto Widjaja	Commissioner

### DIRECTOR

Name	Position
Linda Sunarti	President Director
Aminuddin	Finance Director & General Support Director



## PT PERTA ARUN GAS



Type	Affiliation
<b>Establishment</b>	March 18, 2013
<b>Head Office</b>	Gedung Patra Jasa Lantai 1 Jl. Jendral Gatot Subroto Kav 32-34 Jakarta Selatan, 12950
<b>Contacts</b>	Telp. +62 21 5251005/5250020 Fax. +62 21 52900007 Web: www.pertaarungas.pertamina.com
<b>Industry</b>	O & M Regasification & Services
<b>Number of Subsidiaries</b>	-
<b>Total Assets</b>	USD 151.44 Milion
<b>Number of Employees</b>	82 Permanent Workers 110 Non-permanent Workers 566 Outsourcing Employees

PT Perta Arun Gas is established with the intention to conduct business in the field of gas and other business activities related to and or support the activities of natural gas in the Arun LNG Project Area, with the aim to obtain profit based on the principles of management of the company effectively and efficiently. To achieve the purpose and objectives mentioned above, the company conducts business activities conducting the business of receiving & regasification terminal/making of the reception terminal and the process of re-forming gas, as well as the production and gas sales of the results of the business activities, including conducting other supporting business activities that directly or indirectly support the business activities.

PT Perta Arun Gas stood based on Deed Number 22 dated March 18, 2013 which was passed by decree of the Minister of Law and Human Rights of Republic of Indonesia Number AHU-17317. AH. 01.01 Year 2013 dated March 18, 2013. The establishment of PT Perta Arun Gas began

with the Decree of Shareholders of PT Pertamina Gas and PT Perta Niaga on the Establishment of Business Entities for the Arun LNG Receiving and Regasification Terminal Project which was signed on February 18th and February 21st, 2013. Dated March 18th, 2013 established as the founding date of PT Perta Arun Gas as a company engaged in the LNG Receiving and Regasification Terminal and other businesses that support it.

The establishment of PT Perta Arun Gas is a follow up action from the Ministry of SOE's decree through the letter of state Owned Minister, Number S-141/MBU/2012, one of which contains about the Project Revitalization of the Arun LNG Terminal, namely PT Pertamina (Persero) asked to immediately implement the Arun LNG revitalization project which is integrated with the piping from Arun to North Sumatra and fulfill the project completion deadline which is at the end of 2013.

## Business development

LNG regasification activities are still the main business of PT Perta Arun Gas to date. PT Perta Arun Gas is responsible for carrying out consumer-owned LNG regasification activities with gas sources derived from Tangguh Field, Bontang Field, and Donggi Senoro. Consumer LNG owned by PT Perta Arun Gas was received at the Terminal Acceptance and Regasification of Arun to undergo the processing of regasification into Gas through the Open Rack Vaporizer (ORV) regasification facility with a design capacity of 405 MMSCFD. As for the natural gas regasification result is then channeled to the PLN power plant by in the region of Aceh and North Sumatra, the fertilizer Iskandar Muda factory and to the consumer of PT Pertagas Niaga through the gas transmission pipeline.

On December 31, 2019, the arrangement of the Board of Commissioners and directors of PT Perta Arun Gas are as follows:

### COMMISSIONER

Name	Position
Tenny R.A Rusdy	President Commissioner
Achmad Herry Syarifuddin	Commissioner
Larasati Sedyaningsih	Commissioner

### DIRECTOR

Name	Position
Arif Widodo	President Director
Dodi Noza	Technical & Operation Director
Isro Mukhidin	Finance & General Support Director



## PT PERTA-SAMTAN GAS



### PT PERTA-SAMTAN GAS

<b>Type</b>	Affiliation
<b>Establishment</b>	May 2, 2008
<b>Head Office</b>	Jl. Nomor 8 Komperta Sungai Gerong Kec. Banyuasin I, Kab. Banyuasin Sumatra Selatan 30962
<b>Contacts</b>	Telp. +62 711 574 0701 dan +62 711 574 0704 Fax. +62 711 574 0706 Web: www.psgas.co.id
<b>Industry</b>	LPG Processing
<b>Number of Subsidiaries</b>	No
<b>Total Assets</b>	USD 148.14 Million
<b>Number of Employees</b>	152 People

PT Perta-Samtan Gas is a joint venture company between PT Pertamina Gas from Indonesia and Samtan Co. Ltd., from Korea whose founding purpose is to produce LPG in domestic and foreign countries. PT Perta-Samtan Gas has two LPG processing factories in South Sumatera, which is the Extraction Plant in Prabumulih which was built in 2010 and a Fractionation Plant in Gerong river which was built in 2011. Two refineries in May 2013 commenced commercial operations and were able to contribute to the LPG supply nationwide.

#### Business Development

PT Perta-Samtan Gas has a limited source of gas raw material (gas feeds) from suppliers in relation to natural conditions and therefore required new business safeguards in consideration of development stages. PT Perta-Samtan Gas must-have a new business in order to get new cash flow.

There are several areas that promising to invest in accordance with the condition of financial capabilities and operations of the company. PT Perta-Samtan Gas is considering entering the LPG plant and new infrastructure businesses such as LPG storage terminals.

In the period 2019 and will continue in the year 2020, PT Perta-Samtan Gas has entered Pee-FS to PT Pertamina Gas and is awaiting the decision to be able to implement the Jambi Merang Project (between operations and maintenance contractors in full or as Shareholders).

The challenge of investing in the future is the risk of the market where LPG prices are always fluctuating funds can give losses to PT Perta-Samtan Gas when the market is in the condition. Next is the limited problem of gas raw material (gas feed) that is reduced as a result of natural depletion. Last is the high price of natural gas that becomes raw material.

On December 31, 2019, the arrangement of the Board of Commissioners and Directors of PT Perta-Samtan Gas are as follows:

### COMMISSIONER

Name	Position
Baek Weon Son	President Commissioner
Indra Setyawati	Vice President Commissioner
Jugi Prajugjo	Independent Commissioner

### DIRECTOR

Name	Position
Waluyo	President Director
Lee Chang Ho	Vice President Director



## STOCK LISTING CHRONOLOGY INITIAL PUBLIC OFFERING

On December 5, 2003, the Company obtained an effective statement from the Capital Market Supervisory Agency to conduct an Initial Public Offering to the public amounted to of 1,296,296,000 (one billion two hundred ninety-six million two hundred ninety-six thousand) shares, which consisted of 475,309,000 (four hundred seventy-five million three hundred and nine thousand) shares from shares divestment of the Government of the Republic of Indonesia, the Company's shareholders, and 820,987,000 (eight hundred twenty million nine hundred eighty-seven thousand) new shares, with total shares, amounted to 4,320,987,000 (four billion three hundred twenty million nine hundred eighty-seven) shares. The share price of the public offering is Rp 1,500 per share. The company's shares are listed on the Indonesia Stock Exchange (d/h Jakarta Stock Exchange) on December 15th, 2003, with trading transaction code "PGAS".

### MANAGEMENT AND EMPLOYEE STOCK OPTION PLAN (MSOP/ESOP)

By the end of 2007, the amount of Company's shares was increased from 218,898,805 (two hundred eighteen million eight hundred ninety-eight thousand eight hundred and five) shares to 4,539,885,805 (four billion five hundred thirty-nine million eight hundred eighty thousand eight hundred and five) shares as a result of Government's loan conversion to Company and the Management Stock Option Plan (MSOP). On January 15 to February 14, 2008, Exercise Window of the Employee Stock Option Plan (ESOP) recorded 54,012,338 (fifty-four million twelve thousand three hundred thirty-eight) stock option rights which were distributed. From those amount, it was

recorded 53,551,388 (fifty-three million five hundred fifty-one thousand three hundred eighty-eight) stock options executed and generated new Series B shares amounting to 53,551,388 (fifty-three million five hundred fifty-one thousand three hundred eighty-eight) shares. Therefore, the total number of the Company's shares increased to 4,593,437,193 (four billion five hundred ninety-three million four hundred thirty-seven thousand one hundred and ninety-three) shares. In addition, after the expiry of ESOP, in 2008 a stock split was also undertaken; this changed the number of the Company's shares.

### STOCK SPLIT

Based on the Extraordinary General Meeting of Shareholders of PT Perusahaan Gas Negara (Persero) Tbk which was held in Jakarta on June 13, 2008, the PGAS stock split with a ratio of 1 (one) share with nominal of Rp500 (five hundred rupiahs) per share exchanged with 5 (five) shares with nominal of Rp100 (one hundred rupiah) per share, thus the number of shares which originally was 4,593,437,193 (four billion five hundred ninety-three million four hundred thirty seven thousand one hundred and ninety-three) shares increased to 22,967,185,965 (twenty two billion nine hundred sixty-seven million one hundred eighty-five thousand nine hundred sixty-five) shares. The fractions of new shares were effective on the Indonesia Stock Exchange on August 4, 2008. In the year 2019, there is no split stock was made.

## SHARE BUYBACK

Based on the Extraordinary General Shareholders Meeting of PT Perusahaan Gas Negara (Persero) Tbk, held in Jakarta on December 22, 2008, the Company repurchased the outstanding shares of 1,850,000 (one million eight hundred fifty thousand) shares on October 24, 2008. With share buyback, at the end of 2008 the Company has 1,850,000 (one million eight hundred fifty thousand) shares as Treasury Shares and the total number of outstanding shares of 22,967,185,965 (twenty two billion nine hundred sixty seven million one hundred eighty five thousand nine hundred sixty five) shares.

As of the end of 2009, the Company's total shares increased by 1,274,322,231 (one billion two hundred seventy four million three hundred twenty two thousand two hundred thirty one) shares, as a result of the Government's debt conversion to the Company on April and October 2009, bringing the total number of the Company's shares to 24,241,508,196 (twenty four billion two hundred forty one million five hundred eight thousand one hundred and ninety six) shares.

The total number of shares at the end of the fiscal year 2010 up to the end of 2015 is 24,241,508,196 (twenty four billion two hundred forty one million five hundred eight thousand one hundred and ninety six) shares with the Government ownership of the Republic of Indonesia amounting to 13,809,038,756 (thirteen billion eight hundred nine million thirty eight thousand seven hundred and six) shares (56.96%), -public ownership of 10,432,469,440 (ten billion four hundred thirty two

million four hundred sixty nine thousand four hundred and forty) shares (43.04%) consisting of 10,430,619,440 (ten billion four hundred and thirty million six hundred nineteen thousand four hundred forty) free float shares and 1,850,000 treasury stocks. The treasury stocks of 1,850,000 (one million eight hundred and fifty thousand) Series B shares were resold entirely on March 2016.

In 2018 there the transfer of all shares of series B of the Republic of Indonesia in the company to PT Pertamina (Persero) in order to establish of Holding SOE's Migas, where the state retains the ownership of 1 series A Dwiwarna share as the mandate Government Regulation number 72 the year 2016 on the amendment to government Regulation Number 44 the year 2005 on procedures of inclusion and administration of state capital of state-owned enterprises and limited liability company. After effective transfer of all shares of series B Negara to PT Pertamina (Persero), then PT Pertamina (Persero) replaces state position as a shareholder of the company with ownership of 13,809,038,755 (thirteen billion Eight hundred nine million and thirty eight thousand seven hundred and fifty five) shares, and the public ownership amounted to 10,432,469,440 (ten billion four hundred and thirty two million four hundred sixty nine thousand four hundred and forty) shares.

## Stock Listing Chronology

No	Corporate Action	Nominal Value (Rp)	Republic of Indonesia (shares)	Pertamina (shares)	Public (shares)	Treasury (shares)	Total (shares)	Ownership Percentage of the Republic of Indonesia	Percentage of Pertamina's Ownership
1	Prior to IPO		3.500.000.000				3.500.000.000	100,00%	
2	IPO (December 15, 2003), listed on BEJ and BES								
	Divestment		(864.198.000)		864.198.000				
	Issuance of new shares without HMETD	Rp500			820.987.000				
		Rp500	2.635.802.000		1.685.185.000		4.320.987.000	61,00%	
3	Conversion of DPP 1 (2004)	Rp500	56.943.305						
	MSOP 1 (2005-2006)	Rp500			108.024.675				
	MSOP 2 (2006-2007)	Rp500			53.930.825				
		Rp500	2.692.745.305		1.847.140.500		4.539.885.805	59,31%	
4	Divestment (December 2006)	Rp500	(185.802.000)		185.802.000				
		Rp500	2.506.943.305		2.032.942.500		4.539.885.805	55,22%	
5	MSOP 3 (2007-2008)	Rp500			53.551.388				
		Rp500	2.506.943.305		2.086.493.888		4.593.437.193	54,58%	
6	Stock Split 5:1 (August, 2008)	Rp100	12.534.716.525		10.432.469.440		22.967.185.965	54,58%	
7	Buy Back (October, 2008)	Rp100			(1.850.000)	1.850.000			
		Rp100	12.534.716.525		10.430.619.440	1.850.000	22.967.185.965	54,58%	
8	Conversion of DPP 2 stage 1 (April, 2009)	Rp100	992.724.172						
		Rp100	13.527.440.697		10.430.619.440	1.850.000	23.959.910.137	56,46%	
9	Conversion of DPP 2 stage 2 (October, 2009)	Rp100	281.598.059						
			13.809.038.756		10.430.619.440	1.850.000	24.241.508.196	56,96%	
10	Resold of Treasury Stock - March, 2016	Rp100	13.809.038.756		10.432.469.440		24.241.508.196	56,96%	

## STOCK TRADE SUSPENSION/DELETION OF STOCK LISTING

As of December 31, 2019 there are no suspension of stock trading and/or deletion of shares (delisting) for PGN.

## CHRONOLOGY OF BONDS REGISTRATION

### PGN BOND

On April 23, 2014, the Company had obtained the Approval in-principal from Singapore Exchange Securities Trading Limited (SGX-ST) to listing its Senior Notes with a principal aggregate value up to USD1,400,000,000 (one billion four hundred million United States Dollars) and tenor of 10 years with the Singapore Exchange (SGX). That Senior Notes was offered and sold to the qualified institution buyers, based on Rule 144A from US Securities Act in the United States of America territory and Regulation S of US Securities Act for outside the United States of America territory.

The Company issued a Senior Notes prospectus on May 12, 2014, with the aggregate offering principal value amounted to USD1,350,000,000 (one billion three hundred fifty million United States Dollars), 10 years tenor, a coupon rate of 5.125% (five point one two five percent) per annum with offering price 99.037% (ninety nine point zero three seven percent) of the nominal value (Senior Notes due 2024).

The interest of Senior Notes due 2024 is paid on November 16 and May 16 each year, with the first interest payment on November 16, 2014. Senior Notes due 2024 will expire on May 16, 2024. Senior Notes due 2024 received a "Baa3" rating from Moody's Investors Service, Inc., "BB+" rating from Standard & Poor's Rating Group and "BBB-" rating from Fitch Ratings Ltd. Senior Notes due 2024 was officially listed and traded in SGX on May 19, 2014.

The Company is required to provide buyback entire outstanding Senior Notes due 2024 at a price of 101% (one hundred and one percent) from principal aggregate value in the case that can be categorized as the Change of Control Triggering Event. Currently, was no changes occurred in the number of outstanding Senior Notes due 2024 since the beginning of listing until the end of 2019.

### COMPARISON OF 2018-2019 CREDIT RATINGS

Rating Agencies	2019		2018	
	Rating	Outlook	Rating	Outlook
Moody's	Baa2	Stable	Baa3	Positive
Fitch	BBB-	Stable	BBB-	Positive
S&P	BBB-	Stable	BBB-	Negative
Pefindo	idAAA	Stable	idAAA	Stable

### SEI BOND

On April 26, 2017, the Company issued USD625,000,000 (six hundred twenty FIVE million United States Dollars) of Senior Unsecured Fixed Rate Notes, which will due date on May 5, 2024, at the issuance price of 100.47% (one hundred point four seven percent). The trustee of this bond is Citicorp International Limited. The bonds bear interest at 4.45% (four point four five percent) per year which is payable half-yearly on May 5 and November 5, starting on November 5, 2017.

These bonds are listed on the Singapore Stock Exchange. Net funds amounted to USD622,937,500 (six hundred twenty two million nine hundred thirty seven thousand five hundred United States Dollars) received on May 5, 2017 and used for syndicated loan refinancing, financing of investment activities, -acquisition activities, additional working capital and other general purposes. Based on Moody's Investors Services, Standard & Poor's (S & P) and Fitch Rating the ratings of the bonds are Ba1, BB + and BB+ respectively.

### COMPARISON OF 2018-2019 CREDIT RATINGS

Rating Agencies	2019		2018	
	Rating	Outlook	Rating	Outlook
Moody's	Ba2	Negative	Ba2	Negative
Fitch	BB+	Stable	BB+	Stable
S&P	BB+	Stable	BB+	Negative

## NAME AND ADDRESS OF CAPITAL MARKET SUPPORTING INSTITUTION AND/OR PROFESSIONS

### SECURITIES ADMINISTRATION AGENCY

#### Biro Administrasi Efek

<b>Company Name</b>	PT Datindo Entrycom
<b>Address</b>	Puri Datindo-Wisma Sudirman Jl. Jend. Sudirman Kav. 34-35 Jakarta Pusat 10220 Telp. +62 21 570 9009 Fax. +62 21 570 9020
<b>Services Provided</b>	Secondary Market Stock Administration Services, in the form of recording the register of Shareholders and recording changes in the list of Shareholders on the Company's Name listed on the Indonesia Stock Exchange.
<b>Cost</b>	Rp 44.000.000,- (including VAT)
<b>Assignment Period</b>	Dec, 2019 - Nov, 2020

### PUBLIC ACCOUNTANT OFFICE

#### Auditor Eksternal

<b>Company Name</b>	KAP Tanudiredja, Wibisana, Rintis & Rekan (PwC Indonesia)
<b>Address</b>	WTC 3 Jl. Jend Sudirman Kav. 29-31 Jakarta 12920 Indonesia Telp. +62 21 521 2901 Fax: +62 21 5290 5555 / 5290 5050 Web: www.pwc.com/id
<b>Services Provided</b>	<ol style="list-style-type: none"> <li>1. Perform general audit services for the 2019 PGN Consolidated Financial Statements</li> <li>2. General audit of the financial statements of the Company's Partnership and Community Development Program Fiscal Year 2019</li> <li>3. Audit of compliance with laws and regulations and internal control in 2019</li> <li>4. Evaluation of the Company's performance for the 2018 fiscal year ending December 31, 2019 and the Key Performance Indicator (KPI) established by the Commissioner Board</li> </ol>
<b>Cost</b>	Rp 7.333.333.333,- (including VAT)
<b>Assignment Period</b>	2019

## INDONESIA STOCK EXCHANGE

### Bursa Efek Indonesia

<b>Address</b>	Gedung Bursa Efek Indonesia, Tower 1, Lantai 6 Jl. Jend. Sudirman Kav. 34-35 Jakarta Selatan 12190, Indonesia Telp. 0800-100-9000 Web: callcenter@idx.co.id
<b>Services Provided</b>	Organize and provide a system and or means to bring together offers for sale and purchase of securities of other parties for the purpose of trading securities
<b>Cost</b>	Rp 275.000.000,- (including VAT)
<b>Assignment Period</b>	2020

## INDONESIAN CENTRAL SECURITIES DEPOSITORY

### PT Kustodian Sentral Sentral Efek Indonesia (KSEI)

<b>Address</b>	Gedung Bursa Efek Indonesia, Tower 1 Lantai 5 Jl. Jend. Sudirman Kav. 52-53 Jakarta 2190, Indonesia Telp. +62 21 515 2855 Fax +62 21 5299 1199
<b>Services Provided</b>	To administer the securities that have been issued by the company, among others to obtain data on the parties that hold the securities and part of the distribution process of corporate actions
<b>Cost</b>	Rp 11.000.000,- (including VAT)
<b>Assignment Period</b>	2020

## SECURITIES RATING AGENCIES

## Standard &amp; Poor's Rating Services

Address	12 Marina Boulevard #23-01 MBFC Tower 3 Singapore 0108982 Telp. +65 6438 2881 Fax +65 6438 2320
Services Provided	Rating the company and publishing periodic analyzes and press
Cost	US\$ 80.000
Assignment Period	July 1, 2019 - June 30, 2020

## PT Pemingkat Efek Indonesia (Pefindo)

Address	Panin Tower Senayan City Lantai 17 Jl. Asia Afrika Kav. 19 Jakarta 10270 Indonesia Telp. +62 21 7278 2380 Fax +62 21 7278 7370
Services Provided	Rating the company
Cost	Rp. 192.500.000,-
Assignment Period	March 12, 2019 - March 1, 2020

## Moody's Investors Services Singapore Pte. Ltd. Sdf

Address	50 Raffles Place #23-06 Singapore Land Tower Singapore 048623 Telp. +65 6398 8300
Services Provided	Conducting company credit rating monitoring
Cost	US\$ 74.500
Assignment Period	July, 2019 - June, 2020

## Fitch Ratings Ltd

Address	30 North Colonnade, Canary Wharf, London E14 5GN Telp. +44 20 3530 1000 Fax +44 20 3530 1000
Services Provided	Rating companies for public and private securities issued
Cost	US\$ 60.000
Assignment Period	October 14, 2019 - October 13

# NAME AND ADDRESS OF AREA SALES OFFICES, BUSINESS UNITS, SUBSIDIARIES, AND AFFILIATIONS

## NAME AND ADDRESS OF AREA SALES OFFICES

### Sales Area Jakarta

Jalan Anyer Nomor 11 Menteng  
Jakarta 10310, Indonesia  
T (62-21) 392 4910  
F (62-21) 315 0361

### Sales Area Bogor

Jalan MA Salmun Nomor 41  
Bogor 16114, Indonesia  
T (62-251) 831 4506  
(62-251) 831 6600  
F (62-251) 832 0168

### Sales Area Tangerang

Jalan Pahlawan Seribu  
Kavling Komersil Blok AH Nomor 2 Sektor IIB BSD  
Tangerang 15310, Indonesia  
T (62-21) 538 4414  
F (62-21) 538 0035  
(61-21) 537 9271

### Sales Area Cilegon

Jalan Raya Merak Km. 115  
Kel. Rawa Arum Kec. Grogol,  
Cilegon Banten 42436, Indonesia  
T (62-254) 574 964  
(62-254) 574 968  
F (62-254) 574 988

### Sales Area Karawang

Jalan Ahmad Yani Nomor 54  
Karang Pawitan  
Karawang 41315, Indonesia  
T (62-267) 845 4081  
(62-267) 845 4084  
F (62-267) 845 4085

### Sales Area Bekasi

Jalan Pekayon Raya Nomor 52 Pekayon Jaya  
Bekasi 17148, Indonesia  
T (62-21) 8273 8555  
(62-21) 8273 8556  
F (62-21) 8273 8557

### Sales Area Lampung

Gedung Sucofindo Lantai 3  
Jalan Gatot Subroto Nomor 161  
Pecoh Raya Tahoman  
Bandar Lampung 35228, Indonesia  
T (62-721) 801 8356  
F (62-721) 801 8042

### Sales Area Cirebon

Jalan Veteran Nomor 2  
Cirebon 45124, Indonesia  
T (62-231) 203 323  
(62-231) 204 486  
F (62-231) 205 046

### Sales Area Palembang

Jalan Rimba Kemuning Lorong Ogan  
Nomor 26 – 28 RT 09 RW 05  
Kel. Ario Kemuning Kec. Kemuning  
Palembang 30128, Indonesia  
T (62-711) 561 1645  
F (62-711) 561 1162

### Sales Area Surabaya

Jalan Raya Ngagel 129-131  
Surabaya 60271, Indonesia  
T (62-31) 502 8565  
F (62-31) 501 8127

### Sales Area Sidoarjo

Jalan Jaksa Agung Suprpto Nomor 17,  
Sidoarjo 61218, Indonesia  
T (62-343) 805 0999  
F (62-343) 895 6782

### Sales Area Pasuruan

Jalan Raya Rembang Industri Raya Nomor 3  
Kompleks PIER Rembang  
Pasuruan 67152, Indonesia  
T (62-343) 744 440  
F (62-343) 728 293

### Sales Area Tarakan

Jalan Mulawarman Nomor 14B Tarakan,  
Kalimantan Utara Indonesia  
T (62-551) 380 3730

**Sales Area Semarang**

Jalan Diponegoro Nomor 35  
Semarang 50133, Indonesia  
T (62-24) 8644 9100  
F (62-24) 8644 9099

**Sales Area Medan**

Jalan Imam Bonjol Nomor 15 D  
Medan 20112, Indonesia  
T (62-61) 453 8655  
F (62-61) 415 2396

**Sales Area Batam**

Gedung Batam Centre  
Jalan Engku Putri Batam Centre  
Batam 29641, Indonesia  
T (62-778) 467 299  
F (62-778) 467 399

**Sales Area Pekanbaru**

Komplek Sudirman City Square Blok C Nomor 12  
Jalan Jend Sudirman Pekanbaru 28282, Indonesia  
T (62-761) 839 822  
(62-761) 789 1533  
(62-761) 789 1812  
F (62-761) 839 811

**Sales Area Sorong**

Jalan Klamono KM 19  
Kelurahan Aimas Distrik Aimas  
Sorong - Indonesia  
T (62-811) 486 0055

**NAME AND ADDRESS OF BUSINESS UNITS****Business Unit Infrastructure**

Gedung Graha PGAS Lantai 4, 6 & 8  
Jalan K.H. Zainul Arifin Nomor 20,  
Jakarta 11140, Indonesia  
T (62-21) 6386 6667  
(62-21) 6386 6669  
F (62-21) 6386 6770  
(62-21) 6386 6760

**Program Management Office**

Gedung Graha PGAS Lantai 8  
Jalan K.H. Zainul Arifin Nomor 20,  
Jakarta 11140, Indonesia  
T (62-21) 6386 6667  
(62-21) 6386 6669  
F (62-21) 6386 67

**Business Unit Gas Product**

Gedung Graha PGAS Lantai 9  
Jalan K.H. Zainul Arifin Nomor 20,  
Jakarta 11140, Indonesia  
T (62-21) 6386 6667  
(62-21) 6386 6669  
F (62-21) 6386 6770  
(62-21) 6386 6760

**Unit Layanan Jaringan Gas Rumah Tangga**

Gedung Graha PGAS Lantai 5  
Jalan K.H. Zainul Arifin Nomor 20,  
Jakarta 11140, Indonesia  
T (62-21) 6386 6667  
(62-21) 6386 6669  
F (62-21) 6386 6770  
(62-21) 6386 6760

**NAME AND ADDRESS OF SUBSIDIARIES****PT Pertamina Gas**

Gedung Oil Centre Lantai 1-4  
Jalan MH. Thamrin Kav. 55  
Jakarta 10350, Indonesia  
T (62-21) 3190 6825  
F (62-21) 3190 6831

**PT PGAS Telekomunikasi Nusantara**

Kompleks Gedung PGN Gedung B Lantai 3-5  
Jalan KH. Zainul Arifin Nomor 20,  
Jakarta 11140, Indonesia  
T (62-21) 633 1345  
(62-21) 3000 7645  
(62-21) 3000 7427  
F (62-21) 633 1381

**PT Gagas Energi Indonesia**

Kompleks Gedung PGN Gedung B Lantai 9 - 10  
 Jalan KH. Zainul Arifin Nomor 20,  
 Jakarta 11140, Indonesia  
 T (62-21) 2907 1415  
 F (62-21) 2907 1138  
 (62-21) 2907 1140

**PT Permata Graha Nusantara**

Kompleks Gedung PGN Gedung B Lantai 8  
 Jalan KH. Zainul Arifin Nomor 20,  
 Jakarta 11140, Indonesia  
 T (62-21) 633 1180  
 F (62-21) 634 0031

**PT Saka Energi Indonesia**

The Energy Building Lantai 11-12, SCBD, Lot 11a  
 Jalan Jend. Sudirman Kav. 52-53,  
 Jakarta 12190, Indonesia  
 T (62-21) 2995 1000  
 F (62-21) 2995 1001

**PT PGAS Solution**

Kompleks Gedung PGN Gedung C, Lantai 4  
 Jalan K.H. Zainul Arifin Nomor 20,  
 Jakarta 11140, Indonesia  
 T (62-21) 6385 4557  
 (62-21) 6385 4572  
 (62-21) 6385 4506  
 F (62-21) 6385 4534

**PT PGN LNG Indonesia**

Kompleks Gedung PGN Graha PGAS Lantai 2  
 Jalan KH. Zainul Arifin Nomor 20,  
 Jakarta 11140, Indonesia  
 T (62-21) 2907 3266  
 (62-21) 2907 3267  
 F (62-21) 2907 1133  
 (62-21) 2907 1132

**NAME AND ADDRESS OF AFFILIATIONS****PT Transportasi Gas Indonesia**

Jalan Kebon Sirih Raya Nomor 1  
 Jakarta 10340, Indonesia  
 T (62-21) 315 8939  
 F (62-21) 315 3757

**PT Nusantara Regas**

Wisma Nusantara Lantai 19  
 Jalan M.H. Thamrin Nomor 59  
 Jakarta 10350, Indonesia  
 T (62-21) 315 9543  
 F (62-21) 315 9525

**PT Kalimantan Jawa Gas**

Kompleks Gedung PGN Gedung B Lantai 2  
 Jalan KH. Zainul Arifin Nomor 20, Jakarta 11140, Indonesia  
 T (62-21) 6385 4534  
 F (62-21) 633 1632

**PT Pertagas Niaga**

Gedung Patra Jasa Lantai 16  
 Jalan Jenderal Gatot Subroto Kav. 32-34  
 Jakarta 12950, Indonesia  
 T (62-21) 520 3088  
 F (62-21) 520 1682

**PT Perta Arun Gas**

Gedung Patra Jasa Lantai 1  
 Jalan Jenderal Gatot Subroto Kav. 32-34  
 Jakarta 12950, Indonesia  
 T (62-21) 525 1005  
 (62-21) 525 0020  
 F (62-21) 5290 0007

**PT Perta Samtan Gas**

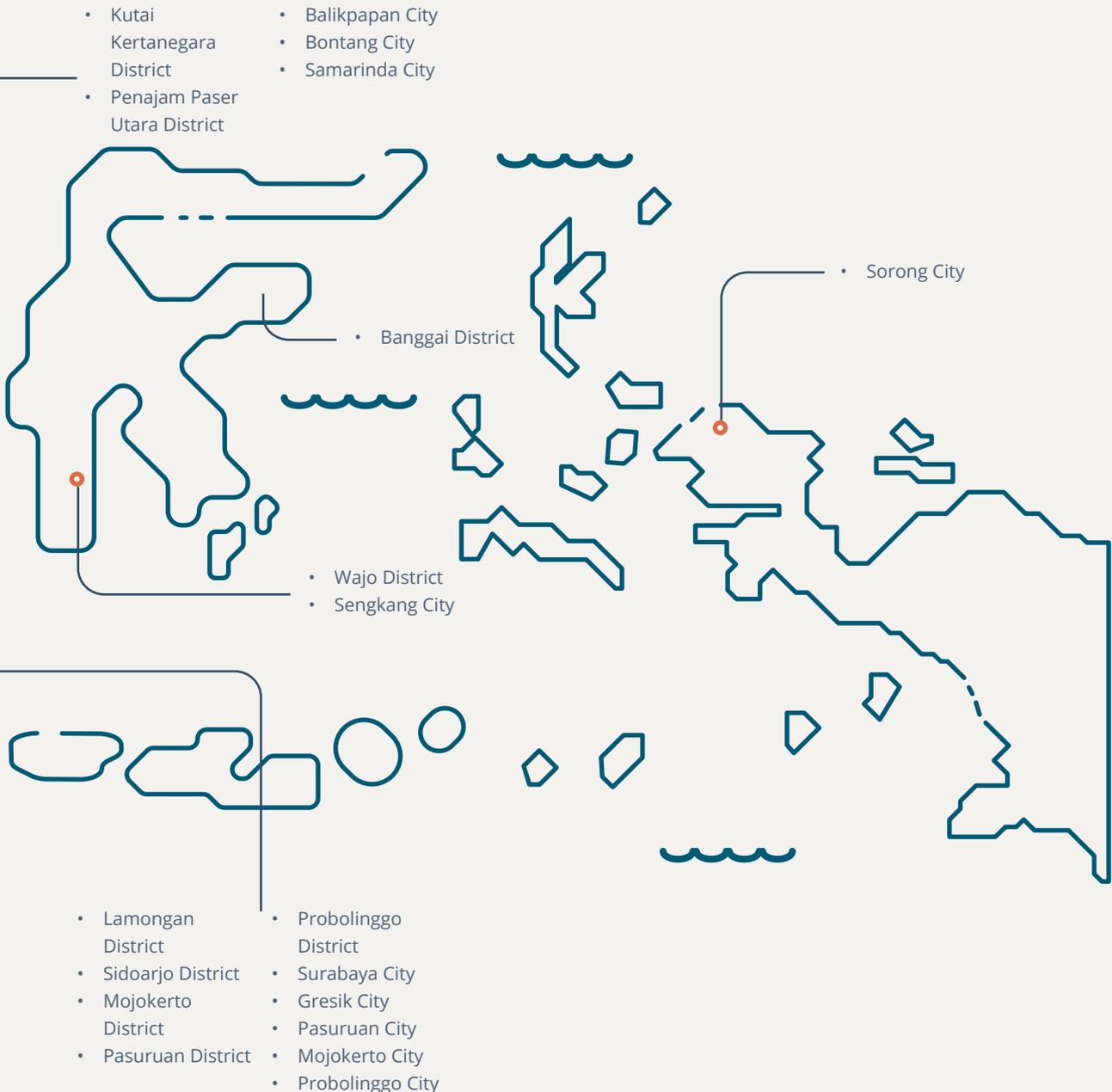
Jalan Nomor 8 Komperta Sungai Gerong, Banyuasin  
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# PGN'S OPERATIONS AREA

As of December 31, 2019, PGN has been operating in 17 provinces covering 66 Districts and Town. For the operation and maintenance of distribution pipe, PGN formed Gas Distribution Management (GDM) consisting of GDM Regional 1 covering West Java, Lampung and Cirebon, GDM Regional 2 which covers East Java, Semarang, Tarakan and Sorong, GDM Regional 3 which includes northern Sumatra, Central Sumatra and Riau Islands. As for the operation and maintenance of the SSWJ transmission pipe, PGN formed Gas Transmission Management. For the activities of gas trading, the pipeline is divided into 18 sales areas. With the acquisition of PT Pertamina Gas, PGN's distribution and commerce business



operating areas has increased adding in PT Pertamina Gas existing distribution and commerce operating areas in regions other than PGN existing operating areas. PGN subsidiaries and affiliates have operating areas that are also scattered throughout the territory of the unitary State of the Republic of Indonesia. For PT Saka Energi Indonesia has an area of operations abroad, namely on the Fasken Field in Texas-United States.



## AWARDS AND CERTIFICATIONS

In 2019, PGN and subsidiaries, as well as affiliate, managed to obtain several awards from domestic and foreign countries with the following details:

February 4, 2019 (PGN)  
Pertamina EP Consumer Awards



PT Perusahaan Gas Negara Tbk received an award from PT Pertamina EP as The Best Gas Customer 2018 Platinum Award in the 2018 Oil & Gas Lifting Appreciation Night. The award was received directly by PGN's Commercial Director, Danny Pradiya at the Intercontinental Hotel, Bandung, West Java.

March 27, 2019 (PGN)  
Top IT & TOP Telco Award 2019



Top IT & TOP Telco is the highest award in Indonesia given to companies, government agencies, and IT Telco vendors, who are considered successful in terms of utilizing IT & telco to improve performance, business competitiveness, and services in Indonesia

PGN successfully won the title of Top Digital Innovation Gas Distribution Services from 100 finalists who were good participants from the business community including BUMN's, BUMD, central / regional government agencies, and others.

April 11, 2019 (PGN)  
HR Excellence Award 2019



PGN received the HR Excellence Award Charter from the Management Institute of the Faculty of Economics, University of Indonesia, SWA magazine and Bank Mandiri as the best company for creative HR management in several categories on April 10, 2019. PGN won awards in the categories of Learning & Development Strategy, HR Transformation and HR Technology.

April 22, 2019 (PGN)  
2019 National OHS Award



In the 2019 National OHS award event organized by the Ministry of Manpower, PGN successfully received a P2HIV award in the Platinum category. In addition, PGN also received Zero Incident Award for PGN Head Office, GDMR III, GTM, and PMO. Several PGN Group companies also received Zero Incident Award obtained by PT PGAS Solution, PT PGAS Telekomunikasi Nusantara, PT Gagas Energi Indonesia, PT Nusantara Regas, and PT Permata Graha Nusantara.

June 11, 2019 (PGN)  
Business News Awards



The Business News Award is the Best Growth Strategy in Energy Industry. The Best Human Capital Management in Energy Industry

Juli 16, 2019 (PGN)

Award for the performance of the best Human rights (HAM) of the Foundation for International Human Rights Reporting Standards (FIHRRST).



PGN once again seized brilliant achievement. In 2019, PGN was included in the list of the top five award-winning companies with the best human rights performance from the Foundation for International Human Rights Reporting Standards (FIHRRST). PGN is the only State-Owned Enterprise to enter the top five positions.

The study itself was attended by 615 public companies listed on the Kompas Indes 100 on the Indonesia Stock Exchange during the period February to July 2018. Out of the total of 615 companies, 100 public companies were selected that had large liquidity and market capitalization aspects.

Juli 24, 2019 (PGN)

LACP Award



LACP's Annual Report Competition, 2018 Vision Awards are a form of international recognition and appreciation for quality and annual reports that have advantages from around the world. This award is not the first time and is a repeat of achievement for PGN.

PGN won awards as, Most Improved Report Worldwide, Top 10 Reports Indonesia, Most Improved Report Asia Pacific Region, and Top 50 Reports Asia.

The competition was also attended by various other international companies such as Walmart, Exxon Mobil, Chevron, Ford Motor, JP Morgan Chase and others.

August 14, 2019 (PGN)

IDX Award



As a subholding of natural gas in Indonesia, in carrying out its role, PGN won the Most Innovative Company in Infrastructure, Utilities, and Transportation Sector award from the 2019 IDX Channel Innovation Awards.

This award is an embodiment of PGN's commitment and consistency for more than half a century to always prioritize innovations in the corporate environment. PGN continues to build various natural gas infrastructures to be able to reach more markets and communities in Indonesia through various initiatives and innovations.

August 22, 2019 (PGN)

Top Governance Risk & Compliance Summit 2019



The TOP GRC 2019 Award carries the theme of Sustaining Through Integrated GRC. This event involved 500 companies in Indonesia. The assessment is carried out by an independent team which runs from February to July 2019.

PGN won an award as TOP GRC 2019 # 4 Stars. PGN's Managing Director, Gigih Prakoso was also named the Most Committed GRC Leaders 2019 at the 2019 Top Governance Risk & Compliance Summit.

**September, 11 2019 (PGN)  
The Best Contact Center**



The Best Contact Center Indonesia is an annual event held by the Indonesia Contact Center Association (ICCA). The competition, which was held this year, was attended by approximately 400 participants consisting of 50 organizations that are state institutions, state-owned enterprises (BUMN's), banks, insurance and financial services, e-commerce, and retail companies.

The four categories achieved by PGN in the event included The Best Operation Contact Center, The Best IT Support Team Work, The Best Agent Back Office, and The Best of the Best Agent Back Office. In the event held once a year, PGN won 1 platinum, 2 silver and 2 bronze awards.

**October 14, 2019 (PGN)  
IICD Award**



PGN successfully won the title of Top 50 Big Capitalization Public Listed Company in IICD Award 2019. The IICD Corporate Governance Conference & Award 2019 held by the Indonesian Institute for Corporate Directorship (IICD) was held with the theme Empowering BOC and Its Committees to Ensure GCG Implementation.

Assessments are based, inter alia, on Annual Reports, the company's website, press releases/company announcements, shareholder meeting notices, shareholder meeting decisions, minutes of shareholder meetings, Guidelines / Charter of the Board of Commissioners and Directors, Code of Conduct / Ethics, CSR / Sustainability Report, English language media coverage, as well as from other public information that is easily accessible.

**October 17, 2019 (PGN)  
ARC Awards International XXXIII**



PGN through its subsidiary, PT PGN LNG Indonesia and PT PGAS Solution won 4 ARC Awards International XXXIII awards. In this event PGN LNG Indonesia won 3 awards for the Non Traditional Annual Report, Illustration and Printing categories and production for the Energy Infrastructure class, and successfully won the Grand Winner as Best of Indonesia. While PGAS Solution won 1 Gold Winner award for the category of Traditional Annual Report, in the field of energy construction.

The ARC Awards International XXXIII is an award organized by Mercomm, Inc., United States, to honor overall excellence in annual reports and to foster important and vital writing, as well as imaginative design. PGN was selected for a number of categories from 2,100 participants from 34 countries with various business backgrounds who participated in this event.

**October 19, 2019 (PGN)  
Stevie Awards**



The Stevie Awards are a series of hundreds of business awards given annually by the American Business Awards organization aimed at recognizing and contributing world companies, particularly in the Asia Pacific region.

In 2008 PGN won two categories from Human Resources (HR) or Human Capital Management (HCM) and Annual Report.

This year, PGN won a Bronze Stevie Winner in the category of Best Annual Report - Publicly-Held Corporations.

#### October 28, 2019 (PGN) BUMN's Award



BUMN's AWARD 2019 is a form of appreciation to BUMN's that are able to make adaptations and transformations and are increasingly intense in the use of technology in their interactions with consumers.

PGN has won the Top Environmental Friendly Award which appreciate for innovation and the company's concern for social and environmental aspects in running the company's business processes.

#### November 6, 2019 (PGN) BUMN's Branding dan Marketing Award



The 2019 BUMN's Branding And Marketing Award was organized by BUMN's Track supported by Arrbey Consulting with the theme "Beyond Innovation".

PGN successfully won three awards at once, namely, The Global Best Indicator of a Subsidiary Company of Public BUMN's, Best Creative Competition Strategy (Corporate Marketing) of a Subsidiary, and The Best CMO Subsidiary - Dilo Seno Widagdo, Commercial Director of PGN.

This award proves that PGN has succeeded in becoming a top-performing company and competing in the global market through innovation in the field of branding and marketing.

#### November 11, 2019 (PGN) Marcom Awards



In 2019, PT. Perusahaan Gas Negara Tbk won 3 awards in the MarCom Award, namely Platinum in the Marketing / Promotion - Digital Marketing category, Platinum in the Social Media - Social Branding Campaign category and Gold in the Design - Packaging category. As the only participant from Indonesia who managed to get this prestigious award, this achievement is a matter of pride for PGN, which has now become Sub-Holding Gas.

This award is an appreciation and positive response to changes made by PGN, in providing improved services to customers. The approach taken through social media and the starter pack of PGN Synergy, has become a new form of communication interaction with customers and the wider community. With this positive response, it is hoped that the presence of the gas network in various cities in Indonesia will be expanded.

#### November 13, 2019 (PGN) CECT Sustainability Awards 2019



The CSR programs of PT Perusahaan Gas Negara (PGN), Tbk received an award from the 2019 CECT Sustainability Awards. The awards obtained by PGN in this award, namely, Based on ISO 26000 (CSR Guidance): Organizational Governance, Based on Overall Sustainability Performance: Infrastructure, Utilities & Transportation and Project-Based CSR & Business Sustainability: Strategic Sustainability.

The programs that are displayed by PGN in this event are programs that are of a sustainable nature where the application is in accordance with the 7 Core Subject of ISO 26000 and points on SGD's. PGN is committed to having a real positive impact on society, and this goal is manifested in integrated policies and programs.

**November 18, 2019 (PGN)  
Public Company Award**



PGN once again won an award for its performance as a public company in Indonesia in the 2019 Corporate Award event.

This award covers 555 public companies in 9 industry sectors which are listed on the Indonesia Stock Exchange as public companies, in which 18 best companies have been selected with assessment criteria based on 10 categories covering the Financial sector, Risk Management, Corporate Governance, Human Resources, Marketing, Technology Information, Corporate Social Responsibility, Operations, Corporate Communications, and CEO

**November 27, 2019 (PGN)  
Awarding Oil and Gas Safety Award**



For their achievements in implementing a healthy, safe, safe and environmentally friendly work environment, PGN received an appreciation from the Director General of Oil and Gas at the Ministry of Energy and Mineral Resources in the form of the 2019 Oil and Gas Safety Award. "Management of Oil and Gas Safety".

PGN received these following awards:

1. Regional Gas Distribution Management I won a Patra Karya and Adinugraha Award
2. Gas Transportation Management, Regional II & III Gas Distribution Management won the Main Works Award
3. The Project Management Office received an Intermediate Award
4. The Jargas Service Unit received the Primary Work Award

While PGN's Subsidiaries received these following awards:

1. PT Pertagas won the Patra Karya Award for Pertagas in the Eastern Region, the Adinugraha Award for Pertagas in the Eastern Region, the Main Works Award for the Pertagas in the West Region, and the Main Work Award for Pertamina Gas Project Management.
2. PT Transportasi Gas Indonesia (TGI) won the Adinugraha Award
3. PT Kalimantan Jawa Gas (KJG) won the Main Works Award
4. PT Perta Arun Gas, PT Perta Samtan Gas & Saka Indonesia Pangkah Ltd. won an Intermediate Award
3. 5. PT Gagas Energi Indonesia won the Pratama Karya Award

### November 29, 2019 (PGN) Top Digital Award



The TOP DIGITAL Awards 2019 is an award held in collaboration with a number of associations in the field of information technology and independent IT consultants and involving more than 500 companies and government agencies.

With the theme of Digital Transformation for National Economic Competitiveness, PGN received 3 titles at once namely, Top Digital Implementation on Energy and Mining Sector 2019, Top Leader on Digital Implementation 2019 (Mr. Gigih Prakoso - President Director), IT Manager on Digital Implementation 2019 (Bp M. Irwan Santoso - Group Head of ICT).

### December 8, 2019 (PGN) Sustainability Report Awards 2018



PGN won Platinum award in the 2018 Sustainability Report Awards held by the National Center for Sustainability Reporting (NCSR) in collaboration with the Institute of Certified Sustainability Practitioners (ICSP).

### December 10, 2019 (PGN) LHKPN award from the KPK



PT Perusahaan Gas Negara Tbk (PGN) was again awarded the State Organizers Asset Report (LHKPN) from the Corruption Eradication Commission (KPK). This time, PGN was awarded the 2019 BUMN Implementation LHKPN Award. Previously, PGN also received the same award in 2018.

### December 16, 2019 (PGN, Saka, Pertagas) PROPER (Environment Management Performance Assessment and Rating Program) 2018 - 2019



In accordance with the Decree of the Minister of Environment and Forestry Number SK 1049 / MENLHK / SETJEN / PKL.4 / 12/2019, PGN received a Green PROPER for Pagardewa Station and Blue PROPER for 3 other locations. In addition, a subsidiary of PGN won the Gold PROPER (the highest rating of PROPER), namely Pertagas Eastern Java Area.

Throughout 2019, PGN and Subsidiaries, as well as Affiliations achieves various certification as described below:

July 9, 2017  
 ISO27001 - Information Security Management System  
 bsi



February 1, 2018  
 ISO 9001 2015  
 Lloyd's Register



July 14, 2017  
 Occupational Health and Safety Management System  
 Indonesian Ministry of Labour



October 1, 2018  
 ISO 14001  
 Lloyd's Register



January 8, 2017  
 OHSAS 8001  
 Lloyd's Register LRQA



March 2, 2018  
 SMP GDMR 1  
 Chief of Police Force of the Republic of Indonesia



March 2, 2018  
 SMP GDMR 2  
 Chief of Police Force of the Republic of Indonesia



March 2, 2018  
 SMP GDMR 3  
 Chief of Police Force of the Republic of Indonesia



March 2, 2018  
 SMP GTM  
 Chief of Police Force of the Republic of Indonesia



Performance Overview

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Management Discussion and Analysis

Good Corporate Governance

Corporate Social and Environmental Responsibility

Consolidated Financial Statements

Regulatory Cross Reference

## IMPORTANT EVENTS

**January 17, 2019**  
**Batam Government and PGN Inaugurated**  
**Batam Tuah Malay Park**



The inauguration in Batam's Tuah Malay Park is a form of PGN's social responsibility pillar. In addition, the making of this park is included in PGN's efforts to support the development of Batam City.

**February 16, 2019**  
**Strengthening SubHolding Gas, PGN-Pertagas**  
**Launches The Gas Brand Association**



The Gas is a representation of the synergy of PGN and Pertagas in Sub Holding Gas, which is the sole manager of natural gas in the country. As for the continuation of government policies that are still in the series of BUMN's Oil and Gas Holding, on December 28, 2018 the official process of integration of Pertagas to PGN has officially made PGN a Sub Holding Gas.

**February 27, 2019**  
**Completion of Gas Network Bogor, PGN Is Ready to Distribute**  
**Gas to The Community**



PT Perusahaan Gas Negara Tbk. (PGN) adding gas networks for households and small customers (Jargas) for the Bogor, Serang and Cirebon operational areas, which began in May 2018. The addition of Jargas targeting household users is expected to increase the use of both safer and cheaper energy.

**March 5, 2019**  
**Completion of Probolinggo Gas Network, PGN Prepares to Serve Good Energy for the**  
**Community**



In early 2019, PT Perusahaan Gas Negara Tbk. (PGN) has once again joining forces with the Ministry of Energy and Mineral Resources to complete the construction of Gas Network, one of which is in Probolinggo, which is a project commanded by the Ministry of Energy and Mineral Resources, with total project investment reaching Rp. 97.08 billion.

**March 5, 2019**  
**Deli Serdang Gas Network Ready to Operates**



To maximizing the utilization of natural gas in meeting the daily needs of households, PGN has completed the construction of gas network in Deli Serdang with a total pipe length of 120,738 m that will connect through 5,560 House Connections (SR).

**March 21, 2019**  
**Cirebon City Gas Network Completed, 3,503 households are Connected to Affordable Natural Gas**



PGN Together with the Government continues to optimize and support the needs of the community. Now for the first time the people of Cirebon can enjoy free gas network facilities. The first gas network development was carried out in 2012 covering 4,000 house connections (SR). The total installed capacity of gas network in Cirebon is now at 7,503 SR. While the entire gas network development in West Java is able to cover 33,200 SR.

**March 26, 2019**  
**The Ministry of Energy and Mineral Resources Strengthens Gas Network Distribution in Medan**



The government through the Ministry of Energy and Mineral Resources and PGN strengthens and expands the scope of gas services in Medan region, North Sumatra. Medan is listed as one of the initial locations for natural gas services conducted by PT Perusahaan Gas Negara Tbk or PGN. From 1987 to 2016, household gas services were operating for 19,753 households (RT) in Medan.

**April 11, 2019**  
**PGN Obtains Additional Natural Gas Supply From Jambi Merang**



In maximizing the utilization of natural gas in meeting the daily needs of households, PGN is considered to have completed the construction of Jargas in Deli Serdang with a total pipe length of 120,738 m which will flow through 5560 House Connections (SR).

April 15, 2019

**Hotmix Asphalt Industry Is Now Covered by PGN's Natural Gas Services Through Investment Sharing Scheme**



Previously since May 2018 Liman Jaya used CNG from PGN Gagas, with an average volume of 55,000 m<sup>3</sup> per month. With sufficient capital owned by Liman Jaya, a gas subscription scheme with investment sharing was agreed, in which Liman Jaya issued an investment value of Rp.1 billion for gas infrastructure.

May 10, 2019

**Surabaya's Prominent Chocolate Factory is Now Gaslink Newest Customer**



Producer and owner of the Parrot brand hopes that the use of gas can cut production costs. MAPN has received a minimum supply of 5,500 m<sup>3</sup> / month. Gagas as a subsidiary of PGN supplies MAPN using around 2-3 units of 5-foot Gaslink Trucks that deliver Gaslink directly from the Ngagel SPBG along with 6 other cluster customers in Surabaya.

June 20, 2019

**PGN and Krakatau Steel Join Forces in Energy Development**



Both companies are committed to building long-term strategic partnerships, by utilizing their respective competencies. Moreover, this cooperation is in accordance with the vision of developing a country carried by the government through a State-Owned Enterprise (BUMN's).

In short, the MoU contains a mutually beneficial business development with scope, especially cooperation in the development and management of natural gas within the KS Group. Both are also willing to cooperate in managing the electricity business through subsidiaries, as well as other potential collaborations.

June 26, 2019

**PGN and DPP REI Sign MoU**



PGN and DPP REI to build a long-term strategic partnership, by utilizing their respective competencies. Moreover, this cooperation will create more value for the community in the long run.

The scope of the cooperation includes cooperation in the implementation of the use and construction of the gas network in property projects belonging to the Indonesian Real Estate Company Association (REI). In addition, the agreement points also contain cooperation opportunities that utilize the resources owned by each of the respective parties.

**July 12, 2019**  
**PGN Signs Gas Sales MoU with Talisman Sakakemang**



The signing of this MoU also represent the support and commitment of the Ministry of Energy and Mineral Resources and SKK Migas and the upstream industry to PGN to continue to expand the utilization of natural gas that is efficient and environmentally friendly. This collaboration is also a form of synergy between the upstream industry in conducting field development with the downstream industry in carrying out infrastructure development.

**August 7, 2019**  
**Expanding the Utilization of Good Energy, PGN and PHRI Sign Cooperation Agreement**



As a company engaged in the transmission and distribution of natural gas, PGN has a commitment to continue to improve the utilization of energy both natural gas in the country.

The scope of business development synergy cooperation with PHRI includes the supply and utilization of natural gas and Information and Communication Technology (ICT) for hotels and restaurants, as well as other forms of potential cooperation that can be carried out by all parties for the development and growth of important sectors of the industry tourism in Indonesia.

**August 9, 2019**  
**Collaboration between PGN and TPPI Increase Gas Petrochemical Industry Natural Gas Utilization**



Currently, the petrochemical industry is one of the 5 large industrial segments that use natural gas needs. PGN, which currently plays its role as a gas subholding, is a natural gas distribution and transmission business entity that manages the majority of infrastructure throughout Indonesia, including the Petrochemical industry sector.

The scope of HOA cooperation includes the distribution of natural gas buying and selling to meet the energy needs of TPPI's natural gas located in Tuban, East Java.

**September 2, 2019**  
**PGN and Yogyakarta City Government Signed Cooperation in Utilization of Natural Gas to Support the Smart City Program**



To realize the smart city program in the Yogyakarta city area, PT Perusahaan Gas Negara Tbk (PGN) signed a memorandum of understanding with the Yogyakarta City Government in providing infrastructure and utilizing natural gas.

From the evaluation results, the use of natural gas has proven to be more efficient and provides many benefits in increasing the competitiveness of PHRI members nationally and MSMEs who have used natural gas as their operational energy as well as one of the bakpia producers in Yogyakarta.

**September 5, 2019**  
**Natural Gas PGN Begins Serving Salt Industry in Madura**



PT Perusahaan Gas Negara Tbk (PGN) continues to expand the utilization of natural gas to various regions in Indonesia. In September 2019, PT Garsindo Anugerah Sejahtera (Garsindo) in Sumenep Regency started using Gaslink. Salt production from Garsindo has been used to supply production materials from PT Garam, a state-owned company that focuses on producing salt in Indonesia.

**September 9, 2019**  
**PT PGAS Solution is Now an Official Pertamina Industrial Lubricant Agent (LOCO) of PT Pertamina Lubricants**



Now PGAS Solution is not only ready to support and work together in the PGN Group, but also in the Pertamina Group, since PGN was appointed as a subholding gas at Pertamina.

PT PGAS Solution and PT Pertamina Lubricants carried out the signing of the Lubricant-Industry Distributor Agreement (LOCO) at the Head Office of PT Pertamina (Persero), Jakarta. In this cooperation agreement, PT PGAS Solution as a distributor agent which is marketing LOCO Lubricants - Industries produced by PT Pertamina Lubricants.

**September 30, 2019**  
**PGN and PTPP Work Together to Build 500 thousand Household Gas Networks**



PGN as a subholding gas continues to expand the utilization of natural gas, one of which is by building household jargas. Through the BUMN's synergy program to develop the country, PGN and PTPP will build household Jargas in two phases. The first phase was 50,000 household connections (SR) and continued by the second phase of 450,000 SR.

**October 1, 2019**  
**PGN Collaborates with Bank Bukopin in Financing Customers' Gas Bills**



As a subholding of natural gas, PGN continues to provide the best service and mutually synergize with all parties involved to progress the use of natural gas that is safe, efficient and environmentally friendly.

PGN's cooperation with banks such as Bank Bukopin can make it easier for PGN customers to make payments and facilitate them in the event of payment constraints due to differences in cash flow.

**October 9, 2019**  
Supporting the Development of Startups in the Energy Sector, PGN is holding the 2019 PGN Energy Startup Competition



Through this activity PGN as a gas subholding seeks to encourage the emergence of startups and technology innovators in the energy sector, particularly those related to natural gas and green energy. The activity that was first held in Indonesia took the theme "Renewable Gas and Energy Innovation".

**October 18, 2019**  
The Ministry of Energy and Mineral Resources Once Again Entrusts Pangkah Block in PT Saka Energi Indonesia



PGN Saka officially became the operator of the Pangkah Work Area (WK Pangkah) and was again given the trust of the Ministry of Energy and Mineral Resources (ESDM) through the extension of the Cooperation Contract (KKS) after the contract was signed by the Head of SKK Migas on Friday, 18 October 2019 at the Ministry Office ESDM Jakarta.

Previously, the contract with the Pangkah Block production sharing scheme would expire in 2026. For the two projects, Saka invested 200 million US dollars. The project will contribute Rp 1.2 trillion to the government.

**November 8, 2019**  
PGN and EMI Signed Cooperation to Foster BUMN Synergy



This collaboration with EMI is part of PGN's long-term strategy in providing support for the sustainability of new and renewable energy. The scope of this BUMN synergy with EMI cooperation includes consultation and assistance activities to enhance PGN's role as a manager of natural gas in the national energy mix.

**November 12, 2019**  
PGN and Sinopec Signed LNG Sales Agreement



This agreement marks an important milestone in PGN playing its role as a sub-holding gas. Where in mid-2019, PGN was assigned by Pertamina to fully manage the end-to-end LNG business. Starting with the initiative and development of new businesses related to LNG. PGN also received a mandate from the government and shareholders to manage and integrate the gas and LNG business in Indonesia from midstream to downstream to achieve the most optimal value to all stakeholders.

**November 20, 2019**  
**Jargas City Dumai Completed, 4743 Households Can Enjoy Natural Gas**



Dumai gas network in 2019 will serve 4743 Housing Connections (SR) covering two villages, consisting 1283 houses in Kelurahan Teluk Binjai and 3,460 houses in Kelurahan Jaya Mukti, with the type of customer being the RT 2 category or equivalent to the level of the community with electricity consumption of 1300 watts. The Dumai gas network, which was built in May 2019 by the PT Hutama Karya (Persero) contractor, utilizes gas source from PT Energi Mega Persada (EMP) Bentu Ltd.

**November 26-27, 2019**  
**PGN Together with ANGVA Strengthens the Utilization of Gas in the Transportation Sector**



Next Generation Vehicles as a sub-theme of the 2019 ANGVA event, one of which refers to gas-fueled vehicles. In the ANGVA 2019 conference session, PGN was represented by Sabaruddin as the President Director of PT Gagas Energi Indonesia explaining the material with the theme "Fueling the Transport Sector and Industry with Natural Gas: The Way Forward".

**December 3, 2019**  
**PGN and WIKA Establish Partnership to Expand Natural Gas Infrastructure in the Construction Sector**



PGN will always contribute in channeling energy that is effective, efficient, and environmentally friendly. PGN will support energy needs for WIKA through the provision and construction of facilities and infrastructure of the Natural Gas Network, either Compressed Natural Gas or Liquefied Natural Gas (LNG) for the industrial, commercial, residential, and transportation sectors.

**December 4, 2019**  
**PGN - MITSUI Collaboration on ICT for Business Development and Natural Gas Infrastructure**



Aiming to distributing the good energy that is natural gas to the broadest possible range, PGN signed a memorandum of understanding with MITSUI & CO. Ltd. to develop gas infrastructure and joint information and communication technology business. This is in line with PGN's target of developing information and communication technology infrastructure to support the best service for customers.

**December 10, 2019**  
**PGN and UGM Sign Cooperation Regarding the Utilization of UGM Assets**



PGN in carrying out its role as natural gas subholding, can contribute to various fields, this time in the field of education. PGN with its subsidiary PGAS COM, is developing capabilities for digitalization and some ICT technologies.

**December 17, 2019**  
**PGN Supports the BPJS Employment Program for the Gas-Powered Bajaj Community (Kobagas)**



This joint socialization event for BPJS Employment was intended as a Protection Program for the Employment BPJS Program which was given to 1000 (one thousand) Bajaj Drivers in the DKI Jakarta Region, represented by Kobagas.

Kobagas or Bajaj Gas Community is a collection of bajaj drivers all over Jakarta under the auspices of PT Perusahaan Gas Negara Tbk (PGN). Kobagas and PT Gagas Energi Indonesia have been business partners, where Kobagas is a loyal customer of Gasku.

**December 17, 2019**  
**PGN Together with the Ministry of Energy and Mineral Resources Inaugurates 6,952 Gas Network for Households in Karawang**



PT Perusahaan Gas Negara Tbk (PGAS) completed the construction of a gas network for 6,952 household connections (SR) in the Karawang regency, West Java. The development uses government funding through the 2019 State Expenditure Budget (APBN). Karawang gas network is part of the government's jargas development program with a total construction of up to 74 thousand SR in 2019. The gas network was constructed in Teluk Jambe village, Sirnabaya, Puseur Jaya and West Adiarsa.

**December 20, 2019**  
**PGN Partners with Disabilities Workers**



Throughout its operation as Gas Subholding, PGN is committed to channel our good energy to various sectors. Therefore, PGN invites all PGN employees to carry out this commitment. Every PGN employee who has the ability and competencies is entitled to equal opportunity in building their future with PGN. With the spirit of good energy, we welcome everybody, including the disabled to join and grow with PGN.

# 04

## MANAGEMENT DISCUSSION AND ANALYSIS

Gas Subholding is PGN's new role in business chain of energy supply in Indonesia. The year 2019 was the moment when PGN Group made consolidations to build strong foundation so as to be able to provide reliable natural gas infrastructure and boost its performance and thus create added values for the stakeholders.





## BUSINESS SEGMENT OPERATING OVERVIEW

### OVERVIEW

The Oil and Gas State-Owned Enterprise Holding under the management of PT Pertamina (Persero) was officially established in April of 2018. As an integrated process in the formation of the Oil and Gas State-Owned Enterprise Holding, the Government is incorporating PT Pertamina Gas as part of the PGN through acquisition of shares owned by PT Pertamina (Persero) where PGN becomes the share holder of PT Pertamina Gas as set out in the Sale of Shares Agreement dated 28 December 2018 between PT Pertamina (Persero) and PGN. The integration process of PT Pertamina Gas into PGN subsequently renders PGN as the Gas Subholding and the transaction of that integration process has been concluded in the first quarter of 2019 using the Company's internal funding sources.

The integration of PGN and PT Pertamina Gas has brought about a direct impact on the company's business which includes control over gas downstream infrastructure reaching 10,169 km by the end of 2019 which represents

93% of the national gas downstream infrastructure, the achievement of natural gas distribution/commerce volume of 990 bbtud or 92% of the total national natural gas distribution volume run by the Facilitated Gas Trader, a gas transmission volume of 2.046 mmscfd where 65% is contributed by PT Pertamina Gas which also adds to the revenue portfolio with revenue generated by oil transportation and gas processing business.

For the management operational activities purposes, PGN divides its business into 3 (three) main business segments, namely (1) Distribution & Transmission Business Segment, (2) Exploration and Production of Oil and Gas Business Segment, and (3) Other Operational Business Segments covering telecommunication, leasing, financial leasing, gas processing, oil transportation, construction and maintenance of pipes, and facility management and asset management.

### Profitability Per Business Segment

Business Segment (in million USD)	Distribution & Transmission		Exploration and Production of Oil and Gas		Other Operations		Elimination		Consolidation	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues	3,414	3,396	374	586	349	208	(288)	(319)	3,849	3,870
Segment Expenses	(2,622)	(2,557)	(341)	(443)	(380)	(172)	283	326	(3,060)	(2,846)
Segment Profit	792	839	33	142	(31)	36	(6)	6	788	1,024

## BUSINESS SEGMENTS

### TRANSMISSION AND DISTRIBUTION BUSINESS SEGMENT

#### Distribution/Commerce Business Segment

Distribution/commerce business segment is the activity of distribution and sale of natural gas to end users consist of commerce customers and the manufacturing industry, power plants, small-scale customers (MSMEs) and households using various methods of sale of natural gas, both distribution through pipeline or beyond pipeline. This business segment is managed by PGN, PT Gagah Energi Indonesia dan PT Pertamina Gas.

The PGN distribution / commerce business segment area is spread across 17 Provinces and 58 cities/districts in Indonesia. The distribution / commerce business segment operation activities are managed by the Sales Area in each city/district. PGN has currently 19 Sales Areas running the distribution and commerce business as follows:

For the purposes of management discussion and analysis in this Annual Report, the 19 Sales Areas are grouped in to three Regional Distribution Areas, which are:

- a. Regional Distribution I: covering the Sales Areas of Jakarta, Bogor, Bekasi, Karawang, Tangerang, Cilegon, Lampung, Palembang and Cirebon.

- b. Regional Distribution II: covering the Sales Areas of Surabaya, Sidoarjo, Pasuruan, Semarang, Tarakan and Sorong.
- c. Regional Distribution III: covering the Sales Areas of Medan, Batam, Pekanbaru and Dumai.

Following the acquisition of PT Pertamina Gas, the distribution and commerce business activities area of PGN is increased in line with the existing distribution and commerce business areas served by PT Pertamina Gas in areas outside the existing areas of PGN. Subsequently, for purposes of management discussion and analysis in this Annual Report, the additional distribution/commerce business areas will be classified as follows:

- a. Regional Distribution I: covering Musi Rawas, Muara Enim, Penukal Abab Lematang Ilir, Ogan Ilir and Prabumulih.
- b. Regional Distribution II: covering Balikpapan, Bontang, Bulungan, Samarinda, Sengkang, Kutai Kartanegara, North Penajam Paser, and Ambon.
- c. Regional Distribution III: covering Lhokseumawe, North Aceh- Lhoksukon, Pekanbaru, and Jambi.

Distribution and sale of natural gas to end users is done through distribution pipelines. Until December 31<sup>st</sup>, 2019, PGN's distribution pipes have a total length of 5,418 Km. PGN's distribution pipe length in the past five years (2015-2019) are as follows:

**DISTRIBUTION PIPE LENGTH OF SUBHOLDING GAS 2015-2019 (KM)**

Location	Pipe Length (km)					
	Distribution	2015	2016	2017	2018	2019
Jakarta		759	691	744	750	751
Bogor		616	586	623	622	639
Tangerang		403	445	444	464	470
Cilegon		90	102	103	116	117
Bekasi		331	387	414	443	445
Karawang		145	176	179	191	203
Cirebon		389	389	400	402	402
Palembang		163	178	178	184	184
Lampung		88	98	98	98	98
Sidoarjo		313	405	414	415	410
Pasuruan		189	199	203	205	216
Surabaya		494	552	574	584	591
Semarang		10	16	17	17	17
Medan		627	606	605	625	644
Pekanbaru		15	15	15	15	15
Batam		109	148	157	158	162
Dumai					46	46
Pertagas					7	8
Total Length of Distribution Pipes		4,742	4,994	5,169	5,343	5,418

**PGN Natural Gas Customer Segmentation**

In order to improve customer loyalty, PGN has established a market segmentation focusing on customer grouping based on identification of specific needs, flexibility of commerce clauses and operation as well as accuracy of customer service by providing products and services that hopefully generate added value for the customers. PGN's natural gas customers are divided into three segments, namely:

**1. Household Customers**

This includes housing complexes, flats managed by the Government as well as by the private sector, Government housing facilities (including for the Army and the Police), condominiums and apartments.

**2. Small-Scale Customers**

This includes hospitals, community clinics, orphanages, houses of worship, Government and private educational institutions, religious institutions, social institutions, Government and private offices, hotels, restaurants, shopping centers/malls/supermarkets. This Small-scale Customers Segmentation refers to Regulation of the BPH Migas Number 22/P/BPH Migas/VII/2011 dated July 18<sup>th</sup>, 2011 on Determination of Natural Gas Price for Households and Small-Scale Customers. Therefore, in presenting the number of customers and volume of commerce natural gas, this segment is included. The Small-Scale Customers is presented in the Commerce and Industry segment.

### 3. Commerce and Industrial Customers

This includes commerce and industrial as well as power plant customers who use natural gas as fuel and/or raw material in business activities in the services and commerce sectors, manufacturing sector, chemical industry, ceramics, base metals, fabrication metals, paper, glass, wood, cement, food, textile, lifting oil sectors, electric power plants and other manufacturing industries. Included in this segment are income from SPBGs (gas station for transportation) using CNG as fuel for motorized vehicles but is presented in the consolidated financial report separately.

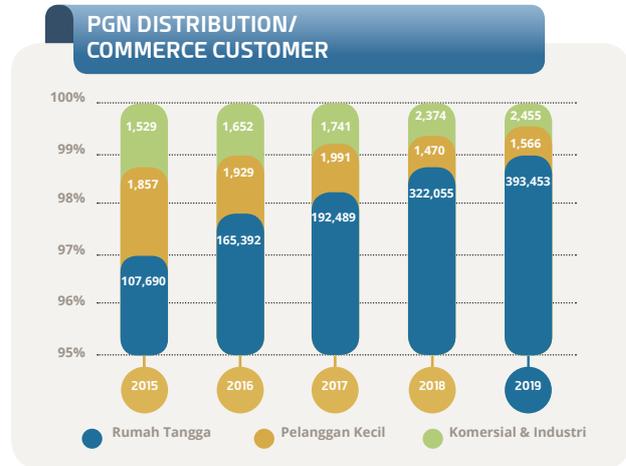
#### Customer Profile

Most of PGN customers are households at 99% of total PGN natural gas customers. However, based on the natural gas distribution volume to customers, the highest portion of natural gas distribution is the commerce-industry segment.

The commerce-industry segment absorbs 99% of natural gas of the total PGN natural gas distribution. Natural gas demand in each segment depends on the types and capacities of production means that customers have.

#### Number of Customers

Up to December 31<sup>st</sup>, 2019, the number of PGN's customers is 397,474 comprising 393,453 household customers, 1,566 small-scale customers and 2,455 commerce and industry customers.



#### Transmission Business Segment

Natural gas transmission/transportation business segment is the activity of transporting gas owned by shippers from the receipt points which means natural gas fields to delivery points of the off-taker through high-pressure transmission pipelines. In this business segment, PGN operates transmission pipelines to distribute natural gas owned by shippers and receives payment in the form of toll fees of which the amount is determined by Regulatory Agency for Upstream Oil and Gas (BPH Migas). Aside from PGN, there is also TGI, KJG and PT Pertamina Gas are acting as operators of the transmission pipeline that they own.

The transmission pipeline owned by PGN is not only used to transport natural gas owned by shippers, but also to transport its own natural gas to support PGN's commerce business activities as stipulated in Government Regulation Number 36 Of 2004 on Oil and Gas Downstream Business. The transportation of its own natural gas is not meant to generate compensation in the form of toll fees.

The presentation of operational performance in the transmission segment will show the transmission volume operated by associate entities namely TGI and KJG. Whereas in regards to financial report presentation, the contribution of TGI is recorded in the profit and joint venture, while KJG is recognized as revenue from lease funding.

### PGN's Transmission Pipeline Portfolio

Up to December 31<sup>st</sup>, 2019, the PGN transmission pipe portfolio, whether those pipes are used in the transportation of natural gas business activity to which is attached a special right to transport natural gas through pipes, or transmission pipes that support the commerce business activities or are part of regasification measure 4,751 Km with the following details:

#### LENGTH OF SUBHOLDING GAS TRANSMISSION PIPES 2015-2019 (KM)

Transmission Pipe Sector	2015	2016	2017	2018	2019
Medan	37	37	37	37	37
Grissik - Duri	536	536	536	536	536
Grissik - Batam - Singapore	469	469	469	469	469
SSWJ	1,004	1,004	1,004	1,004	1,006
Dumai				67	67
Kepodang - Tambak Lorok	201	201	201	201	201
LNG Lampung <sup>1)</sup>	21	21	21	21	21
LNG Jakarta <sup>1)</sup>	15	15	15	15	15
PT Pertamina Gas <sup>2)</sup> Pipe				2,223	2,399
<b>Number</b>	<b>2,284</b>	<b>2,284</b>	<b>2,284</b>	<b>4,573</b>	<b>4,751</b>

Notes:

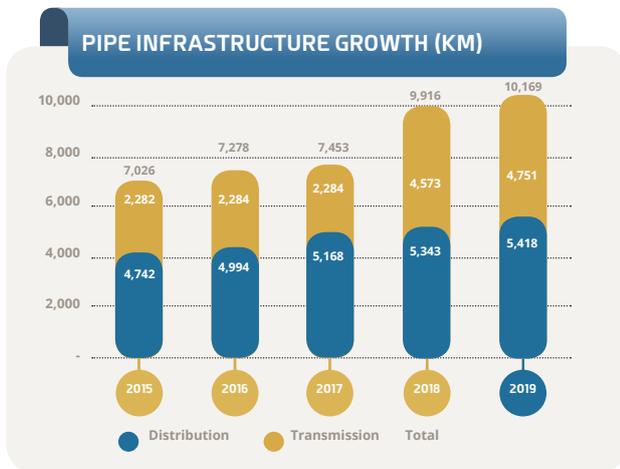
1) Transmission pipes as part of receival terminal facility and LNG regasification

2) PT Pertamina Gas pipes were only presented in 2018 in line with the implementation year of integration of PT Pertamina Gas to PGN.

In addition to gas transportation/transmission, PGN's business activity also includes oil transportation through pipes which is undertaken by PT Pertamina Gas acting as the operator of oil transmission pipeline. In the presentation of the financial report, contribution from oil transportation is recorded and recognized as revenue from other business segments.

### Distribution and Transmission Pipeline Infrastructure Growth

Up to December 31<sup>st</sup>, 2019, PGN's pipe infrastructure portfolio is 10,169 Km comprising 4,751 Km of transmission pipes and the 5,418 Km are distribution pipes.



## Operations/Production-Related Performance of the Distribution / Transmission Business Segment

### Performance of Distribution Business Segment

In 2019 PGN has succeeded in distributing natural gas to all its commerce customers at a volume of 990BBTUD, which is an increase of 30BBTUD or 3% compared to 2018 with a volume of 960 BBTUD.

### Increased/Decreased Performance of Distribution

Description	2019	2018	Δ	
	Score	Score	Score	%
Volume (BBTUD)*	990	960	30	3
Length of Pipe (Km)	5,418	5,343	76	1
Total Customer (Customer)	397,474	325,917	71,557	22

\*Including gas process volume

### Discussion of the Increasing / Decreasing Distribution Performance

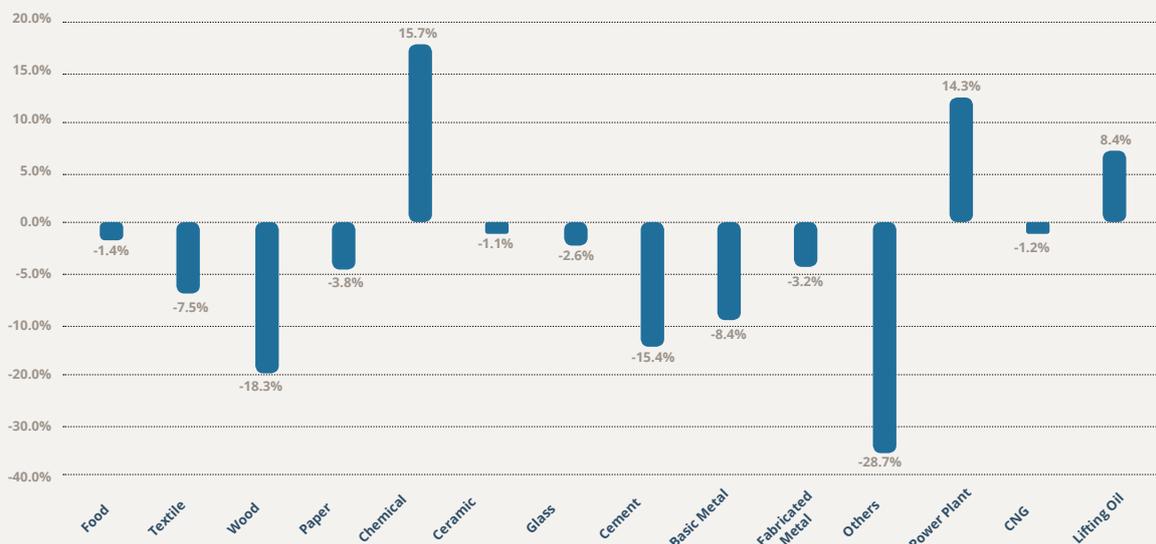
This increase in volume of distribution/commerce performance is contributed by the industrial and commerce user segment namely power plants, chemical and oil lifting sectors showing an increase of, respectively, 14%, 16% and 8%, which was able to compensate for the decrease in volume of distribution to other industrial sectors.

The dynamics of the industry climate during the course of 2019 which impacted the performance achievement success of 2019 were attributed to the following factors:

- PGN succeeded in responding to the competitive natural gas commerce activities in several areas that constitute PGN's existing natural gas market which includes the di RD II (Eastern Java) and other areas of Western Java namely Bekasi, Karawang, Jakarta, Bogor, Tangerang and Cilegon.

- PGN was able to respond to the policy issued by PT PLN (Persero) in terms of power plant cost efficiency as well as the electricity merit system policy, thus distribution of PGN's natural gas to PT PLN (Persero) as well as to the private sector remains optimal.
- The Indonesian Government's protection efforts to maintain the national industry competitiveness for, among others, the chemical and ceramics sectors. The Government has included the chemical industry in the RIPIN 2015-2035 and issued Regulation of the Minister of Finance Number 119/PMK.010/2018 on Imposition of Import Duty Tariff to Safeguard Imports of Ceramic Tiles thus opening opportunities to domestic industries to increase their productions.

**INDUSTRIAL CUSTOMER GROWTH 2018 - 2019**



This increase of the sales volume is also triggered by the increase of natural gas distribution pipelines infrastructure which, in 2019, reached a length of 5,418 km, constituting a growth of 76 km or 1.4% compared to 2018's length of 5,343 km.

The number of customers also increased by 22% or amounting to 71,595 customers making the number of customers in 2019 as many as 397,474 in 2019 compared to 325,917 customers in 2018. This increase was primarily contributed by a rise in the number of household customer segment.

**Performance of Transmission Business Segment**

At the end of 2019, the volume of natural gas transported through PGN transmission pipes was 2,046 MMSCFD, showing a decrease of 55 MMSCFD or -3% compared to that of 2018 which was 2,101 MMSCFD. The total volume transmitted by PGN includes natural gas transmission

through PGN's Affiliates namely TGI and KJG. In 2019, TGI and KJG distributed natural gas in the volume of, respectively, 676 MMSCFD and 19 MMSCFD, showing an increase of 22 MMSCFD for TGI and a decrease of 27 MMSCFD for KJG compared to that of 2018.

**INCREASED/DECREASED PERFORMANCE OF TRANSMISSION BUSINESS SEGMENT**

Description	2019	2018	Δ	
	Amount	Amount	Amount	%
Volume (BBTUD)*	2,046	2,101	-55	-3
Length of Pipe (Km)	4,751	4,573	178	4

Note  
\*Includes TGI & KJG

## Discussion of the Increasing / Decreasing Transmission Performance

The transmission distribution volume has decreased due to a decline in production in oil and natural gas fields that represent the main supply source for shippers of PT Pertamina Gas. In addition, there has also been a decrease of upstream supply distributed through transmission pipelines of Kepodang – Tambak Lorok operated by KJG. Since the 4<sup>th</sup> quarter of 2019, KJG has ceased the natural gas flow because of no supply of natural gas from the Kepodang Field.

### Transmission Volume by Operator

Operator	Transmission Volume (MMSCFD)		Δ	
	2019	2018	Amount	%
PGN	14	25	-11	-44
TGI	676	654	22	3
KJG	19	47	-27	-59
Pertagas	1,336	1,375	-39	-3
<b>Total</b>	<b>2,046</b>	<b>2,101</b>	<b>-55</b>	<b>-3</b>

## Profitability-Related Performance of the Distribution / Transmission Business Segment

### Distribution/Transmission Profitability

Description	2019	2018	Δ	
	Amount	Amount	Amount	%
Revenue from Distribution (million USD)	2,974	2,791	183	7
Revenue from Transmission (million USD)	246	249	3	-1
Profit Segment of Distribution/ Transmission (million USD)	792	839	-48	-6

The distribution/commerce business segment was contributed 77% of the Company's revenue. In 2019, revenue from the distribution/commerce business segment reached USD2,974 million showing a decrease of 7% or equivalent to USD183 million compared to 2018 which was USD2,791 million. This increase of revenue is related to the increased commerce volume distributed to the industry and commerce segments.

While in 2019, revenue from the transmission business segment reached USD246 million showing a decrease of 1% or equivalent to USD3 million compared to 2018 which was USD249 million. This decrease of revenue related to the decrease of volume distributed by PGN and PT Pertamina Gas.

In terms of contribution of revenue from Affiliates namely KJG and TGI, presentation in the consolidated financial report is recorded as Financial Lease for KJG, while for TGI it is recorded as portion of profit from joint venture. In 2019, they respectively attained USD18 million and USD157 million showing that KJG had a decrease of 52% and TGI had an increase of 2% compared to their achievement in 2018 which was USD39 million and USD153 million respectively.

Profitability from the distribution/transmission segment in 2019 reached USD792 million showing a decrease of USD47 million equivalent to minus 6% compared to 2018 which was USD839 million. This decrease was due to increased expenses of purchase of natural gas as a result of a higher purchase price of natural gas from suppliers.

## OIL AND GAS EXPLORATION AND PRODUCTION BUSINESS SEGMENT

The oil and gas exploration and production business segment is the business and investment activities of PGN in the sector of upstream oil and natural gas that covers exploration, exploitation and business development in oil and natural gas. This business segment represents PGN's concrete efforts to expand its portfolio in the energy business chain through PT Saka Energi Indonesia (SEI).

In this business segment, SEI gains revenue originating from lifting of oil, Gas, LPG and LNG. In terms of cost of revenue needed for this business activity includes

production and lifting costs, oil and gas depreciation costs as well as cost allocations related to exploration and exploitation.

In 2019, SEI managed 11 oil and natural gas block portfolio where 6 blocks are already in production while 5 blocks are still in the exploration phase, 10 blocs are located in Indonesia and 1 block is located in the United States. The oil and natural gas portfolio in 2019 has been reduced by two blocks if compared to 2018 due to termination of the SEI production sharing contract for the Sanga-Sanga block in August of 2018 and the South East Sumatera in September 2018.

### SEI Oil and Gas Block Portfolio

No	Block	Participating Interest (%)	Operator	Status
1	Pangkajene PSC	100	SEI	Production
2	Fasken	36	Silverbow	Production
3	Ketapang PSC	20	Petronas	Production
4	Bangkanai PSC	30	Ophir	Production
5	Muriah PSC	20	Petronas	Production
6	Muara Bakau PSC	11.7	ENI	Production
7	West Bangkanai PSC	30	Ophir	Exploration
8	South Sesulu PSC	100	SEI	Exploration
9	Wokam II PSC	100	SEI	Exploration
10	Pekawai PSC	100	SEI	Exploration
11	West Yamdena PSC	100	SEI	Exploration
12	South East Sumatera PSC	8.9	CNOOC	Expired on Sep-18
13	Sanga Sanga PSC	37.8	VICO	Expired on Sep-18

## Operation- and Production-Related Performance of Oil and Gas Exploration and Production Business Segments

In 2019, SEI continued to run production and exploration activities on its oil and natural gas portfolio. These activities

have produced a number of commodities oil, gas, LPG and LNG. The lifting volumes of the respective products are as follows:

### LIFTING VOLUME OF UPSTREAM OIL & GAS

SEI Lifting Performance	2019		2018		Δ	
	Amount		Amount		Amount	%
Crude Oil (in barrels per day)	4,818		7,840		-3,022	-39
Natural Gas (in bbtud)	84		117		-33	-28
LPG (in metric ton)	68		96		-28	-29
LNG (in bbtud)	48		60		-13	-21
<b>Total Lifting (in MMBOE)</b>	<b>10.33</b>		<b>14.43</b>		<b>-4.11</b>	<b>-28</b>

## Increasing/Decreasing Performance of Oil and Gas Exploration and Production Business Segment

The decline in SEI's lifting volume was primarily caused by termination of the production sharing contract in the Sanga-Sanga block and South East Sumatera block in the third quarter of 2018. Contribution from those 2 blocks

in 2018 was 12% of total lifting. In addition, there was a cessation of production in the Muriah block in September 2019 due to an unexpected decline from their well. The natural gas price in the United States was quite low and this also caused the decrease of lifting in the Fasken block. The low price of natural gas caused the operator to delay drilling for economic reasons.

## Revenue/Profitability-Related Performance of Oil and Gas Exploration and Production Business Segments

### Oil and Gas Exploration and Production Business Segment Performance related to Revenue/Profitability

Commodity	2019		2018		Δ%
	Million USD	%	Million USD	%	
Crude Oil	121.26	32	201.47	34	-40
Natural Gas	95.44	25	167.02	29	-43
LPG	10.26	3	17.66	3	42
LNG	147.40	39	199.37	34	-26
<b>Total Segment Revenue</b>	<b>374.35</b>	<b>100</b>	<b>585.52</b>	<b>100</b>	<b>-36</b>
<b>Total Segment Profit</b>	<b>33.27</b>	<b>100</b>	<b>142.38</b>	<b>100</b>	<b>-77</b>

In 2019 revenue from the exploration and production business segment reached USD374.35 million or a decline of 36% or equivalent to USD210.15 million compared to 2018 which was USD585.52 million. This decline is related to the decrease of lifting volume due to the termination of the production sharing contract for the Sanga-Sanga and South East Sumatera blocks in the third Quarter of 2018. In addition there was a decrease in the oil price from USD67/barrel in 2018 to USD62/barrel in 2019.

Profitability of the exploration and production of oil and gas business segment reached USD33 million or a decrease of 77% or equivalent to USD109 million compared to 2018 which was USD142 million. This was caused by the decreased lifting volume due to the termination of the production sharing contract of the Sanga-Sanga and South East Sumatera blocks as well as the write-off of SEI's subsidiary investment in the Unimar joint venture at the end of 2018 in concurrence with the termination of the Sanga-Sanga block production sharing contract.

## OTHER BUSINESS SEGMENTS

Other business segments are other businesses that are directly related to and/or support the main business of PGN in accordance with the prevailing laws and regulation on Subsidiary Entities and other Affiliates. The business activities are, among others:

### 1. Telecommunication

PT PGAS Telekomunikasi Nusantara or better known with its abbreviation PGASCOM is a PGN Subsidiary dealing in telecommunication services and Information and Communication Technology. As a provider of fibre optic (FO) network, PGASCOM has ample experience

and has operated its network in Singapore and Jakarta as well as other major cities in the western part of Indonesia and provides telecommunication services, managed service and business solutions.

PGASCOM's products and services comprise Connectivity services such as International Private Leased Circuit (IPLC) and Domestic Private Leased Circuit (DPLC), global internet and internet access which are provided by its subsidiary Gasnet, business solution such as application development, video conference, Information Technology/IT infrastructure as well as Operational Technology/OT (SCADA), and managed service for IT, SCADA, as well as asset management. PGASCOM has also expanded its business for Over the Top (OTT) contents such as video streaming and Internet of Things (IOT) such as smart office as well as smart home/building.

2. Construction, Operation and Maintenance of Pipelines  
PT PGAS Solution or better known with the abbreviation PGASOL is a Subsidiary dealing in Supporting Service concentrating on 4 (four) business sectors covering EPC management (pipe and gas station construction), operation and maintenance management (O&M), workshop and warehouse management, and trading management (agency).
3. Building and Equipment Management and Rental  
PT Permata Graha Nusantara or better known as PERMATA is a Subsidiary dealing in 3 (three) business sectors which are facility management, asset management and entrepreneurial real estate. Its

service products include property and services that provide facilities to support its customers' business operations such as building management, office services, transportation services, oil and gas support, management and optimization of assets, provision of commerce and residential property products and other services.

#### 4. Financial Lease

PT Kalimantan Jawa Gas or better known as KJG is PGN's Affiliate dealing in natural gas business sector and operation of the Kepodang - Tambak Lorok transmission pipes to distribute natural gas from the oil and gas field of Kepodang-blok Muriah to the Tambak Lorok power plant. KJG's main business is transmission of natural gas. However the impact of the implementation of PSAK No.30 on Lease and ISAK No.8 on interpretation of transactions containing lease has caused KJG's transmission revenue generated in 2019 to be presented as financial lease in other businesses segment revenues.

#### 5. Oil Transportation and Gas Processing

Since the incorporation of PT Pertamina Gas into PGN's business line, there has been an addition of new business namely oil transportation and gas processing. In the oil transportation business PT Pertamina Gas receives toll fees for distribution of oil through its pipeline infrastructure. While for gas processing, PT Pertamina Gas produces LPG which is used to meet LPG demand for Indonesia's market (domestic market).

### Operation/Production Related Performance of Other Business Segments

The other business segments performance also contributes to the company's business. Some business sectors experience an increase in performance namely the telecommunication sector, oil transportation, construction/EPC, operations and maintenance as well as management facilities. At the same time there has also been a decline in performance in financial lease sector and gas processing. In general, other business segments performance can be shown in the following table:

#### OTHER BUSINESS SEGMENTS – OPERATIONAL PERFORMANCE

Description	2019	2018	Δ	
	Amount	Amount	Amount	%
Telecommunication (MBPS)	4,524,372	3,410,276	1,114,096	33%
Financial Lease – Transmission Volume (MMSCFD)	19	47	-27	-59%
Gas Processing (TPD)	716	787	-71	-9%
Oil Transportation (Barrel)	3,746,265	3,713,115	33,150	1%
Construction/EPC & Operations and Maintenance (Number of Projects Under Contract)	859	669	190	28%
Facilities Management and Asset Management Service (Size of Area in Thousand Unit M2)	305	126	179	141%

### Description on Increase/Decrease of Other Business Segments Performance

The telecommunication sector performance in 2019 experienced an increase of 33% compared to 2018. This increase was primarily due to an increase of the bandwidth sale capacity to external customers. The finance lease in this case translates to KJG transmission volume in 2019 that shows a decline of 59% compared to 2018 due to an unexpected decline from suppliers and the cessation of distribution in September 2019. The gas processing sector in 2019 also underwent a decline of 9% compared to 2018 which was caused by an unplanned

shutdown at the LPG MKS and only recommenced operations (onstream) in the month of November 2019. The oil transportation in 2019 increased by 1% compared to 2018 related to the increased volume of oil transported by PT Pertamina Gas. The construction/EPC sector and operation maintenance also had a performance increase of 28% in 2019 compared to 2018, as a result of expansion of the EPC project managed by PGASSOL and SENA. While facility management service also increased by 141% in relation with the additional areas managed by Permata's subsidiary.

### Revenue/Profitability-Related Performance of the Other Business Segments

#### PROFITABILITY OF OTHER BUSINESS SEGMENTS

Segment Revenue	2019		2018		Δ%
	Million USD	%	Million USD	%	
Gas Processing	115.03	45.1	131.58	53.8	-12.6
Financial Lease	18.39	7.2	38.62	15.8	-52.4
Regasification Services	24.11	9.5	10.74	4.4	124.5
Oil Transportation/Transmission	20.18	7.9	24.72	10.1	-18.3
Fiber Optic Lease	18.36	7.2	13.90	5.7	32.0
Others (Construction and O&M)	58.78	23.1	25.16	10.3	133.6
<b>Total Segment Revenue</b>	<b>254.85</b>	<b>100.0</b>	<b>244.72</b>	<b>100.0</b>	<b>4</b>
<b>Total Segment Profit</b>	<b>-30.94</b>		<b>36.41</b>		<b>-185</b>

In 2019 revenue from other business segments saw an increase of 4% from USD245 million in 2018 to USD255 million in 2019. This increase was primarily caused by higher revenue from the Construction Sector carried out by PGASSOL which is in line with an increase in the number of contracted projects, and also an increase in regasification services revenue and fiber optic leases. While on the other hand there is a decline from the Financial Lease segment due to a termination of natural gas Transportation through the Kepodang – Tambak

Lorok transmission pipes in September 2019 operated by KJG. In addition, there was also a decline in revenue of gas processing as a result of damage to the LPG Plant operated by PT Pertamina Gas.

Profitability from other business segments also declined by 185% from USD36 million in 2018 to USD-31 million in 2019. This decline is related to the description regarding the decline of revenue as referred to above.

## DESCRIPTION OF FINANCIAL PERFORMANCE

In 2019, PGN's business activities went well and were relatively stable with the exception of the exploration and production of oil and gas segment. PGN's financial performance of 2019 from the distribution and transmission segment which constitutes PGN's core business segment saw an increase of USD192.8 million or 6.3% compared to 2018. However, there were some non-core factors that needed to be adjusted in reference to the applicable Financial Accountancy Standards. This had a significant impact on PGN's Net Profit of 2019 which was recorded at USD67.6 million where it was lower to that of 2018 which was USD304.9 million showing a decline of 77.8%.

The factors impacting the Net Profit were asset value provision compared to recovered asset values in accordance with PSAK 48. This was found in Pipe Transmission asset of Kepodang – Tambak Lorok due to cessation of use of natural gas from the Kepodang Blok Muriah Field developed by PC Muriah Ltd (PCML) since September 2019 causing the Company, in compliance with the applicable accountancy standards to conduct a provision in the Financial Report.

However, in order to obtain the rights of the Company on its investment, measures are currently being undertaken using the arbitrage law by KJG to PCML to restore rights that the KJG should receive from PCML.

At the same time, there was a tax dispute amounting to USD127.7 million where the Supreme Court, through Decision Number 4003/B/PK/Pjk/2019 in reference to the PSAK 57, ruled that the Company must make a provision in the Financial Report. The management is taking legal measures regarding this tax dispute in accordance with the prevailing laws and regulations. The Management remains confident that the tax expense of USD127.7 million can be recovered in the future.

Aside from the above mentioned matters regarding the provisions to apply the PSAK 48 and PSAK 57, PGN's business activities have been running well and are relatively stable except for the exploration and oil and gas production business segment due to the termination of the period of validity of the production sharing contract for 2 (two) oil and gas blocks, namely the South East Sumatera Block and the Sanga-Sanga bloc in the second semester of 2018. PGN's financial performance in 2019 from the distribution and transmission business segment, which constitutes PGN's core business segment, has increased to USD192.8 million or 6.3% compared to 2018. In addition, its business segments outside of the Lease Revenue also saw an increase of USD16.9 million or 26.6% compared to the previous year, primarily from the telecommunication sector and construction services.

## INCOME STATEMENT

This Net Revenues originate from three business segments of PGN namely distribution/transmission, oil and gas exploration and production, and other business segments which are (1) gas processing, (2) financial lease, (3) oil transportation/transmission, (4) fiber optic lease and (5) others namely: construction and operations and maintenance.

Contribution from each business segment to Company's Revenues in 2019 are as follows:

### REVENUES CONTRIBUTION

BUSINESS SEGMENT	2019		2018		Δ	
	Million USD	%	Million USD	%	Million USD	%
Gas Distribution/Commerce	2,973.94	77.3	2,790.90	72.1	183.04	6.6
Oil Transportation/Transmission	269.69	7.0	259.87	6.7	9.82	3.8
Oil and gas	374.35	9.7	585.52	15.1	(211.17)	-36.1
Others						
Gas Processing	115.03	3.0	131.58	3.4	(16.55)	-12.6
Financial Lease	18.39	0.5	38.62	1.0	(20.23)	-52.4
Oil Transportation/Transmission	20.18	0.5	24.72	0.6	(4.54)	-18.3
Fiber Optic Lease	18.36	0.5	13.90	0.4	4.45	32.0
Others (Construction and O&M)	58.78	1.5	25.16	0.7	33.62	133.6
<b>Total Revenue</b>	<b>3,848.72</b>	<b>100.0</b>	<b>3,870.27</b>	<b>100.0</b>	<b>(21.55)</b>	<b>-0.6</b>
<b>Total Cost of Revenues</b>	<b>(2,621.35)</b>	<b>100.0</b>	<b>(2,560.77)</b>	<b>100.0</b>	<b>(60.58)</b>	<b>2.4</b>
<b>Total Gross Profit</b>	<b>1,227.37</b>		<b>1,309.50</b>		<b>-82.13</b>	<b>-6.3</b>

During 2019, PGN has recorded net revenues of USD3.84 billion, a decline of 0.6% compared to its revenues in 2018, which was USD3.87 billion. This decline in revenues was compensated by positive contributions from the distribution/commerce business segment that showed an increase and from other business segments. It is recorded that the distribution/commerce business segment in 2019 was USD183 million showing an increase of 6.6% compared to 2018. Income from the distribution/commerce business segment contributed to 77% towards the consolidated revenues.

Increase of the distribution/commerce business segment was due to an increased volume of natural gas distribution to customers during the course of 2019. Natural gas volume of 2019 was 990 BBTUD, an increase of 3% compared to 2018 which was 960 BBTUD. With this increased volume of gas sale that occurred during 2019, PGN was able to increase its overall revenue.

In terms of the transmission business segment, PGN recorded an revenues from the natural gas transmission, including income from regasification of USD269.7 million during 2019, an increase of 3.8% from 2018 which was USD259.9 million. This increase was due to increase in regasification revenue.

The oil and gas exploration and production business segment in 2019 contributed a revenue of USD374.35 million or a decline of 36.1% compared to 2018 which was USD585.52 million. This condition was due to the termination production sharing contract of the Sanga-Sanga Block and South East Sumatera Block in the third semester of 2018.

In 2019, revenue from the gas processing business segment that is part of other business segments was USD115 million showing a decline of 12.6% compared to 2018 which was USD131.58 million. This condition was primarily due to a decline in the revenue from PT Pertamina Gas and PT Perta Arun Gas.

PGN recorded a revenue from oil transportation business segment of USD20.2 million during 2019 which is a decline of 18.22% compared to 2018 which was USD24.7 million. This decline was caused by lower volume of oil transmission of PT Pertamina Gas.

In 2019, KJG's distribution volume saw a decline that caused a lower revenue from financial lease which was USD20.2 million. This decline was caused by the cessation of gas transportation from the oil and gas field of Kepodang - Muriah Block in 2019. Due to the cessation of gas transportation, KJG is currently undertaking an arbitration process to obtain their rights according to the prevailing legal provisions.

PGASOL and PERMATA contributed a revenue of USD77.14 million or an increase of 97.49% compared to 2018 which was USD39.06 million. This condition was due to increased revenue from the construction of gas pipelines in PGASOL.

From the total consolidated net revenue, 38.36% was due to a sale transaction to related entities with the Government for the year ending on December 31<sup>st</sup>, 2019.

## COST OF REVENUES

PGN's cost of revenue for 2019 comprise of purchase of gas from suppliers, costs for production of oil and gas, purchase of LNG and operation of FSRU, costs related to gas processing and other revenue costs consisting of: revenue costs for construction and management of gas pipeline, lease of building and equipment, which in total increased to USD2,621.4 million compared to 2018 which was USD2,560.8 million.

The cost of revenue increased by 2.4% or equivalent to USD60.6 from that of 2018. The increase in the revenue cost was primarily caused by purchase of gas from suppliers amounting to USD152.9 million. In 2019, there were other revenue costs from construction and services amounting to USD27.9 million due to asset construction by PGASOL and other services by PERMATA to third parties.

On the other hand, there was a decline in upstream oil and gas operating costs amounting to USD103 million which was primarily caused by a decline in production and oil and gas lifting costs by SEI as well as a decline in gas processing costs of USD15.03 million.

### PGN'S COST OF REVENUES

Cost of Revenues	2019		2018		Δ%
	Million USD	%	Million USD	%	
Purchase of Natural Gas	2,124.12	81	1,971.15	77	7.8
Operation Costs for oil and gas mining	328.60	13	431.68	17	-24
Purchase of LNG and Operations of FSRU	88.58	3	90.84	4	-2
Gas Processing	30.06	1	45.09	2	-33
Other Revenue Costs	49.99	2	22.01	1	127
<b>Total</b>	<b>2,621.35</b>	<b>100</b>	<b>2,560.77</b>	<b>100</b>	<b>2</b>

Revenue cost for purchase of gas in the amount of USD2.12 billion originates from a number of suppliers, among others: ConocoPhilips (Grissik) Ltd, PT Pertamina EP and other suppliers. The increase of the cost of purchase of gas amounting to USD152.9 million was due to an increase in the volume of gas purchase from suppliers which were undertaken in line with increased volume of gas distribution to customers.

As a consequence of increased volume of gas distribution to customers, PGN had to compensate for that increase by purchasing gas from suppliers at higher purchase price which ultimately increased the blended price in the revenue cost of oil purchase.

#### COST OF REVENUES FOR PURCHASE OF NATURAL GAS

Supplier	2019		2018		Δ%
	Million USD	%	Million USD	%	
ConocoPhilips	967	45.5	1.031	52.3	-6.2
Pertamina	468	22.0	471	23.9	-0.7
Others	689	32.4	469	23.8	47.0
<b>Total</b>	<b>2,124</b>	<b>100.0</b>	<b>1,971</b>	<b>100.0</b>	<b>7.8</b>

The cost of revenue on the purchase of LNG and operations of the FSRU themselves declined by USD2.26 million due to the decline of cost of purchase for LNG in 2019 compared to 2018.

In 2019, the cost of revenue for oil and gas was USD328.6 million which was a decline at 23.9% compared to

2018 which was USD431.68 million. This condition was caused by a decline in oil and gas lifting volume, and LPG from the oil and gas working area of SEI that was already producing. In addition, there was a revocation of investment in SEI for the Unimar joint venture at the end 2018 in line with the termination of the Sanga-Sanga block production sharing contract.

#### COSTS OF REVENUES FOR OIL AND GAS

Expenses	2019		2018		Δ%
	Million USD	%	Million USD	%	
Production and lifting cost	113.79	34.6	165.55	38.3	-31.3
Depreciation, Depletion and Amortization Cost	214.81	65.4	266.13	61.7	-19.3
<b>Total</b>	<b>328.60</b>	<b>100.0</b>	<b>431.68</b>	<b>100.0</b>	<b>-23.9</b>

Cost of Revenue for LNG was USD88.58 million originating from FSRU lease, depreciation cost, purchase of LNG and LNG regasification process cost. The decline of this

revenue cost was primarily caused by a decline in the purchase cost of LNG at 8.6% in 2019 when compared to that of the previous year.

#### COST OF REVENUES FOR LNG

Cost	2019		2018		Δ%
	Million USD	%	Million USD	%	
LNG related Cost	62.17	70.2	67.98	74.8	-8.6
Depreciation Cost	26.41	29.8	22.86	25.2	15.5
<b>Total</b>	<b>88.58</b>	<b>100.0</b>	<b>90.84</b>	<b>100.0</b>	<b>-2.5</b>

Cost of revenue for PGN gas processing in 2019 was USD30.06 million compared to 2018 which was USD45.09

million or a decline of 33.3% where this decline was in line with the decline in the gas processing revenue.

#### COST OF REVENUES FOR GAS PROCESSING

Cost	2019		2018		Δ%
	Million USD	%	Million USD	%	
Leas and Other Services	30.06	100.0	45.09	100.0	-33.3
<b>Total</b>	<b>30.06</b>	<b>100.0</b>	<b>45.09</b>	<b>100.0</b>	<b>-33.3</b>

In 2019 there were other costs of revenue from business activities amounting to USD49.9 million which was primarily contributed by PGASOL and Permata. This value

underwent a decline of 127% equivalent to USD27.9 million compared to 2018.

#### COST OF REVENUES FOR OTHERS

Cost	2019		2018		Δ%
	Million USD	%	Million USD	%	
Rent and other services	49.99	100.0	22.01	44.0	127.2
<b>Total</b>	<b>49.99</b>	<b>100.0</b>	<b>22.01</b>	<b>44.0</b>	<b>127.2</b>

## GROSS PROFIT

In 2019, PGN's gross profit saw a decline of 6% to become USD1.22 billion compared to 2018 which was USD1.31 billion. This USD82.1 million decline was caused by a decline in revenue from the oil and gas exploration and production, gas processing, financial lease and oil transportation.

## DISTRIBUTION AND TRANSMISSION EXPENSES

In 2019, the Distribution and Transmission Cost saw an increase of 0.31% to become USD439.1 million compared to 2018 which was USD437.8 million. This USD1.3 million increase was primarily caused by an increase in repair and maintenance costs which was USD8.7 million, salaries, remuneration, post service and other long terms amounting to USD9.4 million, and general services which was USD10.2 million.

## GENERAL AND ADMINISTRATIVE EXPENSES

In 2019, General and Administration Expenses saw an increase of 7.2 % or equivalent to USD18.1 million to become USD269.8 million compared to 2018 which was USD251.7 million. In general, expense elements in the General and Administration Expenses underwent a decline compared to the previous year. However, there was a significant change in an increase to the allowance for impairment losses for receivables and valuation of fair value for accounts receivables in the amount of USD43 million where it was primarily caused due to provision of impairment on lease receivables in KJG as a consequence of the cessation of oil and gas transportation from the Kepodang field developed by PCML to the Tambak Lorok power plant through PT Kalimantan Jawa Gas

(KJG) transmission pipes. Regarding the cessation of transportation of natural gas KJG is currently undertaking an arbitrage process to gain their rights in accordance with the provisions of the prevailing laws.

## OTHER INCOME

In 2019, other revenues saw a decline of 29.58% of USD62.1 million compared to 2018 which was USD88.2 million. The USD26.1 million decline was primarily caused to the fact that there were no other revenues in 2019 received by PGN as was the case in 2018 that included revenues such as tax refund from the Pangkah block which was received in 2018 in the sum of USD37.6 million, accrued refund in 2017 that was recorded in 2018, and receipt of tax paid of the PLI Subsidiary Entity for tax audits in 2015 which was received in 2018. Those other revenues in 2018 were not part of routine revenues thus those other revenues were not recorded in 2019. This caused PGN's other revenues in 2019 to show a decline.

## OTHER EXPENSES

In 2019, other revenues saw a decline of 6.8% of USD34.2 million compared to 2018 which was USD36.7 million.

## OPERATING PROFIT

In 2019, PGN suffered a decline in operational profit amounting to 18.64% to become USD546.3 million compared to that of 2018 which was USD671.5 million. This USD125.2 million decline was primarily caused by a decline in gross profits, an increase in the Distribution/Transmission business segment expenses, increase in Administration and General expenses, and a decline in Other Revenues.

## FINANCE INCOME

In 2019, the financial revenue saw a decline of 13.0% to become USD30.1 million compared to 2018 which was USD34.6 million. The USD4.5 million decline was primarily caused by a lower interest rate of the time deposit in 2019.

## FINANCE COST

The Financial Expenses of 2019 saw an increase of 12.46% to become USD172.5 million compared to 2018 which was USD153.4 million. The increase of the Financial Expenses in the sum of USD19.1 million was primarily caused due to interest expenses on promissory notes of USD11.1 million, and an increase in the interest increase expenses on loans to banks amounting to USD6.9 million.

## LOSS ON FOREIGN EXCHANGE-NET

In 2019, there was a loss of foreign exchange amounting to USD28.0 million, an increase of 48.7% when compared to the loss of foreign ex chance of 2018 that amounted to USD18.8 million. The increase was primarily caused by a strengthening of JPY exchange rate to the USD aside from a strengthening of the IDR to the USD thus causing a loss of foreign exchange due to translation of liability of the JPY as well as the IDR into USD. The position of the USD to the Japanese Yen on December 31<sup>st</sup>, 2018 was JPY 110.4/USD strengthening to JPY 108.6/USD on December 31<sup>st</sup>, 2019. The position of the USD to the Rupiah on December 31<sup>st</sup>, 2018 was Rp14,481/USD strengthening to Rp13,901/USD on December 31<sup>st</sup>, 2019.

## GAIN ON CHANGE IN FAIR VALUE OF DERIVATIVES

In 2019, there was a profit on change in fair value of derivatives amounting to USD45 thousand while in 2018, a profit on change in fair value of derivatives amounting to USD4.6 million. The Profit/Loss Derivative Fair Value in 2019 was not significant because PGN no longer conducted value hedge on liability fair value change from fluctuation risks of the USD/JPY exchange rate due to the long term loan in the Japanese Yen currency obtained from JBIC.

## SHARE OF PROFIT FROM THE JOINT VENTURES

The share of profit from joint ventures comprise share in profit of TGI, NR, PT Permata Karya Jasa, PT Perta-Samtan Gas, and PT Perta Daya Gas. In 2019, there was a decline in the share of profit from associations and joint ventures amounted to USD67.2 million gained from TGI amounted to USD29.4 million, NR amounted to USD17.1 million, PT Permata Karya Jasa amounted to USD1.2 million, PT Perta-Samtan Gas amounted to USD16.2 million, and PT Perta Daya Gas amounted to USD3.3 million. The decline of the total share in profit of joint ventures by 7.5% was primarily caused due to a decline in profit from NR, PT Permata Karya Jasa, and PT Perta-Samtan Gas.

## IMPAIRMENT OF OIL AND GAS PROPERTIES

Measuring and recording impairment and reversal on impairment is related to estimation of oil and gas reserves as well as a significant change to global oil price. PGN's recorded oil and gas property comprise exploration asset and evaluation as well as oil and gas property.

At the end of each reporting period/year, the Company assesses whether there is an indication that the assets are impaired. In the event of such an indication during the impairment testing, the Company makes a formal estimation on the amount of assets recovered. The recovered amount determined for individual assets is the higher total between the asset fair value or the Cash Generating Unit (CGU) minus the sale expenses for sale with its value in use, unless those assets do not generate cash inflows which are mostly independent of assets or groups of assets. If the Cash Generating Unit (CGU) is higher than the amount of the recovered asset, then the asset is deemed as having been impaired and the carrying value of the asset is lowered to be equal to the recovered amount.

In assessing the value in use, the estimated net future cash flow is discounted to their present value using a pre-tax discount rate that reflect current market assessments of the time value of money and risks specific to the asset. In determining fair value less costs to sell, the recent market transactions are taken into account, when available. If no such transaction can be identified, the Company uses an appropriate valuation model to determine the asset's fair value. These calculations are corroborated by valuation multiples or other available fair value indicators. This assessment is made at the end of reporting date to determine as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

If such indications as mentioned above are identified, the entity estimates the amount recovered of assets or the CGU. Recognized impaired losses during the previous period/year for non-goodwill assets are reversed only if there are changes to the assumptions used to determine the recovered amount of assets since the last recognized impaired losses. In this case, the carrying amount is

increased in terms of the recovered amount. The reversal is limited so that the asset carrying amount does not exceed the recovered amount or the carrying amount, net after depreciation, where there is no impairment losses are recognized for those assets in the previous period/year. Reversal of impairment losses is recognized as profit or loss. Following the reversal, the asset depreciation is adjusted to the coming period on a systematic basis during the useful life of the asset.

In 2018, PGN recorded impairment losses for the oil and gas property in the Pangkah working area of USD26.22 million that was caused by a decline in oil price at the end of 2018. In 2019, PGN again recorded recovery of the carrying amount of the oil and gas property in the working are of Pangkah amounting to USD62.7 million due to the extension of the Pangkah block production sharing contract.

#### **WRITE-OFF IN JOINT VENTURES INVESTMENT**

In 2018, PGN recorded a write-off in joint ventures amounting to USD7.18 million for investment in the Unimar joint venture due to the termination of the production sharing contract in the Sanga-Sanga working are in Agustus 2018. Such a transaction did not occur in 2019.

#### **IMPAIRMENT OF FIXED ASSETS**

Fixed Asset Impairment amounting to USD98.2 was a fixed asset impairment at LJG due to the cessation of oil and gas transportation from the Kepodang field to the Tambak Lorok power plant in September 2019 where a provision had to be made in accordance with the PSAK 48.

In accordance with the gas transportation agreement document between PCML, PT PLN (Persero) and KJG, KJG as the Company's Affiliate guarantees a return on investment through a Ship or Pay provision. However, the party to bear the Ship or Pay provision is currently under

dispute with KJG, and therefore KJG is taking the case to the arbitration court to obtain their rights. The Management is confident of winning the ongoing arbitration process in order for KJG's investment to be recovered in the future.

### PROVISION FOR TAX DISPUTE

The Tax Dispute Provision in the sum of USD127.7 million is a BPT Tax in SEI where the Supreme Court pursuant to Decision Number 4003/B/PK/Pjk/2019 rejected the Decision of the Tax Court and decided in favor of SEI. The Decision of the Supreme Court was received by SEI January 20<sup>th</sup>, 2020, and in accordance with the PSAK 8 Incident Following Date of Report and PSAK 57 Contingency Provision and Asset Contingency, the Company must make a Provision. The Management will continue the legal procedures on this tax dispute in accordance with the provisions of the prevailing laws. The Management remains confident that the tax expense in the amount of USD127.7 can be recovered in the coming future.

### PROFIT BEFORE INCOME TAX

In 2019, the Profit Before Benefit (Expense) declined by 35.3% at USD279 million compared to that of 2018 which was USD584.9 million. This decline was primarily caused by a decline in the Operation Profit and decrease of Financial Revenue on time deposit interest, the increase of the financial expense due to interest on promissory notes, provision on the BPT tax dispute in SEI, impairment of KJG's fixed assets and the decline of share in profit from joint ventures.

### INCOME TAX EXPENSE

In 2019, the tax expense-net declined by 27.2% to USD166.9 million compared to that of 2018 which was USD220.3 million. The current income tax that was calculated in 2019 declined by 41.7% to USD105.8 million compared to that of 2018 which was USD181.4 million.

This decrease was related to a decline in profit before income tax. The deferred tax expense itself was increased to USD61.1 million from USD38.8 million in 2018 primarily due to a recovery of oil and gas property in the working area of Pangkah.

### OTHER COMPREHENSIVE INCOME

Presentation of other comprehensive income appear following the application of the PSAK No.1 (Revised in 2009) on Presentation of Financial Statements, which became effective as of January 1<sup>st</sup>, 2011. On January 1<sup>st</sup>, 2016, PSAK No.1 (Revised in 2013) Presentation of Financial Statements came into effect. This revised PSAK divide presentation of items in the group of Other Comprehensive Income that will be reclassified to profit or loss. The Other Comprehensive Incomes comprise:

1. Assets Available For Sale
 

In 2019, from other comprehensive income after tax on assets available for sale, PGN gained a profit of USD3.9 million or an increase from that of 2018 recording loss in change of fair value amounting to USD3.2 million. This was an increase in value that had not been realized on change of fair value on assets available for sale.
2. In 2019, there was a loss on foreign currency because the description of the financial report in the sum of USD20.9 million an increase when compared to that of 2018 which was a loss on foreign currency description of USD12.0 million. This was due to the strengthening of the Rupiah to the USD at the end of 2019.
3. In 2019, the net actuarial loss was USD8.0 million compared to 2018 which was USD12.5 million. Other Comprehensive Revenue After Tax on actuarial loss is a result of actuary calculation on Employee Benefits of the Company where at the end of every period there is variable / assumption adjustment in relation to the actual condition at the time.

### PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT ENTITY

In 2019, PGN produced profit for the year attributable to the owners of the parent entity amounting to USD67.6 million, a decline of 77.8% compared to 2018 which was USD305.0 million. This decrease was due to a decline of Profit Before Tax (Expenses amounting to 47.9%.

### PROFIT FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

In 2019, profit of the year attributable to non-controlling interests amounted to USD45.4 million while in 2018, profit of the year attributable to non-controlling interest amounted to USD59.65 million. The decline of the profit was primarily caused by recognition of the loss attributable to non-controlling interest in PT Kalimantan Jawa Gas.

### COMPREHENSIVE PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT ENTITY

In 2019, PGN produced a total comprehensive income for the year attributable to owners of the parent entity in the amount of USD83.7 million, a decline of 69.7% compared to 2018 which was USD276.5 million. This decrease relates to the Decline of Profit for the Year 2019 compared to 2018.

### PROFITABILITY RATIOS

Description	2019	2018	Δ%
Net Profit Margin (%)	1.76	7.88	-77.72
Return on Assets (%)	0.92	3.84	-76.14
Return on Equity (%)	2.09	9.53	-78.06

### COMPREHENSIVE PROFIT FOR THE YEAR ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

The total comprehensive income for the year attributable to non-controlling interests in 2019 amounted to USD46.1 million compared to 2018 which was USD60.3 million.

### ASSET

In 2019, PGN's Total Asset amounted to USD7.37 billion consisting of 30% Current Assets and 70% Non-Current Assets. The Total Value of this Asset declined by 7.1% compared to 2018 which was USD7.94 billion. The decline of assets was primarily due to a decrease in cash and cash equivalent to pay the promissory notes in the amount of USD691.0 million, short term and long term receivables balance and amounting to USD157.9 million, as well as a decline in fixed assets due to a USD113.7 million depreciation.

### ASSET

Description	2019		2018		Δ	
	Million USD	%	Million USD	%	Million USD	%
Current Asset	2,208.55	30.0	2,473.61	31.2	(265.06)	-10.7
Non-Current Asset	5,165.16	70.0	5,465.66	68.8	(300.50)	-5.5
<b>Total</b>	<b>7,373.71</b>	<b>100.0</b>	<b>7,939.27</b>	<b>100.0</b>	<b>(565.56)</b>	<b>-7.1</b>

## Current Asset

PGN'd current asset in 2019 declined by 11% to USD2.21 billion when compared to 2018 which was USD2.47

billion. This decline was primarily caused by a decline in Cash and Cash Equivalent, Other Receivables and Estimated Tax Value.

### CURRENT ASSETS

Description	2019		2018		Δ	
	Million USD	%	Million USD	%	Million USD	%
Cash and Cash Equivalent	1,040.38	47	1,315.23	53	(274.86)	-21
Restricted cash	18.00	1	22.55	1	(4.55)	-20
Short Term Investment	186.36	8	63.63	3	122.73	193
Trade Receivables	509.52	23	540.93	22	(31.41)	-6
Other Receivables	135.56	6	205.29	8	(69.73)	-34
Derivative Assets	-	0	0.40	0	(0.40)	-100
Inventories	70.80	3	78.51	3	(7.71)	-10
Estimated tax value	190.16	9	168.22	7	21.94	13
Advances	41.13	2	50.96	2	(9.83)	-19
Prepaid expenses	16.64	1	27.87	1	(11.22)	-40
<b>Total</b>	<b>2,208.55</b>	<b>100</b>	<b>2,473.60</b>	<b>100</b>	<b>(265.06)</b>	<b>-10.7</b>

## Cash and Cash Equivalent

In 2019, the position of Cash and Cash Equivalents declined by 20.9% to USD1.04 billion when compared to

2018 which was USD1.32 billion. The balance was primarily influenced by payment of promissory notes amounting to USD691.0 million

### COMPOSITION OF CASH AND CASH EQUIVALENT

Description	2019		2018		Δ	
	Million USD	%	Million USD	%	Million USD	%
Cash	0.97	0.1	0.62	0.0	0.35	56.5
Bank:						
Rupiah	275.81	26.5	157.01	11.9	118.80	75.7
USD	225.04	21.6	761.71	57.9	(536.67)	-70.5
YEN	2.98	0.3	6.90	0.5	(3.92)	-56.8
SGD	0.10	0.0	0.11	0.0	(0.01)	-9.1
<b>Total Bank</b>	<b>503.93</b>	<b>48.5</b>	<b>925.73</b>	<b>70.4</b>	<b>(421.80)</b>	<b>-45.6</b>
<b>Total Cash and Bank</b>	<b>504.90</b>	<b>48.5</b>	<b>926.35</b>	<b>70.4</b>	<b>(421.45)</b>	<b>-45.5</b>
Deposits:						
Rupiah	334.78	32.2	293.42	22.3	41.36	14.1
USD	200.69	19.3	95.47	7.3	105.23	110.2
<b>Total Deposits</b>	<b>535.47</b>	<b>51.5</b>	<b>388.88</b>	<b>29.6</b>	<b>146.59</b>	<b>37.7</b>
<b>Total Cash and Cash Equivalent</b>	<b>1,040.38</b>	<b>100.0</b>	<b>1,315.23</b>	<b>100.0</b>	<b>(274.86)</b>	<b>-20.9</b>

The composition of Cash and Cash Equivalents consist of Cash and Bank amounting to USD504.9 million and Cash Equivalents in the form of Time Deposits which were not restricted for use amounting to USD535.47 million, with a

composition of 59% in Rupiah, 41% in USD, less than 1% in JPY, and SGD for the overall Cash and Cash Equivalents. Average interest rates of the USD deposits were 2.69% and deposits in Rupiah were 6.74%.

### COMPOSITION OF CURRENCIES IN CASH AND CASH EQUIVALENTS

Description	2019		2018		Δ	
	Million USD	%	Million USD	%	Million USD	%
Rupiah	611.6	59	451.1	34	160.50	36
USD	425.7	41	857.2	65	(431.50)	-50
JPY	3.0	0	6.9	1	(3.90)	-57
SGD	0.1	0	0.1	0	(0.0)	0
<b>Total</b>	<b>1,040.4</b>	<b>100</b>	<b>1,315.3</b>	<b>100</b>	<b>(274.80)</b>	<b>-21</b>

Aside from Cash and Cash Equivalents above, there was Cash with restricted use in USD amounting to USD18 million, a decline of 20.2% from 2018 which was USD22.6 million. The increase was primarily caused by an increase in the non-current portion of bank guarantee placement by the Group related to firm commitment in the Pekawai PSC, West Yamdena PSC, Pangkah PSC and funds related to the acquisition of participating interest in the Sangasanga Block which is deduct the restricted cash balance.

### Short Term Investment

In 2019, the Short Term Investment value experienced an increase of 192.9% to USD186.4 million when compared to 2018 which was USD63.6 million. This increase was due to an increase of placement of short term investment instruments and changes to fair value of existing short term investments.

### SHORT TERM INVESTMENT

Description	Currency Composition 2019		2019	2018
	Million Rupiah	Million USD	Million USD	Million USD
Pertamina		48.32	48.32	46.80
ANTAM	25,000.00		1.80	1.65
Perum Pegadaian	21,041.27		1.51	1.38
SBSN		4.11	4.11	3.89
INDON		10.34	10.34	9.90
Lembaga Pembiayaan Expor Impor Indonesia	-		-	0.00
Red Arc Global Investments (Ireland)		120.28	120.28	-
<b>Total</b>	<b>46,041.27</b>	<b>183.05</b>	<b>186.36</b>	<b>63.63</b>

### Current Trade Receivables

In 2019, Net Current Trade Receivables declined by 6% to USD509.5 million when compared to 2018 which was USD540.9 million. This decline was primarily because there was no PLN Lease Receivables in 2019. The composition of Net Trade Receivables in that year consisted of 65.8% gas distribution activities, 22.7% from gas transmission, 4.3% from oil and gas exploration and production, 7.30% from optic fiber lease.

Meanwhile the amount of Net Trade Receivables in USD for gas distribution activities amounted to USD442.7 million, gas transmission was USD155.2 million, oil and gas exploration and production amounted to USD29.6 million, and fiber optic lease was USD6.9 million. PGN reserved USD110.2 million as allowance for impairment losses. This allowance for provision for potential loss due to uncollectable receivables. This allowance for impairment losses increased by 91.1% from USD57.65 million in 2018.

### Other Receivables

Other Receivables in 2019 declined by 34% to USD135.56 million when compared to 2018 which was USD205.3 million. This decrease was primarily caused by payment of receivables carried from Neptune Energy Muara Bakau B.V.

### Current Maturity of Advances

Current Maturities of Advances in 2019 declined by 19.3% to USD41.1 million when compared to 2018 which was USD50.9 million. This was primarily caused by a decrease in advances balance for the purchase of goods and services at PGASOL in the amount of USD9.98 million.

### Non-Current Asset

In 2019, Non-Current Assets declined by 5.5% to USD5.2 billion when compared to 2018 which was USD5.5 billion. This decline was primarily caused by a decrease in oil and gas property in the sum of USD15.3 million, a decrease in investment values in joint ventures amounting to USD15.5 million and a decrease in long term trade receivables amounting to USD126.5 million. On the other hand, there was an increase in oil and gas exploration and evaluation assets amounting to USD7 million.

## NON-CURRENT ASSET

Description	2019		2018		Δ	
	Million USD	%	Million USD	%	Million USD	%
Cash with Restricted use	76.6	1.5	55.4	1.0	21.2	38.3
Trade Receivables	65.0	1.3	191.5	3.5	-126.5	-66.1
Other Long Term Receivables	97.5	1.9	95.7	1.8	1.8	1.9
Advances, Non Current	44.9	0.9	44.4	0.8	0.5	1.1
Prepaid Advances, Non Current	74.3	1.4	67.3	1.2	7.0	10.4
Equity Participation	365.9	7.1	381.4	7.0	-15.5	-4.1
Fixed Assets	2,747.7	53.2	2,861.4	52.4	-113.7	-4.0
Exploration and Evaluation Assets	104.5	2.0	97.5	1.8	7.0	7.2
Oil and Gas Properties	1,395.8	27.0	1,411.1	25.8	-15.3	-1.1
Goodwill and Other Intangible Assets Others	3.8	0.1	4.5	0.1	-0.7	-15.6
Estimated Deferred Tax	58.2	1.1	123.9	2.3	-65.7	53.0
Deferred Tax Liabilities	126.3	2.4	127.3	2.3	-1.0	-0.8
Others	4.7	0.1	4.1	0.1	0.6	14.6
<b>Total</b>	<b>5,165.2</b>	<b>100.0</b>	<b>5,465.7</b>	<b>100.0</b>	<b>300.3</b>	<b>-5.5</b>

### Trade Receivables (Long Term)

In 2019, recognition of Trade Receivables in the sum of USD574.49 million with long term portion of USD65 million was a lease receivable related to KJG's transmission activities that met the criteria of lease according to PSAK No. 30 on Lease.

### Other Long Term Receivables

In 2019, Other Long Term Receivables increased in an amount of USD1.8 million which was primarily caused by reclassification from other receivables to other short term Receivables which was very significant in 2018.

### Investment in Shares

Investment in Shares of Stock is investment and recognition of profit from associated entities and joint venture entities namely PT Gas Energi Jambi (GEJ), PT Nusantara Regas (NR), PT Transportasi Gas Indonesia (TGI), PT Permata Karya Jasa (Perkasa) through PGN MAS, as well as PT Perta-Samtan Gas (PSG) and PT Perta Daya Gas (PDG) through PT Pertamina Gas where the Company's overall investment presented an ownership of 40% in GEJ, 40% in NR, 59.87% in TGI, 60% in Perkasa, 66% in PSG, and 65% in PDG. The investment value in Associated Entities and Joint Venture Entities in 2019 declined by 4.1% to USD365.9 million when compared to 2018 which was USD381.4 million as a result of receipt of dividends of TGI and PT Perta-Samtan Gas that was larger compared to absorption of the profit.

### Fixed Assets

In 2019, Assets continued to decline by 4% to USD2.74 billion when compared to 2018 which was USD2.86 billion. This decrease in Fixed Assets was primarily caused by a depreciation of the current year's fixed assets.

### Exploration and Evaluation Assets

In 2019, the Exploration and Evaluation Assets increased by 7.2% to USD104.5 million when compared to 2018 which was USD97.5 million. This increase was primarily generated from investments in South Sesulu, East Kalimantan amounting to USD5.1 million.

### Oil and Gas Properties

The Oil and Gas Property declined in 2019 by 1.1% to USD1.39 billion when compared to 2018 which was USD1.41 billion. This was mainly caused by depreciation, depletion, and current year amortization in the amount of USD214.8 million and there was any reversal impairment in 2019.

### Estimated Claims for Tax Refund

The Company's Estimated Claims For Tax Refund declined by 53.1% in 2019 to USD58.2 million when compared to 2018 which was USD123.9 million. This decrease was primarily caused by a decline in the estimated Value Added Tax in the amount of USD43.34 million and PPh (Income Tax) Article 4 paragraph (2) in the sum of USD44.55 million.

### Goodwill and Other Intangible Assets

Recognition of Goodwill and Intangible Assets declined by 15.9% in 2019 to USD3.8 million when compared to 2018 which was USD4.5 million. This decrease was primarily caused by additional license amortization on software in 2019.

## LIABILITIES

At the end of 2019, PGN recorded Total Liabilities in the sum of USD4.14 billion consisting of 27.1% as Short Term Liabilities and 72.9% as Long Term Liabilities. The Total Liabilities declined by 12.6 when compared to 2018 which

was USD4.73 billion. The decrease of the Total Liabilities amounting to USD597.97 million was primarily due to settlement of Promissory Notes to PT Pertamina (Persero) on March 4<sup>th</sup>, 2019 related to acquisition transaction of 51% shares owned by PT Pertamina (Persero) in PT Pertamina Gas at the end of 2018.

### Short Term Liabilities

In 2019, the Short Term Liabilities declined by 30% to USD1,123.4 million when compared to 2018 which was USD1,604.5 million. This decrease was primarily caused by payment of Promissory Notes to PT Pertamina (Persero) on March 4<sup>th</sup>, 2019.

#### COMPOSITION OF SHORT-TERM LIABILITIES

Description	2019		2018		Δ	
	Million USD	%	Million USD	%	Million USD	%
Trade Payables	260.1	23.2	213.8	13.3	46.3	21.7
Other Payables	181.3	16.1	234.9	14.6	-53.6	-22.8
Accrued Expenses	317.4	28.3	255.3	15.9	62.1	24.3
Short Term Portion of Long term Bank Loan	21.4	1.9	23.3	1.5	-1.9	-8.2
Short Term Portion of Loan from Shareholders	35.6	3.2	53.8	3.4	-18.2	-33.8
Short-Term Bank Loans	164.4	14.6	0.0	0.0	164.4	~
Promissory Note	0.0	0.0	691.0	43.1	-691.0	-100.0
Tax Payables	55.5	4.9	48.9	3.0	6.6	13.5
Short Term Employee Benefit Liabilities	54.3	4.8	50.8	3.2	3.5	6.9
Short Term Portion from Deferred Revenue	33.4	3.0	32.8	2.0	0.6	1.8
<b>Total</b>	<b>1,123.4</b>	<b>100.0</b>	<b>1,604.6</b>	<b>100.0</b>	<b>-481.2</b>	<b>-30.0</b>

### Trade Payables

Trade Payables increased in 2019 by 21.7% to USD260.1 million when compared to 2018 which was USD213.8 million. This increase was primarily caused by an increase in the volume of gas purchase relating to an increase of gas distribution/commerce to customers.

### Short-Term Bank Loans

In 2019, PGN took a new loan from Bank Mandiri in an amount of USD164.38 million.

### Accrued Expenses

Accrued liabilities in 2019 increased by 24.3% to USD317.4 million when compared to 2018 which was USD255.3 million. This increase was primarily caused to a provision for the SEI Tax dispute in the amount of USD127 million.

### Short Term Portion of Shareholder Loans

Since 2012, PT Pertamina Gas entered into a loan agreement with PT Pertamina (Persero) to finance capital expenditure. Disbursement of that loan was through a fund dropping mechanism and used an interest rate applicable in the market which was charged on a monthly basis. During 2019, PT Pertamina Gas has made settlement on that loan in the sum of USD88.2 million.

### Other Payables

In 2019, Other Loans declined by 22.8% to USD181.3 million when compared to 2018 which was USD234.9 million. This decrease was primarily caused by a decline in Other Loans with PT Pertamina (Persero) amounting to USD29.8 million. The loan for gas pipeline management for households as a task from the Government (State Budget) was also

recorded as Other Loans which was a reclassification of the overall Business Revenue for the management of oil pipeline for households as a task from the Government (State Budget) because there was not yet a final business scheme for management of oil pipeline for households as a task from the Government (State Budget).

### Composition of Long-Term Liabilities

The Long-Term Liabilities declined in 2019 by 3.7% to USD3.01 billion when compared to 2018 which was USD3.13 billion. The decrease by USD116.8 million was primarily caused by payment of the SEI syndicated loan in the sum of USD125 million. In addition, PT Pertamina Gas also made a settlement of the long-term loan shareholders' loan in the amount of USD88.2 million.

### COMPOSITION OF LONG-TERM LIABILITIES

Description	2019		2018		Δ	
	Million USD	%	Million USD	%	Million USD	%
Long-term Bank Loans	357.1	11.8	496.5	15.8	-139.4	-28.1
Shareholder Loans	210.6	7.0	280.7	9.0	-70.1	-25.0
Other Long-Term Payables	30.6	1.0	26.2	0.8	4.4	16.8
Bonds Payables	1,961.4	65.0	1,958.6	62.5	2.8	0.1
Deferred Tax Liabilities	225.8	7.5	166.5	5.3	59.3	35.6
Asset Removal and Restoration Liabilities	80.3	2.7	74.5	2.4	5.8	7.8
Post Employee Benefit Liabilities	147.8	4.9	127.2	4.1	20.6	16.2
Prepaid Revenue	2.6	0.1	2.7	0.1	-0.1	-3.7
<b>Total</b>	<b>3,016.2</b>	<b>100.0</b>	<b>3,132.9</b>	<b>100.0</b>	<b>-116.7</b>	<b>-3.7</b>

### Deferred Tax Liabilities

Deferred Tax Liabilities increased in 2019 by 35.6% to USD225.8 million when compared to 2018 which was USD166.5 million. This increase was primarily caused by an increase in the SEI deferred tax liability due to an increase in a difference of recognition of the Unrecoverable Cost and fixed asset value between the accounting and fiscal bookkeeping.

### Long Term Loans

In 2019, the Long-Term Loans declined by 28.1% to USD357.1 million when compared to 2018 which was

USD496.5 million. This decrease was primarily caused by payment of the SEI syndicated loan in the sum of USD125 million in 2019.

### Bonds Payables

On 12 May 2014, PGN issued Senior Unsecured Fixed Rate Notes amounting to USD1.35 billion which will mature on 16 May 2024 at an issuance price of 99.037%. These bonds are listed in the Singapore Stock Exchange, and are irrevocably and unconditionally guaranteed by the Company.

The net proceeds which amounted to USD1.33 billion and were used for capital expenditure, additional working capital and other general corporate business.

In May of 2017, SEI issued Senior Unsecured Fixed Rate Notes in the amount of USD625 million, which will mature on 5 May 2024 with issue price of 100%. These bonds are listed at the Singapore Stock Exchange.

The net proceeds were used to settle the syndicated loan, for capital expenditure and acquisition activities, additional working capital and other general business. During 2019, the Bonds Payable balance increased by 0.1% of amounting to USD2.8 million which was caused by discounted amortization and bond issuance cost for the portion of 2019.

### Asset abandonment and site restoration obligations

In 2019, Asset Abandonment and Restoration Liabilities declined by 5.8% to USD80.3 million when compared to 2018 which amounted to USD74.5million. This decrease was mainly caused by a change of the current estimation for asset abandonment and restoration costs of the area abandoned.

### EQUITY

Equity increased by 1% amounting to USD3,234 billion when compared to 2018 which amounted to USD3,202 billion.

#### EQUITY

Description	2019		2018		Δ	
	Million USD	%	Million USD	%	Million USD	%
Share Capital	344.0	11	344.0	11	0.0	0
Additional Paid-in Capital	-467.6	-13	-467.6	-15	0.0	0
Retained Earnings	2,728.8	84	2,758.6	86	-29.8	-1
Other Components of Equity	-44.4	-1	-60.5	-2	16.1	-27
Non-Controlling Interests	673.4	21	627.4	20	46.0	7
<b>Total</b>	<b>3,234.2</b>	<b>100</b>	<b>3,201.9</b>	<b>100</b>	<b>32.3</b>	<b>1</b>

### CASH FLOW

The position of cash and cash equivalents in 2019 declined by 21% amounting to USD1,040 billion when compared to 2018 which amounted to USD1,315 billion. This cash balance was influenced by receipt of operational

activities, investment activities particularly the payment of promissory notes on purchase of 51% shares owned by PT Pertamina (Persero) in PT Pertamina Gas and additional Fixed Assets, Oil and Gas Property, as well as Exploration and Evaluation Assets.

## CASH FLOW

Description	2019	2018
	Million USD	Million USD
Cash Flows from Operating Activities	810.6	919.0
Cash Flows from Investing Activities	-939.8	-724.0
Cash Flows from Financing Activities	-155.1	-10.6
Net effects Foreign Exchange differences from Cash and Cash Equivalents	9.5	-9.6
Net Increase in Cash and Cash Equivalents	-274.8	174.8
Cash and Cash Equivalents at Beginning of Period	1,315.2	1,140.4
Cash and Cash Equivalents at End of Period	1,040.4	1,315.2

### Cash Flows from Operating Activities

Cash Flow from Operation Activities in 2019 declined by 12% amounting to USD810.58 million when compared with 2018 which amounted to USD918.97. This decrease was mainly caused by an increase in cash payment to suppliers in line with increase to the HPP in 2019. In addition, there was an increase in payment of business expenses and other operation activities, and increase in payment to employees.

### Cash Flows from Investing Activities

Cash Flow from Investing Activities in 2019 increased by 29.8% becoming negative cash flow of USD939.8 when compared to 2018 of which the negative cash flow was USD724.0 million. This was primarily caused by payment of

promissory notes for the settlement of 51% acquisition of shares owned by PT Pertamina (Persero) in PT Pertamina Gas. In addition, there was also an increase in short term investment placement.

### Cash Flows from Financing Activities

Cash Flow from Financing Activities in 2019 increased to become negative cash flow in the amount of USD155.1 million when compared to 2018 which was a negative cash flow of USD10.6 million. This was primarily caused by a number of settlements of long-term loans, short term loans and loan from the shareholders in 2019.

## DEBT SERVICE COVERAGE RATIO

As of December 31<sup>st</sup>, 2019, the debt to equity ratio declined from 109.43% in 2018 to 85.04% in 2019, and the debt service coverage ratio declined from 5.79 in 2018 to 2.02 in 2019. This was impacted by the settlement of short-term loan in the sum of USD120 million, and payment of long-term loan in the amount of USD134.2 million. However, PGN's overall ability to pay loans, both short term and long term, was relatively stable and maintained.

## DEBT SERVICE COVERAGE RATIO

Ratio	2019	2018
Debt to Equity Ratio (%)	85.04	109.43
Net Debt / EBITDA (x)	1.46	1.75
EBITDA/Interest Expenses (x)	6.03	7.93
EBITDA/Interest Expenses + Principal Loan (x)	2.02	5.86

## RECEIVABLES COLLECTABILITY

At the end of 2019, PGN's ability to collect receivables (collection period) was 50 days. This calculation was obtained by dividing receivables balance per December 31<sup>st</sup>, 2019 by net income of 2019 and multiplied by the number of days in a year (365 days). The Collection Period for the Distribution business was 48 days. This indicates that PGN remains effective in managing the collectability to the distribution customers. To mitigate the

risk of doubtful accounts, PGN guarantees subscription to all customers. Guarantees can be in the form of Bank Guarantee, SBLC, cash and other forms set out in gas subscription procedures. Under this guarantee, if customers are unable to repay their debts, PGN may redeem the guarantee to settle the debt.

## CAPITAL STRUCTURE

The capital structure is the particular combination of interest-bearing loans and equity. Based on the 2019 Financial Report, the capital structure of PGN is as follows:

### CAPITALSTRUCTURE COMPOSITION

Description	2019	2018	Δ
Total Debt	2,750,428,060	3,503,951,305	-21,5%
Total short-term loan	164,387,454		
Total Long-term Bank Loans	378,441,282	519,832,588	-27,2%
Bonds Payables	1,961,391,577	1,958,569,888	0,1%
Shareholder Loans	246,207,747	334,505,181	-26,4%
Promissory Note		691,043,648	-100,0%
Equity	3,234,300,881	3,201,890,711	1,0%
Capital Structure Composition	46 : 54	52 : 48	

The debt composition of the company in 2019 stood at USD2.75 billion, consisting of short-term loans, long-term loans to government-related entities, and bonds payable. In 2019, PGN signed a short-term loans agreement valuing USD150 million with three-month Libor Rate and annual interest rate of 0.575%, as well as a drawdown in short term loans in PGASOL amounting to Rp100 billion.

Equity composition of the company of USD3.23 billion consists of paid-up capital, retained earnings, and other equity components. In December 2003, PGN was listed in the Indonesia Stock Exchange with the central government as the majority shareholder.

In 2018, the government restructured State-owned Enterprises by establishing Oil and Gas Holding. Based on Government Regulation Number 6/2018 on Additional Capital Participation of the Central Government to PT Pertamina Share Capital, the central government increased capital participation to PT Pertamina (Persero) share capital which originated from the transfer of all series B shares belonging to the central government to PGN by 56.96%.

On December 28<sup>th</sup>, 2018, PGN acquired 51% of PT Pertamina Gas shares and be the controlling shareholder. As a result, it could consolidate on the Financial Statements of PT Pertamina Gas. On March 4<sup>th</sup> 2019, PGN settled the promissory notes of the transaction which amounted to Rp10,091,667 million

Under SFAS No. 38, PGN recorded the 51% share acquisition of PT Pertamina Gas using the pooling-of-interest method where it is as if the Financial Statements of PT Pertamina Gas have been consolidated by PGN from the beginning. Therefore, PGN recognized the equity of merging entities at USD572.76 million to consolidate the Financial Statements of PT Pertamina Gas in the period prior to acquisition transaction.

The equity was not put to note in 2018 taking into account the completed transaction over PT Pertamina Gas net profit. However, PGN in 2018 posted excess value of 51%

share acquisition transaction of PT Pertamina Gas and net assets of PT Pertamina Gas by the acquisition date as balance disposal of additional paid-in capital bearing in mind the transaction did not have economic substances according to SFAS No. 38.

In 2019, PGN did not initiate any corporate action that altered its equity structure.

### **MANAGEMENT POLICY ON CAPITAL STRUCTURE**

PGN adopts policy of optimum capital structure to meet the goals of its business by, among others, maintaining robust capital ratio as well as maximizing the value of its shareholders. Several debt instruments have financial ratios which require maximum leverage ratio. PGN has conformed to all capital requirements set by creditors. The management monitors capital by making use of several financial leverage measurements such as debt to equity ratio and debt service ratio.

### **BASIC MANAGEMENT POLICY ON CAPITAL STRUCTURE**

PGN issued policy of capital structure by maintaining debt ratio according to the financial covenant in PGN loan contract to creditor at 66.67% : 33.33%. The debt to equity ratio is measured based on the distribution of long-term debt portion to Company's equity.

## MATERIAL COMMITMENTS FOR CAPITAL INVESTMENT

By the end of 2019, PGN did not record any material commitments relevant to the Capital Investment.

## REALIZATION OF CAPITAL EXPENDITURE

Every year PGN allocated budget for capital expenditure to sustain the reliability of its business as well as expanding and growing. Here is summary of the realization of capital expenditure in 2019:

### 1. Types of Capital Investment

In 2019, PGN invested capital in sectors including upstream, downstream, and others.

### 2. Investment Purposes

Upstream investment aims at developing upstream gas field so as to boost production the operating field. Investment also aims at fields that are in development and exploration stages: a proof of the Company's commitment to the government in developing oil and gas fields. Investment in midstream and downstream sectors includes the installment of pipeline network and gas distribution supporting facilities as well as LNG and Mini LNG development which aiming at customer attachment, refinement of reliability of pipeline

network integrity, and improvement in the capacity of supporting facilities as part of PGN's effort to provide excellent service to customers.

The objective of investing in other sectors is to reinforce the core business of PGN: gas distribution and transmission (telecommunication, property and services, construction and operation maintenance).

### 3. Investment Value

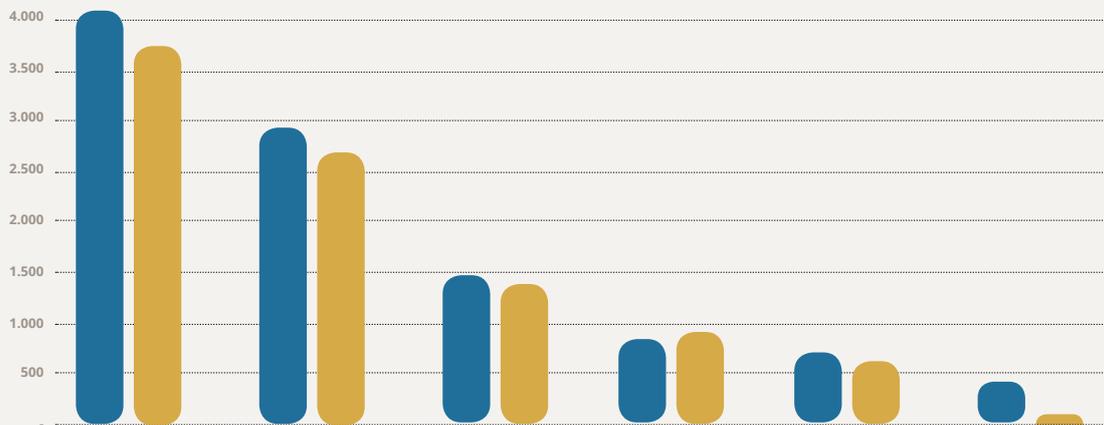
Description	Capex (Million USD)
Upstream	121.90
Midstream	6.02
Downstream	69.60
Others	21.30
<b>Total</b>	<b>218.82</b>

## TARGET AND REALIZATION

### TARGET ACHIEVEMENT IN 2019

In 2019, PGN was successful in gripping business opportunities yet dealing with separate challenges. There were circumstances that stymied the achievement of the target set in the year earlier. The following is summary of PGN's performance target in 2019.

## TARGET ACHIEVEMENT 2019 (IN MILLION USD)



	REVENUE	COGS	GROSS PROFIT	OPERATING COST	OPERATING PROFIT	NET INCOME
● RKAP 2019	4,086.29	2,808.47	1,277.81	674.57	618.17	310.01
● REALIZATION 2019	3,848.72	2,621.35	1,227.37	708.93	546.33	67.58

### ANALYSIS OF THE OPERATION/PRODUCTION AND MARKETING REALIZATION

The realization of gas management in 2019 includes distribution/commerce with 990 BBTUD or 99% of the Budget and Work Plan (RKAP) in 2019 and transmission with 1,369.85 MMSCFD or 94.3% of the RKAP 2019. The mistargeted operational performance was due to external factors. The decrease in gas distribution was caused by the cutback in processed gas volume as a

result of the lowering performance of LPG dehydrator belonging to PT Media Karya Sentosa (MKS). The dwindling gas transmission volume was mainly due the volume decrease in some transmission segments run by PT Pertamina Gas such as inactivity in ammonia plant run by Pupuk Iskandar Muda, slashed gas absorption in Pupuk Kujang due to shut down in plant 1A, and dropped rate of gas use in Pupuk Sriwidjaja as only three out of four plants were in operation.

Target Comparison & Realization of Operations	Target 2019	Realization 2019	Δ	
	Amount	Amount	Amount	%
Distribution Volume (BBTUD)	998	990	8	-1
Transmission Volume (MMSCFD)	1,456	1,369	87	-6
Oil & Gas Lifting (MMBOE)	10.8	10.3	1	-7
Gas Processing (TPD)	753	716	37	-5
Oil Transportation (MMBOE)	4.36	3.74	1	-14
Regasification (BBTUD)	130	120	10	-8

### ANALYSIS OF THE REVENUE REALIZATION

Net income in 2019 amounted to USD3,848.7 million or 94.2% of the RKAP 2019 which was mainly determined by the decrease in the company's operating volume and delay in gas price increase according to Minister of Energy and Mineral Resources Letter No.482/12/MEM.M/2019 on the Postponement of Gas Price Readjustment of PT PGN for Commerce and Industrial Customers which was initially scheduled to take place on July 2019. The contracting net revenue affected operating profit which reached USD546.33 million or 92.5% of the RKAP 2019.

### ANALYSIS OF THE PROFIT REALIZATION

Profit of the Current Period in 2019 reached USD67.6 million or 21.8% of the RKAP 2019 which was mainly shaped by the non-cash items like provision for SEI tax dispute and impairment of assets on transmission pipelines as well as provision for KJG leasing receivables in keeping with the cessation of gas distribution from Kepodang-Muriah Block field; loss on foreign exchange translation due to appreciation of JPY against USD in account payable balance in JPY; Rupiah foreign exchange difference over the acquisition transaction of PT Pertamina Gas; and delayed increase of gas price.

### ANALYSIS OF THE REALIZATION OF HUMAN RESOURCES DEVELOPMENT

In order to accomplish the vision and mission and support PGN's role as Gas Subholding, the Company keeps on setting up comprehensive capacity building programs for the employees which consistently parallel to either in-house and public training, certification, knowledge sharing, and courses. The programs are systematically designed to adapt to the company's growth in that PGN employees could make the grade and work professionally.

PGN is committed to build the capacity of its employees so as to fill the capability gap among employees. PGN is prepared with programs to develop technical proficiency and managerial skill through in-house and public training as well as certification. In 2019, PGN set 80 programs of in-house technical proficiency of which realization is 83 programs. PGN also set the implementation target of in-house managerial skill at 20 programs of which realization was 26 programs. The participation rate in the development program stood at 87% of the targeted 80%.

### LEARNING DEVELOPMENT PROGRAM in 2019

	TARGET	REALIZATION
1 In-house training program of technical proficiency	75 programs	83 programs
2 Workers' Participation Rate	80%	87%
3 In-house Training Program of managerial skill	20 programs	26 programs

## TARGET FOR INCOMING YEAR

### Macro Assumption

Global growth was projected to rise from an estimated 3.0% in 2019 to 3.4% in 2020 as predicted in the World Economic Outlook (WEO) of October 2019. The projection reflects the economic activities in a few emerging markets, notably India, which is forecasted to reach 7.0% from 6.1% in 2019, and ASEAN countries which are estimated to increase from 4.8% in 2019 to 4.9% in 2019. Meanwhile, advanced economies like China and the U.S. were seen as gradually slowing. The U.S is predicted to slow by 2.1% in 2020 from 2.4% in 2019, while China decelerated from 5.8% in 2020 from 6.1% in 2019.

GDP in Indonesia is estimated by LPEM FEB of Universitas Indonesia to rise between 5.0% and 5.2%, slower than that in 2019. Several external blows including geopolitical turmoil and plunge in commodity prices, made worse by weak domestic economy, making an early sign that further decline will occur in 2020. In the said year, export performance is deemed sluggish due to disproportionate dependence on raw commodities especially palm oil

and coal, not to mention the weak manufacture that is still highly reliant on imported raw material and capital goods all of which is expected to prolong Indonesia's trade deficit.

Based on the 2020 State Budget Book, the Indonesia crude price (ICP) is likely set at US\$63 per barrel, which remains leveled with the 2019 outlook. However, the fluctuating demand of world crude oil may shake global oil prices in 2020. In addition to ICP, regulations will be the main focus as regards natural gas business sustainability. Supported by acceptable policy and passion to channel good energy, PGN is consistently committed to support the government programs through infrastructure development and gas distribution to various places in Indonesia for better wellbeing of the Indonesian people.

### Marketing and Operational Targets

The national economic growth in 2020 which is projected to reach between 5.0% and 5.2% will certainly affect the Company's performance in 2020. However, the company is hopeful that its performance will improve through increase in volume:

Description	Real 2019	Target 2020
Distribution Volume (BBTUD)*	949	982
Transmission Volume (MMSCFD)**	1,369	1.377
Oil & Gas Lifting (MMBOE)	10.3	11
Gas Processing (TPD)***	64	66.4
Oil Transportation (MMBOE)	3.74	3.65
Regasification (BBTUD)	120	126

\* Exclude Processed Gas

\*\* Exclude TGI & KJG

\*\*\* Exclude Perta Samtan

## Revenue and Profit Targets

Income and Profit Target in 2020 is expected to complement the increase in operational volume as mentioned above.

PGN focuses on its core business while reinforcing the diversification of non-gas businesses to shore its performance. PGN expands to construction and engineering, telecommunication, electricity, and property through subsidiaries and affiliations aiming at achieving the projected income and profit.

The Company sets Strategic Imperatives to achieve the above performance target that will serve as a model for the internal stakeholders in PGN Group to keep being integrated and directed in achieving the Company's targets:

### 1. Upstream

The company will keep optimizing the assets portfolio of the existing upstream natural gas to pump up added-valued to the Company as well as streamlining the unit cost of production.

### 2. Natural Gas Sector and Processing

Attainment in natural gas performance and processing in the coming years will be dependent on matters as follows:

- a. Acceleration in gas business growth that is in line with the business integration of Gas Subholding.
- b. Development in integrated gas infrastructure to support the implementation of integrated gas business.
- c. Elaboration in opportunities to develop global trading & overseas marketing business by handling the LNG Sourcing owned by Gas Subholding as well as ability in providing downstream infrastructure (competitive advantages).

d. Making the most out of gas business development collaboratively in every available value chain with the main customers.

e. Intensification of chances to develop the downstream business concerning both upturn in existing business or development in new business by adopting strategic partnership scheme or other mutual schemes.

f. Restructuring in business model in line with amended Minister of Energy and Mineral Resources Regulation (e.g. regulated gas price, implementation of distribution network and specific commerce areas, and implementation of accounting unbundling).

g. Implementation of product development for all-natural gas customers as a product differentiation which follows customer segmentation.

### 3. Other Sectors

The company applies Strategic Imperatives for other sectors aiming at supporting the core business that PGN. The strategy includes implementation of digital transformation in the internal business process of Subholding Gas Group, implementation of Shared Service Center (SSC) and ICT excellence, as well as bringing into play information technology in the entire value chain so as to achieve operational excellence and customer satisfaction, optimize business supporting assets, and improve ownership and controlling statuses over land status, and restructure Subsidiaries according to the instructions from Directors, Commissioners, or Shareholders.

### Human Resources Development Targets

In 2020, PGN is still committed to build the capacity of its employees through in-house technical competency training which accommodates 50 programs, and in-house managerial skill which accommodates 8 programs. In addition, due to inevitable progress in the advancement of digital technology, PGN in 2020 will roll out an online learning program with three modules. The program is expected to help PGN go digital, facilitate the extent to which employees in every operational area build their capacity, and improve efficiency of performance and costs in PGN.

#### LEARNING DEVELOPMENT PROGRAM In 2020

1	In-House Corporate Training of Technical Proficiency Target	50 technical trainings
2	Online Learning Development	3 modules of online learning
3	Targeted In-House Corporate Training of Managerial Skill	8 programs

## MATERIAL INFORMATION AFTER REPORTING YEAR

Following reporting date, no material information is available in PGN and its Subsidiaries or Affiliations.

## BUSINESS PROSPECT

In 2019, the government issued Minister of Energy and

Mineral Resources Regulation Number 14/2019 which specifies the Amendment of Minister of Energy and Mineral Resources Number 58/2017 concerning Selling Price of Natural Gas through Pipelines. In downstream oil and gas businesses, the management cost for natural gas infrastructure is set at 11% (eleven percent) at best in US Dollar.

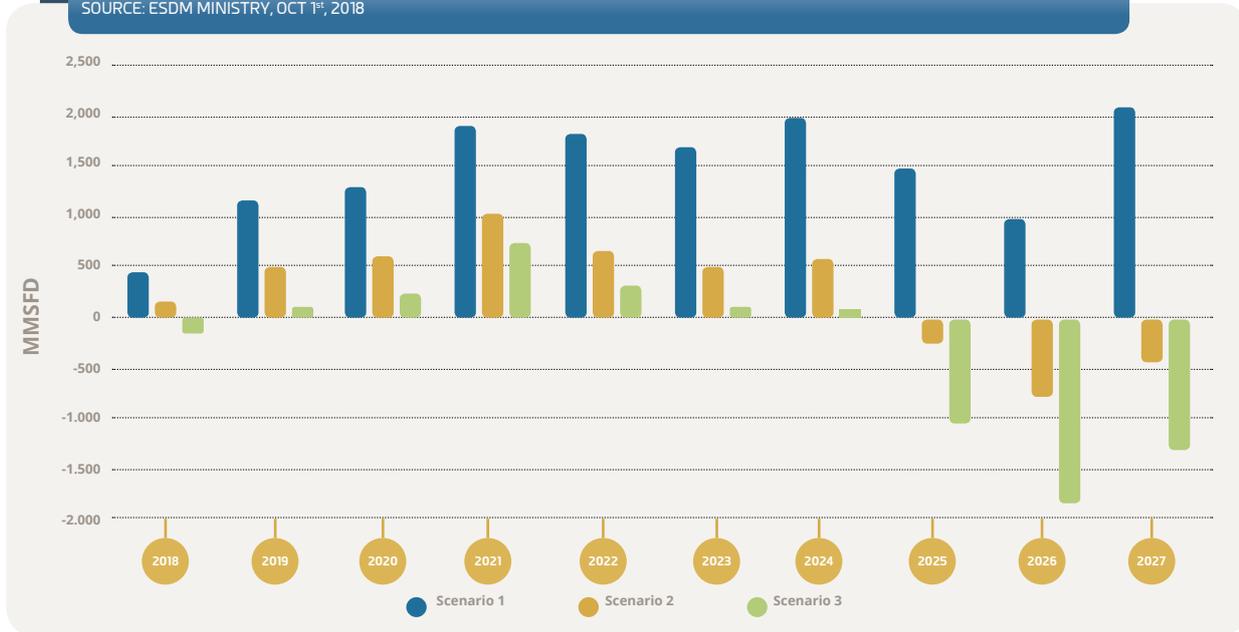
In terms of infrastructure development by Oil and Natural Gas Business Licensee Enterprise in areas where pioneering natural gas market and its infrastructure is, the Oil and Natural Gas Business Licensee Enterprise may propose the highest IRR at 12% (twelve percent) in US dollar. Under certain condition, the IRR is subject to evaluation and revision by the Minister.

The natural gas volume referred in the early economic calculation equals the allocated natural gas owned or 60% (sixty percent) of the capacity of the designed pipelines. The economic span of the project is measured, at the slightest, 30 years since the first selling price of downstream natural gas is set.

Through Minister of Energy and Mineral Resources Regulation Number 04/2018, an enterprise is granted exclusive Limited Trading Area until a guarantee of investment return is locked at a certain extent of time. The aforementioned regulation also particularly specifies the appointment of State-Owned Enterprises (BUMN) in constructing and operating Transmission Pipelines and/or Distribution Network Area so as to accelerate infrastructure development. Challenges that PGN will be dealing with going forward include massive development of gas infrastructure in 2020, household gas pipeline network development originating from the State Budget of 266,070, and improvement in PGN capacity as a global player taking into account its status as the national subholding company of midstream and downstream natural gas. Following is the Projected Indonesia Natural Gas Balance:

### NATURAL GAS BALANCE OF INDONESIA (2018-2027)

SOURCE: ESDM MINISTRY, OCT 1<sup>st</sup>, 2018



Ministry of Energy and Mineral Resources released Indonesia gas balance of 2018 – 2027 on 1 October 2018. Taking scenario number 1 into account, the national gas balance of 2018 – 2027 continuously records surplus, assuming that gas demand is based on natural gas utilization as well as termination of long-term contracts of exported gas. Ministry of Energy and Mineral Resources released Indonesia gas balance of 2018 – 2027 on 1 October 2018.

The second scenario projects gas surplus between 2018 and 2024. However, the 2025 - 2027 period records deficit

as an impact of expected gas demand from electricity sector based on Electricity Supply Business Plan (RUPTL) of 2018 – 2027. Other causes of deficit include additional retail industry by 5.5%, implementation of refinery project, and on-schedule installments of new petrochemical and fertilizer facilities. Gas deficit in 2025 is predicted to reach 206.5 mmscfd by applying scenario number 3, and Indonesia gas balance will record deficit in 2025 – 2027. In 2025, the deficit in gas balance reaches 1,072 mmscfd and increase to 1,572.43 mmscfd by 2026. However, it decreases to 1,374.95 mmscfd in 2027.

### PROJECTION NATURAL GAS DEMAND IN INDONESIA BY SECTOR

mmcf/d	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Power plant	1,028	1,036	1,035	998	1,038	1,040	1,170	1,203	1,401	1,294	1,423	1,670	1,858
Captive	324	291	178	126	97	148	305	323	321	320	321	321	329
Non-Power	2,013	2,151	2,212	2,274	2,351	2,345	2,365	2,414	2,502	2,524	2,619	2,653	2,703
Industry	1,046	1,105	1,139	1,221	1,275	1,310	1,358	1,382	1,407	1,431	1,528	1,574	1,616
Households and Commerce	20	20	21	22	23	23	26	27	29	30	32	34	35
Transportation	36	55	78	89	100	88	102	102	102	102	102	103	103
Others	155	155	143	107	98	70	73	69	69	70	71	72	73
Fertilizer	756	815	830	835	854	854	806	835	895	892	886	871	876
<b>Total Demand</b>	<b>3,365</b>	<b>3,478</b>	<b>3,424</b>	<b>3,398</b>	<b>3,485</b>	<b>3,533</b>	<b>3,840</b>	<b>3,941</b>	<b>4,224</b>	<b>4,139</b>	<b>4,363</b>	<b>4,643</b>	<b>4,890</b>

Source: Wood Mackenzie

Demand from energy sector on natural gas remains positive in the years that follow as the government issues policy to

boost the utilization of domestic gas. Today, the utilization of natural gas for the domestic market is still higher.

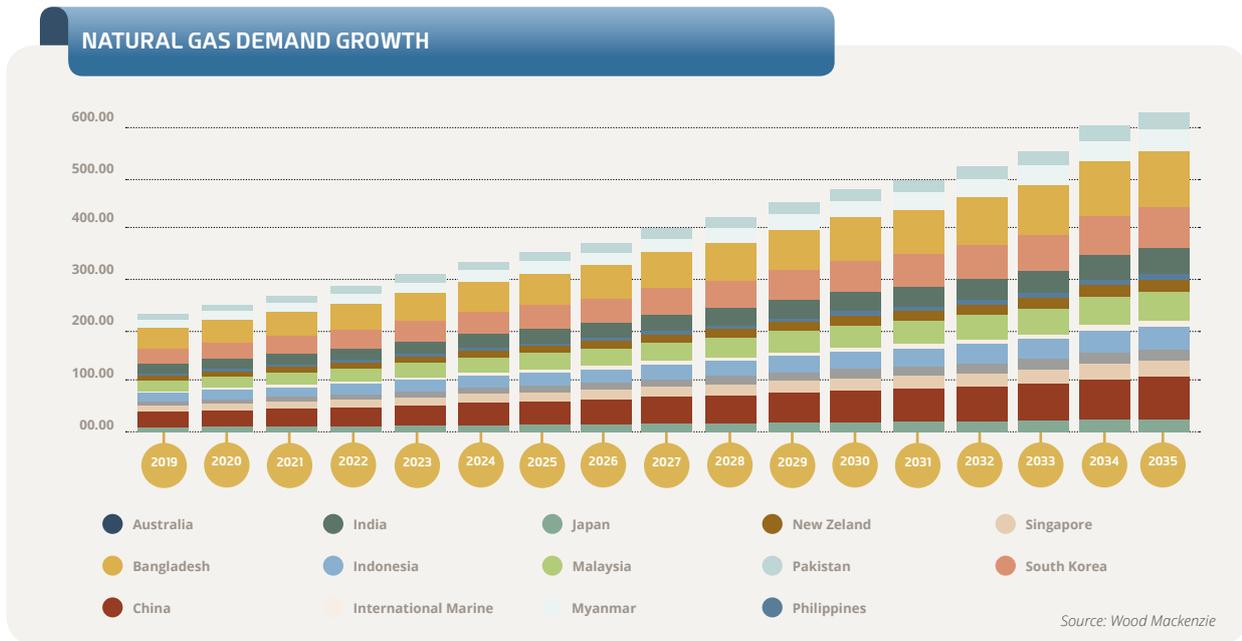
### GDP PROJECTION - INDONESIA

Indicators	Units	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>2018</b>													
GDP Growth	%	5.0	4.8	4.8	4.7	4.7	4.6	4.6	4.5	4.5	4.4	4.4	4.3
<b>2019</b>													
GDP	US\$Bn (2005)	1202.4	1258.5	1315.1	1377.5	1441.7	1508.2	1577.4	1648.3	1722.0	1798.2	1876.6	1956.9
Population	Million	269.5	272.2	274.9	277.4	279.9	282.4	284.8	287.1	289.3	291.5	293.6	295.6
GDP Growth	%	4.9	4.7	4.5	4.7	4.7	4.6	4.6	4.5	4.5	4.4	4.4	4.3
GDP per Capita	US\$ (2005)	4,461	4,623	4,785	4,965	5,150	5,341	5,540	5,742	5,952	6,170	6,393	6,620
Exchange Rate	Rupiah / US\$	13,870	13,650	13,687	13,740	14,010	14,284	14,564	14,850	15,141	15,438	15,741	16,049

Source: Wood Mackenzie

Given the Aspect of Economic Development based on the GDP Growth, the Figure of Economic Condition in Indonesia contracts rather significantly and inversely

proportional to the projected annual growth of the Indonesian population. This will help increase domestic gas demand each year.



The yearly inflating demand of gas in the Asia Pacific countries is potential for Indonesia as the country with huge gas reserve to expand its gas business to countries in Asia Pacific especially Southeast Asia. Myanmar is targeted in the LNG trading with projected demand of 0.5 metric ton per year (mtpa) or equals 9 cargoes per year. The next target in 2023 is the Philippines.

Based on the external and internal conditions, as well as concerning the direction of the government policy on domestic gas utilization, PGN sees sound outlook on its international business in the years ahead.

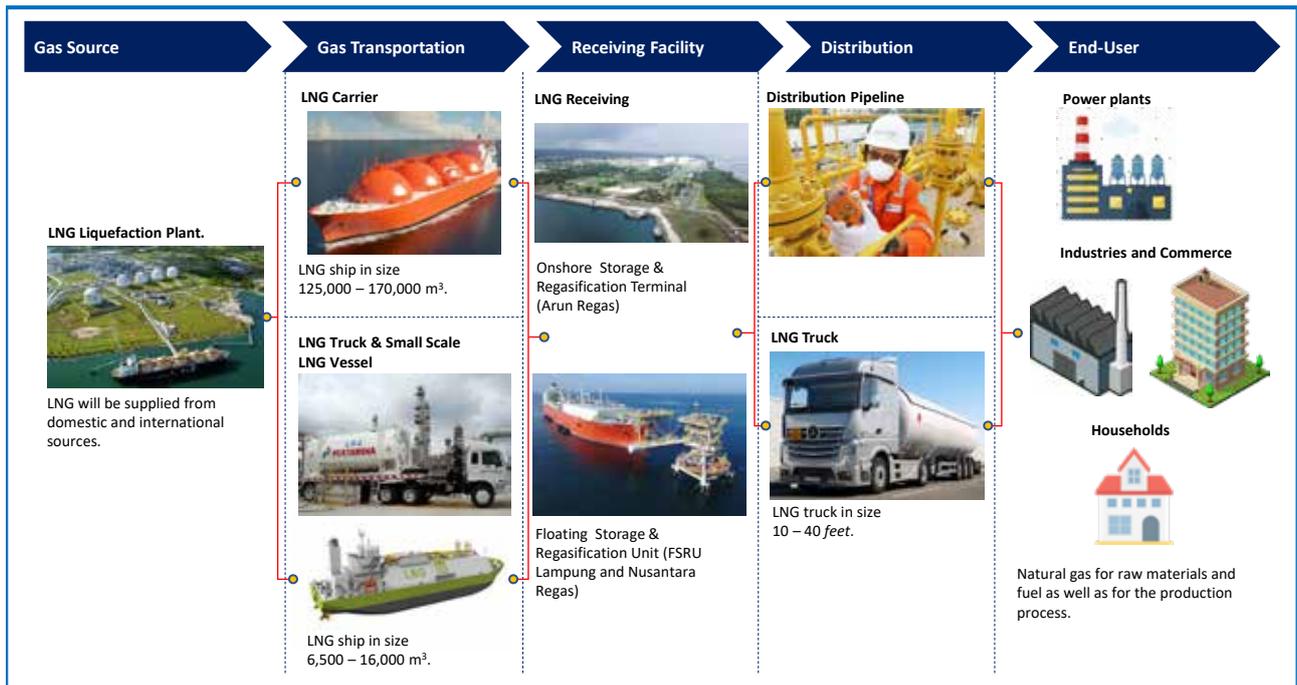
## BUSINESS DEVELOPMENT

The Company has prepared various business plans to expand its business in all chains of natural gas sector in Indonesia. As a gas subholding, the Management clearly steers direction of its business to stronger natural gas management going forward. Initiatives have been formulated to dominate the natural gas market share not only domestically but also globally.

### LNG BUSINESS

In July of 2019, LNG Global Ventures, LNG Technical Support, and some part of Portfolio Business Development of the Corporate Marketing Directorate of PT Pertamina merged with the Business Unit of LNG PGN as part of

the implementation process of gas subholding. The consolidated three functions lead to the improvement of PGN capability in distributing gas to consumers along the gas business chains through virtual pipelines (LNG) of assorted gas sources.



The domestic gas business is highly dependent on the realized gas demand for industry, electricity (PLN), and oil refinery in that other business portfolios overseas are required to support business growth.

LNG Business Unit mainly accounts for initiating the business development of LNG infrastructure in 62omesti of Southeast Asia and America, LNG supply for PGN Group, LNG Trading, business development related to the LNG infrastructure in 62omestic, and aligning LNG business in PGN subsidiaries/affiliations.

As for LNG Technical Support, it has contributed to technical support and project management for operational & maintenance as well as developing infrastructure and businesses of LNG Pertamina Group, PGN Group and its subsidiaries.

### ACQUISITION OF GAS BASED POWER PLANT

In order to step up the natural gas business portfolio, especially downstream, the Company focuses on electric power industry particularly gas-based power plant. For the time being, the Company has affiliated to an entity on electricity named Widar. The Company chose Widar to supply electricity and other supporting services so as to maintain and create gas market and boost the Company's overall income. In line with the Company's articles of association, Widar's business includes electricity supply and supporting electricity services.

However, the current electricity portfolio proves inadequate to lead the market and improve the Company's core business in natural gas. The Company's strategy to penetrate the business aims at both organic and inorganic

business developments. Pursuant to the plan, a number of business opportunities have been secured and followed up. The Company's participation in gas-based power plant is scheduled to be executed by 2020.

## INTERNATIONAL BUSINESS

Based on the long-term business plan of State Gas Company (PGN) 2019 – 2024, the Company sets Corporate Target in 2024 as follows: distribution volume of 2,400 BBTUD, USD8 billion of income, and USD1 billion of net profit. PGN has designed the business development plan for its core and derivative businesses. The target nonetheless will not be achieved if the only focus for growth is domestic market. Therefore, PGN intends to penetrate to the international market to compensate for the gap in the target.

To carry through with the business development overseas, PGN has classified countries that are potential for partnership. Turkey as one of the targeted countries is selected because of its quite high—and increasing—demand of natural gas, adequate gas infrastructure, and opportunity for investors or external parties to develop business in the country thanks to local regulations and policies.

## WASTE TO ENERGY

Waste has been a growing concern especially in cities where population growth concurs with urbanization and changes in consumption patterns from natural ingredients to man-made. Reckless handling of waste may lead to poor environment (land, air, and water pollution) and public health. Waste that does not easily decompose will pollute the soil, while open burning of

waste will result in the release of toxic pollutants into the air. In addition, water from decomposed waste will contaminate ground water.

Some government policies that support the Waste to Energy program open the way for the Company to get to the field. All these years, the paradigm in waste management in Indonesia has been limited to collect-transport-dump principle which only adds pressure to landfill. On the other hand, cities often deal with limited land. For this reason, a breakthrough in the development of waste management technology and business, such as the implementation of Waste to Energy program, is required.

## PREMIUM CITY GAS

The government, through Ministry of Energy and Mineral Resources has authorized PGN to operate the gas distribution network for households as the Company is deemed competent for such task. The green light for PGN involves work that is concerned with running and maintaining the gas network for households as well as supplying and distributing gas to households.

Nonetheless, a number of issues concerning the feasibility of the distribution network especially household users still impede the business development. Such issues include high investment, low volume of household gas use, and high operation and maintenance costs. Consequently, PGN is preparing Premium Gas Network, a business model that may solve the said problem. It is expected that the scheme will avoid Household Gas Network from burdening the Company, but contributing more to its income growth.

## ISOTANK MANUFACTURED

Industrial gas is resulted from a separation process and production process. The separation process produces Oxygen (O<sub>2</sub>), Nitrogen (N<sub>2</sub>), Argon (Ar), and Helium (He). Acetylene (C<sub>2</sub>H<sub>2</sub>) and Nitrous Oxide (N<sub>2</sub>O) occur in a chemical reaction whose process requires Calcium carbide (for Acetylene) and Ammonium Nitrate (for Nitrous Oxide). As for Hydrogen (H<sub>2</sub>) and Carbon Dioxide (CO<sub>2</sub>), the chemical reaction and separation need Hydrocarbon.

Industrial gas serves consumers from industries as diverse as food and beverage, chemical, cosmetic, hospital, steel, automotive, to name but a few. Normally, the product takes the form of gas, but it is distributed in gas or liquid depending on the volume of gas utilization and distance between consumers and the producer. For consumers with relatively high gas consumption, the industrial gas producer may distribute the product in liquid gas through transportation line. As for those with low industrial gas consumption, the product is distributed through gas cylinder (ISO tanks). Air Separation Plant (ASP) which produces Oxygen, Nitrogen, and Argon are the largest market for industrial gas. The market shares at least 45% of the total industrial gas market in Indonesia. Asetilen, Carbon dioxide, Hydrogen, and Nitrous oxide are products having fairly high demand.

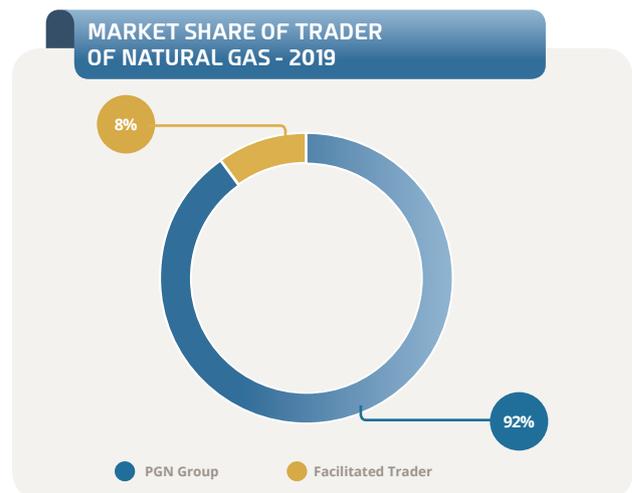
ISO Tank is a possible choice for distributing liquid gas, and it is built with the International Organization for Standardization (ISO) standard. ISO tank is made of stainless steel and carbon steel covered by various protective layers. Isolations may differ depending on the content. ISO tank has cylinder-like shape with varied dimensions. Average life of each tank is around 8-16 years. Today, four companies supply industrial gas: Liquide Indonesia, PT United Air

Products, PT Linde Indonesia, and PT Aneka Gas Industri with 73% of market share. Such a sizeable share is potential for development by the Company.

## MARKETING ASPECTS

### MARKET SHARE

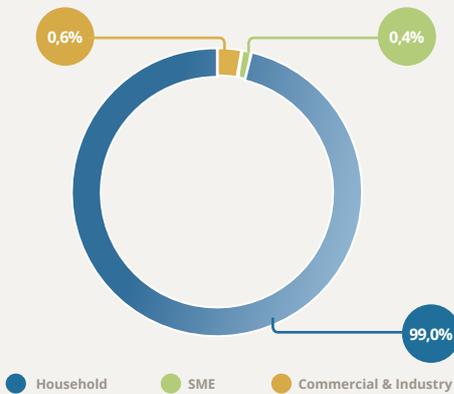
During 2019, natural gas production in Indonesia for domestic consumption reached ±6,100 MMScfd and ±2,670 MMScfd for export consumption. In terms of natural gas utilization, the manufacturing industry sector contributes 26% in the utilization of national natural gas. In terms of utilization of natural gas for domestic consumption, around 4,000 MMScfd is managed by the upstream sector to be channeled directly to end users and around 1,040 MMScfd is managed by a natural gas natural gas business facility. In terms of utilization of PGN as one of the facilitated commercial gas business entities, it controls around 92% of the commercial gas market share through distribution pipes in Indonesia. The market share in 2019 increased compared with the year earlier which stood at 89%.



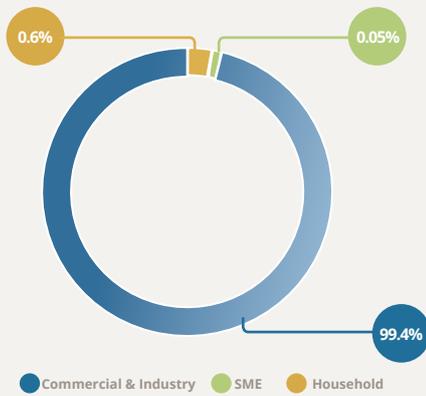
### CUSTOMER PROFILE

Most PGN customers are households at 99% of total PGN natural gas users. However, based on the distribution volume to customers, commerce-industrial users dominate the number. The latter segment absorbs 99.4% of total PGN distributed gas. Natural gas demand in each segment depends on the types and capacities of production means that customers have.

**NUMBER OF CUSTOMERS**



**VOLUME BY TYPE OF CUSTOMERS**



PGN distributed gas to 397,474 households, small users, or commerce-industrial users, soaring from its customers a year earlier which stood at 325,917. A revamp in services reflects PGN's commitment in extending domestic supply. The increase in the number of users occurs equally in all commerce areas such as RD I, RD II, and RD III. The following is user composition:

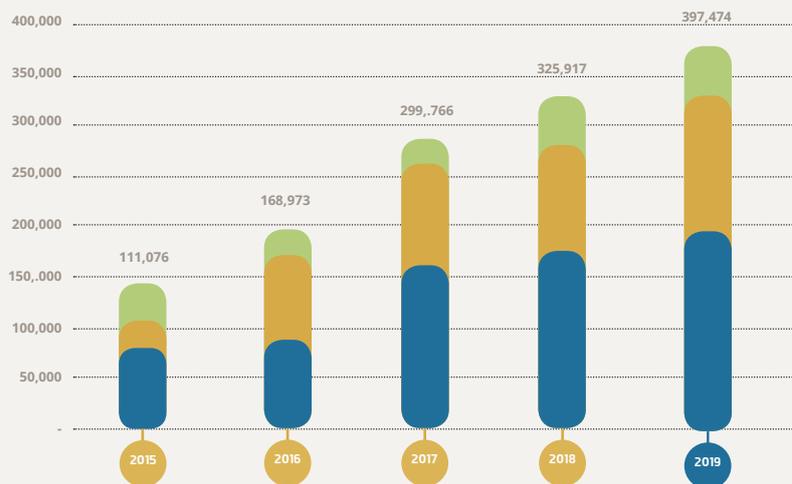
**PGN CUSTOMER'S GROWTH IN 2018-2019**

Customer's Area	2019		2018		Δ%
	Customers	%	Customers	%	
RD I	182,288	46	158,387,00	49	15
RD II	167,738	42	122,460,00	38	37
RD III	47,448	12	45,070,00	14	5
<b>Total</b>	<b>397,474</b>	<b>100</b>	<b>325,917</b>	<b>100</b>	<b>22</b>

## CUSTOMERS COMPOSITION IN 2018-2019

Customers	2019		2018		Δ%
	Customers	%	Customers	%	
Households	393,453	99	322,073	99	22
Small Users	1,566	0	1,470	0	7
Commerce - Industry	2,455	1	2,374	1	3
<b>Total</b>	<b>397,474</b>	<b>100</b>	<b>325,917</b>	<b>100</b>	<b>18</b>

## GROWTH NUMBER OF PGN'S NATURAL GAS CUSTOMER



	2015	2016	2017	2018	2019
RD III	20,002	21,267	38,561	45,070	47,448
RD II	19,873	69,945	111,803	122,460	167,738
RD I	71,201	77,761	149,402	158,387	182,288
<b>Total</b>	<b>111,076</b>	<b>168,973</b>	<b>299,766</b>	<b>325,917</b>	<b>397,474</b>

## NATURAL GAS PRICE ADJUSTMENT

The readjustment in PGN gas selling price is affected by the fluctuating prices of gas purchase, gas transportation costs, market volatility, global economy, and regulatory changes. The government has issued several regulations concerning the arrangement of natural gas commerce in Indonesia, among others:

- Minister of Energy and Mineral Resources Regulation Number 6/2016 on Provisions and Guidelines of Natural Gas Allocation and Pricing.
- Minister of Energy and Mineral Resources Regulation Number 58/2017 on Selling Price of Natural Gas through Pipelines in Downstream Oil and Gas Business as amended by Minister of Energy and Mineral Resources Regulation Number 14/2019 on Amendment of Minister of Energy and Mineral Resources Regulation Number 58/2017 on Selling Price of Natural Gas through Pipelines in Downstream Oil and Gas Business.
- Minister of Energy and Mineral Resources Regulation Number 4/2018 on Natural Gas Exploitation in Downstream Oil and Gas Business.

The aforementioned Minister of Energy and Mineral Resources Regulation will regulate selling prices of natural gas in natural gas commerce. The regulation will be implemented not later than June 2019.

PGN has proposed natural gas selling price to Minister of Energy and Mineral Resources to implement the regulation on gas selling prices through pipelines for a stipulation via letter Number 029502.S/PP.01.01/PDO/2019 dated 18 July 2019 on Proposed Gas Selling Price through Pipelines in Downstream Natural Gas Business based on Minister of Energy and Mineral Resources Regulation Number 58/2017.

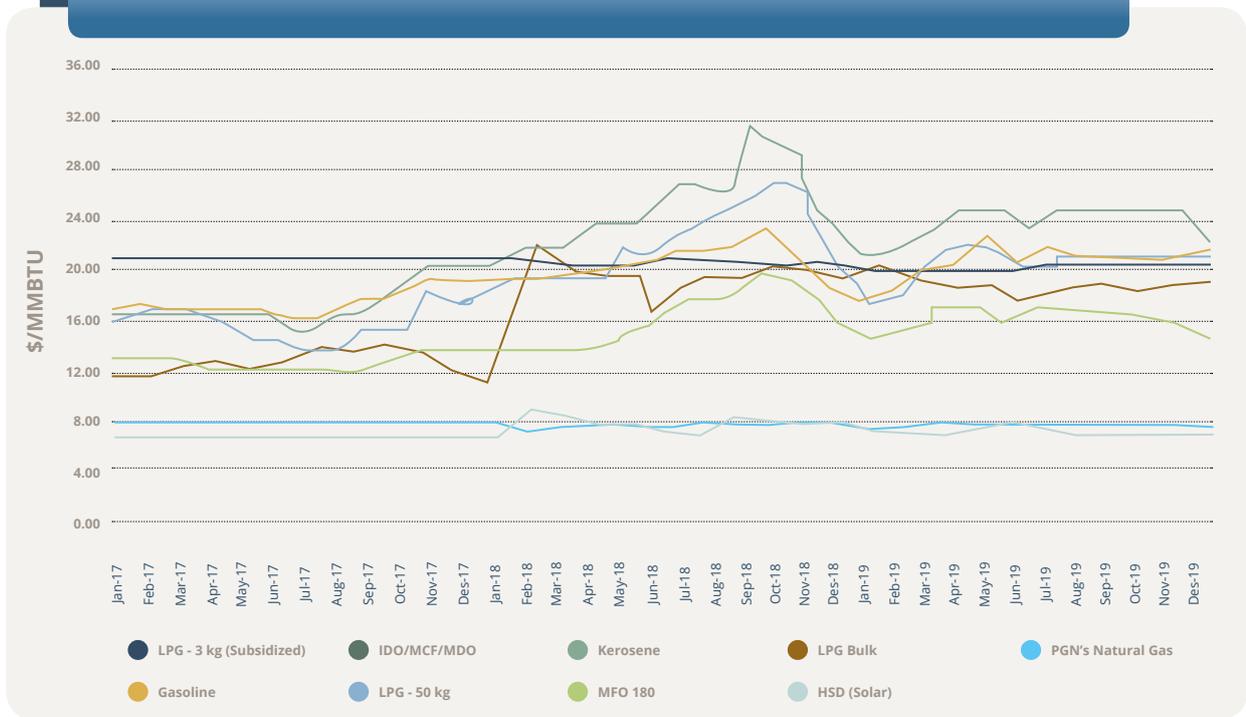
In response to the selling price readjustment, PGN has also delivered report via letter Number 042100.S/PP.01/PDO/2019 dated October 23<sup>rd</sup>, 2019 on Planned Readjustment of Downstream Natural Gas Price. Up until December 31<sup>st</sup>, 2019, the plan to readjust PGN downstream selling price of gas had yet to be set out taking into consideration letter of Minister of Energy and Mineral Resources to Minister of State-owned Enterprises Number 482/12/MEM.M/2019 dated October 30<sup>th</sup>, 2019 on the Postponement of PT Perusahaan Gas Negara (PGN) Gas Price Readjustment for Commerce and Industrial Customers as well as letter of Minister of State-owned Enterprises to Commerce and Industrial Customers and letter of Minister of State-owned Enterprises to Minister of Energy and Mineral Resources Number S-838/MBU/11/2019 dated November 5<sup>th</sup>, 2019 on the Postponement of PT Perusahaan Gas Negara (PGN) Gas Price Readjustment for Commerce and Industrial Customers.

The Company still has intense discussion on progress with the government as regards the plan to readjust gas selling price for industrial sector.

Meanwhile, for Households, the Government through Downstream Oil and Gas Regulatory Agency (BPH Migas) has set up regulation on gas selling price for cities/regencies concerning household and small customers. In 2019, PGN readjusted gas selling price in the areas as follows:

1. Medan City
2. Palembang City
3. Bekasi City
4. Semarang City
5. Blora Regency
6. Mojokerto City
7. Pasuruan City
8. Probolinggo City

**PGN'S NATURAL GAS SALES PRICE COMPETITIVENESS COMPARED WITH OTHER FUELS**



As seen on the above graphic displaying a comparison between fuel and gas prices, it can be concluded that, based on history and realization, PGN gas price is more competitive than oil by products.

When crude oil price skyrocketed to more than USD55/bbl, the price of PGN natural gas was more competitive

than fuel prices, especially diesel fuel (High Speed Diesel/HSD), marine fuel oil 180, or other byproducts.

As gas price was likely more stable, the HSD and MFO prices fluctuated with the crude oil price. The steadier gas price helps customers to prepare production plan and calculation of operating cost.

## MARKETING STRATEGY

PGN is committed to improve national services and gas utilization by developing infrastructure so as to boost gas use in Indonesia.

PGN consistently aims at making possible customer-centric approach to understand Customers better by emphasizing on the concepts of customer-focused, customer experience, and experiential marketing. Starting from customer experience, PGN promotes tech-based customer needs and expectation so as to improve customer satisfaction and customer engagement. Focuses to customers help PGN to provide services tailored to customer needs as well as characteristics of each customer's segment and industry.

PGN respects its customers—part of its stakeholders—having central role in securing the continuity of its business through purchases of PGN's products and services. The spirit to use the products and services is in line with PGN360 degree solution tagline through which PGN Group seeks to upgrade the quality of its services to customers aside from solely pushing sales of natural gas. PGN also understands that customers have been its partners in developing its business in the future. Based on the reasoning, PGN implements superior operations

management and creates countless innovations to achieve product and service excellence aiming at customer satisfaction.

Customer journey is PGN's attempt to listen, interact, and monitor customers by means of the concept of customer experience in order to acquire information that may be followed up. It is to make possible room for improvement that is fine-tuned to customers' needs and hope.

In 2019, PGN launched marketing/sales strategies to boost sales or retain the existing market. The strategies were employed both by PGN and its subsidiaries.

- a. Market penetration and new market development  
PGN in 2019 distributed natural gas to different sectors in Dumai, PKC, and Purwakarta Subang to support gas utilization and efficient fuel consumption.

Extended gas utilization includes:

- Gas distribution partnership with PT Pupuk Kujang Cikampek for a turn around period at 1.03 BBTUD;
- Issued Permit of Gas Commerce for Dumai area and distribution to five customers with volume at 6.5 BBTUD which has been subject to operational trials;

- Realized gas distribution to Tansheksa Zone amounting to 0.350 BBTUD with PT Dong Jin Textile as the client.



PGN installed downstream gas pipelines network along  $\pm 76$  km to pick up the service. It proves PGN's stature as the national gas company which constantly develops gas infrastructure and expands services for the people of Indonesia.

It also supports the government program of 35,000 MW electricity supply in Indonesia by reinforcing the electricity system in Jakarta and Jawa – Bali through distributing gas to Priok IP Plant, PJB Muara Karang, PJB Muara Tawar, and IP Cilegon (all in West Java area). In addition, PGN also expands to Sumatera and props up gas infrastructure in the island to help meet electricity demand in the existing PLN power plants namely Sutami, New Tarahan, Mobile Power Plant New Tarahan, and Talang Duku or other new power plants.

PGN develops household gas network to support the maximum utilization of natural gas for the community through the Gaskita Mandiri program targeting 50,000 new customers in Jakarta and Tangerang as well as the Jargas appointment program as specified in Minister of Energy and Mineral Resources Decree Number 268 K/10/MEM/2018 dated January 25<sup>th</sup>, 2018 on the

Appointment of PT Perusahaan Gas Negara (PGN) to Supply and Distribute Natural Gas through Gas Distribution Network for Households.



In addition to developing gas infrastructure, PGN also develops natural gas infrastructure through CNG and LNG trucking in the area of operations that is more feasible for nonpipe approach or new development area remote from the existing pipelines. On the other hand, in order to develop gas derivative business, PGN through its subsidiary also establishes gas derivative products in power generation, cooling operation, and steam generation.



## b. Customer satisfaction and engagement

PGN persistently keep up with customer satisfaction and engagement through routine activities carried out by PGN customer management including periodic visit, sessions on efficiency and intensification of natural gas utilization, and campaign on Health Safety Security Environment. PGN also provides one-way door facility to tackle customer complaints through round-the-clock Contact Center 1500645, Rely On PGN subscription monitoring system, SMS Broadcast, and social media channels of PGN and PGN Mobile.

In responding to customers' needs, PGN in 2019 presented alternative solutions including repositioning of product in which monthly flexibility program for several customers segments is. PGN also released Gas Deposit—customers already pay, but not yet utilized—and Spot Gas which involves bookable gas that may be utilized in current month.

In 2019, PGN launched Bailout Fund program in that PGN, customers, and banks work hand in hand in cashflow management by applying gas utilization billing scheme.

PGN also responded to demand from group customer—type of customers who are under a management or whose shares are owned by the same entity—to be able to make benefit of gas by optimizing gas use arrangement in every location where group customers are through Multidestination scheme.

## c. PGN Mobile Enhancement

PGN Mobile is the official application of the Company available in Apple Store and Play Store. The app offers information on gas usage and billing, PGN gas infrastructure, gas refuelling station, and other features. The implementation of Bank Indonesia Regulation on the mandatory use of Rupiah in all transactions within the territory of the Republic of Indonesia prompted PGN to upgrade PGN Mobile features. Through Payment Plan feature, customers may send information of scheduled day for paying the bill as well as converting value of the billing to Rupiah. Therefore, customers will be eased in paying with the fair value.

## d. PGN Partner Enhancement

More than 6,000 requests on technical services were filed through PGN Contact Center 1500645 in 2019. Most requests dealt with repair of gas equipments, repair of gas pipe installation in homes, and technical issue in gas distribution. Through PGN Partner—a system for dispatching and monitoring technical work—technical service features were enhanced in 2019. It expected that the new features will help customers enjoy technical benefits with standard services and costs. Customers may get information on estimated costs of technical services, and PGN may generate new revenue stream.

**e. 'Rely On PGN' Enhancement**

Rely On PGN is a system to process gas subscription online which allows customers-to-be to sign up easily in one place. PGN has added new features of gas pricing in regency/city, quota management, IRR calculator, automated calculation of existing energy cost, Field Executor management, and so on. Therefore, the signing up process for household customers and reporting of Gas In process may be monitored online. Customers are notified by SMS on the complete subscription phases. The new features may expedite the business process as well as cutting down potential administrative costs and data collection errors.

**f. PGN360 Social Media Account Management**

Social media account PGN360 shares promotion and education materials of PGN products and services. It is on Facebook and Instagram. The activities on PGN360 gain positive responses referring to 5% of total viewers on Facebook and 63.65% on Instagram. The percentage is measured using the engagement rate on both platforms divided by the amount of impressions obtained in 2019.

**g. Payment Channel**

PGN continues to build partnership with financial institutions and financial service providers to improve its services and customer satisfaction. Payment Channel facilitates payments especially for household customers. PGN makes available various payment medium/channels: PGN makes available various payment medium/channels:

- (i) Bank ATMs,
- (ii) Payment Point Online Banking (PPOB)
- (iii) (Retail Merchants through Dan Dan, Indomaret and Alfamart
- (iv) Market Places through Tokopedia, Blibli.com, Dan Dan, Link Aja and Gopay
- (v) PT Pos Indonesia.

It is PGN's effort to improve both its service and convenience of customers in billing payment to excellence.

**h. Customers' Gathering**

PGN regularly facilitates a proactive program of customers' meetup as an attempt to elevate its service quality. The program is aimed at both household and commerce and industrial customers. It is expected that the program may forge balanced two-way relationship between PGN and its customers as well as being a

channel for comments and suggestions. Through the program, PGN has the opportunity to promote on its products use and services, to educate the market, and to serve as a bridge of understanding as well as narrowing the gap between customer demand and PGN capability. The Company held the program in a number of its existing Sales Area in 2019.

#### i External Partnership

The thriving business in domestic and international scales was signaled by the emergence of various market places, core business diversification, and other forms of partnership. The spirit to collaborate with other enterprises has urged PGN to have mutual partnership with third parties. Some tie-ups that the PGN instituted in 2019 involve:

- PT Hutama Karya (Persero)
- PT Jasa Marga (Persero)
- PT Krakatau Steel (Persero)
- PT Krakatau Daya Listrik
- Indonesian Association of Hotels and Restaurants (PHRI)
- PT Pembangunan Perumahan (Persero)

#### j. Customer Satisfaction

PGN always strives for improving the quality of its services to all segments of its customers. The commitment is translated into a customer satisfaction survey that is repeatedly carried out to understand customer satisfaction, behavior, and needs. In 2019, direct polling to customers was done so as to get a clearer picture and feedback for a room of improvement.

To keep the independence, the survey was conducted by an external independent third party. It applied Customer Satisfaction Index (CSI) and Customer Loyalty Index (CLI) as parameters.



The survey shows that customers are highly appreciative of PGN performance mainly on the supply guarantee, satisfying products and services, safety in PGN gas utilization, ease of contacting customer management, supply availability in terms of high gas consumption.

Elseways, customers are of the opinion that PGN should launch PGN Mobile for desktop, digitize platform for customers, initiate customer gathering program, multiply payment channels, make possible real-time data that are accessible to customers, enhance gas use billing schedule, double social media contents with education on daily gas use, and carry out scheduled improvement of PGN infrastructure.

## DIVIDEND PAYMENT POLICY

Every year the Company allocates funds from the net profit earned to reward their shareholders with dividend payment. The policy is formulated to accommodate the performance of the company's cash flow. The allocation

of dividends to be paid is submitted before the annual Shareholders General Meeting for approval.

### Dividend Announcement and Payment

In 2019, Shareholders through the annual general meeting dated 26 April 2019 decided to pay cash dividend valuing Rp1,381,523,552,090 (equals to USD97,372,678) or 32 percent of the net profit (referring to statements of changes in equity) with cash dividend of the 2018 Financial Year at Rp56.99 per share.

A year earlier, the Shareholders through the annual general meeting dated April 26<sup>th</sup>, 2018 decided to pay cash dividend valuing Rp766,274,074,076 (equals to USD55,008,007) or 38.4 percent of the net profit (referring to statements of changes in equity) with cash dividend of the 2017 Financial Year at Rp31.61 per share.

### Declaration and Payment of Dividen

Description	Tahun Buku				
	2018	2017	2016	2015	2014
Net Income (USD)	304,991,574	196,904,843	304,324,421	401,199,880	711,179,798
Dividen (Rp)	1,381,523,552,090	766,274,074,076	1,822,476,586,175	2,213,734,528,459	3,510,872,093,109
Dividen Per Share (Rp)	56.99	31.61	75.18	91.32	144.84
Number of Shares	24,241,508,196	24,241,508,196	24,241,508,196	24,241,508,196	24,239,658,196
Dividen Pay Out Ration (%)	32	28	45	42	38
Declaration Date	04/30/2019	05/04/2018	05/08/2017	04/12/2016	04/08/2015
Payment Date	05/28/2019	05/30/2018	06/07/2017	05/12/2016	05/08/2015

## ESOP/MSOP PROGRAM

In the Extraordinary General Meeting of Shareholders held on November 3<sup>rd</sup>, 2003, as stated in the Deed Number 5 made before Fathiah Helmi, S.H, shareholders have approved to implement the Employee Stock Allocation (ESA) and Management Stock Option (MSOP) program, with its terms and conditions prepared by the Board of Commissioners. Pursuant to the decisions in the Extraordinary General Meeting of Shareholders, the Company has carried out three ESA programs, as follows:

Shares were allotted for free to ESA participants as a token of appreciation for their contribution to the Company. On average, the allotment's value was double the participants' monthly income. ESA participants were not allowed to dispose the shares allotted under this program for one year after being listed on the Exchange and may not be exchanged for cash.

ESA participants may opt to acquire shares in lieu the annual bonus for 2003 at a maximum value of three times their monthly income. Shares acquired in this manner were entitled to an 18% discount of the offering price. ESA participants were not allowed to dispose the shares allotted under this program for one year after being listed on the Exchange and may not be exchanged for cash.

Should the ESA participants be willing to exercise their rights in the program 1 and 2, they will be given opportunity to buy shares in cash using personal fund with 18 percent discount of the offer price. ESA participants were not

allowed to dispose the shares allotted under this program for one year after being listed on the Exchange and may not be exchanged for cash.

Based on Board of Commissioners meeting on November 17<sup>th</sup>, 2003, parties qualified for the MSOP program include Directors, Board of Commissioners, and senior managers of certain level. Under the MSOP, the Company will issue no more than 5% of new shares from its paid-up and issued capital for an issuance period of no longer than three years. The MSOP will be exercised in three stages over five years, as follows:

### a. First Stage

The maximum number of shares to be issued was  $50\% \times 5\% \times$  fully paid-up and issued capital. The exercise price was Rp1,650 or 110% of the Company's initial public offering price. Allotment was carried out on December 15<sup>th</sup>, 2003 with an entitlement to compensation for one year. The first stage was held for 1 year, starting on December 15<sup>th</sup>, 2004.

### b. Second Stage

The maximum number of shares to be issued is  $25\% \times 5\% \times$  fully paid-up and issued capital. The exercise price was determined by the Board of Commissioners with a condition that the exercise price must be at least the average trading prices in the last 25 exchange days before the announcement of the corresponding General Meeting of Shareholders. Allotment was carried out on Tuesday, February 15<sup>th</sup>, 2005 with an entitlement to compensation for one year. The first stage was held for 1 year, starting on Wednesday, February 15<sup>th</sup>, 2006.

### c. Third Stage

The maximum number of shares to be issued is 25% × 5% × fully paid-up and issued capital. The exercise price was determined by the Board of Commissioners with a condition that the exercise price must be at least the average trading prices in the last 25 exchange days before the announcement of the corresponding General Meeting of Shareholders. Allotment was carried out on Wednesday, February 15<sup>th</sup>, 2006 with an entitlement to compensation for one year. The

first stage was held for 1 year, starting on Thursday, February 15<sup>th</sup>, 2007. The first-phase MSOP program provided 108,024,675 shares and was done in 2005; the second phase, 53,930,825 shares and was done in 2007; and the third phase, 53,551,388 shares and was done in 2008.

In 2019, PGN does not exercise any ESOP/MSOP for its employees, Directors, and Board of Commissioners.

### Use of Proceeds from Initial Public Offering

#### Utilization of IPO Proceeds (IDR Billion)

Period	Amount of Public Offering	Public Offering Cost	Net result	Contribution to State Treasury	SSWJ Project Funding	Progress on SSWJ Project Funding	Balance
Des 31 <sup>st</sup> , 2003	2,527.78	147.239	2,380.54	1,217.21	1,163.33	-	1,163.33
Mar 31 <sup>st</sup> , 2003	-	-	-	-	-	-	1,163.33
Jun 30 <sup>th</sup> , 2004	-	-	-	-	-	-	1,163.33
Sep 30 <sup>th</sup> , 2004	-	-	-	-	-	6.984	1,156.35
Des 31 <sup>st</sup> , 2004	-	-	-	-	-	6.748	1,149.60
Mar 31 <sup>st</sup> , 2005	-	-	-	-	-	1.19	1,148.41
Jun 30 <sup>th</sup> , 2005	-	-	-	-	-	24.766	1,123.64
Sep 30 <sup>th</sup> , 2005	-	-	-	-	-	61.249	1,062.39
Des 31 <sup>st</sup> , 2005	-	-	-	-	-	516.877	545.517
Mar 31 <sup>st</sup> , 2006	-	-	-	-	-	463.361	82.155
Jun 30 <sup>th</sup> , 2006	-	-	-	-	-	82.155	-

## DIVESTMENTS, BUSINESS MERGERS/ CONSOLIDATIONS, ACQUISITIONS, OR CAPITAL/DEBT RESTRUCTURING

In 2019, PGN did not engage in divestments, business mergers/consolidations, acquisitions, or capital/debt restructuring.

The acquisition of PT Pertamina Gas by the Company is a transaction in 2018 which has been paid in full in the year 2019.

## MATERIAL INFORMATION ON INVESTMENTS, EXPANSIONS, DIVESTMENTS, BUSINESS MERGERS/ CONSOLIDATIONS, ACQUISITIONS, OR CAPITAL/DEBT RESTRUCTURING

There is no material information on investments, expansions, divestments, business mergers/consolidations, acquisitions, or capital/debt restructuring.

## MATERIAL TRANSACTIONS INVOLVING CONFLICTS OF INTEREST AND AFFILIATED TRANSACTIONS

In 2019, the Company has entered into Material Transactions and/or Affiliated Transactions with companies in the Group, as follows:

### INTRA-GROUP LOAN IN SUBSIDIARIES

Signing of the Intra-Group Loan Agreement between PT Saka Energi Indonesia (SEI) and PT Saka Energi Muara Bakau (SEMB), a subsidiary of SEI.

1. Date	December 30 <sup>th</sup> , 2019.
2. Parties to the transaction	SEI as Lender, SEMB as Borrower
3. Relations/affiliations of parties to the transaction	SEI is a subsidiary of the Company where it holds more than 99% of SEI's shares. SEMB is a subsidiary of SEI where it holds more than 99% of SEMB's shares.
4. Description on fairness of the transaction	The transaction was entered into fairly and in accordance with generally accepted business practices.
5. Reason(s) for the transaction	The transaction is a way for SEI to provide financing to SEMB to manage its assets.
6. Realized transaction in fiscal year 2019	The total value of the transaction was US\$801,190,000 or 25.4% of the Company's equity, according to the Company's mid-year financial statement as of June 30 <sup>th</sup> , 2019
7. Company's policy on mechanisms to review the transaction	The Company has a work unit responsible to periodically evaluate and review activities of and transactions entered by its subsidiaries.
8. Fulfillment of relevant rules and regulations	The transaction was an Affiliated Transaction with a value fulfils the criteria of a Material Transaction as referred to in Regulation IX.E.2. The Transaction was exempted from the Regulation because it was entered between 2 controlled entities owned directly and indirectly by the Company.

Signing of the Intra-Group Loan Agreement between PT Saka Energi Indonesia (SEI) and its subsidiaries in the Luar Muara Bakau PSC.

1. Date	December 30 <sup>th</sup> , 2019.
2. Parties to the transaction	SEI as Lender Subsidiaries of SEI in the Luar Muara Bakau PSC as Borrower, as follows: 1. PT Saka Bangkanai Klemantan 2. PT Saka Eksplorasi Baru 3. PT Saka Eksplorasi Timur 4. PT Saka Energi Bangkanai Barat 5. PT Saka Energi Internasional 6. PT Saka Energi Sepinggan 7. PT Saka Energi Sumatera 8. PT Saka Energi Wokam 9. PT Saka Energi Yamdena Barat 10. PT Saka Indonesia Sesulu 11. PT Saka Ketapang Perdana 12. PT Saka Energi Investasi 13. PT Saka Eksplorasi Ventura
3. Relations/affiliations of parties to the transaction	SEI is a subsidiary of the Company where it holds more than 99% of SEI's shares. SEI is a subsidiary of the Company where it holds more than 99% of SEI's shares.
4. Description on fairness of the transaction	The transaction was entered into fairly and in accordance with generally accepted business practices.
5. Reason(s) for the transaction	The transaction is a way for SEI to provide financing to AP SEI in the Luar Muara Bakau Group PSC to manage its assets.
6. Realized transaction in fiscal year 2019	The total value of the transaction was US\$440,870,000 or 13.89% of the Company's equity, according to the Company's mid-year financial statement as of June 30, 2019.
7. Company's policy on mechanisms to review the transaction	The Company has a work unit responsible to periodically evaluate and review activities of and transactions entered by its subsidiaries.
8. Fulfillment of relevant rules and regulations	The transaction was an Affiliated Transaction and does not contain Conflicts of Interest as referred to in Regulation IX.E.1. The Transaction does not meet the criteria of a Material Transaction as referred to in Regulation IX.E.2 on Material Transactions and Change of Primary Business Activities.

Signing of the Intra-Group Loan Agreement between PT Saka Energi Indonesia (SEI) and Saka Indonesia Pangkah BV, Saka Indonesia Pangkah Ltd, and Saka Pangkah LLC (Pangkah Group subsidiaries).

1. Date	December 30 <sup>th</sup> , 2019.
2. Parties to the transaction	SEI as Lender, Subsidiaries of SEI in the Pangkah Group as Borrower
3. Relations/affiliations of parties to the transaction	SEI is a subsidiary of the Company where it holds more than 99% of SEI's shares. AP SEI in the Pangkah Group are subsidiaries of SEI where the Company indirectly holds more than 99% of their shares.
4. Description on fairness of the transaction	The transaction was entered into fairly and in accordance with generally accepted business practices.
5. Reason(s) for the transaction	The transaction is a way for SEI to provide financing to AP SEI in the Pangkah Group to manage its assets.
6. Realized transaction in fiscal year 2019	The total value of the transaction was US\$599,920,000 or 18.90% of the Company's equity, according to the Company's mid-year financial statement as of June 30 <sup>th</sup> , 2019.
7. Company's policy on mechanisms to review the transaction	The Company has a work unit responsible to periodically evaluate and review activities of and transactions entered by its subsidiaries.
8. Fulfillment of relevant rules and regulations	The transaction was an Affiliated Transaction and does not contain Conflicts of Interest as referred to in Regulation IX.E.1. The Transaction does not meet the criteria of a Material Transaction as referred to in Regulation IX.E.2 on Material Transactions and Change of Primary Business Activities.

Signing of the Intra-Group Loan Agreement between PT Saka Energi Indonesia (SEI) and its subsidiaries in the Luar Pangkah PSC.

1. Date	December 30 <sup>th</sup> , 2019.
2. Relations/affiliations of parties to the transaction	1 <sup>st</sup> Transaction SEI as Lender Subsidiaries of SEI in the Luar Luar Pangkah PSC as Borrower, as follows: 1. Saka Energi Asia Pte.Ltd 2. Saka Energi East Kalimantan Pte.Ltd 3. Saka Energi Exploration Production BV 4. Saka Energi Fasken LLC 5. Saka Energi Muriah Ltd 6. Saka Energi Overseas Holding  2 <sup>nd</sup> Transaction Saka Energi Sanga Star Pte. Ltd. and Saka Energi Sanga-Sanga Limited as Lender SEI as Borrower
3. Description on fairness of the transaction	SEI is a subsidiary of the Company where it holds more than 99% of SEI's shares. AP SEI in the Luar Pangkah Group are subsidiaries of SEI operating the outside of the Pangkah PSC, where the Company indirectly holds more than 99% of their shares.
4. Reason(s) for the transaction	The transaction was entered into fairly and in accordance with generally accepted business practices.
5. Realized transaction in fiscal year 2019	The transactions are a way to provide financing to manage assets held by the subsidiaries.
6. Company's policy on mechanisms to review the transaction	The total value of the transaction was US\$367,680,000 or 11.58% of the Company's equity, according to the Company's mid-year financial statement as of June 30 <sup>th</sup> , 2019.
7. Fulfillment of relevant rules and regulations	The Company has a work unit responsible to periodically evaluate and review activities of and transactions entered by its subsidiaries.
8. Pemenuhan peraturan dan ketentuan terkait	The transaction was an Affiliated Transaction and does not contain Conflicts of Interest as referred to in Regulation IX.E.1. The Transaction does not meet the criteria of a Material Transaction as referred to in Regulation IX.E.2 on Material Transactions and Change of Primary Business Activities.

## INVESTMENT IN SHARES TO SUBSIDIARIES

PGN did not make an investment in shares to its subsidiaries in 2019.

## REGULATORY CHANGES

In 2019, there were regulatory changes that directly and significantly affected PGN's business operations. As a state-owned oil and gas sub-holding company engaged in natural gas transmission and distribution, PGN is compliant with the new regulations. A summary of the new/updated regulations are as follows:

### 1. Government Regulation No. 48 Year 2019 on Amounts and Uses of Fees Levied on Business Entities Engaged in the Supply and Distribution of Fuels and Transportation of Natural Gas by Pipelines, issued on July 3<sup>rd</sup>, 2019 and came into effect on September 6, 2019

The Government has issued the Government Regulation No. 48 Year 2019 on Amounts and Uses of Fees Levied on Business Entities Engaged in the Supply and Distribution of Fuels and Transportation of Natural Gas by Pipelines to revoke the Government Regulation No. 1 Year 2006 that governed the same matter. The new regulation effected changes in the following provisions:

a) There is a decrease in the amount of the levy of transporting natural gas through pipelines as follows::

Natural gas volume transported by pipelines	Percentage of Natural Gas Transportation Fees per MSCF	
	PP 1/2006	PP 48/2019
Up to 100,000,000 (one hundred million) MSCF per year	3% (three percent)	2.50% (two-point five percent)
More than 100,000,000 (one hundred million) MSCF per year	2% (two percent)	1.50% (one-point five percent)

b) Reduction in royalties for engaging in transportation of natural gas by pipelines, as follows:

Fees for Natural Gas Business Activities	
PP 1/2006	PP 48/2019
3‰ (three permille)	0.25% (zero-point two five percent)

**2. Regulation of the Minister of Energy and Mineral Resources No. 14 Year 2019 on Amendment to the Regulation of the Minister of Energy and Mineral Resources No. 58 Year 2017 on Pricing of Natural Gas by Pipelines in Downstream Oil and Gas Business Activities, issued on September 16<sup>th</sup>, 2019 and came into effect on January 1<sup>st</sup>, 2020**

The Regulation Number 14 Year 2019 was issued to establish calculation methods so that natural gas remains affordable, and accounts for fair economic value in fees associated with transporting natural gas using pipelines for distribution (dedicated downstream).

The main change introduced by the regulation is in a project's economic useful life, calculated as part of the management costs of natural gas infrastructure. Under the new rule, a project's economic useful life must be at least 30 (thirty) years since the downstream natural gas price is first set.

The regulation requires assets in a natural gas distribution network to be depreciated according to the Government's mandated economic useful life. Consequently, a business entity in natural gas trading has to account for depreciation, in turn affecting natural gas pricing.

As for pricing, the Company has proposed its selling price to the Ministry of Energy and Natural Resources in accordance with prevailing regulations. As at the end of 2019, the Company is still coordinating with the Ministry on implementation of the regulation. Regulation of the BPH Migas No.

**3. Regulation of BPH Migas No. 8 Year 2019 2019 on Special Rights for Transmission Segments and/or Distribution Network Areas, issued on March 25<sup>th</sup>, 2019 and came into effect on April 10<sup>th</sup>, 2019.**

The Regulation of the BPH Migas No. 8 Year 2019 on Special Rights for Transmission Segments and/or Distribution Network Areas, was issued to revoke and

harmonize its earlier regulation on the same matter, No. 19/P/BPH MIGAS/IX/2010, with the Regulation of the Minister of Energy and Mineral Resources No. 4 Year 2018 on Natural Gas Businesses in Downstream Oil and Gas Business ("Permen ESDM 4/2018").

The new BPH Migas regulation introduced the Special Trading Areas and Special Trading Subareas mentioned in the Regulation of the Minister of Energy and Mineral Resources No. 4/2018. In addition, it also recognized exclusive Special Trading Areas in place of "dedicated downstream pipeline" and "special trading rights for natural gas distributed using dedicated downstream pipeline" introduced in the Regulation of the BPH Migas No. 19/P/BPH MIGAS/IX/2010. Nonetheless, it maintained provisions on appointment of the State-owned Natural Gas company to build and operate transmission segments and distribution network areas.

#### **4. Regulation of the BPH Migas No. 15 Year 2019 on Investment Oversight for Developments of Natural Gas Transmission Pipelines, issued on June 13<sup>rd</sup>, 2019 and came into effect on July 31<sup>st</sup>, 2019**

The BPH Migas issued this regulation to provide itself with the regulatory powers to monitor development of natural gas transmission pipelines. The regulation's goals are to ensure natural gas prices are accountable, fair, transparent, and reasonable following an effective and efficient development of such pipelines.

As a result of the new regulation, the Company's investments to develop transmission pipelines will be under scrutiny of the BPH Migas. The Company is compliant with prevailing regulations when investing to develop new transmission pipelines.

#### **5. Regulation of the BPH Migas Number 20 year 2019 on Bids for Transmission Segments and/or Distribution Areas to Obtain Special Trading Rights, issued on September 2<sup>nd</sup>, 2019 and came into effect on October 23<sup>rd</sup>, 2019.**

The Regulation Number 20 Year 2019 was issued as guide the bidding process in selecting proposals from business to develop natural gas transmission segments and distribution areas. The developments must improve existing infrastructure to meet domestic natural gas demand.

As of 2019, the regulation has yet to affect the Company since its masterplan is under development by the Ministry of Energy and Mineral Resources.

When submitting tenders for infrastructure developments, the Company is committed to comply with the new bidding procedures as well as its own economics and business sustainability.

## 6. Regulation of the BPH Migas No. 34 Year 2019 on Tariffs of Natural Gas Transmission by Pipelines, issued on December 2<sup>nd</sup>, 2019 and came into effect on December 31<sup>st</sup>, 2019.

The new regulation introduced new provisions on tariff calculation methods, consisting of: (i) tariffs for new facilities, or facilities yet to be set by the BPH Migas; (ii) tariffs for facilities built from tenders; (iv) tariffs for regular reviews; and (iv) tariffs for fully depreciated facilities.

Among the provisions amended by the regulation are methods to calculate depreciation of facilities, as follows:

BPH Migas Regulation No. 8/2013	BPH Migas Regulation No. 34/2019
a. Depreciation is calculated using the straight-line method;	a. Depreciation is calculated using the straight-line method;
b. Depreciation is adjusted with the length of a contract; or	b. Depreciation is adjusted with the length of a contract over a minimum period of 16 years;
c. The Transporter may extend depreciation for longer than the length of a contract	c. The Transporter may extend depreciation for longer than the length of a contract, if the contract length is less than 16 years;
	d. Depreciation over a period longer than the contract is calculated by accounting for the useful technical life of a facility; supply capacity; potential demand; economics of the Transporter; selling price of gas at the end consumer; and, timeliness of development to capacity, timely fulfillment of capacity and supply at the time of investment.



In addition to the regulations discussed above, BPH Migas also issued several regulations on natural gas pricing for household customers, as follows:

BPH Migas Regulations	Region	Gas Prices for Households	Effects
Regulation of the BPH Migas Number 29 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kabupaten Kutai Kertanegara, Kalimantan Timur	Distribution in Kutai Kertanegara District	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,000/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	The Regulation requires adjustment of natural gas pricing for Jargas customers. PGN has adjusted natural gas pricing for Jargas in accordance with the Regulation.
Regulation of the BPH Migas Number 33 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kota Jambi, Jambi	Jambi	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,000/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 32 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kota Dumai, Riau	Dumai	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,000/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 31 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kabupaten Wajo, Sulawesi Selatan	Wajo	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,000/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 30 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kabupaten Banggai, Sulawesi Tengah	Banggai District	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,000/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 28 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kabupaten Probolinggo, Jawa Timur	Probolinggo District	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,000/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 27 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kabupaten Pasuruan, Jawa Timur	Pasuruan District	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,000/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 26 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kabupaten Lamongan, Jawa Timur	Lamongan District	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,000/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	

BPH Migas Regulations	Region	Gas Prices for Households	Effects
Regulation of the BPH Migas Number 25 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kabupaten Karawang, Jawa Barat	Karawang District	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,000/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 24 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kabupaten Cirebon, Jawa Barat	Cirebon District	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,000/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 23 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kota Cirebon, Jawa Barat	Cirebon District	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,000/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 14 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kabupaten Ogan Ilir, Sumatera Selatan	Ogan Ilir District	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,000/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 13 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kota Prabumulih, Sumatera Selatan	Prabumulih District	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,000/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 12 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kota Palembang, Sumatera Selatan	Palembang District	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,000/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 11 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kota Bekasi, Jawa Barat	Bekasi District	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,000/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 10 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kota Depok, Jawa Barat	Depok	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,000/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	

BPH Migas Regulations	Region	Gas Prices for Households	Effects
Regulation of the BPH Migas Number 9 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kota Bontang Provinsi, Kalimantan Timur	Bontang	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,000/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 7 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Medan, Sumatera Utara	Medan	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,250/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 6 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kota Lhoksumawe, Aceh	Lhoksumawe	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,250/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 5 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kabupaten Aceh Utara, Aceh	North Aceh District	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,250/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 4 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kabupaten Serang, Banten	Serang District	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,250/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 3 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kabupaten Deli Serdang, Sumatera Utara	Deli Serdang District	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,250/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 2 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kabupaten Musi Rawas, Sumatera Selatan	Musi Rawas District	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,250/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	
Regulation of the BPH Migas Number 1 Year 2019 on Pricing of Natural Gas Transported by Pipelines for Household Consumers and Small Industries Using the Pipeline Distribution Network in Kabupaten Penajam Paser Utara, Kalimantan Timur	North Penajam Paser District	<ul style="list-style-type: none"> <li>Household-1 (RT-1) is Rp4,250/m<sup>3</sup> (four thousand two hundred fifty Rupiah per cubic meter); and,</li> <li>Household-2 (RT-2) is Rp6,250/m<sup>3</sup> (six thousand Rupiah per cubic meter)</li> </ul>	

Under Article 11 of the Regulation of the Minister of Energy and Mineral Resources Number 58 Year 2017, amended by Regulation of the Minister of Energy and Mineral Resources Number 14 Year 2019 on Pricing of Natural Gas Distributed Through Pipelines by Downstream Oil and Gas Businesses, the BPH Migas is responsible for pricing of natural gas pricing for households and small industries.

## CHANGES IN ACCOUNTING POLICIES

### CHANGES IN SFAS AND IFAS

New standards, amendments and interpretations issued and effective for the financial year beginning January 1<sup>st</sup>, 2019, which do not have a material impact on the consolidated financial statements of the Group are as follows:

- SFAS No. 22: Business Combination

The amendment clarifies that obtaining control of a business that is a joint operation, is a business combination achieved in stages. The acquirer should re-measure its previously held interest in the joint operation at fair value at the acquisition date.

- SFAS No. 24: Employee Benefits regarding Plan Amendment, Curtailment, or Settlement

Amendments to this SFAS require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment, or settlement. It also requires an entity to recognise in profit or loss as part of past service cost, or a gain or loss on settlement,

any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

- SFAS No. 26: Borrowing Costs

The amendment clarifies that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. This amendment is applied prospectively for borrowing costs incurred on or after the effective date.

- SFAS No. 46: Income Taxes

The amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends.

- SFAS No. 66: Joint Arrangements

The amendment clarifies that the party obtaining joint control of a business that is a joint operation should not re-measure its previously held interest in the joint operation.

- IFAS No. 33: Foreign Currency Transactions and Advance Consideration

This interpretation clarifies the use of transaction date in determining the exchange rate to be used for initial recognition of asset, expense or income when the entity receives or pays advance consideration in foreign currency.

- IFAS No. 34: Uncertainty over Income Tax Treatments

IFAS No. 34 is an interpretation of SFAS No. 46: Income Tax which clarifies and provides guidance in reflecting the uncertainties of income tax treatment in the financial statements.

New standards, amendments and interpretations issued but not yet effective for the financial year beginning January 1, 2019, are as follows:

- SFAS No. 15: Investment in Associates and Joint Ventures, Long-term Interests in Associates and Joint Ventures

The amendment of this SFAS clarifies that companies account for long-term interests in an associate or joint venture to which the equity method is not applied, using SFAS No. 71.

- Amendment SFAS No. 62: Insurance Contracts - Applying SFAS No. 71: Financial Instruments with SFAS No. 62: Insurance Contracts

This amendment is a consequential revision due to the issuance of SFAS No. 71. The amended standard provides guidance for issuance of insurance contracts (especially by insurance companies) to implement SFAS No. 71. There will be two approaches that can be chosen by a reporting entity which are deferral and overlay approach.

- SFAS No. 71: Financial Instruments

This new standard provides new requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses model that replaces the incurred loss impairment model used currently and also new requirements for hedge accounting. Consequential amendments to other standards, including SFAS No. 55: Financial Instruments are made.

While the Group has not finalised its detailed assessment of the classification and measurement of financial assets, equity instruments currently classified as available-for-sale financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income and hence there will be no change to the accounting treatment for these assets.

There will be no material impact on Group's the accounting for financial liabilities as the Group only has one financial liabilities classification, that is financial liabilities at amortised cost. The derecognition rules have been transferred from SFAS No. 55: Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group does not have

hedging instruments, hence the Group does not expect a significant impact on the accounting for its hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under SFAS No. 55. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under SFAS No. 72: Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not finalised its detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments, particularly in the year of adoption of the new standard.

- Amendment to SFAS No. 71: Financial Instruments - Prepayment Features with Negative Compensation

This amendment deals with prepayment features with negative compensation and allows entities to measure particular financial assets which are called negative compensation payments at amortised cost or at fair value through other comprehensive income if specific conditions are met instead of at fair value through profit or loss.

- SFAS No. 72: Revenue from Contracts with Customers

This SFAS will replace the following standards:

- SFAS No. 23: Revenue;
- SFAS No. 34: Construction Contracts;
- IFAS No. 10: Customer Loyalty Programmes;
- SFAS No. 44: Accounting for Real Estate Development.

As a result, this SFAS will become the single standard for revenue recognition. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard may result in changes to the Group's revenue recognition policies.

At this stage, the Group is not able to estimate the impact of the new standards on the Group's Financial Statements. The Group is currently performing more detailed assessments.

- SFAS No. 73: Leases  
SFAS No. 73 was issued in September 2017. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and low-value leases.

The accounting for lessors will not change significantly.

The standard will primarily affect the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease

commitments (see Note 39b). The Group has not yet determined to what extent these commitments within the Group will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under SFAS 73.

- SFAS No. 112: Accounting for Endowments

This SFAS regulates the accounting treatment for endowments from a corporate donor to individual and corporate recipients.

- IFAS No. 35: Presentation of Financial Statements of Non-profit Oriented Entities

This interpretation provides an illustrative example of financial reporting by a nonprofit oriented entity.

- Annual Improvements 2019 SFAS No. 1: Presentation of Financial Statements

This clarifies some wording in the standard to align with the intention in SFAS No. 1.

- Amendment to SFAS No. 1: Presentation of Financial Statements and SFAS No. 25: Accounting Policies, Changes in Accounting Estimates and Errors

The amendment clarifies several wording and material definitions in order to align with the definitions used in the conceptual framework and some relevant SFAS.

The above new standards, amendments, annual improvements and interpretations are effective beginning January 1<sup>st</sup>, 2020, except for SFAS No. 112 which is effective from January 1<sup>st</sup>, 2021. Early adoption of the above standards is permitted except for IFAS No. 35, Amendment to SFAS No. 1 and SFAS No. 1, while early adoption of SFAS No. 73 is permitted only upon the early adoption of SFAS No. 72.

As at the authorisation date of these consolidated financial statements, management is still evaluating the potential impact of these new and revised standards to the consolidated financial statements of the Group.

## BUSINESS CONTINUITY

Information on PGN's business continuity in 2019 is as follows:

### 1. Description and Effects of Important Matters in 2019 that Significantly Affect the Company's Business Continuity:

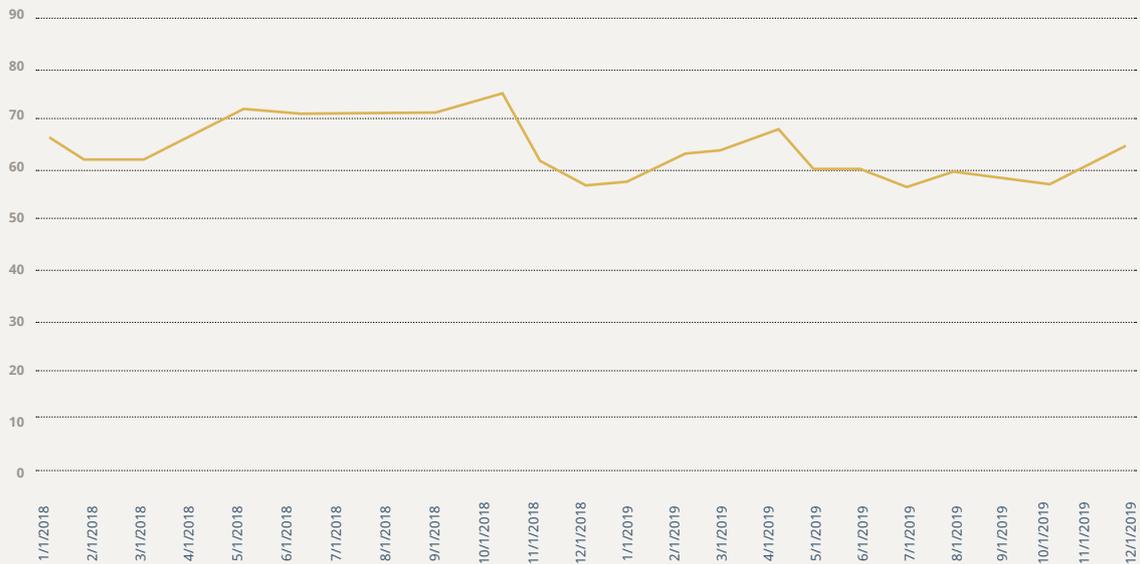
- a. In 2019, the electric power industry remains the largest consumer of natural gas supplied by PGN. According to the Electricity Supply Business Plan 2019-2028 prepared by the PT PLN (Persero) and approved by the Minister of Energy and Mineral Resources by virtue of its Decision No. 39.K/20/MEM/2019, electric generation is projected to grow by 6.42% with a planned capacity of 56,395 MW. In the projection, 22% of electricity will be generated using natural gas. This provides a long-term volume growth for PGN.
- b. In the downstream sector, sales in the gas distribution segment increased significantly due to higher gas demand for electricity generation and increased industrial consumption as a result of Indonesia's economic growth in 2019. In the gas transmission segment, there was an increase in transmitted volume under the Gas Transportation Agreement, particularly to supply PLN's operations in North Sumatra. A similar increase was also seen under the

Terminal Usage Agreement for PLN's operations in Jawa Barat served by the FSRU Lampung.

- c. Following its acquisition of Pertagas in 2018, PGN expanded its business portfolio by engaging in oil transportation, natural gas processing, LNG regasification, and gas compression.
  - Pertagas operated the Tempino-Plaju oil pipeline to carry out its oil transportation business. Currently, Pertagas has renewed its pipelines to replace its existing system that have been in operation for more than 70 years. The new pipeline will supply oil to the Refinery Unit III Plaju operated by PT Pertamina (Persero).
  - Pertagas operates the refineries to process gas into Liquefied Petroleum Gas (LPG).
  - PT Perta Arun Gas, a Pertagas subsidiary, carries out LNG regasification at its Offloading and LNG Regasification Plant in Arun, Lhokseumawe, Aceh.
  - PT Perta Daya Gas, a Pertagas subsidiary, has carried out natural gas compression since 2015.

Throughout 2019, global oil prices were fluctuating. Indonesian Crude Price (ICP) showed a steady increase in the first quarter and second half of 2019 despite a brief decline in the second quarter of 2019. The fluctuation significantly affected PGN's upstream subsidiary, Saka Energi Indonesia, and in turn affected the Group's financial performance on a consolidated basis.

INDONESIAN CRUDE PRICE (ICP) 2018 - 2019



Source: Bloomberg Terminal

- e. The Government issued the Presidential Regulation No. 6 Year 2019 on Supply and Distribution of Natural Gas through Gas Transmission and/or Distribution Networks for Households and Small Industries (Jargas). To complement the regulation, the Government also issued the Decision of the Minister of Energy and Mineral Resources No. 268 K/10/MEM/2018 dated January 25<sup>th</sup>, 2018 on Appointment of PT Perusahaan Gas Negara (Persero) Tbk. to Supply and Distribute Natural Gas through Gas Transmission and/or Distribution Networks for Households for Budget Year 2018. The latter regulation, in particular, showed that PGN is the Government’s strategic partner to ensure national energy resilience and energy diversification by fast-tracking fuel oils to gas in the household sector. According to the Decision of the Minister, PGN is responsible to:
- Develop natural gas distribution networks for households and small industries, along with its supporting infrastructure in Kota Medan, Kabupaten

- Deli Serdang, Kabupaten Serang, Kota Pasuruan, and Kabupaten Probolinggo. The appointment was financed using the State Budget for the Ministry of Energy and Mineral Resources for Budget Year 2018.
- Develop natural gas distribution networks for households and small industries, along with its supporting infrastructure in Kabupaten Bogor, Kota Cirebon, and Kota Tarakan. The appointment was financed using the State Budget for the Ministry of Energy and Mineral Resources for Budget Year 2018.
- Distribute gas, operate, and maintain natural gas distribution networks for households and small industries, along with its supporting infrastructure in Kota Medan, Kabupaten Deli Serdang, Kota Pasuruan, Kabupaten Probolinggo, Kabupaten Bogor, Kota Cirebon, and Kota Tarakan. The appointment is financed using PGN’s internal sources. The appointment strengthened PGN’s commitment to expand natural gas usage and services across Indonesia.

## 2. Adjustments Made by the Company

In 2019, the total household connections increased to 393,453 or 98.99% of PGN's total customers. PGN is restructuring its organization. As of 2019, it has formed three units to manage its operations and achieve its operating goals, i.e. Infrastructure Business Unit (BUI) to manage infrastructure; Gas Product Business unit to manage natural gas commodity and customer service; and Jargas Service Unit. The Jargas Service Unit was to manage operations of the Natural Gas for Households and Small Industries, such that the Company can achieve its operating targets more effectively and efficiently. The Jargas Service unit provides human resources assistance to the Government, in this case the Directorate General of Oil and Gas, to supervise development of natural gas distribution networks.

## 3. Management's Assumptions During Assessments

- a. Assessments are made using assumptions described in the PGN Workplan and Budget 2019 that referred to the Amended State Budget's projection of 5.4% growth in the national economy and an inflation rate of 3.5%. In 2019, data from Statistics Indonesia stated that the actual economic growth was 4.97% and inflation was 2.7%.
- b. The assumed ICP in the Workplan and Budget 2019 was projected to be US\$60.8 per barrel. The ICP assumption was less than the actual price of US\$68.2 per barrel in 2018. Global oil prices tended to be weak due to declining demands and increased adoption of alternative energy sources.
- c. Commerce assumption for natural gas sales in the Workplan and Budget 2019 was 948 BBTUD (excluding processed gas), up from the 918 BBTUD achieved in 2018. In 2019, the actual natural gas sales improved to 949 BBTUD.

## 4. Management's Assessment and Decisions on Such Effects

- a. The Management assessed the risks on matters that may significantly affect PGN's business continuity.
- b. Based on its risk assessments, PGN has taken business continuity measures, as follows:
  - Prepared natural gas supply and infrastructure to fulfil the Government's appointment for the Government Jargas program.
  - Managed upstream production portfolio, such as crude oil, natural gas, and LPG, according to energy commodity prices as well as increasing upstream production by drilling new wells in existing production fields.
  - Prepared a more competitive marketing strategy to improve retention of existing customers using offers such as free surcharge as well as improving customer service and network reliability.
  - Constructed pipeline networks connected to end-users to add new subscriptions in existing service areas and expanded to new markets.
  - Synergized activities between PGN and the Group to achieve PGN's strategic goals with emphasis on efficiency, effectiveness, tax saving, and through Good Corporate Governance.

The mitigation measures enabled PGN to maintain its sales volume amid a decline in national gas consumption. The measures also created a solid foundation for the Company's growth in the future.

05

# GOOD CORPORATE GOVERNANCE

## **Business Ethics and Work Ethics**

Good Corporate Governance is the main pillar of PGN in managing its business activities to create added value for all stakeholders





## GOOD CORPORATE GOVERNANCE IMPLEMENTATION

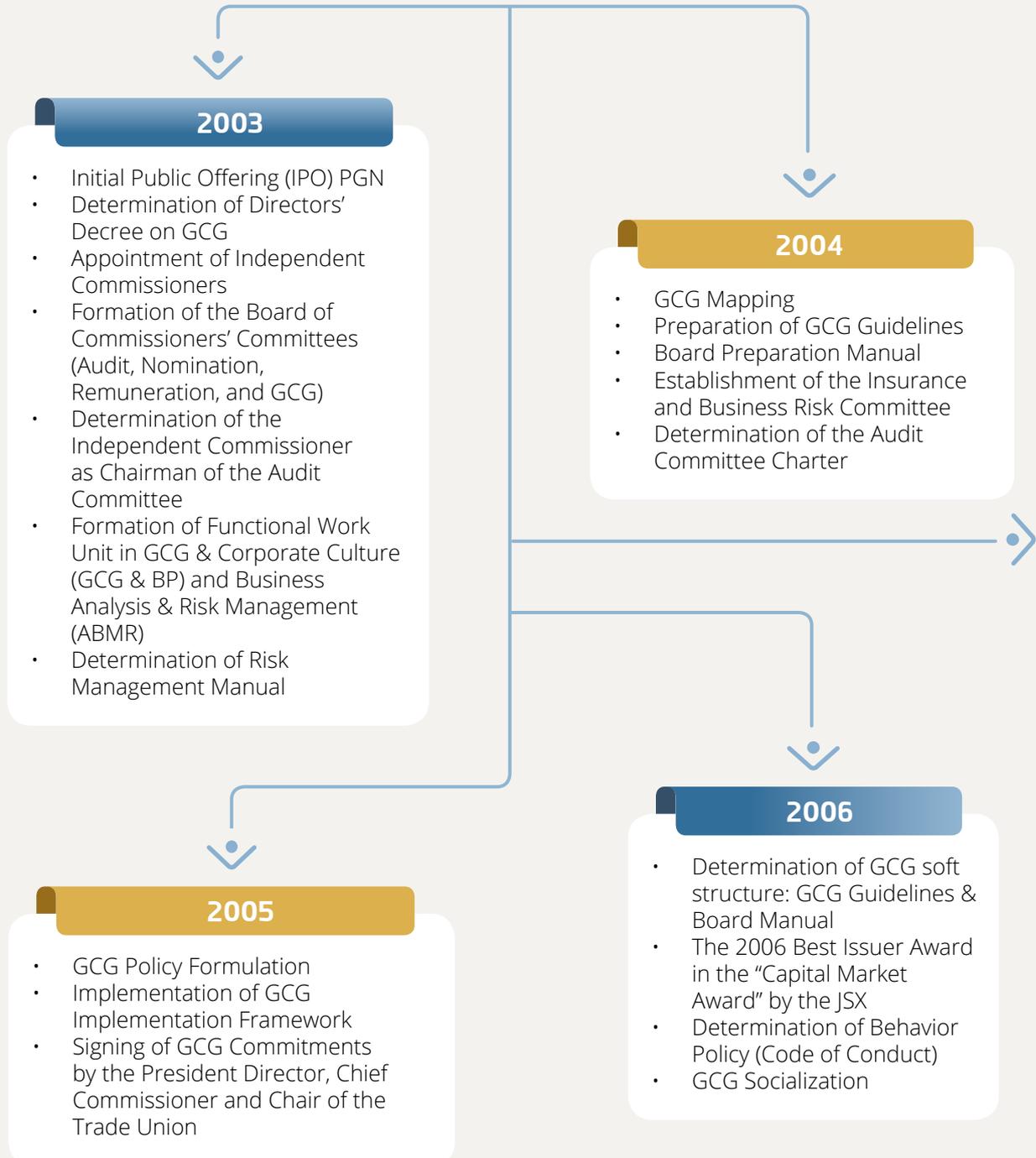
In an era of disruption (disruptive) in the globalization period, PGN faces great challenges to maintain its position as the leader in the gas business. As a Sub-holding gas company, PGN is strongly required to provide the best services and maximum benefits of good energy to the customers and the people at large, while maintaining its best performance to create the values for its shareholders and other stakeholders. With the principles of Good Corporate Governance as a strong company that has stood the test, PGN as a Sub-holding gas company has been trusted to be able to enter and answer the challenges in managing the gas business, to share good energy, not only with the people of Indonesia, but also with the people of the world.

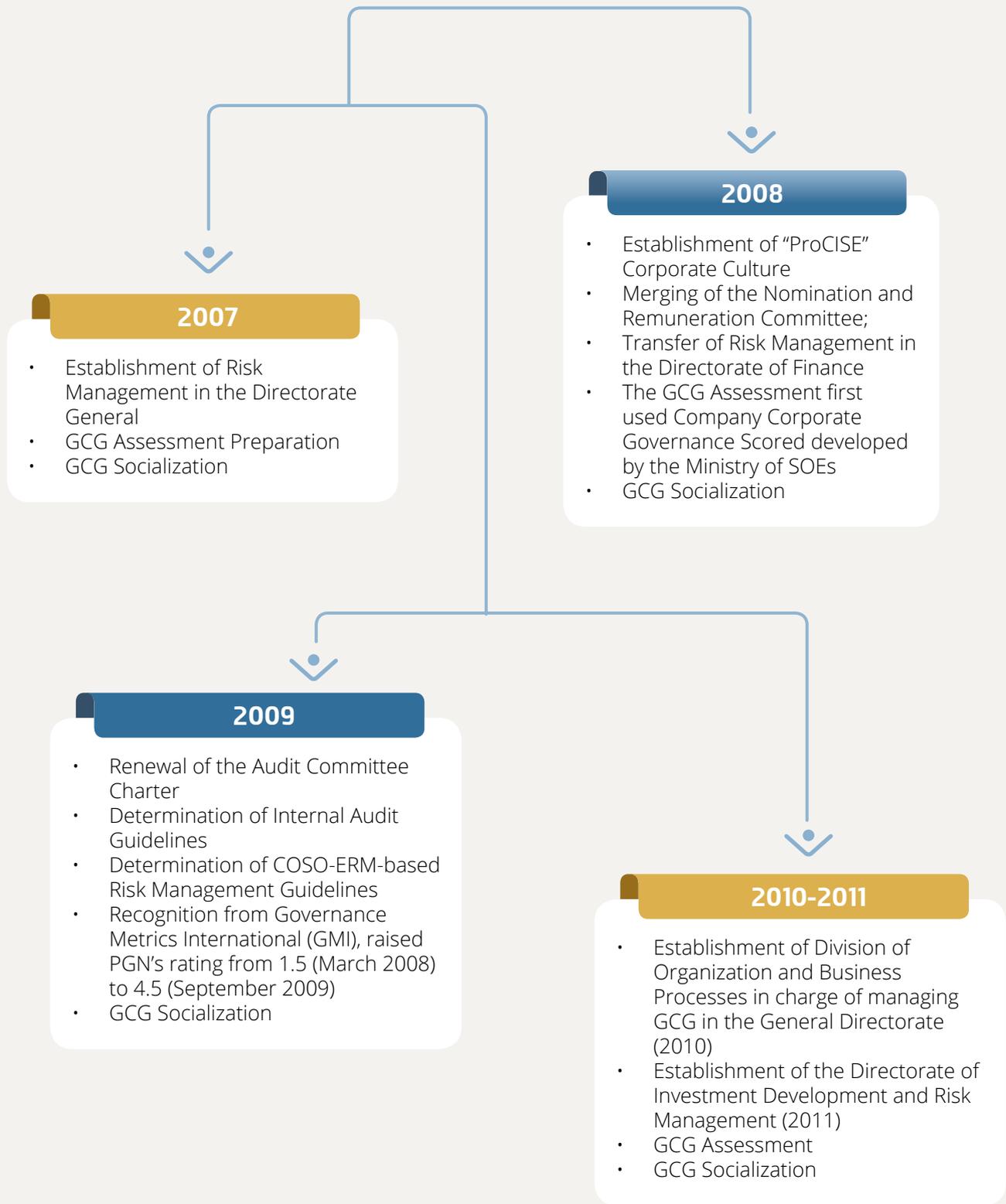
The implementation of high standards for good corporate governance (GCG) has made PGN a fundamentally and sustainably healthy company that is capable of managing business challenges well and having strong competitiveness. By prioritizing the principles of GCG, PGN has affirmed its commitment to creating the culture of Corporate Governance consistently and sustainably in all of the corporate activities in order to successfully face the disruptive era and to have positive impacts on the shareholders and stakeholders including the community at large.

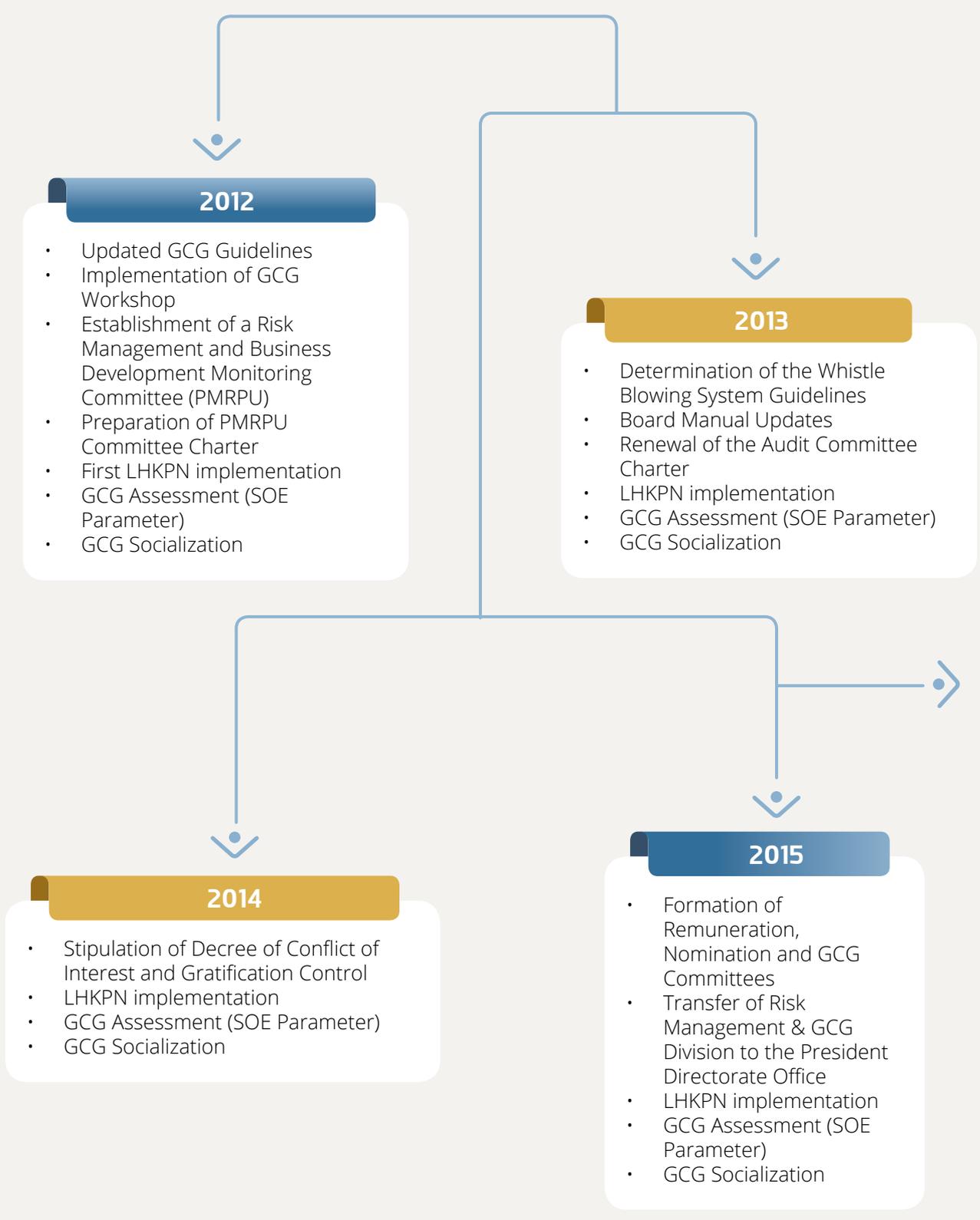
The implementation of GCG principles is a foundation for managing the corporate business as well as a realization of the corporate compliance with Regulation of Minister of State-Owned Corporations Number PER 09/MBU/2012 dated July 6<sup>th</sup>, 2012 concerning the amendment to Regulation of Minister of State-Owned Corporations Number: PER 01/MBU/2011 dated August 1<sup>st</sup>, 2011 concerning Implementation of Good Corporate Governance within State-Owned Corporations and Regulation of Financial Services Authority (OJK) Number 21/POJK.04/2015 dated November 16<sup>th</sup>, 2015 concerning Implementation of Good Corporate Governance within Public Companies.

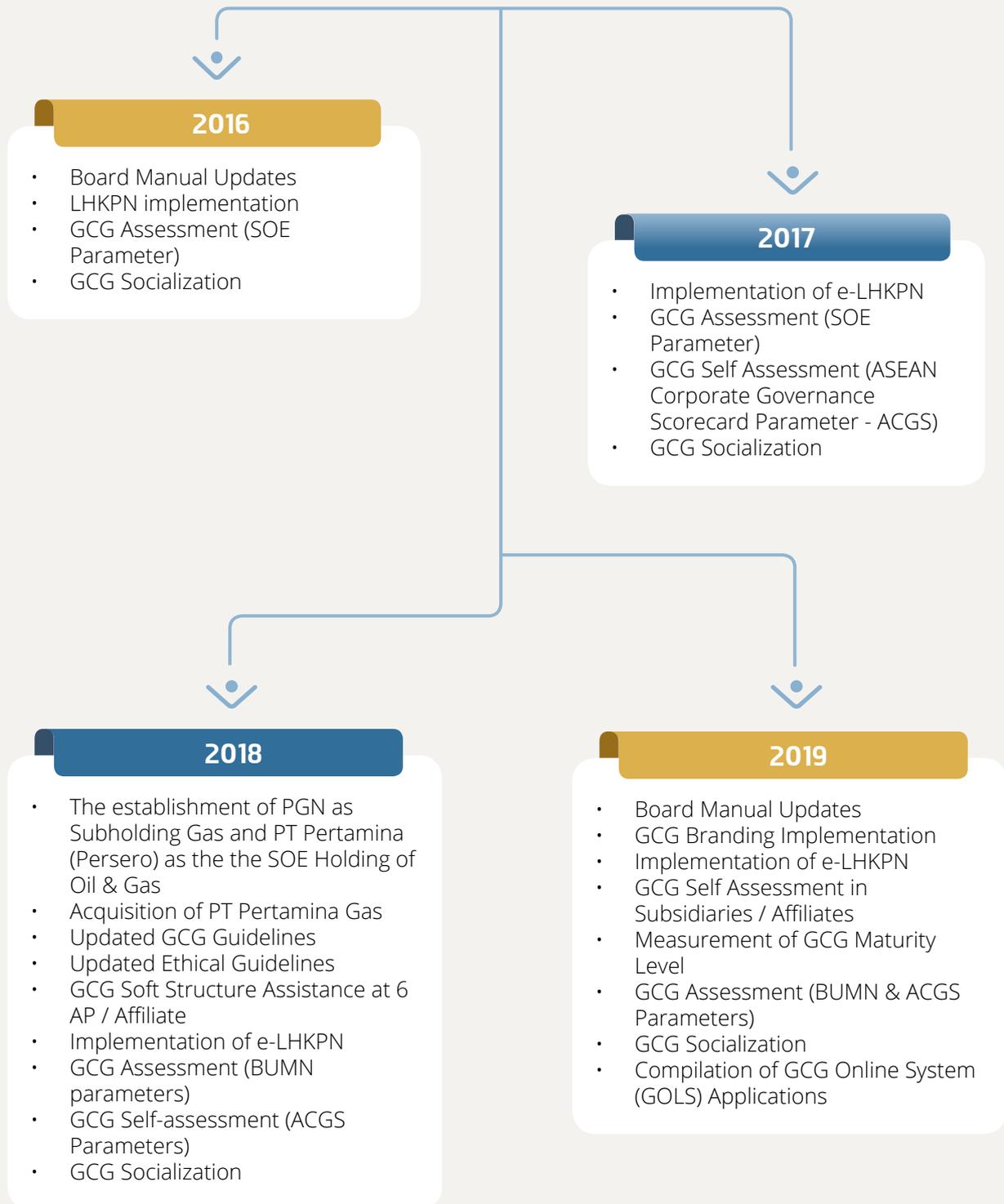


## GCG MILESTONES









**THE OBJECTIVES OF GCG IMPLEMENTATION**

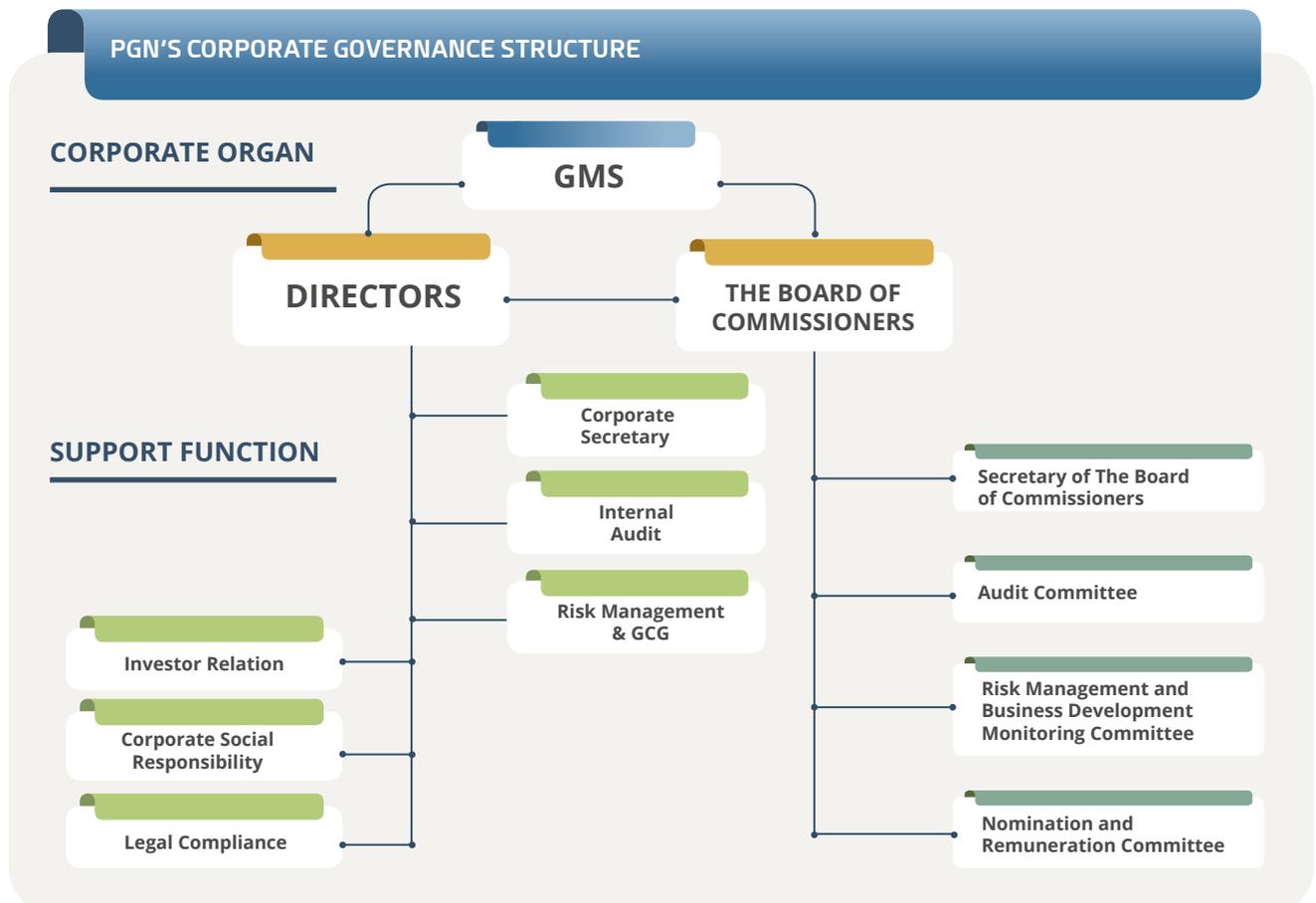
The objectives of the implementation of GCG within the company's setting in accordance with the Guidelines for Good Corporate Governance Number P-003/0.20 are:

- a. To optimize the values of PGN to have strong competitiveness at the national and international levels in order for the company to maintain its existence and sustainable operation to achieve the goals of the company;
- b. To endorse the implementation of PGN's professional, efficient, and effective management and to empower the functions and improve independence the corporate organs;
- c. To encourage the corporate organs to make their decisions based on high moral value and compliance with the law and regulations, and to improve social awareness of PGN and its Stakeholders and for the environmental conservation;

- d. To scale up PGN's contribution towards national economy;
- e. To improve the accountability to the stakeholders;
- f. To improve the conducive climate to support national investment development;
- g. To keep the company's image to be better.

**THE STRUCTURE OF CORPORATE GOVERNANCE**

In accordance with Law Number 40 of 2007 concerning Limited Company, the structure of the company is generally described in the Corporate Main Organs consisting of the General Meeting of Shareholders (GMS), the Board of Commissioners and the Board of Directors. As stated in the Company's Articles of Association and the prevailing laws and regulations, each of the Corporate Organs plays a significant role in the success of GCG implementation and in performing their task, function, and responsibility in the company's interest.



## GCG POLICY IN PGN

For the GCG implementation in the Company to run well, the Company has a number of supporting policies and guidelines in place. The policies include, among other things:

- a. Board Manual,
- b. Guideline on Good Corporate Governance,
- c. Guideline on Business Ethics and Work Ethics,
- d. Policy/Guideline on Managing Conflict of Interest and Gratification Control,
- e. Guideline on Whistleblowing System,
- f. Guideline on Risk Management,
- g. Guideline on Internal Audit Charter,
- h. Guideline on Corporate Social and Environmental Responsibility,
- i. Guideline on Information Technology and Communication Governance,
- j. Policy on Corporate Information Management,

The policies and guidelines pertaining the Good Corporate Governance (GCG) principles generally contain the guidelines for the company and all of the people of PGN to carry out their business activities and as well as to deal with the stakeholders within the corridor of good corporate governance.

## GCG IMPLEMENTATION IN PGN

The Company has always implemented the CGG Policies in an optimal manner and continuously improved the Good Corporate Governance to ensure effective and efficient implementation. In 2019, some updates were made to a number of policies and guidelines related to the GCG, namely:

- a. The Board Manual was updated on March 19<sup>th</sup>, 2019. The update was made to adjust with the changes in the Company's Articles of Association.
- b. Guideline on Whistleblowing System Number

P-002/0.11 was updated on June 25<sup>th</sup>, 2019. The update was made for the refinement of the Ethics Council based on the Company's requirements.

- c. Guideline on Good Corporate Governance Number P-003/0.20 was updated on October 29<sup>th</sup>, 2019. The update was made to adjust to the evolving vision and mission of the Company.
- d. Guideline on Ethics Applied to Business and Code of Ethics Number P-004/0.20 was updated on October 29<sup>th</sup>, 2019. The update was made to adjust to the evolving vision and mission of the Company.
- e. Guideline on Managing Conflict of Interest and Gratification Control was updated and changed into Guideline on Managing Conflict of Interest and Gratification Control Number P-004/0.11 on December 27<sup>th</sup>, 2019.

To ensure the practice and implementation of the GCG principles, PGN has performed a self-assessment based on Decision of Secretary of State-Owned Corporation Ministry Number: SK-16/S.MBU/2012 dated June 6<sup>th</sup>, 2012 concerning the Indicator/Parameters of Assessment and Evaluation of the Implementation of Good Corporate Governance in State-Owned Corporations and based on the parameters of ASEAN Corporate Governance Scorecard (ACGS). Both assessments were done by an independent body named RSM Indonesia.

As for the implementation of GCG in 2019 based on State-Owned Corporation parameters, the assessment of GCG was looking into 6 (six) aspects below:

- a. The commitment to Implementing Sustainable Governance;
- b. Shareholders and GMS/Investors;
- c. Board of Commissioners/Supervisory Council;
- d. Board of Directors;
- e. Information Disclosure and Transparency;
- f. Other Aspects.

### Self-Assessment Results Based on State-Owned Enterprise (SOE) Criteria

No.	Assessment Aspect	Maximal Score	Achievement Score	Fulfillment Level
1.	Commitment to Sustainable Implementation of Governance	7,000	6,822	97.46%
2.	Shareholders and GMS / Capital Owners	9,000	8,846	98.28%
3.	Board of Commissioners / Board of Trustees	35,000	32,647	93.27%
4.	Directors	35,000	33,792	96.55%
5.	Information Disclosure and Transparency	9,000	7,987	88.74%
6.	Other aspects	5,000	5,000	100.00%
<b>Overall Score</b>		<b>100,000</b>	<b>95,094</b>	<b>95.09%</b>
<b>Quality Rating of GCG Implementation</b>		<b>VERY GOOD</b>		

The sustainable implementation of GCG is actualized by the Company by taking into account and following up on a variety of recommendations and the assessment results as advised in the previous year of 2018. The company's

score of 2019 is 95.094 (95.09%) or VERY GOOD. It is a higher score compared to the previous year's (2018) which was 94.681 (94.68%) out of 100.000 scores at maximum. Details of the self- assessment result are as follows:

### GCG Assessment Results for The Past 5 Years

No.	GCG Testing Aspects of Assessment (New Parameter)	Weight	Year 2019		Year 2018		Year 2017		Year 2016		Year 2015	
			Achievement Score	Fulfillment Rate (%)								
1.	Commitment to Sustainable Implementation of Governance	7,000	6,822	97.46	6,766	96.66	6,848	97.83	6,772	96.74	6,679	95.42
2.	Shareholders and GMS	9,000	8,846	98.28	8,815	97.94	8,827	98.08	8,827	98.08	8,462	94.02
3.	Board of Commissioners	35,000	32,647	93.27	31,994	91.41	31,994	91.41	31,994	91.41	31,902	91.15
4.	Directors	35,000	33,792	96.55	33,316	95.19	33,094	94.56	32,861	93.89	31,798	90.85
5.	Information Disclosure and Transparency	9,000	7,987	88.74	8,790	97.67	8,847	98.30	8,484	94.27	8,477	94.19
6.	Other aspects	5,000	5,000	100.0	5,000	100.0	5,000	100.0	5,000	100.00	4,821	96.00
<b>Total</b>		<b>100,000</b>	<b>95,094</b>	<b>95.09</b>	<b>94,681</b>	<b>94.68</b>	<b>94,610</b>	<b>94.61</b>	<b>93,938</b>	<b>93.94</b>	<b>92,140</b>	<b>92.14</b>

For self-assessment of the ACGS parameter, the level of compliance for 2019 is:

1. Level 1 (one) reaches 74% or fulfills 108 of 148 Criteria;

2. Level 2 (two):

- Bonus reaches 38% or meets 5 of 13 Criteria;
- Pinalty only reduces 4% or fulfills 1 of 25 Criteria.

### PGN's score of the GCG Self-Assessment Parameter of ACGS

#### Level 1

No.	Reviewed Aspects	Expected Minimum Standards				Weight	Score
		Item	N/A	Implemented			
1.	Right of Shareholder	21	0	14	67%	10	6.67
2.	Equitable Treatment of Shareholders	15	1	7	50%	15	7.50
3.	Role of Stakeholders	13	0	13	100%	10	10.00
4.	Disclosure and Transparency	32	0	29	91%	25	22.66
5.	Responsibility of the Board	65	0	45	69%	40	27.69
<b>Total</b>		<b>146</b>	<b>1</b>	<b>108</b>	<b>74%</b>	<b>100</b>	<b>74.48</b>

#### Level 2

No.	Reviewed Aspects	Expected Minimum Standards				Weight	Score
		Item		Implemented			
<b>Bonus</b>							
1.	Right of Shareholder	1	0	0	0%	2.31	0.00
2.	Equitable Treatment of Shareholders	1	0	0	0%	2.31	0.00
3.	Role of Stakeholders	1	1	1	100%	2.31	2.31
4.	Disclosure and Transparency	2	2	2	100%	4.62	4.62
5.	Responsibility of the Board	8	2	2	25%	18.46	4.62
	<b>Total Bonus</b>	<b>13</b>	<b>5</b>	<b>5</b>	<b>38%</b>	<b>30.00</b>	<b>11.54</b>
<b>Penalty</b>							
1.	Right of Shareholder	8	0	0	0%	-21.44	0.00
2.	Equitable Treatment of Shareholders	3	0	0	0%	-8.04	0.00
3.	Role of Stakeholders	2	0	0	0%	-5.36	0.00
4.	Disclosure and Transparency	4	0	0	0%	-10.72	0.00
5.	Responsibility of the Board	8	1	1	13%	-21.44	-2.68
	<b>Total Penalty</b>	<b>25</b>	<b>1</b>	<b>1</b>	<b>4%</b>	<b>-67.00</b>	<b>-2.68</b>
<b>Total Level 2 = Total Bonus + Total Penalty</b>							<b>8.86</b>
<b>Score (Poin) = Total Level 1 + Total Level 2</b>						<b>83.34</b>	<b>(Good)</b>

\*) The ACGS Parameter Assessment of 2019 did not present the assessment scores but only gave the percentage of the implementation of the available criteria. The scores and levels are assessed internally by referring to the previous ACGS Parameter Standards.

## RECOMMENDATIONS BASED ON THE ASSESSMENT RESULTS AND THE REASONS FOR NOT IMPLEMENTING/NOT YET IMPLEMENTING

Based on the results of the GCG Parameter Self-Assessment of the State-Owned Corporation in 2019, some recommendations on suggested items to implement for the company's improvement in 2020, the reviewed aspects of the assessment are detailed in the following table:

### Self-Assessment Results Based on SOE Criteria

No.	GCG Aspects of Assessment	Recommendations from Assessment Results	Description and Follow-Up Plans
1.	Commitment to the Implementation of Sustainable Good Corporate Governance	Guideline on Code of Conduct and the Commitment to follow the guideline signed by all of the members of the Board of Directors and the Board of Commissioners.	The Commitment towards the Implementation of the Guideline on the Code of Conduct that will be signed by all of the members of the Board of Directors and the Board of Commissioners.
2.	Shareholders and GMS	<p>1. In regard to the Shareholders/GMS/Investors stipulating the appointment, composition of dismissal of the members of the Board of Commissioners and Directors, PGN should coordinate with the Shareholders in order to execute such actions in accordance with the law and regulations, specifically related to the notifications and reasons for dismissal.</p> <p>2. PGN reviews the Procedure for Preparing Long-Term Plan to ensure there are regulations concerning:</p> <ul style="list-style-type: none"> <li>Validation of Corporate Short-Term Plan by Shareholders</li> <li>Timeframe of the Corporate Short-Term Plan validation</li> </ul> <p>PGN ensures that:</p> <ul style="list-style-type: none"> <li>The revision of the Procedure for Preparing Long-Term Plan validated by Shareholders.</li> <li>The Corporate Short-Term Plan or its revision is validated by Shareholders and prepared in a timely manner.</li> </ul>	<p>This recommendation will be reviewed for its suitability and implementation.</p> <p>This recommendation will be reviewed for its suitability and implementation.</p>
3.	Board of Commissioners	<p>1. PGN amends the provisions in the Board Manual regarding the deadline of decision making by the Board of Commissioners as suggested by the Board of Directors in accordance with SK 16/S.MBU2012 provision.</p> <p>2. PGN reviews the Procedure for the Preparation Operation of Company's Work Plan and Budget to ensure that there are the provisions concerning:</p> <ul style="list-style-type: none"> <li>Submission of feedback and suggestions of the Board of Commissioners regarding the Company's Work Plan and Budget to Shareholders.</li> <li>The deadline of the submission of feedback and suggestions regarding the Company's Work Plan and Budget Draft by the Board of Commissioners to Shareholders.</li> </ul> <p>PGN ensures that:</p> <ul style="list-style-type: none"> <li>The Board of Commissioners submit their feedback and suggestions regarding the Company's Work Plan and Budget to Shareholders.</li> <li>Submission of feedback and suggestions regarding the Company's Work Plan and Budget to Shareholders in a timely manner.</li> </ul>	<p>The Board Manual was approved by the Board of Commissioners and Directors in March 2019. This recommendation will be reviewed for its suitability and implementation.</p> <p>This recommendation will be reviewed for its suitability and implementation.</p>

## Self-Assessment Results Based on SOE Criteria

No.	GCG Aspects of Assessment	Recommendations from Assessment Results	Description and Follow-Up Plans
		<p>3. PGN sets a mechanism of report handling from Stakeholders which includes:</p> <ul style="list-style-type: none"> <li>• A channel Stakeholders can use to submit their suggestions, expectations, issues and complaints to the Board of Commissioners.</li> <li>• A discussion mechanism in the internal body of the Board of Commissioners including the the Committee's engagement in discussing reports from Stakeholders.</li> </ul>	This recommendation will be reviewed for its suitability and implementation.
		<p>4. PGN adds a provision to the Board Manual, which is a task and responsibility of the Board of Commissioners to perform supervision and to give advice to policies/ drafts and the implementation in the areas of information technology, career development, and procurement systems.</p> <p>Additionally, PGN also ensures that Board of Commissioners' Work Program has covered supervision and implementation of the policies in the areas of information technology, career development, and procurement systems.</p>	<p>The Board Manual was approved by the Board of Commissioners and Directors in March 2019.</p> <p>This recommendation will be reviewed for its suitability and implementation.</p>
		<p>5. PGN makes a provision concerning the obligation of the Board of Commissioners to sign Quarterly and Annual Management Reports including:</p> <ul style="list-style-type: none"> <li>• The President Commissioner signs Quarterly Management Reports from Quarter I through Quarter III.</li> <li>• All members of the Board of Commissioners, including the President Commissioner, sign Annual Management Report.</li> </ul> <p>PGN ensures that all of the Quarterly and Annual Management Reports have been signed by the Board of Commissioners in accordance with the provision.</p>	This recommendation will be reviewed for its suitability and implementation.
		<p>6. PGN makes a provision regarding the signs of Company's declining performance which covers:</p> <ul style="list-style-type: none"> <li>• A definition of declining performance</li> <li>• A reporting mechanism to the GMS/Investors for the signs of company's declining performance.</li> <li>• A mechanism to submit suggestions immediately to the Board of Directors to address issues affecting the company's declining performance.</li> <li>• A mechanism to immediately discuss the company's declining performance.</li> </ul>	This recommendation will be reviewed for its suitability and implementation.
4.	Board of Directors	<p>1. PGN makes a provision regarding the standards for urgency levels timeframe of the Board of Directors' decision making of proposed actions expressed during a Directors' meeting in written or based on a circular decision.</p>	<p>The Board Manual was approved by the Board of Commissioners and Directors in March 2019.</p> <p>This recommendation will be reviewed for its suitability and implementation.</p>

### Self-Assessment Results Based on SOE Criteria

No.	GCG Aspects of Assessment	Recommendations from Assessment Results	Description and Follow-Up Plans
		<p>2. PGN reviews Operational Procedure for Preparing Company's Work Plan and Budget to ensure that there is a provision regarding the deadline of Company's Work Plan and Budget draft to Shareholders and the Board of Commissioners.</p> <p>Based on SK-16/S.MBU2012 provision, it is regulated that:</p> <ul style="list-style-type: none"> <li>• The submission of Company's Work Plan and Budget Draft to Shareholders is no later than October 31st of the current year.</li> <li>• The submission to the Board of Commissioners is before September 15<sup>th</sup> of the current year.</li> </ul>	This recommendation will be reviewed for its suitability and implementation.
		<p>3. PGN makes a provision regarding the implementation of performance target achievement analysis and evaluation that regulates:</p> <ul style="list-style-type: none"> <li>• Implementation of monthly discussion/evaluation of the performance of functions/units under the Directors.</li> <li>• Directors' follow-up on the results of the monthly discussion of performance of the functions/units under the Directors that has not met the predetermined targets.</li> </ul>	This recommendation will be reviewed for its suitability and implementation.
		<p>4. PGN ensures that the Directors submit the reports on the IT system implementation and the report on the technology performance to the Board of Commissioners.</p>	This recommendation will be reviewed for its suitability and implementation.
		<p>5. PGN ensures that there is a compensation for Minimum Services Standards and quality that has been met by the Company.</p>	Terkait usulan ini akan direview kesesuaian dan penerapannya.
		<p>6. PGN ensures that the results of the performance evaluation are used for employee's further development.</p>	Performance evaluation has been the basis for employee's development through Perfecto application in the Individual Development Program (IDP) mechanism. This recommendation will be reviewed for its suitability and implementation.
		<p>7. PGN reviews the Board Manual and Internal Audit Charter documents to ensure there is a provision that regulates the reporting on the implementation of the results of the audit carried out by SPI and the external auditors. The report is made every quarter by the Board of Directors to the Board of Commissioners.</p> <p>PGN ensures that every quarter the Directors report on the implementation of the results of the audit carried out by SPI and the external auditors.</p>	The Board Manual was approved in March 2019. This recommendation will be reviewed for its suitability and implementation.

### Self-Assessment Results Based on SOE Criteria

No.	GCG Aspects of Assessment	Recommendations from Assessment Results	Description and Follow-Up Plans
		8. PGN ensures that a supplier satisfaction survey is done annually.	This recommendation will be reviewed for its suitability and implementation.
		9. PGN ensures that the Head of Internal Audit is CIA or QIA certified.	At the end of 2019, the Division Head of Internal Audit was in the process of Certification for Internal Audit. It is to be confirmed if the audit requirements are met.
5.	Information Disclosure and Transparency	1. PGN makes a policy concerning website administration and update.	This recommendation will be reviewed for its suitability and implementation.
		2. PGN ensures that the Annual Reports are presented in Indonesian and English in a bilingual format.	The Annual Reports have been presented in Indonesian and English in separate books due to the number of pages.
		3. PGN ensures that the Annual Reports cover explanation and analysis of financial information that has been reported containing extraordinary or rare events.	This recommendation will be reviewed for its suitability and implementation for the next Annual Report.
		4. PGN ensures that the recommendations from the Annual Report Award (ARA) are followed in order to improve the quality of information disclosure and transparency in the Annual Reports in accordance with the criteria set by ARA.	This recommendation will be reviewed for its suitability and implementation for the next Annual Report.
6.	Other Aspects	-	-

### GCG MATURITY MEASUREMENT

In addition to GCG self-Assessment, in 2019 PGN also measured GCG Maturity level for the first time. Independent consultant PT RSM Indonesia assisted in this, referring to GCG Maturity Model based on

international standard practice, i.e. G20/OECD Principles of Corporate Governance and GRI Standards.

GCG Maturity Model comprises four domains, each of which comprises several principles. Each principle has assessment criteria, which total 47, as illustrated below:



### GCG Maturity Model

DOMAIN	PRINCIPLE	CRITERIA
A. Respecting Right of Shareholders	1. Rights of Shareholders 2. General Meeting of Shareholders 3. Protecting Shareholders' Right 4. Information about the Entity and Its Governance	14
B. Partnership with Stakeholders	1. Rights of Stakeholders 2. Relationship with Stakeholders 3. Responsibility toward <i>Stakeholders</i>	9
C. Disclosure and Transparency	1. Disclosure Policy 2. Timely and Balanced Disclosure	5
D. Board Structure and Effectiveness	1. Structure, Roles, and Responsibilities 2. Ethics 3. Integrity in Reporting 4. Managing Risk	19
	13	47

The maturity levels used in the assessment range from 'initial' to 'advanced', the lowest to the highest. The parameters of assessment are as follows:

### GCG Maturity Model Assessment Parameters

Maturity Level	Score	Description
Initial	1	<ul style="list-style-type: none"> <li>The majority of policies or procedures are not yet owned by the company;</li> <li>The majority of existing policies or procedures have not been put into practice or have been put into practice but are ad hoc</li> </ul>
Defined	2	<ul style="list-style-type: none"> <li>The majority of relevant policies or procedures are in place by the company;</li> <li>The majority of policies or procedures have been put into practice.</li> </ul>
Managed	3	<ul style="list-style-type: none"> <li>All relevant policies or procedures have been regulated, but some specific details have not yet been set;</li> <li>All policies or procedures have been put into practice.</li> </ul>
Advanced	4	<ul style="list-style-type: none"> <li>All relevant policies or procedures are regulated, complete with specific details;</li> <li>All policies or procedures have been practiced consistently.</li> </ul>

Referring to the GCG Maturity Model, PGN's GCG Maturity Levels in 2019 are assessed and resulted the following:

### GCG Maturity Level Measurement Results

Domain	Principle	Principle Score	Domain Score
A. Respecting Rights of Shareholders	A.1. Rights of Shareholder	3.0	2.54
	A.2. General Meeting of Shareholders	2.75	
	A.3. Protecting Shareholders' Right	2.4	
	A.4. Information about the Entity and Its Governance	2.0	
B. Partnership with Stakeholders	B.1. Rights of <i>Stakeholders</i>	3	3.27
	B.2. Relationship with <i>Stakeholders</i>	4	
	B.3. Responsibility toward <i>Stakeholders</i>	2.8	
C. Disclosure and Transparency	C.1. Disclosure <i>Policy</i>	1	1.75
	C.2. Timely and Balanced Disclosure	2.5	
D. Board Structure and Effectiveness	D.1. Structure, Roles, and Responsibilities	3.17	3.16
	D.2. Ethics	3	
	D.3. Integrity in Reporting	2.67	
	D.4. Managing <i>Risk</i>	3.8	
<b>Overall Average Score</b>			<b>2.68</b>

The score of PGN's GCG Maturity measurement result of 2.68 demonstrates that in applying GCG, PGN is at a 'defined' level, which means that the Company already has most of policies of relevant procedures and has applied these.

To follow up on the measurement results, PGN plans to compile GCG Implementation Development Roadmap in the next five years. It would include the plans of prioritized development as adjusted to the Company's needs. Thus, in the future GCG implementation would be more targeted and well managed in line with best practices at international standards. This is aimed to help step up the Company's future performance.

## STRENGTHENING THE IMPLEMENTATION OF GCG IN PGN

### 1. Socialization and Internalization

PGN has been promoting and internalizing the Guidelines on Good Corporate Governance and the Guidelines on Business Ethics and Work Ethics among the employees of PGN Group as the basis for implementing the GCG principles in every activity the Company carries out. This process of communication and outreach aims to provide an understanding of the GCG Guidelines in PGN. The list of socialization and internalization of the GCG implementation in the Company carried out in 2019 include:

### List of Socialization and Internalization of GCG Implementation

No.	Date	Event
1.	May 22 <sup>nd</sup> -23 <sup>rd</sup> , 2019	Corruption Prevention Socialization and PGN Group GCG Internalization in Jakarta
2.	June 21 <sup>st</sup> , 2019	GCG Socialization and Internalization for New Workers (158 people) PGN Got Talent at Tapos Ciawi
3.	July 9 <sup>th</sup> - 10 <sup>th</sup> , 2019	GCG Training for PGN Workers in Jakarta
4.	July 19 <sup>th</sup> , 2019	GCG socialization to representatives of 6 PGN Subsidiaries
5.	August 20 <sup>th</sup> , 2019	Induction and Internalization of GCG and Risk Management for Trainee On Boarding Program Trainee Workers in Jakarta
6.	October 7 <sup>th</sup> - 8 <sup>th</sup> , 2019	Held an International Parameter Assessment GCG Workshop (ACGS) with related work units in Bandung
7.	October 25 <sup>th</sup> , 2019	Business Ethics Socialization with Tangerang Sales Area Customers in Bogor
8.	November 4 <sup>th</sup> - 5 <sup>th</sup> , 2019	Socialization and User Acceptance Test for GOLs Applications to PGN Workers' Representatives from Work Units and Subsidiaries / Affiliates in Megamendung
9.	November 22 <sup>nd</sup> , 2019	Business Ethics Socialization with Bogor Sales Area Customers in Bogor
10.	December 3 <sup>rd</sup> , 2019	Business Ethics Socialization with Goods Service Providers at the 2019 Contractor Safety Management System (CSMS) Award Event by PMO Infrastructure
11.	December 18 <sup>th</sup> , 2019	Dissemination of Good Corporate Governance Guidelines and Guidelines for Business Ethics and Work Ethics and GCG Online System Application to the PGN Group in the Medan area (including Pekanbaru-Dumai and Batam)
12.	December 20 <sup>th</sup> , 2019	Dissemination of Good Corporate Governance Guidelines and Guidelines for Business Ethics and Work Ethics and GCG Online System Application to PGN Group Workers in the Surabaya area (including Pasuruan, Sidoarjo and Semarang)

In 2019 PGN developed a GCG Online System (GOLS) application which is a digital information system used by the Company as a medium to improve GCG awareness as well as the media for the People of PGN to affirm their commitment to implementing the GCG principles and the corporate values of ProCISE. In the near future, GOLS application will be used for socialization and internalization of the Guidelines on Good Corporate Governance and the Guidelines on Business Ethics and Work Ethics and other policies regarding GCG that will be done online.

## 2. Whistleblowing System Management

The Company has a reporting system policy on alleged violations and irregularities within the Company (Whistleblowing System), based on Decision of the Directors Number: 066303.K/PW.01/UT/2013 dated December 24<sup>th</sup>, 2013 concerning the Guidelines on Whistleblowing System as updated into the Guidelines on Whistleblowing System Number P-002/0.11 dated June 25<sup>th</sup>, 2019 signed by the President Director. The updated Guidelines on Whistleblowing System concerning the establishment of Ethics Council II whose members include President Commissioner, President Director and the other relevant Directors.

The management of WBS is under the Internal Audit Group, that has the Ethics Committee assigned based on Assignment Letter Number 003100.ST/PW/IQU/2018 dated April 2<sup>nd</sup>, 2018 and updated with Assignment Letter Number: 032300.ST/PW/IAU/2019 dated December 27<sup>th</sup>, 2019 to carry out tasks as stated in the updated Guidelines on WBS mentioned above.

The Company has organized the activities to introduce the Guidelines on the Whistleblowing System. The implementation of the socialization of the Whistleblowing System among New Recruits on June 21<sup>st</sup>, 2019 during the induction event for New Employees taking place in Bogor and for the Sales Administration Employees on October 10<sup>th</sup>, 2019 during the Sales Administration Forum in Batam.

In 2019, there was not any report on the Whistleblowing System.

## 3. Corporate Performance Assessment based on Excellent Performance Assessment Criteria (KPKU)

To improve the corporate performance, since 2012 the Company has switched its assessment criteria from using the Balance Scorecard to using the KPKU (excellent performance assessment criteria) adopted from the Malcolm Baldrige Criteria. This implementation is based on Letter of Ministry of State-Owned Enterprises Number S-08/S.MBU/2013 dated January 16<sup>th</sup>, 2013 regarding Socialization of the Guidelines on the KPI and the Excellent Performance Assessment Criteria (KPKU) of State-Owned Enterprises. Based on the assessment result of KPKU of 2019, the Company scored 674.75 or at the level of Emerging Industry.

**KPKU Assessment Results Table**

Year	Value
2019	674.75
2018	631.00
2017	631.00
2016	621.00
2015	583.25

4. Implementation of Management System ISO and SMK3  
Since 2018, PGN has implemented Quality Management System of ISO 9001:2015. PGN as a Public Company, has benefitted significantly from implementing ISO 9001 standards. ISO 9001, as a

management tool, has supported PGN in organizing and operating the Management System or the Work System with the achievements enjoyed today. During 2019, PGN activities related to the implementation of ISO 9001 included:

### PGN Activities Related to the Implementation of ISO 9001 2019

No.	Date	Event
1.	March 25 <sup>th</sup> 2019 and 30 April 30 <sup>th</sup> , 2019	Assistance on the Implementation of ISO 9001 QMS in Jargas Unit work units
2.	June 11 <sup>st</sup> 2019 until July 10 <sup>th</sup> , 2019	ISO 9001: 2015 QMS Internal Audit conducted to 17 work units and 9 Sales Areas
3.	September 13 <sup>rd</sup> , 2019 until November 14 <sup>th</sup> , 2019	Website-Based PGN-Q Application Development and Implementation. PGN-Q has 4 menus, namely: 1. e_DAK menu that functions to make, Change and Revoke Job Reference Documents (DAK) 2. e_Audit menu which functions to conduct Internal Audit of ISO 9001: 2015 QMS through online between the Auditor and the Auditee. 3. Self Assessment Menu, which functions to assess the understanding of the Work Reference Document in each work unit. 4. Board Room menu that functions reporting on e_DAK, e_Audit and Assessment activities to top management.
4.	December 2 <sup>nd</sup> , 2019	Management Review Meeting 2019
5.	December 9 <sup>th</sup> -13 <sup>rd</sup> , 2019	ISO 9001: 2015 Second Stage Surveillance Audit by PT Lloyd's Register Indonesia Certification Board for 9 Sales Area 5 work units in PGN

Apart from the quality management system certificate, PGN also holds a certificate of Management of Occupational Safety and Health (SMK3) in accordance with Government Regulation Number 50 of 2012 on SMK3 which is a national level certification system and international standards for Occupational Safety and Health, OHSAS 18001:2007. The certificate was issued by PT Lloyd Register Indonesia. PGN also has ISO 14001:2004 Certificate in all of the Operational Areas as a realization of the Environmental Management System (EMS) within the Company as well as the Company's compliance with the Government policies.

All of these Certificates for Management System have been regularly updated. The ISO 9001:2015 certificate is valid until January 31<sup>st</sup>, 2021 while the Certificate for

Security Management System is valid until March 2<sup>nd</sup>, 2021. The SMK3 Certificate is valid until July 14<sup>th</sup>, 2020 and OHSAS 18001 and ISO 14001 Certificate is valid until January 7<sup>th</sup>, 2020.

#### 5. Assessment of GCG Implementation

The assessment of GCG Implementation is based on the parameters set by the Ministry of State-Owned Enterprises (BUMN) and the ASEAN Corporate Governance Scorecard (ACGS) conducted by an independent body, RSM Indonesia. The achievement of the Self-Assessment against the BUMN Parameters in 2019 was 95.094 (95.09%) or within VERY GOOD qualification, better than the 2018 assessment result which was 94.681 (94.61%) out of the total of 100.000 scores.

As for the self-assessment of GCG implementation using the ACGS Parameters done by RSM Indonesia, the levels of requirement fulfilment are:

1. Level 1 (one) achieving 74% or meeting 108 out of 148 Assessment Criteria;
2. Level 2 (two):
  - Bonus, achieving 38% or meeting 5 out of 13 Criteria for Bonus;
  - Penalty only deducting 4% or meeting 1 out of 25 Criteria for Penalty.

Whereas, based on the calculation above of the fulfilment, PGN has scored 83.34 (Good Category).

#### 6. Gratification Control

As part of the commitment to implementing the Good Corporate Governance principles, PGN has stipulated Policy on Conflict of Interest and Gratification Control in Decision of the Directors Number 018401.K/OT.03/UT/2014 dated October 1<sup>st</sup>, 2014 as updated into the Guidelines on Management of Conflict of Interest and Gratification Control Number P-004/0.11 that was stipulated by the President Director on December 27<sup>th</sup>, 2019, as the basis for the implementation of gratification control to maintain the compliance with the business ethics and work ethics, prevent conflict of interest and prevent fraudulence.

The Gratification Management is under the Internal Audit Group that has the Gratification Control Unit (UPG) Team. The team was established based on Assignment Letter Number 0030000.ST/PW/IAU/2018 dated April 2<sup>nd</sup>, 2018 and has been updated with Assignment Letter Number: 032400.ST/PW/IAU/2019 dated December 27<sup>th</sup>, 2019. The Gratification Control Team has the tasks as stated in the Guidelines on Conflict of Interest and Gratification Control that has been updated above mentioned.

Based on the Guidelines above, the UPG will submit a recapitulation reports on the handling of reported gratification managed by the UPG both the reports being handled and the reports being followed-up to determine the ownership and the utilization of the gratification to the Committee for Corruption Eradication (KPK) on a monthly basis. In addition, the UPG submits progress reports and evaluations of the implementation of the Gratification Control Program within the company to the Board of Directors on a regular basis every month.

During 2019, there was not any gratification reported in the Company that was then reported to KPK.

#### 7. Integrity Pact for Goods/Services Provider

The signing of the Integrity Pact is applicable to all providers of goods/services and the users of the goods/services that include Heads of Work Units, and all service functions for goods and services procurement of the company. It is regulated in the Guidelines on Goods/Services Procurement Number P-001/0.37 dated February 12<sup>nd</sup>, 2018 that replaced Decision of the Directors Number 010300.K/LG.01/PDO/2016 dated August 1<sup>st</sup>, 2016 regarding the Guidelines on Goods/Services Procurement.

As the realization of the Company's commitment to implementing Good Corporate Governance, the signing of the Integrity Pact by all providers and users of goods/services and all of the service functions for goods/services procurement are required to:

- a. Carry out the procurement of goods/services based on the principle of good faith, with high accuracy, and in a free and independent state of mind, without any pressure or influence from others (independency);
- b. Make decisions with duty of care and loyalty;
- c. Not make any decision for personal or affiliated parties' gain and thus there is no potential conflict of interest;

- d. Carry out the procurement process with adequate understanding of various rules and other normative obligations involved, and meet all of the legal provisions, including considering best practices that are deemed necessary, important, and critical in this procurement process (duty abiding the laws).

## GENERAL MEETING OF SHAREHOLDERS

General Meeting of Shareholders (GMS) is the highest structural organ of a limited liability company with an authority that is not granted for the Board of Directors or the Board of Commissioners, within the limit that has been determined in the law and regulations and/or in the articles of association. As a public company, GMS is a communication forum between the Directors and the Board of Commissioners and the corporate Shareholders. In accordance with Law Number 40 of 2007 concerning Limited Liability Companies, there are two types of GMS, namely Annual GMS, held once a year, and Extraordinary GMS that can be held at any time upon requests from one of the Corporate organs.

### SHAREHOLDERS COMPOSITION

GMS consists of the Corporate shareholders under 2 (two) share classifications, that are:

1. Series A Dwiwarna Share; owned by the State of Republic of Indonesia, represented by the Government c.q the Ministry of State-Owned Enterprises (BUMN) with the amount of Rp100 for one (1) share;
2. B Series Share, owned by:
  - PT Pertamina (Persero) holds 13,809,038,755 shares or equals with the amount of Rp1,380,903,875,500
  - Public with 10,432,469,440 shares or equals with the amount of Rp1,043,246,944,000

Detailed information on the composition of the shareholders can be viewed in the Company's Profile section of this Annual Report.

### SHAREHOLDERS RIGHTS

Basically, the Shareholders of Series A Dwiwarna and Series B have equal rights unless otherwise specified in the Articles of Association, the rights of the Shareholders include:

1. The right to receive the dividends from the Company based on the profit that has been appropriated as the dividends in the Annual GMS.
2. The right to hold a relative number of shares owned by the Shareholder through purchasing new shares issued by the Company (preemptive right).
3. The right to request reports on the Board of Directors' and the Board of Commissioners' liability regarding the corporate management.
4. The right to appoint and dismiss members of the Board of Directors and the Board of Commissioners.
5. The right to make amendments to the Articles of Association.
6. The right to approve the issuance of equity securities or additional paid-in and issued capital.
7. The right to approve transactions that have conflict of interest and material transactions.
8. The right to approve merger, consolidation, acquisition and separations and dissolution of the Company.
9. Other rights specified in the Articles of Association of the Company and the law and regulations.

The Shareholders of Series A Dwiwarna (golden share) have the privileges not reserved by the Shareholders of Series B, which is to cast their votes in a voting during the GMS to make decisions. The privileges of the Shareholders of Series A Dwiwarna among others:

1. The right to approve the GMS regarding the following matters:
  - a. Approval of an appointment and a dismissal of members of the Board of Directors and members of the Board of Commissioners;
  - b. Approval of amendments to the Articles of Association;
  - c. Approval of changes in the shareholding structure;

- d. Approval of merger, consolidation, separations and dissolution as well as acquisition of the Company by another company.
2. The right to nominate members of the Board of Directors and the Board of Commissioners;
3. The right to propose GMS agenda items;
4. The right to request and access the data and documents of the Company;
5. The right to determine strategic policies to synchronize and in accordance with the policies and regulations applicable to Most Series B Shareholders in the following domain of:
  - a. Gas Business Planning;
  - b. Development and Investment;
  - c. Accounting and Finance;
  - d. Operation and Quality Control;
  - e. Marketing;
  - f. Information Technology;
  - g. Human Resources;
  - h. Risk Management and Internal Control;
  - i. Legal Affairs;
  - j. Health, Occupational Safety and Environmental Management and Social Responsibility;
  - k. Partnership and Environmental Development Program.
  - l. Other domains for the synergy of the Company with the Most Series B Shareholders, with the

mechanism of using the right as referred to in the provision under the Articles of Association and the law and regulations.

In exercising its privileges, the Shareholders of Series A Dwiwarna may pass on their privileges to the Most Series B Shareholders, except for the privileges to approve the relevant GMS:

1. Approval of changes in the shareholding structure;
2. Approval of merger, consolidation, separations and dissolution, and acquisition of the Company by another company.

Furthermore, through Power of Attorney Number SKK-10/MBU/05/2018 dated May 9<sup>th</sup>, 2018, Series A Dwiwarna Shareholders granted special power to PT Pertamina (Persero) as the Most Series B Shareholder to have privileges of Series A Dwiwarna Shareholders above mentioned.

### INFORMATION ACCESS TO SHAREHOLDERS

The Company provides information for the shareholders in a timely and accurate manner regarding all material information and information on the corporate management. In providing the access to information, the Company as a public company must comply with



Regulation of the Financial Services Authority (OJK) Number 31/POJK.04/2015 concerning Disclosure of Information or Material Facts by Issuers or Public Companies. The access to information is provided through:

1. The information during General Meeting of Shareholders (GMS);
2. Information on material transactions, affiliation or other transactions given through mass media, IDX, OJK, and the company's website;
3. Giving information or clarification to IDX and OJK on news on mass media about the Company
4. Information given through the Investor Relation Division;
5. Information given through electronic media such as the company's website, company's e-mail address or phone number;
6. Information on social media such as Facebook, YouTube, Twitter (@gas\_negara), and Instagram (gas\_negara); or
7. Information given by shareholders or investors or future investors in the events such as non-deal roadshows, meeting with analysts, etc.

The agenda of the General Meetings of Shareholders are as follows:

## 1. Annual GMS on April 26<sup>th</sup>, 2019

### NOTIFICATION OF THE PLAN OF THE 2019 ANNUAL GMS TO THE FINANCIAL SERVICES AUTHORITY

Company Letter Number: 005500.S/OT.02.00/PDO/2019 dated February 12<sup>nd</sup>, 2019 concerning the Notification of the 2019 Annual GMS of the Company, the date of the meeting was revised in Company Letter Number: 007700.S/OT.02.00/PDO/2019 dated February 22<sup>nd</sup>, 2019 concerning the 2019 Annual GMS of the Company.



### ANNOUNCEMENT REVISION OF ANNUAL AGM PLAN TO THE FINANCIAL SERVICES AUTHORITY

Company Letter Number: 011500.S/HM.02.03/COS/2019 dated February 27<sup>th</sup>, 2019 concerning Revision of Notification of the 2019 Annual GMS of the Company.



### ANNOUNCEMENT OF THE ANNUAL GMS

- The announcement of the Annual GMS was made on March 20<sup>th</sup>, 2019.
- The announcement was made public in 1 (one) national newspaper, Media Indonesia, and on the website of the Indonesia Stock Exchange, the website of the Financial Services Authority, and on the Company's website. The announcement of the Annual GMS on the Company's website was made in 2 (two) languages, Indonesian and English in accordance with Regulation of the Financial Services Authority Number 8/POJK.04/2015 concerning Website of Issuers or Public Companies.
- Submission of the advertising evidence of the GMS Announcement is submitted to the Financial Services Authority through Letter Number: 015700.S/HM.02.03/COS/2019 dated March 20<sup>th</sup>, 2019.
- In accordance with Article 12 paragraph (2) of Regulation of the Financial Services Authority Number 32/POJK.04/2014 concerning the Plan and Execution of the General Meetings of Shareholders, the shareholders with at least 1/20 or more of the total number of shares with voting rights that have been issued by the Company may propose additional agenda items upon which decisions should be made during the Annual Meeting no later than March 28<sup>th</sup>, 2019.
- Until March 28<sup>th</sup>, 2019, there were not any shareholders submitting the proposals for additional agenda items of the Annual GMS to the Company.

Further information on the composition of the shareholders can be found in Information Access to the Shareholders in this Chapter.

## ORGANIZING OF THE GMS

Throughout 2019, PGN has organized 2 (two) GMS, the Annual GMS on April 26<sup>th</sup>, 2019 and the Extraordinary GMS on August 30<sup>th</sup>, 2019, both meetings took place in Four Seasons Hotel – Jakarta. The organizations of the GMS were done in accordance with Law Number 40 of 2007 regarding Limited Liability Companies and Regulation of the Financial Services Authority (OJK) Number 32/POJK.04/2014 concerning the Plan and Organization of General Meetings of Shareholders of Public Companies, as last amended with Regulation of the Financial Services Authority (OJK) Number 10/POJK.04/2017 concerning the Amendment to Regulation of the Financial Services Authority (OJK) Number 32/POJK.04/2014 concerning the Plan and Organization of General Meetings of Shareholders of Public Companies.

## 1. Annual GMS on April 26<sup>th</sup>, 2019



### NOTICE OF THE ANNUAL GMS

- The Notice of the Annual GMS took place on April 4<sup>th</sup>, 2019.
- The notice was made public in 1 (one) national newspaper, Media Indonesia, and on the website of the Indonesia Stock Exchange, the website of the Financial Services Authority and the Company's website; The Notice of the Annual GMS on the Company's website was presented in 2 languages, Indonesian and English, in accordance with Regulation of the Financial Services Authority Number 8/POJK.04/2015 concerning the Website of Issuers and Public Companies.
- Submission of the advertising evidence of the GMS Notice is submitted to the Financial Services Authority through Letter Number: 018000.S/HM.02.03/COS/2019 at April 4<sup>th</sup>, 2019.
- The notice of the Annual Meeting of Shareholders was sent to all the shareholders whose names are listed in the Shareholders Register on April 2<sup>nd</sup>, 2019 at 4pm GMT+7.
- Since the day the GMS invitation was sent, the Company has provided the GMS Agenda to be collected by the Shareholders at the Company's Office in The Manhattan Square, Mid Tower, 26<sup>th</sup> Floor, Jl. TB Simatupang Kav 1S, Jakarta Selatan 12540, Phone +6221 80641111 ext. 7726 or 7761, during the Company's work hours.



### THE ANNUAL GMS

- The Annual GMS was convened on April 26<sup>th</sup>, 2019.
- The GMS was convened in Grand Ballroom of Four Seasons Hotel, Capital Place, Jl. Gatot Subroto Kav. 18, Jakarta Selatan.
- Professionals that support Capital Market attending the Annual GMS were from Public Accounting Firm Tanudiredja, Wibisana, Rintis and Partners (a member of PricewaterhouseCoopers) as the Public Accounting Firm, UMBRA Partnership as the Legal Consultant, PT Datindo Entrycom as the Stock Administration Bureau. The Agenda of the Annual GMS was prepared by Nanette Cahyanie Handari Adi Warsito S.H., as the Notary.
- The meeting was chaired by the Corporate President Commissioner appointed by the Board of Commissioners based on Appointment Letter Number: 20/D-KOM/2019 dated April 9<sup>th</sup>, 2019.
- There were 19,525,224,694 shares, including the Shareholders of Series A Dwiwarna, that have valid voting rights, or are equal to 80.5445954% of the total number of shares with valid voting rights issued by the Company.
- To make understanding the meeting mechanism easier for the shareholders, the Company provided a pocket book of the Rules of Meeting, distributed to the shareholders before entering the meeting ballroom.
- The shareholders were given opportunities to ask questions regarding the agenda items that were being discussed during the Annual GMS.
- The voting was done verbally where the shareholders who voted 'affirmative' or 'abstain' were asked to raise their hands and submit their voting cards to the meeting organizing committee.
- The notary recorded the number of the "non-affirmative" and the "abstain" votes, then recapitulate the total number of votes. The "abstain" votes were considered voting for what have been agreed by the majority shareholders who have casted their votes. The notary announced to the shareholders who attended the meeting, the number of "affirmative" and "non-affirmative" votes for the relevant agenda item.



### ANNOUNCEMENT OF THE ANNUAL GMS RESOLUTIONS

- The announcement of the Annual GMS was done on April 30<sup>th</sup>, 2019.
- The announcement of the Annual GMS was made public in 1 (one) national newspaper, Media Indonesia, and on the website of IDX, the website of Financial Services Authority and the website of the Company; the Announcement of The Annual GMS Resolutions on the website of the Company was presented in 2 languages, Indonesian and English, in accordance with Regulation of the Financial Services Authority Number 8/POJK.04/2015 concerning Website of Issuers or Public Companies.
- Submission of the evidence of the Annual GMS Resolutions public announcement was submitted to the Financial Services Authority through Letter Number: 027000.S/HM.02.03/COS/2019 dated April 30<sup>th</sup>, 2019.



### SUBMISSION OF THE MINUTES OF THE ANNUAL GMS TO THE FINANCIAL SERVICES AUTHORITY

- The Minutes of the Annual GMS that has been prepared is included in the Deed of the Minutes of the Annual General Meeting of Shareholders of PT Perusahaan Gas Negara, Tbk Number 60 dated April 26<sup>th</sup>, 2019 prepared by Nanette Cahyanie Handari Adi Warsito, S.H., the Notary in Jakarta.
- A copy of the Deed of the Minutes of the Annual GMS is submitted to the Financial Services Authority under Company's Letter Number: 034400.S/OT.02.00/COS/2019 dated May 22<sup>nd</sup>, 2019 regarding the Submission of a Copy of the the Deed of Minutes of the 2019 Annual GMS of PT Perusahaan Gas Negara Tbk.

## RESOLUTIONS OF THE ANNUAL GMS CONVENED ON APRIL 26<sup>th</sup>, 2019 AND THE REALIZATIONS

Decisions of the Annual GMS	Decision Making	Realization of the Decision and the Reasons
<b>Agenda Item 1:</b>		
<b>Approval of the Annual Report of the Fiscal Year 2018 and the Report of the Partnership and Environmental Development Program (PKBL) of the Fiscal Year 2018 and the Supervisory Report of the Board of Commissioners of Fiscal Year 2018.</b>		
Approve the Corporate Annual Report of Fiscal Year 2018 and the Report on the Partnership and Environmental Development Program (PKBL) of Fiscal Year 2018 and the Report on Supervisory Duty of the Board of Commissioners of Fiscal Year 2018.	<p><b>Decision Quorum</b> Decision is approved by more than 1/2 (one half) proportion of the total number of shares with voting rights attending the GMS.</p> <p><b>Results</b> Affirmative Vote 19,444,479,894 votes, or 99.5864590%</p> <p>Abstain 80,744,800 votes, or 0.4135410%</p> <p>Non-Affirmative Vote 0 vote</p>	
<b>Agenda Item 2:</b>		
<b>Authentication of the Annual Financial Statement of the Fiscal Year 2018, including the Financial Report of the Partnership and Environmental Development Program (PKBL) of the Fiscal Year 2018, and Granting Completion of and Release from the Duty of the Board of Directors Members and the Board of Commissioners Members of the Fiscal Year 2018.</b>		
1. Ratified the Consolidated Financial Statements of the Company of the fiscal year ended in 2018 that had been audited by Public Accountant Firm Tanudiredja, Wibisana, Rintis & Partners (a member of PricewaterhouseCoopers) dated February 20 <sup>th</sup> , 2019 with the opinion:  "unqualified, in all material respects, the consolidated financial position of PT Perusahaan Gas Negara Tbk and its subsidiaries as of December 31st, 2018, and the consolidated financial performance and cash flow for the year ended on that date, are in accordance with Indonesian Financial Accounting Standards."	<p><b>Decision Quorum</b> Decision is approved by more than 1/2 (one half) proportion of the total number of shares with voting rights attending the GMS.</p> <p><b>Results</b> Affirmative 19,444,479,894 votes, or 99.5864590%</p> <p>Non-Affirmative 80,744,800 votes, or 0.4135410%</p> <p>Abstain 0 vote</p>	
2. Ratified the Financial Report of the Partnership and Environmental Development Program of the Fiscal Year 2018, audited by Public Accountant Firm Tanudiredja, Wibisana, Rintis & Partners (a member of PricewaterhouseCoopers) dated February 28 <sup>th</sup> , 2019 with the opinion:  "unqualified, in all material respects, the financial position of the Partnership and Environmental Development Program of PT Perusahaan Gas Negara Tbk as of December 31 <sup>st</sup> , 2018, and the financial performance and cash flow for the year ended on that date, are in accordance with Indonesian Financial Accounting Standards for Entities Without Public Accountability."		

## RESOLUTIONS OF THE ANNUAL GMS CONVENED ON APRIL 26<sup>th</sup>, 2019 AND THE REALIZATIONS

### Decisions of the Annual GMS

### Decision Making

### Realization of the Decision and the Reasons

#### Agenda Item 2:

Authentication of the Annual Financial Statement of the Fiscal Year 2018, including the Financial Report of the Partnership and Environmental Development Program (PKBL) of the Fiscal Year 2018, and Granting Completion of and Release from the Duty of the Board of Directors Members and the Board of Commissioners Members of the Fiscal Year 2018.

3. Granting completion of and release from the full duty (*volledig acquit et decharge*) to the Board of Directors and the Board of Commissioners over the organizational and supervisory actions for the Company and the Partnership and Environmental Program (PKBL), as long as the actions are reflected in the Annual Report of the Fiscal Year 2018 and the Consolidated Financial Statement of the Fiscal Year 2018 and the Financial Statement of the Partnership and Environmental Program (PKBL) of the Fiscal Year 2018, and are not considered crime or violations against the prevailing law and regulations.

## RESOLUTIONS OF THE ANNUAL GMS CONVENED ON APRIL 26<sup>th</sup>, 2019 AND THE REALIZATIONS

### Decisions of the Annual GMS

### Decision Making

### Realization of the Decision and the Reasons

#### Agenda Item 3:

Stipulation of Net Profit Utilization, including Distribution of Dividend of FY 2018.

- |   |  |   |
|---|--|---|
| <ol style="list-style-type: none"> <li>1. Approve the stipulation of the Company's Net Profit that can be distributed, of the Fiscal Year that ended on December 31<sup>st</sup>, 2018 in the total amount of Rp3,453,519,143,295, - as follows:             <ol style="list-style-type: none"> <li>a. The amount of Rp1,381,523,552,090, - from the current year or Rp56.99 per share will be distributed in cash to shareholders with the following details                 <ul style="list-style-type: none"> <li>• The portion of Series A Dwiwarna shares is Rp56.99, -;</li> <li>• The portion of Series B shares is Rp786,977,118,647.45, -; and</li> <li>• The portion of Series B of the publicly owned is Rp594,546,433,385.60.-.</li> </ul> </li> <li>b. The remaining profit will be recorded as profit balance to support the Company's operational activities development.</li> </ol> </li> </ol> | <p><b>Decision Quorum</b><br/>Decision is approved by more than 1/2 (one half) proportion of the total number of shares with voting rights attending the GMS.</p> <p><b>Results</b><br/>Affirmative<br/>19,511,054,694 votes, or 99.9274272%<br/><br/>Abstain<br/>15,000 votes, or 0.0000768%<br/><br/>Non-Affirmative<br/>14,155,000 votes, or 0.0724960%</p> | <p>Cash dividend distributed on May 28<sup>th</sup>, 2019</p> |
|---|--|---|

## RESOLUTIONS OF THE ANNUAL GMS CONVENED ON APRIL 26<sup>th</sup>, 2019 AND THE REALIZATIONS

Decisions of the Annual GMS	Decision Making	Realization of the Decision and the Reasons
<b>Agenda Item 3:</b>		
<b>Stipulation of Net Profit Utilization, including Distribution of Dividend of FY 2018.</b>		
2. Delegate authority and power to the Company's Directors with a substitution right to determine schedules and further manage the procedure for distributing the dividend and announce it by taking into consideration the applicable law and regulations.		
<b>Agenda Item 4:</b>		
<b>Determination of the Tantiem for the BoD and BoC of the FY 2018 and Salary/Honorarium and the Facilities and Allowances of the FY 2019.</b>		
1. Give authority and power to the Series A Dwiwarna Shareholder to determine the amount of tantiem of FY 2018, as well as determine honorarium, allowances, facilities and other incentives for members of the BoD and BoC of 2010.	<b>Decision Quorum</b> Decision is approved by more than 1/2 (one half) proportion of the total number of shares with voting rights attending the GMS.  <b>Results</b> Affirmative 18,528,304,296 votes, or 94.8941924%  Abstain 796,600 votes, or 0.0040799%  Non-Affirmative 996,123,798 votes, or 5.1017277%	Based on the Annual GMS Resolution, Letter of Minister of SOEs as the Series A Dwiwarna Shareholder Number: S-466/MBU/D3/05/2019 dated May 31 <sup>st</sup> , 2019 regarding Submission of Determination of Income of the BoD and the BoC PT Perusahaan Gas Negara Tbk of 2019, and Letter of PT Pertamina (Persero) as the Most Series B Shareholder Number: R-120/C00000/2019-S0 dated May 31 <sup>st</sup> , 2019 regarding Delivery of the Decision of the Income of BoD and BoC of PT Perusahaan Gas Negara of 2019, the Board of Commissioners followed up on the determination of the salary/honorarium, allowances and facilities of 2019 and the tantiem on the 2018 performance for the BoD and the BoC in Letter Number: 32/D-KOM/2019 dated May 31 <sup>st</sup> , 2019.
2. Give authority and power to the Board of Commissioners by first having a written approval from the Series A Dwiwarna Shareholder to determine the amount of tantiem of FY 2018, as well as determine honorarium, allowances, facilities and other incentives for members of the BoD and BoC of 2019.		
<b>Agenda Item 5:</b>		
<b>Appointment of a Public Accountant Firm to conduct an Audit of the 2019 Financial Statement of the Company and the Financial Statement of the Partnership and Environmental Development Program (PKBL) of FY 2019.</b>		
1. Approve Public Accountant Firm Tanudiredja, Wibisana, Rintis and Partners (a member of PricewaterhouseCoopers) to deliver audit services of the Company's Consolidated Financial Statement and the Partnership and Environmental Development Program (PKBL) Financial Statement of the Fiscal Year ended on December 31 <sup>st</sup> , 2019.	<b>Decision Quorum</b> Decision is approved by more than 1/2 (one half) proportion of the total number of shares with voting rights attending the GMS.  <b>Results</b> Affirmative 18,303,360,221 votes, or 93.7421234%  Abstain 9,472,400 votes, or 0.0485137%  Non-Affirmative 1,212,392,073 votes, or 6.2093630%	KAP Tanudiredja, Wibisana, Rintis & Partners was appointed to be the auditor of PGN's Financial Statements for 3 fiscal years. The appointment is stated Agreement Number: 039501.PK/HK.02/FIN/2019 dated July 11 <sup>st</sup> , 2019 to deliver services of General Audit of Financial Statements, Compliance Audit of PSA 62, KPI Audit based on KPKU, Audit of Financial Statements of the PKBL ("Perjanjian dengan KAP"). Until the end of 2019, there has been 1 (one) amendment to the Perjanjian dengan KAP under Number 045901.PK/HK.02/FIN/2019 dated August 27 <sup>th</sup> , 2019.
2. Delegate authority to the Company's BoC to determine the amount of services fees for the audit, additional scope of work deemed necessary and other acceptable requirements for the Firm.		

## RESOLUTIONS OF THE ANNUAL GMS CONVENED ON APRIL 26<sup>th</sup>, 2019 AND THE REALIZATIONS

Decisions of the Annual GMS	Decision Making	Realization of the Decision and the Reasons
<b>Agenda Item 5:</b> <b>Appointment of a Public Accountant Firm to conduct an Audit of the 2019 Financial Statement of the Company and the Financial Statement of the Partnership and Environmental Development Program (PKBL) of FY 2019.</b>		
3. Give authority and power to the BoC by first having a written approval from the Series A Dwiwarna Shareholder to decide KAP Tanudiredja, Wibisana, Rintis and Partners (a member of PricewaterhouseCoopers) for any reason unable to complete the audit of the Company's Financial Statement and the Partnership and Environmental Development Program (PKBL) Financial Statement of the FY 2019.		
<b>Agenda Item 6:</b> <b>Changes of Corporate Management.</b>		
1. Dismiss with honor Mr. Hamba as a Commissioner by extending the gratitude for his contribution of his energy and thoughts during his tenure.	<b>Decision Quorum</b> Decision is approved by more than 1/2 (one half) proportion of the total number of shares with voting rights attending the GMS.	The Changes of the Corporate Management were followed up by the Directors by making the Deed of Statement of GMS Resolution of PT Perusahaan Gas Negara Tbk Number 99 dated May 16 <sup>th</sup> , 2019 attested before Notary Nanette Cahyanie Handari Adi Warsito, S.H., Notary in Jakarta.
2. Appoint the following persons: a. Sdr. Luky Alfirman : as Commissioner b. Sdr. Mas'ud Khamid : as Commissioner c. Sdr. Syahrial Mukhtar : as Director of Business Strategy and Development	<b>Results</b> Affirmative 14,781,722,307 votes, or 75.7057731%  Abstain 318,167,900 votes, or 1.0881455%  Non-Affirmative 0 vote	The Changes of the Corporate Management was notified to and received by the Minister of Justice and Human Rights under Letter of Minister of Justice and Human Rights Number: AHU-AH.01.03-0279247 dated May 24 <sup>th</sup> , 2019.
with the service terms coming into effect as of the closing of the 5 <sup>th</sup> Annual GMS, without dismissing the rights of GMS to dismiss at any time.		
3. For the members of BoD and BoC appointed as referred to in Numbers 1 and 2 who are still in charge for another position that is not in accordance with the law and regulations to be concurrent with the position as a member of BoD/BoC, the said persons should resign or dismissed from this other position.		

## RESOLUTIONS OF THE ANNUAL GMS CONVENED ON APRIL 26<sup>th</sup>, 2019 AND THE REALIZATIONS

### Decisions of the Annual GMS

### Decision Making

### Realization of the Decision and the Reasons

#### Agenda Item 6:

#### Changes of Corporate Management.

4. With the dismissal and appointment of members of the BoD and BoD of PT Perusahaan Gas Negara Tbk as stated numbers 1 and 2 aforementioned, the structure of the management of PT Perusahaan Gas Negara Tbk is as follows:

No.	Name	Position
<b>A. Board of Commissioners</b>		
1	IGN Wiratmaja Puja	President Commissioner
2	Luky Alfirman	Commissioner
3	Mohamad Ikhsan	Commissioner
4	Kiswodarmawan	Independent Commissioner
5	Paiman Raharjo	Independent Commissioner
6	Mas'ud Khamid	Commissioner
<b>B. Board of Directors</b>		
1	Gigih Prakoso	President Director
2	Dilo Seno Widagdo	Director of Infrastructure and Technology
3	Said Reza Pahlevy	Director of Finance
4	Danny Praditya	Director of Commerce
5	Desima E. Siahaan	Director of HR and General
6)	Syahrial Mukhtar	Director of Strategy and Business development

5. Delegate power with a substitution right to the Directors of PT Perusahaan Gas Negara Tbk to take any necessary actions in relation to the decision of the agenda pursuant to the applicable laws and regulations, including the statement in a separate Notarial Deed and give information on the structure of the BoD and BoC PT Perusahaan Gas Negara Tbk to the Ministry of Justice and Human Rights.

## Extraordinary GMS on August 30<sup>th</sup>, 2019

### NOTIFICATION OF THE EXTRAORDINARY GMS PLAN TO THE FINANCIAL SERVICES AUTHORITY

Company Letter Number: 028600.S/OT.02.00/PDO/2019 dated July 15<sup>th</sup>, 2019 concerning Notification of the 2019 Extraordinary GMS Planning of PT Perusahaan Gas Negara Tbk.



### ANNOUNCEMENT OF EXTRAORDINARY GMS

- Announcement of the Extraordinary General Meeting of Shareholders was made on July 22<sup>nd</sup>, 2019
- The announcement was made public in 1 (one) national newspaper, Media Indonesia, and on the website of the Indonesia Stock Exchange, the website of the Financial Services Authority and the Company's website. Announcement of Extraordinary GMS on the Company's website are in 2 languages, Indonesian and English, in accordance with Regulation of the Financial Services Authority Number 8/POJK.04/2015 concerning Website of Issuers or Public Companies.
- The submission of the announcement advertisement evidence of the Extraordinary GMS submitted to the Financial Services Authority through Letter Number: 044200.S/HM.02.03/COS/2019 dated July 22<sup>nd</sup>, 2019 was subsequently revised through Letter Number 044700.S/HM.02.03/COS/2019 concerning the Revision of Submission of Advertisement Evidence Announcement of Extraordinary General Meeting of Shareholders of PT Perusahaan Gas Negara Tbk 2019.
- In accordance with Article 12 paragraph (2) of Regulation of the Financial Services Authority Number 32/POJK.04/2014 concerning General Meeting of Shareholders Planning, the Shareholders with minimum 1/20 or more of the total number of shares issued by the Company may propose additional agenda items upon which decisions should be made during an Extraordinary GMS no later than July 30<sup>th</sup>, 2019.
- Until July 30<sup>th</sup>, 2019 there was not any shareholder that proposed any additional agenda items or changes in the Extraordinary GMS Agenda to the Company.



### NOTICE OF EXTRAORDINARY GMS

- Notice of Extraordinary GMS was sent on August 6<sup>th</sup>, 2019.
- The notice was announced in 1 (one) national newspaper, Media Indonesia, and on the website of Indonesian Stock Exchange, the website of the Financial Services Authority and the Company's website; The Notice of the Extraordinary GMS on the Company's website was presented in 2 languages, Indonesian and English, in accordance with Regulation of the Financial Services Authority Number 8/POJK.04/2015 concerning the Website of Issuers and Public Companies.
- Submission of the advertising evidence of the Extraordinary GMS Notice was submitted to the Financial Services Authority through Letter Number: 046700.S/OT.02.00/COS/2019 dated August 6<sup>th</sup>, 2019.
- The notice to attend the Extraordinary GMS was sent to the shareholders whose names are listed in the Shareholders Register on August 5<sup>th</sup>, 2019 at 4pm GMT+7.
- Since the Notice of the Extraordinary GMS was distributed, the Company has provided the meeting agenda items to be collected by the Shareholders at the Company's Office in The Manhattan Square, Mid Tower, 26<sup>th</sup> Floor, Jl. TB Simatupang Kav 1S, Jakarta Selatan 12540, Phone +6221 80641111 ext. 7726 or 7761, during the Company's work hours.



### THE EXTRAORDINARY GMS

- The Extraordinary GMS was convened on August 30<sup>th</sup>, 2019.
- The Meeting took place in the Grand Ballroom of Four Seasons Hotel, Capital Place, Jl. Gatot Subroto Kav. 18, Jakarta Selatan.
- Professionals that support Capital Market attending the Annual GMS were from Public Accounting Firm Tanudiredja, Wibisana, Rintis and Partners (a member of PricewaterhouseCoopers) as the Public Accounting Firm, UMBRA Partnership as the Legal Consultant, PT Datindo Entrycom as the Stock Administration Bureau. The Agenda of the GMS was prepared by Nanette Cahyanie Handari Adi Warsito S.H., as the Notary.
- The meeting was chaired by the Corporate President Commissioner appointed by the Board of Commissioners based on Appointment Letter Number: 44/D-KOM/2019 dated August 14<sup>th</sup>, 2019.
- The meeting was attended by 19,886,314,595 shares, including Series A Dwiwarna Shareholders, that have valid voting rights, or are equal to 82.0341475% of the total number of shares with valid voting rights issued by the Company.
- To make understanding the meeting mechanism easier for the shareholders, the Company provided a pocket book of the Rules of Meeting, distributed to the shareholders before entering the meeting ballroom.
- The shareholders were given opportunities to ask questions regarding the agenda items that were being discussed during the Extraordinary GMS.
- The voting was done verbally where the shareholders who voted 'affirmative' or 'abstain' were asked to raise their hands and submit their voting cards to the meeting organizing committee.
- The notary recorded the number of the "non-affirmative" and the "abstain" votes, then recapitulate the total number of votes. The "abstain" votes were considered voting for what have been agreed by the majority shareholders who have casted their votes. The notary announced to the shareholders who attended the meeting, the number of "affirmative" and "non-affirmative" votes for the relevant agenda item.

## Extraordinary GMS on August 30<sup>th</sup>, 2019



### RESOLUTIONS OF THE EXTRAORDINARY GMS

- The announcement of the resolutions of the Extraordinary GMS was made on September 3<sup>rd</sup>, 2019.
- The announcement of the Extraordinary GMS was made public in 1 (one) national newspaper, Media Indonesia, and on the website of IDX, the website of the Financial Services Authority and the website of the Company; the Announcement of the Extraordinary GMS Resolutions on the website of the Company was presented in 2 languages, Indonesian and English, in accordance with Regulation of the Financial Services Authority Number 8/POJK.04/2015 concerning Website of Issuers or Public Companies.
- Submission of the evidence of the Extraordinary GMS Resolutions public announcement was submitted to the Financial Services Authority through Letter Number: 058300.S/OT.02.00/COS/2019 dated September 3<sup>rd</sup>, 2019.



### SUBMISSION OF THE MINUTES OF THE EXTRAORDINARY GMS TO THE FINANCIAL SERVICES AUTHORITY

- The Minutes of the Extraordinary GMS that has been prepared is included in the Minutes of the Extraordinary General Meeting of Shareholders of PT Perusahaan Gas Negara, Tbk Number 51 dated August 30<sup>th</sup>, 2019 prepared by Nanette Cahyanie Handari Adi Warsito, S.H., the Notary in Jakarta.
- A copy of the Deed of the Minutes of the Extraordinary GMS is submitted to the Financial Services Authority under Company's Letter Number: 062800.S/HM.02.03/COS/2019 dated September 26<sup>th</sup>, 2019 regarding the Submission of a Copy of the the Deed of Minutes of the 2019 Extraordinary GMS of PT Perusahaan Gas Negara Tbk.

## RESOLUTIONS OF THE EXTRAORDINARY GMS ON AUGUST 30<sup>th</sup>, 2019 AND THE REALIZATION

### Decisions of the Extraordinary GMS

### Decision Making

### Realization of the Decisions and the Reasons

#### Agenda Item 1:

#### Evaluation of the Company's Performance until Semester I of 2019

The first agenda is about reporting therefore no voting is done.

#### Agenda Item 2:

#### Changes in the Company's Management Structure

<p>1. Dismissed with honor the following members:</p> <ol style="list-style-type: none"> <li>Sdr. Mohamad Ikhsan as Commissioner</li> <li>Sdr. Danny Praditya as Director of Commerce</li> <li>Sdr. Said Reza Pahlevy as Director of Finance</li> </ol> <p>by thanking them for the contribution of energy and thoughts during their tenure.</p>	<p><b>Decision Quorum</b> The decision is approved by Dwiwarna A series shareholders and other authorized shareholders who together represent more than 1/2 (one half) of the total number of shares with voting rights present at the Meeting in accordance with Article 25 paragraph (4) item a Company's Articles of Association and Article 26 paragraph (1) point c POJK No. 32/2014.</p>	<p>Changes in the management structure of the Company have been followed-up by the Board of Directors by making the Deed of Resolutions of the Extraordinary GMS Number 11 dated September 6<sup>th</sup>, 2019 made before Notary Nanette Cahyanie Handari Adi Warsito, S.H., Notary in Jakarta.</p>
<p>2. Transferring the assignment of Mr. Dilo Seno Widagdo who was appointed based on the decision of the 2016 Annual General Meeting of Shareholders (AGMS), which was originally the Director of Infrastructure and Technology, became the Commercial Director, with tenure continuing the remaining term of office, in accordance with the decision of the appointment GMS concerned.</p>	<p><b>Decision</b> Agree: 15.553.023.618 votes, atau 78,2096831% Abstention: 56.339.705 votes, atau 0,2833089% Disagree: 4.276.951.272 votes, atau 21,5070080%</p>	<p>This Deed of Amendment to the Articles of Association has been submitted and received by the Minister of Law and Human Rights based on the Minister of Law and Human Rights Letter Number AHU-AH.01.03-0329107 dated September 10<sup>th</sup>, 2019.</p>

## RESOLUTIONS OF THE EXTRAORDINARY GMS ON AUGUST 30<sup>th</sup>, 2019 AND THE REALIZATION

### Decisions of the Extraordinary GMS

### Decision Making

### Realization of the Decisions and the Reasons

#### Agenda Item 2:

#### Changes in the Company's Management Structure

#### 3. Appoint the names as follows:

- a. Sdr. Christian H. Siboro as Independent Commissioner
- b. Sdr. Redy Ferryanto as Director of Infrastructure and Technology
- c. Sdr. Arie Nobelta Kaban as Director of Finance

The term of office of the members of the Directors and Commissioners appointed, in accordance with the provisions of the Company's Articles of Association, with due regard to the laws and regulations in the Capital Market and without prejudice to the right of the GMS to dismiss at any time.

#### 4. In connection with the dismissal, assignment and appointment of members of the Board of Directors and the Board of Commissioners as referred to in numbers 1, 2 and 3, the composition of the Board of Directors and Board of Commissioners' members shall be as follows:

No.	Name	Position
<b>A. Board of Commissioners</b>		
1	IGN Wiratmaja Puja	President Commissioner
2	Luky Alfirman	Commissioner
3	Mohamad Ikhsan	Commissioner
4	Kiswodarmawan	Independent Commissioner
5	Paiman Raharjo	Independent Commissioner
6	Mas'ud Khamid	Commissioner
<b>B. Board of Directors</b>		
1	Gigih Prakoso	President Director
2	Redy Ferryanto	Director of Infrastructure and Technology
3	Arie Nobelta Kaban	Director of Finance
4	Dilo Seno Widagdo	Director of Commerce
5	Desima E. Siahaan	Director of HR and General
6)	Syahrial Mukhtar	Director of Strategy and Business Development

#### Decision Quorum

The decision is ratified by the shareholders of Dwiwarna A series and other authorised shareholders who represent more than 1/2 (a half) of the total number of shares with voting rights present at the Meeting under the Article 25, paragraph (4), item a, Articles of Association of the Company and Article 26, paragraph (1), item c POJK No. 32/2014.

#### Decision

Agree: 15,553,023,618 votes; or 78.2096831%

Abstention: 56,339,705 votes; or 0.2833089%

Disagree: 4,276,951,272 votes; or 21.5070080%

The change in the composition of the Company's management was followed up by the Board of Directors by having drafted an Extraordinary General Meeting of Shareholders Decree No. 11 on September 6<sup>th</sup>, 2019, which was made before Notary Nanette Cahyanie Handari Adi Warsito, S.H., a Notary in Jakarta.

The Deed of Amendment to the Articles of Association has been proffered and received by the Minister of Law and Human Rights on basis of the Minister of Law and Human Rights Letter Number AHU-AH.01.03-0329107 on September 10<sup>th</sup>, 2019.

## RESOLUTIONS OF THE EXTRAORDINARY GMS ON AUGUST 30<sup>th</sup>, 2019 AND THE REALIZATION

Decisions of the Extraordinary GMS	Decision Making	Realization of the Decisions and the Reasons
5. For members of the BOD and BOC appointed as referred to in number 3 who still at the same time hold a different position concurrent to the position as member of BOD/BOC, these members must resign or be dismissed from their current position.		
6. Grant power with a substitution right to the Company's Board of Directors to take any measure necessary regarding the decision of this agenda pursuant to prevailing law and regulations, including to state in a separate Notarial Deed and inform the structures of the Board of Directors and the Board of Commissioners to Ministry of Justice and Human Right.		

## BOARD OF COMMISSIONERS DESCRIPTION

The Board of Commissioners have specific duty and responsibility in regard to the Company. The duty and responsibility should be managed in the interest of the company and pursuant to the goals and objectives of the Company.

### BOARD OF COMMISSIONERS COMPOSITION

The composition and number of the Board of Commissioners in 2019 shall be:

#### Board of Commissioners Composition

Board of Commissioners	Period		
	Jan 1 <sup>st</sup> – Apr 26 <sup>th</sup>	Apr 26 <sup>th</sup> – Aug 30 <sup>th</sup>	Aug 30 <sup>th</sup> – Dec 31 <sup>st</sup>
President Commissioners	IGN Wiratmaja Puja	IGN Wiratmaja Puja	IGN Wiratmaja Puja
Commissioner	Mohamad Ikhsan	Mohamad Ikhsan	--
Commissioner	Hambra	Luky Alfirman	Luky Alfirman
Commissioner	--	Mas'ud Khamid	Mas'ud Khamid
Independent Commissioner	Paiman Raharjo	Paiman Raharjo	Paiman Raharjo
Independent Commissioner	Kiswodarmawan	Kiswodarmawan	Kiswodarmawan
Independent Commissioner	--	--	Christian H. Siboro

Members of the Board of Commissioners are appointed and dismissed by the GMS, for the period as of the appointment date until the closing of GMS of year 5 (five) since the appointment date, by not dismissing the right of the GMS to dismiss members at anytime before their terms end.

## THE BOARD OF COMMISSIONERS RESPONSIBILITY

Each member of the Board of Commissioners is responsible for supervising the policies and the management operation conducted by the Board of Directors pursuant to the goals and objectives of the Company. The Board of Commissioners are responsible for performing monitoring tasks over the effectiveness of GCG implementation, as well as giving input for improvement of the GCG system and implementation.

In fulfilling their duty, the Board of Commissioners are obliged to:

1. Give advice to the Board of Directors in carrying out management operation of the Company;
2. Give advice and approval for the Annual Work Plan and Budget of the Company as well as other work plans prepared by the Board of Directors;
3. Keep themselves updated on the Company's activities, give their opinion and advice to the GMS on each issue considered to be important to the Company's management;
4. Report to Shareholders of Series A Dwiwarna should there be any signs of Company's declining performance;
5. Propose to the GMS the appointment of Public Accountant to conduct financial audit of the Company;
6. Review and analyze regular reports and annual reports prepared by the Board of Directors and sign the annual reports;
7. Give explanation, opinion and advice to the GMS regarding the annual reports;

8. Make minutes of meetings of the Board of Commissioners and keep the copies;
9. Report to the Company on the shares they are holding;
10. Report to the Company on their ownership and/or their family's ownership of the Company's shares and other companies' shares;
11. Give report on the supervisory task that has been done during the previous fiscal year to the GMS;
12. Give explanation about everything the Shareholders of Series A Dwiwarna asked or requested by abiding the law applicable specifically in the stock market;
13. Fulfill other obligations in relation to the supervisory and advising duties, as long as they are not against the Articles of Association, GMS Resolutions and the prevailing law and regulations.

## GUIDELINES ON THE BOARD OF COMMISSIONER CHARTER

In order to perform the supervisory duty over the policies and the management operation carried out by the Board of Directors, the Board of Commissioners refer to the following Regulations:

1. Law Number 40 of 2007 concerning Limited Liability Companies;
2. Regulation of BUMN Number PER-01/MBU/2011 concerning Implementation of Good Corporate Governance in State-Owned Enterprises, as last amended by Regulation of BUMN Number PER-09/MBU/2012 concerning the Revision to Regulation of BUMN Number PER-01/MBU/2011 Implementation of Good Corporate Governance in State-Owned Enterprises;
3. Regulation of Financial Services Authority Number 33/POJK.04/2014 concerning Issuers' Boards of Directors and Boards of Commissioners of Public Companies;
4. Articles of Association of the Company;
5. Company's Board Manual.

## CONCURRENT POSITIONS AND CONFLICTS OF INTEREST

Based on Article 14 paragraph (29) of the Articles of Association, members of the Board of Commissioners are not allowed to have concurrent position as:

- Member of Board of Directors of State-Owned Enterprises, Provincial/District Owned-Enterprises, privately owned enterprises, member of Board of Directors of State-Owned Enterprises as the Company's Most Series B Shareholders;
- Administrator of a political party and/or a candidate for House of Representative (DPR), Provincial House of Representative (DPRD I) and House of Representative (DPRD II) and/or candidate for regional government leader/deputy leader;
- Other positions stated in the law and regulations; and/or
- Any other position that can lead to a conflict of interest;

On April 26<sup>th</sup>, 2019, the GMS appointed Mr. Mas'ud Khamid as a member of the Corporate Board of Commissioner. As of his appointment until today, Mr. Mas'ud Khamid has concurrent positions as the Retail Marketing Director of PT Pertamina (Persero). PT Pertamina (Persero) is the Most Series B Shareholder of the Company.

## TRAINING PROGRAM TO IMPROVE COMPETENCY OF THE BOARD OF COMMISSIONERS

In order to improve competency and support the Board of Commissioners in fulfilling their duty, during 2019, members of the Board of Commissioners have attended a series of training programs, workshop and seminars, among others:

### Trainings for the Board of Commissioners

Name	Chair	Date	Destination	Information
Mohamad Ikhsan	Commissioner	March 4 <sup>th</sup> -8 <sup>th</sup> , 2019	USA	The 2019 RSA Conference is organized by CRMS
Kiswodarmawan	Independent Commissioner	March 4 <sup>th</sup> -8 <sup>th</sup> , 2019	USA	The 2019 RSA Conference is organized by CRMS
		September 17 <sup>th</sup> -19 <sup>th</sup> , 2019	USA	The Gas Technology Conference & Exhibition 2019 is organized by Gastech
Paiman Raharjo	Independent Commissioner	September 26 <sup>th</sup> -27 <sup>th</sup> , 2019	United Kingdom	Auditing Conduct Risk and Auditing Strategy is organized by the Chartered Institute of Internal Auditors
Christian H. Siboro	Independent Commissioner	October 22 <sup>nd</sup> -23 <sup>th</sup> , 2019	France	The Epicenter of Workforce Revolution organized by Unleash World
		November 5 <sup>th</sup> -10 <sup>th</sup> , 2019	China	China International Import Expo organized by Dyandra & Co.
IGN Wiratmaja Puja	President Commissioner	December 8 <sup>th</sup> -13 <sup>rd</sup> , 2019	USA	High Impact Leadership is organized by Columbia Business School Executive Education

## EXECUTION OF BOARD OF COMMISSIONERS' DUTIES

Throughout 2019, the Board of Commissioners conducted the duty and activities, among others:

1. Giving approvals and authentication of:
  - a. The Audited Consolidated Financial Statement of the Fiscal Year 2018 to be published and delivered to the Regulator.
  - b. The Annual GMS Agenda of PT PGN Tbk of the Fiscal Year 2018 convened on April 26<sup>th</sup>, 2019.
  - c. The appointment of Public Accountant KAP Tanudiredja, Wibisana, Rintis & Partners, a member Firm of Pricewaterhouse Coopers, as the auditor to conduct a general audit of Consolidated Financial Statement of the Fiscal Year 2019 and the Financial Statement of the Partnership and Environmental Development Program of the Fiscal Year 2019, an Audit of Compliance with Law and Internal Control of 2019, and Performance Evaluation of the Company of the Fiscal Year 2019 that ended on December 31<sup>st</sup>, 2019 and the Key Performance Indicators (KPI) that have been determined by the Board of Commissioners.
  - d. Board Manual Revision.
  - e. Adding Audit Service Fees of December 31<sup>st</sup>, 2018.
  - f. Approval of Change of Management of Subsidiaries
  - g. Transfer of PGN's Investment in Assets in the Development and Joint Project of the Natural Gas Pipeline from Duri to Dumai.
  - h. Organizational Structure.
  - i. Revision of the 2019 Work Plan and Budget (RKAP).
  - j. The 2020 Work Plan and Budget (RKAP).
2. Discussing, giving direction, advice and recommendation, and asking for explanation of following matters:
  - a. Strategic issues affecting the operation of the Company.
  - b. Progress of the 2019 RKAP and any related issues.
  - c. KPI of the Board of Commissioners and the Board of Directors, the 2019 BOC's and BOD 's Work Plan and the assignments distribution of the Board of Commissioners.
  - d. Monitoring System of the Board of Commissioners 2019.
  - e. Professional Institution for candidate member of the Board of Directors.
  - f. Consultant Service Procurement for GCG assessment.
  - g. Follow-up on the Recommendation of GCG Assessment Results.
  - h. Quarterly Financial Reports of PT PGN Tbk.
  - i. Quarterly Risk Profile of PT PGN Tbk.
  - j. Corporate assets that have not been fully utilized.
  - k. Performance of PT Perusahaan Gas Negara Tbk.
  - l. Performance of Subsidiaries of PT PGN Tbk.
  - m. Sharing Session / Sarasehan PT PGN Tbk.
  - n. Internal Procedure Formulation of the BOC.
  - o. Preparation and execution of the 2019 Annual GMS.
  - p. Audit of the Financial Statement of FY 2019.
  - q. Remuneration of the BOC and the BOD.
  - r. Company's Long-Term Plan, 2019-2024.
  - s. Prognosis of the 2019 Work Plan and Budget.
  - t. Follow-up on the results of the audits both by External Auditor and Internal Auditor.
  - u. Follow-up on the Recommendations of BPK RI Audit on PT PGN Tbk.
  - v. Update on Pipeline in Duri – Dumai.
  - w. Changes of Management of the Subsidiaries and Affiliations.
  - x. Restructuration of the Company.
  - y. Discussing revision to the Board Manual.
  - z. The preparation of the 2020 Work Plan and Budget (RKAP).

3. Fulfilling the Duties of the Board of Commissioners related to the Organization of GMS
  - a. Discuss the agenda of the GMS of FY 2018 convened on April 26<sup>th</sup>, 2019.
  - b. Discuss and propose a Public Accountant Firm that is going to audit the 2019 Financial Statement and Audit of Compliance with the Law and Regulation and Internal Control, as well as conducting Audit of the Financial Statement of the Partnership and Environmental Development Program (PKBL) of the Fiscal Year that ended on December 31<sup>st</sup>, 2019.
  - c. Discuss and propose remuneration for members of the BoD and members of the BoC.
  - d. Follow-up on Resolution of the 2018 Annual GMS.
  - e. Prepare Reports on Supervisory Duties of the BoC.

## INDEPENDENT COMMISSIONERS

### SELECTION CRITERIA OF INDEPENDENT COMMISSIONERS

Independent Commissioners are members of the Board of Commissioners external to the Company and eligible for becoming Independent Commissioners pursuant to Regulation of the Financial Services Authority Number 33/POJK.04/2014 concerning Board of Directors and Board of Commissioners of Issuers and Public Companies, those who:

- a. are not persons who work or have the authority or responsibility to plan, lead, control, or supervise activities of the Company in the last six (6) months;
- b. do not own shares of the Company;
- c. are not affiliated with the Company, members of the Board of Commissioners, members of the BOD, or principal shareholders of the Company;

- d. are not related in any business with the business activities of the Company.

During the period of January 1<sup>st</sup> - April 26<sup>th</sup>, 2019, there were 5 (five) members of the Board of Commissioners, 2 (two) of them were Independent Commissioners. During April 26 - August 30, 2019, there were 6 (six) members of the Board of Commissioners, 2 (two) of them were Independent Commissioners. During August 30 - December 31, 2019, there were 6 (six) members of the Board of Commissioners, 3 (three) of them are Independent Commissioners.

The number of the Independent Commissioners has met Regulation of the Financial Services Authority Number 33/POJK.04/2014 concerning Board of Directors and Board of Commissioners of Issuers and Public Companies, where each public company should have Independent Commissioners at least 30% of the total number of the Board of Commissioners.

### THE INDEPENDENCE OF EACH INDEPENDENT COMMISSIONER

In accordance with provision of Article 21 paragraph 2 of Regulation of the Financial Services Authority Number 33/POJK.04/2014 concerning Board of Directors and Board of Commissioners of Issuers and Public Companies, Independent Commissioners are required to meet the following:

- a. are not persons who work or have the authority or responsibility to plan, lead, control, or supervise activities of the Company in the last six (6) months, except for re-appointment as an Independent Commissioner of the Issuer or the Public Company for the following period;

- b. neither directly nor indirectly own shares of the Issuer or the Public Company;
- c. are not affiliated with the Issuer of the Public Company, members of the Board of Commissioners, members of the BOD, or principal shareholders of the Issuer or the Public Company; and
- d. are not related in any business directly or indirectly with the Issuer's business activities or the Public Company.

The Company's Independent Commissioners have met all the requirements as referred to in the provision of Article 21 paragraph 2 of Regulation of the Financial Services Authority Number 33/POJK.04/2014 concerning Board of Directors and Board of Commissioners of Issuers and Public Companies.

## MEETING OF THE BOARD OF COMMISSIONERS AND JOINT MEETING OF THE BOC AND THE BOD

Pursuant to Regulation of the Financial Services Authority Number 33/POJK.04/2014 concerning Board of Directors and Board of Commissioners of Issuers and Public Companies, and the provision of Article 16 of the Articles of Association, the Board of Commissioners are required to organize meetings at least 1 (one) meeting within 2 (two) months and joint meetings of the Board of Directors regularly at least 1 (one) meeting within 4 (four) months.

Throughout the period of 2019, the BOC organized 22 (twenty-two) Meetings, including the Joint Meetings with the BOC, with the details as follows:

### BOARD OF COMMISSIONERS MEETING Period of January 1<sup>st</sup> – April 26<sup>th</sup>, 2019

No.	Date	Meeting Agenda	IGN Wiratmaja Puja	Mohamad Ikhsan	Hambra	Paiman Raharjo	Kiswodar-mawan
1.	January 22 <sup>nd</sup> , 2019	1. KPI and Draft of the Work Program of the BOC of FY 2019 2. Work Plan of Audit Committee and PMRPU Committee 3. Miscellaneous	√	√	√	√	√
2.	February 18 <sup>th</sup> , 2019	1. Preparation of the GMS of FY 2018 2. Proposed Remuneration for the BOD and the BOC of 2019 3. Miscellaneous	√	√	√	√	√
3.	April 9 <sup>th</sup> , 2019	1. Evaluation and Assessment of PGN BoD Candidates 2. Work Program of CSR Division of 2018 and 2019 3. PGN's Talent Pool 4. Information of the Post Term Insurance of the BoC 5. Miscellaneous	√	√	√	√	√
<b>Total Attendance</b>			<b>3 times</b>	<b>3 times</b>	<b>3 times</b>	<b>3 times</b>	<b>3 times</b>
<b>% Total Attendance</b>			<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### BOARD OF COMMISSIONERS MEETING Period of April 26<sup>th</sup> – August 30<sup>th</sup>, 2019

No.	Date	Meeting Agenda	IGN Wiratmaja Puja	Mohamad Ikhsan	Luky Alfirman	Mas'ud Khamid	Paiman Raharjo	Kiswodarmawan
1.	May 7 <sup>th</sup> , 2019	1. PGN Organizational Structure 2. Miscellaneous	√	√	√	√	√	√
2.	June 13 <sup>rd</sup> , 2019	1. Proposal of the Board of Directors and the Board of Commissioners of the Subsidiaries 2. Duri-Dumai Project Proposal to Approve 3. BoC's Work Program Semester II 2019 4. Discussion on Contract Renewal for Members of Committee II 2019 5. Miscellaneous	√	√	-	√	√	√
3.	July 23 <sup>rd</sup> , 2019	1. Beauty Contest of Candidates of PMRPU Committee Members 2. Miscellaneous	√	√	√	√	√	√
4.	August 20 <sup>th</sup> , 2019	1. Update of Semester I Financial Statements 2019 2. Term of Office of Audit Committee Members 3. Miscellaneous	√	√	√	√	√	√
<b>Total Attendance</b>			<b>4 times</b>	<b>4 times</b>	<b>3 times</b>	<b>4 times</b>	<b>4 times</b>	<b>4 times</b>
<b>% Total Attendance</b>			<b>100%</b>	<b>100%</b>	<b>75%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### BOARD OF COMMISSIONERS MEETING Period of August 30 – December 31, 2019

No.	Date	Meeting Agenda	IGN Wiratmaja Puja	Luky Alfirman	Mas'ud Khamid	Christiane H. Siboro	Paiman Raharjo	Kiswodarmawan
1.	September 6 <sup>th</sup> , 2019	1. BoC's Assignments Distribution 2. Brainstorming on the Corporate Restructuring 3. Miscellaneous	√	√	√	√	√	√
2.	October 1 <sup>st</sup> , 2019	1. Management of the Subsidiaries 2. Work Program of Directorate of Commerce 3. Miscellaneous	√	√	√	√	√	-
3.	October 29 <sup>th</sup> , 2019	1. 2020 Investment Plan 2. Changes of Management of the Subsidiaries 3. Miscellaneous	√	√	√	√	√	√
4.	December 5 <sup>th</sup> , 2019	1. Changes of Management of the Subsidiaries 2. Miscellaneous	√	-	√	√	√	√
5.	December 18 <sup>th</sup> , 2019	1. Wrap-Up Meeting of 2019 2. Quick Win for 2020 3. Miscellaneous	√	√	√	√	√	√
<b>Total Attendance</b>			<b>5 times</b>	<b>4 times</b>	<b>5 times</b>	<b>5 times</b>	<b>5 times</b>	<b>4 times</b>
<b>% Total Attendance</b>			<b>100%</b>	<b>80%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>80%</b>

## JOINT BOARD OF COMMISSIONERS MEETING WITH THE BOARD OF DIRECTORS Period of January 1<sup>st</sup> – April 26<sup>th</sup>, 2019

Date	Agenda	Directors					Commissioners				
		Gigih Prakoso	Said Reza Pahlevy	Dilo Seno Widagdo	Danny Praditya	Desima E. Siahaan	IGN Wiratmaja Puja	Mohamad Ikhsan	Hambra	Paiman Raharjo	Kiswodarmawan
February 6 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>Revision to the Board Manual</li> <li>Overview of 2018 Financial Statement (Update Audited)</li> <li>Revision to the 2019 RKAP</li> <li>Miscellaneous</li> </ol>	√	√	√	√	√	√	√	-	√	√
March 19 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>Corporate Long-Term Plan of the Period of 2019-2024</li> <li>Preparation of the 2019 Annual GMS of PGN</li> <li>Update on the Duri-Dumai Pipeline</li> <li>Miscellaneous</li> </ol>	√	√	√	√	√	√	√	√	√	
April 23 <sup>rd</sup> , 2019	<ol style="list-style-type: none"> <li>Preparation of the Annual GMS of FY 2018</li> <li>Corporate Long-Term Plan of 2019-2014</li> <li>Revision to the 2019 RKAP</li> <li>Proposal for Changes of Managements of the Subsidiaries and Affiliations</li> <li>Miscellaneous</li> </ol>	√	√	√	√	√	√	√	√	√	
<b>Total Attendance</b>		<b>3 times</b>	<b>3 times</b>	<b>3 times</b>	<b>3 times</b>	<b>3 times</b>	<b>3 times</b>	<b>2 times</b>	<b>3 times</b>	<b>3 times</b>	
<b>% Total Attendance</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>66.66%</b>	<b>100%</b>	<b>100%</b>	



## JOINT BOARD OF COMMISSIONERS MEETING WITH THE BOARD OF DIRECTORS Period of April 26 – August 30, 2019

Date	Agenda	Directors						Commissioners					
		Said Reza Pahlevy	Dilo Seno Widagdo	Danny Praditya	Desima E. Siahaan	Syahrial Mukhtar	IGN Wiratmaja Puja	Mohamad Ikhsan	Luky Alfirmar	Mas'ud Khamid	Paiman Raharjo	Kiswodarmawan	
May 7 <sup>th</sup> , 2019	1. Introduction of the New BoD and BoC 2. Performance of Quarter I of 2019 3. Proposal for PGN's New Organizational Structure and Proposal for Changes of the Subsidiaries 4. Miscellaneous	√	√	√	√	√	√	√	√	√	√	√	
July 23 <sup>rd</sup> , 2019	1. Changes of Organizational Structure of the Company and the Affiliations 2. Miscellaneous	√	√	√	-	√	-	√	√	√	√	√	
August 20 <sup>th</sup> , 2019	1. Achievement of Performance of Semester I of 2019 and the Efforts to Achieve the 2019 RKAP 2. Infrastructure Program of Semester II and the next 1 (one) year 3. Preparation of RUPSLB 4. Miscellaneous	√	√	√	√	√	-	√	√	√	√	√	
<b>Total Attendance</b>		<b>3 times</b>	<b>3 times</b>	<b>3 times</b>	<b>2 times</b>	<b>3 times</b>	<b>1 time</b>	<b>3 times</b>					
<b>% Total Attendance</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>66.6%</b>	<b>100%</b>	<b>33.3%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	

## JOINT BOARD OF COMMISSIONERS MEETING WITH THE BOARD OF DIRECTORS

### Period of August 30<sup>th</sup> – December 31<sup>st</sup>, 2019

Date	Agenda	Directors						Commissioners					
		Gigih Prakoso	Arie Nobelta Kaban	Redy Ferryanto	Dilo Seno Widagdo	Desima E. Siahaan	Syahrial Mukhtar	IGN Wiratmaja Puja	Mohamad Ikhsan	Luky Alfirman	Mas'ud Khamid	Paiman Raharjo	Kiswodar-mawan
September 6 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>Meet and Greet and Introduction of the Corporate New Management</li> <li>Prognosis of Semester II of 2019</li> <li>BoD's Proposal for Composition of the BoC of the Subsidiaries</li> <li>Miscellaneous</li> </ol>	√	√	-	√	√	-	√	√	√	√	√	√
October 17 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>PGN's Achievement of Performance Quarter II of 2019</li> <li>Priority Programs to Achieve the 2019 RKAP</li> <li>Proposal for the 2020 RKAP</li> <li>Update on the Gas Subholding Business Restructuring of the Gas Group</li> <li>Miscellaneous</li> </ol>	√	√	√	√	√	√	√	√	√	√	√	
November 13 <sup>rd</sup> , 2019	<ol style="list-style-type: none"> <li>Synchronization of Investment and Commerce to Achieve the 2020 RKAP Targets</li> <li>Preparation of Retreat: <ol style="list-style-type: none"> <li>Fine Tuning 321 of the Corporate Long-Term Business Plan and Business and Infrastructure Development</li> <li>Finalization of the Subholding Business Restructuring of the Gas Group</li> </ol> </li> <li>Miscellaneous</li> </ol>	√	√	√	√	√	√	√	√	√	√	√	
December 5 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>Finalization of the 2020 RKAP 2020 and the Company's 2020 KPI</li> <li>LNG Business and Infrastructure Development</li> <li>Fine Tuning 321 of the 2025 RJPP</li> <li>Finalization of Subsidiaries Restructuring</li> <li>Miscellaneous</li> </ol>	√	√	√	√	√	√	√	√	√	√	-	
<b>Total Attendance</b>		<b>4 times</b>	<b>4 times</b>	<b>3 times</b>	<b>4 times</b>	<b>4 times</b>	<b>3 times</b>	<b>4 times</b>	<b>4 times</b>	<b>4 times</b>	<b>4 times</b>	<b>4 times</b>	<b>3 times</b>
<b>% Total Attendance</b>		<b>100%</b>	<b>100%</b>	<b>66.6%</b>	<b>100%</b>	<b>100%</b>	<b>66.6%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>66.6%</b>

Performance Overview

Report to The Shareholders

Company Profile

Management Discussion and Analysis

Good Corporate Governance

Corporate Social and Environmental Responsibility

Consolidated Financial Statements

Regulatory Cross Reference

## ASSESSMENT OF THE BOARD OF COMMISSIONER'S PERFORMANCE

### PROCEDURE FOR PERFORMING ASSESSMENT OF THE BOARD OF COMMISSIONERS' KPI

The Assessment of the Board of Commissioners' Performance through Key Performance Indicators (KPI) by using Excellent Performance Criteria Assessment (KPKU) is stipulated by the Ministry of SOEs. The procedure for performing the assessment of performance are as follows::

1. The BoC submit their KPI to the Ministry of SOEs;
2. The BoC execute and evaluate the achievement of the BoC's KPI;
3. The BoC report on the realization of the BoC's KPI to the Ministry of SOEs

### THE ASSESSMENT CRITERIA FOR BOC'S PERFORMANCE

The criteria for evaluating the performance of the Board of Commissioners is the successful implementation of the duties and responsibilities of the Board of Commissioners in supervising policies and the management of the tasks carried out by the Directors for the interests and objectives of the Company, as well as the implementation of tasks that are specifically given to them according to the Articles of Association and/or based on the resolution of the GMS in the corridor of the applicable laws and regulations.

### THE PROCEDURE FOR DETERMINING REMUNERATION FOR THE BOC

Determination of remuneration for the Board of Commissioners refers to Regulation of the Minister of SOEs Number PER-04/MBU/2014 concerning the Guidelines for Determining the Income of Directors, Board of Commissioners and Supervisory Board of State-Owned Enterprises, as last amended by Regulation of the Minister of SOEs Number PER-01/MBU/05/2019 concerning the Fourth Amendment to Regulation of the

Minister of SOEs Number PER-04/MBU/2014 concerning the Guidelines for Determining the Income of Directors, Board of Commissioners, and Supervisory Board of SOEs. The procedure for determining remuneration for the Board of Commissioners is:

- a. Nomination and Remuneration Committee request an independent consultant to conduct analysis of remuneration for the BoD and the BoC.
- b. Nomination and Remuneration Committee write recommendation of the remuneration for members of the BoD and the BoC.
- c. Nomination and Remuneration Committee submit to the Board of Commissioners the proposed remunerations for members of the BoD and the BoC.
- d. The Board of Commissioners discuss the proposal from the Nomination and Remuneration Committee.
- e. The Board of Commissioners propose remuneration for members of the BoD and members of the BoC to the Minister of SOEs as the Series A Dwiwarna Shareholder.
- f. The Minister of SOEs as the Series A Dwiwarna Shareholder stipulates the remuneration for members of the BoD and members of the BOC.

### REMUNERATION STRUCTURE OF THE BOARD OF COMMISSIONERS

Pursuant to Regulation of Minister of SOEs Number PER-04/MBU/2014 concerning the Guidelines on the Stipulation of Income of the Board of Directors, the Board of Commissioners, and the Supervisory Board of State-Owned Enterprises as last amended with Regulation of Minister of SOEs Number PER-01/MBU/05/2019 concerning the Fourth Amendment to Regulation of Minister of SOEs Number PER-04/MBU/2014 the Guidelines on the Stipulation of Income of the Board of Directors, the Board of Commissioners, and the Supervisory Board of SOEs, the Income Components of the BoC comprise:

1. Honorarium
2. Allowances for the Board of Commissioners
  - a. Festive Allowances
  - b. Transportation Allowance
  - c. Retirement Insurance
3. Facilities
  - a. Medical Facilities
  - b. Legal Aid Facilities
4. Tantiem

The granting of remuneration to each member of the Board of Commissioners was done in accordance with the Decision of the Annual GMS of Fiscal Year 2018 dated April 26<sup>th</sup>, 2019 and Letter of President Commissioner to the Corporate President Director Number: 32/D-KOM/2019 on May 31<sup>st</sup>, 2019, by referring to Letter of Minister of State-Owned Enterprises Number: SR-466/MBU/D3/05/2019 dated May 31<sup>st</sup>, 2019 concerning Submission of Earnings of Directors and Board of Commissioners of PT Pertamina (Persero) and PT Perusahaan Gas Negara Tbk of 2019, and Letter of PT Pertamina (Persero) Number: R-120/C00000/2019-S0 dated May 31<sup>st</sup>, 2019.

### Structure of Remuneration of the Board of Commissioners of 2019

Component	Provision	
	President Commissioners	Commissioners
Honorarium	45% of Salary for the President Director	90% of Honorarium for President Commissioner
Benefits:	1x Honorarium	
<ul style="list-style-type: none"> <li>• Holiday allowance</li> <li>• Full-service insurance</li> <li>• Transportation Allowance</li> </ul>	Premiums are borne by the company at most 25% of the Honorarium in 1 year	
Facilities:	20% of each Honorarium is a member of the Board of Commissioners	
<ul style="list-style-type: none"> <li>• Medical Facility</li> </ul>	<ul style="list-style-type: none"> <li>• Provided in the form of health insurance or reimbursement of medical expenses</li> <li>• Given to members of the Board of Commissioners along with a wife / husband and a maximum of 3 (three) children who have not reached the age of 25 years provided that if the child who is not yet 25 years old has been married or has worked then the person concerned is not entitled to health facilities</li> </ul>	
<ul style="list-style-type: none"> <li>• Legal Aid Facility</li> </ul>	Granted in the event of actions / actions occurring for and on behalf of his position relating to the purposes and objectives and the Company's business activities	
Tantiem	45% of Tantiem for the President Director	90% of Tantiem for the President Commissioner

### Actual Remuneration of the Board of Commissioners of 2019

No	Description	President Commissioner	Commissioner
1	Honorarium	1,431,000,000	6,006,622,500
2	Allowance (net)		
	Religious holiday allowance	119,250,000	536,625,000
	Retirement insurance	357,750,000	1,372,199,879
	Transportation allowance	286,200,000	1,204,786,597
	TOTAL	2,194,200,000	9,120,233,976
3	Tantiem of Fiscal Year 2018	9,033,708,270	25,288,224,684
4	Other facilities	at cost corresponding PER-04/MBU/2014 jo. PER-01/MBU/06/2017 jo. PER-06/MBU/06/2018 jo. PER-01/MBU/05/2019	

## DESCRIPTION OF THE BOARD OF DIRECTORS

The Board of Directors must perform their main duties and act in good faith and full responsibility. Each member of the Board of Directors shall be fully liable, jointly and severally, for any losses incurred by the Company, in the event due to the mistakes or negligence of the Board of Directors in carrying out his/her duties according to the provisions of the laws.

The Board of Directors is a Corporate Organ that has the authority and full responsibility to manage the Company in the interest of the Company, pursuant to the goals and objectives of the Company and represent the Company within or outside the court in accordance with the provisions stipulated in the Articles of Association. The Board of Directors are appointed and dismissed by the GMS.

The Board of Directors shall carry out their duties and responsibilities in a collegial manner. Each Director can act and make decisions in accordance with their delegation of duties and authority. However, the performance of duties by each member of the Board of Directors shall be a collective responsibility. The position of each member of the Board of Directors, including the President Director, is equal. The President Director as the primus inter pares shall coordinate the activities of the Board of Directors.

### BOARD OF DIRECTORS COMPOSITION

The composition and number of the Board of Directors for 2019 shall be as follows:

#### Composition of the Board of Directors

Board of Directors	Period		
	Jan 1 <sup>st</sup> – Apr 26 <sup>th</sup>	Apr 26 <sup>th</sup> – Aug 30 <sup>th</sup>	Aug 30 <sup>th</sup> – Des 31 <sup>st</sup>
President Director	Gigih Prakoso	Gigih Prakoso	Gigih Prakoso
Infrastructure and Technology Director	Dilo Seno Widagdo	Dilo Seno Widagdo	Redy Ferryanto
Commercial Director	Danny Praditya	Danny Praditya	Dilo Seno Widagdo
Finance Director	Said Reza Pahlevy	Said Reza Pahlevy	Arie Nobelta Kaban
Human Resources and General Affairs Director	Desima Equalita Siahaan	Desima Equalita Siahaan	Desima Equalita Siahaan
Strategy and Business Development Director	--	Syahrial Mukhtar	Syahrial Mukhtar

### SCOPE OF WORK AND RESPONSIBILITIES OF EACH MEMBER OF THE BOARD OF DIRECTORS

Delegation of duties and authority of the Board of Directors may be regulated by the GMS, but in the case that the GMS makes no determinations, those duties and authority shall be based on the Resolution of the Board of Directors.

In the Extraordinary General Meeting of Shareholders on August 30<sup>th</sup>, 2019, the GMS has established the description of the position of each member of the Board of Directors. However, the Board of Directors has determined their own description in more detail in regards to the delegation of duties and responsibilities

of each member of the Board of Directors through a Resolution of the Board of Directors.

#### President Director

The work procedures for the President Directorate are regulated under Resolution of the Board of Directors Number: 034101.K/OT/PDO/2019 dated 20 August 2019.

Functions:

Leader, controller and coordinator of Director of Strategy and Business Development, Director of Infrastructure and Technology, Commercial Director, Director of Human Resources and General Affairs, and Finance Director in achieving set performance targets of the PGN Group.

### Director of Infrastructure and Technology

The work procedures for the Directorate of Infrastructure and Technology are regulated under Resolution of the Board of Directors Number: 020301.K/OT/INT/2019 dated August 20<sup>th</sup>, 2019.

Functions:

Responsible for policies on engineering, construction, distribution of gas, operations and maintenance, controlling construction of infrastructure including Government assignments, and ensure synergy within all PGN Group infrastructure business segmentation.

### Director of Commerce

The work procedures for the Commercial Directorate are set out in Resolution of the Board of Directors Number: 009301.K/OT/COD/2019 dated August 20<sup>th</sup>, 2019.

Functions:

Responsible for planning management and supply of gas/liquefied natural gas (LNG); act as commodity aggregator in the sale of gas; carry out alignment on the sales of PGN Group products; and ensure synergy within the PGN Group's geothermal energy commercial business segmentation.

### Director of Finance

The work procedures for the Directorate of Finance are set out in Resolution of the Board of Directors Number: 044901.K/OT.00/FIN/2019 dated August 16<sup>th</sup>, 2019.

Functions:

Responsible for policies and standards of accounting, taxation; carry out financial functions for the Parent Company, including controlling budget absorption; and manage performance of the PGN Group as a whole.

### Director of Human Resources and General Affairs

The work procedures for the Directorate of Human Resources and General Affairs are set out in Resolution of the Board of Directors Number: 027100.K/OT.00/HCGS/2019 dated October 14<sup>th</sup>, 2019.

Functions:

Responsible for policies, standards, and execution of human capital management, Information and Communication Technology (ICT), logistics and supporting functions; corporate social responsibility; and ensure synergy in providing ICT services, public services and services for the PGN Group employees.

### Director of Strategy and Business Development

The work procedures for the Directorate of Strategy and Business Development are set out in Resolution of the Board of Directors Number: 002001.K/OT.00/SBD/2019 dated August 16<sup>th</sup>, 2019.

Functions:

Determine, manage and control Company policies relating to strategy planning and portfolio management; business development; and LNG business management.

## ASSESSMENT OF PERFORMANCE OF COMMITTEES UNDER THE BOARD OF DIRECTORS

The Company does not currently have any committee organs under the Board of Directors.

## THE BOARD OF DIRECTORS MANUAL

In performing their duties to govern and manage the Company, the Board of Directors shall refer to the following Laws and Regulations:

1. Law Number 40 of 2007 on Limited Liability Companies;
2. Regulation of the Financial Services Authority Number 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Companies;
3. Deed of Articles of Association Number 34 dated September 10, 2018;
4. Work Guidelines of the Board of Commissioners and Board of Directors (PGN Board Manual of 2019).

The Board Manual is a set of guidelines on the relationship between the Board of Commissioners and the Board of Directors. The first PGN Directors Manual was drafted in 2006 and updated in line with the latest developments of the Company and the latest update of the Board Manual was in 2019. The Guidelines and Work Procedures in the PGN Board Manual are specifically regulated in Chapter II covering:

- Main Duties of the Board of Directors;
- Duties and Responsibilities of the Board of Directors;
- Rights and Authority of the Board of Directors;
- Delegation of Authority;
- Independence and Ethical Standards of the Board of Directors' position;
- Determining Policies to Manage the Company;
- Distribution of Duties of the Board of Directors;
- Vacancy of Positions in the Board of Directors;
- Meetings of the Board of Directors;
- Corporate Secretary;
- Internal Supervisory Unit;
- Risk Management Function.

## DUAL POSITION AND CONFLICT OF INTEREST OF THE BOARD OF DIRECTORS

In reference to Article 11 paragraph (28) of the PGN Articles of Association as set out in Deed Number 34 dated 10 September 2018, members of the Board of Directors must not concurrently serve as:

- a. Board of Director member in any State-Owned Enterprise, Regionally- Owned Enterprise, or private companies;
- b. Board of Commissioner member and/or Supervisory Board member of any State-Owned Enterprise;
- c. Other structural and functional positions in any government agencies/institutions of the central and/or regional government;
- d. Committee member of political parties, member of House of Representatives (DPR), Regional Leadership Council (DPD), Level I Regional Representative Council (DPRD Tingkat I), and Level II Regional Representative Council (DPRD Tingkat II) and/or regional head/ deputy head;
- e. Candidate/member of DPR, DPD, Level I Regional Representative Council (DPRD Tingkat I), and Level II Regional Representative Council (DPRD Tingkat II) or candidate of regional head/deputy head;
- f. Other positions that would lead to conflict of interest; and/or
- g. Other positions that are set out in provisions in the prevailing laws and regulations.

During the year of 2019, no member of the Board of Directors has taken on any dual position as set out in the PGN Articles of Association.

## TRAINING PROGRAMS TO IMPROVE COMPETENCE OF THE BOARD OF DIRECTORS

In order to improve the competence and to support the performance of the Board of Directors' duties during the year of 2019, members of the Board of Directors have participated in trainings, workshops, conferences and seminars, among others:

### Directors Training Program for January 1<sup>st</sup>-April 26<sup>th</sup>, 2019 Period

Name	Date	Activity Name	Location
Danny Praditya	January 14 <sup>th</sup> -17 <sup>th</sup> , 2019	Conference with the Ministry of Energy and Mineral Resources	Siem Reap, Kamboja
	February 9 <sup>th</sup> -14 <sup>th</sup> , 2019	Conference with Borkir International	Abuja, Nigeria
Gigih Prakoso	January 31 <sup>st</sup> , 2019	Conference: INDOGAS 2019	Jakarta, Indonesia
	February 25 <sup>th</sup> -26 <sup>th</sup> , 2019	Conference: CGS - CIMB Asia Pacific	New York, USA
	March 16 <sup>th</sup> , 2019	Resource Person: National Seminar with Topic "Gas Supply to Support the Sustainability of the Ceramic Industry"	Jakarta, Indonesia
Desima E. Siahaan	February 21 <sup>st</sup> -23 <sup>rd</sup> , 2019	PT Pertamina (Persero) Domestic Oil and Gas Holding Workshop (Business Perspective)	Hongkong
	March 4 <sup>th</sup> -8 <sup>th</sup> , 2019	Attended the 2019 RSA Conference	San Fransisco, USA
	March 15 <sup>th</sup> , 2019	BUMN Audience Goes to Campus	Medan, Indonesia
	March 26 <sup>th</sup> -27 <sup>th</sup> , 2019	Great Leader Camp Batch II from the Ministry of BUMN	Bogor, Indonesia
	April 23 <sup>rd</sup> , 2019	Speaker: BUMN Goes To Campus at Santo Thomas Catholic University, Medan North Sumatra.	Medan, Indonesia

### Directors Training Program for April 26<sup>th</sup> - August 30<sup>th</sup>, 2019 Period

Name	Date	Activity Name	Location
Desima E. Siahaan	May 20 <sup>th</sup> -24 <sup>th</sup> , 2019	Attend 2019 International Conference & Exposition	Washington DC, Amerika Serikat
	June 27 <sup>th</sup> , 2019	Attended the Preparation of PGN Request Event as Speaker at the 6 <sup>th</sup> ICEF	Surabaya, Indonesia
	July 7 <sup>th</sup> -8 <sup>th</sup> , 2019	Attended the Preparation of PGN Request Event as Speaker at the 6 <sup>th</sup> ICEF	Beijing, China
	July 12 <sup>nd</sup> -14 <sup>th</sup> , 2019	Attending the Pacific Exposition 2019	New Zealand
	August 13 <sup>rd</sup> -16 <sup>th</sup> , 2019	Speaker: PGN Goes to Campus "Uniting Indonesia with good energy" at Graha Sabha Pramana UGM, Jogjakarta	Yogyakarta, Indonesia
	August 26 <sup>th</sup> , 2019	Speaker: Students get to know Nusantara	Bali, Indonesia
	August 28 <sup>th</sup> , 2019	Cyber Security's CIIP-ID (Symposium on Critical Infrastructure Protection) activities	Bali, Indonesia
Gigih Prakoso	June 16 <sup>th</sup> , 2019	Speaker: G20 Ministerial Meeting on Energy	Karuizawa, Jepang
	June 21 <sup>st</sup> , 2019	Establishment of BUMD Manager of the Bojonegoro City Gas Network	Yogyakarta, Indonesia
	July 8 <sup>th</sup> -9 <sup>th</sup> , 2019	Speaker: Indonesia-China Energy Forum (ICEF) 6 <sup>th</sup>	Beijing, China
	July 31 <sup>st</sup> , 2019	Speaker: Gas Indonesia Summit Conference 2019	Jakarta, Indonesia
	August 7 <sup>th</sup> , 2019	Workshop: Leadership Workshop with DNV	Jakarta, Indonesia
	August 8 <sup>th</sup> , 2019	Speaker: Public Relations Program titled "Coffee BUMN" (Morning Chat Around BUMN)	Jakarta, Indonesia
Danny Praditya	July 21 <sup>st</sup> -25 <sup>th</sup> , 2019	Conference with Saka Energy	Houston, Texas, Amerika Serikat
	July 25 <sup>th</sup> -26 <sup>th</sup> , 2019	(Conference) Attending a Sales Force invitation	San Fransisco, Amerika Serikat

## DIRECTORS' TRAINING PROGRAM Period of August 30<sup>th</sup> – December 31<sup>st</sup>, 2019

Name	Date	Activity Name	Location
Desima E. Siahaan	September 16 <sup>th</sup> -18 <sup>th</sup> , 2019	Oracle OpenWorld	*
	September 18 <sup>th</sup> -19 <sup>th</sup> , 2019	HR Summit	Bali, Indonesia
	October 27 <sup>th</sup> -30 <sup>th</sup> , 2019	Conference of Indonesia Career - Evening YIPA	London, UK
	November 3 <sup>th</sup> -7 <sup>th</sup> , 2019	Gartner IT Symposium / XPO (Workshop)	Barcelona, Spanyol
	November 26 <sup>th</sup> , 2019	Speaker: PGN Energy Starup Competition 2019 Bootcamp Activity	Bogor, Indonesia
Gigih Prakoso	September 26 <sup>th</sup> , 2019	"Pamir" International Convention Center, Grand Prince Hotel New, Takanawa 3 13 1 Taikanawa, Minatoku, Tokyo	Tokyo, Jepang
	September 27 <sup>th</sup> , 2019	Speaker: Downstream Oil and Gas Expo Expo 2019 (Development of National Natural Gas Infrastructure)	Jakarta, Indonesia
	October 4 <sup>th</sup> , 2019	Panelist: PwC Leadership Series - BUMN Travels Present to the Country with the theme "BUMN Holding" Unleashing Value Through Parent and Subsidiary Synergi "	Jakarta, Indonesia
	October 10 <sup>th</sup> , 2019	Speaker: The 6 <sup>th</sup> Indonesia-Japan Energy Forum (6 <sup>th</sup> IJEF)	Bali, Indonesia
	October 14 <sup>th</sup> , 2019	Speaker: The 11 <sup>st</sup> CG Conference & Award 2019 with the theme "Empowering BOC and Its Committees to Ensure GCG Implementation	Jakarta, Indonesia

### MEETINGS AND RESOLUTIONS OF THE BOARD OF DIRECTORS

Pursuant to OJK Regulation Number: 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Companies and based on the Articles of Association of the Company, the Board of Commissioners are obligated to hold meetings at least once every 2 (two) months and periodic joint meetings with the Board of Directors at least once every 4 (four) months.

In regards to the Board of Directors, OJK Regulation Number 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Companies, and based on the Articles of Association of the Company, the Board of Directors and Board of Commissioners of Issuers or Public Companies shall hold periodic Board of Directors' meetings

at least once every month and hold joint periodic Board of Directors meetings with the Board of Commissioners at least once every 4 (four) months.

#### BOARD OF DIRECTORS MEETING OF 2019

In line with the Articles of Association of the Company, the Board of Directors Meetings shall be divided into 3 periods based on the membership of the Board of Directors, which are:

- Period of January 1<sup>st</sup> – April 26<sup>th</sup>, 2019
- Period of April 26<sup>th</sup> – August 30<sup>th</sup>, 2019
- Period of August 30<sup>th</sup> – December 31<sup>st</sup>, 2019

Resolutions of the Board of Directors shall take two forms, namely physical decisions and circulars.

## PGN'S BOARD OF DIRECTORS MEETING 2019

Period of January 1<sup>st</sup> – April 26<sup>th</sup>, 2019

No.	Date	Meeting Agenda	Gigih Prakoso	Dilo Seno Widagdo	Danny Praditya	Desima Equalita Siahaan	Said Reza Pahlevy
1.	January 4 <sup>th</sup> , 2019	Update PT Saka Energi Indonesia	√	√	√	-	√
2.	January 9 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>1. Preparation of Meeting Analysis for 11 January 2019</li> <li>2. Update Duri Project, Dumai</li> <li>3. Mini LNG Bojonegoro</li> <li>4. Update Chevron Pipes</li> <li>5. Additional Supply Study in East Java</li> <li>6. Update Problematic Customers</li> <li>7. Update Jambi Merang Supply</li> <li>8. Update Board Manual</li> <li>9. KPI AP</li> <li>10. Appointment of AP BoC and BoD</li> </ol>	√	√	√	√	√
3.	January 22 <sup>nd</sup> , 2019	<ol style="list-style-type: none"> <li>1. Update on Gas Supply Trouble in East Java</li> <li>2. Update on Mini LNG Project, East Java;</li> <li>3. Reparation of Pipes impacted by LRT project.</li> </ol>	-	√	√	√	√
4.	January 30 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>1. Revision of 2019 RKAP (Company Budget Plan);</li> <li>2. Corporate KPI of 2019;</li> <li>3. Update Investment Maturity Guidelines;</li> <li>4. Update Investment Proposal for PT Permata Graha Nusantara (PGN Mas);</li> <li>5. Update NDR Conference;</li> <li>6. Update Niaga Gas Pekanbaru;</li> <li>7. Update Selling Price of Gas to PLN</li> </ol>	√	√	√	√	√
5.	February 4 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>1. Joint Marketing and Sales Agreement between LNG PGN dan Borkir;</li> <li>2. 2018 Financial Report Audited;</li> <li>3. Need for Integrated Financing from Pertamina to PGN;</li> <li>4. Update Board Manual;</li> <li>5. Corporate Targets of 2024</li> </ol>	√	√	√	√	√
6.	February 8 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>1. Approval for Purchase of LNG Cargo</li> <li>2. Meet Supply for East Java Study;</li> <li>3. Pertamina – PGN – Pertamina Interaction;</li> <li>4. Approval of PT TGI Shareholders;</li> <li>5. Distribution of PK Funds through Special SOE.</li> </ol>	√	√	√	√	√
7.	February 14 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>1. Preparation of ConocoPhillips (COPI) Maintenance 2019;</li> <li>2. Transformation of BOD BOC of AP PGN Group.</li> </ol>	√	√	-	√	√

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### PGN'S BOARD OF DIRECTORS MEETING 2019 Period of January 1<sup>st</sup> – April 26<sup>th</sup>, 2019

No.	Date	Meeting Agenda	Gigih Prakoso	Dilo Seno Widagdo	Danny Praditya	Desima Equalita Siahaan	Said Reza Pahlevy
8.	March 19 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>East Java LNG FID Project;</li> <li>Presentation of Proposal for Amount of Dividend;</li> <li>Preparation of BOD – BOC               <ol style="list-style-type: none"> <li>RJPP (Company Long Term Planning) for 2019 – 2024;</li> <li>Progress of Duri – Dumai;</li> </ol> </li> <li>Cooperation for Commercial Activities in Industrial Zones;</li> <li>Business Scheme of SPBG Partners</li> </ol>	√	√	√	√	-
9.	March 29 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>Update New Customers;</li> <li>Multi-Destination Contract;</li> <li>AGMS for Subsidiary Companies and Affiliations;</li> <li>Revision of 2019 RKAP;</li> <li>Shor Term Loan Plan;</li> <li>KEKAL Investment Plan;</li> <li>Update SNO Cibogo, Lembang.</li> </ol>	√	√	√	√	√
10.	April 9 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>Discussing Update of PGN Mas;               <ol style="list-style-type: none"> <li>PGN Mas Loan Scenario;</li> <li>Asset Management.</li> </ol> </li> <li>Commercial Update.</li> </ol>	√	√	-	√	√
11.	April 16 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>TW I 2019 Financial Report;</li> <li>Update on 2019 AGMS Material;</li> <li>Update RJPP 2019 - 2024;</li> <li>Revised RKAP 2019;</li> <li>Changes in PGN's Organization;</li> <li>Highlights of the Jargas Program.</li> </ol>	√	√	√	√	√
12.	April 25 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>Plans for the Annual General Meeting of Shareholders of Subsidiaries and PGN Group Affiliates.</li> </ol>	√	√	√	√	√
<b>Total Attendance</b>			<b>11 Times</b>	<b>12 Times</b>	<b>10 Times</b>	<b>11 Times</b>	<b>11 Times</b>
<b>% Total Attendance</b>			<b>92%</b>	<b>100%</b>	<b>83%</b>	<b>92%</b>	<b>92%</b>

## PGN'S BOARD OF DIRECTORS MEETING 2019

Period of April 26<sup>th</sup> – August 30<sup>th</sup>, 2019

No.	Date	Meeting Agenda	Gigih Prakoso	Dilo Seno Widagdo	Danny Praditya	Desima Equalita Siahaan	Said Reza Pahlevy	Syahrial Mukhtar
1.	April 29 <sup>th</sup> , 2019	1. Proposal for Organization of the Directorate of Strategy and Business Development	√	√	√	√	√	√
2.	April 30 <sup>th</sup> , 2019	1. Discussion of Selling Price based on Regulation of Minister of Energy and Mineral Resources (ESDM) No 58 of 2017.	√	√	√	-	√	√
3.	May 7 <sup>th</sup> , 2019	1. Proposal for Tantiem (Profit Sharing) and Incentive on AP BoC and BoD performance 2. Authority Threshold of AP BoD 3. Preparation for Meeting with Hoegh LNG	√	√	√	√	√	√
4.	May 13 <sup>rd</sup> , 2019	1. Performance of PT Saka Energi Indonesia (SAKA) 2. Extension of Batam II GSA 3. Purchase of Gas from PT Tropik Energi Pandan 4. Purchase of Gas from Minarak Brantas - Metro 5. Update on Cooperation for Gas Utilization of PT Parna Raya 6. Approval for Uncommitted Revolving Joint Facilities 7. Investment Plan of PT. Patriot Nusantara Aceh ("PATNA")	√	√	√	√	√	√
5.	May 21 <sup>st</sup> , 2019	1. Business Transition of the LNG, Gas Network, and SPG from Oil and Gas Holding to Gas Subholding. 2. Alternative Rokan Pipe Construction Cooperation. 3. Guideline of the Company's Work Plan and Budget of 2020.	√	√	√	-	√	-

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### PGN'S BOARD OF DIRECTORS MEETING 2019 Period of April 26<sup>th</sup> – August 30<sup>th</sup>, 2019

No.	Date	Meeting Agenda	Gigih Prakoso	Dilo Seno Widagdo	Danny Praditya	Desima Equalita Siahaan	Said Reza Pahlevy	Syahrial Mukhtar
6.	May 29 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>1. Management Scheme for State Budget Jargas and FEED Jargas 2020;</li> <li>2. Update on Pipe Construction in Rokan;</li> <li>3. Placement of BU LNG and optimalization of PGN Building.</li> </ol>	√	√	-	√	√	√
7.	June 11 <sup>st</sup> , 2019	<ol style="list-style-type: none"> <li>1. Presentation of Enterprise Project Performance Monitoring</li> </ol>	√	√	√	√	√	√
8.	June 26 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>1. The approval of Extension of Special Gas Prices for Electricity and Industrial Generations.</li> <li>2. The approval of the Purchase Price of Gas from HCML - MAC, Medco, Tropik Energi Pandan and Mandala Energy.</li> <li>3. The implementation of the Company's and Subsidiaries' Board of Commissioners and Directors' Workshop.</li> </ol>	√	√	√	√	√	√
9.	July 4 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>1. Re-FID Project LNG Terminal East Java;</li> <li>2. Update on LNG Cilacap Project;</li> <li>3. PGAS Performance &amp; Market Updates;</li> <li>4. Changes to Organizational Structure.</li> </ol>	√	√	√	√	√	√
10.	July 17 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>1. Update on Business Developments:               <ol style="list-style-type: none"> <li>A. Update on Fasken Gas Plan;</li> <li>B. Update LNG Regas Phillipines;</li> <li>C. Update on LNG Myanmar</li> </ol> </li> <li>2. FSRU Business Initiative, Cilacap</li> <li>3. Downstream Gas Price Adjustment.</li> </ol>	√	√	√	√	√	√

## PGN'S BOARD OF DIRECTORS MEETING 2019

Period of April 26<sup>th</sup> - August 30<sup>th</sup>, 2019

No.	Date	Meeting Agenda	Gigih Prakoso	Dilo Seno Widagdo	Danny Praditya	Desima Equalita Siahaan	Said Reza Pahlevy	Syahrial Mukhtar
11.	August 4 <sup>th</sup> , 2019	1. Update on Strategic Issues for Subsidiary Companies A. PT Saka Energi Indonesia B. PT PGN LNG Indonesia C. PT Kalimantan Jawa Gas 2. Update on Follow up on Joint Facility	✓	✓	✓	✓	✓	✓
12.	August 14 <sup>th</sup> , 2019	1. Update Strategic Options and Restructurization of SAKA 2. Overview of First Semester Report of 2019 3. Adjustments in Organizational Structure	✓	✓	✓	✓	-	-
13.	August 20 <sup>th</sup> , 2019	1. Strategy in Semester 2; 2. Investment Program in semester II 2019 and year of 2020; 3. Preparation for Extraordinary GMS.	✓	✓	✓	✓	✓	-
14.	August 26 <sup>th</sup> , 2019	1. HSSE Performance 2. Update Directorate of Strategy and Business Development: A. Acquisition Plan for KDL; B. LNG Trading . 3. Update Follow Up on: A. Distribution to TPPI; B. Teluk Lamong Project; C. Approval for JV in Teluk Lamong; 4. Realization of 2019 Costs: A. Cost for BoD per Directorate; B. SSM Sponsorship Cost; C. CSR Cost.	✓	✓	✓	✓	✓	✓
<b>Total Attendance</b>			<b>14 Times</b>	<b>14 Times</b>	<b>13 Times</b>	<b>12 Times</b>	<b>13 Times</b>	<b>11 Times</b>
<b>% Total Attendance</b>			<b>100%</b>	<b>100%</b>	<b>93%</b>	<b>86%</b>	<b>93%</b>	<b>79%</b>

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**PGN'S BOARD OF DIRECTORS MEETING 2019**  
**Period of August 30<sup>th</sup> – December 31<sup>st</sup>, 2019**

No.	Date	Meeting Agenda	Gigih Prakoso	Redy Ferryanto	Dilo Seno Widagdo	Arie Nobelta Kaban	Desima Equalita Siahaan	Syahrial Mukhtar
1.	September 4 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>1. HSSE Overview</li> <li>2. Update Extension of Pangkah</li> <li>3. Gastech 2019 Agenda</li> <li>4. Update Transition Process from Pertamina Gas Business to PG</li> <li>5. Other Matters</li> </ol>	√	√	√	√	√	√
2.	September 10 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>1. HSSE Overview</li> <li>2. Update Extension of Pangkah</li> <li>3. Gastech 2019 Agenda</li> <li>4. Update of Transition Process from Pertamina Gas Business to PGN</li> <li>5. Other Matters</li> </ol>	√	√	√	√	√	√
3.	September 16 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>1. HSSE Overview</li> <li>2. Update Extension of PSC Pangkah;</li> <li>3. Update on KDL Acquisition;</li> <li>4. Update Start Up Competition Event;</li> <li>5. 2020 RKAP and KPI;</li> <li>6. Joint Study on Accounting Aspect;</li> <li>7. Other Matters: Update on Kepodang Field</li> </ol>	√	√	-	√	√	-
4.	October 1 <sup>st</sup> , 2019	<ol style="list-style-type: none"> <li>1. HSSE Overview</li> <li>2. Update on PT Kalimantan Jawa Gas</li> <li>3. Update Gas Supply Price</li> <li>4. Update Adjustment of Geothermal Gas Selling Price</li> </ol>	√	√	√	√	√	√
5.	October 14 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>1. Update on Commercial Affairs: <ol style="list-style-type: none"> <li>A. Proposal for Relaxation of Payments on KDL/KS Gas Invoices;</li> <li>B. Update on Price Adjustment Plan;</li> <li>C. Update on KB PLN Implementation Plan;</li> </ol> </li> <li>2. Update on PT PGN LNG;</li> <li>3. Update Purchase of Non-Network Assets;</li> <li>4. Transition of LNG Business;</li> <li>5. Update on Household Gas Network Program.</li> </ol>	√	√	√	√	√	√

### PGN Board of Directors Meeting of 2019 Period of 30 August 2019 – 31 December 2019

No.	Date	Meeting Agenda	Gigih Prakoso	Redy Ferryanto	Dilo Seno Widagdo	Arie Nobelta Kaban	Desima Equalita Siahaan	Syahrial Mukhtar
6.	October 29 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>Update on HSSE Performance;</li> <li>Implementation of PLN Gas Price;</li> <li>Adjustment of Ceramic Sector Price – ASAKI;</li> <li>Governance of Gas Sub Holding;</li> <li>WJD/WNT.</li> </ol>	√	√	√	√	-	-
7.	November 6 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>HSSE Update;</li> <li>Ex-Hess Tax Update;</li> <li>East Java LNG Project Update;</li> <li>PJBG PLN Update;</li> <li>Re-FID Project BOB Siak Pusako.</li> </ol>	√	√	√	-	√	-
8.	November 13 <sup>rd</sup> , 2019	<ol style="list-style-type: none"> <li>HSSE Performance Update</li> <li>Update on Muriah Optimization;</li> <li>Batangas LNG Phillipines Project Update;</li> <li>Customer Service Update;on</li> <li>Restructurization of Accounts Receivable;</li> <li>Reconditioning of Accounts Receivable at PT LEKJ;</li> <li>Update Accounts Receivable in 2020 RKAP.</li> </ol>	√	√	√	√	√	√
9.	November 19 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>HSSE Overview;</li> <li>Update on Strategic Initiative Maturity Governance DAK;</li> <li>Update on FSRU Lampung Restructurization;</li> <li>Update Infrastructure Contract Management;</li> <li>Update Organizational Transformation.</li> </ol>	√	√	√	√	√	√
10.	November 27 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>Preparation for Management Review Meeting; A. 2019 Performance; B. Risk Management Update.</li> <li>SAKA Funding.</li> </ol>	√	√	-	√	√	-
11.	December 4 <sup>th</sup> , 2019	<ol style="list-style-type: none"> <li>Preparation for BOD-BOC Retreat: A. 2020 RKAP dan KPI; B. Restructurization of Gas Subholding.</li> </ol>	√	√	√	√	√	√

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No.	Date	Meeting Agenda	Gigih Prakoso	Redy Ferryanto	Dilo Seno Widagdo	Arie Nobelta Kaban	Desima Equalita Siahaan	Syahrial Mukhtar
12.	December 13 <sup>rd</sup> , 2019	1. Update on SAKA: A. Garuda Project; B. Update on Kepodang. 2. Update on Commercial Affairs: A. Approval of Price and Volume of Minarak Gas; B. Update on Gas Distribution to Aceh and North Sumatera; C. Update on Follow Up of PPJBG PLN.	√	-	√	√	√	√
13.	December 18 <sup>th</sup> , 2019	1. Update on Steering Committee: A. Garuda Project; B. Rokan Pipe Update 2. Update on Business Development: A. Update on KDL Acquisition; B. Update on Business Development Cooperation Guideline 3. Restructurization of Subsidiary Companies/Affiliations	√	√	√	√	√	√
14.	December 23 <sup>rd</sup> , 2019	Update Garuda Project	√	√	√	√	√	√
<b>Total Attendance</b>			<b>14 Times</b>	<b>13 Times</b>	<b>12 Times</b>	<b>13 Times</b>	<b>13 Times</b>	<b>10 Times</b>
<b>% Total Attendance</b>			<b>100%</b>	<b>93%</b>	<b>86%</b>	<b>93%</b>	<b>93%</b>	<b>71%</b>

Board of Directors' Decisions in the form of circulars are as follows:

### Board of Directors's Decisions Circular 2019

No.	Date of Meeting	Subject
1.	February 13 <sup>rd</sup> , 2019	Approval for Extension of Term of Office of Board of Directors of Pertamina
2.	February 14 <sup>th</sup> , 2019	Proposal of Management of Subsidiary Company of PT PGN Tbk Group
3.	February 21 <sup>st</sup> , 2019	Planning to hold annual general meeting of shareholders for the fiscal year of 2018 (Annual GMS)
4.	March 14 <sup>th</sup> , 2019	Proposal for Changes to Board of Commissioners of PT Saka Energi Indonesia
5.	May 1 <sup>st</sup> , 2019	PLN Batam Multi-Destination Contract Scheme
6.	June 19 <sup>th</sup> , 2019	Cooperation Agreement of Gas Utilization from the BD Madura Strait Field Work Unit Between PT Parna Raya dan PGN
7.	July 2 <sup>nd</sup> , 2019	Approval of Invitation to Bid For Purchasing of 1040 MW From Gas Engine Power Plant/ Power Barge/Power Ship On Independent Power Producer And Build-Operate-Own Bases From Electric Power Generation Enterprise, Myanmar
8.	July 29 <sup>th</sup> , 2019	Approval to Participate in LNG Ex Pertamina – Eni Muara Bakau Tender With Index Japan Korea Marker (JKM)
9.	September 23 <sup>rd</sup> , 2019	Approval for Extension of Cooperation Contract Period In The Work Area of
10.	December 11 <sup>st</sup> , 2019	Operational Infrastructure Reliability Asset Management And Gas Management System (MARIO & SIMAG), Remote Control and Data Acquisition (RENATA) For The Periode Of 2020
11.	December 30 <sup>th</sup> , 2019	Amendment on KJG Facility Agreement And Ratification of IGL SAKA Loan Agreement

## BOARD OF DIRECTORS AND COMPANY PERFORMANCE APPRAISAL

### Procedure for Appraisal of Board of Directors and Company

Board of Directors and Company Assessment is done through a Key Performance Indicator (KPI) system that is based on Exceptional Performance Appraisal Criteria (EPAC) for State-Owned Enterprises as stipulated in Letter of the Ministry of State-Owned Enterprises No. S-08/S.MBU/2013 dated January 16<sup>th</sup>, 2013 regarding Delivery of Guidelines to Determine KPI and Performance Excellence Assessment Criteria to State—Owned Enterprises adapted from a system by Malcolm Baldrige.

Board of Directors and Company KPI of 2019 has been ratified by the Board of Directors together with the Board of Commissioners to be further implemented by the Board of Directors and periodically evaluated as to the achievement of the targets set by the Board of Commissioners.

### The criteria used in the Board of Directors and Company Assessment

Performance criteria and indicators used to measure the performance of the Board of Directors and Company are:

1. Performance of duties and responsibilities of the respective members of the Board of Directors in line with the Company's Articles of Association;

2. Implementation of the resolutions of the AGMS 2019;
3. Realization of achievements of the Board of Directors and Company KPI of 2019 based on the EPAC covering 5 EPAC Perspectives plus an additional perspective as Agents of Development to strengthen the company's role as agent of development in supporting the realization of the national strategic program, covering the following performance indicators
  - a. Financial and Market Perspective;
  - b. Customer Perspective;
  - c. Product and Process Perspective;
  - d. Workers Perspective;
  - e. Leadership and Governance Perspective;
  - f. Agent of Development.

### Parties Carrying Out Appraisal on Board of Directors and Company Performance

Evaluation and appraisal of achievement of the overall performance of the Board of Directors and the Company is carried out by the Board of Commissioners and the Ministry of SOE in this case PT Pertamina (Persero).

The following is the realization of the Board of Directors and the Company's KPI targets consisting of indicators and focus on the most dominant performance aspects in determining the success of the Company at the present time and at other times in the future, with a Company KPI realization of 2019 of 93.02.

Company's KPI Achievement Result Directors 2019 as follow:

#### COMPANY'S KPI ACHIEVEMENT RESULT 2019

No.	KPI	Unit	Target			Realization		
			RKAP 2019	STRETCH	Weight	2019	% of the 2019 RKAP	Realization of Score Against 2019 RKAP
(1)	(2)	(3)	(5)	(6)	(7)	(8)	(10= 8 : 5)	(12 = 7 x 10)
<b>FINANCE AND MARKETS</b>								
1	EBITDA	million USD	1,099.22	1,154.18	4.32	1,051.73	95.68%	4.13
2	Operating Profit Margin	%	15.13	15.88	4.32	13.77	91.05%	3.93
3	Market Share Distribution	%	85.00	90.00	4.32	91.98	120.00%	5.18
4	ROA	%	4.02	4.22	4.32	1.92	47.83%	2.07
5	OPEX/MMBTU	USD/ MMBTU	0.77	0.73	4.32	0.84	91.91%	3.97
<b>Sub total</b>					<b>21.6</b>			<b>19.29</b>

## Directors' KPI Achievement Result 2019

## DIRECTORS' KPI ACHIEVEMENT RESULT 2019

No.	KPI	Unit	Target			Realization		
			RKAP 2019	STRETCH	Weight	2019	% of the 2019 RKAP	Realization of Score Against 2019 RKAP
(1)	(2)	(3)	(5)	(6)	(7)	(8)	(10= 8 : 5)	(12 = 7 x 10)
<b>CUSTOMERS</b>								
1	Customer Satisfaction	Index (1-6)	5.20	5.46	9.8	5.44	104.62%	10.25
2	Customer Retention	%	98.00	100.00	10	97.90	99.90%	9.99
<b>Sub total</b>					<b>19.8</b>			<b>20.24</b>
<b>PRODUCT AND PROCESS</b>								
1	Management Volume:							
a	Gas Distribution	BBTUD	948.09	967.05	2	1949.03	100.25%	2.00
b	Gas Transportation	BBTUD	1,455.96	1,485.08	2	1,369.85	94.09%	1.88
b	SAKA Oil and Gas Management Volume	BOE	10,865,305.74	11,082,611.86	2	10,484,692	96.50%	1.93
c	LNG Regasification	BBTUD	130.04	132.64	2	120.23	92.45%	1.85
d	Oil Transportation	BAREL	4,361,069.00	4,448,290.38	2	3,746,265	85.90%	1.72
2	Infrastructure Availability	%	98.00	99.00	4	100.00	105.00%	4.20
3	Infrastructure Development	%	90.00	100.00	4	47.26	52.51%	2.10
<b>Sub Total</b>					<b>18</b>			<b>15.68</b>
<b>LABOR</b>								
1	Employee Engagement	Indeks (1-5)	3.95	4.15	5	4.03	102.03%	5.10
2	Number of Innovations	Jumlah	35.00	38.00	5	63.00	105.00%	5.25
3	Work Productivity	Juta USD/ Pekerja	0.100	0.105	5.3	0.043	43.19%	2.29
<b>Sub total</b>					<b>15.3</b>			<b>12.64</b>
<b>LEADERSHIP AND GOVERNANCE</b>								
1	KPKU Assessment Results	Category	Emerging Industry Leader	Emerging Industry Leader	5.3	Emerging Industry Leader	100.00%	5.30
2	GCG Assessment Results	Category	Very Good	Very Good	5	Very Good	100.00%	5.00
3	Work productivity	Score (1-100)	89.00	89.50	5	81.99	92.12%	4.61
<b>Sub Total</b>					<b>15.3</b>			<b>14.91</b>
<b>DEVELOPMENT AGENT</b>								
1	SPBG Gasku	MMBTU	401,349.00	421,416.45	5	481,29.57	105.00%	5.25
2	Household JARGAS Development	SR	74,216.00	82,126.80	5	74,462.00	100.16%	5.01
<b>Sub total</b>					<b>10</b>			<b>10.26</b>
<b>TOTAL CORPORATE PERFORMANCES KPI SCORE</b>					<b>100.00</b>			<b>93.02</b>
<b>TOTAL CORPORATE COMPLIANCE KPI DF</b>					<b>-44.00</b>			<b>0.00</b>
<b>TOTAL OVERALL SCORE</b>								<b>93.02</b>

## PROCEDURE AND BASIS FOR DETERMINING REMUNERATION FOR THE BOARD OF DIRECTORS

### Procedure for Board of Directors Remuneration

Remuneration for the Board of Directors is based on the Regulation of the Minister of State-Owned Enterprises Number: PER-04/MBU/2014 on Guidelines to Determine the Income of the Board of Directors, the Board of Commissioners and the Supervisory Board of State-Owned Enterprises as lastly amended by Regulation of the Minister of State-Owned Enterprises Number: PER-01/MBU/05/2019 on Fourth Amendment of Regulation of the Minister of State-Owned Enterprises on Guidelines to Determine Income of the Board of Directors, Board of Commissioners, Supervisory Board of State-Owned Enterprises dated May 31<sup>st</sup>, 2019.

### Basis for Determining Remuneration for the Board of Directors

Pursuant to Regulation of the Minister of State-Owned Enterprises on Guidelines to Determine the Income of the Board of Directors, the principles to determine the Income are decided by the General Meeting of Shareholders (GMS) of Financial Year of 2018 on April 26<sup>th</sup>, 2019 and taking into account Letter of the Ministry of State-Owned Enterprises Number: S-466/MBU/D3/05/2019 dated May 31<sup>st</sup>, 2019 regarding Delivery of Guidelines to Determine the Income of the Board of Directors and the Board of Commissioners of PT Perusahaan Gas Negara Tbk of 2019 as well as Letter of PT Pertamina (Persero) Number: R-120/C00000/2019-S0 dated May 31<sup>st</sup>, 2019, where components of the salary of the Board of Directors consist of:

- a. Salary/honorarium;
- b. Allowances comprising:
  - 1) Religious holiday allowance;
  - 2) Post service insurance;
  - 3) Housing allowance.
- c. Facilities consisting of:
  - 1) Vehicle facility;
  - 2) Health facility;
  - 3) Legal aid facility.
- d) Tantiem/Performance Incentive, where within the Tantiem, an additional form of Long Term Incentive/LTI may be given.

## REMUNERATION STRUCTURE FOR BOARD OF DIRECTORS SALARY

Pursuant to Regulation of the Minister of State-Owned Enterprises Number PER-04/MBU/2014 on Guidelines to Determine the Income of the Board of Directors, the Board of Commissioners and the Supervisory Board of State-Owned Enterprises as lastly amended by Regulation of the Minister of State-Owned Enterprises Number PER-01/MBU/05/2019 on Fourth Amendment of Regulation of the Minister of State-Owned Enterprises on Guidelines to Determine Income of the Board of Directors, Board of Commissioners, Supervisory Board of State-Owned Enterprises, the components of the salary of the Board of Directors consist of:

- a. Salary
  - 1) Salary of the President Director is determined using internal guidelines that have been set by the Minister of State-Owned Enterprises.
  - 2) Salary of other members of the Board of Directors is determined taking into account the following Position Factor composition:
    - (a) The Director responsible for Human Resources: 90% of the President Director's Salary;
    - (b) Other Members of the Board of Directors: 85% of the President Director's Salary.
  - 3) In terms of the existing members of the Board of Directors, considering the Position Factor as referred to in point number 2) causes the salary received to be smaller than the amount of the salary received in the previous fiscal year, therefore the salary for other members of the existing Board of Directors shall be the amount of the salary received in the previous fiscal year.
  - 4) The GMS/Minister of State-Owned Enterprises may determine different amounts of the Position Factor than the sum referred to in point number 2), if it better reflects appropriateness and fairness in the implementation of duties and responsibilities of the members of the Board of Directors and the Company's ability.
  - 5) Other provisions shall refer to the Guidelines on Determination of the Income of the Board of Directors.

b. Board of Directors Allowances

1) Religious Holiday Allowance

Religious Holiday Allowance is given in the amount of 1 (one) time Salary.

2) Housing Allowance

Housing Allowance, including utility costs, is given on a monthly basis amounting to 40% of the Salary, subject to a maximum of:

(a) Rp27,500,000 (twenty seven million five hundred thousand rupiah) for areas within the State Capital City;

(b) Rp25,000,000 (twenty five million rupiah) for the Provincial Capital City;

(c) Rp22,500,000 (twenty two million five hundred thousand rupiah) for areas with Districts and Municipalities.

3) Post Service Insurance

(a) Post Service Insurance is given during the course of employment (from appointment to termination).

(b) The maximum insurance premium borne by the Company is maximum 25% of the salary in one year.

(c) Selection of insurance program for post service insurance is determined by the respective members of the Board of Directors, the Board of Commissioners and the Supervisory Board of State-Owned Enterprises.

(d) Provision of premiums, contributions or other similar terms that are relevant to the post service insurance already includes a premium for accidents and deaths.

c. Facilities

1) Vehicle Facility

(a) Members of the Board of Directors are only entitled to 1 (one) vehicle facility from the Company;

(b) Vehicle Facility includes maintenance and operational costs which are given taking into account the Company's financial condition;

(c) The specification and type of the vehicle is determined by the Board of Commissioners;

(d) In the event that a member of the Board of Directors no longer holds his/her position, within a period of no more than 30 (thirty) days after termination of office, the vehicle shall be returned to the relevant State-Owned Enterprise;

(e) In the event that a member of the Board of Directors concurrently serves as a member of the Board of Commissioners in a subsidiary /joint venture company, and the person in question is using a Vehicle Facility/transportation allowance from the subsidiary company/joint venture company (if any), said person shall not receive a Vehicle Facility and transportation allowance from the SOE.

2) Health Facility

(a) Health Facility is provided in the form of health insurance or reimbursement for medical costs (at cost);

(b) Health Facility is provided to the Board of Directors including their spouse and maximum 3 (three) children for unmarried children up to the age of 25 years in accordance with the prevailing provisions;

(c) The facilities provided include out patient treatment, in patient care and medical check up;

(d) Medical check up is provided under the following conditions:

- Medical check up is given 1 (one) time every year;
- Medical check up is conducted in the country.

(e) In the event that a person serves as member of the Board of Commissioners in more than one SOE and/or in a subsidiary/joint venture company, then the person is entitled to receive only one health facility, which is the Health Facility in a State-Owned Enterprise.

3) Legal Aid Facility

(a) The Legal Aid Facility is provided in the event of an action/act for and on behalf of his/her position relating to the purpose and objectives and Company business activities;

- (b) A member of the Board of Directors who will be using the Legal Aid Facility is obligated to sign a statement letter affixed with appropriate duty stamp explaining their position in the case is not as an individual and is willing to restore the Legal Aid Facility to the Company in the proven case that the member is acting in a personal capacity;
- (c) Legal Aid Facility is provided in the form of payment of fees for lawyers/legal council covering the investigation process as a witness, suspect, and defendant in a court of law;
- (d) The fees for law offices/legal council services that can be charged to the company shall only be for one law firm/legal council fees for one specific case;
- (e) Appointment of a law firm/legal council shall be done by the Company in accordance with procurement of goods/services procedures applicable in the Company;
- (f) In the event that said member is found guilty and sentenced by the court with a legally binding verdict, the fees for the lawyer/legal council that have been paid or not yet paid by the Company shall at the member's own cost;
- (g) In the event that the member has been acquitted /found not guilty under a legally binding verdict, the fees for the law firm/legal council shall be borne by the Company;
- (h) The fees for the law firm/legal council shall be given by taking into account the principles of reason, transparency, and accountability according to the prevailing provisions, and by considering the financial capacity of the Company;
- (i) During the time that the legal process is not yet legally binding, the post service insurance for members of the Board of Directors shall not be paid but put in a special account held by the Board of Directors of a State-Owned Enterprise as a collateral for case costs paid by the Company. The member of the Board of Directors receiving the Legal Aid Facility is obligated to sign a statement letter affixed with the appropriate stamp duty explaining that the person is willing to turn his/her post service insurance as a collateral for the case costs spent by the Company:
- (j) In the event that a member of the Board of Directors uses the services of a lawyer/legal council of his/her own choice at the preliminary investigation/investigation phase, during trial at the district court, the appeal trial, cassation phase as well as during the judicial review phase, the costs for services of lawyers/legal council shall not be borne by the Company;
- (k) The member of the Board of Directors using the services of a law office/legal council that is paid for by the Company is obligated to sign a statement to reimburse/repay the costs paid for by the Company when said person has been found guilty by a court of law and the verdict is legally binding;
- (l) The Company does not cover the cost of lawyer/legal council fees in the case that the member of the Board of Directors become a witness, suspect or defendant due to a criminal process reported by the SOE in question, by the State (in this case the State as a Legal Entity or State Institution or Government Institution), or by a specific party as set out by the GMS/Minister;
- (m) The members of the Board of Directors are prohibited from being involved in the decision making regarding the appointment of a law office/legal council;
- (n) In Civil or State Administration cases, the cost for the case is born by the Company insofar as:
- The lawyer/legal council whose services are being used is from only one law firm/ legal council for one specific case;
  - Appointment of the law firm/legal council is done by the Company in accordance with the procurement of goods/services provisions applicable in the Company;
  - The fees for the lawyer/legal council are official costs and can be legally justified;
  - A member of the SOE Board of Directors is being sued because of a legal problem arising in the performance of duties of the Company in accordance with the applicable provisions'

- The plaintiff or the defendant is the party other than the SOE, the State (the State as a legal entity or State Institution or Government Institution), or certain as set out by the GMS/Minister.
- (o) The SOE is required to provide Legal Aid Facility to former members of the Board of Directors in the event of a legal case arising from said person's acts/deeds for and on behalf of his/her position relating to the objectives and purpose and activities of the Company's business, which were performed during the course said person held a position as a member of an SOE Board of Directors.
- (p) The provisions on giving Legal Aid Facility as referred to in letter (a) up to letter (n), apply mutatis mutandis for provision of Legal Aid Facility for former members of the SOE Board of Directors as referred to in letter (o).
- d. Tantieme/Performance Incentive
- 1) The provision of Tantiem/Performance Incentives (Tantiem/IK) to the Board of Directors is based on determination of GMS/Minister in ratifying the Annual Report if:
    - (a) the opinion issued by the auditor is at least reasonable with exceptions (qualified opinion);
    - (b) a lowest soundness level score of 70 (seventy). This achievement does not take into account the expenses/profit due to actions of the previous Board of Directors; ;
    - (c) the lowest KPI achievement is 80% (eighty percent) Said achievement does not take into account factors beyond the control of the Board of Directors;
    - (d) the Company is not suffering more losses compared to the previous year, or the Company does not experience a loss from a previously profitable condition. The loss does not take into account factors beyond the control of the Board of Directors.
  - 2) Tantiem/IK is the cost of fiscal year in question and therefore must be budgeted specifically in the pertaining year's RKAP, so the provision of bonus/IK may not exceed the Tantiem/IK budget specified in the RKAP, except for the Long Term Incentive/LTI which does not have to be budgeted beforehand.
  - 3) Tantiem/IK budget must be linked to the KPI targets in accordance with the RKAP of the pertaining year.
  - 4) the Tantiem/IK is given proportionately based on the KPI achievement for the pertaining year, under the conditions that beginning from the fiscal year of 2017, the KPI must also take into account the criteria for achievement of duty performance as agent of change that will be separately determined by the Minister of State-Owned Enterprises covering the following elements:
    - a) synergy between SOEs;
    - b) downstreaming and local content;
    - c) integrated regional economic development;
    - d) financial independence and achievement of values; and
    - e) Government assignments.
  - 5) In the event that provision of the Tantiem/IK exceeds the budget for Tantiem/IK, that deficiency will be calculated as a cost of the pertaining fiscal year.
  - 6) Determination of the Tantiem/IK will be based on the guidelines determined by the Minister of State-Owned Enterprises.
  - 7) Particularly for Public State-Owned Enterprises, prior to ratifying the SOE RKAP, the Board of Commissioners must initially consult with state shareholders to determine the Tantiem budget.
  - 8) Calculation of the Tantiem/IK shall be based on the guidelines determined by the Ministry of State-Owned Enterprises.
  - 9) By keeping in mind the Company's performance and/or the special condition of the Company's business, the Minister of SOE can determine Tantiem/IK that is different to the calculation results based on the guidelines determined by the Minister of SOE.

- 10) In consideration of fairness and/or quality of profit recorded by the Company and/or the financial capacity of the Company and/or other relevant factors, the GMS/Minister of SOE can determine a lower Tantiem/IK than the calculation based on the guidelines set by the Minister of SOE.
- 11) In the event that the term of office of members of the Board of Directors does not reach 12 (twelve) months in the fiscal year in question, the amount of the Tantiem/IK shall be adjusted to the term of office of the member during the pertaining fiscal year.
- 12) The composition of the amount of the Tantiem/IK for members of the Board of Directors shall be in accordance with Position Factor is as follows:
  - a) President Director: 100%;
  - b) Members of the Board of Directors: 85% from the President Director's Tantiem/IL.
- 13) In the event of positions other than the President Director and Directors, the amount of the Position Factor as referred to in point number 12) shall be determined by the GMS/Minister of SOE.
- 14) The GMS/SOE Minister may set a different level of Position Factor with the provisions referred to in point 12) if it is deemed to better reflect fairness and appropriateness in the implementation of duties and responsibilities of each member of the Board of Directors and the Company's ability.
- 15) Income tax on Tantiem/IK is borne by each member of the Board of Directors concerned.
- 16) The GMS/SOE Minister may consider granting Long Term Incentive/LTI to members of the Board of Directors as part of Tantiem, which in terms of performance and governance has approached international best practices, with the following considerations:
  - a) aligning the interest of Company Managers (Directors, members of the Board of Commissioners/Supervisory Board) with shareholders/capital owners in accordance with international best practices;

- b) providing motivation to better improve performance in the future;
- c) awarding efforts to maintain and/or increase the share value in the long term, including during unfavorable conditions for Public Company; or
- d) encourage public SOEs to become (world class company) by always comparing their performance and governance with international best practices.

Further provisions regarding Long Term Incentive/LTI and other related matters are regulated in the Regulation of SOE Minister PER-01/MBU/06 2017 concerning the Second Amendment to the SOE Minister Regulation concerning Guidelines for Determining the Income of SOE Directors, Board of Commissioners, and Supervisory Board on June 4<sup>th</sup>, 2018

The remuneration for every member of the Board of Directors has been carried out based on the Resolution of the Annual General Meeting of Shareholders of the Fiscal Year of 2018 dated April 26<sup>th</sup>, 2019 and the letter from the Board of Commissioners to the President Director of the Company Number: 32/D-KOM/2019 dated May 31<sup>st</sup>, 2019, and takes into account the SOE Ministry Letter Number SR-466/MBU/D3/05/2019 dated May 31<sup>st</sup>, 2019 concerning Submission of Income Determination for the Directors and Board of Commissioners of PT Pertamina (Persero) and PT Perusahaan Gas Negara Tbk of 2019, as well as Letter from PT Pertamina (Persero) Number: R-120/C00000/2019-S0 dated May 31<sup>st</sup>, 2019.

The remuneration structure of the Directors (in one year) in 2019 as follows (in Rupiah):

### Remuneration Structure Directors 2019

Component	Provision		
	President Director	Director of HR & General Affairs	Other Directors
Salary	Rp265,000,000,-	90% of the President Director's Salary	85% of the President Director's Salary
-Holiday allowance - Full-Term Insurance	1x Salary		
-Post-Service Insurance	The premium paid by the Company is at most 25% of the Honorarium within 1 year		
-Residential Benefits	Rp27,500,000,-		
Amenities -Vehicle facilities -Medical facility	<ul style="list-style-type: none"> <li>- 1 (one) unit of vehicle along with maintenance costs and operational costs by taking into account the Company's financial condition</li> <li>- Provided in the form of health insurance or reimbursement of medical expenses</li> <li>- Given to members of the Board of Directors along with a wife / husband and a maximum of 3 (three) children who have not reached the age of 25 years provided that if the child who is not yet 25 years old has been married or has worked then the person concerned is not entitled to health facilities</li> </ul>		
-Legal Aid Facilities	Granted in the event of actions / actions occurring for and on behalf of his position relating to the purposes and objectives and the Company's business activities		
Tantiem	100%	90% from President Director Tantiem	85% from President Director Tantiem

### Actual Remuneration of the Board of Directors of 2019

No	Description	President Director	Director
1	Salary	3,180,000,000	12,765,491,667
2	Benefits (net)		
	Religious holiday allowance	265,000,000	1,139,500,000
	Full-service insurance	795,000,000	2,993,802,756
	Transportation Allowance	330,000,000	1,539,083,333
	TOTAL	4,570,000,000	18,437,877,756
3	Tantiem Book Year 2018	15,610,015,238	53,074,051,808
4	Other Facilities	at cost based PER-04/MBU/2014 jo. PER-01/MBU/06/2017 jo. PER-06/MBU/06/2018 jo. PER-01/MBU/05/2019	

## INDICATORS FOR THE BOARD OF DIRECTORS REMUNERATION

In the formulation of indicators of the remuneration of the Board of Directors, the Committee of Nominations, Remunerations, and GCG is assisted by Independent Consultants of PT Hay Group (Hay) to conduct a study before the results of the study were submitted to the Board of Commissioners. The methods that are used by Hay are:

- a. Reviewing the Remuneration of PGN's President Director by comparing it to market conditions;
- b. In determining remuneration-related market data, Mercer compares the PGN remuneration system with the companies in the Fortune 500 list;
- c. The parameters used in the selection of a comparable global market are net revenue, business sector (energy sector), and the country.

## DIVERSITY OF THE BOARD OF COMMISSIONERS

The Directors and members of the Board of Commissioners, appointed by the GMS, are diverse in terms of their age, gender, education, and experience required to perform their duties and responsibilities. Directors and Board Commissioners are appointed in accordance with the following regulations:

- a). Regulation of the Minister of SOE No. PER-03/MBU/02/2015 dated February 17<sup>th</sup>, 2015 on the Requirements, Procedures of Appointment, and Dismissal of Directors of State-owned Companies;
- b) Regulation of the Minister of SOE No. PER-02/MBU/02/2015 dated February 17<sup>th</sup>, 2015 on the Requirements, Procedures of Appointment, and Dismissal of the Board of Commissioners and Board of Trustees of State-owned Companies;
- c) OJK Regulation No. 33/POJK.04/2014 on Directors and Board of Commissioners of Issuers or Listed Companies. Under this regulation, directors of state-owned enterprises must have the necessary skills, leadership, experience, and attitude, legal competence, and dedication to grow and develop the company.

### Diversity in the Board of Commissioners' Composition

Nama	Gender	Age Per December 31 <sup>st</sup> , 2019	Educational Background			Experience					
			S1	S2	S3	Oil and Gas	Economy/ Finance	Infrastructure	Law	HR	Politic Social
IGN Wiratmaja Puja	Male	56			√	√					√
Hambra*	Male	51		√					√		
Mohamad Ikhsan**	Male	55			√		√				
Paiman Raharjo	Male	52			√						√
Kiswodarmawan	Male	62	√					√			
Luki Alfirman	Male	49			√		√				
Mas'ud Khamid	Male	55	√			√	√				
Christian H. Siboro	Male	51		√							√

Notes:

\* Resigned on 26 April 2019

\*\* Resigned on 30 August 2019

### Diversity in the Board of Directors' Composition

Name	Gender	Age Per December 31 <sup>st</sup> , 2019	Educational Background			Experience					
			S1	S2	S3	Oil and Gas	Economy/ Finance	Infrastructure	Law	HR	Politic Social
Gigih Prakoso	Male	55			√	√	√				
Said Reza Pahlevy*	Male	50	√			√	√				
Dilo Seno Widagdo	Male	50		√		√		√			
Danny Praditya*	Male	41		√		√	√				
Desima Equalita Siahaan	Female	52		√		√	√	√			
Arie Nobelta Kaban	Male	44		√			√				
Syahrial Mukhtar	Male	53			√	√	√				
Redy Ferryanto	Male	47		√				√			

Note:

\* Resigned on 30 August 2019

# AFFILIATE RELATIONS BETWEEN MEMBERS OF THE BOARD OF DIRECTORS, BOARD OF COMMISSIONERS, AND MAJOR SHAREHOLDERS AND /OR CONTROLLING

## AFFILIATE RELATIONS OF DIRECTORS

FROM JANUARY 1<sup>st</sup>, 2019 TO APRIL 26<sup>th</sup>, 2019

Name	Title	Familial Relations			Financial Relations			Shareholdings in PGN *)
		Other Commissioners	Directors	Majority Shareholder	Other Commissioners	Directors	Majority Shareholder	
Gigih Prakoso	President Director	X	X	X	X	X	X	X
Said Reza Pahlevy	Director of Finance	X	X	X	X	X	√	X
Dilo Seno Widagdo	Director of Infrastructure and Technology	X	X	X	X	X	X	X
Desima Equalita Siahaan	Director of Human Resources and General Services	X	X	X	X	X	X	X
Danny Praditya	Director of Commerce	X	X	X	X	X	X	X

FROM APRIL 26, 2019 TO AUGUST 30, 2019

Name	Title	Familial Relations			Financial Relations			Shareholdings in PGN *)
		Other Commissioners	Directors	Majority Shareholder	Other Commissioners	Directors	Majority Shareholder	
Gigih Prakoso	President Director	X	X	X	X	X	X	X
Said Reza Pahlevy	Director of Finance	X	X	X	X	X	√	X
Dilo Seno Widagdo	Director of Infrastructure and Technology	X	X	X	X	X	X	X
Desima Equalita Siahaan	Director of Human Resources and General Services	X	X	X	X	X	X	X
Danny Praditya	Director of Commerce	X	X	X	X	X	X	X
Syahrial Mukhtar	Director of Strategy and Business Development	X	X	X	X	X	√	X

FROM AUGUST 30<sup>th</sup>, 2019 TO DECEMBER 31<sup>st</sup>, 2019

Name	Title	Familial Relations			Financial Relations			Shareholdings in PGN *)
		Other Commissioners	Directors	Majority Shareholder	Other Commissioners	Directors	Majority Shareholder	
Gigih Prakoso	President Director	X	X	X	X	X	X	X
Arie Nobelta Kaban	Director of Finance	X	X	X	X	X	X	X
Redy Ferryanto	Director of Infrastructure and Technology	X	X	X	X	X	X	X
Desima Equalita Siahaan	Director of Human Resources and General Services	X	X	X	X	X	X	X
Dilo Seno Widagdo	Director of Commerce	X	X	X	X	X	X	X
Syahrial Mukhtar	Director of Strategy and Business Development	X	X	X	X	X	√	X

\*) Shareholdings by Directors and Family

## AFFILIATE RELATIONS OF DIRECTORS

FROM JANUARY 1<sup>st</sup>, 2019 TO APRIL 26<sup>th</sup>, 2019

Name	Title	Familial Relations			Financial Relations			Shareholdings in PGN *)
		Other Commissioners	Directors	Majority Shareholder	Other Commissioners	Directors	Majority Shareholder	
IGN Wiratmaja Puja	President Commissioner	X	X	X	X	X	√	X
Hambra	Commissioner	X	X	X	X	X	√	X
Mohamad Ikhsan	Commissioner	X	X	X	X	X	√	X
Paiman Raharjo	Independent Commissioner	X	X	X	X	X	X	X
Kiswodarmawan	Independent Commissioner	X	X	X	X	X	X	X

FROM APRIL 26<sup>th</sup>, 2019 TO AUGUST 30<sup>th</sup>, 2019

Name	Title	Familial Relations			Financial Relations			Shareholdings in PGN *)
		Other Commissioners	Directors	Majority Shareholder	Other Commissioners	Directors	Majority Shareholder	
IGN Wiratmaja Puja	President Commissioner	X	X	X	X	X	√	X
Luky Alfirman	Commissioner	X	X	X	X	X	√	X
Mohamad Ikhsan	Commissioner	X	X	X	X	X	√	X
Mas'ud Khamid	Commissioner	X	X	X	X	X	√	X
Paiman Raharjo	Independent Commissioner	X	X	X	X	X	X	X
Kiswodarmawan	Independent Commissioner	X	X	X	X	X	X	X

FROM AUGUST 30<sup>th</sup>, 2019 TO DECEMBER 31<sup>st</sup>, 2019

Name	Title	Familial Relations			Financial Relations			Shareholdings in PGN *)
		Other Commissioners	Directors	Majority Shareholder	Other Commissioners	Directors	Majority Shareholder	
IGN Wiratmaja Puja	President Commissioner	X	X	X	X	X	√	X
Luky Alfirman	Commissioner	X	X	X	X	X	√	X
Mas'ud Khamid	Commissioner	X	X	X	X	X	√	X
Christian H. Siboro	Independent Commissioner	X	X	X	X	X	X	X
Paiman Raharjo	Independent Commissioner	X	X	X	X	X	X	X
Kiswodarmawan	Independent Commissioner	X	X	X	X	X	X	X

\*) Shareholdings by Commissioner and Family

# ASSESSMENT OF THE BOARD OF COMMISSIONERS AND

## ASSESSING THE PERFORMANCE OF THE BOARD OF COMMISSIONERS AND DIRECTORS

In 2019, PGN has performed a GCG self-assessment in accordance with the Decision of the Secretary of the Minister of SOE No. SK16/S.MBU/2012 dated June 6<sup>th</sup>, 2012 on Indicators/Parameters to Assess and Evaluate Adoption of Good Corporate Governance in State-owned Enterprises. PGN also performed a self-assessment based on the ASEAN Corporate Governance Scorecard. Both assessments were led by RSM Indonesia, an independent assessor.

## CRITERIA AND INDICATORS TO ASSESS THE PERFORMANCE OF THE BOARD OF COMMISSIONERS AND DIRECTORS

The GCG assessment in PGN examines its: (1) Commitment to Adopting Sustainable Good Corporate Governance; (2) Shareholders and GMS/Capital Owners; (3) Board of Commissioners/Board of Trustees; (4) Directors; (5) Information Disclosure and Transparency; and (6) Other Matters. In total, 43 indicators were examined using 153 testing parameters

## RESULTS OF GCG ASSESSMENT FOR THE BOARD OF COMMISSIONERS AND DIRECTORS

In 2019, PGN's GCG implementation score was 95,094 and Very Good qualification. PGN's results improve every year as it remains committed to improve its GCG

implementation and working on areas of improvement discovered during assessment. From the final score, the Board of Commissioners' score was 32,647 while the Directors' was 33,792.

The Board of Commissioners/Board of Trustees achieved a score of 32,647 from a maximum of 35,000, or 93.27%. This means that, in general, GCG implementation within the Board of Commissioners/Board of Trustees was Very Good. The Directors achieved a score of 33,792 from a maximum of 35,000, or 96.55%. This means that, in general, GCG implementation within the Directors was Very Good.

## COMMITTEE

Committees under the Board of Commissioners are regulated by: i) Article 121 of Law No. 40 Year 2007 on Limited Liability Companies; ii) Regulation of the Minister of SOE No. PER-12/MBU/2012 on Supporting Committees of the Board of Commissioners/Board of Trustees of State-owned Enterprises; iii) Article 2 of the OJK Regulation No. 34/POJK.04/2014 on Nomination and Remuneration Committee of Issuers or Listed Companies; and iv) Article 2 of the OJK Regulation No. 55/POJK.04/2015 on Establishment and Charter of Audit Committees. The Company's Board of Commissioners is assisted by three committees:

- a. Audit Committee
- b. Risk Management Monitoring and Business Development Committee
- c. Nomination and Remuneration Committee

## AUDIT COMMITTEE

### Members of the Audit Committee

Members of the Audit Committee in 2019 were as follows:

#### January to April 2019

Chairman:	Paiman Raharjo – Independent Commissioner
Member:	Hambra
Member:	Kurnia Sari Dewi
Member:	Luki Karunia
Member:	Nael Brahmana

#### July to August 2019

Chairman:	Paiman Raharjo – Independent Commissioner
Member:	Luky Alfirman
Member:	Kurnia Sari Dewi
Member:	Luki Karunia
Member:	Nael Brahmana

#### May to June 2019

Chairman:	Paiman Raharjo – Independent Commissioner
Member:	Kurnia Sari Dewi
Member:	Luki Karunia
Member:	Nael Brahmana

#### September to December 2019

Chairman:	Paiman Raharjo – Independent Commissioner
Member:	Luky Alfirman
Member:	Christian H. Siboro
Member:	Kurnia Sari Dewi
Member:	Luki Karunia
Member:	Nael Brahmana

## TRAININGS FOR MEMBERS OF THE AUDIT COMMITTEE MEMBERS

### Trainings for Members of the Audit Committee Members

Name	Date	Destination	Description
Paiman Raharjo	March 26 <sup>th</sup> -27 <sup>th</sup> , 2019	UK	The Audit of Conduct Risk and The Audit of Strategy diselenggarakan oleh Chartered Institute of Internal Auditors
Luki Karunia	March 26 <sup>th</sup> -27 <sup>th</sup> , 2019	UK	The Audit of Conduct Risk and The Audit of Strategy diselenggarakan oleh Chartered Institute of Internal Auditors
Kurnia Sari Dewi	March 26 <sup>th</sup> -27 <sup>th</sup> , 2019	UK	The Audit of Conduct Risk and The Audit of Strategy diselenggarakan oleh Chartered Institute of Internal Auditors
Nael Brahmana	March 26 <sup>th</sup> -27 <sup>th</sup> , 2019	UK	The Audit of Conduct Risk and The Audit of Strategy diselenggarakan oleh Chartered Institute of Internal Auditors
	August 28 <sup>th</sup> , 2019	Jakarta	Penerapan Standar Auditing (SA) - 701, Komunikasi Key Audit Matters diselenggarakan oleh Indonesia Institute of Audit Committee

## PROFILES OF THE AUDIT COMMITTEE MEMBERS

### Paiman Raharjo - Chairman of the Audit Committee (since April 6<sup>th</sup>, 2015 - until now)

Nomination and Remuneration Committee member (from November 5<sup>th</sup>, 2015 to date). Citizen of Indonesia. Born in Klaten, Central Java on June 15<sup>th</sup>, 1967. Educational background: obtained Bachelor's degree in Public Administration in 1994, Graduate School of Finance Management in 1997 and Public Administration in 2003, and obtained Doctoral degree in 2012 from Padjadjaran University in Bandung. His daily work is as Director of Postgraduate Program at the University of Prof. DR. Moestopo (religious). Joined the Company as Independent Commissioner through Decree of Annual General Meeting of Shareholders 2015 on April 6<sup>th</sup>, 2015. Assignment as a member of the Nomination and Remuneration Committee through Board of Commissioners of PT Perusahaan Gas Negara Tbk Decree Number: Kep-01/D-KOM/2018 dated May 31<sup>st</sup>, 2018 concerning Division of Assignments of the Board of Commissioners, which is amended lastly by Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-11/D-KOM/2019 dated September 16<sup>th</sup>, 2019 concerning Division of Assignments of Board of Commissioners.

### Hambra - Audit Committee Member

Indonesian citizen, born in Ketapang (Maluku), on October 10<sup>th</sup>, 1968. He holds a Bachelor's degree in Law at Pattimura University Ambon, as well as a Master's in Business Law at Gadjah Mada University. Currently serving as Deputy of Business Infrastructure in the Ministry of SOE since 2016. He served as SOE Ministry Legal Bureau Head in 2012, Executing Officer of Inspectorate in 2014 and expert staff for strategic communication and industrial relations in 2015 at SOE Ministry. The legal basis for the assignment as Audit Committee Member is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara Tbk Number: Kep-01/D-KOM/2018 dated May 31<sup>st</sup>, 2018 concerning Division of Assignments of the Board of Commissioners.

### Luky Alfirman - Audit Committee Member

Indonesian citizen, born in Jakarta on Friday, March 27<sup>th</sup>, 1970. He holds Bachelor's degree in Industrial Engineering from Bandung Institute of Technology, and postgraduate degree in Economics from University of Colorado, USA, as well as Doctoral Degree in Economics from University of Colorado, USA. He has been holding the position as Directorate General of Financing and Risk Management at the Ministry of Finance up to now. Joined the Company as Independent Commissioner through Decree of Annual General Meeting of Shareholders 2018 on Friday, April 26<sup>th</sup>, 2019. The legal basis for the assignment as a member of the Audit Committee through Board of Commissioners of PT Perusahaan Gas Negara Tbk Decree Number: Kep-03/D-KOM/2019 dated July 10<sup>th</sup>, 2019 concerning Division of Assignments of the Board of Commissioners, which is amended by Decision of Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-11/D-KOM/2019 dated September 16<sup>th</sup>, 2019 concerning Division of Assignments of the Board of Commissioners.

### Christian Hamonangan Siboro - Audit Committee Member

Indonesian citizen, born in Pontianak on December 3<sup>rd</sup>, 1968. He holds Bachelor's degree in Science from Bandung Institute of Technology, and completing Master's Education at PPM Graduate School of Management, and is Candidate of Doctor in Business Administration (DBA) at School of Business, Paris. He is currently Special Staff of National Intelligence Agency. Joined the Company as Independent Commissioner through Decree of Extraordinary General Meeting of Shareholders 2019 on August 30<sup>th</sup>, 2019. The legal basis of assignment as a member of the Audit Committee since September 19<sup>th</sup>, 2019 through Board of Commissioners of PT Perusahaan Gas Negara Tbk Decree Number: 11/D-KOM/2019 dated September 16<sup>th</sup>, 2019 concerning Division of Assignments of the Board of Commissioners.

**Kurnia Sari Dewi - Audit Committee Member**

Indonesian citizen, born in Jakarta on Tuesday, January 2<sup>nd</sup>, 1973. Educational background of S1 Accounting Faculty of Economics at Brawijaya University, as well as Master of Business Administration, University of Birmingham, UK, and M.Sc Public Administration, University of Prof. DR. Moestopo (Religious). She once worked as an auditor at KAP Hans Tuanakotta Mustofa (Deloitte Touche Tohmatsu) and KAP Tanubrata Sutanto Fahmi & Rekan (BDO Indonesia), as Department Head of Internal Control & Evaluation Procedure at PT MetLife Sejahtera, and member Commissioner of PT Amarta Technical Repair until 2009. Currently serving as a lecturer at the Faculty of Economics, University of Prof. DR. Moestopo (Religious). Legal basis of assignment as a member of the Audit Committee is Board of Commissioners of PT Perusahaan Gas Negara Tbk Decree Number: Kep-08/D-KOM/2017 dated October 3<sup>rd</sup>, 2019, which is renewed through Decision of Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-09/D-KOM/2019 concerning Extension of Ms. Kurnia Sari Dewi's Tenure as Audit Committee Member of PT Perusahaan Gas Negara Tbk.

**Luki Karunia - Audit Committee Member**

Indonesian citizen, born in Demak on June 1<sup>st</sup>, 1971. His education obtained a Professional Accounting (Ak) degree from the University of Indonesia, as well as a Master of Art in Finance, University of Hiroshima, Japan, and a Doctorate from the Bogor Agricultural Institute in Planning Development. He once worked as an auditor at KAP Soeharto & Rekan. Currently serving as a University Postgraduate lecturer at Prof. DR. Moestopo (Religious) and Post-Graduate Institute of PERBANAS, as well as teaching in the Bachelor Program in Universitas Bakrie, Indonesia Banking School and IPMI. The legal basis for the appointment as a member of the Audit Committee is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk Number Kep-07/D-KOM/2017 dated October 3<sup>rd</sup>, 2017, which is renewed by Decision of

Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-10/D-KOM/2019 concerning Extension of Mr. Luki Karunia's Tenure as Audit Committee Member of PT Perusahaan Gas Negara Tbk.

**Nael Brahmana - Audit Committee Member**

Indonesian citizen, born in Deli Serdang, on October 4<sup>th</sup>, 1969. He holds a Bachelor's degree in Accounting from the Faculty of Economics, Padjadjaran University, and a Masters in Management in the Strategic Management PPM Jakarta. He worked as an auditor at KAP KPMG Hanadi Sudjendro & Associate and Financial Consultant at PT Ernst & Young Consulting, as Director of Finance and General Affairs at PT Pertamina Niaga, and as Expert Staff to President Director of PT Pertamina (Persero). The legal basis for the appointment of members of the Audit Committee is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-04/D-KOM/2018 dated November 1<sup>st</sup>, 2018.

The Audit Committee's analyses, studies, suggestions, and recommendations for matters under its purview have been communicated and reported for consideration to the Board of Commissioners.

**Independence of the Audit Committee**

The Audit Committee is chaired by an Independent Commissioner, one member of the Board of Commissioners, and four external professionals. This is in accordance with the OJK Regulation No. 55/POJK.04/2015 on the Establishment and Charters of Audit Committees. The Audit Committee performs its duties and responsibilities in a professional and independent manner.

**Duties and Responsibilities of the Audit Committee**

The Audit Committee's duties and responsibilities are described in the Charter of the Audit Committee of PT Perusahaan Gas Negara Tbk. issued under the Decision of the Board of Commissioners No. Kep-09/D-

KOM/2017 dated September 26<sup>th</sup>, 2017. Among other things, the committee's duties are to advise the Board of Commissioners on reports or matters submitted by the Directors to the Board. It also identifies matters that require attention from the Board of Commissioners and perform other duties for the Board, as follows:

- a. Review financial information issued by the Company, such as financial statements, projections, Long-term Plans, Company's Workplan and Budget (RKAP), management reports, and other information.
- b. Review the Company's compliance with capital market and other regulations that governs the Company's activities.
- c. Provide independent opinion in the event of a dispute between the management and public accountant for services rendered.
- d. Review the Company's internal controls implemented by the Internal Audit Group. This consists of ensuring effectiveness of internal control systems, effectiveness of performance and assessing activities, and audit engagements.
- e. Review, screen, and nominate a Public Accountant, including his/her independence, and recommend a Public Accountant to the Board of Commissioners.
- f. Review the audits performed by external auditors. This consists of ensuring effectiveness of internal control systems, effectiveness of audit engagements, and ensuring audits are performed in accordance with prevailing standards.
- g. Report to the Board of Commissioners of the Company's risks and the Director's risk management measures.
- h. Review and report to the Board of Commissioners of complaints against the Company.
- i. Ensure confidentiality of the Company's documents, data, and information.
- j. Provide recommendations to Board of Commissioners on improving management control systems and its implementation.
- k. Ensure that proper review procedures are in place for information released by the Company.
- l. Review and provide suggestions to the Board of Commissioners on possible conflicts of interest within the Company.

### Authorities of the Audit Committee

- a. Full, free, and unlimited access to records, employees, funds, assets, and other Company resources to perform its duties.
- b. Direct communications with employees, including the Directors and units responsible for internal audit functions; with the risk management unit, and with accountants to perform its duties.
- c. Engage independent external parties to perform its duties, if necessary.
- d. Assume other authorities granted by the Board of Commissioners.
- e. Duly cooperate with the Internal Audit Group to:
  - Coordinate in preparing annual audit workplan and audit engagements.
  - If necessary, meet with the Internal Audit Group to discuss significant matters within the purview of the Board of Commissioners' as governed by prevailing regulations.
  - If necessary, and upon approval of the Board of Commissioners, and assisted by the Internal Audit Group, review and discuss with other work and business units as needed to perform an in-depth study on matters deemed necessary.
  - Acquire evidence that provides reasonable assurance in the nature, scope, extent, and impact where internal controls have been weakened or changed significantly, and its effects on financial statements.
  - On the Board of Commissioners' approval, seek second opinion from external parties to provide technical assistance and other matters, with expenses borne by the Company.

### Activities of the Audit Committee

The Audit Committee's activities in 2019 were as follows:

- a. Prepared the Audit Committee Annual Report for Fiscal Year 2018.
- b. Held coordination meetings with the Board of Commissioners and the Committee.
- c. Coordinated with the Internal Audit Group. The Audit Committee also discussed the following Audit Reports:
  - Gas Network Business Unit (Jargas);
  - PT Permata Graha Nusantara Year 2018;
  - PT Kalimantan Jawa Gas Year 2018;
  - Program Management Office (PMO);
  - Report on the PT PGASCOM Shareholder Audit Year 2018
  - Marketing Division Audit Reports
  - Report on the PT PGAS Telekomunikasi Nusantara Shareholder Audit Year 2015
  - Gas Supply Division;
  - Gas Transmission Management Audit Report Year 2019;
  - PT Widar Mandripa Nusantara Audit Report Year 2019;
  - Revenue Assurance Audit Report
  - Overseeing Recommendations from the BPK RI for PT PGN Tbk
- d. Coordinated with PWC Public Accounting Firm for the following:
  - Audit Engagement Program for the Annual Financial Statement 2018 (Audited).
  - Audit Progress for the Annual Financial Statement 2018 and discussion of audit findings;
  - Discussion on the Final Figures for the Consolidated Financial Statement (Audited) of PT PGN Tbk. for Fiscal Year 2018;
  - Review of the Q1-2019 Financial Statement and Audit Kick-Off Meeting for Year 2019;
  - Audit Progress Meeting for the 1H-2019 Financial Statement;
  - Audit Kick-off Meeting for the 1H-2019 Financial Statement;
  - Discussion on response to proposed increase in auditing service fees to audit the PT PGN Tbk. Consolidated Financial Statement, due to an increase in scope after consolidating the PT Pertamina Gas (Group).
  - Review Report of the Q3-2019 Financial Statement of PT PGN Tbk.;
- e. Discussed the PT PGN Tbk. Monthly Performance Report in 2019.
- f. Involved in procuring services for Independent External Auditors/Public Accounting Firms; Compliance Audit; Assessment Criteria for Performance Excellence (KPKU) Audit; and Community Development and Partnership (PKBL) Financial Statement 2019 Audit.
- g. Recommended a Public Accounting Firm to Perform a General Audit on Financial Statements, PSA 62 Compliance Audit, KPKU Audit, and PKBL Financial Statement 2019 Audit.
- h. Prepared the Audit Committee Quarterly Reports for Q1, Q2, and Q3-2019.
- i. Discussed the Report on Workplan and Budget as well as the PT PGN Performance Report Year 2018.

- j. Discussed the Report on Workplan and Budget as well as the PT PGN Performance Report for Q1, Q2, and Q3-2019.
- k. Discussed Adoption of Recommendations from the BPK RI for PT PGN Tbk. as of March 4<sup>th</sup>, 2019.
- l. Discussed the Finalization of the PT Saka Energi Indonesia Financial Statement as of June 30<sup>th</sup>, 2019.
- m. Discussed the Update of the MoU between PGN and PLN as of December 31<sup>st</sup>, 2018.
- n. Prepared the Proposed Audit Committee Work Program Year 2020.
- o. Performed a site visit to PGN Tarakan and PT Pertamina Gas Western Java Area.
- p. Performed a site visit to PGN's Subsidiaries: PT PGAS Solution Indonesia, PT Gagas Energi Indonesia, and PT Permata Graha Nusantara.
- q. Attended the BoC-BoD Meeting Retreat at Wisma Megamendung.
- r. Attended trainings and prepared the Overseas Business Trip Report.
- s. Discussed certain matters with the Management.
- t. Prepared the Audit Committee's routine activity reports.
- u. Performed other duties and arrangements from the Board of Commissioners.

### Meeting Frequency of the Audit Committee

According to its Charter, the Audit Committee must meet at least once per month.

In 2019, the Audit Committee has convened 39 (thirty-nine) meetings. The meetings' attendance was as follows:

### Frequency of the Audit Committee

Name	Attendance	Note
Paiman Raharjo	100%	-
Hambra	97%	From January to April 2019
Luky Alfirman	100%	Since July 10 <sup>th</sup> , 2019
Christian H. Siboro	100%	Since September 19 <sup>th</sup> , 2019
Luki Karunia	83.3%	On leave for Hajj Pilgrimage
Kurnia Sari Dewi	100%	-
Nael Brahmana	100%	-

\*\*\*) Attendance is prorated according to date appointed to position

## NOMINATION AND REMUNERATION COMMITTEE

### Members of the Nomination and Remuneration Committee

Members of the Nomination and Remuneration Committee are as follows:

#### From January 1<sup>st</sup> to April 26<sup>th</sup>, 2019

Chairman, concurrently Member	:	Kiswodarmawan/Komisaris Independen
Secretary	:	Thohir Nur Ilhami/Sekretaris Dewan Komisaris
Members	:	1. Hambra 2. Mohamad Ikhsan 3. Paiman Raharjo 4. IGN Wiratmaja Puja

#### From April 27<sup>th</sup> to August 31<sup>st</sup>, 2019

Chairman, concurrently Member	:	Kiswodarmawan/Komisaris Independen
Secretary	:	Thohir Nur Ilhami/Sekretaris Dewan Komisaris
Members	:	1. IGN Wiratmaja Puja 2. Mohamad Ikhsan 3. Masud Khamid 4. Luky Alfirman 5. Paiman Raharjo

#### From September 1<sup>st</sup> to December 31<sup>st</sup>, 2019

Chairman, concurrently Member	:	Christian H Siboro/Komisaris Independen
Secretary	:	Thohir Nur Ilhami/Sekretaris Dewan Komisaris
Members	:	1. IGN Wiratmaja Puja 2. Mas'ud Khamid 3. Luky Alfirman 4. Kiswodarmawan 5. Paiman Raharjo

### Trainings for Members of the Nomination and Remuneration Committee

In 2019, no members of the Nomination and Remuneration Committee took part in trainings, workshops, conferences, and seminars on topics in nomination and remuneration.

### Profiles of the Nomination and Remuneration Committee Members

#### Christian H Siboro

#### Chairman of the Nomination and Remuneration Committee, concurrently a Member (since August 30<sup>th</sup> - now)

Indonesian citizen, born in Pontianak on December 3<sup>rd</sup>, 1968. He holds Bachelor's Degree in Science from Bandung Institute of Technology, Candidate Doctor of Business Administration (DBA) Paris. He is currently Special Staff of National Intelligence Agency. Joined the Company as Independent Commissioner through Decree of Extraordinary General Meeting of Shareholders 2019 on August 30<sup>th</sup>, 2019. The legal basis of assignment as chairman of the Nomination and Remuneration Committee is Board of Commissioners of PT Perusahaan Gas Negara Tbk Decree Number: Kep-11/D-KOM/2019 dated September 16<sup>th</sup>, 2019 concerning Division of Assignments of Board of Commissioners.

#### Kiswodarmawan

#### Chairman of the Nomination and Remuneration Committee, concurrently a Member

Indonesian citizen, born in Surabaya, December 28<sup>th</sup>, 1957. He is a Bachelor of Civil Engineering from Sepuluh Nopember Institute of Technology Surabaya. He once worked as Managing Director of Adhi Karya (Persero) Tbk. The basis of his first appointment as President Commissioner is General Shareholders' Meeting Decision in 2015 dated April 26<sup>th</sup>. The legal basis of assignment as chairman of the Nomination and Remuneration Committee is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara Tbk Number: Kep-01/D-KOM/2018 dated May 31<sup>st</sup>, 2018

concerning Division of Assignments of Board of Commissioners, which is renewed by Decision of Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-03/D-KOM/2019 dated July 10<sup>th</sup>, 2019 concerning Division of Assignments of Board of Commissioners. While the legal basis for assignment as member of Nomination and Remuneration Committee is Decision of Board of Commissioners of PT Perusahaan Gas Negara Tbk Number: Kep-11/D-KOM/2019 dated September 16<sup>th</sup>, 2019 concerning Division of Assignments of Board of Commissioners.

### **Mohamad Ikhsan**

#### **Nomination and Remuneration Committee Member**

Indonesian citizen, born in Sigli on November 7<sup>th</sup>, 1964. He has a bachelor's degree in Economics from the University of Indonesia, a Master of Economics from Vanderbilt University, and a Ph.D. in Economics from Illinois University. His latest working experience is as an Advisor to the Vice President of the Republic of Indonesia; he also served as independent Commissioner at Bakrie & Brothers in 2006. Joined the Company as a Commissioner based on the Annual GMS Decision 2015 on April 6<sup>th</sup>, 2015. The legal basis of assignment as Nomination and Remuneration Committee Member is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-16/D-KOM/2015 dated November 5<sup>th</sup>, 2019 concerning Nomination and Remuneration and Good Corporate Governance Committee, which is renewed by Decision of Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-01/D-KOM/2018 dated May 31<sup>st</sup>, 2016 concerning Division of Assignments of Board of Commissioners, and Decision of Board of Commissioners of PT Perusahaan Gas Negara Tbk Number 03/D-KOM/2019 dated July 10<sup>th</sup>, 2019 concerning Division of Assignments of Board of Commissioners.

### **Luky Alfirman**

#### **Nomination and Remuneration Committee Member**

Indonesian citizen, born in Bandung on Friday, March 27<sup>th</sup>, 1970. He holds Bachelor's degree in Industrial Engineering from Bandung Institute of Technology, and postgraduate degree in Economics from University of Colorado, USA, as well as Doctoral Degree in Economics from University of Colorado, USA. He has been holding a position as Directorate General of Finance and Risk Management at the Ministry of Finance up to now. Joined the Company as Independent Commissioner through Decree of Annual General Meeting of Shareholders 2018 on April 26<sup>th</sup>, 2019. The legal basis of assignment as a member of the Nomination and Remuneration Committee is Decision of Board of Commissioners of PT Perusahaan Gas Negara Tbk Number: Kep-03/D-KOM/2019 dated July 10<sup>th</sup>, 2019 concerning Division of Assignments of Board of Commissioners.

### **Mas'ud Khamid**

#### **Nomination and Remuneration Committee Member**

Nomination and Remuneration Committee member (from April 26<sup>th</sup>, 2019 to date). Indonesian citizen, born in Surabaya, December 12<sup>nd</sup>, 1964. He holds Bachelor's Degree in Physics Engineering from Surabaya Institute of Technology. He currently holds position as the Retail Marketing Director of PT Pertamina (Persero). Joined the Company as Independent Commissioner through Decree of Annual General Meeting of Shareholders 2019 on April 26<sup>th</sup>, 2019. The legal basis of assignment as a member of the Nomination and Remuneration Committee is Decision of Board of Commissioners of PT Perusahaan Gas Negara Tbk Number: Kep-03/D-KOM/2019 dated July 10<sup>th</sup>, 2019 concerning Division of Assignments of Board of Commissioners.

### **Paiman Raharjo**

#### **Nomination and Remuneration Committee Member**

Citizen of Indonesia, born in Klaten, Central Java on June 15<sup>th</sup>, 1967. Educational background: obtained S1 degree in Public Administration in 1994, Graduate School of Finance Management in 1997 and Public Administration in 2003, and obtained Doctoral degree in 2012 from Padjadjaran University in Bandung. His everyday activity is serving as Director of Postgraduate Program at the University of Prof. DR. Moestopo (Religious). Joined the Company as Independent Commissioner through Decree of Annual General Meeting of Shareholders 2015 on April 6<sup>th</sup>, 2015. The legal basis of assignment as a member of the Nomination and Remuneration Committee is Decision of Board of Commissioners of PT Perusahaan Gas Negara Tbk Number: Kep-16/D-KOM/2015 dated November 5<sup>th</sup>, 2015 concerning Nomination and Remuneration and Good Corporate Governance Committee, which is renewed by Decision of Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-01/D-KOM/2018 dated May 31<sup>st</sup>, 2016 concerning Division of Assignments of Board of Commissioners; Decision of Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-03/D-KOM/2019 dated July 10<sup>th</sup>, 2019 concerning Division of Assignments of Board of Commissioners; and Decision of Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-11/D-KOM/2019 dated September 16<sup>th</sup>, 2019 concerning Division of Assignments of Board of Commissioners.

### **IGN Wiratmaja Puja**

#### **Nomination and Remuneration Committee Member**

Indonesian citizen, born in Bali December 21<sup>st</sup>, 1963. Obtained his degree in Mechanical Engineering from Bandung Institute of Technology (ITB), Master and Ph.D. Mechanical Engineering from the University of Kentucky, USA, Post-doctorate in Mechanical and Intelligent Systems Engineering at Tokyo Institute of Technology,

Japan 2000. Post Doctorate in Aerospace, Mechanical and Mechatronic Eng from University of Sydney, Australia 2002. His last working experience was the Head of Human Resources Development Agency at Ministry of Energy and Mineral Resources as of August 2017. He previously served as Director-General of Oil and Gas at the Ministry of Energy and Expert staff of Energy Minister. IGN Wiratmaja is also Professor at the Bandung Institute of Technology. Joined the Company as Independent Commissioner through Decree of Annual General Meeting of Shareholders 2015 on April 6<sup>th</sup>, 2015. The basis of his first appointment as President Commissioner is General Shareholders' Meeting Decision in 2018 dated April 26<sup>th</sup>. The legal basis of assignment as a member of the Nomination and Remuneration Committee since November 5<sup>th</sup>, 2019 is Decision of Board of Commissioners of PT Perusahaan Gas Negara Tbk Number: Kep-16/D-KOM/2015 dated November 5<sup>th</sup>, 2015 concerning Nomination and Remuneration and Good Corporate Governance Committee, which is renewed by Decision of Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-01/D-KOM/2018 dated May 31<sup>st</sup>, 2016 concerning Division of Assignments of Board of Commissioners. Then for his reassignment, the legal basis is Decision of Board of Commissioners of PTPerusahaanGasNegaraTbkNumberKep-03/D-KOM/2019 dated July 10<sup>th</sup>, 2019 concerning Division of Assignments of Board of Commissioners; and Decision of Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-11/D-KOM/2019datedSeptember16<sup>th</sup>,2019concerning Division of Assignments of Board of Commissioners.

### **Hambra**

#### **Nomination and Remuneration Committee Member**

Indonesian citizen, born in Ketapang (Maluku) on October 10<sup>th</sup>, 1968. Obtained a bachelor's degree in Law from Pattimura University Ambon and a Master of Business Law from Gadjah Mada University. His last work experience is as a Deputy for Business Infrastructure, Ministry of SOE until now. He also served as SOE Ministry Legal Bureau Head in 2012, Executing Officer of Inspectorate in 2014

and Expert Staff in Strategic Communication and Industrial relation at SOE Ministry in 2015. Joined the Company as Independent Commissioner through Decree of Annual General Meeting of Shareholders 2018 on Thursday, April 26<sup>th</sup>, 2018. The legal basis of assignment as a member of the Nomination and Remuneration Committee is Decision of Board of Commissioners of PT Perusahaan Gas Negara Tbk Number: Kep-01/D-KOM/2018 dated May 31<sup>st</sup>, 2018 concerning Division of Assignments of Board of Commissioners.

### **Independence of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee performs its duties and responsibilities in a professional and independent manner, without intervention from any parties in accordance with prevailing legislation

### **Duties and Responsibilities of the Nomination and Remuneration Committee**

In accordance with the Nomination and Remuneration Committee Charter of PT Perusahaan Gas Negara Tbk established on June 1<sup>st</sup>, 2018, the duties of the Nomination and Remuneration Committee are:

Nomination Function:

- a. Provide recommendations to the Board of Commissioners regarding:
  1. Composition of positions of members of the Board of Directors and/or members of the Board of Commissioners;
  2. Policies and criteria needed in the Nomination process; and
  3. Performance evaluation policy for members of the Board of Directors and / or members of the Board of Commissioners.
- b. Assist the Board of Commissioners in evaluating the performance of members of the Board of Directors and/or Board of Commissioners referring to benchmarks that have been prepared as evaluation material;

- c. Provide recommendations to the Board of Commissioners regarding the capacity building program for members of the Board of Directors and/or the Board of Commissioners to be submitted to the GMS.

Remuneration Function:

- a. Provide recommendations to the Board of Commissioners regarding:
  1. Remuneration Structure;
  2. Policies on Remuneration; and
  3. Amount of Remuneration;
- b. Assist the Board of Commissioners in evaluating performance in accordance with the remuneration received by each member of the Board of Directors and/or members of the Board of Commissioners.

### **Authorities of the Nomination and Remuneration Committee**

In accordance with the Charter of the Nomination and Remuneration Committee of PT Perusahaan Gas Negara Tbk. issued on June 1, 2018, the Committee has the following authorities:

- a. Upon written instructions from the Board of Commissioners, the Committee can access the Company's records or information employees, funds, assets, and resources necessary to perform its duties.
- b. Cooperate with members of the Board of Commissioners, Business Units, Work Units, and other relevant parties who are necessary to perform its duties. The Committee must maintain confidentiality of the Company's documents, data, and information from internal and external parties. Such files may only be used to perform its duties.

### Activities of the Nomination and Remuneration Committee

Pursuant to the Decision of the Board of Commissioners No. Kep-01/D-KOM/2018 dated May 31<sup>st</sup>, 2018 and subsequently amended by the Decision of the Board of Commissioners No. Kep-03/D-KOM/2010 dated July 10<sup>th</sup>, 2019 on Separation of Duties of the Board of Commissioners of PT Perusahaan Gas Negara Tbk. and the Decision of the Board of Commissioners No. Kep-11/D-KOM/2019 dated September 19<sup>th</sup>, 2019 on Division of Assignments of the Board of Commissioners of PT Perusahaan Gas Negara Tbk. the Nomination and Remuneration Committee's activities in 2019 were as follows:

- a. Performed an internal review of the remuneration for Directors and Board of Commissioners;
- b. Proposed a remuneration package for the Directors and Board of Commissioners to the Board of Commissioners. The proposed package is then submitted to the President Director of PT Pertamina (Persero), the Proxy to the Dwiwarna Series A Shareholder.

### Meeting Frequency of the Nomination and Remuneration Committee

In 2019, the Nomination and Remuneration Committee has convened 1 (one) meeting. The meeting's attendance is as follows:

#### Frequency of Nomination and Remuneration Committee Meetings

Kiswodarmawan	:	100%
Mohamad Ikhsan	:	100%
Masud Khamid	:	100%
Hambra	:	100%
IGN Wiratmaja Puja	:	100%
Paiman Raharjo	:	100%

\*) Attendance is prorated according to date appointed to position

The Nomination and Remuneration Committee carried out its activities in accordance with the OJK Reference No. 21/POJK.04/2015 on Implementation of Corporate Governance for Listed Companies and OJK Circular No. 32/SEOJK.04/2015 on Governance Guidelines for Listed Companies.

### Directors' Succession Policy

In accordance with the Articles of Association, the Company's Directors are appointed and dismissed in a General Meeting of Shareholders (RUPS). To be deemed valid, the Dwiwarna Series A Shareholder must attend and approve the resolutions of the RUPS. The Company's Directors are appointed in the RUPS from a pool of candidates proposed by the Dwiwarna Series A Shareholder.

According to Regulation No. PER-03/MBU/02/2015 on Requirements, Procedures of Appointment, and Dismissal of Directors of State-owned Companies, candidates for Directors must be:

1. Directors of state-owned enterprises;
2. Members of the Board of Commissioners/Board of Trustees of state-owned enterprises;
3. Employees of state-owned enterprises proposed by the Board of Commissioners, as follows:
  - a. Officers from one level below the Directors or officers with an outstanding track record;
  - b. Directors of subsidiaries of state-owned enterprises or joint ventures of state-owned enterprises;
4. Civil servants at the Ministry of State-owned Enterprises;
5. Other candidates, as follows:
  - a. Officers of other state-owned enterprises; and
  - b. Others.

Proposed candidates of Directors must meet formal and additional requirements described in the Regulation No. PER-03/MBU/02/2015. They must also pass a fit and proper test conducted by a professional body. Before

being proposed in the RUPS, candidates are evaluated by a team formed by the Minister of State-owned Enterprises. The President Commissioner or Chairman of the Nomination Committee will be sitting in the team.

The RUPS may dismiss Directors who no longer meet requirements, e.g. responsible for the Company's losses or other reasons deemed fit by the RUPS. The decision to dismiss is taken only after such directors have presented their cases, unless they do not raise objections to the dismissal.

A Directors may resign from his/her position by providing a written notice to the Company, Board of Commissioners, and other Directors. A RUPS will be held within 60 (sixty) days after the resignation letter is received. A Director who resigned will be held accountable for actions taken since his/her appointment until the resignation is accepted.

## RISK MANAGEMENT MONITORING AND BUSINESS DEVELOPMENT COMMITTEE

Komite Pemantau Manajemen Risiko dan Pengembangan The Risk Management Monitoring and Business Development Committee was established pursuant to the i) Regulation of the Minister of SOE No. PER-01/MBU/2011 on Adoption of Good Corporate Governance in State-owned Enterprises as last amended by the Regulation of the Minister of SOE No. PER-09/MBU/2012 dated July 6<sup>th</sup>, 2012 on the Amendment to the Regulation of the Minister of SOE No. PER-01/MBU/2011 on Adoption of Good Corporate Governance in State-owned Enterprises; and ii) Regulation of the Minister of SOE No. PER-12/MBU/2012 on Supporting Committees of the Board of Commissioners/Board of Trustees of State-owned Enterprises.

The committee is established to assist the Board of Commissioners in performing regular oversight and to recommend risk management policies and practices, planning, and business development.

### Members of the Risk Management Monitoring and Business Development Committee

The members of the Risk Management Monitoring and Business Development Committee are as follows:

#### Period of January 1<sup>st</sup> - July 31<sup>st</sup>, 2019

Chairman	: Mohamad Ikhsan - Commissioner
Independent Member	: Kiswodarmawan - Independent Commissioner
Member	: 1. Widhyawan Prawiraatmadja 2. Irwan Tascha 3. Strasfiatri Auliana

#### Period of August 1<sup>st</sup> - August 31<sup>st</sup>, 2019

Chairman	: Mohamad Ikhsan - Commissioner
Independent Member	: Kiswodarmawan - Independent Commissioner
Member	: 1. Widhyawan Prawiraatmadja 2. Strasfiatri Auliana 3. Mugiono

#### Period of September 1<sup>st</sup> - December 31<sup>st</sup>, 2019

Chairman	: Kiswodarman - Independent Commissioner
Independent Member	: Mas'ud Khamid - Commissioner
Member	: 1. Widhyawan Prawiraatmadja 2. Strasfiatri Auliana 3. Mugiono

### Trainings for Members of the Risk Management Monitoring and Business Development Committee

In 2019, members of the Risk Management Monitoring and Business Development Committee took part in the following training programs:

#### Risk Management Monitoring and Business Development Committee Members Training Programs

Name	Date	Country	Description
Kiswodarmawan	March 4-8, 2019	USA	RSA Conference 2019 organized by CRMS
	September 17-19, 2019	USA	Gas Technology Conference & Exhibition 2019 organized by Gastech
Mohamad Ikhsan	March 4-8, 2019	USA	RSA Conference 2019 organized by CRMS
Strasfiatri Auliana	September 17-19, 2019	USA	Gas Technology Conference & Exhibition 2019 organized by Gastech
Widhyawan Prawiraatmadja	September 17-19, 2019	USA	Gas Technology Conference & Exhibition 2019 organized by Gastech

### Profiles of the Risk Management and Business Development Monitoring Committee

#### Mohamad Ikhsan

#### Chairman of the Risk Management and Business Development Monitoring Committee

Indonesian citizen, born in Sigli, November 7<sup>th</sup>, 1964. Obtained his Bachelor of Economics from University of Indonesia, Master of Economics from Vanderbilt University and Ph.D. Economics from Illinois University. His latest work experience as an Advisor to the Vice President of the Republic of Indonesia. He also served as independent Commissioner of Bakrie & Brothers in 2006. The legal basis of assignment as a chairman of the Risk Management and Business Development Monitoring Committee is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara Tbk Number: Kep-01/D-KOM/2018 dated 31<sup>st</sup>, May 2018 concerning Division of Assignments of the Board of Commissioners. As per Extraordinary General Meeting of Shareholders on August 30<sup>th</sup>, 2019 he has been Chairman of the Risk Management and Business Development Monitoring Committee.

#### Kiswodarmawan

#### Member of the Risk Management and Business Development Monitoring Committee

Indonesian citizen, born in Surabaya, December 28<sup>th</sup>, 1957. Obtained his Bachelor degree in Civil Engineering from Sepuluh Nopember Institute of Technology Surabaya. He once worked as Managing Director of Adhi Karya (Persero)Tbk.The legal basis for the assignment as Chairman of the Risk Management and Business Development Monitoring Committee is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara Tbk Number: Kep-01/D-KOM/2018 dated May 31<sup>st</sup>, 2018 concerning Division of Assignments of the Board of Commissioners.

#### Mas'ud Khamid

#### Member of the Risk Management and Business Development Monitoring Committee

Indonesian citizen, born in Surabaya on December 12<sup>nd</sup>, 1964. He holds a Bachelor of Physics Engineering from Surabaya Institute of Technology. Currently he is the Retail Marketing Director of PT Pertamina (Persero). The

legal basis for the assignment as a member of the Risk Management and Business Development Monitoring Committee is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-11/D-KOM/2019 dated September 16, 2019 concerning the Division of Assignments of the Board of Commissioners.

#### **Irwan Tascha**

##### **Member of the Risk Management Monitoring and Business Development Committee**

Indonesian citizen, born in Bukittinggi, on July 14<sup>th</sup>, 1957. He holds Bachelor of Corporate Economics from Andalas University Padang in 1983. He worked as Head of the Risk Management Division in the Company in 2011, and in 2002 - 2010 worked as Director of Finance and Administration, and the Managing Director at PT Transportasi Gas Indonesia. The legal basis for the appointment as a member of the Risk Management and Business Development Monitoring Committee is the Decree of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk Number Kep-08/D-KOM /2016 dated August 1<sup>st</sup>, 2016 and extended through the Decree of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk Number Kep-05 / D-KOM /2017 dated July 18, 2017. Based on the decision of the Board of Commissioners No. Kep-05/D-KOM/2019 dated July 23<sup>rd</sup>, 2019 about the Dismissal of KPMRPU Members of PT PGN Tbk, he no longer holds the position as a member of the committee.

#### **Strasfiatri Auliana**

##### **Member of Risk Management and Business Development Monitoring Committee**

Indonesian citizen, born in Sydney, Australia, on November 28<sup>th</sup>, 1961. Graduated from Electrical Engineering from the Bandung Institute of Technology in 1986. He worked as a Group Head Corporate Secretary of PT Indosat Tbk from 2006 to 2014 and PT Indosat Tbk's Head Risk Management Group from 2009-2012, as well as Director of Corporate Services and Regional Employee Cooperatives of Indosat from 2014 to

2018. The legal basis for the appointment of members of the Risk Management and Business Development Monitoring Committee is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk Number Kep-08 / D-KOM / 2016 dated August 1<sup>st</sup>, 2016 and extended through the Decision of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk Number Kep-05 / D-KOM / 2017 dated July 18<sup>th</sup>, 2017

#### **Widhyawan Prawiraatmadja**

##### **Member of the Risk Management and Business Development Monitoring Committee**

Indonesian citizen, born in Bandung on August 4<sup>th</sup>, 1960. Member of Risk Management Monitoring and Business Development Committee since May 1<sup>st</sup>, 2017. Graduated with a Bachelor degree in Industrial Engineering from the Bandung Institute of Technology in 1987, he earned his MA in Economics from the University of Hawaii in 1992 his Ph.D. in Economics from the University of Hawaii in 2002. He has worked as Deputy of SKK Migas Commercial Control in 2013 - 2014, as Special Staff of the Minister of ESDM in 2014-2016, and Commissioner of PT Pertamina (Persero) in 2015 - 2016. The legal basis for the appointment of members of the Risk Management and Business Development Monitoring Committee is the Decision of the Board of Commissioners of PT Perusahaan Gas Negara (Persero) Tbk Number Kep-03 / D-KOM / 2017 dated Monday, May 1<sup>st</sup>, 2017 and extended through the Decision of the Board of Commissioners of PT Perusahaan Gas Negara Tbk Number Kep-02 / D-KOM / 2018 dated Friday, May 18<sup>th</sup>, 2018.

#### **Mugiono**

##### **Member Risk Management and Business Development Monitoring Committee**

Indonesian citizen, born in Purwodadi on February 17<sup>th</sup>, 1963. He graduated from Diponegoro University in 1988 holding Chemical Engineering Bachelor's Degree and Master's in Management from University of Sumatera Utara in 2005. Worked as a

Commercial and Infrastructure Division Coordinator at PGN in 2011-2014, as the Commissioner of PT Nusantara Regas in 2015-2017 and as President Director of PT PGN LNG Indonesia in 2015-2018. The legal basis of his appointment as member of Risk Management and Business Development Monitoring Committee is the Board of Commissioners Decision No. 06/D-KOM/2019 dated July 23rd, 2019 about the Appointment of the members of Risk Management and Business Development Monitoring Committee of PT PGN Tbk.

### **Independence of the Risk Management Monitoring and Business Development Committee**

The Risk Management Monitoring and Business Development Committee is chaired by a Commissioner. Its members consist of 1 (one) Independent Commissioner and 3 (three) external members who meet professional requirements. The Committee performs its duties and responsibilities in a professional and independent manner.

### **DUTIES AND RESPONSIBILITIES OF THE RISK MANAGEMENT MONITORING AND BUSINESS DEVELOPMENT COMMITTEE**

The committee's duties and responsibilities are described in the Charter of the Risk Management Monitoring and Business Development Committee of PT Perusahaan Gas Negara Tbk. issued by the Decision of the Board of Commissioners on August 15<sup>th</sup>, 2012 and lasted amended on December 12<sup>nd</sup>, 2017. Among other things, the committee's duties are to advise the Board of Commissioners on reports or matters submitted by the Directors to the Board. It also identifies matters that require attention from the Board of Commissioners and perform other duties for the Board, as follows:

- a. Risk Management
  - Managing the Company's Risks, i.e. Risk Management System, Potential Strategic Risks, and Company's Risk Management Policies;
  - Monitoring effectiveness and efficiency of risk management systems currently in place and providing recommendations for further improvements;

- Identifying the Company's potential risks and their mitigation strategies;
  - Monitoring how written policies on the Company's risk management are implemented;
  - Reviewing the Company's insurance scope and coverage, at least once per year;
  - Raising strong risk awareness in the Company through the Risk Management Division;
  - Preparing Annual Workplan and Budget.
- b. Business Development
    - Assisting the Board of Commissioners to evaluate the Company's business development/expansion plans;
    - Assisting the Board of Commissioners to monitor achievements of the Company's business plans.
  - c. Good Corporate Governance
    - Assisting the Board of Commissioners to evaluate GCG implementation in the Company.

### **Authorities of the Risk Management Monitoring and Business Development Committee**

- a. Access the Company's data, records, or information, with approval from the Board of Commissioners, to perform its duties;
- b. If necessary, cooperate with relevant units while maintaining confidentiality of the Company's documents, data, an information from internal and external parties. Such matters are conducted on a need-to-know basis.

### **Activities of the Risk Management Monitoring and Business Development Committee**

In 2019, the Risk Management Monitoring and Business Development Committee has carried out the following activities:

- Reviewed the Corporate Risk Profiles for Q4-2019 and Q1, Q2, and Q3-2019;
- Prepared the Committee's Q1, Q2, Q3, and Annual Report for Fiscal Year 2019;
- Prepared the Committee's Work Program Year 2020;
- Routine Progress Evaluation of the Risk Management Monitoring and Business Development Committee;

- Reviewed the Risk Management Division's work program for 2019;
- Studied the ISO 31000 and its implementation at Pertamina for reference by PGN starting from 2019;
- Studied the risk management roadmap 2020-2025;
- Quarterly review of the corporate risk profiles (PGN and subsidiaries) for Q4-2018, Q1-2019, Q2-2019, and Q3-2019;
- Reviewed significant risks to the Company, as follows:
  - a. Financial risks, including planned insurance coverage.
  - b. Commercial risks, including relationship with the PLN and tariff regulations.
  - c. Incident risks and natural disasters.
  - d. Business risks in subsidiaries, especially Kalimantan Jawa Gas and Saka.
  - e. Human resource risks.
- Advised and raised the Directors' commitment to mitigate extreme risks;
- Monitored risk management outreach programs at the Tangerang work unit.
- Reviewed and recommended the following to be approved by the Board of Commissioners:
  - a. Long-term Plans 2019-2024.
  - b. Workplan and Budget 2020.
  - c. Transferring the Duri-Dumai pipeline operations to Pertagas from PGN.
  - d. PT Saka in 2019.
  - e. Organization structure under the Directorate of Strategy and Business Development.
- Monitored business development plans and new ventures, as follows:
  - a. Jargas Project.
  - b. LNG business plan.
  - c. International business plan.
- Studied the business processes in PGN's investment plans;
- Reviewed and recommended the Board of Commissioners to approve the Revised Board Manual 2019;
- Evaluated GCG implementation in 1H-2019 and 2H-2019.

### Meeting Frequency of the Risk Management Monitoring and Business Development Committee

In 2019, the Risk Management Monitoring and Business Development Committee has convened 27 (twenty-seven) meetings and 4 (four) visits to the Company's operating areas. The attendance of the meetings was as follows:

#### Meeting Frequency of the Risk Management Monitoring and Business Development Committee

No.	Name	Title	Attendance	Percentage
1.	Kiswodarmawan	Chairman	33	97%
2.	Mohamad Ikhsan	Chairman	25	96%
3.	Mas'ud Khamid	Member	6	86%
4.	Widhyawan W	Member	33	97%
5.	Strasfiatri Auliana	Member	34	100%
6.	Mugiono	Member	11	100%
7.	Irwan Tascha	Member	18	100%

\*) Attendance is prorated according to date appointed to position

## SECRETARY OF THE BOARD OF COMMISSIONERS

### LEGAL BASIS OF APPOINTMENT AND TERM OF SERVICE

The Secretary of the Board of Commissioners was appointed pursuant to the Decision of the Board of Commissioners of PT Perusahaan Gas Negara Tbk. No. Kep-05/D-KOM/2018 dated December 28<sup>th</sup>, 2018 on the Extension of Term of Service of Mr. Thohir Nur Ilhami as Secretary of the Board of Commissioners. The Decision extends Mr. Thohir Nur Ilhami's term as Secretary of the Board of Commissioners by 2 (two) years, effective from January 1<sup>st</sup>, 2019 to December 31<sup>st</sup>, 2020. The Board of Commissioners reserves the right to dismiss him at any time.

According to the Regulation of the Minister of SOE No. PER-12/MBU/2012 on Supporting Committees of the Board of Commissioners/Board of Trustees of State-owned Enterprises, the Secretary of the Board of Commissioners must have deep knowledge on managing, overseeing, and developing state-owned enterprises, of high moral integrity, strong knowledge of the secretariat function, and good communication and coordination skills.

### DUTIES OF THE SECRETARY OF THE BOARD OF COMMISSIONERS

The Secretary of the Board of Commissioners is responsible to assist the Board to perform its duties, as follows:

- a. Prepare meetings, including briefing sheets for the Board of Commissioners;
- b. Prepare minutes of the Board of Commissioners' meetings in accordance with the Company's Articles of Association;
- c. Maintain documents for the Board of Commissioners, including inbound and outbound mail, meeting minutes, and other documents;
- d. Prepare a draft Workplan and Budget for the Board of Commissioners;
- e. Prepare draft reports for the Board of Commissioners;
- f. Ensure that the Board of Commissioners is complies with prevailing regulations and implements GCG principles.

## CORPORATE SECRETARY

### LEGAL BASIS OF APPOINTMENT AND TERM OF SERVICE

The Corporate Secretary is appointed to satisfy the OJK Regulation No. 35/POJK.04/2014 on Corporate Secretaries of Issuers or Listed Companies as well as the Regulation of the Minister of SOE No. PER-01/MBUI/2011 on Adoption of Good Corporate Governance in State-owned Enterprises as last amended by the Regulation of the Minister of SOE No. PER-09/MBU/2012 dated July 6<sup>th</sup>, 2012 on the Amendment to the Regulation of the Minister of SOE No. PER-01/MBU/2011 on Adoption of Good Corporate Governance in State-owned Enterprises. The current corporate secretary was appointed by virtue of the Appointment Letter of the PT Perusahaan Gas Negara (Persero) Tbk. No. 013400.SKep/KP.02.06/HCGS/2017 dated June 21<sup>st</sup>, 2017. The appointment has been notified to the OJK by way of Letter No. 005600.S/KP/PDO/2017 dated July 3<sup>rd</sup>, 2017.

## DUTIES AND RESPONSIBILITIES OF THE CORPORATE SECRETARY

Pursuant to the Decision of the Directors No. 034101.K/OT/PDO/2019 dated August 20<sup>th</sup>, 2019, the Corporate Secretary is responsible to:

- a. Assist the Directors and Board of Commissioners in the company's governance, as follows:
  - 1) Disclose information as required by prevailing regulations of the OJK and Indonesia Stock Exchange. In this matter, the Corporate Secretary is authorized to disclose data and/or information to third parties, including regulators).
  - 2) Submit reports, data, and information to the Ministry of State-owned Enterprises (the Dwiwarna Series A Shareholder), majority Series B shareholders, and investors with due consideration of the Articles of Association, internal policies, and prevailing regulations;
  - 3) Manage the holding and documenting of the General Meeting of Shareholders and public exposes;
  - 4) Manage the holding and documenting of Directors' meetings and/or joint meetings with the Board of Commissioners;
  - 5) Coordinate with the Secretary of the Board of Commissioners and/or staff in the Secretariat of the Board of Commissioners to hold and document the Board's meetings and/or joint meetings with the Directors;
  - 6) Manage orientation programs for newly appointed Directors and/or members of the Board of Commissioners;
  - 7) Communicate the results of the Directors' meetings or joint meetings with the Board of Commissioners to the relevant units and/or subsidiaries/affiliated companies;

- b. Liaise between the Company and shareholders, investors, the OJK, and other stakeholders.
- c. Keep track of new capital market regulations and advise the Directors and Board of Commissioners on compliance with capital market regulations;
- d. Coordinate administrative duties with the Main Directorate.

The Corporate Secretary also manages the following divisions:

- Legal;
- Investor Relations.

## APPOINTMENT AND DISMISSAL OF THE CORPORATE SECRETARY

The Corporate Secretary is appointed and dismissed by the President Director with approval from the Board of Commissioners.

## ACTIVITIES OF THE CORPORATE SECRETARY IN 2019

The Corporate Secretary's activities involving stakeholders in 2019 were as follows:

1. Held the Annual General Meeting of Shareholders;
2. Communicated with the Ministry of State-Owned Enterprises; Ministry of Energy and Mineral Resources, BPH Migas, Financial Services Authority (OJK); Indonesia Stock Exchange (BEI); Indonesia Central Securities Depository (KSEI); Indonesian Capital Market Electronic Library (ICaMEL); Securities Administration Bureau (BAE); and other relevant bodies;
3. Coordinated Hearings with the relevant Commissions of the House of Representatives and visits to stakeholders;
4. Attended all Meetings of the Board of Commissioners, Meetings of the Directors, and minuting the results of both meetings;

5. Managed public information disclosures, including reporting disclosures to the OJK and IDX and uploading those disclosures to the Company's website;
6. Oversaw the preparation and delivery of the Annual Report 2019 to the public and relevant regulatory bodies.

### PROFILE OF THE CORPORATE SECRETARY

As of July 3<sup>rd</sup>, 2017 Rachmat Hutama was held by the Corporate Secretary based on the Decree of the Directors of PT Perusahaan Gas Negara (Persero) Tbk Number: 013400.SKep / KP.02.06 / HCGS / 2017 dated June 21<sup>st</sup>, 2017. The appointment of the Corporate Secretary was submitted to the Service Authority Finance by letter Number 005600.S / KP / PDO / 2017 dated July 3<sup>rd</sup>, 2017.

### RACHMAT HUTAMA

#### Corporate Secretary

Indonesian citizen, born in Jakarta on July 13<sup>rd</sup>, 1973. He graduated with a law degree from Diponegoro University in 1996. He was appointed as Corporate Secretary since July 3<sup>rd</sup>, 2017. He started his career as a Staff of Legal and Public Relations Division and the Division Head of Legal Division from 2014 until he was appointed as the Corporate Secretary.

### INFORMATION DISCLOSURES

The Corporate Secretary, assisted by both the Legal and Investor Relations Divisions, submits timely report to the OJK and Indonesia Stock Exchange to comply with public disclosure requirements.

### TRAININGS FOR THE CORPORATE SECRETARY

#### Corporate Secretary Training

No.	Date	Event	Location	Organizer
1	July 24 <sup>th</sup>	ICSA Workshop Series Corporate Secretary CG Officer - Batch 5	Hotel Meridien, Jakarta	Indonesia Corporate Secretary Association

## INTERNAL AUDIT GROUP

### LEGAL BASIS OF APPOINTMENT OF THE HEAD OF INTERNAL AUDIT GROUP

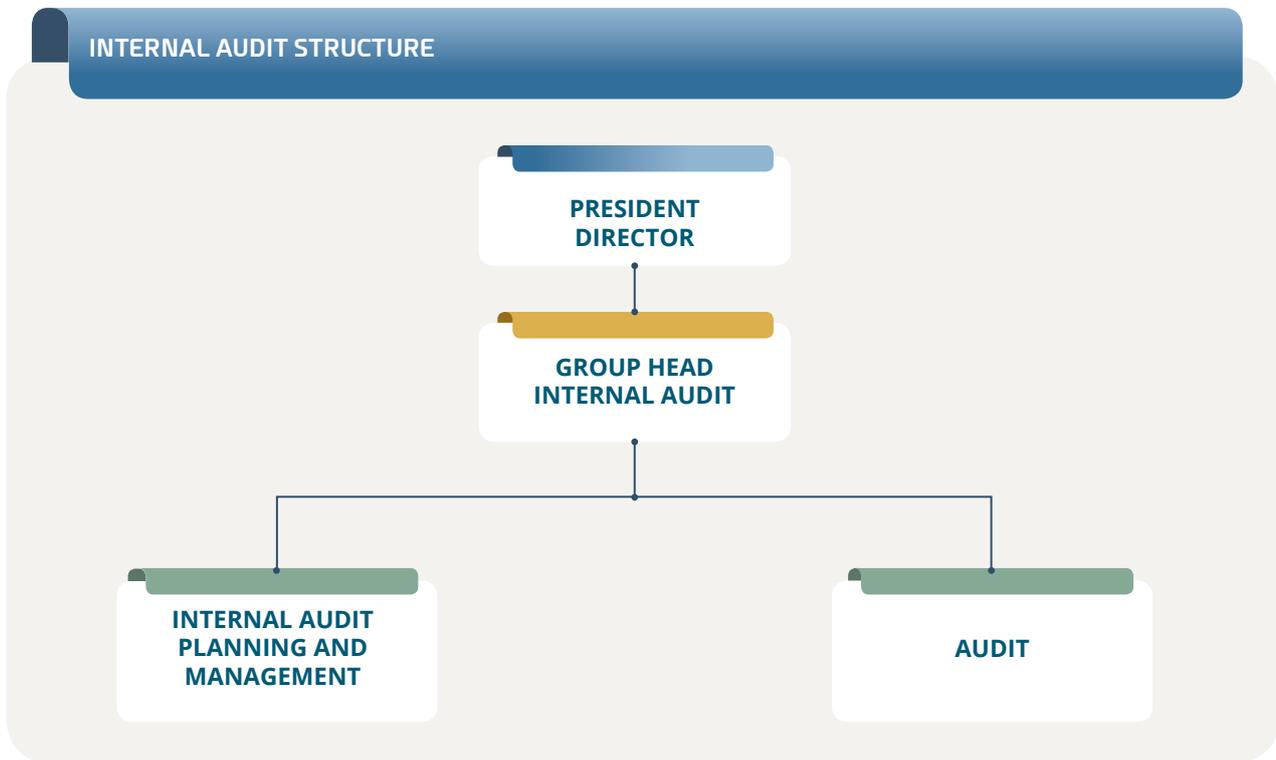
The Head of the Internal Audit Group was appointed by the Directors. The position is currently held by Pramono Harjanto since February 7<sup>th</sup>, 2013 by virtue of the Decision of the Directors of PT Perusahaan Gas Negara (Persero) Tbk. No. 001600.K/HK.00.01/UT/2013 dated January 23<sup>rd</sup>, 2013.

### APPOINTMENT AND DISMISSAL OF THE HEAD OF INTERNAL AUDIT GROUP

The Head of the Internal Audit Group is appointed and dismissed by the President Director, with approval from the Board of Commissioners. The mechanism in accordance with the OJK Regulation No. 56/POJK.04/2015 on Establishment and Preparation of the Internal Audit Charter, Articles of Association, and Board Manual for Companies as well as Article 2.1.3 of the Internal Audit Charter P-001/0.12 dated December 27, 2018.

## HIERARCHY OF THE INTERNAL AUDIT GROUP IN THE GROUP STRUCTURE

The Head of the Internal Audit Group reports directly to the President Director.



### AUTHORITIES, DUTIES, AND RESPONSIBILITIES OF THE INTERNAL AUDIT GROUP AS STATED IN AUDIT CHARTER

The Internal Audit Group's (IAG) duties and responsibilities are described in the Internal Audit Charter, third revision, No. P-001/0.12 issued by the Decision of the Directors of PT Perusahaan Gas Negara Tbk. No. 034900.K/PW.00/PDO/2018 dated December 27<sup>th</sup>, 2018 on Internal Audit Charter of the PT Perusahaan Gas Negara Tbk. The charter contains the IAG's Vision; Mission; Objectives and Purpose; Scope; Organization Structure; Authorities, Duties, and Responsibilities; Duties and Responsibilities of the President Director, and Code of Conduct.

In its day-to-day audits, the IAG refers to the Internal Audit Charter No. P-003/0.11 issued by the Decision of the Directors of PT Perusahaan Gas Negara Tbk. No. 035000.K/PW.00/PDO/2018 dated December 27<sup>th</sup>, 2018 on Internal Audit Charter of the PT Perusahaan Gas Negara Tbk.

### Authorities of the Internal Audit Group

The Internal Audit Group has the following authorities:

- Access all relevant information on the Company to perform its duties;
- Communicate directly with the Directors, Board of Commissioners, Audit Committee as well as with individual Directors, Commissioners, and Audit Committee members;

- c. Convene regular and ad hoc meetings with the Directors, Board of Commissioners, and Audit Committee;
- d. Coordinate with the Internal Audit Group;
- e. The Internal Audit Group must be objective and impartial in performing its duties;
- f. The Internal Audit Group must decline a consulting engagement if its internal auditors do not have the necessary knowledge or skills required by the engagement;
- g. The Head of the Internal Audit Group must decline appointments over the Company's operations as it may interfere with the Internal Audit Group's independence;
- h. The Internal Audit Group must provide assurance services through audits and consultations to subsidiaries and affiliated companies in the PGN Group;
- i. Allocate resources, set frequencies, determine objects and scope, and apply necessary techniques for monitoring;
- j. Obtain necessary assistance from other business functions/processes within the PGN Group as well as from external specialists to perform its duties.

#### **Duties of the Internal Audit Group**

The Internal Audit Group's duties are as follows:

- a. Prepare and carry out the risk-based Annual Audit Program (PKAT);
- b. Test and evaluate internal controls according to the Company's policies;
- c. Examine and assess the efficiency and effectiveness of activities in finance, accounting, operations, human resources, marketing, information technology, and others;
- d. Provide suggestions for improvements and objective information of the activities it examines to every level of management;
- e. Prepare audit reports and submit its findings to the President Director, Directors, Commissioners, and Audit Committee;
- f. Monitor, analyze, and report ongoing improvements recommended by the IAG;
- g. Cooperate with the Audit Committee;
- h. Prepare programs to evaluate the quality of internal audit activities it performs;
- i. Perform special investigations if necessary;
- j. Provide assurance services to internal parties;
- k. Provide consulting services to the directors, other work units, and subsidiaries;
- l. Assist in external audits.

#### **Responsibilities of the Internal Audit Group**

The Internal Audit Group's responsibilities are as follows:

- a. The Internal Audit Group is responsible to perform audits in accordance with current auditing standards and code of conduct. In addition to effectively allocating audit resources, it must also develop its auditors' sense of professionalism and carry out quality assurance programs;
- b. The Internal Audit Group is responsible to maintain confidentiality of data, documents, and information used in audit engagements and their findings in accordance with the Company's current information confidentiality policies and the auditor's code of conduct;
- c. The Internal Audit Group must obtain approval from the President Director to execute its proposed workplan and audit development programs (PKAT);
- d. The Internal Audit Group must report to the President Director of ongoing audit engagements;
- e. Auditors in the Internal Audit Group are prohibited to assume concurrent roles, including roles over operations of the Company and its subsidiaries.

## PROFILE OF THE HEAD OF THE INTERNAL AUDIT GROUP

### PRAMONO HARJANTO

Head of the Internal Audit Group

He was graduated with Accounting degree in Economics Faculty at Gadjah Mada University, Yogyakarta, in 1996. He started his career as an External Auditor at the Public Accountant Hans Tuanakota & Mustofa (HTM)/Deloitte Touche Tohmatsu International as a Senior Auditor from 1997 to 2001. From 2001, he continued his career in Audit as an Internal Audit Supervisor at Petrochina International Companies until 2005, then as the Senior Manager of Internal Audit at PT Transportasi Gas Indonesia from 2005 to 2013. He is also active in the activities of Internal Audit Units Communication Forum (FKSPI) in the Ministry of Energy and Mineral Resources and Central FKSPI.

### PERSONNEL IN THE INTERNAL AUDIT GROUP

The Internal Audit Group has 16 members. In performing his monitoring role, the Head of the Internal Audit Group is assisted by 12 (twelve) auditors. He is also assisted by 3 (three) members responsible for Internal Audit Planning and Management as well as 1 (one) secretary.

### COMPETENCE DEVELOPMENT FOR THE INTERNAL AUDIT GROUP

Internal Audit Group takes part in professional certification courses to improve its competence and professionalism. It also actively participates in national seminars, such as the National Seminar of Internal Auditors (SNIA), Internal Oversight Unit Communication Forum (FKSPI) seminars held by the Ministry of Energy and Mineral Resources and the Ministry of State-owned Enterprises. Furthermore, the Internal Audit Group takes part in non-certification trainings and managerial developments to enhance its auditing skills

## PROFESSIONAL CERTIFICATIONS IN INTERNAL AUDITING

PGN is committed to develop the skills of its internal auditors. According to standards for internal audit professionals, an internal auditor is required to develop his/her knowledge and skills through professional certifications. The Company's internal auditors have received the following certifications: Professional Internal Auditor (PIA); Qualified Internal Auditor (QIA); Certified Risk Management Professional (CRMP); Certified Internal Auditor (CIA); Certification in Risk Management Assurance (CRMA); and Certified Fraud Examiner (CFE).

- Nine auditors are certified Qualified Internal Auditors (QIA) awarded by the Internal Audit Education Foundation.
- One auditor is a Certified Risk Management Professional (CRMP) awarded by the Risk Management Professionals Certification Institute (LSPMR).
- One auditor is a Certified Internal Auditor (CIA) awarded by the Institute of Internal Auditors.
- One auditor is a Certified Fraud Examiner (CFE) awarded by the Association of Certified Fraud Examiners.
- Three auditors are certified Professional Internal Auditors awarded by the Accounting and Finance Development Center (PPA&K).
- One auditor holds a Certification in Risk Management Assurance (CRMA).

## ACTIVITIES OF THE INTERNAL AUDIT GROUP IN 2019

The Internal Audit Group's activities in 2019 were as follows:

### Consulting

The Internal Audit Group provides consultation services to other work units.

### Audit Engagements and Assistance

- a. Performed a total of 7 audits under the Annual Audit Program 2019.
- b. Monitored recommendations of internal and external audit findings, including findings by the BPK RI and PSA 62.
- c. Coordinated with Pertamina's Internal Audit Unit in the Oil and Gas Holding.

### Monitoring Audit Recommendations

The Internal Audit Group monitored audit recommendations, as follows:

- a. Recommendations of internal audit findings.
- b. Recommendations of external audit findings by the BPK RI and Public Accounting Firm for the PSA 62 Audit.

### Assisting External Audits

The Internal Audit Group provides active assistance to External Auditors, as follows:

- a. Tanudiredja, Wibisana, Rintis & Rekan Public Accounting Firm (a member firm of PricewaterhouseCoopers global network in Indonesia) for the PSA 62 Audit in 2019.
- b. BPK RI during its audit of the PGN Group.
- c. BPKP to conclude its audit.

### Other Activities

In addition to the activities listed above, the Internal Audit Group also:

- a. Took part in Internal Oversight Unit Communication Forum (FKSPI) activities held by the Ministry of Energy and Mineral Resources and Ministry of State-owned Enterprises.
- b. Attended trainings, certifications, and competence building exercises.
- c. Refined the Guidelines and Operating Procedures for the Whistleblowing System (WBS) and Graft Alert.

## INTERNAL CONTROL SYSTEM

### INTERNAL CONTROL SYSTEM CONFORMITY

Internal controls are processes that involve the Board of Directors, management members and all other personnel in the Company to provide adequate confidence in the achievement of the Company's operational objectives, reliable financial reporting and compliance with applicable procedures and regulations.

The purpose of the internal control system is to ensure the Company would achieve its goals, produce reliable financial reports and ensure the Company's activities are in accordance with applicable laws and regulations. The internal control system may also provide information for the basis of the Company performance appraisal.

In accordance with the provisions of Article 26 of the Regulation of the Minister for State-owned Enterprises Number 01/MBU/2011 regarding the implementation of Good Corporate Governance of the State-owned Enterprises, PGN continues developing its internal control system by referring to the ISO 31000:2018 framework.

### INTERNAL CONTROL SYSTEM CONFORMITY WITH ISO 31000:2018

The Internal Control System components at PGN refer to ISO 31000; more specifically, the Company's applicable Risk Management Framework refers to ISO 31000:2018. The framework includes integrating, planning, implementing, evaluating and enhancing Risk Management across the Company's business. All processes carried out following the framework are repeated from planning to integration, and concerning internal and external factors of the Company.

## EVALUATION TOWARDS INTERNAL CONTROL SYSTEM EFFECTIVENESS

Internal control comprises processes imposed by the Board of Directors, management members and all other personnel in the company. It is entirely designed to provide reasonable confidence in the Company's achievement of goals in most effective and efficient way, reliable financial reporting, and compliance with the procedures and regulations in force.

One of ways of internal control system's evaluation into effectiveness, efficiency and compliance is through internal audit undertaken by the Internal Audit Group. Besides, the effectiveness of some internal control system processes is evaluated through annual PSA 62 Audit by Public Accountant Firm.

Based on the audit results, it stated that for the period of 2019, there is no material problem related to the internal controls and company operation. However, there are suggestions for certain non-material issues.

The Company always follows up the recommendations of internal audit and the PSA 62 Audit. This demonstrates the Company management's efforts to ensure that it will maintain its internal control system which enables it to perform the Company's operations more effectively.

## RISK MANAGEMENT

PGN as a public company as well as Gas Subholding realizes that risks are an important aspect and inseparable from the implementation of policy in the entire company's business units. That is why in 2003 PGN started to undertake risk Management processes by forming the Business Analyst and Risk Management Division (ABMR) and implemented Risk Management System according to AS/NZS 4360:1999. Consecutively PGN implemented COSO ERM until 2018. Then in 2019 the Company considered the need of enterprise-wide-oriented risk management to provide assurance of the overall achievement of PGN's goals. Thus it adopted the Enterprise-wide Risk Management (ERM) by referring to ISO 31000:2018 framework which is subsequently set forth in Risk Management Guidelines (P-005/0.20) and has been validated by PGN President Director on October 15<sup>th</sup>, 2019.

The application of risk management at PGN is in accordance with the Regulation of the Minister of State-Owned Enterprises No. PER-01/MBU/2011 concerning the Implementation of Good Corporate Governance in State-Owned Enterprises which is then amended with Regulation of Minister of State Owned Enterprises No. PER-09/MBU/2012, particularly in Article 25 concerning Risk Management, that says:

- a. Board of Directors, in every decision/action, must consider business risks;
- b. Board of Directors must establish and implement an integrated corporate risk management program that is part of the implementation of the Good Corporate Governance program;

- c. Risk management programs can be implemented in the forms of:
  - (1) forming a separate work unit under the Board of Directors; and
  - (2) assigns existing and relevant work units to carry out risk management function.
- d. Board of Directors must submit a report of risk management profile and risk Management implementation together with the company's regular reports.

### RISK MANAGEMENT'S TASKS

The Risk Management's tasks are related to the risk management function as outlined in Board of Directors' Decree No. 034101.K/OT/UT/2019 concerning Main Directorate's Work Procedures dated August 20<sup>th</sup>, 2019, which include:

- a. Managing policy compilation and evaluation, corporate risk management strategy, tools of risk management and investment risk management at PGN Group;
- b. Managing Corporate risk assessment and formulate the main risks of PGN Group;
- c. Monitoring risk treatment implementation in line with acceptance of residual risk level of PGN Group;
- d. Managing investment risk at PGN Group;
- e. Managing the measurement, organization and cascading as well as proposing Risk Tolerance Limits (BTR) of work units and subsidiaries/affiliates;
- f. Managing the maturity level of risk management including that of the PGN Group risk-conscious cultural program;
- g. Aligning the implementation of risk management policy with the Oil/Gas Holding;
- h. Monitoring and evaluating investment risk management reviews to meet the requirement of Final Investment decision (FID) publication.

### TASKS AND FUNCTIONS OF RCT

In implementing risk management for each PGN and subsidiary/affiliate, the risk owner needs to be assisted by Risk Management Champion Team (RCT) in conducting a risk management process. RCT consists of elected, skilled and capable personnel to serve on the basis of the PGN Board of Directors decision No. 005400.K/PR.06.01/PDO/2019 dated February 12<sup>nd</sup>, 2019.

Duties of RCT are as follows:

- a. To implement management of risk function by coordinating and facilitating risk management activities (identification, analysis, evaluation, assessment, handling, activity control, communication and monitoring) carried out by risk owner;
- b. To monitor the amount of cost of risk needed by a work unit and subsidiary/affiliate and establish method for measuring efficiency and effectiveness of such cost of risk implementation compared against the results achieved;
- c. Under the approval of risk owner, to report the execution of risk management in a work unit and subsidiary/affiliate—utilizing the application of the Risk Management Information System (SIMR)—to RMG Division periodically or at any time;
- d. To regularly report on risk handling performance in a work unit and subsidiary/affiliate. For monitoring risks under the category of 'Low' and 'Low to Moderate', regular procedures apply; while for the categories of 'Moderate,' Moderate to High' and 'High' monitoring measures are carried out once a month.

### THREE LINES OF DEFENSE MODEL

The implementation of the Three Lines of Defense Model is aimed to coordinate specific tasks and authorities of various functions or work units that potentially overlap. It is also aimed to increase the Company's resistance against the risks. The model comprises:

a. Line One Defense

Management at operational level is the risk owner, thus it bears responsibility and obligation to assess, control and execute risk mitigation while maintaining effective internal controls.

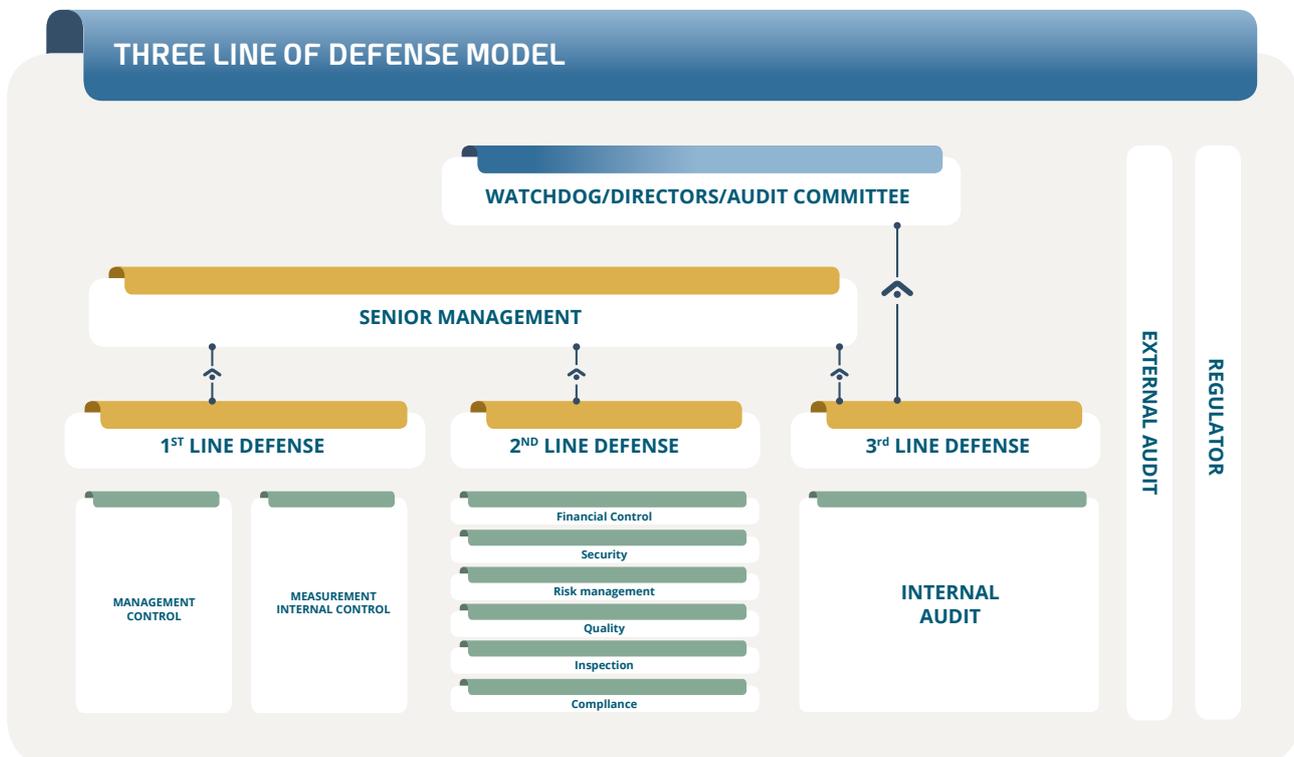
b. Second Line Defense

Control is performed by risk management, compliance and other similar functions. They also facilitate the management of risks in operations and monitors the effectiveness while assisting risk owner to adequately report all information regarding these risks to both the upper and lower levels of the Company.

c. Third Line Defense

With a risk-based approach, the Internal audit function provides assurance of effectiveness of governance, risk management and internal control to the organization's internal management functions. This includes the report on how the first and second lines of defense have been implemented. This responsibility to provide assurance covers all risk management frameworks owned by the Company.

d. External audits and the Regulatory Agency are outside the scope of the organizational structure and have a role in the overall governance and structure of the Company.



## IMPLEMENTATION OF ISO 31000:2018 FRAMEWORK

The Company always keeps up with the latest concepts, procedures, and risk management reporting, not only the ones which are implemented by other SOEs but also by other companies that are advanced in implementing risk management. According to the 2018 National Risk Management Survey conducted by the Center for Risk Management Studies Indonesia (CRMS Indonesia), in 2018 67.5% of Indonesia-based companies implemented ISO 31000 (either version 2009 or 2018). Behind them are COSO-ERM, representing 15% and other frameworks accounting for 17.5%.

CRMS Indonesia survey result says that ISO 31000 can be used in various industries. This is because ISO 31000 is not specifically aimed at highlighting the implementation of cross-company risk management but

rather as complementary standards for implementing risk management to support company's goals. This is the basis for the Company to apply ISO 31000:2018 framework in implementation of risk management to both work unit and subsidiary/affiliate.

## RISK MANAGEMENT INFORMATION SYSTEM DEVELOPMENT

On December 9<sup>th</sup>, 2019 a go-live SIMR ceremony took place and was led by PGN President Director. The Company shall use SIMR to register risks, monitor risks and develop risk profile online and real-time to facilitate management decision taking for existing risks in operational and investment aspect of the Company as well as monitoring by Pertamina as Oil and Gas Holding.



Landing Page of Risk Management Information System (SIMR)

## REVISION TO RISK MANAGEMENT GUIDELINES

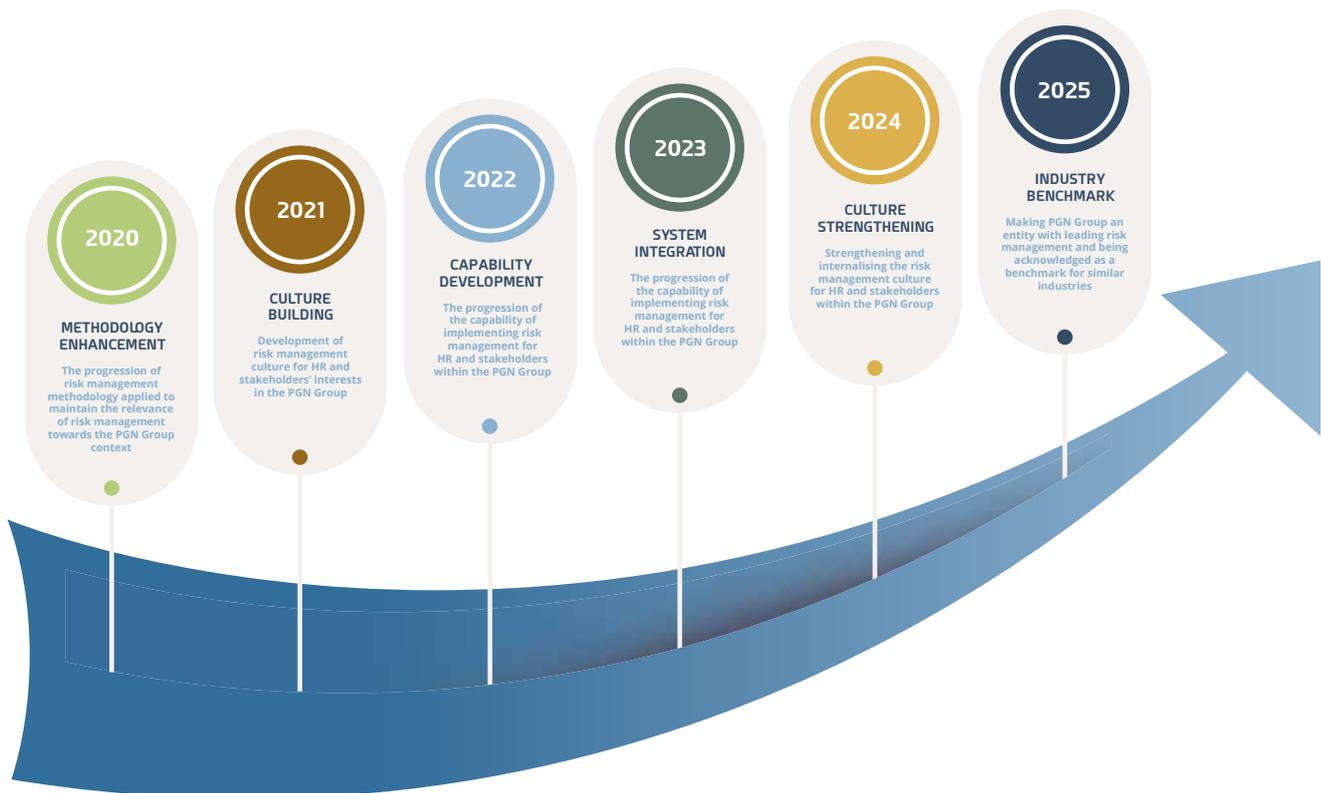
RMG Division continuously upgrades Risk Management Guidelines content (P-005/0.20) in order to be adaptive toward risk management demanded by PGN to anticipate business challenges the PGN Group may face in the future. The first revision of the Risk Management Guideline, validated by the President Director of PGN on October 15<sup>th</sup>, 2019, includes topics as follows:

- Changes and/or updates of 'Terms and Definition';
- Addition of chart per ISO 31000:2018 Risk Management – Guidelines;

- Addition of 'Chapter III Risk Management Process';
- Addition of 'Chapter IV Potential Risks' concerning risks that may influence the implementation of a Risk Management Guidelines by the relevant work units.

## ROADMAP OF RISK MANAGEMENT

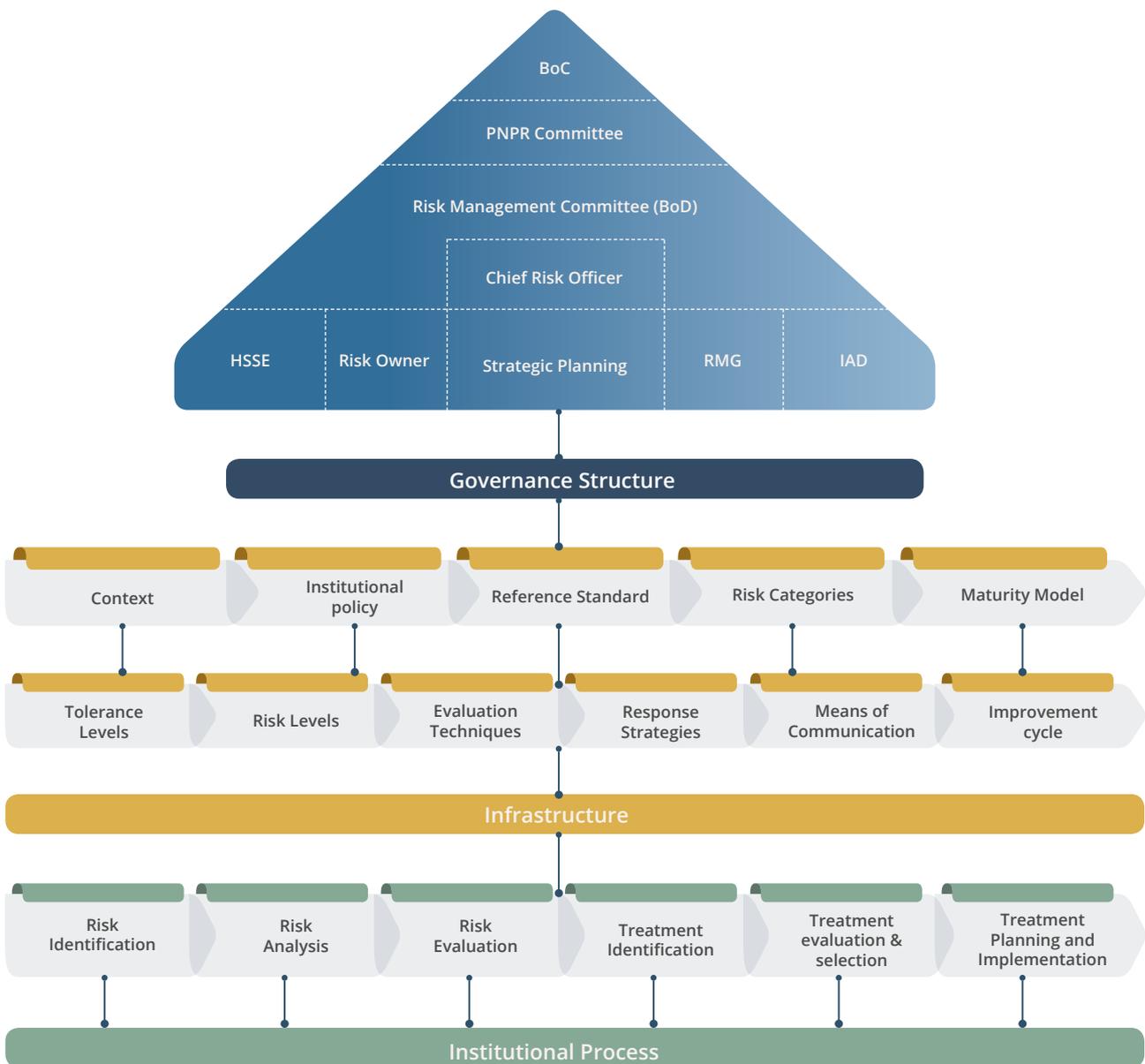
It is expected that the integration and implementation of a risk management policy in the Company reach an optimum level, but this cannot be realized in a short term. In 2019 the RMG Division has developed and updated the roadmap to ensure that maximum goals of PGN risk management programs can be achieved.



### ENTERPRISE-WIDE RISK MANAGEMENT GRAND DESIGN

Enterprise-wide Risk Management (ERM) can be interpreted as a series of processes carried out by the Board of Directors, as well as management that have a strategic level in the company that is designed to identify potential events that can affect the company, which

therefore requires risk management that is in accordance with the established risk appetite. The broad-design ERM grand-design architecture is a combination of periodic processes to decision-making by the Board of Directors and the Board of commissioners after strengthening at the strategic level of the Company.



## INTEGRATION AND CALIBRATION PGN RISK MANAGEMENT MATURITY LEVEL

On April 29, 2018, PT Pertamina (Persero) ('Pertamina') was appointed by the Government of the Republic of Indonesia as the majority shareholder of PGN, owning 56.96% of shares. This makes Pertamina the holding company of PGN. Therefore, PGN as a gas sub-holding is expected to adjust the maturity measurement of risk management with criteria as set by Pertamina, including the implementation of principles, frameworks and processes based on ISO 31000:2018 framework.

The method used in the integration and calibration refers to the ISO 31000:2018 as the measurement basis. This is applied on evaluation of PGN risk management of the previous year with COSO ERM basis in 2018 as benchmark. The integration and calibration process carried out in 2019 found that the final attainment of the maturity of final implementation of risk management at PGN showed a satisfactory result: Level 4 – Mature growth of 5 Levels set in criteria of Pertamina's risk management.

### Integration and Calibration of PGN Risk Management Maturity Level

Pertamina's Maturity Level ISO 3100:2018	Maturity Level PGN (COSO ERM)	Integration Keyword
1 - Low Non- Existence to Initial Build	1 - Non-Existence	Risk management is carried out intuitively / ad hoc
2 - Basic	2 - Initial	Risk management has begun to be defined (meeting stakeholder minimum expectations) but has not yet been standardized
3 - Mature	3 - Repeatable	Risk management is documented, but evaluation has not yet been carried out
4 - Mature Growth	4 - Mature Defined	Implemented risk management is measured and evaluated but has not been integrated at least with business processes, decision making processes and performance appraisal processes
5 - Advance Optimized	5 - Managed	Integrated risk management, used as a strategic tool in business planning, budget management, performance appraisal and decision making, risk management information systems are in place and used in decision making
	6 - Optimized	

## RESULTS OF RISK MANAGEMENT IMPLEMENTATION REVIEW

Based on the PGN risk management maturity rate integration and Calibration with Pertamina's criteria in 2019, RMG Division has the task and responsibility to increase the risk management maturity level within the PGN environment particularly related to the future application of ERM. The goal is to achieve maturity Level 5 – Advance Optimized, i.e. the highest level of integrated risk management system. This would mean that ERM is fully integrated with business processes, company's

future planning, decision making, unit and individual performance assessment, as well as the process of limiting risks that the Company may accept.

## PERSONNEL CERTIFICATION

In preparing and monitoring risk profiles, the availability of human resources who understand the process of risk management from the identification phase to optimum risk control is critical. For the time being, the Company has some talents holding risk management certifications which cover:

## Personnel Certification

Name	Position	Certification
Ivanna Laksmi Devi	Division Head, Risk Management & GCG	
Rezki Anindhito	Advisor, Risk Management	
Nanny Atika	Sr. Analyst, Risk Management	
Puji Arman	Analyst, Risk Management	Certified Risk Professional® oleh LSP-PM
Romario Drajad	Analyst, Risk Management	
Armynas Handyas	Analyst, Risk Management	
Heru Setiawan	Jr. Analyst, Risk Management	
M Alfianoor	Sr. Analyst, Risk Management	Certified Risk Analyst oleh Asia Risk Management Institute

## COMPANY'S RISKS AND ITS MANAGEMENT

In 2019, the RMG Division identified 650 active risks with impact levels of Low-to-High. By the end of 2019,

13 (thirteen) risks of High impact of which clusters include, among others, gas prices, finances/the economy, regulations/taxes, and more risks were exposed.

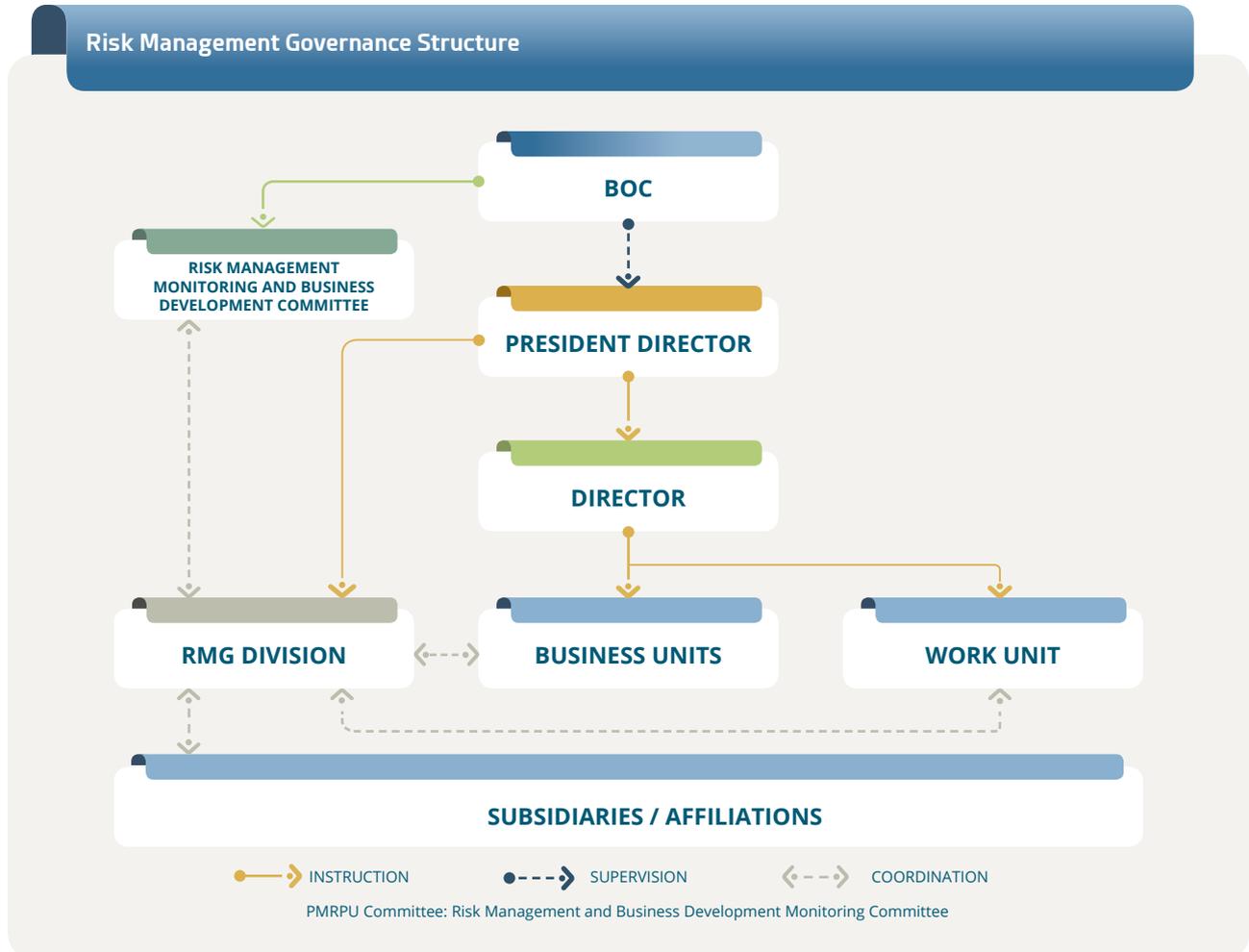
## Company's Risks and Its Management

Risk Category	Risk Description	Mitigation & Action Plan
Operational Risk (Gas price)	<ol style="list-style-type: none"> <li>1. Potential downturn in profitability due to noncompliance on selling prices specified in Ministerial Regulation Number 58/2017 as recommended by State Gas Company (PGN)</li> <li>2. A class suit from Customers who accept the policy (Side Letter confirmation, valid existing sales and purchase agreement (PJBG) with new Terms of Purchase of the new pricing), and customers who deny the policy (not accepting existing PJBG with existing pricing)</li> <li>3. Potential issue with Commission for the Supervision of Business Competition (KPPU) as regards treatments that are special and different from benefits that Customers obtain referring to Terms of Purchase they have approved</li> <li>4. Implementation of Ministerial Regulation Number 58/2017 which misses the economic value of investment</li> </ol>	<ol style="list-style-type: none"> <li>1. Advocating to government on the stipulation of pricing adjustment to comply with Ministerial Regulation Number 58/2017. It will have impact on the capability to develop infrastructures and create new markets</li> <li>2. Preparing the implementation of special purchase terms so that customers get prices that have been agreed upon</li> <li>3. Preparing terms of purchase on technical, commercial, and financial sides in line with the Special Purchase Terms</li> <li>4. Commence research and simulation over sensitivity of infrastructure cost toward changes in calculation parameters by involving relevant work units</li> </ol>

## Risks Faced by the Company and its Management

Regulatory & Taxation risk	<ol style="list-style-type: none"> <li>1. Lost the appeal of the 2012 tax audit SKPKB objection decision</li> <li>2. Lost the appeal of the 2013 tax audit SKPKB objection decision</li> <li>3. The International Chamber of Commerce (ICC) - Hong Kong dismissed the lawsuit as the arbitration council ruled that a force majeure that PCM declared was acceptable. As a result, payment over Ship or Pay for the period of 2016-2026 according to the GTA registered by KJG was not received.</li> </ol>	<ol style="list-style-type: none"> <li>1. Appoint a tax consultant to become the Company's proxy in the appeal process at the Tax Court and judicial review at the Supreme Court</li> <li>2. Coordinating the filing of documents which support transactions of relevant functions as well as preparing expert witnesses to corroborate evidence during Appeal sessions</li> <li>3. Appoint grade 1 legal consultant for international arbitration and technical consultant as a counterpart for the legal consultant to bolster KJG</li> </ol>
Financial & Economic Risk	<ol style="list-style-type: none"> <li>1. Financial performance is hampered by the KJG impairment issue</li> <li>2. Violation against financial covenant on financial facility dated 2 December 2015 that the SEI registered</li> <li>3. There is a delay in developing the West Pangkah registered by SEI</li> </ol>	<ol style="list-style-type: none"> <li>1. Transfer shares to AP which occupies the same industry, or directly transfer to PGN Holding</li> <li>2. Optimizing cash management to improve interest income and proceed with the activities at low capital expenditures</li> <li>3. Reduce scope of work, switch work methods, develop synergy between operations, and simplify administrative process</li> </ol>
Other risks	<ol style="list-style-type: none"> <li>1. Gas management regulation must still be revised and amended</li> <li>2. High additional charges for monitoring PGN's gas pipelines installed in the ROWs of Railroad Tracks</li> <li>3. Decline in reserve life the SEI registered</li> </ol>	<ol style="list-style-type: none"> <li>1. Presenting feedback on Draft Bill of State-Owned Enterprises (Revision of Law Number 19/2003 and Draft Bill of Oil and Gas Number 22/2001</li> <li>2. Benchmarking or sharing with regulator to provide feedback on the enterprise side, or carry out similar benchmarking at the national and international levels as well as negotiating with Indonesian Railway Company (PT KAI) to be granted</li> <li>3. Preparing strategy of inorganic growth by acquiring near producing or producing assets</li> </ol>

## RISK MANAGEMENT GOVERNANCE STRUCTURE



### PROGRAM TO IMPROVE RISK MANAGEMENT CONSCIOUS CULTURE

RMG Division as a work unit tasked for PGN's risk management function in 2019 conducted programs to increase awareness and maturity of the Company's risk management, which comprise the following activities:

- Signing of the 'Risk Management Charter' by the Directors of PGN and the Managing Director of Subsidiaries / Affiliates;
- Fundamental risk management training and certification based on ISO 31000: 2018;
- Risk Awards and Risk Awareness Culture 2019;
- Implementation of the 'Risk Management Discussion Forum' in cooperation with the BUMN Risk Management Forum (FMR BUMN) with the theme of Risk Management in Digital Transformation Era 4.0;
- Dissemination of Risk Management Guidelines to RCT work units and Subsidiaries / Affiliates.

The signing of the Piagam Manajemen Risiko ('Risk Management Charter') by the director of PGN and president Director of Subsidiary/Affiliates



Implementation of 'Forum Diskusi Manajemen Risiko' in collaboration with Forum of Risk Management of SOEs (FMR BUMN) with the theme of Risk Management in Digital Transformation era 4.0



Fundamental training and certification of risk management based on ISO 31000:2018



Risk Awards and Risk-Awareness Culture 2019



Socialization of Risk Management Guidelines to RCT unit and subsidiaries/affiliates.



### Profile of Risk Management & GCG Division Head

<b>Full Name</b>	Ivanna Laksmi Devi
<b>Position</b>	Division Head, <i>Risk Management</i> & GCG berdasarkan SK Direksi PGN No. 006400.K/KP.02.03/HCGS/2018 dated March 28 <sup>th</sup> , 2018
<b>Education</b>	Universitas Trisakti (S-1) Binus University (S-2)
<b>Career</b>	Division Head, <i>Risk Management</i> & GCG - PGN (2018 until now) Wakil Direktur Utama, PT Permata Graha Nusantara - PGN Grup (2018) Group Head, Gas Supply - PGN (2014-2018) Direktur Komersial, PT Gagas Energi Indonesia - PGN Grup (2012-2014)
<b>Professional Certification</b>	GRP (Certified <i>Risk</i> Professional) by LSP-PM CCGO (Certified Chief Governance Officer) by LSP-MKS

## MAJOR LEGAL CASES FACED BY PGN

Up until December 31<sup>st</sup>, 2019, 2 (two) lawsuits of material values against the Company were active. They were cases whose verdicts are yet to be pronounced and/or granted permanent legal force in the previous year. The cases are as follows:

### PT KALIMANTAN JAWA GAS (KJG) Force Majeure Declaration in Gas Distribution Contract in Kepodang Tambak Lorok by PCML

<b>Institution</b>	International Chamber of Commerce (ICC) Hong Kong
<b>The parties</b>	KG (as the Plaintiff) Petronas Carigali Muriah Limited (PCML) (as Defendant)
<b>Type of Case</b>	Civil
<b>Case value</b>	USD461,422,578,396
<b>Case Principal</b>	PCML's inability to fulfill gas volume commitments agreed upon in the Kalija I Gas Transportation Agreement (GTA) between KJG and PCML and PT PLN (Persero) to transport gas from the Kepodang Field to the PT PLN (Persero) Power Plant in Tambak Lorok, resulted in the emergence of ship-or-pay obligation for PCML. In accordance with GTA, since the beginning of 2017, KJG has undertaken deliberation with PCML and mediation involving BPH Migas, but PCML has not shown good faith. On May 11 <sup>st</sup> , 2018, KJG has submitted a letter to PCML regarding the notification of Settlement of Disputes through Arbitration. After it cannot be resolved by mutual consultation or mediation by BPH Migas, finally on August 29 <sup>th</sup> , 2018 KJG filed an arbitration claim to the ICC
<b>Case Settlement Status</b>	In 2019, KJG was preparing the statements of claims, to be delivered in February 2020
<b>Impact on Company</b>	Payment of ship-or-pay from PCML will affect the Company's consolidated revenue.

## BUT SAKA INDONESIA PANGKAH LIMITED (BUT SIPL) Income Tax base Corrections from the Participating interest transfer

<b>Institution</b>	Supreme Court of the Republic of Indonesia
<b>The parties</b>	Directorate General of Taxation (as Review Petitioner) BUT SIPL (as the Review Petitionee)
<b>Type of Case</b>	Taxation
<b>Case value</b>	USD127,720,376.46
<b>Case Principal</b>	The Directorate General of Taxation has set the Income Tax Base of the Participating interest (PI) indirect transfer upon the BUT SIPL share ownership transfer to SEI amounting to USD25,509,816.08 as well as the transfer of HOGHI's receivables to SEI amounting to USD537,333.33, making the total tax base value of USD562,843,149.41. Upon such decision, BUT SIPL appealed at the Tax Court. The tax court grants the entire appeal, so that the BUT SIPL's tax payable would be zero. However, DGT has submitted judicial review request to Supreme Court of the Supreme Court of Indonesia. The Supreme Court granted the judicial review application of the Directorate General of Taxation in its decision No. 4003/B/PK/PJK/2019, which stipulates: <ol style="list-style-type: none"> <li>1. Granting the judicial review request of the applicant</li> <li>2. Aborting the decision of Tax Court No. PUT-112654.35/2014/PP/M.IB dated November 28<sup>th</sup>, 2018</li> </ol>
<b>Case Settlement Status</b>	Upon such decision, BUT SIPL is reviewing legal efforts that may be feasible.
<b>Impact on Company</b>	The Supreme Court's the decision requiring payment of BUT SIPL, can be an impact on the Company's Consolidated Income.

## INFORMATION ON ADMINISTRATIVE SANCTIONS

In 2019, no administrative sanction was put by the Capital Market Authority or other authoritative agencies to PGN, members of Board of Commissioners and Board of Directors.

## COMPANY'S CODE OF ETHICS

The Code of Conduct is a form of the Company's commitment in carrying out and observing the Company's cultural values as behavior. The five principal values, named

ProCise, are Professionalism , Continuous Improvement , Integrity, Safety and Excellent Service. The Code of Conduct number P-004/0.20 has been reviewed and updated by the president director on October 29<sup>th</sup>, 2019.

The purpose of the Code of Conduct are as follows:

- To describe the values and ethical standards aligned with PGN vision and missions;
- To describe the ProCise culture and principles of Good Corporate Governance as the foundation of ethics to be followed by all Company levels in performing their tasks;
- To be a behavioral reference of the whole company in carrying out each duties and responsibilities of with Company's Stakeholder.

In the development of GCG, PGN has formulated various policies concerning the Company's ethics. PGN seeks to apply the best ethical standards in carrying out its business

activities in accordance with its vision, missions, and culture through the implementation of Business Ethics and Work Ethics. The Business Ethics and Work Ethics are guidelines of attitudes and behaviors that are required and applicable for all Company level. The Company is fully aware that a good relationship within the stakeholder and the shareholder value enhancement in the long term can only be achieved through business integrity in every corporate business activity as set forth in the Business Ethics and Work Ethics.

### FUNDAMENTALS OF CODE OF ETHICS

Business Ethics and Work Ethics are a set of norms, values and actions that are believed by the Company as an ideal standard of behavior for the Company. The ideal behavior must be developed based on the noble values that are believed by the Company to be the Company's work culture.

#### 1. Business Ethics

PGN develops business ethics guidelines that are the standards of conduct in business and serve as guidelines for Companies as an entity in connecting and interacting with its stakeholders. The application of business ethics is expected to help the Company to improve its performance while taking into account the interests of its stakeholders in an ethical and legal manner. The business ethics guidelines contain the standards of conduct that must be implemented when PGN have to deals with its stakeholders such as information disclosure, equal treatment and stakeholder rights, antitrust, human rights protection, measures against gratification, intellectual property protection, and others. Some Business Ethics that apply to every PGN employee are:

- a. The Ethics between the Company and its Employees  
PGN protects the interests of workers in accordance with applicable laws and regulations. PGN considers that workers are one of the most valuable assets in supporting the achievement of PGN's vision and missions. The ethical behaviors that are expected within workers include:
  - Providing equal opportunities in remunerations, promotions, and rewards to workers in accordance with performance, competence, and loyalty;
  - Protecting the right of workers to have an option to become members of the Trade Union; Creating a work environment that is safe, healthy, conducive, and free from all forms of pressure and intimidation;
  - Implementing the Collective Labor Agreement (CLA) in a consistent manner.
  
- b. Company's Ethics with customers  
The Company prioritizes excellent service, proactive attitude, and quick response in dealing with customers. Ethical behaviors expected in dealing with customers including:
  - Being polite and professional when engaging in customer relations (with excellent service);
  - Delivering complete and accurate product information, particularly related to product specifications, services, and safety;
  - Being proactive and responsive in understanding and meeting customer needs or expectations.

c. Company Ethics with Providers of Goods and Services

The Company undertakes the procurement of goods and services based on competitive, transparent, fair, reasonable, and accountable principles. Ethical behaviors expected in dealing with the suppliers of goods and services include:

- The determination of the provider of goods and services should be based on product quality, after-sales service, warranty, achievements, and track record with the greatest regard for the interests of the Company;
- Respecting rights and obligations in accordance with the commitment agreements and statutory provisions;
- Establishing open communication during the procurement process until the rights and obligations of the parties are fulfilled;
- Evaluating providers of goods and services and provide firm actions to providers of goods and services who behave unethically.

d. Ethics with Company's Creditors

The Company receives loan funds intended for business purposes and enhancement of the Company's added value. The ethical behaviors that are expected to be applied to its creditors include:

- The selection of creditors is based on the interests of the Company by the benefits, costs, and risks;
- Respect creditors' rights, including the right to obtain information on the use of funds in accordance with the commitment agreements and statutory provisions.

e. Ethics of the Company with the Government

Regarding the interaction with the central and regional governments, the Company maintains

harmonious, constructive, and mutually respectful relationship. The ethical behaviors expected in dealing with regulators include:

- Fostering good relations and communications with regulators to develop a healthy, competitive business climate that fosters the national economic competitiveness;
- Fulfilling all business requirements and licensing in a professional manner in accordance with the principle of compliance with prevailing laws.

f. Ethics of the Company with the Society

The Company implements social and community programs to empower local communities and improve the quality of life and creates synergy with Government programs. Expected ethical behaviors in dealing with the society include:

- Socializing and optimizing the distribution of the Company assistance programs to the public;
- Proving opportunities for people who want to know the Company's activities within certain limits and to promote local products in the Company's events;
- Not taking actions that lead to discrimination based on ethnic, religious, racial, and group differences.

g. Company's Ethics with Shareholders

PGN is committed to enhancing shareholder value in accordance with the provisions of the law. Ethical behaviors in dealing with shareholders include:

- Providing equal (fair) treatment to shareholders and investors in accordance with the amount and type of shares held in order to exercise their rights in accordance with the Company's articles of association and the prevailing laws and regulations;

- Providing information that has been declared to be open to shareholders in a complete, accurate, timely, and accessible manner according to the provisions of the law conducted through a one door policy;
- Every investor and shareholder must comply with the Company's Articles of Association and all decisions taken legally in the GMS.

#### h. Company Ethics with Suppliers of Natural Gas

PGN realizes that the gas transmission and distribution business is closely related to the availability of natural gas from suppliers. The Company has always made efforts to establish harmonious and mutually beneficial cooperation with natural gas suppliers. The ethical behaviors expected in dealing with gas suppliers include:

- The Company always makes efforts to cooperate in a harmonious and mutually beneficial relationship with gas suppliers.
- Prioritizing negotiations for deliberations to achieve consensus in resolving disputes with natural gas suppliers. The measures through the legal system are the last measures of dispute resolution.

## 2. Work Ethics

Based on the company's cultural values and the principles of good corporate governance, PGN has developed Work Ethics, which is a guide PGN's personnel to perform their duties and responsibilities. Some Work Ethics that apply to every PGN employee are:

#### a. Individual Commitment

Every PGN employee is obliged to provide the best ability to support the achievement of PGN's objectives. The commitment is realized through:

- Constantly improve one's competence according to the job requirement;
- Always wholeheartedly work and be responsible for the actions taken;

- Identify and develop opportunities for improvement in order to optimize work processes more effectively and efficiently;
- Starting initiatives to implement changes that have value-added;
- Giving priority to Company interests and avoid action that lead to conflict of interest;
- Adhering to policies, systems, procedures, and other prevailing provisions;
- Maintaining all Company resources in order to maintain continuity of Company's business, health and safety;
- Taking an active role and contribute to improvement of natural environment and social environment around operation areas;
- Providing the best service for internal and external customers;
- Identifying customer needs and maintain good relationships with customers;
- Working professionally and be aware of the costs for optimal performance;
- All officials in the Company who are active and will come into retirement must fill out and deliver the Wealth Report of State Employee (LHKPN) to the Corruption Eradication Commission (KPK).

#### b. Working Together amongst PGN Employees

- Being honest, polite and orderly towards PGN fellow employees, as well as to respect for any differences in gender, ethnicity, race, and groups;
- Mutual support among workers and among work units to improve Company performance;
- Communicate any new ideas and mutual transfer of knowledge and ability.

#### c. Compliance with Laws and Regulations PGN employees are required to adhere to and implement the rules, legislations, and Company's internal regulations.

Compliance with laws and regulations is realized through:

- Comply with standards, norms, laws and regulations that are applicable and relevant to Company activities;
- Respect and obey the laws and regulations related to human rights;
- Comply with regulations, systems and procedures applicable in the Company.

#### d. Conflicts of interest

PGN shall avoid all situations that may lead to conflict of interest between personal interests and interests of the Company. The behaviors to avoid conflicts of interest are:

- Not having shares/ownership in any companies of partners or competitors to the Company, in the amount that can influence one's decision-making, including his/her spouse and children;
- Not having any businesses directly related to Company's activities, including his/her spouse and children;
- Not to give or receive loan of goods/services from suppliers and customers;
- Not to misuse or abuse his/her authority, facilities, and Company's means for personal gain or any other parties.

#### e. Reception of Gifts

PGN employees do not receive any gift/souvenir/gratification in any form relating to his/her position and employment, except:

- Receiving a banquet;
- Receiving promotional items that include his/her logo/name

#### f. Gift-Giving

PGN Employees can give gifts/souvenirs and entertainment to other parties on the condition that:

- It supports the interests of the Company;
- It is not intended to bribe;
- It is included in the Company budget.

#### g. PGN Asset Protection

PGN employees are responsible to manage the Company's assets in accordance with the Company's objectives. This is realized through:

- Being responsible for maintaining and securing the Company's assets from loss, damage;
- Making savings/efficiency in the utilization of the Company's assets;
- Being responsible for the management of the Company's assets and avoid its use beyond the interests of the Company.

#### h. Data Recording and Reporting

PGN personnel are required to manage data, reports, and information as good as possible as a very important input in the decision-making process. This is realized through:

- Preparing reports based on sources of information are trustworthy and accountable;
- Presenting the report in a timely, accurate, and communicative manner;
- Not hiding data and reports that should have been delivered.

#### i. Corporate Data and Information Confidentiality

PGN personnel utilize the Company's data and information to increase the added value of the Company in the decision-making by:

- Using adequate data security systems;
- Avoiding dissemination of data and information to others who are not of any interest either during or after work hours;

- Submitting all data related to the Company at the time of dismissal;
- Maintain information confidentiality about consumers.

j. Occupational Safety and Health and Environmental Management

The Occupational Safety and Health and Environmental Management (HSSE) are part of the Precise culture. The behaviors of Nonemployee's related to the implementation of HSSE are, including:

- A mandatory to understand the situation and conditions of security, safety, and health of the working environment and to comply with the regulations on occupational health and safety and environmental management;
- Responding to incidents and emergencies caused by security, accident, pollution, natural, and other disasters;
- Participating in creating safe and healthy workplace.

k. Political Activity

The Company gives every employee the opportunity to channel his or her political aspirations, but if workers decide to participate in practical politics then they must comply with the applicable regulations. Ethical behaviors associated with political activity include:

- Not becoming an official in a political party and not using Company facilities for the interests of political parties;
- Not giving any kind of contribution to political parties outside the provisions of applicable laws and regulations.

l. Integrity of Financial Statement

The Company uses accurate data and information of which sources are valid and trusted to prepare the financial statements, as well as applying valid and appropriate method. The Financial Statements present fairly balance sheet, income statement, and statement of cash flows.

In order to make possible the integrity of financial statements—how far the presented report conveys valid and reliable information that is—the Company uses valid data and information as well as appropriate method to ensure that the true nature of the Company's performance is represented without concealment. The Integrity of Financial Statements has to be protected by measures as follows:

- Complying with Indonesia's applicable accounting standards, International Financial Reporting Standards (PSAK).
- Presenting appropriate financial statements that are in compliance with the PSAK and carry out the following:
  - (1) Select and enforce policy based on the PSAK;
  - (2) Present information, including accounting policy, relevantly, responsibly, comparably, and comprehensibly;
  - (3) Make available additional disclosures should the compliance in the PSAK does not suffice users of the financial statements;
- Containing valid and reliable information.
- Passing through audit process which applies approved rules, that is, the Public Accountant Professional Standards (SPAP) (for annual financial statements).

- Useful financial statements must be relevant with, and accurately represent, the presented information. The value of the financial statements can be revamped if the information is comparable, verified, on schedule, and understandable. Here are rationales:

- (1) Relevance. Relevant financial statements may prompt differences in users as regards decision making.
- (2) Precise Representation. Financial statements represent economic phenomena using words and numbers. The statements can be useful, in addition to representing relevant phenomena, if the represented phenomena can be carefully illustrated. Rigid representation is considered perfect if the financial statements in question are complete, neutral, and free of errors.
- (3) Comparability. The information contained in the financial statements as regards the Company will be useful for the users should the principle of comparability apply. The principle can be used to measure similar information about other entities as well as information about the ditto entity in other periods and days.
- (4) Verifiability. This principle helps assure users that the information contained accurately represents economic phenomena as it should. Verifiability means that users of the financial statements who hold different knowledge may reach a consensus—although not always compromising—that certain description is matter-of-fact representation.

(5) Duly timing. It refers to a situation where information for decision makers is available at the right time in that it affects how they make decision.

(6) Understandability. Clear and concise classification, distinction, and presentation of information so that it is understandable.

#### m. Insider Information

People in PGN have to keep secret of any information in the company especially the nonpublic. Every person in PGN who has access to classified information is prohibited from either making use or circulating the information unless for the interest of the company. Any information withheld by the company must be considered confidential.

Nonpublic information is deemed Insider Information. If it is misused, especially concerning with securities trading, it can be exploited as insider trading, which is banned in the presence of regulation.

#### n. Social Media Usage

People in PGN may share information, expertise, and insights with the general public in social media platforms. PGN respects the rights of the PGN people in expressing views and opinions publicly, including through social media, while keeping compliance with the regulations and norms.

Ethical standards of social media usage may be outlined as follows:

- PGN individuals may express their views through verbal statements, written forms, or other modes freely and responsibly while complying with the regulations and norms;
- PGN individuals are restricted from making statements in social media platforms on behalf of the Company unless those given authority and duty by the Company to do so;
- PGN individuals do not express opinions and views that may affect the Company negatively;
- Respect the good reputation of the Company, management, workers, media, customers, business partners, the government, and other stakeholders related to the Company's business;
- Refrain from writing, publishing, and uploading contents containing pornographic materials, ethnic and religious sentiments, hate-speech, and other issues specified in the regulations and norms;
- Refrain from writing, publishing, and uploading contents protected by copyrights or intellectual property rights unless having been in compliance with the regulations;
- PGN cannot be held accountable over personal view and statements made by PGN individuals posted on their social media accounts.

Attention:

- Social media usage that may cause damage to the reputation of the Company;
- Impact of social media usage to the image and reputation of the Company;
- Potential leakage of the company's data and information;
- The Internet is publicly accessible. Everyone has the opportunity to access it anywhere, at any time;

### **CODE OF ETHICS APPLICATION TO ENTIRE ORGANIZATION LEVEL**

During 2019, PGN's commitment to implement GCG continued to improve, including through the implementation of GCG training, GCG socialization, and periodic Business Ethics and Work Ethics Guidelines.

The Code of Business Ethics and Work Ethics is the foundation by which to conduct the Company's activities. Therefore, in practice, PGN employees are carrying out their duties and responsibilities. Every unit manager/work unit must ensure that the Business Ethics and Work Ethics Guidelines have been well-implemented in the units in which they manage. Therefore, the managers/work units must conduct monitoring on the implementation.

### **DEPLOYMENT OF THE CODE OF ETHICS**

The Good Corporate Governance Guidelines and the Code of Business Ethics and Work Ethics have also been published through the Company's website <http://pgn.co.id> website and the Company's portal <http://portal.pgn.co.id> and can be easily accessed by all PGN Employees.

Work ethics and business ethics shall be carried out consistently by the Board of Commissioners, the Board of Directors, and employees as a work culture in daily operational activities. To support the application of business ethics and work ethics, PGN develops procedures for disseminating and publishing such ethics and procedures for its implementation, reporting, monitoring, and evaluation. In 2019 the Company built the GCG Online System (GOLS) Application, which is a digital information system and functions as the Company's means to raise awareness of GCG and one of PGN People's means to demonstrate their commitment to implementing the principles of GCG and the ProCISE values.

The Company, since the application of GOLS in 2019, conducted internationalization of the Code of Business Ethics and Ethics online to improve the understanding of PGN's employees regarding ethics in accordance with the ProCISE culture and GCG principles. The process of communication and internalization as well as digital assessment regarding Good Corporate Governance Guidelines also the Code of Business Ethics and Ethics are aimed to further improve understanding of PGN workers. To advance the capability of GOLS Application, the management of conflicts of interest will be improved.

### **SANCTION ON CODE OF ETHICS BREACH**

The sanctions imposed for every business ethics violation are adjusted to the prevailing regulations, relevant commitment documents and Collective Work Agreement (PKB) between the Company and its employees. The sanctions for violations of work ethics are governed in the Collective Work Agreement between the Company and its employees.

### **CODE OF ETHICS VIOLATION AND SANCTION IMPOSED IN 2019**

Up to December 31<sup>st</sup>, 2019, there is no breach of Code of Business Ethics committed by the Company. Whereas for violations of work ethics, sanctions have been imposed in line with the Collective Work Agreement between the Company and its employees.

### **GOOD CORPORATE GOVERNANCE GUIDELINES**

The good Corporate Governance Guidelines have been updated and established by the President Director of October 29<sup>th</sup>, 2019. This guide is a basic guide for PGN to run the business. The guidelines also provide guidance for PGN Employees to apply the principles of good corporate governance within business activities.

### **BOARD MANUAL**

The Board Manual has been updated and established by the Board of Commissioners and Board of Directors in March 2019. The Board Manual is a guide for the Board of Directors and Board of Commissioners in performing their duties. In broad strokes, Board Manual contains work relationship guidelines between Board of Directors and Board of Commissioners, including the duties, responsibilities, ethics, authority and rights. The Board Manual is based on the principles of Indonesian corporate law that adopt a two-tiered system and is based on laws and regulations, PGN articles of association, GMS decisions, and best practices in the implementation of Good Corporate Governance.

## WHISTLEBLOWING SYSTEM

### FILING SUSPECTED VIOLATIONS

Nowadays, the Company has a Whistleblowing System Guideline established based on the Decree of the PGN Board of Directors Number 024700.K/OT.04/PDO/2019 dated June 25<sup>th</sup>, 2019 concerning the Whistleblowing System Guidelines, which is an amendment of the Decree of the PGN Board of Directors Number 066303.K/PW.01/UT/2013 dated December 24<sup>th</sup>, 2013. In line with the Company's commitment to GCG implementation, PGN always pays attention to the interests of each stakeholder based on the principle of fairness and equality in accordance with GCG principles. Whistleblowing System Guideline (Violation Reporting Management Policy) that is legalized through Decree of the Board of Directors Number: 024700.K/OT.04/PDO/2019 dated June 25<sup>th</sup>, 2019, is a system that can be used as a medium for whistleblower witnesses to convey information about indicated violations occurring within a company that cannot be resolved through the company's normal procedures.

Reporting obtained from the whistleblowing mechanism needs attention and follow-up, including the imposition of appropriate penalties in order to provide a deterrent effect for the offender and also for those who intend to do so.

The WBS guidelines is a system that can be used as a medium for whistleblower witnesses to convey information about indicated violations occurring within a company that cannot be resolved through the company's normal procedures. These are also aimed to avoid

continued disagreements between the stakeholders and the Company which may impact the Company's reputation and trust of the public trust in the Company.

The purpose of implementing the Company Whistleblowing System is as follows:

- a. As an implementation basis or guideline in handling violations report from stakeholders;
- b. As a reporting channel on things that cannot be resolved through normal organizational procedures;
- c. Ensuring the implementation of a mechanism for the settlement of violations report that is effective in a sufficient period of time by stakeholders;
- d. Avoiding negative publications against the Company;
- e. Supporting the principle of equality (fairness) in the relationship between the Company and stakeholders as business player and partner of the Company;
- f. An effort to disclose various problems that are not in accordance with the applicable ethical standards of the Company.

### PROCESS OF WHISTLEBLOWING SYSTEM

Provisions of Company Violation Report Management consist of:

- a. The obligation of the Company to accept and complete the violation report. In this case the Company:
  - 1) Must accept violation reports from internal and external parties;
  - 2) Must accept and complete the violation report either from whistleblower who lists his identity or not (anonymously);
  - 3) Provide a channel for managing violation report, namely through the Ethics Committee;
  - 4) The Ethics Committee will continue the violation report in accordance with the parties reported.

#### b. The Admission of Violation Report

The admission of Violation Report The Company has set the mechanism in receiving violation report, including:

- 1) Violations report is submitted to the Ethics Committee either concerning to the Board of Commissioners, Directors or Employees;
- 2) Violation report can be done during/outside working hours;
- 3) Violation report is submitted through the Company's official channel;
- 4) The Company accepts every violation report submitted by stakeholders and/or stakeholder representatives both verbal and written report;
- 5) The Company provides an explanation of violation report policies and procedures when stakeholders and/or stakeholder representatives submit violation reports;
- 6) Report of indicated violation is done in the form of written or verbal report with the following mechanism:
  - Through the company's website [www.pgn.co.id](http://www.pgn.co.id), the sub-menu "Violation Reporting";
  - Through an email at [etik@pgn.co.id](mailto:etik@pgn.co.id);
  - Submitting an official letter addressed to the Company c.q PGN's Ethics Committee, by sending directly or by post to the Company with the address: Ethics Committee of PT PGN Tbk, The Manhattan Square Mid Tower, 26<sup>th</sup> Floor Internal Audit Division.
- 7) Written violation report is suggested to be attached with supporting evidence such as: documents relating to evidence of early indications of violations;
- 8) If the written violation report is submitted with the identity of the whistleblower then the Company provides a receipt, and if violation report is not equipped with whistleblower's identity, it will be recorded in the list of violation reporting;

9) If violation report is submitted by a stakeholder's representative, above are documents that has tube submitted:

- Photocopy of stakeholder and representatives of stakeholder's identity;
- Power of Attorney from stakeholders to representatives stating that stakeholder gives authority to act for and on behalf of stakeholders;
- if the stakeholder representatives an institution or legal entity, it must be accompanied by document states that the party submitting the violation report is authorized to represent the institution or legal entity.

10) The Company must provide receipt of violation report to stakeholders and/or representatives who submit the reports.

### PROTECTION FOR WHISTLEBLOWER

Protection for whistleblowers is also a matter of concerning the Company Whistleblowing System Guidelines. Somethings that are regulated as a form of protection for whistleblowers are as follow:

1. The company must give protection to whistleblower
2. Protection of whistleblower aims to encourage bravery in reporting violation.
3. Whistleblower protection consists of:
  - a. Aguaranteeofconfidentialityofwhistleblower'sidentity and the report content;
  - b. A guarantee of whistleblower and their family'safety.
4. A whistleblower will get protection from the company against adverse treatment, such as:
  - a. Unfair dismissal
  - b. Demotion
  - c. Harassment or discrimination in all its forms, and;
  - d. Harm record in personal data files (personal record file)

## VIOLATION REPORT HANDLING

The Company has regulated in Chapter III of Whistleblowing System Guidelines regarding the steps in Handling Violation Report including:

1. Recommendations for whether or not an investigation should be conducted based on the verification of the incoming report by the Ethics Committee which is given within a period of 10 (ten) working days;
2. The recommendations of the Ethics Committee are then submitted to the Ethics Board, then later it is decided whether or not an investigation should be conducted on the violations report within a period of 10 (ten) working days;
3. If the results of the verification show that violation report is incorrect and there is no evidence, further processing will not be carried out. In this case, official report is prepared and signed by the Ethics Board;
4. If the verification shows an indication of violation accompanied by sufficient evidence, the Ethics Board decides that the violation report can be processed to the investigation stage;
5. Related to violation report which involving individuals from PGN who need an investigation, must be followed up by conducting an investigation conducted by the Ethics Committee and if needed, it can use the help of other related functions and external parties;
6. The Ethics Committee reports the results of investigations conducted to the Ethics Board;
7. The Ethics Board will decide a follow-up of investigation and determine the status of violation report whether it is closed if not proven or given sanctions, and report to the President Director or the Board of Directors;
8. In the case that the investigations proved are related to PGN personnel, and then the follow-up will be resolved by the Ethics Board without involving the parties concerned;
9. In the case that the investigation proved is related to members of the Board of Directors, members of the Board of Commissioners, Supporting Organs of the Board of Commissioners, and members of the Ethics Board, follow-up is completed by the Board of Directors without involving the parties involved;
10. Perpetrators who are proved in doing violations based on the results of the investigation will be processed in accordance with applicable regulations.

## PARTIES MANAGING VIOLATION REPORT

The Whistleblowing System Organ which is in charge of managing the Whistleblowing System is an Ethics Committee that is responsible to the Ethics Board.

The Ethics Committee is a function or unit that is independent of the Company's daily operations and has access to the highest leadership in the Company. These independent functions or units include the Internal Audit Division, assisted by the functions of Legal, GCG and Human Resources if needed.

The division of duties in the Ethics Committee covers 2(two) divisions:

1. Report Receipt Division That is a division in charge of receiving violation report, selecting violation reports for further processing by the investigation division without disclosing the identity of the whistleblower. The Report Receipt Division is also responsible for the implementation of the whistleblower protection program, especially aspects of confidentiality and guarantees the whistleblower's safety. For this purpose, officers in this section have access to legal, financial and operational assistance if needed.

2. Investigation Division That is a division in charge of carrying out further investigations into the substance being reported. This aims to find and gather the evidence needed to ensure that there has been a violation. In the event that there is sufficient evidence, the recommendations for sanctions for violations committed are given to the Ethics Board to decide. However, if insufficient evidence is found, the investigation process is stopped and the violation report is not continued. For the purposes of their duties, officers in this section receive assistance and operational access as well as information on all units investigated.

The Ethics Committee is responsible to the Ethics Board. The Ethics Board is an organ that is directly responsible to the President Director and has the task of deciding the termination of an investigation or ordering an investigation, recommending the status of violation report, giving sanctions and monitoring the follow-up of violation report.

The Chairperson and members of the Ethics Board consist of the Board of Directors appointed by the President Director and responsible to the President Director. In the event that the results of a proven investigation concerning a member of the Ethics Board, the reported party can be replaced with one of the members of the Board of Directors through the appointment of the President Director.

### RESULT OF REPORT HANDLING

Every result of investigation conducted by the Ethics Committee will be reported to the Ethics Board. The Ethics Board will decide on the follow-up of investigation and determine the status of the violation report whether to be closed if not proven or given sanctions, and report to the President Director or the Board of Directors. In the case that the results of investigations that can be proven are related to PGN personnel, then the follow-up will be

resolved by the Ethics Board without involving the parties involved. In the case that the results of investigations that can be proven are related to members of the Board of Directors, members of the Board of Commissioners, Supporting Organs of the Board of Commissioners, and members of the Ethics Board, the follow-up is resolved by the Board of Directors or Board of Commissioners without involving the concerned parties. Perpetrators who are proved in doing violations based on the results of the investigation will be processed in accordance with applicable regulations.

### PREPARATION OF FINANCIAL STATEMENTS

Throughout the year 2019 no such complaint has been directly addressed through the Whistleblowing System channel.

## PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements are prepared based on the Indonesian Financial Accounting Standards which includes the Statement and Interpretation issued by the Financial Accounting Standards Board of the Indonesian Accountants Association and the Financial Services Authority Regulation Number 29/POJK.04/2016 concerning Issuers or Public Companies Annual Reports. Preparation of financial statements is carried out by Accounting Group. In carrying out the preparation of financial statements, Accounting Group is supported by professional accountants who are equipped with professional certificates in accounting, both from international institutions and national institutions as follows:

- 13 (thirteen) Accountants have a CA (Chartered Accountant) certificate issued by The Indonesian Institute of Accountants;

- 17 (seventeen) accountants are CPMA (Certified Professional Management) Certified Accountants issued by the Indonesian Institute of Management Accountants;
- 4 (four) Accountants are certified by CPSAK (Certified Statement of Financial Accounting Standards) issued by the Indonesian Institute of Accountants;
- 5 (five) certified CMA (Certified Management Accountant) Accountants issued by The Institute of Management Accountants;
- 1 (one) CPA Certified Accountant issued by the Australia;
- 1 (one) PPJK certified Accountant (Customs Expert Certificate) issued by the BPPK (Badan Pendidikan dan Pelatihan Keuangan/Financial Education and Training Agency);
- 2 (two) BKP-A certified (Tax Consultant Certification) issued by the Tax Consultant Certification Committee.
- 7 (seven) Asean Chartered Professional Accountants.

In addition to professional certification, to improve competency and professionalism, Accounting Group personnel also actively participate in seminars, congresses, conferences, symposium and national and international training, such as the International Financial Reporting Standards Seminar held by the Indonesian Institute of Accountants, the Indonesian Management Accountants Association and The Ministry of Finance of the Republic of Indonesia, and the Accounting Congress organized by the Indonesian Institute of Accountants.

## EXTERNAL AUDITOR

### PROCESS OF THE APPOINTMENT OF EXTERNAL AUDITOR

Based on the Annual General Meeting of Shareholders on April 26<sup>th</sup>, 2018, the Company appointed Tanudireja, Wibisana, Rintis and Partners (member firm of PricewaterhouseCoopers global network in Indonesia) to conduct Financial Audit for fiscal year 2019. Based on the Company's Manual Board, the Board of Commissioners is responsible for proposing to the GMS the Public Accountant Firm that will be assigned to audit the Company's financial statements for the current year and report it to the next GMS. The Board of Directors assists the Board of Commissioners in carrying out the procurement of services for the Public Accountant Firm until the audit process is completed in accordance with the regulations.

1. The Board of Commissioners is assisted by the Audit Committee to conduct a review of the Public Accounting Firm that will be proposed at the GMS;
2. The Audit Committee proposes candidates for the Public Accountant Firm to the Board of Commissioners;
3. The Board of Commissioners conveys the Determination of the Public Accounting Firms to be proposed in GMS.
4. The Board of Commissioners proposes to the GMS to approve the appointment of the Public Accounting Firm that will audit annual financial statements and request delegation of authority and power from the GMS in determining the amount of honorarium for the Public Accountant Firm;

5. If the GMS accepts the proposal of the Board of Commissioners, the GMS determines the Public Accounting Firm proposed by the Board of Commissioners. If the GMS rejects, the GMS will determine the Public Accountant Firm;
6. The Directors carry out the determination of the GMS. Copy contract between the Board of Directors and the Public Accounting Firm submitted to the Audit Board of The Republic of Indonesia no later than 7 (seven) days after the contract signed.

Based on this appointment, the scope of audit services performed by PWC is:

- General Audit of the Company Consolidated Financial Statements for fiscal year 2018.
- General Audit of the Company Financial Statements of Partnership and Community Development Program for fiscal year 2019.
- Compliance Audit of Legislation and Internal Control for fiscal year 2019.
- The application of the agreed Key Performance Indicator based on the Excellent Performance Review Criteria in fiscal year 2019

Based on the results of the GMS on May 19, 2019, the Board of Commissioners has the authority to be able to determine the amount of audit service fees, add the scope of work required and other requirements, including establishing a replacement of Public Accountant Firm if the appointed Public Accountant Firm cannot complete its work. The total costs for the Audit of the Consolidated Financial Statements for 2019 are Rp2,710,294,489, - (including OPE and VAT).

The Tanudireja Public Accountant Office, Wibisana, Rintis dan Rekan (a member firm of the PricewaterhouseCoopers global network in Indonesia) was also appointed to carry out audit services, as follows:

1. General Audit of PT Saka Energi Indonesia's Financial Statements for the 2019 Financial Year at a cost of Rp1,720,130,964 (including OPE and VAT);
2. General Audit of PT PGAS Solution Financial Statements for Fiscal Year 2019 at a cost of Rp253,348,480 (including OPE and VAT);
3. General Audit of PT Gagah Energi Indonesia's Financial Statements for Fiscal Year 2019 at a cost of Rp229,911,880 (including OPE and VAT);
4. General Audit of PT PGN LNG Indonesia's Financial Statements for Fiscal Year 2019 at a cost of Rp229,911,880 (including OPE and VAT);
5. General Audit of PT Permata Graha Nusantara Financial Statements for Fiscal Year 2019 at a cost of Rp229,911,880 (including OPE and VAT);
6. General Audit of PT Kalimantan Jawa Gas Financial Statements for Fiscal Year 2019 at a cost of Rp229,911,880 (including OPE and VAT);
7. General Audit of PT PGAS Telekomunikasi Nusantara Financial Statements for the 2019 Financial Year at a cost of Rp229,911,880 (including OPE and VAT);
8. General Audit of PT Pertamina Gas Financial Statements for Fiscal Year 2019 at a cost of Rp1,500,000,000 (including OPE and VAT);

The total costs incurred for conducting audit services to PGN with the scope as mentioned above and general audit of the financial statements of the said Subsidiary is Rp7,333,333,333, (including OPE and VAT).

### The Last Eight Years PGN Accountants and Public Accountant Firms

Fiscal Year	Public Accountant Firm	Accountant
2012	Purwantono, Suherman, Surja member firm Ernst & Young Global Limited	Indrajuwana Komala Widjaja
2013	Purwantono, Suherman, Surja member firm Ernst & Young Global Limited	Indrajuwana Komala Widjaja
2014	Purwantono, Suherman, Surja member firm Ernst & Young Global Limited	Agung Purwanto
2015	Purwantono, Sungkoro, Surja member firm Ernst & Young Global Limited	Indrajuwana Komala Widjaja
2016	Tanudireja, Wibisana, Rintis dan Rekan (member firm of PricewaterhouseCoopers global network in Indonesia)	Yusron Fauzan
2017	Tanudireja, Wibisana, Rintis dan Rekan (member firm of PricewaterhouseCoopers global network in Indonesia)	Yusron Fauzan
2018	Tanudireja, Wibisana Rintis dan Rekan (member firm of PricewaterhouseCoopers global network in Indonesia)	Daniel Kohar
2019	Tanudireja, Wibisana Rintis dan Rekan (member firm of PricewaterhouseCoopers global network in Indonesia)	Yusron Fauzan

#### OTHER SERVICES

The party appointed by the Company as PGN's External Auditor for fiscal year 2019 has completed its duties independently according to the professional standards of public accountants, work agreements and the stipulated audit scope. The Accounting Office of Tanudireja, Wibisana, Rintis and Partners did not provide other consulting services to PGN.

## ACCESS TO COMPANY INFORMATION AND DATA

In order to provide convenience to stakeholders and fulfill the provisions of Act Number 14 of 2008 concerning Public Information Openness, and Financial Services Regulation Number 31/POJK.04/2015 on Openness to Information

or Material Facts by Issuers and Public Companies, PGN always updates information submitted to the Public.

The information conveyed to the public or stakeholders is accessible in the following media:

1. PGN always reports material information and facts to capital market authorities either through letters or electronic reporting to the Financial Services Authority and also to the Indonesia Stock Exchange.
2. PGN also actively publishes every corporate action carried out through a press release in two languages, namely Indonesian and English and the publication can be downloaded through the PGN website.
3. In addition, to provide sufficient information to investors and potential investors, PGN uses various means of communication such as telephone, conference calls, e-mail, and the Company's website.

4. PGN also interacts in the form of direct face-to-face meetings such as one-on-one/group meetings, fieldtrips, non-deal roadshow and conference. Proactively, the company participates in public meeting activities held by government institutions as well as foreign or local securities through conferences, public exposures, and investor summit. In 2019, PGN through the Investor Relations Division held 118 meetings/conferences/video calls, Non-Deal Roadshows, and participated in various investor conferences and summits, such as:
- Mandiri Investment Forum – Jakarta, February 1<sup>st</sup>, 2019;
  - UBS Indonesia Conference - Jakarta, March 5<sup>th</sup>, 2019;
  - CGS CIMB 13<sup>rd</sup> Annual Indonesia Conference – Bali, June 28<sup>th</sup>, 2019;
  - Citi Indonesia Investor Conference - Jakarta, August 6<sup>th</sup>-7<sup>th</sup>, 2019;
  - Credit Suisse Indonesia Conference - Singapore, August 15<sup>th</sup>, 2019;
  - IDX Public Expose- Jakarta August 26<sup>th</sup>, 2019;
  - Citi Global emerging Market Conference - New York, September 4<sup>th</sup>-5<sup>th</sup>, 2019;
  - JP Morgan Emerging Market Credit Conference – London, September 26<sup>th</sup>, 2019;
  - Mandiri Sekuritas Equity NDR PGN – United States, October 28<sup>th</sup> – November 1<sup>st</sup>, 2019; and
  - Morgan Stanley Asia Pacific Summit – Singapore, November 22<sup>nd</sup>, 2019.

In addition, PGN has also carried out 2 (two) site visits in 2019 to the Panaran Offtaker Station facility, Batam and Batam Sales area on August 7-9, 2019. Site visits are needed to introduce and explain operational activities directly and PGN's business development to investors/analysts.

- PGN also strives to strengthen the information technology platform to maintain and improve reliability in providing information in an integrated, timely and targeted manner through PGN website ([www.pgn.co.id](http://www.pgn.co.id)), social media Instagram ([gas\\_negara](https://www.instagram.com/gas_negara)), twitter ([@Gas\\_Negara](https://twitter.com/Gas_Negara)), facebook (PGN Energi Baik), youtube (Perusahaan Gas Negara) and the Ministry of SOE portal.
- For customers and prospective customers, please send email to [contact.center@pgn.co.id](mailto:contact.center@pgn.co.id) or call contact center at 1500 645 for further information about the company.
- For investors, analysts and shareholders please contact the Investor relation Division by sending an email to [investor.relations@pgn.co.id](mailto:investor.relations@pgn.co.id) or calling (6221) 8064 1111 for further information regarding the Company.

A smiling man wearing a white hard hat with the PGN logo and an orange safety jacket is kneeling in a field of young trees. The background is a clear blue sky with green foliage. The overall scene conveys a sense of environmental care and community development.

# 06

## CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

### Creation of Love

Implementing empathy in every company breath, PGN has become one of the oil and gas companies in Indonesia that has consistently developed the best work for community development.



## CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY



- **PGN is committed to take part in improving welfare and sustainable economic growth through energy independence and environmental conservation efforts.**

# CONTRIBUTION TO THE SOCIETY

## GOVERNING SOCIAL RESPONSIBILITY

PGN continues our commitment to improve communities' welfare in order to drive progress and build a better Indonesia by providing eco-friendly energy, as well as through our Partnership and Environmental Stewardship (Program Kemitraan dan Bina Lingkungan - PKBL) programs. This commitment is an embodiment of constitutional and regulation mandates as stipulated in Article 2 Clause (1) point e of the Law Number 19 Year 2003 Regarding State-Owned Enterprises that encourage active contribution in improving communities welfare and livelihood.

For PGN, the implementation of the PKBL program demonstrates the Company's determination to support the Government's efforts to meet commitments to achieve a set of global sustainable goals and sustainable development initiatives. As we know, the global community through the United Nations since 2016 has agreed to carry out a global initiative which later came to be called Sustainable Development Goals (SDGs) consisting of 17 Goals. Indonesia has become one of the countries that have ratified the SDGs initiative and formulated and realized various national-level strategic plans to realize the initiative.

As an agent of progress, PGN has a significant role to participate in supporting the achievement of goals set in the SDGs. Various strategic steps have been compiled and implemented by PGN to contribute to supporting the achievement of various goals in the SDGs, including through the implementation of the PKBL. One of PGN's roles in supporting sustainable development in Indonesia is to contribute directly to developing villages in the vicinity of PGN's operations to make these villages excel in progress and are able to sustain independently.

The Village Partnership Program is carried out in several phases, which are:

- Social and Stakeholder Mapping
- Survey of PGN stakeholders around the site
- Program Planning
- Program Implementation
- Program Monitoring & Evaluation
- Exit Strategy (program handover to community groups)

The entire phase shall involve the community and local government officials, so the final programs were a result of mutual agreement between PGN and the community. In carrying out its business activities, PGN's stakeholders are not only limited to the central government, gas suppliers and consumers. There are other stakeholders that are also equally important and are affected by the company's business activities, namely the community, especially in the vicinity of PGN operations areas, community leaders, local government elements, academics, as well as non-government organizations.

To obtain information about the condition of the community around PGN's operational areas as our basis for determining the social responsibility programs that will be carried out, it is necessary to get important information about the socioeconomic and environment which was gathered from social mapping studies conducted by institutions with whom we collaborated.

One example of PGN's active contribution related to the efforts to achieve SDGs is the Company's policies and programs of Social and Environmental Responsibility or also known as Corporate Social Responsibility (CSR) in developing and fostering villages around our operational areas to progress and be independent villages so they will be able to support sustainable development in Indonesia.

Implementation of the Villages Partnership Program is carried out in villages in the surrounding areas of 4 (four) PGN gas offtake stations, which are national vital objects, namely Bojonegara Offtake Station in Serang Regency, Banten Province; Pagardewa Offtake Station in Muara Enim Regency, South Sumatra Province; Maringgai Labuhan Offtake Station in East Lampung Regency, Lampung Province; and Panaran Offtake Station in Batam City, Riau Islands Province. These gas stations (offtake stations) has a strategic role in maintaining the stability of Indonesia's energy supply, hence PGN is required to maintain harmony with the local community. The active participation of PGN is expected to be able to achieve and maintain operational reliability of the company and at the same time to develop and nurture the local communities in the surrounding areas of our offtake stations to be independent and competitive.

In addition, PGN's CSR also participates in channelling the Company's spirit of good energy to various aid sectors which is categorized into seven pillars of PGN's CSR. These Seven Pillars include:

1. Aid for victims of natural disasters
2. Aid for education and/or training
3. Aid for health improvements
4. Aid for the development of public infrastructure and / or facilities
5. Aid for religious infrastructure
6. Aid for environment preservations
7. Social aid for poverty alleviation and community economic empowerment

In its implementation, PGN seeks to provide positive impacts on the communities around PGN's operational areas. PGN's programs not only provide donations, but also encompasses of a CSR Roadmap that guides us in implementing CSR programs that are effective, efficient,

and beneficial to the community. The implementation of PGN's CSR covers the following considerations:

1. support the Company's existing business interest,
2. support the Company's business development,
3. Protect the security of the Company's assets
4. Provide benefits and value for stakeholders
5. Support Government programs and agendas

PGN continues to support and contribute to developing renewable energy. This commitment is the active role of PGN in advancing renewable energy in Indonesia. Renewable energy that is currently still in the development process is cow dung biomass in Cibogo Village. Cow dung biomass is an energy containing methane gas that can be used as fuel.

Cibogo Village is the center of milk production of dairy cows that have total dairy cattle of 1,800 tails. While the amount of cow waste reaches 8 kg/tail/day, with total cow waste as much as 14 tons/day. The waste of cow's cattle is then thrown into the Citarum river, causing environmental pollution. To manage the cow dung, PGN provide assistance to the Community Cibogo Village namely by building the facility of cow dung palletization plant with a capacity of 400 kg/hour. This program is also a working program to meet the Societal Needs Orientation (SNO) in Lembang district. If this plant has proven its agility and its benefits are evenly sustainable to the Cibogo community, it can be developed for areas outside Cibogo.

The village itself makes the dam to withstand the previously discarded cow dung and will be connected by pipes to divert slurry (a mixture of cow dung diluted with water) into the dirt container in the factory to processed into bio pellet. This plant development program is implemented in accordance with one of CSR policy

(CID) is "Supporting Government Program", in which case supports one of the government programs namely "Clean Citarum" through the Countermeasures Pollution and Destruction of River Basin (DAS) Citarum.

PGN CSR Division is responsible for managing the PKBL in accordance with the Ministerial regulation of State-owned Enterprises Number PER-02/MBU/7/2017 concerning PKBL BUMN with the understanding that this CSR division is also responsible for implementing the social and Environmental Responsibility Program (TJSL) as mentioned in article 74 Act No. 40 year 2007 on limited liability company (Ltd.)

CSR's funds come from 2 (two) sources, which is:

1. Profit Allocation balance for PKBL
2. Company fee for BL & TJSL

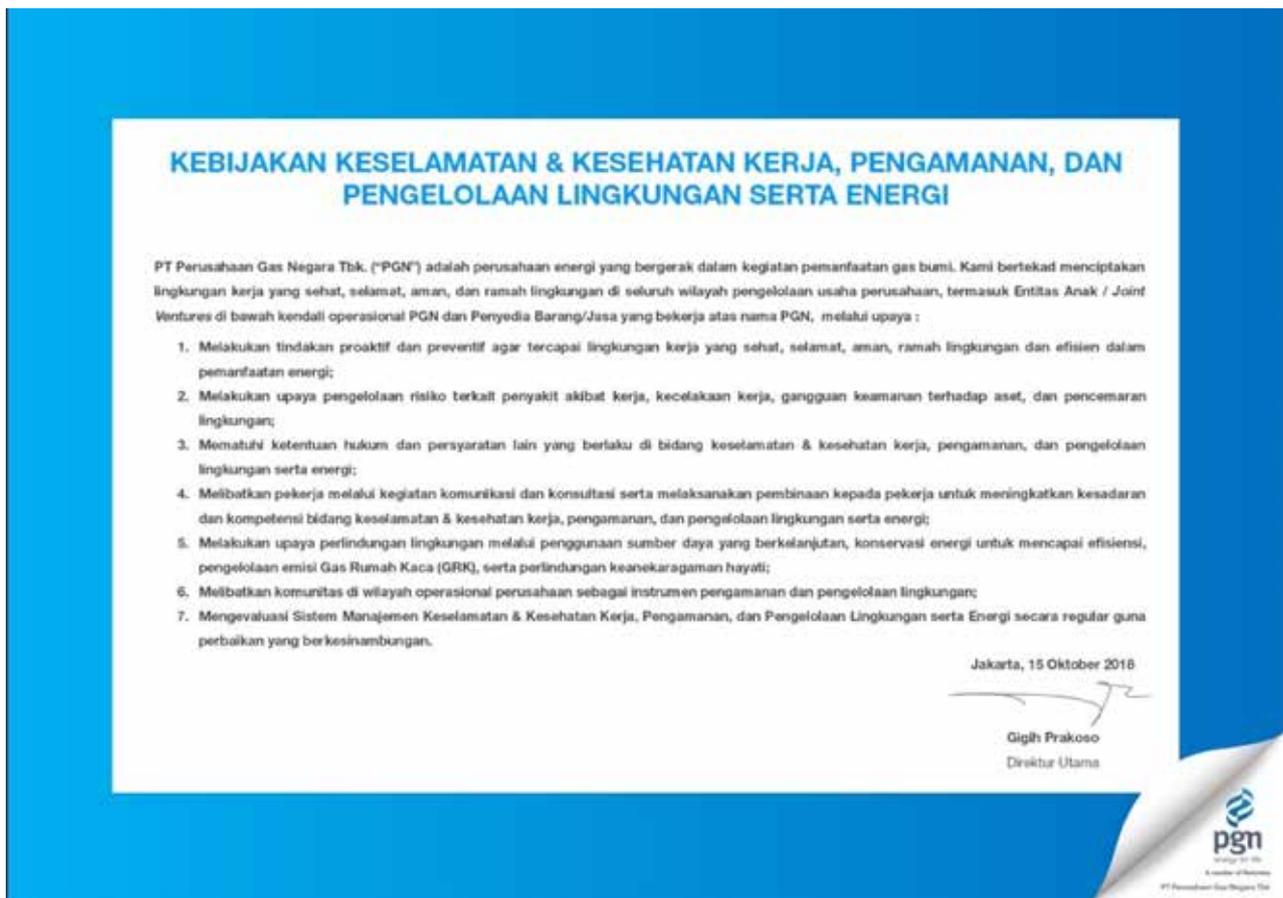
Another program in the CSR Division is a Partnership Program which is a program organized by PGN to increase the ability of SMES to be resilient and independent. From 2015 to 2018, PGN temporarily suspended the Partnership Program fund. In 2019, PGN re-channeled the ITS partnership Program through BUMN appointed by the Ministry of State enterprises namely PT Permodalan Nasional Madani (Company) (PNM) as stipulated in the letter of state-owned Minister Number S. 822/MBU/12/2018 dated December 13<sup>rd</sup>, 2018. For the implementation of the distribution is implemented in accordance with the provisions stipulated in the Decree of the Deputy Field of Business Infrastructure Ministry of State-owned Enterprises Number SK-03/D7. MBU/12/2018 on implementation Instruction on fund channeling of State-owned Enterprises Partnership Program through State-owned Enterprises specific dated December 10<sup>th</sup>, 2018.



# ENVIRONMENT RESPONSIBILITY

## POLICY

PGN's environmental policy encompasses safety, health, security and environmental aspects which is known as Occupational Safety, Health, Security, Environmental, and Energy Management Policy. This policy, ratified on October 15<sup>th</sup>, 2018, is a revised version of a similar policies and has been in accordance with the development of PGN's business. This policy emphasizes the principles of: prevention, risk management of entire life cycle, abiding by regulatory, participatory, environmental protection, and continuous improvement.



## PROGRAM ACTIVITIES

Various program outcomes from implementing the policy include:

- Implementation of environmental management and monitoring in accordance with the provisions of the legislation, environmental management plan (RKL), Environmental monitoring plan (RPL) and UKL-UPL, and regular reporting to the relevant agencies.
- Increased capacity in the environment in accordance with the development of environmental issues and technological adaptations. PGN's human beings must have adequate competence in the field of environment,

especially those involved in the field of environmental management at various levels of the company. To meet the needs of these competencies, various trainings have been held in the year 2019, among others: certification of Air Pollution control, responsible certification of water pollution control, certification Hazardous and toxic material waste management, waste management certification, Energy Auditor certification, Life Cycle Assessment training, and environmental Awareness management system (ISO 14001:2015) training and K3 management system (ISO 45001:2018).

- Sustainable use of resources such as energy efficiency, work reducing paper (paperless), reduce plastic waste, water saving and composting programs.
- Equipment replacement with newer technology with enhanced environmentally friendly features.
- Building the awareness of employees, contractors, and guests to perform environmental preservation such as energy austerity, water saving and waste reduction through environmental campaign media.
- Implementation of environmental management system and ISO 14001:2015 certification.
- Implementing an environmental conservation program involving the surrounding community through the Corporate Social Responsibility program.

The strategic plan of environmental management is structured in the Environmental transformation Roadmap as a fundamental reference in achieving business objectives. Through this roadmap, PGN has managed to achieve several targets in environmental areas such as:

### Transformation of Environment Management Road Map

TARGET	2019	2018	2017	2016	2015	2014
Green PROPER Rating (beyond compliance)	√					
Blue PROPER Rating (compliance)	√	√	√	√	√	√
Development of carbon footprint calculation	√	√	√	√	√	√
Implementation of AMDAL and UKL-UPL and environmental-related permits and licenses	√	√	√	√	√	√
100% compliacen to prevailing law and regulations related to environment	√	√	√	√	√	
Clear baseline for environment management data	√	√	√	√	√	
ISO 14001 certification	√	√	√	√		
Zero Pollution	√	√	√	√	√	√
ISO 14001 surveillance audit	√	√	√			

#### Material Use

PGN distributes gas to consumers consisting of industrial, commercial, or household scale consumers. Each year, the gas distribution increases with demand. To that point, PGN adds a new pipeline to the existing network. The pipes are made of steel, galvanized, or polyethylene (PE) which is an unrenovable material. These steel pipes are coated with coating and other protective to prevent rust, so that the pipe will becomes durable and can be buried beneath the soil for a considerable period of time (approximately 30 years).

These pipes are also equipped with filters to absorb the impurities of impurities such as moisture or other dissolved substances, so that the quality of the Earth's gases is maintained well. The filter material is also the main material used in PGN operations, in addition to pipes. This absorbent material is changed every certain period. The used Filter is then treated as a solid waste processed under the applicable regulations in order not to pollute the environment.

Recycled materials cannot be used as a raw material for our pipes due to standards and code which prohibit the use of recycled materials because the pipe transports high-risk flammable gas.

Other efficiency measures in our material use were:

1. Paper saving through the application of reduction of paper use as follows:
  - Various systems which utilizes information technology, such as: trading System (E-SMS – Electronic Secretariat management System), payment system (POPAY – Paperless Online Payment System), K3PL System (HOLISTIC – HSSE Online System and Indicator Information system, and others.
  - Centralizing Printing System
  - Two-sided use of papers
  - Recycling paper waste
2. The application of recycling for materials that can no longer be used by PGN but still can be

### Energy Use

There are two kinds of energy used in PGN's operational activities as follows:

- Direct Energy used for self-owned power plants and gas compressors turbine that serve to increase gas pressure to flow up to consumer installations.
- Indirect energy in the form of electricity from the state Electricity Company (PLN) to meet the energy needs in the head office, area offices and gas stations.

The Total energy consumption of PGN in the year 2019 is 831,998.822 GJ, or up to 20% from the previous year which amounts to 693,943 GJ. Increased energy consumption is due to increased PGN business activity.

The following is the PGN energy consumption:

Energy Consumption (GJ)			
Renewable Sources	2019	2018	2017
Solar Power	34,374	26,806	14,191
<b>Total</b>	<b>34,374</b>	<b>26,806</b>	<b>14,191</b>
Non-Renewable Sources	2019	2018	2017
Electricity from the State Electricity Company	52,349,919	53,487,077	48,123,938
Gas	779,648,903	640,456,000	638,131,062
<b>Total</b>	<b>831,998,822</b>	<b>693,943,077</b>	<b>686,255,000</b>

We understand well that non-renewable energy sources have a significant environmental impact on global warming. Therefore, we have develop and implemented various energy saving efforts, namely:

1. Set operation pattern Gas Turbine Compressor
2. Rotor refurbishment to increase the distribution capacity of Gas Turbine Compressor
3. Soft starter installation on after cooler
4. Use of energy-efficient Air Conditioning with low watt as well as Air Condition with inverter technology
5. Replacement of light bulbs with more energy efficient and durable LED bulbs.
6. Installation of tinted glass windows for Room to reduce Air Condition usage.
7. Enhancing workers' awareness towards energy efficiency efforts

In addition, in order to better energy management, PGN conducts energy audits to achieve the four objectives:

- Calculate the level of energy consumption
- Calculate the potential energy savings

- Identify ways of enhancing energy management so that gradually PGN can utilize the full green energy
- Find ways to increase employee awareness and concern towards energy savings

In 2019, PGN collaborated with PT Energi Management Indonesia (Persero) to conduct energy audits in various locations in our Office Area.

### Emission

Air emissions are one of the most important factors in global warming. For that, we actively restrict air emissions contributing to the rise of Earth's surface temperature. We are committed to conducting more efficient business operations and reducing carbon emissions in each of our business activities, in accordance with PGN's environmental transformation roadmap. Among the significant air emissions, such are greenhouse gas (GHG) emissions, Nitrogen oxide (NOX) and Sulfur oxide (SOX).

Since year 2012, PGN has implemented carbon footprint calculations using the carbon calculator to calculate:

- Power consumption of greenhouse gases in buildings and stations
- Greenhouse gas emissions of fuel consumption for generators
- Greenhouse gas emissions of fuel consumption for motor vehicles
- gas emissions for the chiller and compressor turbine
- Greenhouse gas emissions from gas distribution activities
- Greenhouse gas emissions of service by plane

From the results of these measurements, PGN noted that the carbon emissions generated in the PGN business environment were 76,524.67 tones CO<sub>2</sub>eq, or decreased by 7% compared to the previous year amounting to 82,612.63 tones CO<sub>2</sub>eq.

Emission reduction efforts in PGN refer to the Occupational Safety and health policy, security and environmental management and energy, which was passed on October 15<sup>th</sup>, 2018, which is to continuously protect the environment through the management of GHG emissions.



The following tables summarize PGN Green House Gas Emissions:

### Carbon Emission – Scope 1 (ton CO<sub>2</sub>eq)

ACTIVITIES	2019	2018	2017	2016	2015	Calculation Method
Venting	4,417.57	5,413.46	2,505.56	2,564.59	890.88	The m <sup>3</sup> gas data from the calculation is multiplied by emission factors based on the 2006 IPCC Guideline
Instrumentation	4,116.95	3,459.32	3,204.98	2,777.95	915.50	The gas m <sup>3</sup> data from the calculation is multiplied by the 2006 IPCC based emission factor Guideline
Blowdown	1,068.80	823.85	631.03	506.47	80.27	The m <sup>3</sup> gas data from the calculation is multiplied by the IPCC Guideline 2006 emission fact
Gas Leakage	6,633.65	20,259.01	31,673.15	8.34	1.54	The m <sup>3</sup> gas data from the calculation is multiplied by emission factors based on the 2006 IPCC Guideline
Fuel Gas	43,548.58	34,623.80	36,208.25	37,039.48	47,396.94	Gas m <sup>3</sup> data from measurements using a measure multiplied by emission factors based on the 2006 IPCC Guideline
Fuel for Diesel	329.98	318.04	95.24	973.25	990.26	Gas m <sup>3</sup> data from measurements using a measure multiplied by emission factors based on the 2006 IPCC Guideline
Fuel for Diesel	1,407.16	1,469.67	1,949.09	1,762.40	1,473.09	Fuel liter data is calculated from distance data then multiplied by emission factors based on the 2006 IPCC Guideline
Gas Fuel for Diesel	25.06	1,057.84	0.00	498.37	566.81	BB3 m <sup>3</sup> data from recording multiplied by emission factors based on the 2006 IPCC Guideline
Gas for chiller	1,218.61	1,168.07	1,247.50	314.84	245.29	The m <sup>3</sup> gas data from PGN billing is multiplied by emission factors based on the 2006 IPCC Guideline
<b>TOTAL</b>	<b>62,766.36</b>	<b>68,593.06</b>	<b>77,514.80</b>	<b>46,445.69</b>	<b>52,560.58</b>	

Gasses included in this emission calculation are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O

### Carbon Emission Table Coverage 2 (ton CO<sub>2</sub>eq)

ACTIVITY	2019	2018	2017	2016	2015	Calculation Method
Electricity	13,086.05	13,319.93	9,072.98	15,837.03	8,217.58	KWh data from PLN billing is multiplied by

Calculated Emissions are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O

### Carbon Emission Table Coverage 3 (ton CO<sub>2</sub>eq)

ACTIVITY	2019	2018	2017	2016	2015	Calculation Method
Business trips (Flights)	672.26	699.64	511.46	782.93	625.86	Each official trip by plane is recorded then multiplied by total passengers CO <sub>2</sub> / journey based on ICAO

Calculated Emissions are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O

PGN also monitoring air quality in the chimney from the source of combustion emission, namely gas turbine, gas engine generator and diesel engine generators. The monitoring is conducted periodically according to the regulation of the Minister of Environment No. 13/2009 On the Quality of Raw Emissions Sources does not Move for Enterprises and/or Activities of Oil and Gas. The results of monitoring in the year 2019 showed that emissions from chimneys meet the prevailing quality standards.

#### Waste

PGN's strategy for waste management is to reduce waste from the source (reduction at source). This means we strive to reduce the amount of waste through planning to minimize the impact of waste disposal. For example, we replace lamps that use mercury with Light-Emitting Diode (LED) lamps gradually, thereby lowering the waste heap hazardous and toxic substances (B3).

There are three types of waste we will report on this report, which:

#### 1. B3 Waste

In its operational activities, PGN produces several B3 waste including:

- Used Lubricating oil
- Cotton waste
- Used Filter
- Used Battery
- TL Lamp
- Used B3 Packaging

As for the mechanism of processing and disposal of B3 waste, PGN has no processing unit nor its own disposal. PGN uses B3 waste management contractor which is a third party that has B3 waste management permits, either permit transportation, collection, utilization, processing, or accumulation in accordance with applicable regulations.

#### 2. Non-B3 Waste

Non-B3 waste produced by PGN include paper garbage, plastic, scrap, food scraps, and leaves.

The methods of management and disposal of Non B3 waste are first sorted and collected by type of waste. For paper garbage, the new ones used on one side can be reused on the reverse side. Furthermore, the paper garbage that is not usable and other Non B3 waste that has been sorted and collected based on the type of waste transported to the Temporary Disposal then to the Final Disposal in cooperation with the Hygiene Service Area. Non B3 Waste Contractor is the Local Regional Hygiene Service or a partner appointed by the regional government.

### 3. Liquid Waste

Production process activities do not use water so that the production process does not produce liquid waste. For maintenance activities, use a small portion of water for pipeline, machine, and so on cleaning activities. The waste water from this maintenance activity is processed on the API Separator unit before it is released to the water body.

To ensure the quality of waste water, every month sampling and analysis of wastewater by accredited laboratories with methodology refers to SNI (Indonesian national standard). Monitoring results show the quality of wastewater meets the quality standards based on the Governor of South Sumatera Regulation number 8 year 2012 about the raw quality of liquid waste for industrial activities, hotels, hospitals, domestic, and coal mining.

### Complaint

For the convenience of customers and other stakeholders related to PGN products and services, PGN provides information center and complaints, namely PGN Contact Center with number 1500645. In addition, it can also

write e-mails through [contact.center@pgn.co.id](mailto:contact.center@pgn.co.id) address. PGN Contact Center operates 24 hours a day and 7 days a week to facilitate customers and other stakeholders. All inquiries and complaints will be responded to the maximum within 24 hours after being received by Contact Center Agent. Any questions or complaints will be served immediately through these lines, including complaints relating to the environment. In addition to the Contact Center, complaints related to the environment can also be submitted to personnel who served at the PGN operational site.

In 2019 there was no complaint about the environment.

### Environmental related CSR's initiatives

The environment is one of the four pillars supporting the achievement of sustainable development goals in Indonesia. Included in this pillar is on objective 6 (clean water and proper sanitation), objective 11 (city and sustainable settlements), objective 12 (responsible consumption and production), Goal 13 (handling of climate change), Goal 14 (ocean ecosystem) and Destination 15 (land ecosystem). Here are some forms of PGN CSR program that summarizes the efforts to achieve the sixth sustainable Development Goals on the environmental pillar:

- a. Use of vacant land on the banks of Ciliwung River  
This assistance aims to help the use of vacant land in the Bantaran River Ciliwung with the battalion Commander 811 units of Kopassus to make the land a productive land to support the main task of unit and help the environment About.
- b. Biodiversity assistance in Bedegung, Muara Enim, South Sumatera
- c. Creation of Pagardewa Arboretum, Muara Enim, South Sumatera

- d. Revitalizing Mangrove Forest Canal of Sriminosari village, Lampung
- e. Development of family medicinal plants in the village of Tembesi, Panaran

## CERTIFICATION AND AWARDS IN ENVIRONMENTAL AREA

The PGN principle in environmental management is adapted from the ISO 14001 Environmental management system clause. Periodically, PGN reviews the context of its organization, identifies important environmental aspects and impacts, identifies regulations and other requirements in the field of environmental management relevant to business activities and performs evaluation Objectives and objectives of the environmental sector, conducting internal audits as well as external audits of environmental management systems implementation, and management reviews. On the implementation of this environmental management system, PGN has obtained ISO 14001:2015 certification.

During 2019, PGN gained performance achievement in the environmental sector, namely:

### a. Gold PROPER

Achieved by PGN subsidiary at PT Pertamina Gas (Pertagas) unit East Java Area

### b. Green PROPER

Both PGN and PGN subsidiaries are also achieved:

- PGN Gas Transmission Management of Pagardewa Muara Enim Station
- PT Pertamina Gas (Pertagas) West Java Area
- PT Pertamina Gas (Pertagas) South Sumatera Area
- PT Pertamina Gas (Pertagas) Kalimantan Area

### c. Blue PROPER

Both PGN and PGN subsidiaries are also achieved:

- PGN Gas Distribution Management Regional I Cimanggis Station Depok
- PGN Gas Distribution Management Regional II of East Java
- PGN Gas Distribution Management Regional III Panaran Station Batam
- Saka Indonesia Pangkah
- PT Kalimantan Jawa Gas
- PT Perta-Samtan Gas Fractination Plant Gerong River
- PT Perta-Samtan Gas Extraction Plant Gerong River

## ACTIVITIES COSTS

In the implementation of environmental conservation programs, in the year 2019 PGN issued a budget of Rp17,505,307,854 with the following details:

ACTIVITIES	2019
Development of AMDAL/UKL-UKP and License/Permit	1,369,600,000
Environment Surveillance	6,883,000,000
Environment-related campaigns	69,383,356
Hazardous waste management	2,616,453,000
PROPER-related environment management	3,783,520,000
Environment-related trainings	790,802,223
energy monitoring and carbon calculator system	166,650,000
Energy efficiency programs	1,205,600,000
Hazardous waste and waste yard management facilities	292,000,000
Environmental-related reports	7,248,800
Environmental management system	321,050,474
<b>TOTAL</b>	<b>17,505,307,854</b>

# LABOR PRACTICE

## POLICY

Employees are one of the main assets for PGN to realize the Vision, Mission, and Goals of the Company. PGN Group commits to create a safe work environment, supports its employees to reach their best potential, and improve our employees welfare.

### 1. Safe and Enlightening Work Environment

PGN strives to create a work environment with physical and spiritual security. Consequently, several programs are designed to create a work environment that inspires and invigorates employees during activity, creation, and innovation.

### 2. Workers' Best Self Potential

PGN is committed to cultivate the best potential of its employees through the improvement and utilization of the best competence. Appropriate assignment and placement of the employees will be decided according to the employee own competency and potential.

### 3. Employees' Welfare

Improvement of the welfare is a commitment from the Company to its employees. The improvement of the employee welfare can be seen as one of the attracting points to acquire the best human resource, motivate the employees to increase their work performance, and to retain the best employees in the Company to continue their creation and innovation.

## LISTS OF ACTIVITY PROGRAMS

### Safe and Enlightening Work Environment

#### a. Good Communication with the employees

To smoothen communication between employees or between management and employee, PGN possess and developed a corporate portal that can be utilized and optimized by all employees to support communication in their daily task. This portal consists of several features such as:

- Corporate email application as a communication media;

- E-sms application for mail archive management;
- EASY (Employee Assistance System) application as a mobile application that can be used by the employees to monitor their attendance, propose overtime, apply for a leave, updating their personal info such as updating family dependent list and newest educational level, downloading payment slip, and downloading Curriculum Vitae. Employees can also use this application to easily view rules and regulations, electronic proof of tax cut from employee payment, downloading relevant forms, viewing videos and events related to HCM. EASY can also be called as Application Gate and in the future Document Records and onSPEED will also be added to this application;
- ASIK (Application System for Information Knowing) as a mobile based application that functions as a media for employees to provide inquiry about management and development of the employee;
- Knowledge Management Online (KMO) application as a media of various knowledge and best practices;
- SIP (System Internship Program) application for administration of field work practice management;
- PERFECTO application for human resource management such as performance management system, competence management, talent management, and succession as well as development program management and training;
- CARE (Convenient Application Retiring Employee) application used in administration management for retirement preparation;

#### b. Freedom of Union

PGN guarantees the employee rights to associate by forming a Labor Union. Management are convinced that the relation between worker and entrepreneur are an industrial relation that requires each other. The assurance for the employee freedom to form Labor Union are written in Law Number 21 Year 2000 regarding Labor Union.

Employees and Labor Union in an industrial relationship possess an important role to carry out work according to their responsibilities, as keeper of order to ensure production continuity, channelling aspirations democratically, develop their skills and expertise as well as taking an active role to advance the Company and striving for the welfare of its members and their family.

Currently, The Labor Union in PGN is named Labor Union of PT Perusahaan Gas Negara (Persero) Tbk or shortened as SP-PGN. This Labor Union is independent and unaffiliated as well as registered in the labor agency with the Registration Proof Number of 387/II/P/IX/2009 dated September 19<sup>th</sup>, 2009 by the Labor and Transmigration Sub-Service Office - West Jakarta Administrative City. Management board of the SP-PGN is spread on each organizational unit in PGN and centralized in central management association. Membership on this Labor Union is nonmandatory and right now, the relationship between the Company (management) and SP-PGN are harmonious and every issue has been able to be resolved through dialogue.

A Bipartite Cooperation Institution (LKS) with the Company's representative as its member has also been formed by PGN in accordance to the mandate in Law No. 13 Year 2003 regarding Employment, and Decree of the Minister of Labor and Transmigration No. Kep 255/Men/2003 regarding the procedures on formation and arrangement of the Bipartite LKS membership. Corresponding with the Decision from the Head of Department of Manpower and Transmigration in West Jakarta Administrative City Number 419 Year 2018 regarding the record of Bipartite LKS's management board as a form of harmonious relationship implementation between the Company and Labor Union. Sharing and coordination on the development of the company and employee management are carried out with the goal of Company advancement and employees welfare.

The implementation of Bipartite LKS was conducted on October 31<sup>st</sup> - November 1<sup>st</sup> and December 4<sup>th</sup> - December 6<sup>th</sup>, 2019 with the goal to discuss 2019 - 2021 Cooperation Agreement.

### c. Regulation of working time, rest break, and permission to leave work

The Company has set a working time limit to create a safe and healthy work environment by avoiding over exploitation of the work force. Working time are adjusted according to the work area and characteristics. PGN has specified several working time, such as: normal working time, shift working time, and special working time for the execution of work in a specific area and condition.

#### Working Time Regulation

Rest period and permission to leave are outlined in the Collective Labor Agreement, referring to Law No. 13 Year 2003 regarding Labor and has been adjusted according to the needs of the Company.

Mechanism to carry out National Holidays and Collective Holidays are presented by the Company to the employees in accordance with the decisions of the Government and the need of the Company based on the principles of effectiveness and humanitarian factors.

### d. Human Rights

(1) Information on the commitment and social responsibility policy on PGN and subsidiaries Human Rights as well as affiliation to appreciate human rights by implementing non-discriminatory practice based on gender, ethnicity, religion, or political affiliation on new employee recruitment. PGN also commits to stay clear of work force exploitation, especially child labor. This policy is outlined in PGN recruitment standard. PGN also guarantees the rights of every PGN employee through Mutual Work Agreement (PKB). According to the Mutual Work

Agreement, PGN treats and provides the same rights for all of PGN employee without any gender, ethnicity, or religion differentiation.

The same opportunities are given for each individual, whether man or woman without concerning the difference between ethnicity, religion, race, gender, or physical conditions to take part in the recruitment program for new employee. Potential employees are chosen based on their selection result and evaluation during trial period as well as employee orientation period. PGN also provides the same opportunities for each employee working under PGN, starting from PGN own employees to its subsidiaries and affiliates to participate in educational program and training programs from executive to top level management.

In 2019, PGN took part in joint recruitment alongside the Ministry of Indonesia State Owned Enterprise, a simultaneous recruitment organized by Indonesia State Owned Enterprise to recruit the brightest individuals in Indonesia and to provide equal opportunity for individuals with special needs. In this period, PGN Group accepted 1 (one) individual with special needs to contribute their skills in PGN. This is the proof that the Company believes that physical condition should not obstruct an individual's ability to show their skills and contributions.

PGN acts in accordance with the labor law by implementing policy to refrain from the employment of underage labor. At the time that this report is written, the youngest employee hired in PGN is 22 years old. This is in accordance with the Government's decision to ratify the ILO Convention.

(2) Information regarding the Company statement on social responsibility for the Human Rights

PGN social responsibility on labor includes PGN transparency on providing equal chance for Indonesia citizens to establish a career in PGN by not differentiating between gender, ethnicity,

religion, any political standpoint. PGN also opens the chance for internship and academic scholarship for University students in Indonesia. PGN guarantees fulfilment of all employee rights and obligation as well as improvement of equality and fair management of labor.

(3) Information on corporate social responsibility planning for Human Rights

PGN has established target on fulfilling organic work for PGN Holding and PGN Group using recruitment program in 2019 by prioritizing principles of equality and fairness on gender, ethnicity, religion, or origin. PGN planned and gave the same opportunity for each and every PGN employee to obtain development/training program based on their particular needs. PGN also opened the same internship opportunity for every university student to obtain experience and knowledge to prepare them for their future work. In addition, PGN also worked together with several universities to provide educational scholarship for the finest students as a form of social responsibility for PGN.

(4) Information on the realization of CSR initiative for Human Rights

On 2019, recruitment for potential PGN Group employee is set to include individuals with D3 educational level. PGN obeys labor laws by implementing policy to refrain from employment of underage labor. The youngest worker for PGN in 2019 is noted as 22 years old. This part is in accordance with the Government's decision to ratify the ILO Convention.

In addition, PGN Group accepted 1 (one) individual with special needs to contribute their skills in PGN. This acceptance shows that the Company provides the same opportunity to individuals with special needs to establish their career as well as ascertain that physical limitation will not have major effects on an individual ability to work, create, and innovate.

PGN also participated in the Government program to provide work opportunities for East Indonesian citizens, especially Papua and West Papua.

PGN's commitment to gender issues can be observed through several parts, from numerous women in position of power in PGN, such as Director of a Subsidiary Company, Vice President as well as Assistant Vice President in PGN, and Director in PGN. PGN provides the same opportunity for all of its employee, including PGN Subsidiaries and Affiliates own employee to take part in educational programs and training programs, starting from executive to top managerial level. Throughout 2019, PGN hosted both inhouse and public training to further develop employee managerial competence. In 2019, PGN accepted... university students for internship, and provides educational scholarship for 45 talented individuals.

(5) Information on achievements and CSR initiative award for Human Rights

PGN is among the 100 Public Companies registered on IDX and counted on KOMPAS INDEX 100 which is ranked by FHIRST based on performance of respect for Human Rights in each Company operational board. Assessment are performed with 70 indicators classified under 1 of 3 themes, (1) Human Rights Management Systems; (2) Major Human Rights Issues; and (3) Reporting on Human Rights Performance. Major Human Rights Issues are further divided into 11 sub-themes, erasure of underage labor, erasure of forced labor, health guarantee and work safety in the work environment, freedom of union practice, erasure of workplace discrimination, workplace gender equality practice, environmental protection, prevention of corruption and bribery, indigenous people rights practice, and security.



## Facilities to Develop Employee Best Self-Potential

### a. Competence Management

The foundation for human resource guidance and development in PGN are competence, formed by managerial competence and technical competence. Guidance and development are carried out by several methods, such as: educational, training, assignment for assistance, special assignment, and transfer as well as promotion programs.

Assessments are carried out periodically with the purpose of determining the competence of the employee. PGN proves its commitment by developing human resource organization in accordance with strategic scope of work on forming specialized unit to handle talent management with the following scope of work and role:

1. Creation of human resource system based on integrated and comprehensive competence;
2. Availability of competence dictionary and profile according to business process and organization;
3. Identification of each employee competence gap;
4. Creation of talent management;
5. Development of talent based on the Company's needs;
6. Retaining potential employees and motivation to yield the best performance;

On its implementation, competence data management are carried out with model of Competence Based Human Resource Management (CBHRM) as well as competence development plan through education, training, special assignment, and transfer along with promotion programs. This demonstrates PGN seriousness on professional employee management.

### b. Employee Education and Training

PGN has been conducting continuous employee guidance and development with the goal to raise the competence and skill that is required. Educational and training programs are carried out consistently to nurture and construct the best employee competence.

Competence development program has been constructed with planning, systematic, and focused on the Company business growth. PGN possess syllabus patterns, modules as well as facilitator guidance on educational and training programs for technical, operational, and commercial fields that is closely tied with income, commercial advantage, and operational as well as external customer satisfaction throughout PGN, Subsidiaries, and Affiliates business scope.

### c. Performance Management

Work target for the employees must refer to Strategic Business Priorities (SBP) and associated with the objectives of their respective manager. The Company objectives are directly supported and derived into the objectives of each director, continuing until the level of staff. This indicates a union of effort to achieve the corporate vision and mission while taking the capability of each level into account.

At the beginning of the year, work targets must be constructed based on principles of SMART (Specific, Measurable, Achievable, Reasonable, and Time-bound), related with the targets of the superiors as well as in accordance with SBP. Employee are also required to compose IDP (Individual Development Plan). IDP is the self-development plan for each employee created in a year. The weight for performance assessment are divided into individual work targets with the value of 80% as well as IDP and culture with the value of 10% each.

At the middle of the year, each superiors are required to provide feedback on performance achievement that has been done and provide coaching, especially on the IDP that has been prepared before to ensure whether the objectives are still relevant or must be changed according with the recent developments as well as to ascertain that the IDP has progressed effectively.

At the end of the year, assessment will be made on individual performance achievements, IDP, and culture as well as administration of evaluation score in accordance with the regulation. The score is divided into six categories, namely Outstanding, Very Good, Good Plus, Good, Reasonable, and Unsatisfactory.

These evaluation categories will be used as a base to decide remuneration and employee career. With the implementation of SMKI as a connector for the Company objectives to the employees, all employees are expected to demonstrate the best criteria which will contribute to the achievements of the Company.

## Employees' Welfare

### a. Remuneration

The implemented remuneration system in PGN are adjusted with three main needs of the Company, namely:

- Attracting the best talent;
- Motivating employee to give their best contribution with the goal to achieve the Company vision and mission;
- Retaining talented employees in the company to continue their work, creation, and innovation in PGN;

This remuneration system is based on internal equity and external competitiveness which ensures a fair remuneration system for the employees. With internal equity, each and every position in the Company will be evaluated to obtain a position grade. External competitiveness in PGN are done with the regular participation in salary surveys to view PGN compensation package against similar Companies in the market.

### b. Program Benefit

Adding to the attractive remuneration package, several other benefits to improve the welfare of our employee and their family are also offered. Some of those benefits are: healthcare program, medical security, accident insurance, hajj or religious pilgrimage expense assistance, educational scholarship, aid on home possession, and many others.

In 2019, numerous benefit program has been initiated, such as:

- 1) Employee Assistance Program;

Since the year 2013, PGN has been providing facility for Employee Assistance Program (EAP). The EAP Program is an additional healthcare facility for employees and their family in the form of counselling service. Each employee may choose between direct meeting or calling the counsellor to consult about their issues, either personal, family-related, or even anything related to employee performance in the Company.

EAP data is deemed as confidential, therefore it is only known by EAP counsellor and related employee. This data is separated from the health record or personal information of the employee. Aside from curative counselling service, preventive actions such as seminar to remote areas and articles related to mental health are also provided. With EAP, employees will be assisted to solve their issues, which in turn will increase employee's focus on their work in the Company. Until the end of 2019, 334 employees in PGN Group had participated in EAP.

- Old Age Health Program

PGN is deeply concerned with the healthcare of its employees. This sentiment is shown with the coordination and agreement between management and PGN Labor Union that results in an Old Age Health Program by PGN to compensate the expenditure required by the health needs of employee entering their retirement age, through a scheme of program management by PGN Retired Employee Welfare Foundation (YKPP).

PGN has revitalized the Foundation as a form of preparation for the management of Old Age Health Program as well as guaranteeing transparency and fund management accountability, on the basis of our spirit, by us, and for us. This program is constructed as an actualization on the principle of mutual cooperation (gotong royong) as a culture deeply ingrained in Indonesia, as active employees are contributing to regular fundraising to aid PGN retirees.

Fund raised from the active employee are used to fulfill the payment of the retiree's medical insurance

premiums to the insurance company, therefore through this program PGN retirees along with their spouse are able to enjoy healthcare security in all areas of Indonesia through medication card issued by the health insurance company.

Old Age Health Program is also a form of appreciation for the active employee as well as PGN management to the retirees for their services in building and developing PGN's business forward.

## **LABOR PRACTICE & OCCUPATIONAL HEALTH AND SAFETY**

### **Policy and corporate social responsibility commitments on labor practice**

PGN committed to provide social responsibility to all PGN employees and environment around PGN. One of the means that PGN has done to assure labour rights for the freedom of association is by establishing a trade union. PGN committed to protect the right and obligation of all employees in a Collective Labour Agreement involving both Trade Union and PGN's Management. The corporate set working time limits to create a secure and healthy work environment by avoiding excessive worker exploitation. Working time is adjusted to the work area and worker behaviour. PGN set a few work times, among others, normal work time, shift work time, and special work time for working in certain areas and conditions. PGN also recruiting for the fulfilment of labour in various regions of Indonesia, so that every region has the same opportunity to join PGN recruitment, regardless of ethnicity, religion, gender, or politics. PGN together with Ministry of State Owned Enterprises, open wide the opportunity for Indonesian university students through certified internship program, so that PGN students can get working experience before entering the working world.

### Scope information and the formulation of responsibility on labor practice

PGN's social responsibility on employment covers PGN's openness in providing an equal opportunities for Indonesian citizens in various regions to join PGN and build their career with PGN. PGN also provides opportunities to join internship and scholarship programs for Indonesian university students.

PGN guarantees and protects labour rights, health facilities, remuneration, and other benefits to all PGN employees by considering in accordance with Act No. 13 of 2003 on Manpower.

PGN involves all employees who are represented by Trade Union and Management in formulating manpower management policy, including Collective Labour Agreement and derivative Collective Labour Agreement provisions which regulates the rights and obligations of workers.

### Information related to work plan/target on 2019 which set by management

Plans and targets for the implementation of social responsibility in the field of employment in 2019 as stated in the Work Plan and Budget of Company 2019, namely the achievement Employee Attachment Index on the Workers Satisfaction Survey results on a scale of 3.95 out of 5 and Collective Labour Agreement in 2019-2021 as well as programs that support the achievement of Collective Labour Agreement in 2019-2021. PGN keep the harmony of industrial relation in PGN's environment by having a good relationship and communication between Management of PGN, the Trade Union, Ministry of Labour, and Manpower office. It is done by facilitating workers complaints by running the Employee Assistant Program (EAP) for PGN Group employees.

### Activities performed and the quantitative impact of those activities

PGN has conducted the Workers Satisfaction Survey with Employee Attachment Index Score of 4.03. The survey reflected that workers were quite satisfied with the policy, implementation of rights and obligations, and management in the field of manpower which manage by PGN. Through the EAP program, workers also been helped to solve their problems, so it is hoped that workers will become more focus on their work at the company. By the end of 2019, there were 334 workers, who participated in EAP at PGN Group.

The freedom of association is reflected by the existence of PGN Trade Union, where in 2019 there has been a negotiation about Collective Labour Agreement in a form of Bipartite Cooperation Institutes on October 31<sup>st</sup>, 2019 – November 1<sup>st</sup>, 2019 and December 4<sup>th</sup>, 2019 – December 6<sup>th</sup>, 2019, between the representative of workers and PGN Management which resulted in agreement and signing of the new Collective Labour Agreement on December 9<sup>th</sup>, 2019.

### Information related to employment practices, health, and safety such as gender equality and employment opportunities, facilities and work safety, employee turnover rates, rates of work accidents, remuneration, workers complaints mechanisms, etc.

Equality of gender, religion, ethnicity are reflected in various PGN employment practices, both in the process of recruitment, PGN implementation of rights and obligations, and various industrial relations management and human resources.

PGN remuneration system refers to internal equity and external competitiveness, so that it becomes a fair remuneration system for workers. With internal equity, all positions in the company, are evaluated to get position value. With external competitiveness, a survey to see PGN's compensation package for similar companies in the market. In addition to an attractive remuneration package, its also offers a variety of useful benefits and provide welfare for workers and their families such as health care programs, medical insurance, work accident insurance, help cover the cost of pilgrimage to Mecca or other religious pilgrimage, education scholarships, help cover the cost of house ownership, etc. PGN provides work accident insurance coverage to all employee based on their job level.

PGN has a Bipartite Cooperation Institute that bridges labour issues, both among complaints on labour issues. Bipartite Cooperation Institute consists of Trade Union and Management elements.

Based on the data, PGN's turnover rate in 2019 shows a fairly low rate of 0.004. This is reflected in a pretty high Workers Satisfaction Survey results in 2019, which reached a score of 4.03 out of 5.

### EXPENSES ON ACTIVITIES

During the year of 2019, PGN and its subsidiaries and also affiliates (PGN Group), have organized programs to create a safe work environment and a work environment which support workers to achieve their best potential, and also to create employee welfare with remuneration and benefits that are in line with the company's capabilities and support PGN's business with a realization fee of Rp. 2.01 Trillion.

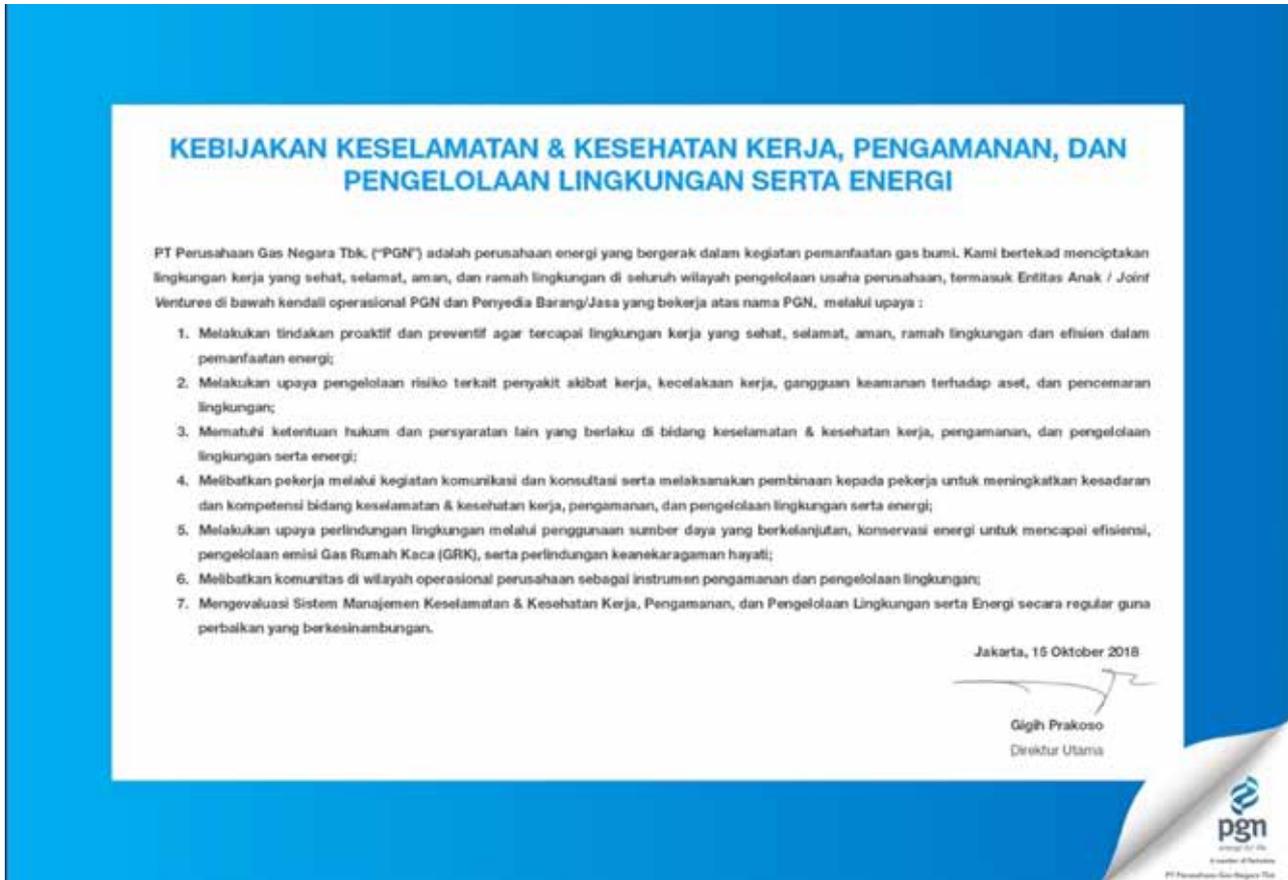
## RESPONSIBILITY ON OCCUPATIONAL HEALTH AND SAFETY

### OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM POLICY

Along with the Company's Vision 'To be World Leading National Gas Company for a Sustainable Future and National Energy Sovereignty, the company has a special focus in implementing aspects of Occupational Health and Safety throughout the company's business process. The company has implemented Occupational Health and Safety Management System, Safety and Environmental Management and Energy Management System in order to minimize and eliminate all possibilities that can cause work accidents, work-related diseases, security disturbances toward assets, and environmental pollution.

To ensure the successful implementation of Safety and Environmental Management and Energy Management System, PGN sets policies and targets as guidelines and targets for the company to achieve. The Health, Safety, Security, and Environment target is made as a joint commitment of the management, so that each unit has a shared concern in achieving the target, and the risk of work accidents and also work-related disease can be avoided or minimized.





## OCCUPATIONAL HEALTH AND SAFETY COMMITMENT

As a follow-up to PGN in handling and reducing the risk of natural gas processing and distribution, PGN is committed to build policies and actualizing Occupational Health and Safety Management System with optimal standards. This policy is applied to all PGN work units so that the risk of work accidents and work-related diseases can be avoided or minimized. By maintaining good occupational health and safety, the following achievements will also be obtained:

- Increasing of workers welfare and their family
- Comfort and confidence in working increase
- Efficiency and effectiveness of operational cost utilization
- The cost of accident and sick compensation decreases
- The cost of repairs decreases
- PGN imagery is well preserved

Regarding to Occupational Health and Safety, the Company follows the following regulations that apply:

- Act No. 1 of 1970 on Occupational Safety
- Act No. 13 of 2003 on Manpower
- Act No. 3 of 1969 on Approval of the International Labour Organization No. 120 concerning Hygiene in Commerce and Offices
- Act No. 22 of 2001 on Oil and Gas
- Act No. 40 of 2004 on National Social Security System
- Act No. 36 of 2009 on Health
- Act No. 24 of 2011 on Social Security Organizing Agency
- Government Regulation No. 50 of 2012 on the Implementation of Occupational Health and Safety Management System
- ISO 45001:2018 is an international standard for the implementation of Occupational Health and Safety Management System
- Regulatory Legislation

PGN always maintains stability and consistency in the implementation of Occupational Health and Safety management in all work and operational activities by practicing the principles of Plan, Do, Check and Action. PGN cares about the safety and health of every employee because only with the safe and healthy workers can PGN achieve its goals.

### **Occupational Health and Safety in PGN Management System**

Based on Act No.1 of 1970 on Work Safety and Article 86 Paragraph (2) of Act No.13 of 2003 on Manpower which confirms the Company's obligation to carry out occupational safety and health efforts for its employees, PGN has established a structured Occupational Health and Safety Management System from senior management level up to bottom workers.

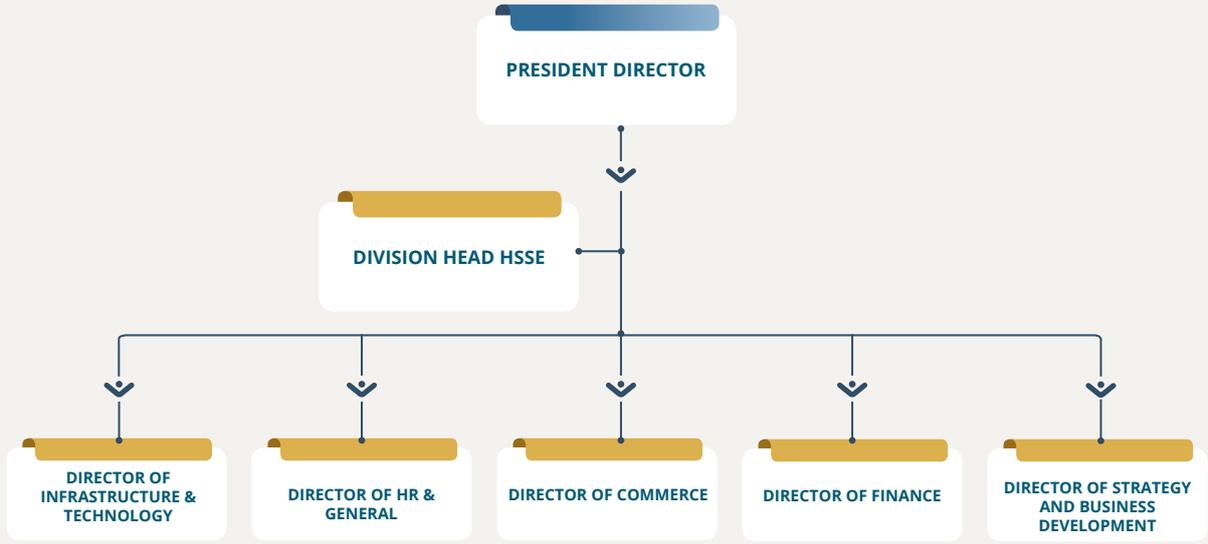
The management of the Occupational Health and Safety program is under the supervision of the Health, Safety and Environment Division (HSSE Division), under the President Director. Health, Safety, Security, and Environment Division consist of 13 people, or 1% of all PGN employees. In addition, PGN has also established Occupational Health and Safety management units at other levels:

- Executive Central Safety Committee (ECSC) at the director level
- Central Safety Committee (CSC) at the corporate level
- Business unit
- Proyek serta anak perusahaan.

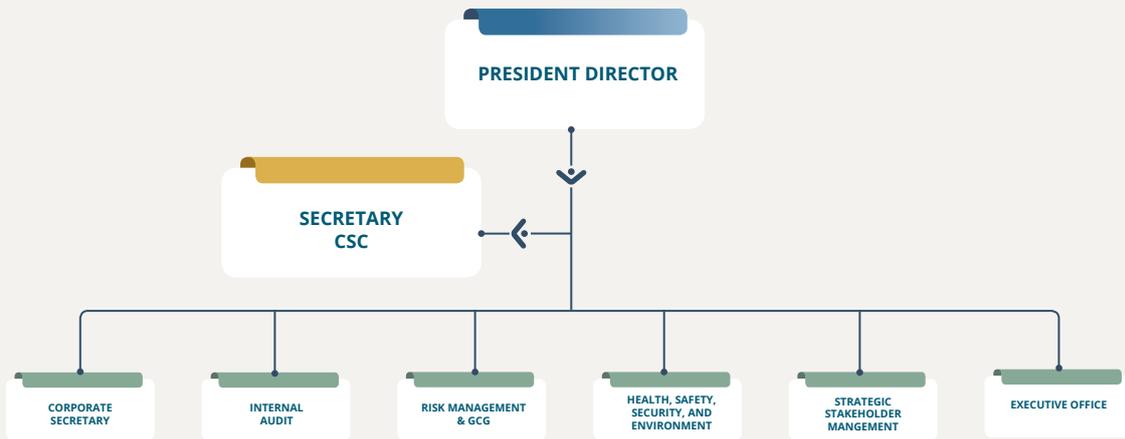
Projects as well as subsidiaries

The role of CSC as a driver of Occupational Health and Safety activities is very significant for PGN's success in instilling Occupational Health and Safety culture in each of PGN's people. Various strategic policies and activities related to Occupational Health and Safety continue to be rolled out on an ongoing basis.

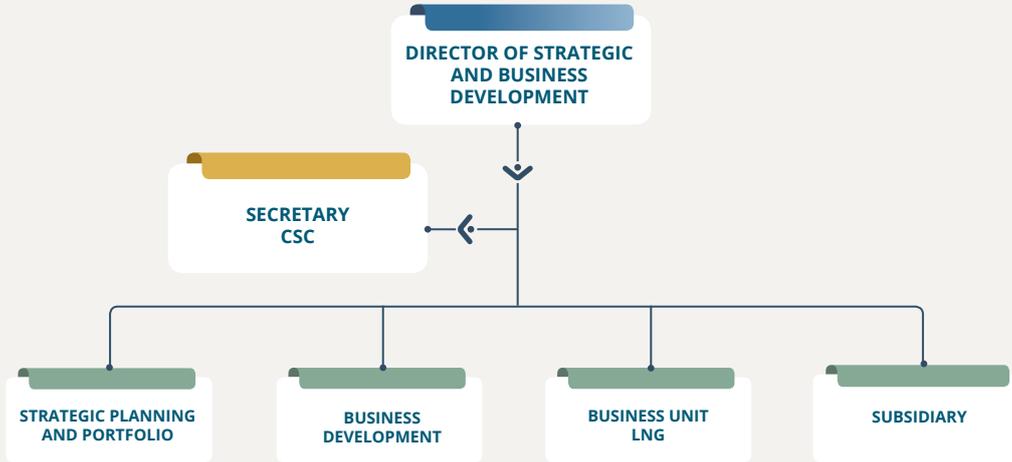
### EXECUTIVE CENTRAL SAFETY COMMITTEE



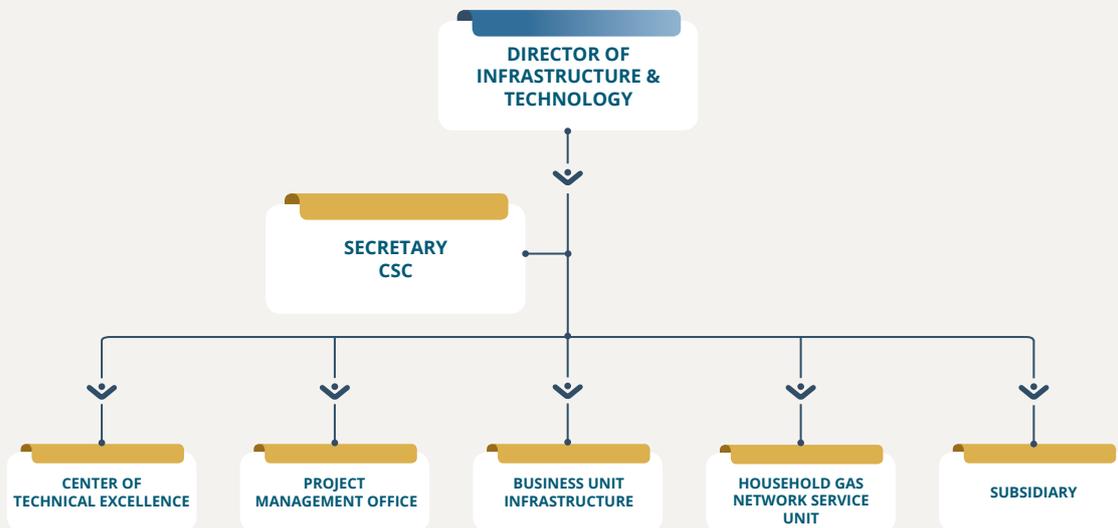
### MAIN DIRECTORATE CENTRAL SAFETY COMMITTEE



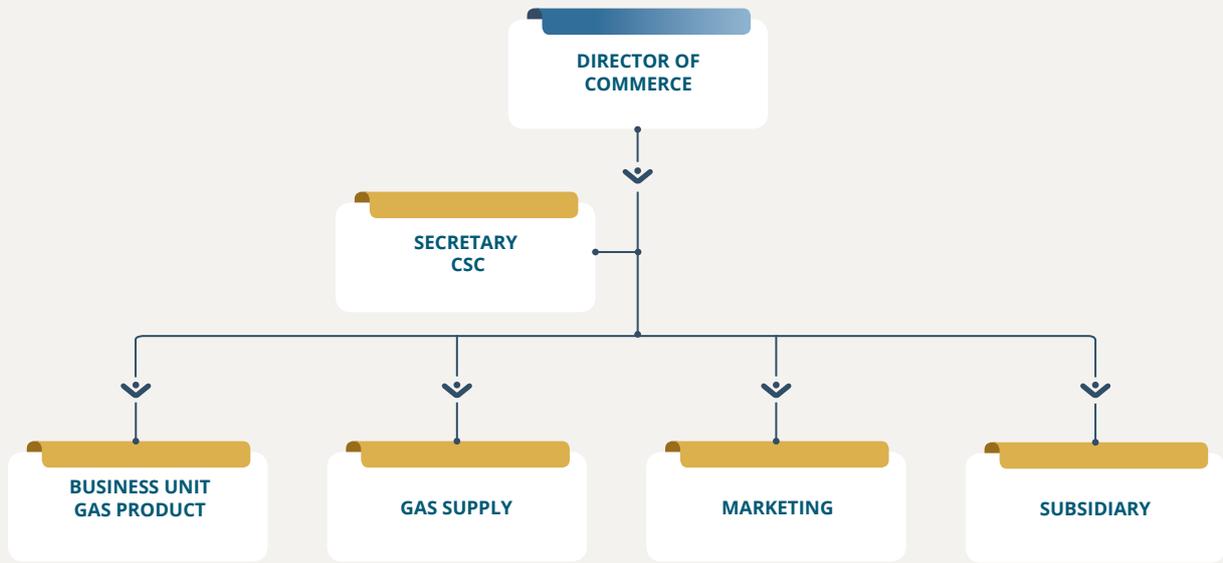
**DIRECTORATE OF STRATEGY AND BUSINESS DEVELOPMENT CENTRAL SAFETY COMMITTEE**



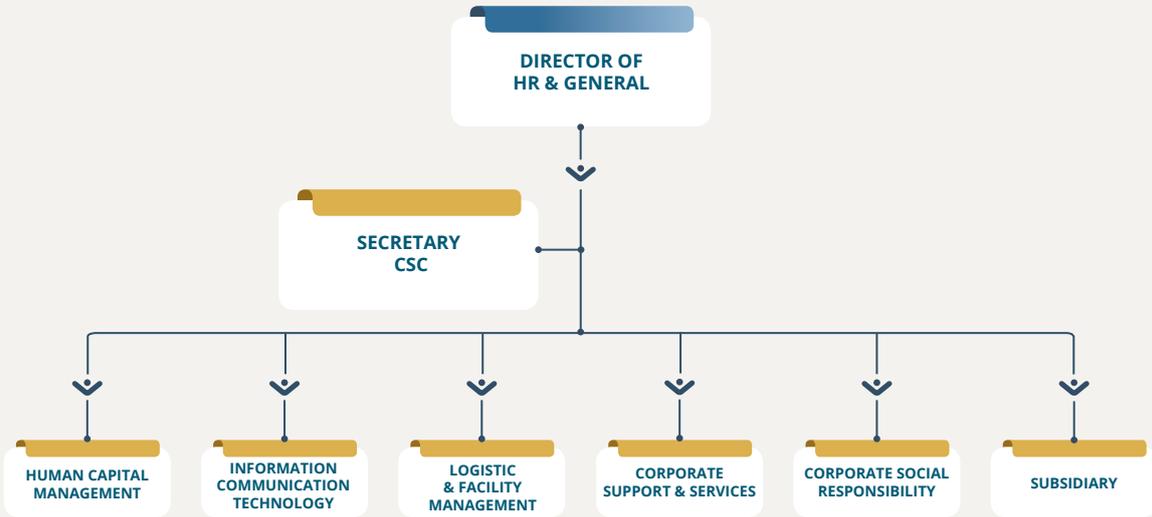
**DIRECTORATE OF INFRASTRUCTURE & TECHNOLOGY CENTRAL SAFETY COMMITTEE**



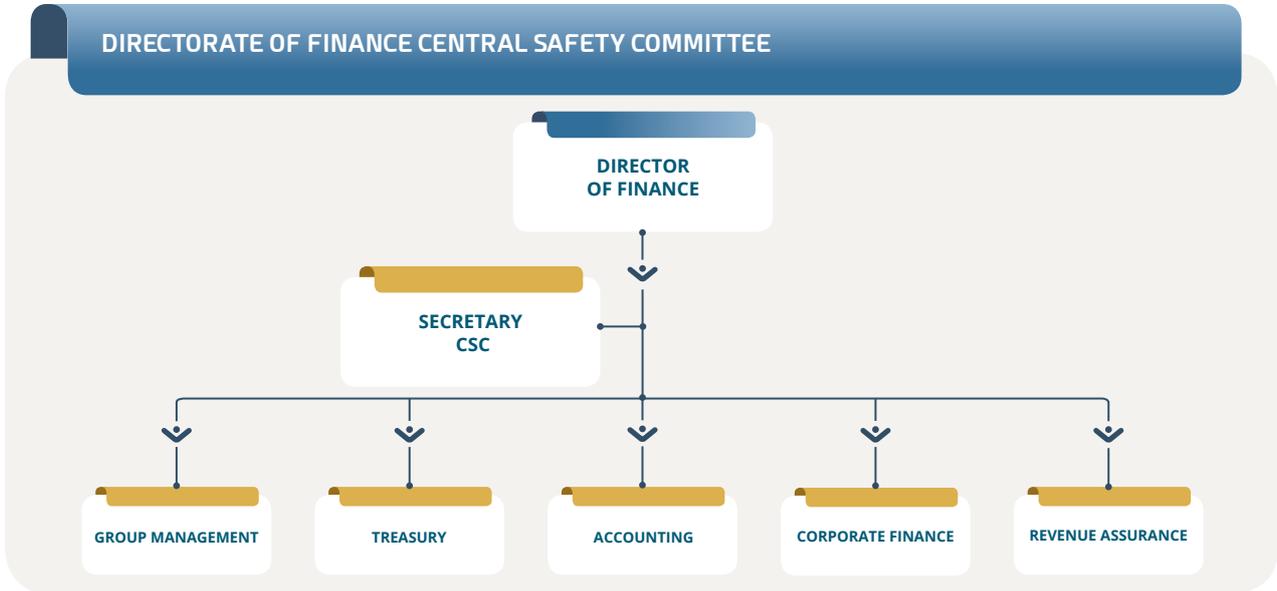
**COMMERCIAL DIRECTORATE CENTRAL SAFETY COMMITTEE**



**CENTRAL SAFETY COMMITTEE DIRECTORATE OF HR & GENERAL AFFAIRS**



**DIRECTORATE OF FINANCE CENTRAL SAFETY COMMITTEE**

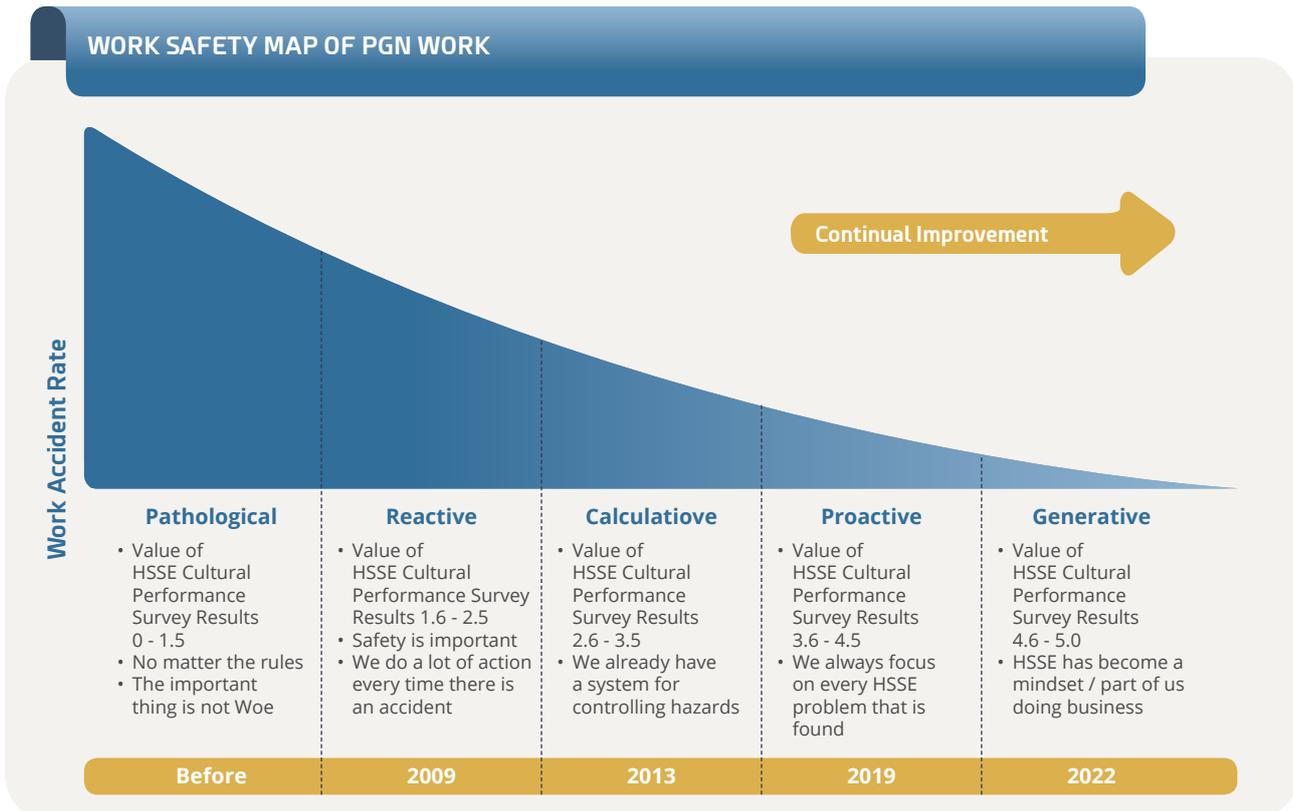


**Implementation of Occupational Health and Safety Road Map**

Strategically, PGN has designed a road map for Occupational Health and Safety as a guide to bring PGN to achieve its Occupational Health and Safety target. The "Safety Excellence Program" road map was designed in 2009 with the aim to bring every PGN employee to understand the Occupational Health and Safety aspects

and realize the importance of risk mitigation. The audit results show that the Safety Excellence Program has brought excellent results, namely the reduction in workplace incidents and work accidents, as well as the development of a Occupational Health and Safety conscious culture measured by the transformation of PGN employees from the reactive level to generative as illustrated in the chart below:

**WORK SAFETY MAP OF PGN WORK**



Work Accident Rate

Continual Improvement

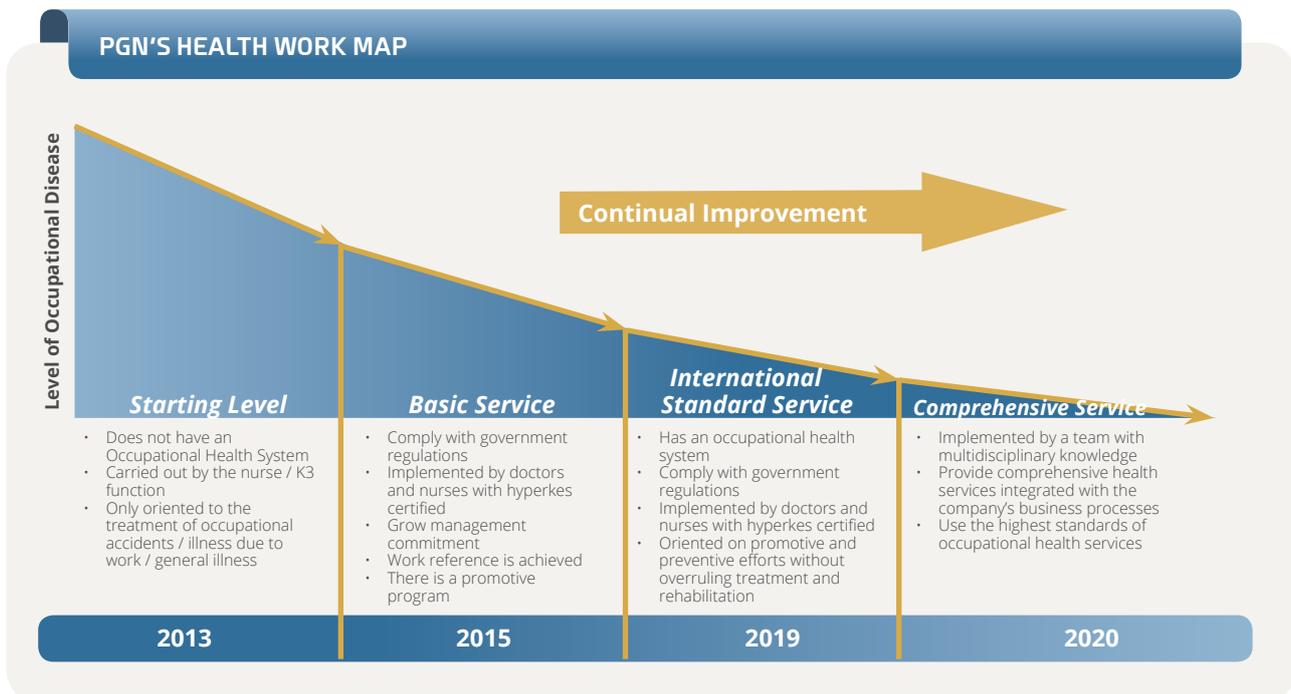
- | Pathological   | Reactive  | Calculative   | Proactive  | Generative   |
|--|---|---|--|--|
| <ul style="list-style-type: none"> <li>Value of HSSE Cultural Performance Survey Results 0 - 1.5</li> <li>No matter the rules</li> <li>The important thing is not Woe</li> </ul> | <ul style="list-style-type: none"> <li>Value of HSSE Cultural Performance Survey Results 1.6 - 2.5</li> <li>Safety is important</li> <li>We do a lot of action every time there is an accident</li> </ul> | <ul style="list-style-type: none"> <li>Value of HSSE Cultural Performance Survey Results 2.6 - 3.5</li> <li>We already have a system for controlling hazards</li> </ul> | <ul style="list-style-type: none"> <li>Value of HSSE Cultural Performance Survey Results 3.6 - 4.5</li> <li>We always focus on every HSSE problem that is found</li> </ul> | <ul style="list-style-type: none"> <li>Value of HSSE Cultural Performance Survey Results 4.6 - 5.0</li> <li>HSSE has become a mindset / part of us doing business</li> </ul> |

Before                      2009                      2013                      2019                      2022

## IMPLEMENTATION OF AN OCCUPATIONAL HEALTH ROAD MAP

PGN realizes that the health of its workers is of particular concern to the company because only healthy workers can provide good performance for the company. PGN organizes various programs to improve worker health. These programs are tailored to the level of risk of workers in their respective fields.

In addition, the Work Reference Document compiled by PGN serves as the legal umbrella for the rules for managing employee health. The following is a road map for PGN's occupational health:



### K3 PROGRAM

In 2019, we conducted the Occupational Health and Safety programs as follows:

#### a. Management Visit

Management conducts regular visits which will encourage and motivate workers in each work unit to carry out the Occupational Health and Safety program as well as possible. In these visits, management also provides an example, in addition to conducting direct interaction to obtain feedback related to the implementation of Occupational Health and Safety in the field. This feedback is very useful in efforts to improve and progress the implementation of Occupational Health and Safety in PGN.

#### b. Management Review Meeting

PGN continuously holds the Management Review Meeting of Safety and Environmental Management

and Energy Management System which is the peak cycle in the process of improving the management system of Safety and Environmental Management and Energy Management System on an ongoing basis. In the Management Review Meeting, a report was presented on the performance of the implementation of the Safety and Environmental Management and Energy Management System management system and a discussion was held regarding issues in the implementation of the Safety and Environmental Management and Energy Management System in order to improve a sustainable Occupational Health and Safety Management System. In 2019, Management Review Meeting discussed various issues as below:

- Evaluation of Management Review Meeting 2018 follow-up
- Evaluation of the implementation regarding Occupational Health and Safety Management

System and Safety and Environmental Management and Energy Management System

- Evaluate Health, Safety, Security, and Environment Target
- Evaluate Health, Safety, Security, and Environment Performance
- Monitoring the status of incident investigations, corrective action, and prevention
- Submission of Lesson Learn from incidents happening in 2019
- Evaluation of Communication, Participation, and Consultation
- Resources evaluation
- Management of Change evaluation
- Evaluation of recommendations for continuous improvement
- Evaluation of laws and regulations

**c. Health, Safety, Security, and Environment Competition for Workers and Working Partners in 2019 as a Reference Evaluation of Safety and Environmental and Energy Implementation**

The Health, Safety, Security, and Environment Competition is a fun event but still educates and inspires all PGN employees to apply the Health, Safety, Security, and Environment aspects in each activity of their respective work units. This competition is held regularly every year, and in 2019 the Health, Safety, Security, and Environment Contest will be held 2 (two) times during the National Occupational Health and Safety Month (January 12<sup>nd</sup>, 2019 - February 12<sup>nd</sup>, 2019) and the 54<sup>th</sup> PGN Anniversary. The competition was welcomed with high enthusiasm by the workers including the company's business partners. This competition also serves as a benchmark for the knowledge and application of Health, Safety, Security, and Environment for PGN workers and work partners, as well as a form of appreciation for their dedication in implementing Health, Safety, Security, and Environment in their respective work environments.

**d. Occupational Health and Safety Management System Certification and OHSAS 18001: 2007 Upgrading to ISO 45001: 2018**

PGN considers it important to comply with regulations and laws as well as the implementation of standards in the field of Occupational Health and Safety management that has been recognized internationally. This effort was carried out in addition to increasing the credibility of PGN, also to ensure the safety and health of every PGN employee. Therefore, PGN certifies the required fields, such as Occupational Health and Safety Management System certification which refers to Government Regulation No. 50 of 2012 and OHSAS 18001: 2007 which were then upgraded to ISO 45001: 2018 in 2019.

**e. Occupational Health and Safety Campaign**

PGN considers it important that the Occupational Health and Safety aspect must be routinely promoted to increase workers awareness and commitment to Occupational Health and Safety, so that the Occupational Health and Safety aspect is always the main concern in carrying out each employee's activities, so that work can be done safely and workers remain in a healthy and safe condition until they went home, every day. The campaigns carried out consisted of various forms such as ergonomic video screening and Occupational Health and Safety education, installation of posters, banners and desktop wallpapers of computer equipment as well as routine Occupational Health and Safety education programs conducted at each company office location each semester.

**f. Health, Safety, Security, and Environment Online System and Indicator Performance Center**

Along with the changing of the industrial revolution 4.0, PGN is challenged to be able to follow the development of information technology, including its application in the Health, Safety, Security, and Environment aspect. Health, Safety, Security, and Environment is demanded to be able to present information that is precise, fast,

accurate and easily obtained by all stakeholders. Since 2016, PGN has continued to develop web-based applications under the name Health, Safety, Security, and Environment Online System and Indicator Performance Center (HOLISTIC) that can be used by PGN and PGN Group employees. The Holistic application is believed to increase the effectiveness of working in getting accurate data / information in a fast time, making it easier for management to compile strategic and tactical steps in order to achieve operational excellence.

#### g. Occupational Health and Safety Training

In accordance with the Safety and Environmental Management and Energy Management System policy, in order to create a healthy, safe, and environmentally friendly work environment, PGN is committed to providing guidance to workers in order to increase workers awareness and competence, so that workers can take proactive and preventive actions so they can prevent occurrence of work-related diseases and work accidents. The following table is the Occupational Health and Safety training given in 2019.

### K3 Training

NO	TRAINING TITLE	EXECUTION TIME	PEOPLES	DAYS	MANDAYS
1	ISRS Modern Safety Management Batch 1	Feb 18 <sup>th</sup> , 2019 to Feb 22 <sup>nd</sup> , 2019	24	5	120
2	ISRS Modern Safety Management Batch 2	Mar 11 <sup>th</sup> , 2019 to Mar 15 <sup>th</sup> , 2019	24	5	120
3	International Sustainability Rating System (ISRS) Assessor Workshop	Jul 22 <sup>nd</sup> , 2019 to Jul 26 <sup>th</sup> , 2019	22	5	110
4	ISRS Leadership for Senior Managers (CSC Direktorat Infrastruktur dan Teknologi)	August 7 <sup>th</sup> , 2019	28	1	28
5	ISRS Leadership for Senior Managers (CSC Direktorat Komersial)	August 7 <sup>th</sup> , 2019	12	1	12
6	ISRS Leadership for Senior Managers (CSC Direktorat Utama)	August 7 <sup>th</sup> , 2019	14	1	14
7	ISRS Leadership for Senior Managers (CSC Direktorat Strategi dan Pengembangan Bisnis)	August 7 <sup>th</sup> , 2019	6	1	6
8	Systematic Cause Analysis Technique (SCAT)	Sept 16 <sup>th</sup> , 2019 to Sept 18 <sup>th</sup> , 2019	25	3	75
9	Plant Manager/Incident Commander-Initial Response	Feb 25 <sup>th</sup> , 2019 to Feb 27 <sup>th</sup> , 2019	4	3	12
10	Awareness Sistem Manajemen K3 (ISO 45001:2018) dan Lingkungan (ISO 14001:2015) Batch 1	Mar 25 <sup>th</sup> , 2019 to Mar 26 <sup>th</sup> , 2019	17	2	34
11	Awareness Sistem Manajemen K3 (ISO 45001:2018) dan Lingkungan (ISO 14001:2015) Batch 2	Apr 4 <sup>th</sup> , 2019 to Apr 5 <sup>th</sup> , 2019	28	2	56
12	Internal Auditor Sistem Manajemen K3 (ISO 45001:2018) dan Lingkungan (ISO 14001:2015)	Apr 10 <sup>th</sup> , 2019 to Apr 12 <sup>nd</sup> , 2019	21	3	63
13	Basic Sea Survival	Jul 16 <sup>th</sup> , 2019 to Jul 18 <sup>th</sup> , 2019	3	3	9
14	Tropical Basic Offshore Safety Induction & Emergency	Aug 26 <sup>th</sup> , 2019 to Aug 26 <sup>th</sup> , 2019	1	1	1

## h. Occupational Health and Safety Reporting

Regularly, PGN submits Occupational Health and Safety performance reports to relevant government agencies such as the Ministry of Manpower every three months and the Directorate General of Oil and Gas of the Ministry of Energy and Mineral Resources every month.

### SAFETY METRIC

Safety metrics are indicators that determine the performance of the head office, business units, and

projects as well as PGN subsidiaries in the application of Occupational Health and Safety. This safety metric system has been prepared to evaluate the performance of Occupational Health and Safety every month for the sake of improvement in PGN's body. The following are reports regarding Occupational Health and Safety-related incidents which were recorded in accordance with applicable government regulations regarding Occupational Health and Safety.

#### Safe Work Hours

	2019	2018	2017	2016	2015
Safe Work Hours	104,672,458	94,407,387	83,009,070	89,263,642	71,501,132

#### Types of Work Accidents Based on Gender

	Nearmiss	FAC	MTC	RWDC	LWDC	Fatality	Total
Male	49	14	1	0	0	0	64
Female	3	0	0	0	0	0	3
<b>TOTAL</b>	<b>52</b>	<b>14</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67</b>

##### Descriptions:

- Near Missed is an event that able to, but has not caused injury and / or damage (loss) to assets, environment or third parties.
- First Aid Case (FAC) is an injury that does not require further treatment (limited to first aid) and does not cause a Missing Work Day or days with limited work ability.
- Medical Treatment Case (MTC) is an injury that requires further treatment under the supervision of medical personnel but does not cause a Missing Work Day or a day with limited work ability.
- Restricted Work Day Case (RWDC) is a Work Accident which results in the employee being able to work the day after the incident, but cannot carry out all routine work tasks or obligations effectively.
- Lost Work Day Case (LWDC) is a Work Accident that results in workers temporarily being unable to work again on the next day or shift according to the work schedule.
- Fatality is a work accident that results in death without taking into account the deadline between the occurrence of an accident and the death of the victim.

### Types of Work Accidents by Type of Region

	Nearmiss	FAC	MTC	RWDC	LWDC	Fatality	Total
Headquarters	7	2	0	0	0	0	9
GDM 1	20	1	1	0	0	0	22
GDM 2	3	1	0	0	0	0	4
GDM 3	4	2	0	0	0	0	6
GTM	14	2	0	0	0	0	16
PMO	4	6	0	0	0	0	10
UL Jargas	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>52</b>	<b>14</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67</b>

#### Descriptions:

- Near Missed is an event that able to, but has not caused injury and / or damage (loss) to assets, environment or third parties.
- First Aid Case (FAC) is an injury that does not require further treatment (limited to first aid) and does not cause a Missing Work Day or days with limited work ability.
- Medical Treatment Case (MTC) is an injury that requires further treatment under the supervision of medical personnel but does not cause a Missing Work Day or a day with limited work ability.
- Restricted Work Day Case (RWDC) is a Work Accident which results in the employee being able to work the day after the incident, but cannot carry out all routine work tasks or obligations effectively.
- Lost Work Day Case (LWDC) is a Work Accident that results in workers temporarily being unable to work again on the next day or shift according to the work schedule.
- Fatality is a work accident that results in death without taking into account the deadline between the occurrence of an accident and the death of the victim.

### Work Accident Rate (TKK) Based on Gender

	2019	2018	2017
Male	0.10	4	0.62
Female	0	0	0.09
<b>TOTAL</b>	<b>0.10</b>	<b>4</b>	<b>0.71</b>

\*TRIR (Total Recordable Injury Rate) by Gender = Total Recordable Injury Male/Female / Total Safe Work Hours Total \* 1,000,000

### Work Accident Rate (TKK) by Region

	2019	2018	2017
Headquarters	0.00	0	0.00
GDM 1	0.33	0	0.00
GDM 2	0.00	0	1.43
GDM 3	0.00	0	1.08
GTM	0.00	0	0.81
PMO	0.00	4	1.56
UL Jargas	0.00	0	0.00
<b>TRIR Overall**</b>	<b>0.10</b>	<b>4</b>	<b>0.71</b>

\* TRIR (Total Recordable Injury Rate) by Region = Total Recordable Injury Wilayah / Jumlah Jam Kerja Aman Wilayah \* 1.000.000

\*\* TRIR (Total Recordable Injury Rate) Overall = Total Recordable Injury / Jumlah Jam Kerja Aman Total \* 1.000.000

### Rate of Missing Workdays (THKH) by Gender

	2019	2018	2017	2016	2015
Male	0	0	0.35	0	0
Female	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0.35</b>	<b>0</b>	<b>0</b>

### Rate of Missing Work Days (THKH) by Region

	2019	2018	2017	2016	2015
Headquarters	0	0	0	0	0
GDM 1	0	0	0	0	0
GDM 2	0	0	0	0	0
GDM 3	0	0	0	0	0
GTM	0	0	0	0	0
PMO	0	0	0.35	0	0
UL Jargas	0	0	0	-	-
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0.35</b>	<b>0</b>	<b>0</b>

### Occupational Disease Rate (TPAK) Based on Gender

	2019	2018	2017	2016	2015
Male	0	0	0	0	0
Female	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Level of Occupational Disease (TPAK) by Region

	2019	2018	2017	2016	2015
Headquarters	0	0	0	0	0
GDM 1	0	0	0	0	0
GDM 2	0	0	0	0	0
GDM 3	0	0	0	0	0
GTM	0	0	0	0	0
PMO	0	0	0	0	0
UL Jargas	0	-	-	-	-
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Total Sickness Absences Frequency (TSAF) by Region

	2019	2018	2017	2016	2015
Headquarters	0.31	0.34	0.42	0	0
GDM 1	0.09	0.13	0.11	0	0
GDM 2	0.06	0.09	0.09	0	0
GDM 3	0.10	0.07	0.10	0	0
GTM	0.16	0.11	0.12	0	0
PMO	0.04	0.02	0.04	0	0
UL Jargas	0	-	-	-	-
<b>TSAF Overall</b>	<b>0.14</b>	<b>0.14</b>	<b>0.17</b>	<b>0</b>	<b>0</b>

### Job-related Death Rate by Gender

	2019	2018	2017	2016	2015
Male	0	0	0	0	0
Female	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Job-related Death Rate by Region

	2019	2018	2017	2016	2015
Headquarters	0	0	0	0	0
GDM 1	0	0	0	0	0
GDM 2	0	0	0	0	0
GDM 3	0	0	0	0	0
GTM	0	0	0	0	0
PMO	0	0	0	0	0
UL Jargas	0	-	-	-	-
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### OCCUPATIONAL HEALTH AND SAFETY FIELD CERTIFICATION AND AWARD IN 2019

For our Occupational Health and Safety performance in 2019, PGN received various appreciations and awards from independent parties. The Occupational Health and Safety awards can be seen below:

Award from the Minister of Manpower for his achievements in implementing the Occupational Safety and Health (K3) program so that no work accidents occur based on the Minister of Manpower and Transmigration Regulation Number PER-01/MEN/I/2007.



Award from the Minister of Energy and Mineral Resources for achievements without losing work days as a result of accidents based on Minister of Mining and Energy Regulation No. 516.K / 38 / M.PE / 1989.



Performance Overview

Report to The Shareholders

Company Profile

Management Discussion and Analysis

Good Corporate Governance

Corporate Social and Environmental Responsibility

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Regulatory Cross Reference

Award from the Minister of Energy and Mineral Resources for the achievement of fostering the safety of oil and gas based on the Minister of Mining and Energy Regulation Number 516.K / 38 / M.PE / 1989.



Award for HIV & AIDS Prevention and Management Program at work in the Platinum category from the Minister of Manpower of the Republic of Indonesia.



## EXPENSES ON ACTIVITIES

Costs for activities related to the management of Occupational Health and Safety during 2019 are Rp15,541,140,181.

## SOCIAL AND COMMUNITY DEVELOPMENT

### POLICY

PGN believes that the development of the company can be seen from how developed the community is, in the area around the company's operations. Therefore, PGN is committed to create a domestic prosperity in the provision of "good" energy such as environmentally friendly energy, economic independence, a better access to education, environmental preservation, and public welfare through CSR (Corporate Social Responsibility) programs in order to realize sustainable development.

Community is an important part of PGN's progress, because one of the causes of our development is the support given from the community. To that end, PGN invests in the community in the form of CSR programs such as: natural disaster assistance, educational assistance, infrastructure development and / or public facilities, nature conservation, religious facilities, health and poverty alleviation. Every community development program planning involves various elements of the community and local government officials, so the programs produced are a joint agreement between PGN and the community.

PGN always creates programs that can provide benefits to communities and companies, one of which is carried out through the Fostered Villages Program. The impacts obtained from the PGN Fostered Village Program include:

- a. Increase independence and welfare of the local community.
- b. Create employment opportunities and reduce unemployment number in the area
- c. Increase awareness and the quality of local community health.
- d. Increase locally generated revenue
- e. Enhance the harmonious relations between PGN and the community and the local government as well as the relations between the community itself.
- f. Reduce operational disruptions for companies, which caused by social aspects.

- g. Reduce community dependence on assistance given from the company, so that aid funds can be allocated to help communities elsewhere.
- h. Become a media for PGN's work involvement in corporate social activities, as well as
- i. Become a media to socialize the role of state-owned enterprises and PGN in supporting public welfare.

Important information relating to socio-economic and environmental is obtained from the results of social mapping which conducted by institutions that collaborate with PGN through several stages, namely: Social and Stakeholder Mapping, Survey given to PGN Stakeholders in the vicinity of the site, Program Planning, Program Implementation, Program Monitoring and Evaluation, Exit Strategy (handing over of program to the community groups). The whole phase involved the community and local government officials, so the programs produced were a joint agreement between PGN and the community. In order to achieve village independence, each village is encouraged to establish community development in the form of Village-Owned Enterprises and other institutions, with various community business units underneath.

In its implementation, PGN seeks to give a positive impact on the communities around PGN's operational areas. Our programs aren't just donations, but PGN prepares a CSR Roadmap that guides companies in implementing CSR that is effective, efficient, and beneficial to the community. Our CSR applications include the following:

1. Compliance with the laws and regulations;
2. Assistance in the form of donations;
3. Fostering the community to improve the quality of life;
4. Bear the costs of negative impacts generated;
5. Doing CSR by integrating company's management system, so that CSR is carried out by all elements in the company.

The social risks that can be faced by the company include the rejection of PGN infrastructure development by the community, through conducting demonstrations or other adverse activities. This can be prevented by establishing good relations between the company and the communities surrounding the company's operational areas by developing sustainable CSR programs that can provide benefits to the community, the environment and also the company in accordance with applicable procedures and regulations.

PGN intends to develop villages around the operational area to become developed and independent villages so that they can support sustainable development in Indonesia. The implementation of the Fostered Villages Program is in 4 PGN's offtake stations (gas stations) which are national vital objects. This gas station has a strategic role in maintaining the stability of energy supply in Indonesia, so that PGN is required to maintain harmony with the local community. The active participation of PGN is expected to be able to realize the operational reliability of the company as well as the community around the independent and competitive offtake station.

This Social and Environment Responsibility policy refers to ISO 26000 on Social Responsibility, a guide issued by the International Standardization Organization (ISO) which covers 7 aspects, namely:

1. Organizational Governance
2. Human Rights
3. Labour Practices
4. The Environment
5. Fair Operating Procedures
6. Consumer Issues
7. Community Involvement and Development

The application of ISO 26000 in organizing corporate social responsibility activities, provides various benefits, such as:

1. Understand how the programs implemented, affect the lives of the surrounding community and beneficiaries, which in turn contributes to sustainable development.
2. Able to identify, feel involved and respect the expectations of relevant stakeholders.
3. Able to define relevant and significant issues so that it is possible to do the preparation of programs based on priorities.
4. Enable the fulfilment of internal and domestic regulations in the preparation and implementation of programs, but at the same time, in accordance with universal norms.
5. Integrate program accountability and harmonious relations with the surrounding community.

PGN continues to update various guidelines, operating procedures, manuals that apply in the company in accordance with laws and regulations, which are then followed by guided socialization and application. In every planning and decision taken, PGN also strives to always integrate the principles and practices of sustainability by considering five important aspects namely People, Planet, Prosperity, Peace, and Partnership.

The planned activities that will be carried out in 2020 include:

1. Natural Disaster Victims Aid;
2. Education Sector Aid
  - Educational assistance in 6 Public Universities such as Universitas Indonesia (UI), Bandung Institute of Technology (ITB), Sepuluh Nopember Institute of Technology (ITS), Gajah Mada University (UGM), Diponegoro University (UNDIP), Universitas Mulawarman
  - WIFI Corner Assitance in 6 Universities (Untirta, ITERA, UIN Lampung, UIN Palembang, UI, PNJ)
  - State owned enterprise's Present for the Country Program; Students get to know the Archipelago
  - Library Development
  - Development of Community Reading Gardens
  - State Owned Enterprise's Anniversary Program; State Owned Enterprise's Goes to Campus
  - Teaching by PGN
  - School Renovation Assistance

### 3. Health Improvement Aid

- Health services through mobile health car
- Ambulance Assistance
- Mass circumcision
- Assistance for Integrated Healthcare Center and Public Health Center in the Fostered Village

### 4. Infrastructure and/or Public Facilities Aid

- Development of Green Open Space in Batuceper, Tangerang
- Aid for Repairing the Muara Enim Road
- KESDM Electrification Program

### 5. Worship Facilities Aid

- Worship facilities renovation assistance
- Orphan Benefit
- Best BHUN Balkondes Program - Safari Ramadhan Program
- BHUN Program – Celebration of Religious Holidayss

### 6. Nature Conservation Aid

- Development of Pilet Biomass from Animal Impurities
- River Basin Rehabilitation in Muara Enim
- Renewable Energy Program – Making Wind Power and Solar Panel (Lance, Kalisogo & Semare)
- Biodiversity Program in Cimanggis, Sidoarjo, Pagardewa
- Planting of Mangrove in Panaran/Lance Island Tourism Areas

### 7. Poverty Eradication

- Development of Balkondes Golaga, Purbalingga
- Development of Pagardewa, Panaran, Lubuan Maringgai, and Bojonegara Fostered Villages



## ACTIVITIES AND PROGRAMS

### Natural Disaster Relief

In the domestic context, the National Disaster Management Agency reports that the number of natural disasters caused by hydrometeorological and geological factors in Indonesia is 3,721 natural disasters. The types of disasters that occur are forest and land fires, floods, landslides, droughts, earthquakes, tidal waves, volcanic eruptions, and are dominated by tornadoes. Based on the diversity of these types of disasters, PGN applies a policy to provide assistance to victims of natural disasters not only to one but several types of natural disasters, including:

- a. Repairation of a tornado natural disaster victims house in Kampung Lebak Sari, Bogor;
- b. Konawe Flood Relief in Southeast Sulawesi;
- c. North Maluku Earthquake Disaster Relief;
- d. Ambon Earthquake Disaster Response.

### Educational Aids

The quality of education is a challenge for sustainable development that requires attention and helping from all parties to handle it. Among these challenges are the number of illiterate people, the lack of infrastructure and facilities to provide an effective learning environment, and the lack of capacity building support for teachers. This encourages PGN to focus its CSR activities through the distribution of educational facilities and infrastructure as well as innovative programs for students.

The forms of assistance include:

- a. Revamping the Language Laboratory of the DEL Institute of Technology

One of PGN's assistance in the education sector is the renovation of the Del Institute of Technology language laboratory in North Sumatera. With this language laboratory renovation assistance, it is hoped that the laboratory can be used as it should. It aims to increase comfort in teaching and learning activities of students at the Del institute of technology.

- b. Renovation of the MBA Building Canteen at SBM ITB  
PGN's assistance in other education sectors is renovation or improvement of the canteen building which is a place for interacting and gathering of MBA students at SBM ITB. The canteen is supported by fast wireless internet (WIFI) network facilities and a modern campus atmosphere that is expected to improve the quality of the ITB MBA student learning process.
- c. Student Getting to Know the Archipelago Program  
Student Getting to Know the Archipelago Program is a series of State-Owned Enterprise BHUN programs where this activity aims to instil a sense of pride and love of the motherland early on to vocational / high school students. PGN itself runs this Student Getting to Know the Archipelago program in the Province of Bali with 25 students from 9 districts. One of the activities of this activity is the exchange of students between students from the Province of Bali and West Kalimantan Province.
- d. Leadership and Innovation camp Program
- e. State-Owned Enterprise Goes to Campus: UNIKA Santo Thomas
- f. Teaching by PGN at SMAN 6 Yogyakarta

### Health Improvement Aid

Health is one of the highlights in the Sustainable Development Goals especially in Goal No.3, which is to ensure a healthy life and prioritize health at all ages. Among the challenges that require a helping hand from all parties, PGN makes the assistance of health facilities and infrastructure as one of the focuses of CSR assistance. The provision of health consultation services is a form of PGN's contribution in responding to the challenges of a lack of medical personnel in Indonesia. Based on data from the United Nations data for 2013 - 2018, at least 40% of countries in the world have not been able to provide 10 doctors per 10,000 population and more than 55% of countries in the world have less than 40 nurses and midwives per 10,000 population.

To that end, PGN provides health assistance in the form of:

- a. Health services through Healthy Cars in PGN's operational areas

In an effort to improve public health, PGN participates by providing health services through healthy cars, especially in PGN's operational areas. These health services include health counseling, free medical treatment and medical examinations for poor people.

- b. Simultaneous Blood Donation Program by PGN workers in Jakarta, Medan, and Pekanbaru
- c. Health Center Assistance in PGN Fostered Village
- d. Ambulance Procurement

An ambulance is a basic need that must be owned by institutions, legal entities, or foundations where an ambulance can enhance and support activities in handling emergency conditions. Therefore, PGN participated in distributing its assistance for the procurement of ambulances in several areas.

### **Infrastructure and/or Public Facility Development Aid**

The availability of infrastructure and public facilities are one of the major aspects required to create favorable economics and satisfactory quality of life. For the past two decades, economics in Indonesia has been increasing, however this increase in economics overlooked the accessibility of clean water in Indonesia. Statistics Indonesia (BPS) documented that 33.4 million people of Indonesia required more clean water and 99.7 million people have inadequate access to a decent sanitation facility. This goal is estimated to only be 72.6% while SDG targeted 100% reach. With that in mind, clean water facility aid is determined as one of the focus of TJSI PGN's relief fund in addition to several other facility, in particular:

- a. Clean Water Facility Support

To support the people in need of clean water. PGN took part in the establishment or transmission of clean water in several areas like several villages in Tangerang and Gunungkidul, Special Region of Yogyakarta.

- b. Provision of Police Certificate Service Car to Greater Jakarta Metropolitan Regional Police.
- c. Factory Construction as well as Pellet Machine Support in Cibogo, Bandung

PGN supports the resident of Cibogo Village by constructing a factory facility to process cow manure into pellet with the capacity of 400 kg/hour. This program is also a form of a service to fulfill Societal Needs Orientation (SNO) in Lembang. Similar facility may be developed for areas other than Cibogo after the facility is proven to be feasible with equal benefits and sustainable for the resident of Cibogo Village.

### **Worship Facility Aid**

Spiritual need is recognized as a form to maintain mental health, included as objective in target number 3, to ensure healthy lives and support the welfare of the people from all ages. The World Health Organization (WHO) defined mental health as "a state of wellbeing in which the individual realizes his or her own abilities, can cope with the normal stresses of life, able to accept other individuals as well as having a positive attitude toward him or herself and other people". To support this achievement, PGN carried out several operations to repair worship facility and other aid relating to the spiritual health. It is hoped that these actions will be beneficial to the mental health of society through several supports, such as:

a. Mosque, Church, and Pura Worship Facility Renovation  
As a token of PGN support toward society's religious activities, PGN took part in the construction or reparation of the worship facilities to support the religious activities of the society, for example mosque, church, as well as renovation of pura in several areas.

b. Distribution of care packages to orphans on Nazulul Qur'an Commemoration

On the Commemoration of Nazulul Qur'an, PGN contributed to the distribution of care packages to the orphans as well as providing operational aid to the related orphanage.

c. Celebration of Religious Holiday

PGN support on worship facility can also be seen through celebration of religious holidays. On those days, PGN provided sacrificial animal (qurban) around PGN operational areas, Christmas celebration support for several churches, as well as celebration of Sarasvati in Bali.

### Nature Conservation Aid

Nature is counted as one of the four supporting pillars to achieve sustainable development in Indonesia. Included in this pillar are Objective number 6 (Clean Water and Sufficient Sanitation), Objective number 11 (Sustainable Cities and Settlements), Objective number 12 (Responsible Consumption and Production), Objective number 13 (Climate Change Management), Objective number 14 (Marine Ecosystem), and Objective number 15 (Terrestrial Ecosystem). Listed below are several forms of PGN support programs to reach the objectives of sustainable development on Nature as a pillar.

a. Utilization of empty lots on riverbank in Ciliwung River.

This support is given in conjunction with Commandant Battalion 811 Unit Kopassus to aid in the utilization of empty lots on riverbank in Ciliwung River to increase the productiveness of those lots with the intention to support the main duty of the Unit as well as assisting nearby environment;

b. Biodiversity aid in Bedegung, Muara Enim, South Sumatera;

c. Construction of Arboretum in Pagardewa, Muara Enim, South Sumatera;

d. Revitalization of canals in Sriminorasri Village Mangrove Forest, Lampung;

e. Development of medicinal herbs for families in Tembesi Village, Panaran;

### Poverty Eradication Aid

Poverty is a major global challenge, including social protection assurance, basic needs access improvement, and resistance development to the effects of natural disaster that may cause major damage on resources and society's source of income. The broad dimension to realize includes economy, as well as health, education, livelihood access, and so on and so forth. In Indonesia, poverty eradication remains a challenge considering the numbers of people living below the poverty line reached 24.79 million people as documented in September 2019. Even though it has seen a 0.88 million decrease compared with September 2019, it doesn't mean that PGN has stopped consistently giving out support programs to reduce poverty. That effort is reflected through several programs listed below:

a. Food Assistance Program

PGN's contribution on poverty reduction in society can be seen through food assistance program held on several areas such as: Meulaboh (2,500 Assistance Receivers), Pangandaran (3,000 Assistance Receivers), Jombang (1,000 Assistance Receivers), Bekasi (2,000 Assistance Receivers), Bangli, Gianyar, and Denpasar (2,000 Assistance Receivers). Overall, this food assistance program reached around 10,500 Assistance Receivers.

b. Village Guidance Program

PGN commits to protect the harmony of the society located in areas around PGN Offstake Station to create a competitive and advantageous society capable of increasing their own economy. Villages guided by PGN includes Panaran Guided Village and Tambesi in Batam, Pagardewa Guided Village in Muara Enim, Bojonegara Guided Village, Serang as well as Labuan Maringgai Guided Village in East Lampung.

### EXPENSE ON ACTIVITIES

In an effort to achieve development objectives in SDG, PGN stays fully committed to support the realization of several PKBL activities by providing the necessary funds in accordance with the current regulations. PGN continues to improve the quality of the management and its distribution to ensure that all undertaken programs will be able to progress effectively, efficiently, as well as providing optimal benefits to the aid receivers.

Funds used for Environment Guidance Program and TJSI is raised from Company's fund with the total of Rp89,372,235,505.00 (eighty nine billion three hundred and seventy two million two hundred and thirty five thousand five hundred and five Rupiah) with details listed below:

### Work Accident Rate (TKK) by Region

Sector	CSR	Realization	
		Community Development	Amount
Natural disasters	108,283,786	1,727,372,906	1,835,656,692
Education facility	2,158,069,557	16,384,505,684	18,542,575,241
Health Improvement	22,588,783,127	3,392,565,634	25,981,348,761
Development of Infrastructure and / or Public Facilities	2,718,930,196	7,733,967,446	10,452,897,642
Place of worship	8,592,262,489	12,337,391,940	20,929,654,429
Nature Conservation	394,163,691	779,587,660	1,173,751,351
Social Community in Poverty Alleviation	539,879,421	9,916,471,968	10,456,351,389
<b>Total</b>	<b>37,100,372,267</b>	<b>52,271,863,238</b>	<b>89,372,235,505</b>

## SOCIAL EMPOWERMENT IN THE SURROUNDING AREA OF THE COMPANY

### Village Guidance Program: Village IV Pagardewa, Subdistrict of Lubai Ulu, Regency of Muara Enim, South Sumatera

#### a. BUMDes Pagardewa

With the intention to increase the livelihood and building the economy of residents around PGN operational area through Village Guidance Program, CSR PGN accompanies the society with the formation of organization for the residents named BUMDes. One of those organization is located in Village IV Pagardewa, Subdistrict Lubai Ulu, Regency of Muara Enim, South Sumatera that is geographically located near PGN operational area/asset, named Pagardewa

Compressor Station which developed the Village and made it independent, as well as able to sustain continuous construction in Indonesia. CSR PGN always strive to create beneficial and advantageous programs for the residents, local government as well as the Company by improving the independence and welfare of the locals in the area and increasing original local government revenue (PAD). This program may benefit the locals by increasing the livelihood and development of local economy with the added benefits to the local environment through an improvement on the environment itself as well as through social improvement. In the BUMDes program, locals are developed to take an active part in management which is why it is hoped that they can support each program with great cooperation.



b. Paderta Arto Mulyo Thrift Institution - PGN Guided Thrift Institution

Based on the survey in Pagardewa Village, it is shown that the average source of income for locals in the village is rubber farming therefore one of the CSR program in the Guided Village Program is the formation of Rubber Thrift Institution to aid the rubber farmers around Pagardewa by welfare improvement and enabling the farmers to sell their rubbers at a market price, with the MoU on acceptance cooperation of Pagardewa's rubber harvest with PT. Kirana Megatara Tbk signed on October 16<sup>th</sup>, 2019. This program improves the assurance and security of harvest sales as well as avoiding any ill willed vendors. Additionally, the locals can increase their productivity by taking part in training of better rubber farm cultivation. Overall, the locals are very enthusiastic about the creation of the Thrift Institution for several reasons like increasing the harvest sales assurance and interest to take part in the membership of this Thrift Institution with the hope of improving the welfare of the entire Pagardewa Village residents.

- Establishment of Storing and Lending Thrift Institution Another program with the goal of increasing the welfare of the people around PGN Guided Villages is the establishment of Storing

and Lending Thrift Institution, where it supports residents in Pagardewa Village to increase its welfare as well as obtaining business capital independently and loan shark avoidance. With this facility, residents are able to procure independent capital through cooperation with fellow resident where those capital may be used for business or emergency needs. Residents, especially middle aged women are very enthusiastic, which can be seen through the increase of the Institution's members from 20 to 38 and currently growing.

- Waste Bank

Waste Bank Program helps the locals around Pagardewa to keep their home environment clean and healthy as well as controlling potential disease sources. Additionally, waste bank could improve local income by buying non-organic wastes. This activity is also a form of support to the policy of CSR, which is "providing benefits to the stakeholders" and "Securing the Company's assets". This support will benefit the residents as one of the stakeholders in the Company, which in turn increase the trust of the people around the Company operational area so that they will also take part in the security of the Company's assets.

### Fostered Village Program: Panaran Village, Lance Island, Batam

#### a. Tanaman Obat Keluarga (Toga)

This program is a form of environment health promotion by inviting the locals to plant beneficial vegetation. Locals on guided village are able to maximize the utilization of home gardens to improve the aesthetics and quality of air. Additionally, locals can actively plant and culture medicinal herbs for home use.

#### b. Creative Economy

Creative Economy Program is established to increase the income of the locals and maximizing results obtained from Thrift Institution and UMKM in the related Village. Locals may obtain the capital to start their own business which also increases their income. This program also aims to provide more work opportunities, which will enrich the locals and reduce the unemployment rate in the Guided Village. Additionally, Creative Economy that has been developed may also provide new ideas or innovations that can be utilized cooperatively.

#### c. Colorful Island and Djong Boat

It is hoped that Colorful Island and Djong Boat programs will show the beauty of the island with homes that are painted colorfully as well as conserving

local culture so that it may survive. With this program, enthusiastic locals may also help with the painting of the homes to support this Colorful Island Program. The locals also strive to conserve the local culture by upholding older generation's heritage. They realized local culture conservation must be done to keep it save from the modernization that is constantly changing the situation around us.

### Reparation of Social Infrastructure and Facilities:

#### BALKONDES Karangrejo

PGN continues to escort the management of the Village Economic Hall (Balkondes) and Karangrejo homestay as well as Kampung Palawija Guided Village, Borobudur, Regency of Magelang, Central Java until the locals are guaranteed to be independent and enriched. Balkondes is hoped to be the cornerstone of local readiness on how to grow potential sources such as culinary as well as arts and crafts which can be marketed to tourists. Balkondes owns numerous potentials for the locals to explore like culinary art in the form of traditional food, craft results, and tour packages solely managed by the locals.

## PRODUCT AND CONSUMER RESPONSIBILITY



### POLICY

PGN puts services as its business soul since the first so that customer satisfaction is periodically explored to be the foundation of various strategic decisions PGN to continue to be ahead of the business and the hearts of customers. As in previous years, PGN conducted a customer satisfaction assessment to continue to win the competition by becoming a solution for customer needs. In 2019 this, in addition to customers, PGN also added feedback from customer-customers at a specific stage such as customers at the stage of sales approach (prospective customers), sales at the installation stage, even customer's competitor PGN. This is in line with the penetration of PGN's market and the more competitive competition in the gas distribution business in Indonesia.

Unique and dynamic customer characteristics have always been the concern of PGN to be able to continue to be fulfilled and aligned with PGN's capabilities. Various activities carried out PGN to fulfill customers' expectations both in terms of technical and excellent service.

### ACTIVITIES PROGRAM IN 2019

During 2019, PGN has carried out a Prime service program to the following customers:

#### 1. PGN Contact Center

PGN has a contact center service that can be accessed through the number 1500645 and email [contact.center@pgn.co.id](mailto:contact.center@pgn.co.id). Customers, prospective customers and the public can contact the number to provide emergency complaints, get information about PGN products and services, to the gas subscription stage information.

PGN Contact Center operates 24 hours a day and 7 days a week. Any questions regarding the inquiry will be directly addressed by PGN Contact Center Agent and for PGN Agent Contact Center Complaint Service will issue a ticket to be forwarded to the relevant section for follow up. Overall, both the questions and complaints will be recorded in the PGN Contact Center database.

PGN Contact Center has five channel services consisting of "0" for emergency reports, "1" for reports of disruption and customer complaints, "2" for gas bill Information, "3" for gas subscription stages, information requests and other services, and "4" for product information and disruption of the Gasnet services.

During 2019 there were 13,102 calls and 509 emails entering the PGN Contact Center for requests for information and submission of complaints. The information that is most requested by the caller is financial information such as bills, payment guarantees and payment status. While complaints are often conveyed is about disruption in utilities and disturbances in MR/S, meters, corrector and regulator customers. However, in order to implement one of the culture ProCISE Service Excellence, the handling of this complaint has a maximum response time of 1x24 hours since the report received.

## 2. Increased product benefits

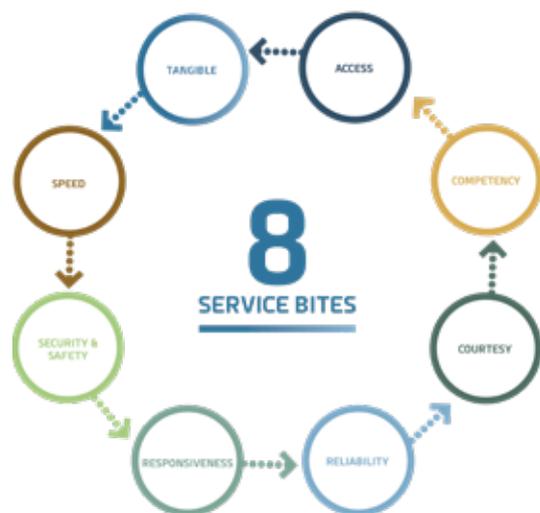
PGN through Customer Management and Sales actively visit customers/prospective customers in order to establish harmonization and synergy of the gas distribution business activities. Customer Management focuses on serving existing customers, while Sales Focus serves and seeks new potential customers. Solving this task and function is the breakthrough PGN in order to improve the quality of service, the number of sales and the acceleration of new prospective customer subscription process. During the visit, Customer Management and Sales actively provide inputs to customers/prospective customers on how to improve the efficiency of their equipment utilization and understand the business situation of customers/prospective customers. This is a valuable input for the management to make the gas subscription policies as PGN has already done during 2019.

Responding to customer input, PGN provides policies such as product repositioning which is product customization with the needs of customers in which is contained flexibility of contracts for specific customer segments. Customers are also offered with various other facilities such as Spot Gas which is the gas that can be held and used by customers in the month On-Demand and Gas Deposit, which is the quota of gas that has not been used but already paid by the customer.

Bailout is a program of cooperation PGN, customers and banking as a form of response and attention PGN to help the management of customer's cash flow in fulfilling the payment obligations through the financing scheme of gas use.

PGN also responded to the needs of the group's customers, i.e. customers who are in the management of management or whose shares are owned by the same entity, to be able to utilize the gas by optimizing the gas usage arrangement across the Group customer location through Multi destination scheme.

## 3. Customer Satisfaction Measurement



PGN annually routinely and consistently conducts customer satisfaction measurements to maintain company performance. This activity is made PGN as a room of improvement for the expectations and feedback given by the customer. In 2019, measurement of customer satisfaction was done by interview and focus group discussion of 8 services bites with the help of external independent parties to maintain the objectivity and independence of the results.

Over the last 5 years, the Customer Satisfaction Index (CSI) and PGN Customer Loyalty Index (CLI) value is above 5 with the maximum scale at 6. Despite short-term issues, the PGN managed to obtain the CSI values of 5.44 and the CLI at 5.54 which were in excellent criteria. In addition, PGN also assesses the Customer Referral Index (CRI) to measure the level of desire to recommend. The PGN-achieved value for the CRI is 4.89 with a maximum scale of 6, that number is in good criteria.

From the survey result, the customer greatly appreciated the performance of PGN especially in the activities of ensuring the assurance of supply, quality of good products and services, safety in the use of PGN natural gas, ease of contact customer management, availability of natural gas in terms of use in high amounts of natural gas.

PGN continues to receive input from customers including the creation of PGN Mobile website version, customer platform digitization, customer gathering customer program, multiply channel payment, real time data that can be accessed by customers, the speed of delivering information on the use of natural gas bills, to reproduce the content of social media related to the education of the use of natural gas for daily and the scheduled improvement of PGN infrastructure.

#### **4. Customer Meeting**

In order to establish effective communication, sharing the latest information, providing market education and establishing a closer sense of family, PGN is also actively conducting customer meeting (Customer Gathering). This activity is also done in order to better understand and simultaneously reduce the gap between customer's needs and PGN's ability to provide services. In addition to customer meeting, PGN through Customer Management Area is actively visiting customers or prospective customers in order to establish harmonization and synergy of the gas distribution business activities. During the visit PGN actively provide inputs to customers or prospective customers to improve the efficiency of their equipment utilization and understand the business situation of customer or prospective customer which is a very Valuable for management to create gas subscription policies.

Area	Date	Events	Location
Jakarta	May 20 <sup>th</sup> , 2019	Breaking the Fast with Customers Year 2019	Double Tree by Hilton
Jakarta	November 19 <sup>th</sup> , 2019	Customer Gathering B1 Customer	Djakarta Theater XXI
Jakarta	November 28 <sup>th</sup> , 2019	Customer Gathering B2 Customer, B3, Silver	Talaga Cikeas
Tangerang	October 25 <sup>th</sup> -26 <sup>th</sup> , 2019	Customer Gathering PGN	Jeep Station Indonesia Resort
Surabaya	April 30 <sup>th</sup> , 2019	Turnamen Futsal & Gathering PGN and CUSTOMERS	Gresik
Surabaya	November 26 <sup>th</sup> , 2019	Customer Gathering PGN	Shangrila Hotel, Surabaya
Bekasi	November 15 <sup>th</sup> -17 <sup>th</sup> , 2019	Customer Gathering PGN	Yogyakarta
Medan	November 20 <sup>th</sup> , 2019	Customer Gathering Medan Area	Wisata Arung Jeram Sei Bah Bolon

## 5. Gaskita Household Connection Program

PGN synergizes with the Ministry of Energy and Mineral Resources to operate a gas network that has been built in previous years. This program as a form of PGN effort in supporting government program in converting fuel oil to gas. In the year 2019, the number of household customers served by PGN was 397,456, with 199,388 of them being developed through the synergies of Gaskita households with the Ministry of ENERGY and Mineral resources.

## 6. Promotion Program

In order to increase awareness and introduce natural gas products to the wider community, especially outside the existing areas of PGN and new development territories, PGN participated and contributed to the implementation of several events throughout the in 2019 including:

- LinkAja Cashback Program Payment of Gaskita bills to welcome ANNIVERSARY of the Ministry of BUMN.
- Free Bajaj Gas Ride Program in the framework of the ANNIVERSARY Ministry of BUMN.
- Sponsorship of the Keramika exhibition.
- National Electricity Day Sponsorship.
- Sponsorship Forum of Industrial Area Association.
- Sponsorship ANGVA 2019.

## COSTS INCURRED FOR PGN ACTIVITIES

PGN consistently improves service standards to meet customer's expectations and improve services so that they create excellent services for the customer. It is the way PGN proves seriousness in improving customer satisfaction and loyalty as well as preparing to face various challenges of business and competitor in the future. Year 2019 PGN has issued a fee of Rp5,659,096,661 to encourage improvement of service quality and customer satisfaction.



# 07

## CONSOLIDATED FINANCIAL STATEMENT

### Accurate Draft

Prepare reports based on compliance with regulations and full accuracy, helping investors to know the condition of the company well



**PT PERUSAHAAN GAS NEGARA TBK  
DAN ENTITAS ANAK/*AND SUBSIDIARIES***

**LAPORAN KEUANGAN KONSOLIDASIAN/  
*CONSOLIDATED FINANCIAL STATEMENTS***

**31 DESEMBER 2019 DAN 2018/  
*DECEMBER 31, 2019 AND 2018***

Surat pernyataan direksi tentang tanggung jawab atas laporan keuangan konsolidasian tanggal 31 Desember 2019 dan 31 Desember 2018  
PT Perusahaan Gas Negara Tbk dan Entitas Anak

Directors statement letter relating to the responsibility on the consolidated financial statements as of December 31, 2019 and December 31, 2018  
PT Perusahaan Gas Negara Tbk and its Subsidiaries

Atas nama Direksi,  
kami yang bertanda tangan dibawah ini:

On behalf of the Board of Directors,  
we the undersigned:

- |  |  |   |   |
|--|--|---|---|
| 1. Nama  | : Gigih Prakoso  | : | Name 1.   |
| Alamat Kantor  | : Jl. K.H. Zainul Arifin No.20, Jakarta  | : | Address   |
| Alamat Domisili (sesuai KTP atau kartu identitas lain) | : Jl. Kemanggisan Utama II/103 RT 002/007, Kemanggisan Palmerah Jakarta Barat          | : | Residential Address<br>(as in identity card or other qualifier) |
| Nomor Telepon  | : +6221 633 9524   | : | Telephone   |
| Jabatan  | : Direktur Utama/President Director  | : | Title   |
| 2. Nama  | : Arie Nobelta Kaban   | : | Name 2.   |
| Alamat Kantor  | : Jl. K.H. Zainul Arifin No.20, Jakarta  | : | Address   |
| Alamat Domisili (sesuai KTP atau kartu identitas lain) | : Jl. Soka II, Blok G-2 No 20 RT 002/005, Harapan Kita Kelapa Dua, Kabupaten Tangerang | : | Residential Address<br>(as in identity card or other qualifier) |
| Nomor Telepon  | : +6221 633 9524   | : | Telephone   |
| Jabatan  | : Direktur Keuangan/Finance Director   | : | Title   |

Menyatakan bahwa:

Declare that:

- |  |  |
|--|--|
| 1. Bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian;   | 1. We are responsible for the preparation and the presentation of the consolidated financial statements;   |
| 2. Laporan keuangan konsolidasian telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia; dan   | 2. The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards; and            |
| a. Semua informasi dalam laporan keuangan konsolidasian Perusahaan telah dimuat secara lengkap dan benar;  | a. All information has been fully and correctly disclosed in the Company's consolidated financial statements;  |
| b. Laporan keuangan konsolidasian Perusahaan tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material. | b. The Company's consolidated financial statements do not contain false material information or facts, nor do they omit material information or facts. |
| 3. Bertanggung jawab atas sistem pengendalian intern Perusahaan dan Entitas Anak.  | 3. We are responsible for the Company's and Subsidiaries' internal control system.   |

Demikian pernyataan ini dibuat dengan sebenarnya.

This is our declaration, which has been made truthfully.

Jakarta, 18 Maret/March 2020

Direktur Utama/President Director

Direktur Keuangan/Finance Director

Gigih Prakoso

Arie Nobelta Kaban





**LAPORAN AUDITOR INDEPENDEN  
KEPADA PARA PEMEGANG SAHAM**

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF**

**PT PERUSAHAAN GAS NEGARA Tbk.**

Kami telah mengaudit laporan keuangan konsolidasian PT Perusahaan Gas Negara Tbk. dan entitas anaknya terlampir, yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2019, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas, dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

*We have audited the accompanying consolidated financial statements of PT Perusahaan Gas Negara Tbk. and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.*

**Tanggung jawab manajemen atas laporan keuangan konsolidasian**

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian ini sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan konsolidasian yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

**Management's responsibility for the consolidated financial statements**

*Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.*

**Tanggung jawab auditor**

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan konsolidasian ini berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan konsolidasian bebas dari kesalahan penyajian material.

**Auditors' responsibility**

*Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.*

**Kantor Akuntan Publik Tanudiredja, Wibisana, Rintis & Rekan**

WTC 3, Jl. Jend. Sudirman Kav. 29-31, Jakarta 12920 – Indonesia

T: +62 21 50992901 / 31192901, F: +62 21 52905555 / 52905050, [www.pwc.com/id](http://www.pwc.com/id)

Nomor Izin Usaha: KEP-241/KM.1/2015.

00325/2.1025/AU.1/02/0243-3/1/III/2020



Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan konsolidasian. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan konsolidasian, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan konsolidasian entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan konsolidasian secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

### **Opini**

Menurut opini kami, laporan keuangan konsolidasian terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan konsolidasian PT Perusahaan Gas Negara Tbk. dan entitas anaknya tanggal 31 Desember 2019, serta kinerja keuangan dan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

*An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.*

*We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.*

### **Opinion**

*In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Perusahaan Gas Negara Tbk. and its subsidiaries as at 31 December 2019, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.*

JAKARTA  
18 Maret/March 2020

**Yusron, S.E., Ak., CPA**  
Izin Akuntan Publik/Public Accountant License No. AP.0243

**PT PERUSAHAAN GAS NEGARA TBK  
DAN ENTITAS ANAK/AND SUBSIDIARIES**

Halaman 1/1 Page

**LAPORAN POSISI KEUANGAN  
KONSOLIDASIAN**

**31 DESEMBER 2019 DAN 2018**

(Dinyatakan dalam Dolar Amerika Serikat,  
kecuali nilai nominal dan data saham)

**CONSOLIDATED  
STATEMENTS OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2019 AND 2018**

(Expressed in United States Dollars,  
except for par value and share data)

	<b>Catatan/ Notes</b>	<b>31 Desember/ December 2019</b>	<b>31 Desember/ December 2018</b>	
<b>ASET</b>				<b>ASSETS</b>
<b>ASET LANCAR</b>				<b>CURRENT ASSETS</b>
Kas dan setara kas	5a	1,040,376,489	1,315,234,446	Cash and cash equivalents
Kas yang dibatasi penggunaannya	5b	18,000,000	22,552,159	Restricted cash
Investasi jangka pendek	6	186,360,050	63,633,805	Short-term investments
Piutang usaha	7			Trade receivables
- Pihak berelasi		259,929,499	212,636,914	Related parties -
- Pihak ketiga		249,589,952	328,288,452	Third parties -
Piutang lain-lain	8	135,560,109	205,293,468	Other receivables
Aset derivatif	25	-	403,179	Derivative assets
Persediaan	9	70,797,779	78,508,478	Inventories
Taksiran tagihan pajak	22a			Estimated claims for tax refund
- Pajak penghasilan		16,722,285	7,164,491	Income taxes -
- Pajak lain-lain		173,439,701	161,064,077	Other taxes -
Uang muka	10	41,133,467	50,962,064	Advances
Beban dibayar di muka	11	16,642,510	27,867,213	Prepaid expenses
Total aset lancar		<u>2,208,551,841</u>	<u>2,473,608,746</u>	Total current assets
<b>ASET TIDAK LANCAR</b>				<b>NON-CURRENT ASSETS</b>
Kas yang dibatasi penggunaannya	5b	76,572,455	55,424,633	Restricted cash
Piutang usaha	7			Trade receivables
- Pihak berelasi		-	191,456,835	Related parties -
- Pihak ketiga		64,973,420	12,389	Third parties -
Piutang lain-lain jangka panjang	12	97,503,146	95,743,265	Other long-term receivables
Uang muka, bagian tidak lancar	10	44,925,501	44,414,669	Advances, non-current portion
Beban dibayar di muka, bagian tidak lancar	11	74,266,985	67,327,253	Prepaid expenses, non-current portion
Penyertaan saham	13	365,897,864	381,413,453	Investment in shares
Aset tetap	14	2,747,699,602	2,861,408,876	Fixed assets
Aset eksplorasi dan evaluasi	15a	104,502,748	97,525,013	Exploration and evaluation assets
Properti minyak dan gas	15b	1,395,818,495	1,411,127,049	Oil and gas properties
Goodwill dan aset tak berwujud lainnya	16	3,826,078	4,549,963	Goodwill and other intangible assets
Taksiran tagihan pajak	22a			Estimated claims for tax refund
- Pajak penghasilan		5,462,835	15,548,435	Income taxes -
- Pajak lain-lain		52,703,149	108,365,649	Other taxes -
Aset pajak tangguhan	22d	126,316,157	127,295,543	Deferred tax assets
Lain-lain		4,692,880	4,051,396	Others
Total aset tidak lancar		<u>5,165,161,315</u>	<u>5,465,664,421</u>	Total non-current assets
<b>TOTAL ASET</b>		<u><b>7,373,713,156</b></u>	<u><b>7,939,273,167</b></u>	<b>TOTAL ASSETS</b>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements

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**LAPORAN POSISI KEUANGAN  
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*(Expressed in United States Dollars,  
except for par value and share data)*

	<u>Catatan/ Notes</u>	<u>31 Desember/ December 2019</u>	<u>31 Desember/ December 2018</u>	
<b>LIABILITAS</b>				<b>LIABILITIES</b>
<b>LIABILITAS JANGKA PENDEK</b>				<b>SHORT-TERM LIABILITIES</b>
Utang usaha	17			<i>Trade payables</i>
- Pihak berelasi		125,236,462	76,191,585	<i>Related parties -</i>
- Pihak ketiga		134,855,578	137,601,321	<i>Third parties -</i>
Utang lain-lain	18	181,317,410	234,892,272	<i>Other payables</i>
Liabilitas yang masih harus dibayar	19	317,386,474	255,315,783	<i>Accrued liabilities</i>
Pinjaman bank jangka pendek	20b	164,387,454	-	<i>Short-term bank loans</i>
Bagian jangka pendek dari pinjaman bank jangka panjang	20a	21,364,208	23,316,820	<i>Short-term portion of long-term bank loans</i>
Bagian jangka pendek dari pinjaman dari pemegang saham	20c	35,630,439	53,772,145	<i>Short-term portion of shareholder loan</i>
<i>Promissory notes</i>	20d	-	691,043,648	<i>Promissory notes</i>
Utang pajak	22b			<i>Taxes payable</i>
- Pajak penghasilan		31,286,099	24,674,613	<i>Income taxes -</i>
- Pajak lain-lain		24,249,366	24,190,291	<i>Other taxes -</i>
Liabilitas imbalan kerja jangka pendek	23	54,260,715	50,756,038	<i>Short-term employee benefit liabilities</i>
Bagian jangka pendek dari pendapatan yang ditangguhkan		<u>33,387,092</u>	<u>32,769,850</u>	<i>Short-term portion of deferred revenues</i>
Total liabilitas jangka pendek		<u>1,123,361,297</u>	<u>1,604,524,366</u>	<i>Total short-term liabilities</i>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini

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(Expressed in United States Dollars,  
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	<u>Catatan/ Notes</u>	<u>31 Desember/ December 2019</u>	<u>31 Desember/ December 2018</u>	
<b>LIABILITAS JANGKA PANJANG</b>				<b>LONG-TERM LIABILITIES</b>
Pinjaman bank jangka panjang	20a	357,077,074	496,515,768	<i>Long-term bank loans</i>
Pinjaman dari pemegang saham	20c	210,577,308	280,733,036	<i>Shareholder loan</i>
Utang lain-lain jangka panjang	18	30,563,812	26,210,731	<i>Other long-term payables</i>
Utang obligasi	21	1,961,391,577	1,958,569,888	<i>Bonds payable</i>
Liabilitas pajak tanggungan	22d	225,757,105	166,464,732	<i>Deferred tax liabilities</i>
Liabilitas pembongkaran aset dan restorasi area	24	80,326,879	74,479,686	<i>Asset abandonment and site restoration obligations</i>
Liabilitas imbalan pascakerja	23d	147,799,743	127,154,291	<i>Post-employment benefit obligation</i>
Pendapatan diterima di muka dan ditangguhkan		<u>2,557,480</u>	<u>2,729,958</u>	<i>Unearned and deferred revenues</i>
Total liabilitas jangka panjang		<u>3,016,050,978</u>	<u>3,132,858,090</u>	<i>Total long-term liabilities</i>
<b>TOTAL LIABILITAS</b>		<b><u>4,139,412,275</u></b>	<b><u>4,737,382,456</u></b>	<b>TOTAL LIABILITIES</b>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini

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	<u>Catatan/ Notes</u>	<u>31 Desember/ December 2019</u>	<u>31 Desember/ December 2018</u>	
<b>EKUITAS</b>				<b>EQUITY</b>
<b>Ekuitas yang dapat diatribusikan kepada pemilik entitas induk</b>				<b>Equity attributable to owners of the parent</b>
Modal saham - nilai nominal Rp100 per saham				Share capital - par value of Rp100 per share
Modal dasar – 70.000.000.000 saham yang terdiri 1 saham Seri A Dwiwarna dan 69.999.999.999 saham Seri B				Authorized - 70,000,000,000 shares consisting of 1 Series A Dwiwarna share and 69,999,999,999 Series B shares
Modal ditempatkan dan disetor penuh - 24.241.508.196 saham yang terdiri dari 1 saham Seri A Dwiwarna dan 24.241.508.195 saham Seri B				Issued and fully paid - 24,241,508,196 shares consisting of 1 Series A Dwiwarna and 24,241,508,195 Series B shares
Tambahan modal disetor	26a	344,018,831	344,018,831	
Saldo laba	26b	(467,574,628)	(467,574,628)	Additional paid-in capital
- Dicadangkan		2,661,226,693	2,515,991,774	Retained earnings
- Tidak dicadangkan		67,584,090	242,607,597	Appropriated - Unappropriated -
Komponen ekuitas lainnya		<u>(44,388,833)</u>	<u>(60,506,174)</u>	Other components of equity
Total ekuitas yang dapat diatribusikan kepada pemilik entitas induk		<u>2,560,866,153</u>	<u>2,574,537,400</u>	Total equity attributable to owners of the parent
Kepentingan nonpengendali	27	<u>673,434,728</u>	<u>627,353,311</u>	Non-controlling interests
<b>TOTAL EKUITAS</b>		<b><u>3,234,300,881</u></b>	<b><u>3,201,890,711</u></b>	<b>TOTAL EQUITY</b>
<b>TOTAL LIABILITAS DAN EKUITAS</b>		<b><u>7,373,713,156</u></b>	<b><u>7,939,273,167</u></b>	<b>TOTAL LIABILITIES AND EQUITY</b>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini

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**LAPORAN LABA RUGI  
DAN PENGHASILAN KOMPREHENSIF LAIN  
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UNTUK TAHUN-TAHUN YANG BERAKHIR  
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**CONSOLIDATED  
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DECEMBER 31, 2019 AND 2018**  
(Expressed in United States Dollars,  
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	<u>Catatan/ Notes</u>	<u>31 Desember/ December 2019</u>	<u>31 Desember/ December 2018</u>	
<b>PENDAPATAN</b>	29	3,848,717,684	3,870,266,738	<b>REVENUES</b>
<b>BEBAN POKOK PENDAPATAN</b>	30	<u>(2,621,348,716)</u>	<u>(2,560,766,539)</u>	<b>COST OF REVENUES</b>
<b>LABA BRUTO</b>		<b><u>1,227,368,968</u></b>	<b><u>1,309,500,199</u></b>	<b>GROSS PROFIT</b>
Beban distribusi dan transmisi	31	(439,144,207)	(437,777,037)	<i>Distribution and transmission expenses</i>
Beban umum dan administrasi	32	(269,785,012)	(251,687,465)	<i>General and administrative expenses</i>
Beban lain-lain	34b	(34,197,787)	(36,672,208)	<i>Other expenses</i>
Pendapatan lain-lain	34a	<u>62,091,786</u>	<u>88,167,421</u>	<i>Other income</i>
<b>LABA OPERASI</b>		<b><u>546,333,748</u></b>	<b><u>671,530,910</u></b>	<b>OPERATING PROFIT</b>
Beban keuangan	33a	(172,545,631)	(153,429,529)	<i>Finance costs</i>
Pendapatan keuangan	33b	30,075,296	34,562,801	<i>Finance income</i>
Pemulihan/(penurunan) nilai properti minyak dan gas	15b	62,735,624	(26,221,962)	<i>Impairment reversal/(impairment) of oil and gas properties</i>
Penurunan nilai aset tetap	14	(98,296,720)	-	<i>Impairment of fixed assets</i>
Provisi atas sengketa pajak	22f	(127,720,367)	-	<i>Provision for tax dispute</i>
Rugi selisih kurs	34c	(27,999,996)	(18,833,597)	<i>Loss on foreign exchange</i>
Laba atas perubahan nilai wajar derivatif	25	45,106	4,596,145	<i>Gain on change in fair value of derivatives</i>
Bagian laba dari ventura bersama	13	67,275,431	79,875,917	<i>Share of profit from joint ventures</i>
Penghapusan nilai investasi pada ventura bersama	13	<u>-</u>	<u>(7,176,400)</u>	<i>Write-off joint ventures investment</i>
<b>LABA SEBELUM PAJAK PENGHASILAN</b>		<b><u>279,902,491</u></b>	<b><u>584,904,285</u></b>	<b>PROFIT BEFORE INCOME TAX</b>
<b>BEBAN PAJAK PENGHASILAN</b>	22c			<b>INCOME TAX EXPENSE</b>
Kini		(105,807,499)	(181,432,024)	<i>Current</i>
Tangguhan		<u>(61,113,797)</u>	<u>(38,833,601)</u>	<i>Deferred</i>
Beban pajak penghasilan		<u>(166,921,296)</u>	<u>(220,265,625)</u>	<i>Income tax expense</i>
<b>LABA TAHUN BERJALAN</b>		<b><u>112,981,195</u></b>	<b><u>364,638,660</u></b>	<b>PROFIT FOR THE YEAR</b>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini

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**LAPORAN LABA RUGI  
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**CONSOLIDATED  
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	<u>Catatan/ Notes</u>	<u>31 Desember/ December 2019</u>	<u>31 Desember/ December 2018</u>	
<b>PENGHASILAN KOMPREHENSIF LAIN</b>				<b>OTHER COMPREHENSIVE INCOME</b>
<b>Pos-pos yang tidak akan direklasifikasi ke laba rugi</b>				<b>Items that will not be reclassified to profit or loss</b>
Pengukuran kembali liabilitas imbalan pascakerja, setelah pajak	23d	<u>(8,000,300)</u>	<u>(12,543,435)</u>	<i>Remeasurement of post- employment benefit obligation, net of tax</i>
<b>Pos-pos yang akan direklasifikasikan ke laba rugi</b>				<b>Items that will be reclassified to profit or loss</b>
Perubahan nilai wajar investasi jangka pendek, setelah pajak	6	3,905,317	(3,177,507)	<i>Changes in fair value of short-term investments, net of tax</i>
Selisih kurs penjabaran laporan keuangan entitas anak		<u>20,896,636</u>	<u>(12,081,734)</u>	<i>Difference in foreign currency translation of subsidiaries' financial statements</i>
		<u>24,801,953</u>	<u>(15,259,241)</u>	
<b>JUMLAH LABA/(RUGI) KOMPREHENSIF LAIN</b>		<b><u>16,801,653</u></b>	<b><u>(27,802,676)</u></b>	<b>TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)</b>
<b>TOTAL PENGHASILAN KOMPREHENSIF TAHUN BERJALAN</b>		<b><u>129,782,848</u></b>	<b><u>336,835,984</u></b>	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>
<b>LABA TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA:</b>				<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO:</b>
Pemilik entitas induk		67,584,090	304,991,574	<i>Owners of the parent entity</i>
Kepentingan nonpengendali	27	<u>45,397,105</u>	<u>59,647,086</u>	<i>Non-controlling interests</i>
		<b><u>112,981,195</u></b>	<b><u>364,638,660</u></b>	
<b>TOTAL PENGHASILAN KOMPREHENSIF TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA:</b>				<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:</b>
Pemilik entitas induk		83,701,431	276,566,961	<i>Owners of the parent entity</i>
Kepentingan nonpengendali	27	<u>46,081,417</u>	<u>60,269,023</u>	<i>Non-controlling interests</i>
		<b><u>129,782,848</u></b>	<b><u>336,835,984</u></b>	
<b>LABA BERSIH PER SAHAM - DASAR DAN DILUSIAN</b>	35	<b><u>0.003</u></b>	<b><u>0.013</u></b>	<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini

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**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
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	Ekuitas yang dapat diatribusikan kepada pemilik entitas induk/Equity attributable to owners of the parent entity									
	Komponen ekuitas lainnya/Other components of equity					Komponen ekuitas lainnya/Other components of equity				
	Saldo saham ditempatkan dan disetor penuh/ Issued and fully paid capital stock	Ekuitas merging entites/ Equity of merging entites	Tambahan modal disetor/ Additional paid-in capital	Saldo laba/ Retained earnings	Selisin kurs perjabaran laporan keuangan entitas anak/ Difference in foreign currency translation of subsidiaries' financial statements	Pengukuran kembali liabilitas imbalan pascakerja/ Remeasurement of post- employment benefit obligation, net of tax	Perubahan nilai vejar investasi jangka pendek/ Changes in fair value of short-term investments	Total komponen ekuitas lainnya/ Total other components of equity	Kepentingan non- pengendali/ Non- controlling interests	Jumlah ekuitas/ Total equity
<b>Saldo 1 Januari 2018</b>	<b>344,018,831</b>	<b>572,762,252</b>	<b>284,339,313</b>	<b>2,427,854,334</b>	<b>(15,952,821)</b>	<b>(19,117,046)</b>	<b>3,861,985</b>	<b>(31,207,882)</b>	<b>569,500,426</b>	<b>4,310,413,621</b>
Laba tahun berjalan	-	62,383,977	-	143,146,347	-	-	-	-	59,647,086	364,638,660
Kehilangan pengendalian atas entitas anak	-	-	-	242,607,597	-	-	-	-	(2,416,137)	(2,416,137)
Pendapatan/(beban) komprehensif	-	-	-	-	(12,081,734)	(14,039,051)	(3,177,507)	(29,298,292)	621,936	(27,802,676)
Pembayaran dividen	-	873,680	-	(55,008,907)	-	-	-	-	-	(55,008,907)
Penyisihan	-	-	-	(88,137,440)	-	-	-	-	-	-
Restrukturisasi entitas pengendali	-	(636,019,909)	(751,913,941)	-	-	-	-	-	-	(1,387,933,850)
<b>Saldo 31 Desember 2018</b>	<b>344,018,831</b>	<b>-</b>	<b>(467,574,628)</b>	<b>2,515,991,774</b>	<b>(28,034,555)</b>	<b>(33,156,097)</b>	<b>684,478</b>	<b>(60,506,174)</b>	<b>627,353,311</b>	<b>3,201,890,711</b>
Laba tahun berjalan	-	-	-	67,584,090	-	-	-	-	45,397,105	112,981,195
Pendapatan/(beban) komprehensif	-	-	-	-	20,896,636	(8,684,612)	3,905,317	16,117,341	684,312	16,801,653
Pembayaran dividen	-	-	-	(97,372,678)	-	-	-	-	-	(97,372,678)
Penyisihan	-	-	-	(145,234,919)	-	-	-	-	-	-
cadangan umum	-	-	-	145,234,919	-	-	-	-	-	-
<b>Saldo 31 Desember 2019</b>	<b>344,018,831</b>	<b>-</b>	<b>(467,574,628)</b>	<b>2,661,226,693</b>	<b>(7,137,919)</b>	<b>(41,840,709)</b>	<b>4,589,795</b>	<b>(44,388,833)</b>	<b>673,434,728</b>	<b>3,234,300,881</b>
Laba tahun berjalan	-	-	-	67,584,090	-	-	-	-	45,397,105	112,981,195
Pendapatan/(beban) komprehensif	-	-	-	-	20,896,636	(8,684,612)	3,905,317	16,117,341	684,312	16,801,653
Pembayaran dividen	-	-	-	(97,372,678)	-	-	-	-	-	(97,372,678)
Penyisihan	-	-	-	(145,234,919)	-	-	-	-	-	-
cadangan umum	-	-	-	145,234,919	-	-	-	-	-	-
<b>Saldo 31 Desember 2019</b>	<b>344,018,831</b>	<b>-</b>	<b>(467,574,628)</b>	<b>2,661,226,693</b>	<b>(7,137,919)</b>	<b>(41,840,709)</b>	<b>4,589,795</b>	<b>(44,388,833)</b>	<b>673,434,728</b>	<b>3,234,300,881</b>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements

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**CONSOLIDATED STATEMENTS OF CASH FLOWS  
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	<u>31 Desember/ December 2019</u>	<u>31 Desember/ December 2018</u>	
<b>ARUS KAS DARI AKTIVITAS OPERASI</b>			<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>
Penerimaan dari pelanggan	3,789,156,813	3,792,933,047	<i>Receipts from customers</i>
Penerimaan dari penghasilan bunga	30,075,296	29,799,985	<i>Receipts from interest income</i>
Pembayaran kepada pemasok	(2,343,207,972)	(2,246,443,272)	<i>Payments to suppliers</i>
Pembayaran untuk pajak penghasilan	(98,668,207)	(124,854,557)	<i>Payments for income taxes</i>
Pembayaran untuk beban usaha dan aktivitas operasi lainnya	(296,727,050)	(276,630,037)	<i>Payments for operating expenses and other operating activities</i>
Pembayaran untuk beban keuangan	(121,164,400)	(128,440,035)	<i>Payments for finance cost</i>
Penempatan pada kas yang dibatasi penggunaannya	(16,595,663)	(8,860,261)	<i>Placement of restricted cash</i>
Pembayaran kepada karyawan	<u>(132,287,356)</u>	<u>(118,533,637)</u>	<i>Payments to employees</i>
<b>Kas neto yang diperoleh dari aktivitas operasi</b>	<b><u>810,581,461</u></b>	<b><u>918,971,233</u></b>	<b>Net cash generated from operating activities</b>
<b>ARUS KAS DARI AKTIVITAS INVESTASI</b>			<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>
Penerimaan dividen dan pengembalian modal dari ventura bersama	82,669,460	166,723,560	<i>Dividends received and capital repayment from joint ventures</i>
Pembayaran <i>promissory notes</i> terkait akuisisi Pertamina	(713,242,422)	-	<i>Repayments of promissory notes for acquisition of Pertamina</i>
Pembayaran untuk kombinasi entitas sepengendali	-	(693,966,925)	<i>Payment for business combination of entities under common control</i>
Penempatan pada kas yang dibatasi penggunaannya	-	7,199,841	<i>Placement of restricted cash</i>
Penambahan aset tetap	(87,941,510)	(233,029,759)	<i>Additions of fixed assets</i>
Penambahan properti minyak dan gas	(145,629,275)	(114,377,375)	<i>Additions of oil and gas properties</i>
Penambahan aset eksplorasi dan evaluasi	(6,977,735)	(20,745,213)	<i>Addition of exploration and evaluation assets</i>
Penerimaan pengembalian piutang lain-lain jangka panjang	95,449,854	160,722,758	<i>Receipts of other long-term receivables</i>
Penambahan investasi jangka pendek	(203,500,000)	-	<i>Additions of short-term investments</i>
Pengurangan investasi jangka pendek	<u>39,399,999</u>	<u>3,448,514</u>	<i>Disposal of short-term investments</i>
<b>Kas neto yang digunakan untuk aktivitas investasi</b>	<b><u>(939,771,629)</u></b>	<b><u>(724,024,599)</u></b>	<b>Net cash used in investing activities</b>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini

*The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements*

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	<u>31 Desember/ December 2019</u>	<u>31 Desember/ December 2018</u>	
<b>ARUS KAS DARI</b>			<b>CASH FLOWS FROM</b>
<b>AKTIVITAS PENDANAAN</b>			<b>FINANCING ACTIVITIES</b>
Penerimaan/(pembayaran)			Receipts/(payments)
aset derivatif, neto	448,285	(1,402,905)	of derivative assets, net
Pembayaran pinjaman bank			
jangka panjang	(134,212,041)	(28,610,302)	Repayments of long-term bank loans
Penerimaan pinjaman bank			
jangka panjang	-	100,000,000	Receipts of long-term bank loans
Penerimaan pinjaman bank			
jangka pendek	284,208,576	-	Receipts of short-term bank loans
Pembayaran pinjaman bank			
jangka pendek	(120,000,000)	-	Payments of short-term bank loans
Pembayaran pinjaman dari			
pemegang saham	(88,215,085)	(25,585,850)	Repayments of shareholder loan
Pembayaran dividen	<u>(97,372,678)</u>	<u>(55,008,907)</u>	Payments of dividend
<b>Kas neto yang digunakan</b>			<b>Net cash used in</b>
<b>untuk aktivitas pendanaan</b>	<u><b>(155,142,943)</b></u>	<u><b>(10,607,964)</b></u>	<b>financing activities</b>
Pengaruh perubahan kurs neto dari			
kas dan setara kas	9,475,154	(9,531,591)	Net effects of foreign exchange on cash and cash equivalents
<b>(PENURUNAN)/KENAIKAN NETO</b>			<b>NET (DECREASE)/INCREASE</b>
<b>KAS DAN SETARA KAS</b>	<u><b>(274,857,957)</b></u>	<u><b>174,807,079</b></u>	<b>IN CASH AND CASH</b>
			<b>EQUIVALENTS</b>
<b>KAS DAN SETARA KAS AWAL TAHUN</b>	<u><b>1,315,234,446</b></u>	<u><b>1,140,427,367</b></u>	<b>CASH AND CASH EQUIVALENTS</b>
			<b>AT BEGINNING OF YEAR</b>
<b>KAS DAN SETARA KAS AKHIR TAHUN</b>	<u><b>1,040,376,489</b></u>	<u><b>1,315,234,446</b></u>	<b>CASH AND CASH EQUIVALENTS</b>
			<b>AT END OF YEAR</b>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian ini

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements

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(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

**1. UMUM**

**a. Pendirian Perusahaan**

PT Perusahaan Gas Negara Tbk ("Perusahaan") pada awalnya bernama Firma L. J. N. Eindhoven & Co. Gravenhage yang didirikan pada tahun 1859. Kemudian, Perusahaan diberi nama NV. Netherland Indische Gaz Maatschapij (NV. NIGM) pada tahun 1950, saat diambil alih oleh Pemerintah Belanda. Pada tahun 1958, saat diambil alih oleh Pemerintah Republik Indonesia, nama Perusahaan diganti menjadi Badan Pengambil Alih Perusahaan-Perusahaan Listrik dan Gas (BP3LG) yang kemudian beralih status menjadi BPU-PLN pada tahun 1961. Pada tanggal 13 Mei 1965, berdasarkan Peraturan Pemerintah No. 19/1965, Perusahaan didirikan sebagai Perusahaan Negara dan dikenal sebagai Perusahaan Negara Gas (PN. Gas). Berdasarkan Peraturan Pemerintah No. 27/1984, PN. Gas diubah menjadi perusahaan umum ("Perum") dengan nama Perusahaan Umum Gas Negara.

Status Perusahaan diubah dari Perum menjadi perusahaan perseroan terbatas yang dimiliki oleh negara (Persero) dan namanya berubah menjadi PT Perusahaan Gas Negara (Persero) berdasarkan Peraturan Pemerintah No. 37/1994 dan Akta Pendirian Perusahaan No. 486 tanggal 30 Mei 1996 yang diaktakan oleh Notaris Adam Kasdarmaji, S.H. Akta Pendirian telah disahkan oleh Menteri Kehakiman Republik Indonesia dalam Surat Keputusan No. C2-7729HT.01.01.Th.96. tanggal 31 Mei 1996 dan diumumkan dalam Lembaran Berita Negara Republik Indonesia No. 8508 Tambahan Berita Negara No. 80 tanggal 4 Oktober 1996.

Status Perusahaan diubah menjadi perseroan terbatas dan nama Perusahaan berubah menjadi PT Perusahaan Gas Negara Tbk berdasarkan Peraturan Pemerintah No. 6/2018. Perubahan status Perusahaan ini kemudian diikuti dengan perubahan pada Anggaran Dasar Perusahaan berdasarkan Akta Notaris No. 48 oleh Fathiah Helmi, S.H. tanggal 29 Juni 2018. Anggaran Dasar Perusahaan telah mengalami beberapa perubahan. Perubahan terakhir dibuat berdasarkan Akta Notaris No. 11 tanggal 6 September 2019 oleh Ir. Nanette Cahyanie Handari, S.H. mengenai perubahan struktur Dewan Direksi Perusahaan. Perubahan ini telah dilaporkan kepada dan diterima oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia melalui Surat Penerimaan No. AHU-AH.01.03-0329107 tanggal 10 September 2019.

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**1. GENERAL**

**a. The Company's establishment**

*PT Perusahaan Gas Negara Tbk (the "Company") initially named Firm L. J. N. Eindhoven & Co. Gravenhage, was established in 1859. The Company was renamed NV. Netherland Indische Gaz Maatschapij (NV. NIGM), when the Dutch Government took control in 1950. In 1958, when the Government of the Republic of Indonesia took over the entity, the Company's name was changed to Badan Pengambil Alih Perusahaan-Perusahaan Listrik dan Gas (BP3LG) and then later became BPU-PLN in 1961. On May 13, 1965, based on Government Regulation No. 19/1965, the Company was established as a state owned company ("Perusahaan Negara") and became known as Perusahaan Negara Gas (PN. Gas). Based on Government Regulation No. 27/1984, PN. Gas was converted into a public service enterprise ("Perum") under the name Perusahaan Umum Gas Negara.*

*The status of the Company was changed from a Perum to a state owned limited liability company ("Persero") and the name was changed to PT Perusahaan Gas Negara (Persero) based on Government Regulation No. 37/1994 and the Deed of Establishment No. 486 dated May 30, 1996 as notarised by Adam Kasdarmaji, S.H. The Deed of Establishment was approved by the Minister of Justice of the Republic of Indonesia in Decision Letter No. C2-7729HT.01.01.Th.96. dated May 31, 1996 and was published in the State Gazette of the Republic of Indonesia No. 8508 Supplement No. 80 dated October 4, 1996.*

*The status of the Company was changed to a limited liability company and the Company's name was changed to PT Perusahaan Gas Negara Tbk based on Government Regulation No. 6/2018. The change in the Company's status was followed by amendment to the Company's Articles of Association based on Notarial Deed No. 48 of Fathiah Helmi, S.H. dated June 29, 2018. The Company's Articles of Association have been amended several times. The latest amendment was based on Notarial Deed No. 11 dated September 6, 2019 of Ir. Nanette Cahyanie Handari, S.H. concerning change in the Company's Board of Directors structure. The amendment was reported to and received by the Minister of Law and Human Rights of the Republic of Indonesia through Acknowledgment Letter No. AHU-AH.01.03-0329107 dated September 10, 2019.*

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**1. UMUM (lanjutan)**

**a. Pendirian Perusahaan (lanjutan)**

Sesuai dengan Pasal 3 Anggaran Dasar Perusahaan, Perusahaan bertujuan untuk melaksanakan dan menunjang kebijaksanaan dan program Pemerintah di bidang ekonomi dan pembangunan nasional, khususnya di bidang pengembangan pemanfaatan gas bumi untuk kepentingan umum serta penyediaan gas dalam jumlah dan mutu yang memadai untuk melayani kebutuhan masyarakat. Kegiatan Perusahaan dan entitas anak (bersama-sama disebut "Grup") meliputi perencanaan, pembangunan, pengelolaan dan usaha hilir bidang gas bumi yang meliputi kegiatan pengolahan, pengangkutan, penyimpanan dan niaga, perencanaan, pembangunan, pengembangan produksi, penyediaan, penyaluran dan distribusi gas buatan; dan jasa telekomunikasi; serta pengelolaan properti Perusahaan dan penyediaan jasa tenaga kerja. Pada saat ini, usaha utama Perusahaan adalah distribusi dan transmisi gas bumi ke pelanggan industri, komersial dan rumah tangga.

Kantor Pusat Perusahaan berkedudukan di Jl. K.H. Zainul Arifin No. 20, Jakarta. Pemegang saham langsung Perusahaan adalah PT Pertamina (Persero) ("Pertamina") dan pemegang saham utama Perusahaan adalah Pemerintah Republik Indonesia.

**b. Penawaran umum efek Grup**

Pada tanggal 5 Desember 2003, Perusahaan memperoleh pernyataan efektif dari Badan Pengawas Pasar Modal untuk melakukan penawaran umum saham kepada masyarakat sebanyak 1.296.296.000 saham, yang terdiri dari 475.309.000 saham dari divestasi saham Pemerintah Republik Indonesia, dan 820.987.000 saham baru. Saham Perusahaan dicatatkan di Bursa Efek Indonesia pada tanggal 15 Desember 2003.

Berdasarkan Rapat Umum Pemegang Saham Luar Biasa pada tanggal 13 Juni 2008 yang diaktakan dalam Akta Notaris No. 49 oleh Fathiah Helmi, S.H., tanggal 13 Juni 2008, para pemegang saham menyetujui pemecahan nilai nominal saham Seri A Dwiwarna dan saham Seri B dari Rp500 per saham menjadi Rp100 per saham, sehingga jumlah saham Perusahaan meningkat dari 14 miliar saham menjadi 70 miliar saham dan jumlah saham ditempatkan dan disetor penuh yang semula sebesar 4.593.437.193 saham akan meningkat menjadi 22.967.185.965 saham.

Pada tanggal 12 Mei 2014, Perusahaan menerbitkan dan mencatatkan *Senior Unsecured Fixed Rate Notes* senilai USD1.350.000.000 yang jatuh tempo pada 2024 di *Singapore Exchange Securities Trading Limited* (Catatan 21).

**1. GENERAL (continued)**

**a. The Company's establishment (continued)**

*Pursuant to Article 3 of the Company's Articles of Association, the Company's objective is to implement and support the Government's economic and national development programs, particularly in developing the use of natural gas for the benefit of the public as well as in the supply of a sufficient volume and quality of gas for public consumption. The scope of activities of the Company and its subsidiaries (together, the "Group") comprises planning, construction, operating and development of natural gas downstream business which includes processing, transporting, storing and trading, planning, construction, production development, supplying and distribution of processed gas; and telecommunication services; as well as managing the Company's property and providing manpower services. Currently, the Company's principal business is the distribution and transmission of natural gas to industrial, commercial and household users.*

*The Company's Head Office is located at Jl. K.H. Zainul Arifin No. 20, Jakarta. The Company's immediate parent is PT Pertamina (Persero) ("Pertamina") and the Company's ultimate parent is the Government of the Republic of Indonesia.*

**b. The Group's public offerings**

*On December 5, 2003, the Company obtained an effective statement from the Capital Market Supervisory Agency to conduct a public offering of 1,296,296,000 of its shares which comprised 475,309,000 shares divested by the Government of the Republic of Indonesia, and 820,987,000 newly issued shares. The Company's shares were listed on the Indonesia Stock Exchange on December 15, 2003.*

*Based on the Extraordinary General Meeting of Shareholders on June 13, 2008 which was notarised in Notarial Deed No. 49 of Fathiah Helmi, S.H., dated June 13, 2008, the shareholders ratified the stock split of the nominal value of the Series A Dwiwarna share and Series B shares from Rp500 per share to Rp100 per share resulting in an increase in the Company's authorised shares from 14 billion shares to 70 billion shares and an increase in the issued and paid-up capital from 4,593,437,193 shares to 22,967,185,965 shares.*

*On May 12, 2014, the Company issued and listed USD1,350,000,000 Senior Unsecured Fixed Rate Notes due in 2024 on the Singapore Exchange Securities Trading Limited (Note 21).*

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**1. UMUM (lanjutan)**

**b. Penawaran umum efek Grup (lanjutan)**

Pada tanggal 26 April 2017, PT Saka Energi Indonesia ("SEI"), anak perusahaan, menerbitkan dan mencatatkan Senior Unsecured Fixed Rate Notes senilai USD625.000.000 yang jatuh tempo pada 2024 di Singapore Exchange Securities Trading Limited (Catatan 21).

**c. Penyelesaian laporan keuangan konsolidasian**

Laporan keuangan konsolidasian Grup telah disusun dan disetujui oleh Direksi Perusahaan pada tanggal 18 Maret 2020.

**d. Entitas anak, pengaturan bersama, dan entitas asosiasi**

Pada tanggal 31 Desember 2019 dan 2018, persentase kepemilikan Perusahaan, baik secara langsung maupun tidak langsung dan total aset entitas anak adalah sebagai berikut:

Entitas anak, kegiatan usaha, kedudukan dan tanggal pendirian/ <i>Subsidiaries, business activities, domicile and date of establishment</i>	Persentase kepemilikan/ <i>Percentage of ownership</i>		Tahun usaha komersial dimulai/ <i>Year commercial operations started</i>	Jumlah aset dalam juta sebelum jurnal eliminasi/ <i>Total assets in million before elimination entries</i>	
	31 Desember/ <i>December 2019</i>	31 Desember/ <i>December 2018</i>		31 Desember/ <i>December 2019</i>	31 Desember/ <i>December 2018</i>
<b>Dimiliki langsung oleh Perusahaan/ <i>Held directly by the Company</i></b>					
PT Saka Energi Indonesia ("SEI") Eksplorasi dan produksi minyak dan gas bumi/ <i>Exploration and production of oil and gas</i> Indonesia, 27 Juni/June 27, 2011	100.00%	100.00%	2011	2,304	2,607
PT PGN LNG Indonesia ("PLI") Pengolahan <i>Liquefied Natural Gas</i> ("LNG")/ <i>Processing of LNG</i> Indonesia, 26 Juni/June 26, 2012	100.00%	100.00%	2014	377	326
PT Permata Graha Nusantara ("PGN MAS") Pengelolaan dan penyewaan gedung dan peralatan/ <i>Management and leasing buildings and equipment</i> Indonesia, 17 Juni/June 17, 2014	100.00%	100.00%	2014	151	291
PT PGAS Solution ("PGASSOL") Konstruksi/ <i>Construction</i> Indonesia, 6 Agustus/August 6, 2009	99.91%	99.91%	2010	117	98
PT Gagah Energi Indonesia ("GEI") Distribusi gas bumi/ <i>Distribution of natural gas</i> Indonesia, 27 Juni/June 27, 2011	100.00%	100.00%	2012	74	80
PT PGAS Telekomunikasi Nusantara ("PGASKOM") Telekomunikasi/ <i>Telecommunication</i> , Indonesia, 10 Januari/January 10, 2007	99.93%	99.93%	2009	45	40
PT Pertamina Gas ("Pertagas") Distribusi gas bumi/ <i>Distribution of natural gas</i> Indonesia, 23 Februari/February 23, 2007	51.00%	51.00% <sup>4)</sup>	2007	2,064	2,047

**1. GENERAL (continued)**

**b. The Group's public offerings (continued)**

On April 26, 2017, PT Saka Energi Indonesia ("SEI"), the Company's subsidiary, issued and listed USD625,000,000 Senior Unsecured Fixed Rate Notes due in 2024 on the Singapore Exchange Securities Trading Limited (Note 21).

**c. Completion of the consolidated financial statements**

The Group's consolidated financial statements were prepared and authorised for issuance by the Company's Directors on March 18, 2020.

**d. Subsidiaries, joint arrangements, and associate entities**

As at December 31, 2019 and 2018, the percentage of ownership of the Company, either directly or indirectly, and total assets of the subsidiaries is as follows:

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**1. UMUM (lanjutan)**

**1. GENERAL (continued)**

**d. Entitas anak, pengaturan bersama, dan entitas asosiasi (lanjutan)**

**d. Subsidiaries, joint arrangements, and associate entities (continued)**

Entitas anak, kegiatan usaha, kedudukan dan tanggal pendirian/ <i>Subsidiaries, business activities, domicile and date of establishment</i>	Persentase kepemilikan/ <i>Percentage of ownership</i>		Tahun usaha komersial dimulai/ <i>Year commercial operations started</i>	Jumlah aset dalam juta sebelum jumlah eliminasi/ <i>Total assets in million before elimination entries</i>	
	31 Desember/ <i>December 2019</i>	31 Desember/ <i>December 2018</i>		31 Desember/ <i>December 2019</i>	31 Desember/ <i>December 2018</i>
<b>Dimiliki melalui Pertamina/ <i>Held through Pertamina</i></b>					
PT Pertamina Niaga ("PTGN") Perniagaan gas bumi/ <i>Trading of natural gas</i> Indonesia, 23 Maret/March 23, 2010	99.00%	99.00% <sup>4)</sup>	2010	174	111
PT Perta Arun Gas ("PAG") Pengolahan LNG/ <i>Processing of LNG</i> Indonesia, 18 Maret/March 18, 2013	99.90%	90.00% <sup>4)</sup>	2013	160	158
<b>Dimiliki melalui PGASKOM/ <i>Held through PGASKOM</i></b>					
PGAS Telecommunications International Pte. Ltd. ("PTI") Jasa telekomunikasi/ <i>Telecommunications services</i> Singapura/Singapore, 24 November/November 24, 2009	100.00%	100.00%	2010	3	3
PT Telemedia Dinamika Sarana ("TDS") Jasa telekomunikasi/ <i>Telecommunications services</i> Indonesia, 2 Oktober/October 2, 2002	100.00%	100.00%	2013	4	3
<b>Dimiliki melalui PGN MAS/ <i>Held through PGN MAS</i></b>					
PT Kalimantan Jawa Gas ("KJG") Transmisi gas/ <i>Gas transmission</i> Indonesia, 23 Juli/July 23, 2013	80.00%	80.00%	2015	119	270
<b>Dimiliki melalui PGASSOL/ <i>Held through PGASSOL</i></b>					
PT Solusi Energy Nusantara ("Sena") Engineering, konsultasi dan jasa/ <i>Engineering, consultancy and services</i> , Indonesia, 20 April/ <i>April 20, 2015</i>	99.90%	99.90%	2016	6	5
<b>Dimiliki melalui GEI/ <i>Held through GEI</i></b>					
PT Widar Mandripta Nusantara ("Widar") Jasa kelistrikan/ <i>Electricity service</i> Indonesia, 29 Juli/July 29, 2015	99.96%	99.96%	- <sup>2)</sup>	3	3
<b>Dimiliki melalui PLI/ <i>Held through PLI</i></b>					
PT Lamong Nusantara Gas ("LNG") Pengolahan Liquefied Natural Gas <i>(LNG)/Processing of LNG</i> Surabaya, 1 Oktober/October 1, 2019	51.00%	- <sup>5)</sup>	- <sup>2)</sup>	1)	- <sup>5)</sup>
<b>Dimiliki melalui SEI/ <i>Held through SEI</i></b>					
Saka Indonesia Pangkah B.V ("SIPBV") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Belanda/Netherlands, 3 Agustus/ <i>August 3, 2007</i>	100.00%	100.00%	2007	309	319
PT Saka Energi Muara Bakau ("SEMB") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Indonesia, 10 Februari/ <i>February 10, 2014</i>	100.00%	100.00%	2017	625	731

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**1. UMUM (lanjutan)**

**d. Entitas anak, pengaturan bersama, dan entitas asosiasi (lanjutan)**

**1. GENERAL (continued)**

**d. Subsidiaries, joint arrangements, and associate entities (continued)**

Entitas anak, kegiatan usaha, kedudukan dan tanggal pendirian/ <i>Subsidiaries, business activities, domicile and date of establishment</i>	Persentase kepemilikan/ <i>Percentage of ownership</i>		Tahun usaha komersial dimulai/ <i>Year commercial operations started</i>	Jumlah aset dalam juta sebelum jurnal eliminasi/ <i>Total assets in million before elimination entries</i>	
	31 Desember/ <i>December</i> 2019	31 Desember/ <i>December</i> 2018		31 Desember/ <i>December</i> 2019	31 Desember/ <i>December</i> 2018
<b>Dimiliki melalui SEI/Held through SEI (lanjutan/continued)</b>					
PT Saka Ketapang Perdana ("SKP") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Indonesia, 17 Oktober/ <i>October</i> 17, 2012	99.98%	99.98%	2015	127	172
PT Saka Energi Internasional ("SI") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Indonesia, 20 Februari/ <i>February</i> 20, 2014	99.99%	99.99%	2014	1)	1)
Saka Energy Overseas Holding B.V. ("SEOHBV") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Belanda/ <i>Netherlands</i> , 24 Desember/ <i>December</i> 24, 2013	100.00%	100.00%	2)	1)	1)
PT Saka Bangkanai Klemantan ("SBK") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Indonesia, 11 Maret/ <i>March</i> 11, 2013	99.50%	99.50%	2016	129	137
PT Saka Energi Sumatera ("SES") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Indonesia, 24 September/ <i>September</i> 24, 2012	99.95%	99.95%	2014	4	24
PT Saka Indonesia Sesulu ("SIS") Eksplorasi minyak dan gas/ <i>Exploration of oil and gas</i> Indonesia, 7 Maret/ <i>March</i> 7, 2013	99.50%	99.50%	2)	106	106
PT Saka Energi Bangkanai Barat ("SEBB") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Indonesia, 12 Mei/ <i>May</i> 12, 2014	100.00%	100.00%	2)	9	7
PT Saka Energi Investasi ("SEINVS") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Indonesia, 18 Juli/ <i>July</i> 18, 2014	99.99%	99.99%	2)	1)	1)
PT Saka Energi Wokam ("SEW") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Indonesia, 14 September/ <i>September</i> 14, 2015	100.00%	100.00%	2)	1)	1)
<b>Dimiliki melalui SEOHBV/ Held through SEOHBV</b>					
Saka Energi Exploration Production B.V. ("SEEPBV") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Belanda/ <i>Netherlands</i> , 24 Desember/ <i>December</i> 24, 2013	100.00%	100.00%	2)	41	41

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**1. UMUM (lanjutan)**

**1. GENERAL (continued)**

**d. Entitas anak, pengaturan bersama, dan entitas asosiasi (lanjutan)**

**d. Subsidiaries, joint arrangements, and associate entities (continued)**

Entitas anak, kegiatan usaha, kedudukan dan tanggal pendirian/ <i>Subsidiaries, business activities, domicile and date of establishment</i>	Persentase kepemilikan/ <i>Percentage of ownership</i>		Tahun usaha komersial dimulai/ <i>Year commercial operations started</i>	Jumlah aset dalam juta sebelum jurnal eliminasi/ <i>Total assets in million before elimination entries</i>	
	31 Desember/ <i>December</i> 2019	31 Desember/ <i>December</i> 2018		31 Desember/ <i>December</i> 2019	31 Desember/ <i>December</i> 2018
<b>Dimiliki melalui SEEPBV/ <i>Held through SEEPBV</i></b>					
Saka Energi Muriah Limited ("SEML") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Kepulauan Virgin Britaria Raya/ <i>British Virgin Islands</i> , 15 Juli/ <i>July 15, 2009</i>	100.00%	100.00%	2015	26	41
<b>Dimiliki melalui SI/ <i>Held through SI</i></b>					
PT Saka Energi Yamdena Barat ("SEYB") Eksplorasi minyak dan gas/ <i>Exploration of oil and gas</i> Indonesia, 26 Mei/ <i>May 26, 2017</i>	100.00%	100.00%	2)	1)	1)
PT Saka Energi Sepinggan ("SEP") Eksplorasi minyak dan gas/ <i>Exploration of oil and gas</i> Indonesia, 1 April/ <i>April 1, 2015</i>	100.00%	100.00%	2)	1)	1)
PT Saka Eksplorasi Ventura ("SEV") Eksplorasi minyak dan gas/ <i>Exploration of oil and gas</i> Indonesia, 15 Desember/ <i>December 15, 2016</i>	100.00%	100.00%	2)	2	2
PT Saka Eksplorasi Baru ("SEB") Eksplorasi minyak dan gas/ <i>Exploration of oil and gas</i> Indonesia, 30 Agustus/ <i>August 30, 2016</i>	100.00%	100.00%	2)	1	1
PT Saka Eksplorasi Timur ("SET") Eksplorasi minyak dan gas/ <i>Exploration of oil and gas</i> Indonesia, 15 September/ <i>September 15, 2016</i>	100.00%	100.00%	2)	1)	2
PT Saka Energi Asia Pte. Ltd ("SEAPL") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Singapura/ <i>Singapore</i> , 15 Juni/ <i>June 15, 2016</i>	100.00%	100.00%	2016	288	194
PT Saka Energi Investama ("SEINV") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Indonesia, 9 November/ <i>November 9, 2017</i>	100.00%	100.00%	2)	2)	2)
Saka Energi Sanga CBM Pte. Ltd. ("SESCBM") Eksplorasi minyak dan gas/ <i>Exploration of oil and gas</i> Singapura/ <i>Singapore</i> , 28 Desember/ <i>December 28, 2017</i>	-	100.00%	6)	-	2)
PT Saka Energi Sepinggan Timur ("SEST") Eksplorasi minyak dan gas/ <i>Exploration of oil and gas</i> Indonesia, 15 November/ <i>November 15, 2019</i>	100.00%	-	5)	1)	-
Saka Energy Fasken LLC ("Fasken") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Texas, 25 April/ <i>April 25, 2014</i>	100.00%	100.00%	2014	251	251

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**1. UMUM (lanjutan)**

**1. GENERAL (continued)**

**d. Entitas anak, pengaturan bersama, dan entitas asosiasi (lanjutan)**

**d. Subsidiaries, joint arrangements, and associate entities (continued)**

Entitas anak, kegiatan usaha, kedudukan dan tanggal pendirian/ <i>Subsidiaries, business activities, domicile and date of establishment</i>	Persentase kepemilikan/ <i>Percentage of ownership</i>		Tahun usaha komersial dimulai/ <i>Year commercial operations started</i>	Jumlah aset dalam juta sebelum jumlah eliminasi/ <i>Total assets in million before elimination entries</i>	
	31 Desember/ <i>December</i> 2019	31 Desember/ <i>December</i> 2018		31 Desember/ <i>December</i> 2019	31 Desember/ <i>December</i> 2018
<b>Dimiliki melalui SIPBV/ <i>Held through SIPBV</i></b>					
Saka Indonesia Pangkah Limited ("SIPL") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Indonesia, 5 Juli/July 5, 1995	100.00%	100.00%	2007	514	610
Saka Pangkah LLC ("SPLLC") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Kepulauan Cayman/Cayman Islands, 12 Juli/July 12, 1995	100.00%	100.00%	2007	109	83
<b>Dimiliki melalui SEAPL/ <i>Held through SEAPL</i></b>					
Saka Energi East Kalimantan Pte. Ltd. ("SEEKPL") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Singapura/Singapore, 15 Juni/June 15, 2016	100.00%	100.00%	2016	87	81
Saka Energi Sanga Star Pte. Ltd. ("SESSL") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Singapura/Singapore, 15 Juni/June 15, 2016	100.00%	100.00%	2016	38	38
<b>Dimiliki melalui SEEKPL/ <i>Held through SEEKPL</i></b>					
Saka Energi Sanga-sanga Limited. ("SESL") Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i> Persemakmuran Bahama/ <i>Commonwealth of The Bahamas</i> , 18 November/November 18, 1983	100.00%	100.00%	1983	44	83
<b>Dimiliki melalui SEINVS/ <i>Held through SEINVS</i></b>					
Saka Energi International Ventures Ltd ("SEIV") Perdagangan minyak dan gas/ <i>Trading of oil and gas</i> Hong Kong, 14 Februari/February 14, 2018	100.00%	100.00%	2018	177	18
<b>Dimiliki melalui SEINVS dan PLI/ <i>Held through SEINVS and PLI</i></b>					
Bentang Energi Indonesia Ltd ("BEI") <sup>3)</sup> Perdagangan minyak dan gas/ <i>Trading of oil and gas</i> Hong Kong, 31 Januari/January 31, 2018	100.00%	100.00%	2018	1)	23

**Keterangan:**

- Total aset di bawah 1 juta Dolar Amerika Serikat ("USD").
- Belum beroperasi komersial.
- PLI dan SEINVS masing-masing memiliki saham BEI sebesar 75% dan 25% sehingga kepemilikan efektif Grup atas BEI adalah 100%.
- Diakuisisi oleh Grup pada tanggal 28 Desember 2018 dari Pertamina, pemegang saham utama Perusahaan.
- Didirikan tahun 2019.
- SEI tidak lagi memiliki kepemilikan atas perusahaan tersebut.

**Remarks:**

- The total assets are below one million United States Dollars ("USD").
- Not yet started commercial operations.
- PLI and SEINVS own 75% and 25% interests in BEI's shares, respectively, therefore the Group's effective ownership in BEI is 100%.
- Acquired by the Group on December 28, 2018 from Pertamina, the majority shareholder of the Company.
- Established in 2019.
- SEI no longer has ownership in the respective Company.

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**1. UMUM (lanjutan)**

**d. Entitas anak, pengaturan bersama, dan entitas asosiasi (lanjutan)**

Grup mempunyai kerjasama operasi minyak dan gas atau kontrak jasa/perjanjian partisipasi dan pembagian ekonomi pada tanggal 31 Desember 2019 dan 2018 sebagai berikut:

<u>Kerjasama Operasi/Joint Operation</u>	<u>Negara/Country</u>	<u>31 Desember/ December 2019</u>	<u>31 Desember/ December 2018</u>
Blok/Block Ujung Pangkah	Indonesia	100.00%	100.00%
Blok/Block South Sesulu	Indonesia	100.00%	100.00%
Blok/Block Fasken	Amerika Serikat/ United States of America	36.00%	36.00%
Blok/Block Bangkanai	Indonesia	30.00%	30.00%
Blok/Block Bangkanai Barat	Indonesia	30.00%	30.00%
Blok/Block Muriah	Indonesia	20.00%	20.00%
Blok/Block Ketapang	Indonesia	20.00%	20.00%
Blok/Block Muara Bakau	Indonesia	11.67%	11.67%
Blok/Block South East Sumatera <sup>1)</sup>	Indonesia	-	-
Blok/Block Wokam II	Indonesia	100.00%	100.00%
Blok/Block Sanga-sanga <sup>2)</sup>	Indonesia	-	-
Blok/Block Pekawai	Indonesia	100.00%	100.00%
Blok/Block Yamdena Barat	Indonesia	100.00%	100.00%

Keterangan:

1) PSC South East Sumatera telah berakhir pada tanggal 6 September 2018

2) PSC Sanga-sanga telah berakhir pada tanggal 8 Agustus 2018

Pada 18 Oktober 2019, Grup mendapatkan amandemen dan pernyataan kembali atas *Production Sharing Contract* ("PSC") Pangkah yang berlaku efektif sejak 8 Mei 2026 hingga 20 tahun mendatang. Amandemen dan pernyataan kembali atas PSC Pangkah merubah konsep *cost recovery* menjadi konsep *gross split* dan juga merubah tarif pajak dari 44% menjadi 40%. Dalam konsep *gross split*, Grup berhak menerima 55% (minyak mentah) dan 60% (gas) bagian dari pendapatan kotor. Grup telah membayar bonus tanda tangan sebesar AS\$6.000.000 kepada Pemerintah Republik Indonesia pada 17 Oktober 2019 dan mencatat bonus tanda tangan tersebut sebagai bagian dari properti minyak dan gas.

Sehubungan dengan amandemen dan pernyataan kembali atas PSC Pangkah tersebut, manajemen melakukan kajian terhadap aset yang ada, termasuk estimasi cadangan minyak dan gas. Sebagai akibatnya, manajemen mencatat penurunan liabilitas pembongkaran aset dan restorasi area (Catatan 24), pemulihan rugi penurunan nilai aset minyak dan gas (Catatan 15b) di akhir tahun 2019, dan merubah tingkat depresiasi, deplesi dan amortisasi yang disebabkan oleh perubahan estimasi cadangan minyak dan gas untuk dipulihkan selama masa PSC.

**1. GENERAL (continued)**

**d. Subsidiaries, joint arrangements, and associate entities (continued)**

The Group has interests in the following oil and gas joint operations or service contracts/participation and economic sharing agreements at December 31, 2019 and 2018:

Remarks:

1) PSC South East Sumatera expired on September 6, 2018

2) PSC Sanga-sanga expired on August 8, 2018

On October 18, 2019, the Group has obtained the amended and restated of the Pangkah *Production Sharing Contract* ("PSC") which is effective from May 8, 2026 for a period of 20 years. The amended and restated of the Pangkah PSC changed the PCS from the cost recovery concept to the gross split concept and also changed the tax rate from 44% to 40%. Under the gross split concept, the Group is entitled to receive 55% (crude oil) and 60% (gas) share of gross revenue. The Group has paid a signature bonus of US\$6,000,000 to the Government of the Republic of Indonesia on October 17, 2019 and recorded the signature bonus as part of oil and gas properties.

In relation with the amendment and restatement of Pangkah PSC, management performed an assessment on existing assets, including estimated reserves of oil and gas. As a result, management has recorded a decrease in asset abandonment and site restoration obligations (Note 24), reversal of impairment of oil and gas properties (Note 15b) at the end of 2019 and changed the depreciation, depletion and amortisation rate due to the change in the estimated oil and gas reserves to be recovered over the life of the PSC.

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**1. UMUM (lanjutan)**

**d. Entitas anak, pengaturan bersama, dan entitas asosiasi (lanjutan)**

Informasi mengenai ventura bersama dan entitas asosiasi yang dimiliki oleh Grup pada tanggal 31 Desember 2019 dan 2018 adalah sebagai berikut:

**1. GENERAL (continued)**

**d. Subsidiaries, joint arrangements, and associate entities (continued)**

Information about joint ventures and associates in which the Group has an interest as of December 31, 2019 and 2018 is as follows:

Ventura bersama dan entitas asosiasi/ <i>Joint ventures and associate entities</i>	Persentase kepemilikan/ <i>Percentage of ownership</i>		Tahun usaha komersial dimulai dan domisili/ <i>Commercial operation year started and domicile</i>	Kegiatan usaha/ <i>Business activities</i>
	31 Desember/ <i>December 2019</i>	31 Desember/ <i>December 2018</i>		
<b>Ventura bersama/ <i>Joint ventures</i></b>				
PT Transportasi Gas Indonesia ("Transgasindo")	59.87%	59.87%	2002, Jakarta	Transportasi gas bumi melalui jaringan pipa transmisi/ <i>Transportation of natural gas through transmission pipelines</i>
PT Permata Karya Jasa ("Perkasa")	60.00%	60.00%	2015, Jakarta	Jasa perbengkelan, pembinaan, penyaluran jasa tenaga kerja/ <i>Workshop services, guidance, distribution of labour services</i>
PT Nusantara Regas ("Regas")	40.00%	40.00%	2012, Jakarta	Pengelolaan fasilitas <i>Floating Storage Regasification Terminal</i> ("FSRT") termasuk pembelian LNG dan pemasaran atas hasil pengelolaan fasilitas FSRT/ <i>Managing Floating Storage Regasification Terminal ("FSRT") facilities including purchase of LNG and marketing of output from the operations of FSRT facilities</i>
PT Perta-Samtan Gas ("PSG")	66.00%	66.00% <sup>2)</sup>	2008, Banyuasin	Pengolahan LPG/ <i>LPG processing</i>
PT Perta Daya Gas ("PDG")	65.00%	65.00% <sup>2)</sup>	2012, Jakarta	Pengolahan LNG dan CNG/ <i>LNG and CNG processing</i>
<b>Entitas asosiasi/<i>Associate</i></b> PT Gas Energi Jambi ("GEJ")	40.00%	40.00%	<sup>1)</sup> , Jambi	Transportasi dan distribusi gas bumi/ <i>Transportation and distribution of natural gas</i>

Keterangan:

- 1) Belum beroperasi komersial.  
2) Diakuisisi oleh Grup pada tanggal 28 Desember 2018 dari Pertamina, pemegang saham utama Perusahaan.

Remarks:

- 1) Not yet started commercial operations.  
2) Acquired by the Group on December 28, 2018 from Pertamina, the majority shareholder of the Company.

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**1. UMUM (lanjutan)**

**e. Dewan Komisaris, Direksi dan karyawan**

Pada tanggal 31 Desember 2019, berdasarkan Rapat Umum Pemegang Saham Luar Biasa yang dilaksanakan pada tanggal 30 Agustus 2019, para pemegang saham menyetujui susunan Dewan Komisaris dan Direksi Perusahaan sebagai berikut:

**Dewan Komisaris**

Komisaris Utama	IGN. Wiratmaja Puja
Komisaris Independen	Paiman Rahardjo
Komisaris Independen	Kiswodarmawan
Komisaris	Luky Alfirman
Komisaris	Christian H. Siboro
Komisaris	Mas'ud Khamid

**Dewan Direksi**

Direktur Utama	Gigih Prakoso
Direktur Keuangan	Arie Nobelta Kaban
Direktur Komersial	Dilo Seno Widagdo
Direktur Infrastruktur dan Teknologi	Redy Ferryanto
Direktur Sumber Daya Manusia dan Umum	Desima Equalita Siahaan
Direktur Pengembangan Bisnis dan Strategi	Syahrial Mukhtar

Pada tanggal 31 Desember 2018, berdasarkan Rapat Umum Pemegang Saham Luar Biasa yang dilaksanakan pada tanggal 10 September 2018, para pemegang saham menyetujui susunan Dewan Komisaris dan Direksi Perusahaan sebagai berikut:

**Dewan Komisaris**

Komisaris Utama	IGN. Wiratmaja Puja
Komisaris Independen	Paiman Rahardjo
Komisaris Independen	Kiswodarmawan
Komisaris	Hambra
Komisaris	M. Ikhsan

**Dewan Direksi**

Direktur Utama	Gigih Prakoso
Direktur Keuangan	Said Reza Pahlevy
Direktur Komersial	Danny Praditya
Direktur Infrastruktur dan Teknologi	Dilo Seno Widagdo
Direktur Sumber Daya Manusia dan Umum	Desima Equalita Siahaan

Pada tanggal 31 Desember 2019, susunan Komite Audit Perusahaan adalah sebagai berikut:

Ketua	Paiman Rahardjo
Anggota	Luky Alfirman
Anggota	Luki Karunia
Anggota	Kurnia Sari Dewri
Anggota	Nael Brahmana

**1. GENERAL (continued)**

**e. Boards of Commissioners, Directors and employees**

As at December 31, 2019, based on the Extraordinary General Meeting of Shareholders on August 30, 2019, the shareholders approved the members of the Company's Boards of Commissioners and Directors as follows:

**Board of Commissioners**

Chairman of the Board of Commissioners
Independent Commissioner
Independent Commissioner
Commissioner
Commissioner

**Board of Directors**

Chairman of the Board of Directors
Director of Finance
Director of Commercial
Director of Infrastructure and Technology
Director of Human Resources and General Affairs
Director of Business Development and Strategy

As at December 31, 2018, based on the Extraordinary General Meeting of Shareholders on September 10, 2018, the shareholders approved the members of the Company's Boards of Commissioners and Directors as follows:

**Board of Commissioners**

Chairman of the Board of Commissioners
Independent Commissioner
Independent Commissioner
Commissioner
Commissioner

**Board of Directors**

Chairman of the Board of Directors
Director of Finance
Director of Commercial
Director of Infrastructure and Technology
Director of Human Resources and General Affairs

As at December 31, 2019, the members of the Company's audit committee are as follows:

Chairman
Member
Member
Member
Member

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**1. UMUM (lanjutan)**

**e. Dewan Komisaris, Direksi dan karyawan (lanjutan)**

Pada tanggal 31 Desember 2018, susunan Komite Audit Perusahaan adalah sebagai berikut:

Ketua	Paiman Rahardjo	Chairman
Anggota	Hambra	Member
Anggota	Luki Karunia	Member
Anggota	Kurnia Sari Dewi	Member
Anggota	Nael Brahmana	Member

Pada tanggal 31 Desember 2019 dan 2018, jumlah karyawan tetap Grup masing-masing adalah 3.119 orang dan 2.804 orang (tidak diaudit).

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN**

**a. Dasar penyajian laporan keuangan konsolidasian**

Laporan keuangan konsolidasian ini telah disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia, yang mencakup Pernyataan Standar Akuntansi Keuangan ("PSAK") dan Interpretasi Standar Akuntansi Keuangan ("ISAK") dan Peraturan-Peraturan serta Pedoman Penyajian dan Pengungkapan Laporan Keuangan yang diterbitkan oleh Otoritas Jasa Keuangan ("OJK").

Laporan keuangan konsolidasian ini disusun berdasarkan konsep harga perolehan, yang dimodifikasi oleh revaluasi aset keuangan tersedia untuk dijual, dan aset dan liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi, serta menggunakan dasar akrual kecuali untuk laporan arus kas konsolidasian.

Laporan arus kas konsolidasian disusun menggunakan metode langsung dan arus kas dikelompokkan atas dasar aktivitas operasi, investasi dan pendanaan. Untuk tujuan laporan arus kas konsolidasian, kas dan setara kas mencakup kas kecil, kas pada bank dan deposito berjangka.

**1. GENERAL (continued)**

**e. Boards of Commissioners, Directors and employees (continued)**

As at December 31, 2018, the members of the Company's audit committee are as follows:

Ketua	Paiman Rahardjo	Chairman
Anggota	Hambra	Member
Anggota	Luki Karunia	Member
Anggota	Kurnia Sari Dewi	Member
Anggota	Nael Brahmana	Member

As at December 31, 2019 and 2018, the Group has a total of 3,119 employees and 2,804 employees (unaudited), respectively.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of preparation of the consolidated financial statements**

The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards, including Statements of Financial Accounting Standards ("SFAS") and Interpretations of Financial Accounting Standards ("IFAS") and the Regulations and Guidelines on Financial Statement Presentation and Disclosures issued by the Financial Services Authority ("OJK").

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, and using the accrual basis except for the consolidated statement of cash flows.

The consolidated statement of cash flows has been prepared based on the direct method, by classifying cash flows on the basis of operating, investing and financing activities. For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash on hand, cash in banks and time deposits.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**a. Dasar penyajian laporan keuangan  
konsolidasian (lanjutan)**

Penyusunan laporan keuangan konsolidasian yang sesuai dengan Standar Akuntansi Keuangan di Indonesia memerlukan penggunaan estimasi akuntansi penting tertentu. Penyusunan laporan keuangan juga mengharuskan manajemen untuk menggunakan pertimbangannya dalam proses penerapan kebijakan akuntansi Grup. Area-area yang memerlukan tingkat pertimbangan atau kompleksitas yang tinggi, atau area dimana asumsi dan estimasi merupakan hal yang signifikan dalam laporan keuangan konsolidasian, diungkapkan dalam Catatan 3.

Kecuali dinyatakan di bawah ini, kebijakan akuntansi telah diterapkan secara konsisten dengan laporan keuangan tahunan untuk tahun yang berakhir 31 Desember 2018 yang telah sesuai dengan Standar Akuntansi Keuangan di Indonesia.

**Perubahan pada PSAK dan ISAK**

Standar baru, revisi dan interpretasi yang telah diterbitkan, dan yang berlaku efektif untuk tahun buku yang dimulai pada atau setelah tanggal 1 Januari 2019 namun tidak berdampak material terhadap laporan keuangan konsolidasian Grup adalah sebagai berikut:

- PSAK No. 22: Kombinasi Bisnis

Amandemen ini mengklarifikasi bahwa memperoleh kendali atas bisnis yang merupakan operasi bersama, adalah kombinasi bisnis yang dicapai secara bertahap. Pengakuisisi harus mengukur kembali kepentingan yang sebelumnya dimiliki dalam operasi bersama pada nilai wajar pada tanggal akuisisi.

- PSAK No. 24: Imbalan Kerja tentang Amandemen, Kurtailmen, atau Penyelesaian Program

Amandemen PSAK ini mensyaratkan entitas untuk menggunakan asumsi terbaru dalam menentukan biaya jasa dan bunga bersih untuk periode setelah amandemen, kurtailmen, atau penyelesaian program. Amandemen ini juga mensyaratkan entitas untuk mengakui laba atau rugi sebagai bagian dari biaya jasa masa lalu, atau keuntungan atau kerugian penyelesaian, setiap pengurangan surplus, walaupun surplus itu sebelumnya tidak diakui karena dampak dari batas atas aset.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**a. Basis of preparation of the consolidated  
financial statements (continued)**

*The preparation of consolidated financial statements in conformity with Indonesian Financial Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.*

*Except as described below, the accounting policies applied are consistent with the annual financial statements for the year ended December 31, 2018, which conform to the Indonesian Financial Accounting Standards.*

**Changes to the SFAS and IFAS**

*New standards, amendments and interpretations issued and effective for the financial year beginning January 1, 2019, which do not have a material impact on the consolidated financial statements of the Group are as follows:*

- SFAS No. 22: Business Combination

*The amendment clarifies that obtaining control of a business that is a joint operation, is a business combination achieved in stages. The acquirer should re-measure its previously held interest in the joint operation at fair value at the acquisition date.*

- SFAS No. 24: Employee Benefits regarding Plan Amendment, Curtailment, or Settlement

*Amendments to this SFAS require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment, or settlement. It also requires an entity to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**a. Dasar penyajian laporan keuangan  
konsolidasian (lanjutan)**

**Perubahan pada PSAK dan ISAK (lanjutan)**

- PSAK No. 26: Biaya Pinjaman

Amandemen ini mengklarifikasi bahwa jika suatu pinjaman tertentu tetap ada setelah aset kualifikasi terkait siap untuk digunakan atau dijual, pinjaman tersebut akan menjadi bagian dari pinjaman umum. Amandemen ini diterapkan secara prospektif untuk biaya pinjaman yang timbul ketika atau setelah tanggal efektif.

- PSAK No. 46: Pajak Penghasilan

Amandemen ini mengklarifikasi bahwa konsekuensi pajak penghasilan dari dividen atas instrumen keuangan yang diklasifikasikan sebagai ekuitas harus diakui sesuai dengan transaksi atau peristiwa masa lalu yang menghasilkan laba yang diatribusikan yang diakui. Ketentuan ini berlaku untuk semua konsekuensi pajak penghasilan dari dividen.

- PSAK No. 66: Pengendalian Bersama

Amandemen ini mengklarifikasi bahwa pihak yang memperoleh pengendalian bersama atas bisnis yang merupakan operasi bersama tidak boleh mengukur kembali kepentingan yang sebelumnya dimiliki dalam operasi bersama.

- ISAK No. 33: Transaksi Valuta Asing dan Imbalan di Muka

Interpretasi ini mengklarifikasi penggunaan tanggal transaksi dalam menentukan nilai tukar yang akan digunakan untuk penentuan awal atas aset, biaya atau pendapatan ketika entitas menerima atau membayar uang muka dalam mata uang asing.

- ISAK No. 34: Ketidakpastian dalam Perlakuan Pajak Penghasilan

ISAK No. 34 merupakan interpretasi atas PSAK No. 46: Pajak Penghasilan untuk mengklarifikasi dan memberikan panduan dalam merefleksikan ketidakpastian perlakuan pajak penghasilan dalam laporan keuangan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**a. Basis of preparation of the consolidated  
financial statements (continued)**

**Changes to the SFAS and IFAS (continued)**

- SFAS No. 26: Borrowing Costs

*The amendment clarifies that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings. This amendment is applied prospectively for borrowing costs incurred on or after the effective date.*

- SFAS No. 46: Income Taxes

*The amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends.*

- SFAS No. 66: Joint Arrangements

*The amendment clarifies that the party obtaining joint control of a business that is a joint operation should not re-measure its previously held interest in the joint operation.*

- IFAS No. 33: Foreign Currency Transactions and Advance Consideration

*This interpretation clarifies the use of transaction date in determining the exchange rate to be used for initial recognition of asset, expense or income when the entity receives or pays advance consideration in foreign currency.*

- IFAS No. 34: Uncertainty over Income Tax Treatments

*IFAS No. 34 is an interpretation of SFAS No. 46: Income Tax which clarifies and provides guidance in reflecting the uncertainties of income tax treatment in the financial statements.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**a. Dasar penyajian laporan keuangan  
konsolidasian (lanjutan)**

**Perubahan pada PSAK dan ISAK (lanjutan)**

Standar baru, revisi dan interpretasi yang telah diterbitkan, namun belum berlaku efektif untuk tahun buku yang dimulai pada atau setelah tanggal 1 Januari 2019 adalah sebagai berikut:

- PSAK No. 15: Investasi pada Entitas Asosiasi dan Ventura Bersama tentang Kepentingan Jangka Panjang pada Entitas Asosiasi dan Ventura Bersama

Amandemen PSAK ini mengklarifikasi bahwa Perusahaan memperhitungkan kepentingan jangka panjang pada Entitas Asosiasi dan Ventura Bersama dimana metode ekuitas tidak diterapkan melainkan menggunakan PSAK No. 71.

- Amendemen PSAK No. 62: Kontrak Asuransi – Menerapkan PSAK No. 71: Instrumen Keuangan dengan PSAK No. 62: Kontrak Asuransi

Amandemen ini merupakan revisi konsekuensial karena penerbitan PSAK No. 71. Standar yang diubah ini memberikan panduan untuk menerbitkan kontrak asuransi (terutama perusahaan asuransi) untuk menerapkan PSAK No. 71. Dimana akan ada dua pendekatan yang dapat dipilih oleh entitas pelaporan, yaitu pendekatan *deferral* dan pendekatan *overlay*.

- PSAK No. 71: Instrumen Keuangan

Standar baru ini memberikan persyaratan baru pada klasifikasi dan pengukuran aset dan liabilitas keuangan. Standar ini juga mencakup model kerugian kredit yang diharapkan, menggantikan model penurunan nilai yang digunakan saat ini serta persyaratan baru untuk akuntansi lindung nilai. Amandemen konsekuensial terhadap standar lain, termasuk PSAK No. 55: Instrumen Keuangan dibuat.

Sementara ini Grup belum selesai melakukan kajian yang terperinci atas klasifikasi dan pengukuran dari aset keuangan, instrumen ekuitas yang sekarang diklasifikasi sebagai aset keuangan yang tersedia untuk dijual dianggap memenuhi persyaratan untuk diklasifikasikan sebagai aset keuangan yang diukur pada nilai wajar melalui penghasilan komprehensif lainnya dan dengan begitu tidak ada perubahan perlakuan akuntansi untuk aset-aset tersebut.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**a. Basis of preparation of the consolidated  
financial statements (continued)**

**Changes to the SFAS and IFAS (continued)**

*New standards, amendments and interpretations issued but not yet effective for the financial year beginning January 1, 2019, are as follows:*

- *SFAS No. 15: Investment in Associates and Joint Ventures, Long-term Interests in Associates and Joint Ventures*

*The amendment of this SFAS clarifies that companies account for long-term interests in an associate or joint venture to which the equity method is not applied, using SFAS No. 71.*

- *Amendment SFAS No. 62: Insurance Contracts – Applying SFAS No. 71: Financial Instruments with SFAS No. 62: Insurance Contracts*

*This amendment is a consequential revision due to the issuance of SFAS No. 71. The amended standard provides guidance for issuance of insurance contracts (especially by insurance companies) to implement SFAS No. 71. There will be two approaches that can be chosen by a reporting entity which are deferral and overlay approach.*

- *SFAS No. 71: Financial Instruments*

*This new standard provides new requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses model that replaces the incurred loss impairment model used currently and also new requirements for hedge accounting. Consequential amendments to other standards, including SFAS No. 55: Financial Instruments are made.*

*While the Group has not finalised its detailed assessment of the classification and measurement of financial assets, equity instruments currently classified as available-for-sale financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income and hence there will be no change to the accounting treatment for these assets.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**a. Dasar penyajian laporan keuangan  
konsolidasian (lanjutan)**

**Perubahan pada PSAK dan ISAK (lanjutan)**

- PSAK No. 71: Instrumen Keuangan (lanjutan)

Tidak ada dampak material terhadap perlakuan akuntansi untuk liabilitas keuangan Grup karena Grup hanya memiliki satu klasifikasi liabilitas keuangan yaitu liabilitas dicatat sebesar harga perolehan diamortisasi. Peraturan penghentian pengakuan telah dipindahkan dari PSAK No. 55: Instrumen Keuangan: Pengakuan dan Pengukuran dan tidak mengalami perubahan.

Peraturan akuntansi lindung nilai yang baru akan menyelaraskan akuntansi untuk instrumen lindung nilai lebih dekat lagi dengan praktik manajemen risiko Grup. Secara umum, akan lebih banyak lagi hubungan lindung nilai yang dapat memenuhi syarat untuk akuntansi lindung nilai, karena standar memperkenalkan pendekatan yang lebih berbasis prinsip. Grup tidak memiliki instrumen lindung nilai sehingga Grup tidak mengharapkan dampak signifikan atas akuntansi untuk aktivitas lindung nilai.

Model penurunan nilai yang baru mensyaratkan pengakuan atas provisi penurunan nilai berdasarkan kerugian kredit espektasian daripada hanya kerugian kredit seperti dalam PSAK No. 55. Hal ini berlaku untuk aset keuangan diklasifikasi dalam biaya amortisasi, instrumen utang diukur pada nilai wajar melalui penghasilan komprehensif lainnya, kontrak aset dalam PSAK No. 72: Pendapatan dari Kontrak dengan Pelanggan, piutang sewa, komitmen pinjaman dan kontrak garansi keuangan tertentu. Saat ini Grup belum melakukan tinjauan mendalam bagaimana provisi penurunan nilainya akan terkena dampak dari model baru ini, dimana dampaknya dapat mengakibatkan pengakuan atas kerugian kredit lebih cepat.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**a. Basis of preparation of the consolidated  
financial statements (continued)**

**Changes to the SFAS and IFAS (continued)**

- SFAS No. 71: Financial Instruments (continued)

*There will be no material impact on the Group's accounting for financial liabilities as the Group only has one financial liabilities classification, that is financial liabilities at amortised cost. The derecognition rules have been transferred from SFAS No. 55: Financial Instruments: Recognition and Measurement and have not been changed.*

*The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group does not have hedging instruments, hence the Group does not expect a significant impact on the accounting for its hedging relationships.*

*The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under SFAS No. 55. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under SFAS No. 72: Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not finalised its detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**a. Dasar penyajian laporan keuangan  
konsolidasian (lanjutan)**

**Perubahan pada PSAK dan ISAK (lanjutan)**

- PSAK No. 71: Instrumen Keuangan (lanjutan)

Standar baru juga memperluas persyaratan pengungkapan dan perubahan penyajian. Hal ini diharapkan mengubah sifat dan batasan dari pengungkapan Grup tentang instrumen keuangan terutama pada tahun penerapan standar baru.

- Amandemen PSAK No. 71: Instrumen Keuangan – Fitur Percepatan Pelunasan dengan Kompensasi Negatif

Amandemen ini mengatur tentang fitur percepatan pelunasan dengan kompensasi negatif, memungkinkan entitas untuk mengatur aset keuangan yang disebut pembayaran kompensasi negatif pada biaya diamortisasi atau pada nilai wajar melalui pendapatan komprehensif lainnya jika memenuhi syarat tertentu dan bukan pada nilai wajar melalui laba rugi.

- PSAK No. 72: Pendapatan dari Kontrak dengan Pelanggan

PSAK ini akan menggantikan standar berikut:

- PSAK No. 23: Pendapatan;
- PSAK No. 34: Kontrak Konstruksi;
- ISAK No. 10: Program Loyalitas Pelanggan;
- PSAK No. 44: Akuntansi Aktivitas Pengembangan Real Estat.

Sebagai hasilnya, PSAK ini akan menjadi satu standar untuk pengakuan pendapatan. Standar baru ini didasarkan oleh prinsip bahwa pendapatan diakui ketika kontrol atas barang atau jasa dialihkan ke pelanggan. Standar ini akan berdampak pada perubahan kebijakan pengakuan pendapatan Grup.

Dalam tahap ini, Grup tidak dapat mengestimasi dampak dari standar baru terhadap laporan keuangan Grup. Grup saat ini sedang melakukan peninjauan yang mendalam.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**a. Basis of preparation of the consolidated  
financial statements (continued)**

**Changes to the SFAS and IFAS (continued)**

- SFAS No. 71: Financial Instruments (continued)

*The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments, particularly in the year of adoption of the new standard.*

- Amendment to SFAS No. 71: Financial Instruments – Prepayment Features with Negative Compensation

*This amendment deals with prepayment features with negative compensation and allows entities to measure particular financial assets which are called negative compensation payments at amortised cost or at fair value through other comprehensive income if specific conditions are met instead of at fair value through profit or loss.*

- SFAS No. 72: Revenue from Contracts with Customers

*This SFAS will replace the following standards:*

- SFAS No. 23: Revenue;
- SFAS No. 34: Construction Contracts;
- IFAS No. 10: Customer Loyalty Programmes;
- SFAS No. 44: Accounting for Real Estate Development.

*As a result, this SFAS will become the single standard for revenue recognition. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard may result in changes to the Group's revenue recognition policies.*

*At this stage, the Group is not able to estimate the impact of the new standards on the Group's financial statements. The Group is currently performing more detailed assessments.*

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SIGNIFIKAN (lanjutan)**

**a. Dasar penyajian laporan keuangan  
konsolidasian (lanjutan)**

**Perubahan pada PSAK dan ISAK (lanjutan)**

- PSAK No. 73: Sewa

PSAK No. 73 disahkan di September 2017. Hal ini akan berdampak pada hampir seluruh sewa yang diakui di laporan posisi keuangan, karena perbedaan antara sewa operasi dan pembiayaan dihapuskan. Dalam standar yang baru, sebuah aset (hak guna atas barang yang disewakan) dan liabilitas keuangan untuk membayar sewa diakui. Pengecualian hanya terdapat pada sewa jangka pendek dan yang bernilai rendah.

Perlakuan akuntansi untuk penyewa tidak akan berbeda secara signifikan.

Standar akan berdampak utama kepada perlakuan akuntansi Grup atas sewa operasi. Pada tanggal pelaporan, Grup memiliki komitmen sewa operasi yang tidak dapat dibatalkan senilai (lihat Catatan 39b). Grup belum menentukan sejauh mana komitmen yang dimiliki akan berdampak kepada pengakuan aset dan liabilitas untuk pembayaran di masa depan dan bagaimana hal ini akan berdampak kepada laba dan klasifikasi arus kas Grup.

Beberapa komitmen dapat dicakup oleh pengecualian untuk sewa jangka pendek dan yang bernilai rendah dan beberapa komitmen dapat berhubungan dengan pengaturan yang tidak memenuhi syarat sewa dalam PSAK 73.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**a. Basis of preparation of the consolidated  
financial statements (continued)**

**Changes to the SFAS and IFAS (continued)**

- SFAS No. 73: Leases

SFAS No. 73 was issued in September 2017. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and low-value leases.

The accounting for lessors will not change significantly.

The standard will primarily affect the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments (see Note 39b). The Group has not yet determined to what extent these commitments within the Group will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under SFAS 73.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**a. Dasar penyajian laporan keuangan  
konsolidasian (lanjutan)**

**Perubahan pada PSAK dan ISAK (lanjutan)**

- PSAK No. 112: Akuntansi Wakaf

PSAK ini mengatur tentang perlakuan akuntansi atas transaksi wakaf dari pemberi wakaf yang berbentuk badan hukum ke penerima wakaf perseorangan dan penerima wakaf yang berbentuk badan hukum.

- ISAK No. 35: Penyajian Laporan Keuangan Entitas Berorientasi Nonlaba

ISAK ini memberikan ilustrasi mengenai contoh pelaporan keuangan untuk entitas nirlaba.

- Penyesuaian Tahunan PSAK No. 1: Penyajian Laporan Keuangan

Penyajian tahunan ini mengklarifikasi beberapa kalimat dalam standar untuk menyesuaikan dengan pengertian dalam PSAK No. 1.

- Amandemen PSAK No. 1: Penyajian Laporan Keuangan dan PSAK No. 25: Kebijakan Akuntansi, Perubahan Estimasi Akuntansi dan Kesalahan

Penyajian tahunan ini mengklarifikasi beberapa kalimat dan definisi material dalam rangka menyelaraskan dengan definisi yang digunakan dalam kerangka konseptual dan beberapa PSAK yang relevan.

Standar baru, amandemen, penyesuaian tahunan dan interpretasi di atas berlaku efektif mulai 1 Januari 2020, kecuali PSAK No. 112 yang berlaku efektif mulai 1 Januari 2021.

Penerapan dini atas standar-standar tersebut diperkenankan kecuali untuk ISAK No. 35, Amandemen PSAK No. 1 dan PSAK No. 1, sementara penerapan dini atas PSAK No. 73 diperkenankan jika telah menerapkan dini PSAK No. 72.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**a. Basis of preparation of the consolidated  
financial statements (continued)**

**Changes to the SFAS and IFAS (continued)**

- SFAS No. 112: Accounting for Endowments

*This SFAS regulates the accounting treatment for endowments from a corporate donor to individual and corporate recipients.*

- IFAS No. 35: Presentation of Financial Statements of Non-profit Oriented Entities

*This interpretation provides an illustrative example of financial reporting by a non-profit oriented entity.*

- Annual Improvements 2019 SFAS No. 1: Presentation of Financial Statements

*This clarifies some wording in the standard to align with the intention in SFAS No. 1.*

- Amendment to SFAS No. 1: Presentation of Financial Statements and SFAS No. 25: Accounting Policies, Changes in Accounting Estimates and Errors

*The amendment clarifies several wording and material definitions in order to align with the definitions used in the conceptual framework and some relevant SFAS.*

*The above new standards, amendments, annual improvements and interpretations are effective beginning January 1, 2020, except for SFAS No. 112 which is effective from January 1, 2021.*

*Early adoption of the above standards is permitted except for IFAS No. 35, Amendment to SFAS No. 1 and SFAS No. 1, while early adoption of SFAS No. 73 is permitted only upon the early adoption of SFAS No. 72.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**a. Dasar penyajian laporan keuangan  
konsolidasian (lanjutan)**

**Perubahan pada PSAK dan ISAK (lanjutan)**

Pada saat penerbitan laporan keuangan konsolidasian ini, manajemen sedang mempelajari dampak yang mungkin timbul dari penerapan standar baru dan revisi tersebut serta pengaruhnya pada laporan keuangan konsolidasian Grup.

**b. Prinsip-prinsip konsolidasi**

**i. Entitas anak**

Entitas anak adalah seluruh entitas (termasuk entitas terstruktur) dimana Grup memiliki pengendalian. Grup mengendalikan entitas lain ketika Grup terekspos atas, atau memiliki hak untuk, pengembalian yang bervariasi dari keterlibatannya dengan entitas dan memiliki kemampuan untuk mempengaruhi pengembalian tersebut melalui kekuasaannya atas entitas tersebut. Entitas anak dikonsolidasikan secara penuh sejak tanggal dimana pengendalian dialihkan kepada Grup. Entitas anak tidak dikonsolidasikan lagi sejak tanggal dimana Grup kehilangan pengendalian.

Grup menerapkan metode akuisisi untuk mencatat kombinasi bisnis. Imbalan yang dialihkan untuk akuisisi suatu entitas anak adalah sebesar nilai wajar aset yang dialihkan, liabilitas yang diakui terhadap pemilik pihak yang diakuisi sebelumnya dan kepentingan ekuitas yang diterbitkan oleh Grup. Imbalan yang dialihkan termasuk nilai wajar aset atau liabilitas yang timbul dari kesepakatan imbalan kontinjensi. Aset teridentifikasi yang diperoleh dan liabilitas serta liabilitas kontinjensi yang diambil alih dalam suatu kombinasi bisnis diukur pada awalnya sebesar nilai wajar pada tanggal akuisisi.

Grup mengakui kepentingan nonpengendali pada pihak yang diakuisi baik sebesar nilai wajar atau sebesar bagian proporsional kepentingan nonpengendali atas aset neto pihak yang diakuisi. Kepentingan nonpengendali disajikan di ekuitas dalam laporan posisi keuangan konsolidasian, terpisah dari ekuitas diatribusikan kepada pemilik entitas induk.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**a. Basis of preparation of the consolidated  
financial statements (continued)**

**Changes to the SFAS and IFAS (continued)**

As at the authorisation date of these consolidated financial statements, management is still evaluating the potential impact of these new and revised standards to the consolidated financial statements of the Group.

**b. Principles of consolidation**

**i. Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Non-controlling interest is reported as equity in the consolidated statement of financial position, separate from the owner of the parent's equity.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**b. Prinsip-prinsip konsolidasi (lanjutan)**

**i. Entitas anak (lanjutan)**

Biaya yang terkait dengan akuisisi dibebankan pada saat terjadinya.

Jika kombinasi bisnis diperoleh secara bertahap, nilai wajar pada tanggal akuisisi dari kepentingan ekuitas yang sebelumnya dimiliki oleh pihak pengakuisisi pada pihak yang diakuisisi diukur kembali ke nilai wajar tanggal akuisisi melalui laba rugi.

Imbalan kontinjensi yang masih harus dialihkan oleh Grup diakui sebesar nilai wajar pada tanggal akuisisi. Perubahan selanjutnya atas nilai wajar imbalan kontinjensi yang diakui sebagai aset atau liabilitas dan dicatat sesuai dengan PSAK No. 55 (Revisi 2014) "Instrumen Keuangan: Pengakuan dan Pengukuran", dalam laba rugi. Imbalan kontinjensi yang diklasifikasikan sebagai ekuitas tidak diukur kembali dan penyelesaian selanjutnya diperhitungkan dalam ekuitas.

Selisih lebih imbalan yang dialihkan, jumlah setiap kepentingan nonpengendali pada pihak diakuisisi dan nilai wajar pada tanggal akuisisi kepentingan ekuitas sebelumnya dimiliki oleh pihak pengakuisisi pada pihak diakuisisi atas nilai wajar aset bersih teridentifikasi yang diperoleh dicatat sebagai goodwill. Jika jumlah imbalan yang dialihkan, kepentingan nonpengendali yang diakui, dan kepentingan yang sebelumnya dimiliki pengakuisisi lebih rendah dari nilai wajar aset bersih entitas anak yang diakuisisi dalam kasus pembelian dengan diskon, selisihnya diakui dalam laba rugi.

Transaksi kombinasi bisnis antara entitas sepengendali dicatat sesuai dengan PSAK No. 38 (Revisi 2012) "Kombinasi Bisnis Entitas Sepengendali". Selisih harga perolehan yang dibayar dengan nilai tercatat aset neto yang diperoleh disajikan sebagai tambahan modal disetor. Unsur-unsur laporan keuangan dari entitas yang bergabung dikonsolidasi ke dalam laporan keuangan konsolidasian Grup sedemikian rupa seolah-olah penggabungan tersebut telah terjadi sejak awal tahun komparatif penyajian pelaporan keuangan.

Kombinasi bisnis entitas sepengendali yang terjadi di tahun 2018 dijelaskan di Catatan 4.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**b. Principles of consolidation (continued)**

**i. Subsidiaries (continued)**

Acquisition-related costs are expensed as incurred.

If the business combination achieved in stages, at the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with SFAS No. 55 (Revised 2014), "Financial Instruments: Recognition and Measurement", in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Business combination transaction between entities under common control is accounted for in accordance with SFAS No. 38 (Revised 2012) "Business Combination of Entities Under Common Control". The difference between transfer price paid and carrying value of net assets acquired is presented as additional paid-in capital. The financial statement items of the combined entities are consolidated to the Group's consolidated financial statements as if the combination had been occurred from the beginning of the comparative financial reporting year presented.

The business combination with an entity under common control which occurred in 2018 is described in Note 4.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**b. Prinsip-prinsip konsolidasi (lanjutan)**

**i. Entitas anak (lanjutan)**

Transaksi, saldo dan keuntungan antar entitas Grup yang belum direalisasi telah dieliminasi. Kerugian yang belum direalisasi juga dieliminasi. Jika diperlukan, nilai yang dilaporkan oleh entitas anak telah diubah untuk menyesuaikan dengan kebijakan akuntansi yang diadopsi oleh Grup.

Untuk tujuan konsolidasi entitas anak yang memiliki mata uang fungsional selain Dolar AS, aset dan liabilitasnya ditranslasikan dengan kurs tengah Bank Indonesia pada akhir periode pelaporan. Sedangkan pendapatan dan beban ditranslasikan dengan kurs rata-rata dari kurs tengah Bank Indonesia selama periode pelaporan.

Selisih yang timbul dari penjabaran laporan keuangan entitas anak tersebut ke dalam Dolar AS disajikan dalam akun "Penghasilan komprehensif lain - Selisih kurs penjabaran laporan keuangan entitas anak" sebagai bagian dari komponen ekuitas lainnya pada ekuitas dalam laporan posisi keuangan konsolidasian.

**ii. Perubahan kepemilikan tanpa kehilangan pengendalian**

Transaksi dengan kepentingan nonpengendali yang tidak mengakibatkan hilangnya pengendalian merupakan transaksi ekuitas. Selisih antara nilai wajar imbalan yang dibayar dan bagian yang diakuisisi atas nilai tercatat aset neto entitas anak dicatat pada ekuitas. Keuntungan atau kerugian pelepasan kepentingan nonpengendali juga dicatat pada ekuitas.

**iii. Pelepasan entitas anak**

Ketika Grup tidak lagi memiliki pengendalian atau, kepentingan yang masih tersisa atas entitas diukur kembali berdasarkan nilai wajarnya, dan perubahan nilai tercatat diakui dalam laba rugi. Nilai tercatat awal adalah sebesar nilai wajar untuk kepentingan pengukuran kembali kepentingan yang tersisa sebagai entitas asosiasi, ventura bersama atau aset keuangan. Di samping itu, jumlah yang sebelumnya diakui pada pendapatan komprehensif lain sehubungan dengan entitas tersebut dicatat seolah-olah Grup telah melepas aset atau liabilitas terkait. Hal ini dapat berarti bahwa jumlah yang sebelumnya diakui pada penghasilan komprehensif lain direklasifikasi ke laba rugi.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**b. Principles of consolidation (continued)**

**i. Subsidiaries (continued)**

*Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.*

*For purposes of consolidating subsidiaries with functional currency other than US Dollar, their assets and liabilities are translated using Bank of Indonesia middle rate at the end of the reporting period. While revenue and expenses are translated using the average Bank of Indonesia middle rate during the reporting period.*

*The difference arising from the translation of subsidiaries' financial statements into US Dollar is presented as "Other comprehensive income - Difference in foreign currency translation of subsidiaries' financial statements" account as part of other components of equity in the equity section of the consolidated statements of financial position.*

**ii. Changes in ownership interests in subsidiaries without change of control**

*Transactions with non-controlling interests that do not result in loss of control are accounted as equity transactions. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.*

**iii. Disposal of subsidiaries**

*When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when the control is lost, with the change in carrying amount recognised in profit or loss. The initial carrying amount is the fair value for the remeasurement purposes of the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This means amounts previously recognised in other comprehensive income might be reclassified to profit or loss.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**b. Prinsip-prinsip konsolidasi (lanjutan)**

**iv. Entitas asosiasi**

Entitas asosiasi adalah seluruh entitas dimana Grup memiliki pengaruh signifikan namun bukan pengendalian, biasanya melalui kepemilikan hak suara antara 20% dan 50%. Investasi entitas asosiasi dicatat dengan metode ekuitas. Sesuai metode ekuitas, investasi pada awalnya dicatat pada biaya, dan nilai tercatat akan meningkat atau menurun untuk mengakui bagian investor atas laba rugi. Investasi Grup pada entitas asosiasi juga termasuk goodwill yang diidentifikasi ketika akuisisi.

Jika kepemilikan kepentingan pada entitas asosiasi berkurang, namun tetap memiliki pengaruh signifikan, hanya suatu bagian proporsional atas jumlah yang telah diakui sebelumnya pada penghasilan komprehensif lain yang direklasifikasikan ke laba rugi.

Bagian Grup atas laba atau rugi entitas asosiasi pasca akuisisi diakui dalam laba rugi dan bagian atas mutasi penghasilan komprehensif lain pasca akuisisi diakui di dalam penghasilan komprehensif lain dan diikuti dengan penyesuaian pada jumlah tercatat investasi. Dividen dari entitas asosiasi diakui sebagai pengurang jumlah tercatat investasi.

Pada setiap tanggal pelaporan, Grup menentukan apakah terdapat bukti objektif bahwa telah terjadi penurunan nilai pada investasi pada entitas asosiasi. Jika demikian, maka Grup menghitung besarnya penurunan nilai sebagai selisih antara jumlah yang terpulihkan dan nilai tercatat atas investasi pada perusahaan asosiasi dan mengakui selisih tersebut pada "bagian laba dari ventura bersama" di laba rugi. Kerugian yang belum direalisasi juga dieliminasi kecuali transaksi tersebut memberikan bukti penurunan nilai atas aset yang ditransfer. Kebijakan akuntansi entitas asosiasi disesuaikan jika diperlukan untuk memastikan konsistensi dengan kebijakan yang diterapkan oleh Grup.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**b. Principles of consolidation (continued)**

**iv. Associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profits or losses is recognised in profit or loss, and its share of post acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Dividends from associates are recognised as reduction in the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the difference to "share of profit from joint ventures" in profit or loss. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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SIGNIFIKAN (lanjutan)**

**b. Prinsip-prinsip konsolidasi (lanjutan)**

**iv. Entitas asosiasi (lanjutan)**

Laba atau rugi yang dihasilkan dari transaksi hulu dan hilir antara Grup dengan entitas asosiasi diakui dalam laporan keuangan Grup hanya sebesar bagian investor lain dalam entitas asosiasi.

Keuntungan dan kerugian dilusi yang timbul pada investasi entitas asosiasi diakui dalam laba rugi.

**v. Pengaturan bersama**

Menurut PSAK No. 66, pengaturan bersama diklasifikasikan sebagai operasi bersama atau ventura bersama bergantung pada hak dan kewajiban kontraktual para investor. Pada tanggal pelaporan, Grup memiliki operasi bersama dan ventura bersama.

**(1) Operasi bersama**

Operasi bersama adalah salah satu jenis pengaturan bersama dimana para pihak yang memiliki pengendalian bersama dalam sebuah pengaturan memiliki hak atas aset, kewajiban atas liabilitas, terkait dengan pengaturan tersebut.

Grup memiliki kepemilikan dalam operasi bersama dimana Grup termasuk salah satu pihak yang memiliki pengendalian bersama (operator bersama), atau pihak yang berpartisipasi tidak memiliki pengendalian bersama atas operasi bersama tersebut.

Sehubungan dengan kepentingannya dalam operasi bersama bagian kepemilikan dalam operasi bersama, Grup mengakui:

- 1) Aset, mencakup bagiannya atas setiap aset yang dimiliki bersama;
- 2) Liabilitas, mencakup bagiannya atas liabilitas yang terjadi bersama;
- 3) Pendapatan dari penjualan bagiannya atas output yang dihasilkan dari operasi bersama;
- 4) Bagiannya atas pendapatan dari penjualan output oleh operasi bersama; dan
- 5) Beban, mencakup bagiannya atas setiap beban yang terjadi secara bersama-sama.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**b. Principles of consolidation (continued)**

**iv. Associates (continued)**

*Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only for the portion of other investors' interests in the associates.*

*Dilution gains and losses arising in investments in associates are recognised in profit or loss.*

**v. Joint arrangements**

*Under SFAS No. 66 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. At the reporting date, the Group has joint operations and joint ventures.*

**(1) Joint operations**

*A joint operation is a type of joint arrangement whereby the parties own joint control of the arrangement that have rights to the assets and obligations for the liabilities, relating to the arrangement.*

*The Group has interests in several joint operation whereby the Group includes as a party which have joint control of a joint operation (joint operator), or as party that participate in, but do not have joint control of, a joint operation.*

*In relation to its interests in joint operations, the Group recognises its:*

- 1) *Assets, including its share of any assets held jointly;*
- 2) *Liabilities, including its share of any liabilities incurred jointly;*
- 3) *Revenue from the sale of its share of the output arising from the joint operation;*
- 4) *Share of the revenue from the sale of the output by the joint operation; and*
- 5) *Expenses, including its share of any expenses incurred jointly.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**b. Prinsip-prinsip konsolidasi (lanjutan)**

**v. Pengaturan bersama (lanjutan)**

(1) Operasi bersama (lanjutan)

Ketika Grup melakukan transaksi dengan operasi bersama, dimana Grup merupakan salah satu operator bersama, maka Grup mengakui keuntungan dan kerugian yang dihasilkan dari transaksi tersebut hanya sebatas kepentingan para pihak lain dalam operasi bersama tersebut.

(2) Ventura bersama

Ventura bersama dicatat menggunakan metode ekuitas. Dalam metode ekuitas, kepentingan dalam ventura bersama diakui pada biaya perolehan dan disesuaikan selanjutnya untuk mengakui bagian Grup atas laba rugi dan penghasilan komprehensif lain pasca perolehan. Ketika bagian grup atas rugi dalam ventura bersama sama dengan atau melebihi kepentingannya dalam ventura bersama (dimana termasuk kepentingan jangka panjang, dalam substansinya membentuk bagian dari investasi bersih Grup dalam ventura bersama), Grup tidak mengakui kerugian selanjutnya, kecuali telah menjadi kewajiban atau telah melakukan pembayaran atas nama ventura bersama.

Keuntungan yang belum terealisasi atas transaksi antara Grup dan ventura bersama dieliminasi sebesar kepentingan Grup dalam ventura bersama. Kerugian yang belum terealisasi juga dieliminasi kecuali transaksi tersebut memberikan bukti adanya penurunan nilai aset yang dialihkan. Kebijakan akuntansi ventura bersama telah diubah jika diperlukan untuk memastikan konsistensi dari kebijakan yang diterapkan oleh Grup.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**b. Principles of consolidation (continued)**

**v. Joint arrangements (continued)**

(1) Joint operations (continued)

*When the Group enters into a transaction with a joint operation in which it is a joint operator, the Group shall recognise gains and losses resulting from such transaction only for the portion of the other parties' interests in the joint operation.*

(2) Joint ventures

*Joint ventures are accounted using the equity method. Under the equity method, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.*

*Unrealised gains on transactions between the Group and its joint ventures are eliminated for the portion of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**c. Transaksi dan saldo dalam mata uang asing**

Masing-masing entitas dalam Grup mempertimbangkan indikator utama dan indikator lainnya dalam menentukan mata uang fungsionalnya. Perusahaan menentukan mata uang fungsionalnya adalah Dolar AS dan memutuskan mata uang penyajian laporan keuangan konsolidasian menggunakan Dolar AS.

Transaksi dalam mata uang asing dicatat dalam mata uang fungsional berdasarkan nilai tukar yang berlaku pada saat transaksi dilakukan. Pada tanggal laporan posisi keuangan konsolidasian, aset dan liabilitas moneter dalam mata uang asing disesuaikan untuk mencerminkan kurs yang berlaku pada tanggal tersebut dan laba atau rugi kurs yang timbul dikreditkan atau dibebankan pada laba rugi tahun berjalan, kecuali untuk selisih kurs yang dapat diatribusikan ke aset tertentu dikapitalisasi ke aset dalam pelaksanaan.

Nilai tukar yang digunakan adalah sebagai berikut:

	<u>31 Desember/ December 2019</u>	<u>31 Desember/ December 2018</u>
1 Dolar USD/Rupiah	13,901	14,481
1 Dolar USD/SGD	1.35	1.37
1 Dolar USD/JPY	108.62	110.44

**d. Aset keuangan**

**1.1 Klasifikasi**

Grup mengklasifikasikan aset keuangan dalam kategori sebagai berikut: (i) aset keuangan diukur pada nilai wajar melalui laba rugi, (ii) pinjaman yang diberikan dan piutang, (iii) tersedia untuk dijual dan (iv) dimiliki hingga jatuh tempo. Klasifikasi ini tergantung pada tujuan saat aset keuangan tersebut diperoleh. Grup menentukan klasifikasi aset keuangan tersebut pada saat pengakuan awal. Pada tanggal 31 Desember 2019 dan 2018, Grup hanya mempunyai aset keuangan yang dikategorikan sebagai (i) pinjaman yang diberikan dan piutang, (ii) tersedia untuk dijual, serta (iii) aset keuangan diukur pada nilai wajar melalui laba rugi.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**c. Foreign currency transactions and  
balances**

*Each entity within the Group considers the primary indicators and other indicators in determining its functional currency. The Company determined that its functional currency is the US Dollar and decided that the presentation currency for these consolidated financial statements is the US Dollar.*

*Transactions involving foreign currencies are recorded in the functional currency at the rates of exchange prevailing at the time the transactions are made. At consolidated statements of financial position date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the prevailing exchange rates at such date and the resulting gains or losses are credited or charged to current year profit or loss, except for foreign exchange differentials that can be attributed to qualifying assets which are capitalised to construction in progress.*

*The rates of exchange used were as follows:*

	<u>31 Desember/ December 2019</u>	<u>31 Desember/ December 2018</u>
1 US Dollar/Rupiah	13,901	14,481
1 US Dollar/SGD	1.35	1.37
1 US Dollar/JPY	108.62	110.44

**d. Financial assets**

**1.1 Classification**

*The Group classifies its financial assets into the categories of (i) financial assets at fair value through profit or loss, (ii) loans and receivables, (iii) available-for-sale financial assets and (iv) held to maturity. The classification depends on the purpose for which the financial assets were acquired. The Group determines the classification of its financial assets at initial recognition. As at December 31, 2019 and 2018, the Group only has financial assets classified as (i) loan and receivables, (ii) available-for-sale and (iii) financial assets at fair value through profit or loss.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**d. Aset keuangan (lanjutan)**

**d. Financial assets (continued)**

**1.1 Klasifikasi (lanjutan)**

**1.1 Classification (continued)**

(i) Pinjaman yang diberikan dan piutang

(i) *Loans and receivables*

Pinjaman yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran yang tetap atau dapat ditentukan dan tidak mempunyai kuotasi harga di pasar aktif. Pinjaman yang diberikan dan piutang dimasukkan sebagai aset lancar, kecuali jika jatuh temponya melebihi 12 bulan setelah akhir periode pelaporan maka pinjaman yang diberikan dan piutang ini dimasukkan sebagai aset tidak lancar.

*Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.*

Aset keuangan Grup yang dikategorikan sebagai pinjaman yang diberikan dan piutang terdiri dari kas dan setara kas, piutang usaha, piutang lain-lain, dan aset tidak lancar lainnya pada laporan posisi keuangan konsolidasian.

*The Group's financial assets categorised as loans and receivables comprise cash and cash equivalents, trade receivable, other receivable, and other non-current assets in the consolidated statement of financial position.*

(ii) Aset keuangan tersedia untuk dijual

(ii) *Available-for-sale financial assets*

Aset keuangan tersedia untuk dijual adalah instrumen non-derivatif yang ditentukan pada kategori ini atau tidak diklasifikasikan pada kategori yang lain. Aset keuangan tersedia untuk dijual dimasukkan sebagai aset tidak lancar kecuali investasinya jatuh tempo atau manajemen bermaksud melepaskannya dalam kurun waktu 12 bulan setelah akhir periode pelaporan.

*Available-for-sale financial assets are non-derivative instruments that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.*

Pada tanggal 31 Desember 2019 dan 2018, aset keuangan tersedia untuk dijual yang dimiliki Grup adalah instrumen utang dan reksadana dan disajikan sebagai investasi jangka pendek di dalam laporan posisi keuangan konsolidasian.

*At December 31, 2019 and 2018, the Group's available-for-sale financial assets are debt instruments and mutual fund presented as short-term investment in the consolidated statement of financial position.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**d. Aset keuangan (lanjutan)**

**1.1 Klasifikasi (lanjutan)**

- (iii) Aset keuangan diukur pada nilai wajar melalui laba rugi

Aset keuangan diukur pada nilai wajar melalui laba rugi adalah aset keuangan yang dimiliki untuk diperdagangkan. Aset keuangan diklasifikasikan ke dalam kategori ini jika tujuan utama perolehannya untuk dijual dalam jangka pendek. Derivatif juga dikategorikan sebagai dimiliki untuk diperdagangkan kecuali jika ditetapkan sebagai lindung nilai. Aset pada kategori ini diklasifikasikan sebagai aset lancar jika diharapkan dapat diselesaikan dalam waktu 12 bulan; jika tidak, aset tersebut diklasifikasikan sebagai aset tidak lancar.

**1.2 Pengakuan dan pengukuran**

Pembelian dan penjualan aset keuangan yang lazim (reguler) diakui pada tanggal perdagangan – tanggal dimana Grup berkomitmen untuk membeli atau menjual aset. Investasi pada awalnya diakui sebesar nilai wajarnya ditambah biaya transaksi untuk seluruh aset keuangan yang tidak diukur pada nilai wajar melalui laba rugi. Aset keuangan yang diukur pada nilai wajar melalui laba rugi pada awalnya dicatat sebesar nilai wajar dan biaya transaksinya dibebankan pada laba rugi.

Aset keuangan dihentikan pengakuannya ketika hak untuk menerima arus kas dari investasi tersebut telah jatuh tempo atau telah ditransfer dan Grup telah mentransfer secara substansial seluruh risiko dan manfaat atas kepemilikan aset.

Aset keuangan tersedia untuk dijual dan aset keuangan yang diukur pada nilai wajar melalui laba rugi selanjutnya dicatat sebesar nilai wajar.

Pinjaman yang diberikan dan piutang dicatat sebesar biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**d. Financial assets (continued)**

**1.1 Classification (continued)**

- (iii) *Financial assets at fair value through profit or loss*

*Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise, they are classified as non-current assets.*

**1.2 Recognition and measurement**

*Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus the transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.*

*Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of the assets ownership.*

*Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.*

*Loans and receivables are carried at amortised cost using the effective interest method.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**d. Aset keuangan (lanjutan)**

**1.2 Pengakuan dan pengukuran (lanjutan)**

Perubahan nilai wajar efek moneter dan non-moneter yang diklasifikasikan sebagai tersedia untuk dijual diakui pada penghasilan komprehensif lain. Ketika efek diklasifikasikan sebagai tersedia untuk dijual telah dijual, akumulasi penyesuaian nilai wajar yang diakui pada ekuitas dimasukkan ke dalam laba rugi sebagai "Pendapatan lain-lain" atau "Beban lain-lain".

Bunga atas efek yang tersedia untuk dijual dihitung dengan menggunakan metode bunga efektif yang diakui pada laba rugi sebagai "Pendapatan keuangan".

**e. Liabilitas keuangan**

**1.1 Klasifikasi**

Liabilitas keuangan yang diterbitkan oleh Grup diklasifikasikan sesuai dengan substansi perjanjian kontraktual dan definisi liabilitas keuangan.

**1.2 Pengakuan dan pengukuran**

Penerusan pinjaman, utang bank, utang obligasi dan pinjaman lainnya pada awalnya diukur pada nilai wajar, setelah dikurangi biaya transaksi, dan selanjutnya diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif, dengan beban bunga diakui berdasarkan metode suku bunga efektif.

Selisih antara hasil emisi (setelah dikurangi biaya transaksi) dan penyelesaian atau pelunasan pinjaman diakui selama jangka waktu pinjaman menggunakan metode suku bunga efektif.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**d. Financial assets (continued)**

**1.2 Recognition and measurement  
(continued)**

*Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in profit or loss as "Other income" or "Other expenses".*

*Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss as part of "Finance income".*

**e. Financial liabilities**

**1.1 Classification**

*Financial liabilities issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.*

**1.2 Recognition and measurement**

*Two-step loans, bank loans, bonds payable and other borrowings are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.*

*Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings using the effective interest rate method.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**f. Instrumen keuangan disalinghapus**

Aset keuangan dan liabilitas keuangan disalinghapuskan dan jumlah netonya dilaporkan pada laporan posisi keuangan konsolidasian ketika terdapat hak yang berkekuatan hukum untuk melakukan salinghapus atas jumlah yang telah diakui tersebut dan adanya niat untuk menyelesaikan secara neto, atau untuk merealisasikan aset dan menyelesaikan liabilitas secara bersamaan.

**g. Instrumen keuangan derivatif**

Derivatif pada awalnya diakui sebesar nilai wajar pada tanggal kontrak derivatif disepakati dan selanjutnya diukur kembali sebesar nilai wajarnya. Metode untuk mengakui keuntungan atau kerugian yang dihasilkan tergantung apakah derivatif ditetapkan sebagai instrumen lindung nilai, dan jika demikian, sifat item yang dilindung nilai.

Keuntungan atau kerugian yang dihasilkan atas kontrak berjangka valuta asing diakui pada laba rugi sebagai penyesuaian atas laba atau rugi selisih kurs pada periode yang sama dimana kontrak berjangka valuta asing tersebut diselesaikan.

Grup memiliki kontrak *cross currency swap* namun tidak memenuhi kriteria lindung nilai sehingga ditetapkan sebagai aset atau liabilitas keuangan diukur pada nilai wajar melalui laba rugi.

**h. Penurunan nilai aset keuangan**

Pada setiap akhir periode pelaporan, Grup menilai apakah terdapat bukti objektif bahwa aset keuangan atau kelompok aset keuangan telah mengalami penurunan nilai. Aset keuangan atau kelompok aset keuangan diturunkan nilainya dan kerugian penurunan nilai terjadi hanya jika terdapat bukti objektif bahwa penurunan nilai merupakan akibat dari satu atau lebih peristiwa yang terjadi setelah pengakuan awal aset ("peristiwa kerugian") dan peristiwa kerugian (atau peristiwa) tersebut memiliki dampak pada estimasi arus kas masa datang atas aset keuangan atau kelompok aset keuangan yang dapat diestimasi secara andal.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**f. Offsetting financial instruments**

*Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.*

**g. Derivative financial instruments**

*Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item acting as the hedge.*

*Gain or loss resulted from forward foreign exchange contracts being recognised in profit or loss as adjustments of the exchange rate differences in the same period in which the forward foreign exchange contracts are settled.*

*The Group has cross currency swap contracts which do not qualify as hedges, as such they are designated as financial assets or liabilities measured at fair value through profit or loss.*

**h. Impairment of financial assets**

*At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that the loss event (or events) have an impact on the estimated future cash flow of the financial asset or group of financial assets that can be reliably estimated.*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**h. Penurunan nilai aset keuangan (lanjutan)**

**h. Impairment of financial assets (continued)**

- i) Aset dicatat sebesar harga perolehan diamortisasi

- i) *Assets carried at amortised cost*

Untuk kategori pinjaman yang diberikan dan piutang, jumlah kerugian diukur sebesar selisih antara nilai tercatat aset dan nilai kini dari estimasi arus kas masa datang diestimasi (tidak termasuk kerugian kredit masa depan yang belum terjadi) yang didiskonto menggunakan suku bunga efektif awal dari aset tersebut. Nilai tercatat aset dikurangi dan jumlah kerugian diakui pada laba rugi. Jika pinjaman yang diberikan memiliki tingkat bunga mengambang, tingkat diskonto yang digunakan untuk mengukur kerugian penurunan nilai adalah tingkat bunga efektif saat ini yang ditentukan dalam kontrak. Untuk alasan praktis, Grup dapat mengukur penurunan nilai berdasarkan nilai wajar instrumen dengan menggunakan harga pasar yang dapat diobservasi.

*For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a floating interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.*

Jika, pada periode selanjutnya, jumlah penurunan nilai berkurang dan penurunan tersebut dapat dihubungkan secara objektif dengan peristiwa yang terjadi setelah penurunan nilai diakui (misalnya meningkatnya peringkat kredit debitur), pemulihan atas jumlah penurunan nilai yang telah diakui sebelumnya diakui pada laba rugi.

*If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.*

- ii) Aset diklasifikasikan sebagai tersedia untuk dijual

- ii) *Assets classified as available-for-sale*

Jika terdapat bukti objektif dari penurunan nilai aset keuangan yang tersedia untuk dijual, kerugian kumulatif diukur sebagai selisih antara biaya perolehan dan nilai wajar saat ini, dikurangi rugi penurunan nilai aset keuangan tersebut yang sebelumnya diakui pada laporan laba rugi – dihapus dari ekuitas dan diakui pada laporan laba rugi. Jika, di periode selanjutnya, nilai wajar instrumen hutang yang diklasifikasikan sebagai tersedia untuk dijual mengalami kenaikan dan kenaikan tersebut dapat dikaitkan secara objektif dengan suatu peristiwa yang terjadi setelah rugi penurunan nilai diakui di laporan laba rugi, rugi penurunan nilai tersebut dibalik melalui laporan laba rugi.

*If there is objective evidence of impairment for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the reversal of previously recognised impairment loss is recognised through profit or loss.*

Penurunan nilai atas instrumen ekuitas yang diakui di laporan laba rugi tidak dibalik melalui laporan laba rugi pada periode berikutnya.

*Impairment losses on equity instruments recognised in profit or loss are not reversed through profit or loss in a subsequent period.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**i. Kas dan setara kas**

Kas dan setara kas mencakup kas kecil, kas pada bank, deposito berjangka dan investasi jangka pendek lainnya dengan jatuh tempo dalam waktu tiga bulan atau kurang.

**j. Piutang usaha dan piutang lain-lain**

Piutang usaha adalah jumlah tagihan dari pelanggan untuk barang atau jasa yang dijual atau diberikan dalam transaksi bisnis pada umumnya. Jika pembayaran piutang diharapkan selesai dalam satu tahun atau kurang, piutang tersebut dikelompokkan sebagai aset lancar. Jika tidak, piutang tersebut disajikan sebagai aset tidak lancar.

Piutang lain-lain dari pihak berelasi merupakan saldo piutang terkait dengan pinjaman yang diberikan kepada pihak berelasi Grup. Sesuai peraturan OJK, piutang lain-lain dari pihak berelasi disajikan sebagai aset tidak lancar kecuali jika ada kondisi tertentu pada piutang lain-lain dari pihak berelasi untuk disajikan sebagai aset lancar.

Piutang usaha dan piutang lain-lain pada awalnya diakui sebesar nilai wajar dan selanjutnya diukur pada biaya perolehan diamortisasi dengan menggunakan metode bunga efektif. Apabila dampak pendiskontoan signifikan, dikurangi provisi atas penurunan nilai.

Kolektibilitas piutang usaha dan piutang lain-lain ditinjau secara berkala. Piutang yang diketahui tidak tertagih, dihapuskan dengan secara langsung mengurangi nilai tercatatnya. Akun penyisihan digunakan ketika terdapat bukti yang objektif bahwa Grup tidak dapat menagih seluruh nilai terutang sesuai dengan persyaratan awal piutang. Kesulitan keuangan signifikan yang dialami debitur, kemungkinan debitur dinyatakan pailit atau melakukan reorganisasi keuangan dan gagal bayar atau menunggak pembayaran merupakan indikator yang dianggap dapat menunjukkan adanya penurunan nilai piutang. Jumlah penurunan nilai piutang adalah sebesar selisih antara nilai tercatat aset dan nilai kini dari estimasi arus kas masa depan pada tingkat suku bunga efektif awal. Arus kas terkait dengan piutang jangka pendek tidak didiskontokan apabila efek diskonto tidak material.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
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**i. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash in bank, time deposits and other short-term highly liquid investments with original maturities of three months or less.

**j. Trade and other receivables**

Trade receivables are amounts due from customers for goods and services sold or provided in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Other receivables from related parties are receivables balance reflecting loan given to related parties of the Group. In accordance with OJK regulation, other receivables from related parties are classified as non-current assets unless there are specific circumstances on other receivables from related parties to be presented as current assets.

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method. If the impact of discounting is significant, less any provision for impairment.

Collectibility of trade and other receivables are reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flow, discounted at the original effective interest rate. Cash flow relating to short-term receivables is not discounted if the effect of discounting is immaterial.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**j. Piutang usaha dan piutang lain-lain (lanjutan)**

Jumlah kerugian penurunan nilai dibebankan pada laba rugi dan disajikan sebagai "Beban umum dan administrasi". Ketika piutang usaha dan piutang lain-lain, yang rugi penurunan nilainya telah diakui, tidak dapat ditagih pada periode selanjutnya, maka piutang tersebut dihapusbukukan dengan mengurangi akun penyisihan. Jumlah yang selanjutnya dapat ditagih kembali atas piutang yang sebelumnya telah dihapusbukukan, diakui pada "Pendapatan lain-lain" pada laba rugi.

**k. Persediaan**

Persediaan dinyatakan sebesar nilai yang lebih rendah antara biaya perolehan dan nilai realisasi neto. Biaya perolehan ditentukan dengan metode rata-rata bergerak. Penyisihan persediaan usang dilakukan atas dasar hasil penelaahan secara periodik terhadap kondisi persediaan.

**l. Aset tetap**

Aset tetap, kecuali tanah, dinyatakan sebesar biaya perolehan dikurangi akumulasi penyusutan dan rugi penurunan nilai. Biaya perolehan termasuk biaya penggantian bagian aset tetap saat biaya tersebut terjadi, jika memenuhi kriteria pengakuan. Selanjutnya, pada saat inspeksi yang signifikan dilakukan, biaya inspeksi itu diakui ke dalam jumlah nilai tercatat aset tetap sebagai suatu penggantian jika memenuhi kriteria pengakuan. Semua biaya pemeliharaan dan perbaikan yang tidak memenuhi kriteria pengakuan diakui dalam laba rugi pada saat terjadinya.

Lihat Catatan 2n terkait kebijakan kapitalisasi dan depresiasi atas aset hulu minyak dan gas bumi.

Aset tetap, kecuali tanah, disusutkan dengan menggunakan metode garis lurus untuk bangunan dan prasarana dan metode saldo menurun ganda untuk seluruh aset tetap lainnya. Di tahun 2019, sehubungan dengan perkembangan bisnis, reviu pola konsumsi manfaat ekonomi dari aset tetap dan metode depresiasi yang diterapkan di industri infrastruktur gas bumi yang pada umumnya menggunakan metode penyusutan aset tetap garis lurus, Grup mengubah seluruh kebijakan metode penyusutan aset tetap dari metode saldo menurun ganda menjadi garis lurus. Perubahan kebijakan ini berlaku efektif mulai 1 Januari 2019 dan berlaku secara prospektif.

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POLICIES (continued)**

**j. Trade and other receivables (continued)**

*The amount of the impairment loss is charged to profit or loss as "General and administrative expenses". When a trade and other receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised on "Other income" in profit or loss.*

**k. Inventories**

*Inventories are stated at the lower of cost or net realisable value. Cost is determined using the moving-average method. Allowance for inventories obsolescence is provided based on the periodic review of the condition of the inventories.*

**l. Fixed assets**

*Fixed assets, except land, are stated at cost less accumulated depreciation and impairment losses. If the recognition criteria are met, the acquisition cost will include the cost of replacing part of the fixed assets when that cost is incurred. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are recognised in profit or loss as incurred.*

*See Note 2n for discussion of capitalisation and depreciation policies for upstream oil and gas assets.*

*Depreciation of fixed assets, except for land, is computed using the straight-line method for buildings and improvements, and the double declining balance method for other fixed assets. In 2019, in connection with the developments in the business, reviewing the pattern of consumption of economic benefits from fixed assets and the depreciation method applied in the natural gas infrastructure industry which generally uses the straight-line fixed asset depreciation method, the Group changed depreciation method from the double declining balance method to the straight line method. This change is effective on January 1, 2019 and applied prospectively.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**I. Aset tetap (lanjutan)**

Dampak dari perubahan tersebut di tahun yang berakhir 31 Desember 2019 adalah pengurangan beban depresiasi sebesar USD14.138.537.

Dengan asumsi aset dimiliki sampai dengan akhir masa manfaat, beban depresiasi di masa depan berkaitan dengan aset tersebut akan bertambah/(berkurang) sebagai dampak dari perubahan metode depresiasi sebagai berikut:

	<u>1 tahun/ 1 year</u>	<u>2 - 5 tahun/ 2 - 5 years</u>	<u>Diatas 5 tahun/ Above 5 years</u>	
Mesin dan peralatan	(13,516,954)	61,018,444	(47,501,494)	Machinery and equipment
Kendaraan bermotor	(146,104)	139,649	902	Vehicles
Peralatan kantor	(479,348)	477,420	5,553	Office equipment
Peralatan dan perabot	3,869	456	(4,325)	Furniture and fixtures
<b>Jumlah</b>	<b>(14,138,537)</b>	<b>61,635,969</b>	<b>47,499,364</b>	<b>Total</b>

Umur manfaat aset tetap yang diestimasi setelah perubahan metode penyusutan adalah sebagai berikut:

	<u>Tahun/Years</u>	<u>Tarif/Rates</u>	
Bangunan dan prasarana	20 - 40	2.50% - 5.00%	Buildings and improvements
Mesin dan peralatan	16 - 20	5.00% - 6.25%	Machinery and equipment
Kendaraan bermotor	4 - 8	12.50% - 25.00%	Vehicles
Peralatan kantor	4 - 8	12.50% - 25.00%	Office equipment
Peralatan dan perabot	4 - 8	12.50% - 25.00%	Furniture and fixtures
Aset belum terpasang	16	6.25%	Uninstalled assets

Umur manfaat aset tetap yang diestimasi sebelum perubahan metode penyusutan adalah sebagai berikut:

	<u>Tahun/Years</u>	<u>Tarif/Rates</u>	
Bangunan dan prasarana	20	5.00%	Buildings and improvements
Mesin dan peralatan	16 - 20	10.00% - 12.50%	Machinery and equipment
Kendaraan bermotor	4 - 8	25.00% - 50.00%	Vehicles
Peralatan kantor	4 - 8	25.00% - 50.00%	Office equipment
Peralatan dan perabot	4 - 8	25.00% - 50.00%	Furniture and fixtures
Aset belum terpasang	16	12.50%	Uninstalled assets

Tanah dinyatakan sebesar harga perolehan dan tidak diamortisasi karena manajemen berpendapat bahwa besar kemungkinan hak atas tanah tersebut dapat diperbaharui/diperpanjang pada saat jatuh tempo.

Biaya pengurusan legal hak atas tanah dalam bentuk Hak Guna Bangunan ("HGB") yang dikeluarkan ketika tanah diperoleh pertama kali diakui sebagai bagian dari biaya perolehan tanah pada akun "Aset Tetap" dan tidak diamortisasi. Sementara biaya pengurusan perpanjangan atau pembaruan legal hak atas tanah diakui sebagai aset tak berwujud dan diamortisasi sepanjang umur hukum hak atau umur ekonomis tanah, mana yang lebih pendek.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**I. Fixed assets (continued)**

The net effect of the change for the year ended December 31, 2019 was a decrease in depreciation expense of USD14,138,537.

Assuming the assets are held until the end of their estimated useful lives, depreciation expense in future years for these assets will increase/(decrease) as a result of the change in the depreciation method by the following amounts:

The estimated useful lives of the assets after the change in depreciation method are as follows:

The estimated useful lives of the assets prior to the change in depreciation method were as follows:

Land is stated at cost and not amortised as the management asserts that it is probable the titles of land rights can be renewed/extended upon expiration.

The legal cost incurred for land rights in the form of Building Use Rights ("HGB") when the land was acquired are recognised as part of the cost of the land under "Fixed Assets" account and are not amortised. Meanwhile the extension or the legal renewal costs of land rights are recognised as intangible assets and amortised over the shorter of the rights' legal life or the land's economic life.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**I. Aset tetap (lanjutan)**

Jumlah tercatat aset tetap dihentikan pengakuannya pada saat dilepaskan atau saat tidak ada manfaat ekonomis masa depan yang diharapkan dari penggunaan atau pelepasannya. Laba atau rugi yang timbul dari penghentian pengakuan aset (dihitung sebagai perbedaan antara jumlah neto hasil pelepasan dan jumlah tercatat dari aset) dimasukkan dalam laba rugi pada tahun aset tersebut dihentikan pengakuannya.

Pada setiap akhir periode/tahun buku, nilai residu, umur manfaat dan metode penyusutan direviu, dan jika sesuai dengan keadaan, disesuaikan secara prospektif.

Aset dalam penyelesaian disajikan dalam "Aset Tetap" dan dinyatakan sebesar biaya perolehan. Akumulasi biaya perolehan untuk aset dalam penyelesaian akan dipindahkan ke masing-masing aset tetap yang bersangkutan pada saat aset tersebut selesai dikerjakan dan siap digunakan sesuai dengan tujuannya.

Aset kerjasama operasi adalah tanah Perusahaan yang digunakan untuk menyelenggarakan kegiatan kerjasama operasi. Bangunan kantor yang diperoleh sebagai kompensasi dalam kerjasama operasi dan pendapatan diterima di muka terkait diakui pada saat aset tersebut selesai dikerjakan dan siap digunakan sesuai dengan tujuannya. Pendapatan diterima di muka diakui selama periode kerjasama operasi.

Aset kerjasama operasi dinyatakan pada nilai dapat diperoleh kembali pada saat kejadian-kejadian atau perubahan-perubahan keadaan mengindikasikan bahwa nilai tercatatnya mungkin tidak dapat diperoleh kembali. Penurunan nilai aset, jika ada, diakui sebagai rugi pada laba rugi.

Biaya pinjaman yang dapat diatribusikan langsung dengan perolehan, pembangunan atau pembuatan aset kualifikasian dikapitalisasi sebagai bagian biaya perolehan aset tersebut. Biaya pinjaman lainnya diakui sebagai beban pada saat terjadi. Biaya pinjaman terdiri dari biaya bunga dan biaya lain yang ditanggung oleh Grup sehubungan dengan peminjaman dana.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**I. Fixed assets (continued)**

*An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.*

*The residual values, useful lives and methods of depreciation are reviewed and adjusted prospectively, if appropriate, at each financial year end.*

*Construction in progress is presented under "Fixed Assets" and is stated at cost. The accumulated cost of the asset constructed is transferred to the appropriate fixed assets account when the construction is completed and the asset is ready for its intended use.*

*Joint operation assets are the Company's land used to carry out the joint operation activities. Office buildings obtained as compensation in the joint operation and the respective unearned income are recognised when the construction is completed and the asset is ready for its intended use. Unearned income is recognised over the period of the joint operation.*

*Joint operation assets are stated at the estimated recoverable amount whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. Impairment in asset values, if any, is recognised as a loss in profit or loss.*

*Borrowing costs that are directly attributable to the acquisition, construction and production of a qualifying asset are capitalised as part of the cost of the related assets. Otherwise, borrowing costs are recognised as expenses when incurred. Borrowing costs consist of interest and other financing charges that the Group incurs in connection with the borrowing of funds.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**l. Aset tetap (lanjutan)**

Kapitalisasi biaya pinjaman dimulai pada saat aktivitas yang diperlukan untuk mempersiapkan aset agar dapat digunakan sesuai dengan maksudnya, dan pengeluaran untuk aset kualifikasian dan biaya pinjamannya telah terjadi. Kapitalisasi biaya pinjaman dihentikan pada saat seluruh aktivitas yang diperlukan untuk mempersiapkan aset kualifikasian agar dapat digunakan sesuai dengan maksudnya telah selesai secara substansial.

**m. Aset eksplorasi dan evaluasi**

Grup menerapkan PSAK No. 64, "Aktivitas Eksplorasi dan Evaluasi pada Pertambangan Sumber Daya Mineral", yang menetapkan bahwa beban eksplorasi dan evaluasi termasuk biaya geologi dan geofisika, biaya pengeboran sumur eksplorasi termasuk biaya pengeboran sumur tes stratigrafi tahap eksplorasi dan biaya lainnya yang terkait untuk mengevaluasi kelayakan teknis dan komersialitas dari minyak dan gas yang diekstraksi dikapitalisasi dan disajikan terpisah sebagai akun "Aset Eksplorasi dan Evaluasi" di laporan posisi keuangan konsolidasian.

Biaya eksplorasi dan evaluasi pada suatu *area of interest* dibebankan pada saat terjadinya di laba rugi, kecuali biaya tersebut dapat ditangguhkan pembebanannya, berdasarkan *area of interest*, apabila izin untuk melakukan eksplorasi di *area of interest* tersebut masih berlaku dan memenuhi salah satu ketentuan berikut ini:

- Kegiatan eksplorasi dan evaluasi pada tanggal laporan keuangan konsolidasian dalam *area of interest* tersebut belum mencapai tahap yang memungkinkan penentuan adanya cadangan terbukti yang secara ekonomis dapat diperoleh, serta kegiatan yang aktif dan signifikan dalam atau berhubungan dengan *area of interest* tersebut masih berlanjut; atau
- Biaya-biaya tersebut diharapkan dapat diperoleh kembali melalui keberhasilan pengembangan dan eksploitasi *area of interest* atau melalui penjualan *area of interest*.

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POLICIES (continued)**

**l. Fixed assets (continued)**

*Capitalisation of borrowing costs commences when the activities to prepare the qualifying asset for its intended use are in progress and the expenditures for the qualifying asset and the borrowing costs have been incurred. Capitalisation of borrowing costs ceases when all the activities necessary to prepare the qualifying assets for their intended use are substantially completed.*

**m. Exploration and evaluation assets**

*The Group adopted SFAS No. 64, "Activity of Exploration and Evaluation of Mineral Resources", which allows exploration and evaluation expenditures, including geological and geophysical costs, costs of drilling exploratory wells, including stratigraphic test well drilling costs of exploration stage and other costs related to evaluating the technical feasibility and commerciality of the extracted oil and gas, to be capitalised and presented separately as "Exploration and Evaluation Assets" in the consolidated statements of financial position.*

*Costs of exploration and evaluation in an area of interest are charged to profit or loss as incurred, unless these costs can be deferred, on an area of interest basis, if the permit to carry out exploration activities in the area of interest is current and meets one of the following conditions:*

- *Exploration and evaluation activities as of the date of the consolidated financial statements have not yet reached a stage which permits a reasonable assessment of whether economically recoverable reserves exist, and active and significant activities in the related area of interest are still ongoing; or*
- *These costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, through its sale.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**m. Aset eksplorasi dan evaluasi (lanjutan)**

Aset eksplorasi dan evaluasi yang ditanggung terdiri dari biaya-biaya yang terjadi setelah izin eksplorasi diperoleh dan sebelum dimulainya pengembangan lapangan minyak dan gas bumi antara lain mencakup akumulasi biaya yang terkait dengan penyelidikan umum, administrasi dan perizinan, geologi, dan geofisika.

Aset eksplorasi dan evaluasi dinilai untuk penurunannya pada saat bukti dan keadaan yang menunjukkan bahwa nilai tercatat aset tersebut mungkin melebihi jumlah yang dapat dipulihkan. Aset eksplorasi dan evaluasi direklasifikasi ke properti minyak dan gas pada saat kelayakan teknis dan komersialitas dari minyak dan gas yang diekstraksi tersebut dapat dibuktikan.

**n. Properti minyak dan gas**

**1. Aset pengembangan**

Biaya-biaya pengeboran sumur dalam pengembangan termasuk biaya pengeboran sumur pengembangan yang tidak menghasilkan dan sumur pengembangan stratigrafi dikapitalisasi sebagai bagian dari aset dalam penyelesaian sumur pengembangan hingga proses pengeboran selesai. Pada saat pengembangan sumur telah selesai pada lapangan tertentu, maka sumur tersebut akan ditransfer sebagai sumur produksi.

Biaya-biaya sumur eksplorasi dan sumur pengembangan yang menghasilkan (sumur produksi) didepresiasi dengan menggunakan metode unit produksi berdasarkan cadangan terbukti (*proved*) dan *probable* sejak dimulainya produksi komersialnya dari masing-masing lapangan.

**2. Aset produksi**

Aset produksi merupakan agregasi aset eksplorasi dan evaluasi dan pengeluaran pengembangan (termasuk pembayaran untuk memperoleh *participating interests*) yang berhubungan dengan sumur berproduksi. Aset produksi didepresiasi menggunakan metode unit produksi berdasarkan cadangan terbukti (*proved*) dan *probable*.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**m. Exploration and evaluation assets  
(continued)**

*Exploration and evaluation assets include costs incurred after obtaining the exploration license and prior to commencement of development of the oil and gas field and includes accumulated deferred costs associated with general investigation, administration and licensing, and geological and geophysical expenditures.*

*Exploration and evaluation assets are assessed for impairment when evidence and circumstances indicate that the carrying amount of the asset may exceed its recoverable amount. Exploration and evaluation assets are reclassified to oil and gas properties at the time the technical feasibility and commerciality of the extraction of the oil and gas can be proved.*

**n. Oil and gas properties**

**1. Development assets**

*The costs of drilling development wells, including the costs of drilling unsuccessful development wells and development-type stratigraphic wells, are capitalised as part of development well assets under construction until drilling is completed. When the development well is completed on a specific field, it is transferred to production wells.*

*The costs of successful exploration wells and development wells (production wells) are depleted using a unit-of-production method on the basis of proved and probable reserves, from the date of commercial production of the respective field.*

**2. Production assets**

*Production assets are aggregated exploration and evaluation assets and development expenditures (including payments to acquire participating interests) associated with the producing wells. Production assets are depleted using a unit-of-production method on the basis of proved and probable reserves.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**o. Goodwill**

Goodwill yang muncul atas akuisisi entitas anak disertakan dalam aset tak berwujud.

Untuk pengujian penurunan nilai, goodwill yang diperoleh dalam kombinasi bisnis dialokasikan pada setiap unit penghasil kas, atau kelompok unit penghasil kas ("UPK"), yang diharapkan dapat memberikan manfaat dari sinergi kombinasi bisnis tersebut. Setiap unit atau kelompok unit yang memperoleh alokasi goodwill menunjukkan tingkat terendah dalam entitas yang goodwill-nya dipantau untuk tujuan internal manajemen. Goodwill dipantau pada level segmen operasi.

**p. Penurunan nilai aset nonkeuangan**

Aset yang memiliki masa manfaat yang tidak terbatas – misalnya goodwill atau aset tak berwujud yang belum siap untuk digunakan – tidak diamortisasi namun diuji penurunan nilainya setiap tahun, atau lebih sering apabila terdapat peristiwa atau perubahan pada kondisi yang mengindikasikan kemungkinan penurunan nilai. Aset yang diamortisasi diuji ketika terdapat indikasi bahwa nilai tercatatnya mungkin tidak dapat dipulihkan. Penurunan nilai diakui jika nilai tercatat aset melebihi jumlah terpulihkan. Jumlah terpulihkan adalah yang lebih tinggi antara nilai wajar aset dikurangi biaya untuk menjual dan nilai pakai aset. Dalam menentukan penurunan nilai, aset dikelompokkan pada tingkat yang paling rendah di mana terdapat arus kas yang dapat diidentifikasi (unit penghasil kas). Aset nonkeuangan selain goodwill yang mengalami penurunan nilai diuji setiap tanggal pelaporan untuk menentukan apakah terdapat kemungkinan pemulihan penurunan nilai.

Pemulihan rugi penurunan nilai, untuk aset selain goodwill, diakui jika, dan hanya jika, terdapat perubahan estimasi yang digunakan dalam menentukan jumlah terpulihkan aset sejak pengujian penurunan nilai terakhir kali. Pembalikan rugi penurunan nilai tersebut diakui segera dalam laba rugi, kecuali aset yang disajikan pada jumlah revaluasi sesuai dengan PSAK lain. Pembalikan tersebut tidak boleh mengakibatkan nilai tercatat aset melebihi biaya perolehan disusutkan sebelum adanya pengakuan penurunan nilai pada tanggal pembalikan dilakukan. Rugi penurunan nilai yang diakui atas goodwill tidak dapat dibalik kembali.

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POLICIES (continued)**

**o. Goodwill**

Goodwill recognised on acquisitions of subsidiaries is included in intangible assets.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGU"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

**p. Impairment of non-financial assets**

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready for use – are not subject to amortisation but are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flow (cash generating units). Non-financial assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

Reversal of impairment losses on assets other than goodwill is recognised if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment test was carried out. Reversal of impairment losses will be immediately recognised in profit or loss, except for assets measured using the revaluation model as required by other SFAS. The reversal should not result in the carrying amount of an asset exceeding what the depreciated cost would have been had the impairment not been recognised at the date on which the impairment was reversed. Impairment losses relating to goodwill are not reversed.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**q. Utang usaha dan utang lain-lain**

Utang usaha adalah kewajiban untuk membayar atas pembelian gas yang telah diperoleh dari pemasok. Utang lain-lain adalah kewajiban untuk membayar atas barang dan jasa selain pembelian gas yang dilakukan dalam transaksi bisnis pada umumnya. Utang usaha dan utang lain-lain diklasifikasikan sebagai liabilitas jangka pendek apabila pembayaran jatuh tempo dalam waktu satu tahun atau kurang. Jika tidak, utang usaha dan utang lain-lain tersebut disajikan sebagai liabilitas jangka panjang.

Utang usaha dan utang lain-lain pada awalnya diakui pada nilai wajar dan kemudian diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

**r. Pinjaman**

Pada saat pengakuan awal, pinjaman diakui sebesar nilai wajar, dikurangi dengan biaya-biaya transaksi yang terjadi. Selanjutnya, pinjaman diukur sebesar biaya perolehan diamortisasi; selisih antara penerimaan (dikurangi biaya transaksi) dan nilai pelunasan dicatat pada laba rugi selama periode pinjaman dengan menggunakan metode bunga efektif.

Biaya yang dibayar untuk memperoleh fasilitas pinjaman diakui sebagai biaya transaksi pinjaman sepanjang besar kemungkinan sebagian atau seluruh fasilitas akan ditarik. Dalam hal ini, biaya memperoleh pinjaman ditangguhkan sampai penarikan pinjaman terjadi. Sepanjang tidak terdapat bukti bahwa besar kemungkinan sebagian atau seluruh fasilitas akan ditarik, biaya memperoleh pinjaman dikapitalisasi sebagai pembayaran di muka dan di amortisasi selama periode fasilitas yang terkait.

Biaya pinjaman yang terjadi untuk konstruksi aset kualifikasian, dikapitalisasi selama periode waktu yang dibutuhkan untuk menyelesaikan konstruksi aset dan mempersiapkannya sampai dapat digunakan sesuai tujuan yang dimaksudkan atau untuk dijual. Biaya pinjaman lainnya dibebankan pada laba rugi.

Pinjaman diklasifikasikan sebagai liabilitas jangka pendek kecuali Grup memiliki hak tanpa syarat untuk menunda pembayaran liabilitas selama paling tidak 12 bulan setelah tanggal pelaporan.

**q. Trade and other payables**

*Trade payables are obligations to pay for gas purchased from suppliers. Other payables are obligations for goods or services other than gas purchases that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as short-term liabilities if payment is due within one year or less. If not, they are presented as long-term liabilities.*

*Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.*

**r. Borrowings**

*Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.*

*Fees paid to obtain loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawdown. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawdown, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.*

*Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in profit or loss.*

*Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**s. Sewa**

Grup mengadakan perjanjian yang mengandung sewa di mana Grup bertindak sebagai *lessee* atau *lessor*. Grup mengevaluasi apakah secara substansial risiko dan manfaat yang terkait dengan kepemilikan aset beralih berdasarkan PSAK No. 30 (Revisi 2011), "Sewa", yang mensyaratkan Grup membuat pertimbangan dan estimasi dari pengalihan risiko dan manfaat terkait dengan aset.

Grup sebagai penyewa

Sewa pembiayaan yang mengalihkan kepada Grup secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset, dikapitalisasi pada awal masa sewa sebesar nilai wajar dari aset sewa pembiayaan atau, jika lebih rendah, sebesar nilai kini dari pembayaran sewa minimum. Pembayaran sewa dipisahkan antara beban keuangan dan pengurangan liabilitas sewa, sedemikian rupa sehingga menghasilkan suatu suku bunga periodik yang konstan atas saldo liabilitas yang tersisa. Beban keuangan dibebankan langsung pada laba rugi.

Suatu aset sewa pembiayaan disusutkan selama masa manfaat dari aset tersebut. Tetapi, jika tidak terdapat kepastian memadai bahwa Grup akan memperoleh kepemilikan di akhir masa sewa, maka aset disusutkan selama mana yang lebih pendek antara taksiran masa manfaat aset dan masa sewa.

Pembayaran sewa operasi diakui sebagai beban usaha dalam laba rugi secara garis lurus selama masa sewa.

Grup sebagai pemberi sewa

Dalam sewa pembiayaan, di mana Grup mengalihkan secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset, Grup mengakui aset berupa piutang sewa pembiayaan dalam laporan posisi keuangan konsolidasian sebesar jumlah yang sama dengan investasi sewa neto.

Grup mengakui laba atau rugi pengalihan sesuai dengan kebijakannya atas pengakuan pendapatan biasa. Selisih antara nilai wajar aset dengan nilai tercatat diakui sebagai laba atau rugi pengalihan.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**s. Leases**

*The Group has entered into arrangements that contain leases in which the Group is a lessee or lessor. The Group evaluates whether all of the risks and rewards incidental to ownership are substantially transferred based on SFAS No. 30 (Revised 2011), "Leases" which requires the Group to make judgments and estimates of transfer of risks and rewards of the assets.*

The Group as lessee

*A finance lease that substantially transfers to the Group all the risks and rewards related to the ownership of the leased item, is capitalised at the commencement of the lease at the fair value of the finance lease assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.*

*A finance lease asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.*

*Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.*

The Group as a lessor

*Under a finance lease, where the Group transfers substantially all the risks and rewards related to the ownership of the leased item, the Group recognises finance lease receivables in the consolidated statement of financial position at an amount equal to the net investment in the lease.*

*The Group recognises the gain or loss from such transfers in accordance with the Group's policy for outright sales. The difference between the fair value of the asset and its carrying amount is recognised as a gain or loss from such transfer.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**t. Imbalan kerja**

**i. Imbalan kerja jangka pendek**

Imbalan kerja jangka pendek diakui pada saat terutang kepada karyawan.

**ii. Imbalan pensiun dan imbalan pascakerja lainnya**

Grup memberikan imbalan manfaat pasti sesuai dengan Perjanjian Kerja Bersama ("PKB"), yang jumlahnya lebih besar dibanding dengan imbalan berdasarkan Undang-Undang Ketenagakerjaan No. 13/2003 (UU No. 13/2003). Karena UU No. 13/2003 atau PKB menentukan rumus tertentu untuk menghitung jumlah minimal imbalan pensiun, pada dasarnya program pensiun berdasarkan UU No. 13/2003 atau PKB adalah program pensiun imbalan pasti.

Liabilitas imbalan pensiun merupakan nilai kini kewajiban imbalan pasti pada tanggal laporan posisi keuangan konsolidasian dikurangi dengan nilai wajar aset program. Kewajiban imbalan pasti dihitung oleh aktuaris independen dengan menggunakan metode *projected unit credit*. Nilai kini kewajiban imbalan pasti ditentukan dengan mendiskontokan estimasi arus kas keluar masa depan dengan menggunakan tingkat bunga obligasi pemerintah (dengan pertimbangan saat ini tidak ada pasar aktif untuk obligasi korporat berkualitas tinggi) dalam mata uang Rupiah sesuai dengan mata uang di mana imbalan tersebut akan dibayarkan dan yang memiliki jangka waktu yang kurang lebih sama dengan waktu jatuh tempo liabilitas imbalan pensiun yang bersangkutan.

Keuntungan dan kerugian aktuarial yang timbul dari penyesuaian dan perubahan dalam asumsi-asumsi aktuarial dibebankan atau dikreditkan ke ekuitas pada pos pendapatan komprehensif lain pada tahun terjadinya.

Perubahan nilai kini atas kewajiban imbalan pasti yang timbul dari amandemen rencana atau pembatasan langsung diakui dalam laporan laba rugi sebagai biaya jasa lalu.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**t. Employee benefits**

**i. Short-term employee benefits**

Short-term employee benefits are recognised when they accrue to the employees.

**ii. Pension benefits and other post-employment benefits**

The Group provides defined benefits in accordance with the Collective Labour Agreement ("CLA"), which are higher than those required under Labour Law No. 13/2003 (Law No. 13/2003). Since Law No. 13/2003 and the CLA set the formula for determining the minimum amount of benefits, in substance pension plans under the Law No. 13/2003 or the CLA represent defined benefit plans.

The pension benefit obligation is the present value of the defined benefit obligation at the consolidated statements of financial position date less the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (considering currently there is no deep market for high quality corporate bonds) that are denominated in Rupiah in which the benefits will be paid and that have terms to maturity approximating the terms to the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in a profit or loss as past service costs.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**t. Imbalan kerja (lanjutan)**

**ii. Imbalan pensiun dan imbalan pascakerja  
lainnya (lanjutan)**

Grup memberikan imbalan pascakerja lainnya, seperti uang penghargaan, penghargaan pengabdian, dan masa persiapan pensiun. Imbalan ini dihitung dengan menggunakan metodologi yang sama dengan metodologi yang digunakan dalam perhitungan program pensiun imbalan pasti, namun pengukuran kembali atas kewajiban imbalan kerja diakui langsung sebagai beban atau pendapatan pada laba rugi.

**iii. Program imbalan iuran pasti**

Grup mempunyai program asuransi pensiun untuk seluruh karyawan tetap yang memenuhi syarat. Pembayaran premi awal sekaligus dan premi periodik ditentukan berdasarkan perhitungan secara periodik yang disetujui oleh Grup dan Dana Pensiun Lembaga Keuangan. Selisih antara premi pertanggung dengan kontribusi karyawan ditanggung oleh Grup.

Grup juga menyediakan tambahan tunjangan kesehatan bagi para pensiunan karyawan berdasarkan perhitungan tertentu yang disetujui oleh Perusahaan dan Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara sebagai pengelola dana.

**u. Liabilitas pembongkaran aset dan restorasi area**

Grup mengakui liabilitas pembongkaran aset dan restorasi area atas fasilitas produksi minyak dan gas bumi, sumur, pipa dan aset-aset yang terkait sesuai dengan persyaratan dalam *production sharing contract* ("PSC") atau sesuai dengan peraturan yang berlaku.

Estimasi awal biaya pembongkaran aset dan restorasi area properti minyak dan gas bumi diakui sebagai komponen biaya perolehan, yang disusutkan atau didepresiasi dengan menggunakan metode satuan unit produksi.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**t. Employee benefits (continued)**

**ii. Pension benefits and other post-  
employment benefits (continued)**

The Group also provides other post-employment benefits, such as long service reward, jubilee rewards and pre-pension benefits. These benefits have been accounted for using the same methodology as for the defined benefit pension plan; however, remeasurement of the employee benefit obligation is directly recognised as expense or income in profit or loss.

**iii. Defined contribution benefit program**

The Group has a retirement insurance plan covering all of its qualified permanent employees. One-time initial retirement premium and periodic premium payments are based on periodic calculations agreed between the Group and the Financial Institution Pension Fund. The difference between the premium and employee contributions is covered by the Group.

The Group provides additional post-retirement health care benefits to its retired employees based on certain computations agreed between the Company and Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara as the fund manager.

**u. Asset abandonment and site restoration obligation**

The Group recognises its obligations for future dismantlement of assets and site restoration of oil and gas production facilities, wells, pipelines and related assets in accordance with the provisions in the production sharing contracts ("PSC") or in line with applicable regulations.

The initial estimated costs for dismantlement and site restoration of oil and gas properties are recognised as part of the acquisition costs of the assets and are subsequently depreciated or depleted using the unit-of-production method.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**u. Liabilitas pembongkaran aset dan restorasi  
area (lanjutan)**

Pada umumnya, aktivitas pembongkaran aset dan restorasi area fasilitas produksi minyak dan gas, sumur, pipa saluran dan aset terkait terjadi pada beberapa tahun di masa yang akan datang. Provisi atas liabilitas pembongkaran dan restorasi area di masa yang akan datang adalah berupa estimasi terbaik pada tanggal pelaporan keuangan atas nilai kini dari pengeluaran di masa yang akan datang untuk melaksanakan liabilitas pembongkaran aset dan restorasi area tersebut, sesuai dengan ketentuan hukum yang berlaku pada tanggal pelaporan. Perkiraan liabilitas pembongkaran aset dan restorasi area di masa yang akan datang tersebut melibatkan estimasi manajemen mengenai saat aktivitas tersebut akan dilakukan, sejauh mana aktivitas tersebut harus dilakukan, dan juga teknologi yang akan digunakan di masa depan.

Estimasi tersebut diperiksa setiap periode/tahun dan disesuaikan bila diperlukan. Penyesuaian dicerminkan dalam nilai kini atas provisi liabilitas pembongkaran aset dan restorasi area dan dilakukan penyesuaian dengan jumlah yang sama atas nilai buku aset yang bersangkutan.

Pembalikan dari efek diskonto dalam penghitungan provisi diakui sebagai beban keuangan pada laba rugi.

**v. Modal saham**

Biaya tambahan yang secara langsung dapat diatribusikan kepada penerbitan saham biasa atau opsi disajikan pada ekuitas sebagai pengurang penerimaan, setelah dikurangi pajak.

Ketika entitas anak Grup membeli modal saham ekuitas Perusahaan (saham treasury), imbalan yang dibayar, termasuk biaya tambahan yang secara langsung dapat diatribusikan (dikurangi pajak penghasilan) dikurangkan dari ekuitas yang diatribusikan kepada pemilik ekuitas entitas sampai saham tersebut dibatalkan atau diterbitkan kembali. Ketika saham biasa tersebut selanjutnya diterbitkan kembali, imbalan yang diterima, dikurangi biaya tambahan transaksi yang terkait dan dampak pajak penghasilan yang terkait dimasukkan pada ekuitas yang dapat diatribusikan kepada pemilik ekuitas entitas.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**u. Asset abandonment and site restoration  
obligation (continued)**

*In most instances, the dismantlement of assets and site restoration activities of oil and gas production facilities, wells, pipelines and related assets will occur many years in the future. The provision for future dismantlement of assets and site restoration obligations is the best estimate of the present value of the future expenditures required to undertake the dismantlement of assets and site restoration at the reporting date, based on current legal requirements. The estimate of the obligation for future dismantlement of assets and site restoration, therefore, requires management to make judgements regarding the timing of those activities, the extent of those activities required and future technologies.*

*Such estimates are reviewed on a periodic/annual basis and adjusted each period/year as required. Adjustments are reflected in the present value of the provision for the obligation for dismantlement of assets and site restoration with a corresponding change in the book value of the associated assets.*

*The unwinding of the effect of discounting the provision is recognised as a finance cost in profit or loss.*

**v. Share capital**

*Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.*

*Where any subsidiaries within the Group purchase the Company's equity share capital (treasury stock), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the entity's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's equity holders.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**w. Pendapatan dan beban**

Pendapatan Grup berasal dari kegiatan distribusi gas bumi, jasa transmisi minyak dan gas bumi, penjualan minyak mentah, gas bumi, LPG, LNG, dan jasa lainnya.

Pendapatan dari distribusi gas bumi dan jasa transmisi minyak dan gas bumi diakui pada saat gas atau minyak bumi telah didistribusikan kepada pelanggan berdasarkan pencatatan pada angka meteran. Kontrak Grup dapat dinegosiasikan dari waktu ke waktu dan harga diskon khusus dapat diberikan kepada pelanggan setelah Perjanjian Jual Beli Gas terkait yang mengatur harga diskon disepakati antara Grup dan pelanggan. Bergantung pada sifat perubahannya, kami akan melakukan modifikasi kontrak yang ada berdasarkan komitmen volume yang disetujui sebelum dan sesudah modifikasi kontrak dan perubahan harga yang timbul dari modifikasi tersebut.

Pendapatan sehubungan dengan pengoperasian aset dan jaringan pipa transmisi diakui setelah jasa diberikan, dan diukur sebesar satuan gas yang telah diangkut selama suatu periode.

Pendapatan dari produksi minyak mentah, gas bumi, LPG dan LNG (bersama-sama menjadi hidrokarbon) diakui berdasarkan metode *provisional entitlements* pada saat *lifting*. Perbedaan *lifting* atas hidrokarbon menghasilkan piutang ketika *entitlements* final melebihi hasil *lifting* (posisi *underlifting*) dan menghasilkan utang ketika hasil *lifting* melebihi *entitlements* final (posisi *overlifting*). Volume *underlifting* dan *overlifting* dinilai berdasarkan harga rata-rata tertimbang tahunan Minyak Mentah Indonesia (untuk minyak mentah) dan harga yang ditetapkan dalam Perjanjian Jual Beli Gas yang bersangkutan (untuk gas bumi, LPG dan LNG).

Pendapatan dari jasa lainnya diakui pada saat jasa diserahkan atau secara signifikan diberikan dan manfaat jasa tersebut telah dinikmati oleh pelanggan.

Beban diakui pada saat terjadinya dengan menggunakan metode akrual.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**w. Revenue and expense**

Revenues of the Group are earned from natural gas distribution, crude oil and natural gas transmission services, sale of crude oil, natural gas, LPG, LNG, and other services.

Revenues from natural gas distribution and oil and natural gas transmission services are recognised when natural gas or crude oil is distributed to the customer based on the meter readings. The Group's contract may be negotiated from time to time and special discounted prices may be given to customers after the respective Gas Sales and Purchase Agreement which governs the discounted prices is agreed between the Group and the customers. Subject to the nature of these changes, we account for modification of the existing contract based on agreed volume commitments before and after the contract modification and the price changes arising from the modification.

Revenue arising from the operation of the asset and pipeline transmission is recognised after the service is rendered and is measured based on the units of gas which have been transported during such period.

Revenues from the production of crude oil, natural gas, LPG and LNG (together referred to as hydrocarbons) are recognised on the basis of the provisional entitlement method at the point of lifting. Differences between the actual liftings of hydrocarbons result in a receivable when final entitlements exceed the liftings (*underlifting* position) and in a payable when liftings exceed final entitlements (*overlifting* position). *Underlifting* and *overlifting* volumes are valued based on the annual weighted average Indonesia Crude Price (for crude oil) and the prices as determined in the respective Sale and Purchase Contracts (for natural gas, LPG and LNG).

Revenues from other services are recognised when the services are rendered or significantly provided and the benefits have been received by the customers.

Expenses are recognised as incurred on an accrual basis.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**x. Perpajakan**

**x. Taxation**

Beban pajak terdiri dari pajak kini dan pajak tangguhan. Pajak diakui dalam laba rugi, kecuali jika pajak tersebut terkait dengan transaksi atau kejadian yang diakui di pendapatan komprehensif lain atau langsung diakui ke ekuitas. Dalam hal ini, pajak tersebut masing-masing diakui dalam pendapatan komprehensif lain atau ekuitas.

*The tax expense comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.*

Beban pajak kini dihitung berdasarkan peraturan perpajakan yang berlaku pada tanggal pelaporan keuangan, di negara di mana Perusahaan dan entitas anak beroperasi dan menghasilkan pendapatan kena pajak. Manajemen secara periodik mengevaluasi posisi yang dilaporkan di Surat Pemberitahuan Tahunan ("SPT") sehubungan dengan situasi di mana aturan pajak yang berlaku membutuhkan interpretasi. Jika perlu, manajemen menentukan provisi berdasarkan jumlah yang diharapkan akan dibayar kepada otoritas pajak.

*The current income tax charge is calculated on the basis of the tax laws enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.*

Pajak penghasilan tangguhan diakui dengan menggunakan metode *balance sheet liability* untuk semua perbedaan temporer antara dasar pengenaan pajak atas aset dan liabilitas dengan nilai tercatatnya pada laporan posisi keuangan konsolidasian. Namun, liabilitas pajak penghasilan tangguhan tidak diakui jika berasal dari pengakuan awal goodwill atau pada saat pengakuan awal aset dan liabilitas yang timbul dari transaksi selain kombinasi bisnis yang pada saat transaksi tersebut tidak mempengaruhi laba rugi akuntansi dan laba rugi kena pajak. Pajak penghasilan tangguhan ditentukan dengan menggunakan tarif pajak yang telah berlaku atau secara substantif telah berlaku pada akhir periode pelaporan dan diharapkan diterapkan ketika aset pajak penghasilan tangguhan direalisasi atau liabilitas pajak penghasilan tangguhan diselesaikan.

*Deferred income tax is recognised using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statements of financial position. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill and deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted as at the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.*

Aset pajak penghasilan tangguhan diakui hanya jika besar kemungkinan jumlah penghasilan kena pajak di masa depan akan memadai untuk dikompensasi dengan perbedaan temporer yang masih dapat dimanfaatkan.

*Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.*

Atas perbedaan temporer dalam investasi pada entitas anak dibentuk pajak penghasilan tangguhan, kecuali untuk liabilitas pajak penghasilan tangguhan dimana saat pembalikan perbedaan temporer dikendalikan oleh Grup dan sangat mungkin perbedaan temporer tersebut tidak akan dibalik di masa mendatang.

*Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**x. Perpajakan (lanjutan)**

Aset dan liabilitas pajak penghasilan tangguhan dapat saling hapus apabila terdapat hak yang berkekuatan hukum untuk melakukan saling hapus antara aset pajak kini dengan liabilitas pajak kini dan apabila aset dan liabilitas pajak penghasilan tangguhan dikenakan oleh otoritas perpajakan yang sama, baik atas entitas kena pajak yang sama ataupun berbeda dan adanya niat untuk melakukan penyelesaian saldo-saldo tersebut secara neto.

Kekurangan/kelebihan pembayaran pajak penghasilan disajikan sebagai bagian dari "Beban pajak penghasilan - Kini" dalam laba rugi. Grup juga menyajikan bunga/denda, jika ada, sebagai bagian dari "Beban pajak penghasilan - Kini".

Entitas anak yang terlibat dalam kegiatan eksplorasi dan produksi minyak dan gas bumi di Indonesia dikenai tarif pajak penghasilan badan sebesar 44% sampai 48% dan di luar Indonesia dikenai tarif pajak penghasilan badan sebesar 35%. Perusahaan dikenai tarif pajak penghasilan badan sebesar 20% karena:

- i) Lebih dari 40% modal disetor Perusahaan terdaftar di Bursa Efek Indonesia dimiliki oleh publik; dan
- ii) Modal saham tersebut dimiliki lebih dari 300 individual, masing-masing memiliki kurang dari 5% saham.

**y. Laba bersih per saham**

Laba bersih per saham dihitung dengan membagi laba bersih yang tersedia bagi pemegang saham Grup dengan rata-rata tertimbang jumlah saham biasa yang beredar pada periode yang bersangkutan.

Pada tanggal 31 Desember 2019 dan 2018, tidak ada efek yang berpotensi menjadi saham biasa. Oleh karena itu, laba per saham dilusian sama dengan laba per saham dasar.

**z. Dividen**

Pembagian dividen kepada pemegang saham Grup diakui sebagai liabilitas dalam laporan posisi keuangan di periode dimana pembagian dividen diumumkan.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**x. Taxation (continued)**

*Deferred income tax assets and liabilities are offset when there are legally-enforceable rights to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entities where there is an intention to settle the balances on a net basis.*

*The underpayment/overpayment of income tax is presented as part of "Income tax expense - Current" in profit or loss. The Group also presents interest/penalties, if any, as part of "Income tax expense - Current".*

*The subsidiaries involved in oil and gas exploration and production in Indonesia are subject to income tax at rates of 44% to 48% and outside Indonesia are subject to income tax at a rate of 35%. The Company is entitled to a reduced corporate income tax rate of 20% due to the following:*

- i) More than 40% of the Company's paid-up shares listed for trading on the Indonesian Stock Exchange are held by the public; and*
- ii) Those shares are owned by more than 300 individuals, each holding less than 5% of the paid-in shares.*

**y. Earnings per share**

*Basic earnings per share are calculated by dividing profit for the period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period.*

*As at December 31, 2019 and 2018, there were no existing instruments which could result in the issuance of further ordinary shares. Therefore, diluted earnings per share is the same as basic earnings per share.*

**z. Dividends**

*Dividends distributed to the Group's shareholders are recognised as a liability in the Group's statement of financial position in the period in which the dividends are declared.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**aa. Segmen operasi**

Sebuah segmen operasi adalah sebuah komponen dari entitas yang:

- a. Terlibat dalam aktivitas bisnis yang mana memperoleh pendapatan dan menimbulkan beban (termasuk pendapatan dan beban terkait dengan transaksi dengan komponen lain dari entitas yang sama);
- b. Hasil operasinya dikaji ulang secara reguler oleh pengambil keputusan operasional untuk membuat keputusan tentang sumber daya yang dialokasikan pada segmen tersebut dan menilai kinerjanya; dan
- c. Tersedia informasi keuangan yang dapat dipisahkan.

Grup melakukan segmentasi pelaporan berdasarkan informasi keuangan yang digunakan oleh pengambil keputusan operasi utama dalam mengevaluasi kinerja segmen dan menentukan alokasi sumber daya yang dimilikinya. Direksi adalah pengambil keputusan operasional Grup. Segmentasi berdasarkan sifat usaha. Seluruh transaksi antar segmen telah dieliminasi.

**ab. Transaksi dengan pihak berelasi**

Grup mempunyai transaksi dengan pihak berelasi sebagaimana didefinisikan pada PSAK No. 7 (Revisi 2015).

Saldo dan transaksi yang material antara Grup dengan Pemerintah Negara Republik Indonesia dan entitas berelasi dengan Pemerintah diungkapkan dalam catatan atas laporan keuangan konsolidasian yang relevan. Grup memilih untuk mengungkapkan transaksi dengan entitas berelasi dengan Pemerintah dengan menggunakan pengecualian dari persyaratan pengungkapan pihak berelasi.

**ac. Aset tak berwujud**

**a. Hak atas tanah**

Biaya legal awal untuk mendapatkan hak legal diakui sebagai bagian biaya akuisisi tanah, biaya-biaya tersebut tidak didepresiasi. Biaya terkait dengan pembaruan hak atas tanah diakui sebagai aset tak berwujud dan diamortisasi sepanjang umur hukum hak atas tanah.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**aa. Operating segments**

An operating segment is a component of an entity:

- a. That engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses related to transactions between different components within the same entity);
- b. Whose operating results are regularly reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and to assess its performance; and
- c. For which discrete financial information is available.

The Group segments its financial reporting based on the financial information used by the chief operating decision-maker in evaluating the performance of segments and in the allocation of resources. Directors are the Group's chief operating decision-maker. The segments are based on the nature of business. All transactions between segments have been eliminated.

**ab. Transactions with related parties**

The Group has transactions with related parties as defined in SFAS No. 7 (Revised 2015).

Significant transactions and balances of the Group with the Government of the Republic of Indonesia and Government-related entities are disclosed in the relevant notes to the consolidated financial statements. The Group elected to disclose the transactions with Government-related entities, using the exemption from general related party disclosure requirements.

**ac. Intangible assets**

**a. Land rights**

Initial legal costs incurred to obtain legal rights are recognised as part of the acquisition cost of the land, and these costs are not depreciated. Costs related to renewal of land rights are recognised as intangible assets and amortised during the period of the land rights.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**ac. Aset tak berwujud (lanjutan)**

**b. Perangkat lunak**

Biaya pengembangan piranti lunak komputer diakui sebagai aset yang diamortisasi selama estimasi masa manfaat, yang tidak lebih dari tiga tahun.

**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI  
AKUNTANSI SIGNIFIKAN**

Estimasi dan pertimbangan terus dievaluasi berdasarkan pengalaman historis dan faktor-faktor lain, termasuk ekspektasi peristiwa masa depan yang diyakini wajar berdasarkan kondisi yang ada.

Grup membuat estimasi dan asumsi mengenai masa depan. Estimasi akuntansi yang dihasilkan, menurut definisi, akan jarang sekali sama dengan hasil aktualnya. Estimasi dan asumsi yang secara signifikan berisiko menyebabkan penyesuaian material terhadap hasil keuangan atau posisi keuangan konsolidasian Grup yang dilaporkan dalam tahun-tahun mendatang dipaparkan di bawah ini.

**a. Penentuan mata uang fungsional**

Mata uang fungsional adalah mata uang dari lingkungan ekonomi primer dimana setiap entitas di dalam Grup beroperasi. Manajemen mempertimbangkan mata uang yang paling mempengaruhi pendapatan dan beban dari barang dan jasa yang diberikan serta mempertimbangkan indikator lainnya dalam menentukan mata uang yang paling tepat menggambarkan pengaruh ekonomi dari transaksi, kejadian dan kondisi yang mendasari.

**b. Pengaturan bersama**

Pertimbangan diperlukan untuk menentukan kapan Grup memiliki pengendalian bersama terhadap sebuah pengaturan, yang memerlukan penilaian dari aktivitas yang relevan dan apabila keputusan sehubungan dengan aktivitas tersebut mengharuskan persetujuan dengan suara bulat.

Grup menetapkan bahwa aktivitas relevan bagi Grup untuk pengaturan bersama adalah aktivitas yang berhubungan dengan keputusan keuangan, operasional dan modal dari pengaturan tersebut.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**ac. Intangible assets (continued)**

**b. Software**

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS,  
ESTIMATES AND ASSUMPTIONS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the consolidated financial results or financial position of the Group reported in future years are addressed below.

**a. Determination of functional currency**

The functional currency is the currency of the primary economic environment in which each of the entities in the Group operates. The management considered the currency that mainly influences the revenue and cost of goods sold and services rendered and other indicators in determining the currency that most faithfully represents the economic effects of the underlying transactions, events, and conditions.

**b. Joint arrangements**

Judgement is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent.

The Group has determined that the relevant activities for its joint arrangements are those relating to the financial, operational and capital decisions of the arrangement.

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI  
AKUNTANSI SIGNIFIKAN (lanjutan)**

**b. Pengaturan bersama (lanjutan)**

Pertimbangan juga diperlukan untuk menentukan klasifikasi suatu pengaturan bersama. Pengklasifikasian tersebut mengharuskan Grup menilai hak dan kewajibannya yang timbul dari pengaturan bersama. Secara khusus, Grup mempertimbangkan:

- (1) Apakah pengaturan bersama dibentuk melalui entitas terpisah; dan
- (2) Ketika pengaturan bersama dibentuk melalui entitas terpisah, Grup juga mempertimbangkan hak dan kewajiban para pihak yang timbul dari:
  - Bentuk hukum dari entitas terpisah;
  - Persyaratan pengaturan kontraktual; atau
  - Fakta dan keadaan lainnya, jika relevan.

Penilaian tersebut sering memerlukan pertimbangan yang signifikan. Kesimpulan yang berbeda baik atas kesimpulan mengenai pengendalian bersama dan apakah suatu pengaturan adalah sebuah operasi bersama atau ventura bersama, dapat secara material mempengaruhi perlakuan akuntansinya.

**c. Sewa**

Grup mengadakan perjanjian sewa di mana Grup bertindak sebagai *lessee* atau *lessor*. Grup mengevaluasi apakah secara substansial risiko dan manfaat yang terkait dengan kepemilikan aset beralih kepada atau dari Grup berdasarkan PSAK No. 30 (Revisi 2011), "Sewa", yang mensyaratkan Grup membuat pertimbangan dan estimasi dari pengalihan risiko dan manfaat terkait dengan aset yang disewa.

Sehubungan dengan perjanjian antara PLI dengan PT Hoegh LNG Lampung ("Hoegh Lampung") untuk penggunaan fasilitas FSRU Lampung (Catatan 38d), manajemen mengevaluasi bahwa perjanjian tersebut mengandung sewa dan PLI sebagai *lessee* mengklasifikasikannya sebagai sewa operasi.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS,  
ESTIMATES AND ASSUMPTIONS (continued)**

**b. Joint arrangements (continued)**

*Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess its rights and obligations arising from the arrangement. Specifically, the Group considers:*

- (1) *Whether the joint arrangement is structured through a separate entity; and*
- (2) *When the arrangement is structured through a separate entity, the Group also considers the rights and obligations arising from:*
  - *The legal form of the separate entity;*
  - *The terms of the contractual arrangement; or*
  - *Other relevant facts and circumstances.*

*This assessment often requires significant judgement. A different conclusion about both joint control, and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting treatment.*

**c. Leases**

*The Group has entered into lease arrangements in which the Group is a lessee or lessor. The Group evaluates whether all of the risks and rewards incidental to ownership are substantially transferred to or from the Group based on SFAS No. 30 (Revised 2011), "Leases" which requires the Group to make judgments and estimates of transfer of risks and rewards of the leased assets.*

*In relation to the agreement entered between PLI and PT Hoegh LNG Lampung ("Hoegh Lampung") for the use of Lampung FSRU (Note 38d), management has evaluated that such agreement contains a lease and PLI as a lessee has classified it as an operating lease.*

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI  
AKUNTANSI SIGNIFIKAN (lanjutan)**

**c. Sewa (lanjutan)**

Sehubungan dengan perjanjian antara KJG dengan PT Perusahaan Listrik Negara (Persero) ("PLN") untuk pengangkutan gas dengan menggunakan jaringan pipa bawah laut dan fasilitas penerimaan di darat milik KJG ("GTA Kalija I") (Catatan 38e), manajemen mengevaluasi bahwa perjanjian tersebut mengandung sewa dan KJG sebagai *lessor* mengklasifikasikannya sebagai sewa pembiayaan.

Grup mengevaluasi kolektibilitas piutang sewa pembiayaan yang timbul dari GTA Kalija I (Catatan 38e) dan kasus arbitrase terkait deklarasi keadaan kahar oleh PC Muriah Ltd. ("PCML"), *shipper* di GTA Kalija I (Catatan 39a).

Kolektibilitas piutang atas sewa pembiayaan bergantung pada keputusan arbitrase yang saat ini sedang berlangsung dan kemampuan keuangan PCML dan PLN untuk memenuhi kewajiban *ship-or-pay* dalam GTA Kalija I. Grup berpendapat bahwa:

- (1) keputusan arbitrase akan berdampak positif ke Grup;
- (2) PCML dan PLN akan dapat memenuhi kewajiban *ship-or-pay* dalam GTA Kalija I; dan
- (3) provisi penurunan nilai piutang atas sewa pembiayaan yang dibuat oleh Grup mencukupi sehubungan dengan keadaan yang dijelaskan di Catatan 39.

Sebagai dampak dari proses arbitrase yang sedang berlangsung, maka pada tanggal 30 Juni 2019 Grup mengevaluasi sumber pendapatan lain selain GTA Kalija I dan menyimpulkan bahwa nilai sisa dari sewa pembiayaan sudah tidak lagi mengandung unsur sewa (arus kas tidak terjamin) sehingga nilai sisa tersebut direklasifikasi sebagai aset tetap dengan nilai tercatat sebesar USD117.777.040. Aset tetap ini disusutkan selama 16 tahun (sisa umur manfaat) dimulai sejak 1 Juli 2019. Pada 31 Desember 2019, aset tetap ini mengalami penurunan nilai sebesar USD98.296.720 karena saat ini aset tersebut *idle* dan terbatasnya sumber arus kas di masa mendatang terkait utilisasi aset tersebut.

Lihat Catatan 39a mengenai status proses arbitrase atas GTA Kalija I.

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**3. SIGNIFICANT ACCOUNTING JUDGEMENTS,  
ESTIMATES AND ASSUMPTIONS (continued)**

**c. Leases (continued)**

*In relation to the agreement entered into between KJG and PT Perusahaan Listrik Negara (Persero) ("PLN") for gas transportation through the use of KJG's subsea pipeline and onshore receiving facilities ("GTA Kalija I") (Note 38e), management considered that such agreement contained a lease and KJG as a lessor classified it as a finance lease.*

*The Group assessed the recoverability of its finance lease receivables in relation to GTA Kalija I (Note 38e) and the arbitration case related to the force majeure condition declared by PC Muriah Ltd. ("PCML"), the shipper for GTA Kalija I (Note 39a).*

*The collectibility of the finance lease receivable depends on the outcome of the ongoing arbitration case and the financial capacity of PCML and PLN to fulfill the ship-or-pay obligation under GTA Kalija I. The Group is of the opinion that:*

- (1) the result of the arbitration will be favourable to the Group;*
- (2) PCML and PLN will be able to fulfil the ship-or-pay obligation under GTA Kalija I; and*
- (3) the Group has made sufficient provision for impairment of the finance lease receivable in relation to the situation explained in Note 39.*

*As a result of the ongoing arbitration process, on June 30, 2019, the Group evaluated potential sources of income other than GTA Kalija I and concluded that the residual value of the finance lease no longer contains a lease (no guaranteed cash flow) so that the residual value was reclassified to fixed assets with a carrying value of USD117,777,040. These fixed assets are depreciated over their estimated useful life of 16 years (the remaining useful life) starting on July 1, 2019. As of December 31, 2019, these fixed assets were impaired by USD98,296,720 due to the idle status of the assets and limited probable future cash flow related to the utilisation of the assets.*

*See Note 39a related to the arbitration process of GTA Kalija I.*

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AKUNTANSI SIGNIFIKAN (lanjutan)**

**d. Ketidakpastian eksposur perpajakan**

Berdasarkan peraturan perpajakan yang berlaku saat ini, manajemen mempertimbangkan apakah jumlah yang tercatat pada akun taksiran tagihan pajak dapat dipulihkan dan direstitusi oleh Kantor Pajak. Lebih lanjut, manajemen mempertimbangkan liabilitas yang mungkin timbul dari hasil pemeriksaan pajak yang masih diajukan keberatannya di Kantor Pajak, dalam proses banding di Pengadilan Pajak maupun proses peninjauan kembali di Mahkamah Agung.

Pertimbangan signifikan dilakukan dalam menentukan provisi atas pajak penghasilan badan maupun pajak lainnya atas transaksi tertentu. Ketidakpastian timbul terkait dengan interpretasi dari peraturan perpajakan yang kompleks dan jumlah dan waktu dari penghasilan kena pajak di masa depan. Grup membuat analisis untuk semua posisi pajak terkait dengan pajak penghasilan untuk menentukan jika liabilitas pajak untuk pajak yang belum diakui harus diakui. Seperti dijelaskan dalam Catatan 22f, Grup melakukan estimasi ketidakpastian eksposur perpajakan yang material atas sengketa pajak pengalihan *participating interest* tidak langsung di blok Pangkah terkait PPh Pasal 26 (4) dan 4(2). Manajemen Grup dibantu oleh ahli pihak ketiga dalam menyiapkan analisa pajak yang komprehensif untuk mempertahankan posisi pajak Grup. Jangka waktu penyelesaian atas sengketa pajak ini tidak dapat diestimasi saat ini karena tergantung proses penyelesaian di Mahkamah Agung.

**e. Estimasi masa manfaat aset tetap**

Grup mengestimasi masa manfaat ekonomis aset tetap antara empat sampai dengan 40 tahun. Ini adalah umur yang secara umum diharapkan dalam industri dimana Grup menjalankan bisnisnya. Perubahan tingkat pemakaian dan perkembangan teknologi dapat mempengaruhi masa manfaat ekonomis dan nilai sisa aset, dan karenanya biaya penyusutan masa depan mungkin direvisi.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS,  
ESTIMATES AND ASSUMPTIONS (continued)**

**d. Uncertain tax exposures**

Based on the tax regulations currently enacted, management assessed whether the amounts recorded under estimated claims for tax refund are recoverable and refundable by the Tax Office. Further, the management also assessed the possible liabilities that may arise from the tax assessments under objection with the Tax Office, appeal process in the Tax Court and judicial review by the Supreme Court.

Significant judgement is involved in determining the provision for corporate income tax and other taxes on certain transactions. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Group makes an analysis of all tax positions related to income taxes to determine if a tax liability for unrecognised tax should be recognised. As disclosed in Note 22f, the Group has made material estimations in relation to uncertain tax exposures related to tax disputes on the indirect transfer of participating interest in Pangkah block related to withholding tax articles 26(4) and 4(2). The Group's management is assisted by third party experts in preparing a comprehensive tax analysis to defend the Group's tax position. The settlement period of these tax disputes can not currently be estimated as it depends on the settlement process at the Supreme Court.

**e. Estimating useful lives of fixed assets**

The Group estimates the useful lives of its fixed assets to be within four to 40 years. These are common life expectancies applied in the industries where the Group conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI  
AKUNTANSI SIGNIFIKAN (lanjutan)**

**e. Estimasi masa manfaat aset tetap (lanjutan)**

Grup mengestimasi masa manfaat ekonomis aset tetap berdasarkan utilisasi dari aset yang diharapkan dan didukung dengan rencana dan strategi usaha dan perilaku pasar. Estimasi dari masa manfaat aset tetap adalah berdasarkan penelaahan Grup terhadap praktek industri, evaluasi teknis internal dan pengalaman untuk aset yang sejenis. Estimasi masa manfaat ditelaah minimal setiap akhir periode pelaporan dan diperbarui jika ekspektasi berbeda dari estimasi sebelumnya dikarenakan pemakaian dan kerusakan fisik, keusangan secara teknis atau komersial dan hukum atau pembatasan lain atas penggunaan dari aset. Tetapi, adalah mungkin, hasil di masa depan dari operasi dapat dipengaruhi secara material oleh perubahan-perubahan dalam estimasi yang diakibatkan oleh perubahan faktor-faktor yang disebutkan di atas.

**f. Aset eksplorasi dan evaluasi**

Kebijakan akuntansi Grup untuk biaya eksplorasi dan evaluasi mengakibatkan biaya tertentu dikapitalisasi untuk sebuah wilayah kerja yang dianggap dapat dipulihkan oleh eksploitasi di masa depan atau penjualan atau dimana kegiatan tersebut belum mencapai tahap tertentu yang memungkinkan dilakukan penilaian yang wajar atas keberadaan cadangan. Kebijakan ini mengharuskan manajemen untuk membuat estimasi dan asumsi tertentu atas peristiwa dan keadaan di masa depan, khususnya apakah operasi eksploitasi dapat dilaksanakan secara ekonomis.

Setiap perkiraan dan asumsi tersebut dapat berubah seiring tersedianya informasi baru. Jika, setelah dilakukan kapitalisasi atas biaya berdasarkan kebijakan ini, suatu pertimbangan dibuat bahwa pemulihan biaya dianggap tidak dimungkinkan, biaya yang telah dikapitalisasi tersebut akan dibebankan ke dalam laba rugi.

Kegiatan pengembangan dimulai setelah dilakukan pengesahan proyek oleh tingkat manajemen yang berwenang. Pertimbangan diterapkan oleh manajemen dalam menentukan kelayakan suatu proyek secara ekonomis. Dalam melakukan pertimbangan ini, manajemen perlu membuat estimasi dan asumsi tertentu yang serupa dengan kapitalisasi biaya eksplorasi dan evaluasi yang dijelaskan di atas.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS,  
ESTIMATES AND ASSUMPTIONS (continued)**

**e. Estimating useful lives of fixed assets  
(continued)**

*The Group estimates the useful lives of its fixed assets based on expected asset utilisation as supported by business plans and strategies that also consider expected market behavior. The estimation of the useful lives of fixed assets is based on the Group's assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed at least each financial period-end and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates caused by changes in the factors mentioned above.*

**f. Exploration and evaluation assets**

*The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable through future exploitation or sale or where the activities have not yet reached a stage which permits a reasonable assessment of the reserves existence. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established.*

*Any such estimates and assumptions may change when the new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written-off to profit or loss.*

*Development activities commence after a project is approved by the appropriate level of management. Judgement is applied by management in determining when a project is economically viable. In exercising this judgement, management is required to make certain estimates and assumptions similar to those described above for the capitalisation of exploration and evaluation expenditure.*

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI  
AKUNTANSI SIGNIFIKAN (lanjutan)**

**g. Imbalan kerja**

Nilai kini kewajiban pensiun dan imbalan jangka panjang lainnya tergantung pada sejumlah faktor yang ditentukan berdasarkan basis dari aktuarial dengan menggunakan sejumlah asumsi. Asumsi tersebut termasuk tingkat diskonto, kenaikan gaji di masa depan, perubahan remunerasi masa depan, tingkat pengurangan karyawan, tingkat harapan hidup dan periode sisa yang diharapkan dari masa aktif karyawan. Setiap perubahan dalam asumsi-asumsi ini akan berdampak pada nilai tercatat atas kewajiban pensiun dan imbalan jangka panjang lainnya.

Grup menentukan tingkat diskonto yang sesuai pada setiap akhir periode pelaporan. Tingkat suku bunga inilah yang digunakan untuk menentukan nilai kini dari estimasi arus kas keluar masa depan yang akan dibutuhkan untuk memenuhi kewajiban pensiun dan imbalan jangka panjang lainnya. Dalam menentukan tingkat diskonto yang sesuai, Grup menggunakan tingkat suku bunga obligasi pemerintah (dengan pertimbangan saat ini tidak ada pasar aktif untuk obligasi korporat berkualitas tinggi) dalam mata uang yang sama dengan mata uang imbalan yang akan dibayarkan dan memiliki waktu jatuh tempo yang kurang lebih sama dengan waktu jatuh tempo kewajiban pensiun dan imbalan jangka panjang lainnya yang bersangkutan.

Untuk kenaikan gaji masa depan, Grup mengumpulkan data historis mengenai perubahan gaji dasar pekerja dan menyesuaikannya dengan perencanaan bisnis masa depan.

Asumsi kunci lainnya untuk kewajiban pensiun dan imbalan jangka panjang lainnya didasarkan pada kondisi pasar saat ini.

**h. Liabilitas pembongkaran aset dan restorasi area**

Grup mengakui provisi untuk liabilitas pembongkaran aset dan restorasi area terkait dengan sumur minyak dan gas, fasilitas dan infrastruktur. Dalam menentukan nilai provisi, asumsi dan estimasi yang diperlukan adalah tingkat diskonto, biaya yang diharapkan untuk membongkar semua peralatan dari daerah pengeboran dan restorasi area, dan waktu pelaksanaan pembongkaran aset serta restorasi area.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS,  
ESTIMATES AND ASSUMPTIONS (continued)**

**g. Employee benefits**

*The present value of the pension and other long-term benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Those assumptions include discount rate, future salary increase, future remuneration changes, employee attrition rates, life expectancy and expected remaining periods of employee service. Any changes in these assumptions will have an impact on the carrying amount of the pension and other long-term benefit obligations.*

*The Group determines the appropriate discount rate at the end of each reporting period. This interest rate should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and other long-term benefit obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds (considering there is no deep market for high quality corporate bonds) that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension and other long-term benefit obligations.*

*For the rate of future salary increases, the Group collects all historical data relating to changes in base salaries and adjusts it with future business plans.*

*Other key assumptions for pension obligation and other long-term benefits are based on current market conditions.*

**h. Asset abandonment and site restoration obligations**

*The Group recognises a provision for asset abandonment and site restoration obligations associated with its oil and gas wells, facilities and infrastructures. In determining the amount of provision, the required assumptions and estimates consist of discount rate, the expected cost to dismantle all the structures from the site and restore the site and timing of assets dismantlement and restoration of the area.*

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI  
AKUNTANSI SIGNIFIKAN (lanjutan)**

**i. Pajak penghasilan**

Aset pajak tangguhan, termasuk yang timbul dari rugi fiskal, provisi, dan perbedaan temporer lainnya, diakui hanya apabila dianggap lebih mungkin daripada tidak bahwa mereka dapat dipulihkan nilainya, dimana hal ini tergantung pada kecukupan laba kena pajak di masa depan. Asumsi pembentukan laba kena pajak di masa depan bergantung pada estimasi manajemen atas arus kas di masa depan. Hal ini bergantung pada estimasi penjualan barang atau jasa, harga, biaya operasi, belanja modal dan transaksi lainnya di masa depan.

**j. Penurunan nilai aset keuangan**

Pada setiap tanggal pelaporan Grup mengevaluasi apakah terdapat bukti yang objektif bahwa aset keuangan atau kelompok aset keuangan mengalami penurunan nilai. Aset keuangan atau kelompok aset keuangan diturunkan nilainya dan kerugian penurunan nilai telah terjadi, jika dan hanya jika, terdapat bukti yang objektif mengenai penurunan nilai tersebut sebagai akibat dari satu atau lebih peristiwa yang terjadi setelah pengakuan awal aset tersebut (peristiwa yang merugikan), dan peristiwa yang merugikan tersebut berdampak pada estimasi arus kas masa depan atas aset keuangan atau kelompok aset keuangan yang dapat diestimasi secara andal.

Kriteria yang Grup gunakan untuk menentukan bahwa ada bukti objektif dari suatu penurunan nilai meliputi:

- Kesulitan keuangan signifikan yang dialami penerbit atau pihak meminjam;
- Pelanggaran kontrak, seperti terjadinya wanprestasi atau tunggakan pembayaran pokok;
- Terdapat kemungkinan bahwa debitur akan dinyatakan pailit atau melakukan reorganisasi keuangan lainnya; dan
- Data yang dapat diobservasi mengindikasikan adanya penurunan yang dapat diukur atas estimasi arus kas masa depan, seperti perubahan dalam tunggakan atau kondisi ekonomi yang berkorelasi dengan wanprestasi.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS,  
ESTIMATES AND ASSUMPTIONS (continued)**

**i. Income taxes**

*Deferred tax assets, including those arising from tax losses, provisions and other temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the sufficiency of the future taxable profits. Assumptions about the generation of future taxable profits depends on management's estimates of future cash flows. These depend on estimates of future sales of goods and services, prices, operating costs, capital expenditure and other future transactions.*

**j. Impairment of financial assets**

*At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are recognised only if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows from the financial asset or group of financial assets that can be reliably estimated.*

*Criteria that the Group uses to assess whether there is objective evidence of impairment, are as follows:*

- *Indications that the debtor is experiencing significant financial difficulty;*
- *Breach of contract such as default or delinquency in principal payments;*
- *The probability that the debtor will enter bankruptcy or other financial reorganisation; and*
- *Observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.*

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI  
AKUNTANSI SIGNIFIKAN (lanjutan)**

**k. Penurunan nilai aset nonkeuangan**

Sesuai dengan kebijakan akuntansi Grup, setiap aset atau unit penghasil kas dievaluasi pada setiap periode pelaporan untuk menentukan ada tidaknya indikasi penurunan nilai aset. Jika terdapat indikasi tersebut, akan dilakukan perkiraan atas nilai aset yang dapat terpulihkan dan kerugian akibat penurunan nilai akan diakui sebesar selisih antara nilai tercatat aset dengan nilai yang dapat dipulihkan dari aset tersebut. Jumlah nilai yang dapat dipulihkan kembali dari sebuah aset atau kelompok aset penghasil kas diukur berdasarkan nilai yang lebih tinggi antara nilai wajar dikurangi biaya untuk menjual dan nilai pakai aset.

Aset yang memiliki masa manfaat yang terbatas, seperti goodwill atau aset tak berwujud yang belum siap untuk digunakan, tidak diamortisasi dan diuji setiap tahun untuk penurunan nilai.

Properti minyak dan gas yang telah menemukan cadangan terbukti dan aset tetap, ditelaah untuk penurunan nilai ketika kejadian dan perubahan keadaan mengindikasikan bahwa nilai tercatat aset tidak dapat dipulihkan. Jika terdapat indikasi tersebut, nilai terpulihkan aset akan diestimasi.

Penentuan nilai wajar dan nilai pakai untuk properti minyak dan gas yang telah menemukan cadangan terbukti dan aset tetap mensyaratkan manajemen untuk membuat estimasi dan asumsi atas produksi yang diharapkan dan volume penjualan, tingkat diskonto (WACC), harga komoditas (mempertimbangkan harga saat ini dan masa lalu, tren harga dan faktor-faktor terkait), biaya *tolling*, cadangan atas properti minyak dan gas (lihat "Estimasi Cadangan" di bawah), umur manfaat pipa, biaya operasi, biaya pembongkaran dan restorasi serta belanja modal di masa depan.

Estimasi dan asumsi ini terpapar risiko dan ketidakpastian, sehingga ada kemungkinan perubahan situasi dapat mengubah proyeksi ini, yang dapat mempengaruhi nilai terpulihkan aset. Dalam keadaan seperti itu, sebagian atau seluruh nilai tercatat aset mungkin akan mengalami penurunan nilai lebih lanjut atau terjadi pengurangan rugi penurunan nilai yang dampaknya akan dicatat dalam laba rugi.

Lihat Catatan 14 untuk penurunan nilai aset tetap dan Catatan 15b untuk penurunan nilai properti minyak dan gas.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS,  
ESTIMATES AND ASSUMPTIONS (continued)**

**k. Impairment of non-financial assets**

*In accordance with the Group's accounting policy, each asset or cash generating unit is evaluated each reporting period to determine whether there are any indications of impairment. If any such indications exist, a formal estimate of the recoverable amount is performed and an impairment loss will be recognised to the extent of the recoverable amount. The recoverable amount of an asset or cash generating unit of a group of assets is measured at the higher of fair value less costs to sell and value in use.*

*Assets that have indefinite useful lives for example, goodwill or intangible assets not ready to use, are not subject to amortization and are tested annually for impairment.*

*Proven oil and gas properties and fixed assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.*

*The determination of fair value and value in use for proven oil and gas properties and fixed assets requires management to make estimates and assumptions about expected production and sales volumes, discount rate (WACC), commodity prices (considering current and historical prices, price trends and related factors), tolling fees, reserves for oil and gas properties (see "Reserve Estimates" below), pipelines' useful lives, operating costs, decommissioning and site restoration cost, and future capital expenditure.*

*These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired, or the impairment charge reduced, with the impact recorded in profit or loss.*

*See Note 14 for impairment of fixed assets and Note 15b for impairment of oil and gas properties.*

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI  
AKUNTANSI SIGNIFIKAN (lanjutan)**

**I. Estimasi cadangan**

Nilai tercatat untuk deplesi, penyusutan dan untuk amortisasi beserta pemulihan nilai tercatat properti minyak dan gas, yang digunakan untuk memproduksi minyak dan gas tergantung pada estimasi cadangan minyak dan gas. Faktor utama yang mempengaruhi estimasi tersebut adalah penilaian teknis atas kuantitas produksi cadangan minyak dan gas yang ada dan kendala ekonomis seperti ketersediaan pasar komersial atas produksi minyak dan gas bumi maupun asumsi yang terkait dengan antisipasi harga komoditas dan biaya pengembangan dan produksi cadangan tersebut.

Asumsi ekonomi yang digunakan untuk memperkirakan cadangan berubah dari waktu ke waktu dan data geologi bertambah selama masa operasi, oleh karena itu perkiraan cadangan dapat berubah dari waktu ke waktu. Perubahan cadangan yang dilaporkan dapat mempengaruhi hasil dan posisi keuangan Grup dalam berbagai cara diantaranya:

- Nilai tercatat aset dapat terpengaruh akibat perubahan estimasi arus kas masa depan.
- Penyusutan dan amortisasi yang dibebankan ke dalam laba rugi dan penghasilan komprehensif lain konsolidasian dapat berubah apabila beban-beban tersebut ditentukan berdasarkan unit produksi, atau jika masa manfaat ekonomi umur aset berubah.
- Penyisihan untuk aktivitas purna-operasi, restorasi lokasi aset, dan hal-hal yang berkaitan dengan lingkungan dapat berubah apabila terjadi perubahan dalam perkiraan cadangan yang mempengaruhi ekspektasi tentang waktu atau biaya kegiatan ini.
- Nilai tercatat aset/liabilitas pajak tangguhan dapat berubah karena perubahan estimasi pemulihan manfaat pajak.

Grup menggunakan ahli pihak ketiga dalam memperkirakan cadangan minyak dan gas untuk blok Pangkah, sementara estimasi cadangan minyak dan gas untuk blok-blok lain dilakukan oleh geologis internal yang memiliki kompetensi dan kualifikasi terkait.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS,  
ESTIMATES AND ASSUMPTIONS (continued)**

**I. Reserve estimates**

*The amounts recorded for depletion, depreciation and amortisation as well as the recovery of the carrying value of oil and gas properties involving production of oil and gas reserves depends on estimated reserves of oil and gas. The primary factors affecting these estimates are technical engineering assessments of producible quantities of oil and gas reserves in place and economic constraints such as the availability of commercial markets for oil and gas production as well as assumptions related to anticipated commodity prices and the costs of development and production of the reserves.*

*The economic assumptions used to estimate reserves change from period to period, and additional geological data is generated during the course of operations, therefore estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:*

- *Asset carrying values may be affected due to changes in estimated future cash flows.*
- *Depreciation and amortisation charged in the profit or loss and other comprehensive income may change where such charges are determined on a units of production basis, or where the useful economic lives of assets change.*
- *Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.*
- *The carrying value of deferred tax assets/liabilities may change due to changes in estimates of the likely recovery of the tax benefits.*

*The Group engaged a third party expert to estimate the oil and gas reserves for Pangkah block, while the oil and gas reserves estimates for other blocks were performed by internal geologists who have the necessary competency and qualifications.*

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**4. AKUISISI**

**Akuisisi Pertagas**

Pada tanggal 28 Desember 2018, Perusahaan mengakuisisi 51% kepemilikan Pertagas dari Pertamina dengan harga pembelian senilai Rp20.183 miliar atau setara dengan USD1.387.933.850.

Transaksi akuisisi ini dibukukan dengan menggunakan metode penyatuan kepemilikan sesuai dengan PSAK No. 38 "Kombinasi Bisnis Entitas Sepengendali" karena Perusahaan dan Pertagas merupakan entitas sepengendali dibawah Pertamina.

Perbedaan antara jumlah imbalan yang dialihkan dan nilai buku aset bersih Pertagas yang diakuisisi dicatat pada "tambahan modal disetor" dalam ekuitas Grup. Ekuitas dari Pertagas pada tanggal 1 Januari 2018 disajikan sebagai "ekuitas *merging entities*" dalam ekuitas Grup. Perhitungan tambahan modal disetor pada tanggal akuisisi adalah sebagai berikut:

	<b>28 Desember/ December 28, 2018</b>
Imbalan pembelian yang dialihkan:	
- Kas yang dibayarkan	(693,966,925)
- Penerbitan <i>promissory notes</i> (Catatan 20d)	<u>(693,966,925)</u>
Jumlah imbalan yang dialihkan	(1,387,933,850)
Nilai buku aset bersih yang diakuisisi (51%)	<u>636,019,909</u>
Tambahan modal disetor dari kombinasi bisnis entitas sepengendali	<u>(751,913,941)</u>

**4. ACQUISITIONS**

**Acquisition of Pertagas**

On December 28, 2018, the Company acquired 51% ownership in Pertagas from Pertamina for a purchase consideration of Rp20,183 billion or equivalent to USD1,387,933,850.

This acquisition transaction was accounted for using the pooling-of-interests method as required under SFAS No. 38 "Business Combinations of Entities under Common Control" since the Company and Pertagas are entities under common control of Pertamina.

The difference between the purchase consideration and the book value of Pertagas' net assets acquired was recorded in "additional paid-in capital" in the Group's equity. Equity of Pertagas as at January 1, 2018 was presented as "equity of *merging entities*" in the Group's equity. Calculation of additional paid-in capital at acquisition date is as follows:

Purchase consideration transferred:	
Cash paid -	
Issuance of <i>promissory notes</i> (Note 20d) -	
Total consideration transferred	
Book value of net assets acquired (51%)	
Additional paid-in capital from business combination of entities under common control	

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**5. KAS DAN SETARA KAS DAN KAS YANG  
DIBATASI PENGGUNAANNYA**

**a. Kas dan setara kas**

	<u>2019</u>	<u>2018</u>
Kas kecil	969,382	622,481
Kas pada bank		
Dolar AS		
<b>Pihak berelasi</b>		
PT Bank Mandiri (Persero) Tbk ("Bank Mandiri")	97,765,064	108,966,781
PT Bank Negara Indonesia (Persero) Tbk ("BNI")	14,413,244	247,563,372
PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")	1,831,688	253,219,088
	<u>114,009,996</u>	<u>609,749,241</u>
<b>Pihak ketiga</b>		
Citibank N.A., Jakarta	43,491,936	42,118,352
JP Morgan Chase, Texas	42,043,456	16,130,495
PT Bank Sumitomo Mitsui Indonesia	25,147,061	93,643,258
PT Bank DBS Indonesia	319,790	35,559
PT Bank ANZ Indonesia	30,057	30,137
	<u>111,032,300</u>	<u>151,957,801</u>
Rupiah		
<b>Pihak berelasi</b>		
Bank Mandiri	140,570,070	100,333,222
BNI	103,355,426	30,225,075
BRI	26,765,020	21,248,468
PT Bank Tabungan Negara (Persero) Tbk ("BTN")	1,793,296	1,796,541
PT Bank Pembangunan Daerah Sumatera Selatan dan Bangka Belitung	1,565,109	517,395
BNI Syariah	554,311	-
PT Bank Pembangunan Daerah Jambi	360,810	133,234
Bank Syariah Mandiri	361,613	-
PT Bank Pembangunan Daerah Jawa Timur Tbk	9,690	9,289
	<u>275,335,345</u>	<u>154,263,224</u>
Rupiah		
<b>Pihak ketiga</b>		
PT Bank Central Asia Tbk	456,435	2,672,806
PT Bank UOB	14,268	678
PT Bank MNC	2,287	75,291
	<u>472,990</u>	<u>2,748,775</u>
Yen Jepang		
<b>Pihak berelasi</b>		
Bank Mandiri	2,981,821	404,397
<b>Pihak ketiga</b>		
PT Bank ANZ Indonesia	354	6,497,122
Dolar Singapura		
<b>Pihak ketiga</b>		
Citibank N.A., Jakarta	100,213	107,501
Jumlah kas pada bank	<u>503,933,019</u>	<u>925,728,061</u>

**5. CASH AND CASH EQUIVALENTS AND  
RESTRICTED CASH**

**a. Cash and cash equivalents**

	<u>2019</u>	<u>2018</u>
Cash on hand		
Cash in bank		
US Dollar		
<b>Related parties</b>		
PT Bank Mandiri (Persero) Tbk ("Bank Mandiri")		
PT Bank Negara Indonesia (Persero) Tbk ("BNI")		
PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")		
<b>Third parties</b>		
Citibank N.A., Jakarta		
JP Morgan Chase, Texas		
PT Bank Sumitomo Mitsui Indonesia		
PT Bank DBS Indonesia		
PT Bank ANZ Indonesia		
Rupiah		
<b>Related parties</b>		
Bank Mandiri		
BNI		
BRI		
PT Bank Tabungan Negara (Persero) Tbk ("BTN")		
PT Bank Pembangunan Daerah Sumatera Selatan dan Bangka Belitung		
BNI Syariah		
PT Bank Pembangunan Daerah Jambi		
Bank Syariah Mandiri		
PT Bank Pembangunan Daerah Jawa Timur Tbk		
Rupiah		
<b>Third parties</b>		
PT Bank Central Asia Tbk		
PT Bank UOB		
PT Bank MNC		
Japanese Yen		
<b>Related party</b>		
Bank Mandiri		
<b>Third party</b>		
PT Bank ANZ Indonesia		
Singapore Dollar		
<b>Third party</b>		
Citibank N.A., Jakarta		
Total cash in banks		

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**5. KAS DAN SETARA KAS DAN KAS YANG  
DIBATASI PENGGUNAANNYA (lanjutan)**

**a. Kas dan setara kas (lanjutan)**

**5. CASH AND CASH EQUIVALENTS AND  
RESTRICTED CASH (continued)**

**a. Cash and cash equivalents (continued)**

	<u>2019</u>	<u>2018</u>	
Deposito berjangka			<i>Time deposits</i>
Dolar AS			<i>US Dollar</i>
<b>Pihak berelasi</b>			<b><i>Related parties</i></b>
BNI	178,980,007	75,000,000	<i>BNI</i>
BRI	134,800,000	99,381,120	<i>BRI</i>
BRI Agro	18,500,000	-	<i>BRI Agro</i>
Bank Mandiri	2,500,000	13,000,000	<i>Bank Mandiri</i>
BNI Syariah	-	35,000,000	<i>BNI Syariah</i>
Bank Syariah Mandiri	-	50,000,000	<i>Bank Syariah Mandiri</i>
BTN	-	1,035,851	<i>BTN</i>
	<u>334,780,007</u>	<u>273,416,971</u>	
<b>Pihak ketiga</b>			<b><i>Third party</i></b>
Industrial and Commercial Bank of China ("ICBC")	-	20,000,000	<i>Industrial and Commercial Bank of China ("ICBC")</i>
	<u>-</u>	<u>20,000,000</u>	
Rupiah			<i>Rupiah</i>
<b>Pihak berelasi</b>			<b><i>Related parties</i></b>
BNI	56,352,712	18,679,560	<i>BNI</i>
Bank Mandiri	52,745,785	6,194,324	<i>Bank Mandiri</i>
BRI	47,793,933	52,638,488	<i>BRI</i>
BTN	13,322,923	-	<i>BTN</i>
BRI Syariah	2,538,666	-	<i>BRI Syariah</i>
BNI Syariah	4,988,238	-	<i>BNI Syariah</i>
BRI Agro	1,438,745	-	<i>BRI Agro</i>
BPD Jateng	-	690,560	<i>BPD Jateng</i>
Bank Syariah Mandiri	-	10,358,401	<i>Bank Syariah Mandiri</i>
	<u>179,181,002</u>	<u>88,561,333</u>	
<b>Pihak ketiga</b>			<b><i>Third party</i></b>
ICBC	21,513,079	6,905,600	<i>ICBC</i>
Jumlah deposito berjangka	<u>535,474,088</u>	<u>388,883,904</u>	<i>Total time deposits</i>
Jumlah kas dan setara kas	<u>1,040,376,489</u>	<u>1,315,234,446</u>	<i>Total cash and cash equivalents</i>
Tingkat bunga deposito berjangka adalah sebagai berikut:			<i>The interest rates of time deposits are as follows:</i>
	<u>2019</u>	<u>2018</u>	
Rekening Rupiah	4.75% - 7.80%	5.30% - 7.80%	<i>Rupiah Accounts</i>
Rekening Dolar AS	0.25% - 3.20%	0.50% - 1.90%	<i>US Dollar Accounts</i>

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**5. KAS DAN SETARA KAS DAN KAS YANG  
DIBATASI PENGGUNAANNYA (lanjutan)**

**b. Kas yang dibatasi penggunaannya (lanjutan)**

	2019	2018
Dolar AS		
<b>Pihak ketiga</b>		
PT BNP Paribas	18,000,000	18,000,000
PT Bank Sumitomo Mitsui Indonesia	<u>4,552,159</u>	<u>4,552,159</u>
	<u>22,552,159</u>	<u>22,552,159</u>
<b>Pihak berelasi</b>		
<b>Firm commitment</b>		
Bank Mandiri	7,905,297	1,500,000
BNI	<u>1,500,000</u>	<u>1,500,000</u>
<b>Rekening bersama dengan SKK Migas</b>		
Bank Mandiri	58,824,584	50,421,982
BNI	<u>3,790,415</u>	<u>2,002,651</u>
	<u>72,020,296</u>	<u>55,424,633</u>
Jumlah kas yang dibatasi penggunaannya	<u>94,572,455</u>	<u>77,976,792</u>
Dikurangi:		
Bagian tidak lancar	<u>(76,572,455)</u>	<u>(55,424,633)</u>
Kas yang dibatasi penggunaannya, bagian lancar	<u>18,000,000</u>	<u>22,552,159</u>

Kas yang dibatasi penggunaannya yang ditempatkan pada pihak ketiga merupakan dana yang dialokasikan dan/atau penempatan bank garansi oleh SEI terkait dengan akuisisi *participating interest* pada Blok Sanga-sanga.

PSC Sanga-sanga telah berakhir pada tanggal 8 Agustus 2018 dan tidak mendapatkan perpanjangan dari Pemerintah Indonesia. Sampai diterbitkannya laporan keuangan konsolidasian ini, proses pelepasan atas aset dan liabilitas yang timbul dari PSC Sanga-sanga masih dalam penyelesaian oleh Satuan Kerja Khusus Pelaksana Kegiatan Hulu Minyak dan Gas Bumi ("SKK Migas"). Grup sedang melakukan penyelesaian untuk memperoleh kembali kas yang dibatasi penggunaannya dan jaminan bank.

Pada tanggal 31 Desember 2019, kas yang dibatasi penggunaannya – bagian tidak lancar merupakan penempatan bank garansi oleh Grup terkait *firm commitment* pada PSC Pekawai, PSC Yamdena Barat, PSC Pangkah dan dana terkait akuisisi *participating interest* pada Blok Sanga-sanga.

Rekening bersama dengan SKK Migas merupakan rekening yang ditempatkan di Bank Mandiri dan BNI untuk mendanai liabilitas pembongkaran aset dan restorasi area sehubungan dengan operasi hulu minyak dan gas.

**5. CASH AND CASH EQUIVALENTS AND  
RESTRICTED CASH (continued)**

**b. Restricted cash (continued)**

	US Dollar
<b>Third parties</b>	
PT BNP Paribas	18,000,000
PT Bank Sumitomo Mitsui Indonesia	<u>4,552,159</u>
	<u>22,552,159</u>
<b>Related parties</b>	
<b>Firm commitment</b>	
Bank Mandiri	7,905,297
BNI	<u>1,500,000</u>
<b>Joint accounts with SKK Migas</b>	
Bank Mandiri	58,824,584
BNI	<u>3,790,415</u>
	<u>72,020,296</u>
<b>Total restricted cash</b>	<u>77,976,792</u>
<b>Less:</b>	
<b>Non-current portion</b>	<u>(55,424,633)</u>
<b>Restricted cash, current portion</b>	<u>22,552,159</u>

*Restricted cash placed with third parties represents funds allocated and/or placement of bank guarantee by SEI in relation to the acquisition of participating interest in Sanga-sanga Block.*

*Sanga-sanga PSC expired on August 8, 2018 and was not extended by the Government of Indonesia. Up to the issuance of these consolidated financial statements, the relinquishment of assets and liabilities arising from Sanga-sanga PSC is still in the process of review by the Special Task Force for Upstream Oil and Gas Business Activities of the Republic of Indonesia ("SKK Migas"). The Group is in the process of requesting the release of the restricted cash and bank guarantee.*

*At December 31, 2019, restricted cash - non-current portion represents the placement of bank guarantee by the Group in relation to firm commitment in Pekawai PSC, West Yamdena PSC, Pangkah PSC and fund in relation to the acquisition of participating interest in Sanga-sanga Block.*

*Joint accounts with SKK Migas represent bank accounts placed in Bank Mandiri and BNI for the funding of asset abandonment and site restoration obligations relating to upstream oil and gas operations.*

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**6. INVESTASI JANGKA PENDEK**

Investasi jangka pendek merupakan investasi pada instrumen utang dan reksadana yang dikategorikan sebagai aset keuangan tersedia untuk dijual. Berikut adalah mutasi aset keuangan Grup yang tersedia untuk dijual:

	<u>2019</u>	<u>2018</u>	
Saldo awal	63,633,805	70,663,096	Beginning balance
- Penambahan	203,500,000	-	Addition -
- Pelepasan	(85,838,119)	(3,448,514)	Disposal -
- Keuntungan/(kerugian) belum terealisasi	3,905,317	(3,177,507)	Unrealised gains/(losses) -
- Realisasi keuntungan dari pelepasan	789,176	-	Realised gain from disposal -
- Kerugian selisih kurs	<u>369,871</u>	<u>(403,270)</u>	Losses from foreign exchange -
Saldo akhir	<u><u>186,360,050</u></u>	<u><u>63,633,805</u></u>	Ending balance

Aset keuangan tersedia untuk dijual terdiri dari:

*Available-for-sale financial assets include the following:*

	<u>2019</u>	<u>2018</u>	
Dolar AS			US Dollar
<b>Pihak berelasi</b>			<b>Related parties</b>
Pertamina			Pertamina
- Obligasi Pertamina	48,322,596	46,807,362	Pertamina bonds -
Pemerintah Indonesia			The Government of Indonesia
- Obligasi INDON 22	10,340,918	9,903,359	INDON 22 bonds -
- Surat Berharga Syariah Negara	<u>4,109,012</u>	<u>3,886,818</u>	Sharia Government Bonds -
	<u>62,772,526</u>	<u>60,597,539</u>	
<b>Pihak ketiga</b>			<b>Third party</b>
Red Arc Global Investments (Ireland)	<u>120,275,440</u>	<u>-</u>	Red Arc Global Investments (Ireland)
Rupiah			Rupiah
<b>Pihak berelasi</b>			<b>Related parties</b>
PT Aneka Tambang Tbk.			PT Aneka Tambang Tbk.
- Obligasi Seri B			Series B bonds -
(Nilai nominal: Rp25.000.000.000)	1,798,432	1,654,881	(Nominal value: Rp25,000,000,000)
PT Pegadaian (Persero)			PT Pegadaian (Persero)
- Obligasi PT Pegadaian (Persero)			PT Pegadaian (Persero) bonds -
(Nilai nominal: Rp20.000.000.000)	<u>1,513,652</u>	<u>1,381,385</u>	(Nominal value: Rp20,000,000,000)
	<u>3,312,084</u>	<u>3,036,266</u>	
Jumlah investasi jangka pendek	<u><u>186,360,050</u></u>	<u><u>63,633,805</u></u>	Total short-term investments

Aset keuangan di atas belum ada yang jatuh tempo atau mengalami penurunan nilai. Eksposur maksimum atas risiko kredit pada tanggal pelaporan adalah sebesar nilai tercatat instrumen utang diklasifikasikan sebagai tersedia untuk dijual.

*None of these financial assets are either overdue or impaired. The maximum exposure to credit risk at the reporting date is the carrying value of the debt instruments classified as available-for-sale.*

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**7. PIUTANG USAHA**

Piutang usaha terdiri dari:

**7. TRADE RECEIVABLES**

Trade receivables consist of the following:

	<u>2019</u>	<u>2018</u>	
<b>Pihak berelasi</b>			<b>Related parties</b>
Distribusi gas			Gas distribution
PLN	74,686,828	50,619,414	PLN
PT Pupuk Iskandar Muda	23,816,702	-	PT Pupuk Iskandar Muda
PT Iglas (Persero)	8,554,796	7,120,324	PT Iglas (Persero)
PT Kertas Leces (Persero)	4,088,581	3,188,117	PT Kertas Leces (Persero)
PT Krakatau Daya Listrik Pertamina	4,968,193	8,104,761	PT Krakatau Daya Listrik Pertamina
Lain-lain (masing-masing di bawah USD1.000.000)	1,776,027	1,778,095	
	<u>2,474,989</u>	<u>2,248,475</u>	Others (each below USD1,000,000)
	<u>120,366,116</u>	<u>73,059,186</u>	
Piutang sewa guna usaha			Finance lease receivables
PLN	-	237,072,366	PLN
Minyak dan gas			Oil and gas
Pertamina	12,167,237	6,169,785	Pertamina
PLN	2,222,586	4,935,451	PLN
Petrogas Jatim Utama	1,225,254	2,405,301	Petrogas Jatim Utama
PT Pupuk Kalimantan Timur	774,184	11,351,833	PT Pupuk Kalimantan Timur
	<u>16,389,261</u>	<u>24,862,370</u>	
Transmisi gas			Gas transmission
PLN	41,721,332	33,308,470	PLN
Pertamina	34,128,511	28,420,691	Pertamina
PT Pertamina EP	27,870,396	28,899,093	PT Pertamina EP
PT Pupuk Sriwidjaya	27,599,062	1,217,000	PT Pupuk Sriwidjaya
PT Pertamina Patra Niaga	5,974,355	1,098,000	PT Pertamina Patra Niaga
PT Pertamina Hulu Energi ("PHE")	2,572,159	3,838,050	PT Pertamina Hulu Energi ("PHE")
PT Petrokimia Gresik	1,933,979	1,071,000	PT Petrokimia Gresik
Lain-lain (masing-masing di bawah USD1.000.000)	8,926,537	9,655,944	Others (each below USD1,000,000)
	<u>150,726,331</u>	<u>107,508,248</u>	
<b>Pihak ketiga</b>			<b>Third parties</b>
Distribusi gas	329,785,486	265,532,945	Gas distribution
Sewa fiber optik dan lain-lain	49,652,932	19,272,480	Fiber optic rental and others
Minyak dan gas	13,271,668	59,931,810	Oil and gas
Transmisi gas	4,477,042	2,801,436	Gas transmission
	<u>397,187,128</u>	<u>347,538,671</u>	
Jumlah piutang usaha sebelum cadangan penurunan nilai	<u>684,668,836</u>	<u>790,040,817</u>	Total trade receivables before allowance for impairment
Dikurangi:			Deducted by:
Cadangan penurunan nilai			Allowance for impairment
Pihak berelasi	(27,552,209)	(38,408,421)	Related parties
Pihak ketiga	(82,623,756)	(19,237,830)	Third parties
	<u>(110,175,965)</u>	<u>(57,646,251)</u>	
Jumlah piutang usaha sesudah cadangan penurunan nilai	<u>574,492,871</u>	<u>732,394,590</u>	Total trade receivables after allowance for impairment
Dikurangi:			Deducted by:
Bagian tidak lancar			Non-current portion
Pihak berelasi	-	191,456,835	Related parties
Pihak ketiga	64,973,420	12,389	Third parties
	<u>64,973,420</u>	<u>191,469,224</u>	
Piutang usaha bagian lancar, bersih			Trade receivables current portion, net
Pihak berelasi	259,929,499	212,636,914	Related parties
Pihak ketiga	249,589,952	328,288,452	Third parties
	<u>509,519,451</u>	<u>540,925,366</u>	

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**7. PIUTANG USAHA (lanjutan)**

Piutang usaha menurut mata uangnya adalah sebagai berikut:

	<u>2019</u>	<u>2018</u>
Distribusi gas		
- Dolar AS	442,712,825	304,366,734
- Rupiah	7,438,777	33,420,938
Minyak dan gas		
- Dolar AS	29,660,929	84,794,180
Piutang sewa guna usaha		
- Dolar AS	-	237,072,366
Transmisi gas		
- Dolar AS	155,203,373	111,114,143
Sewa fiber optik dan lain-lain		
- Dolar AS	6,937,445	14,377,589
- Rupiah	<u>42,715,487</u>	<u>4,894,891</u>
Jumlah piutang usaha, kotor	<u><u>684,668,836</u></u>	<u><u>790,040,841</u></u>

**7. TRADE RECEIVABLES (continued)**

Trade receivables based on denominated currency are as follows:

Gas distribution  
US Dollar -  
Rupiah -  
Oil and gas  
US Dollar -  
Financial lease receivables  
US Dollar -  
Gas transmission  
US Dollar -  
Fiber optic rental and others  
US Dollar -  
Rupiah -

Total trade receivables, gross

Pada tanggal 31 Desember 2019 dan 2018, komposisi cadangan kerugian penurunan nilai piutang usaha Grup adalah sebagai berikut:

As at December 31, 2019 and 2018, the allowance for impairment losses of the Group's trade receivables are as follows:

	<u>2019</u>	<u>2018</u>
Penurunan individual	108,302,029	55,787,461
Penurunan kolektif	<u>1,873,936</u>	<u>1,858,790</u>
	<u><u>110,175,965</u></u>	<u><u>57,646,251</u></u>

Individual impairment  
Collective impairment

Perubahan cadangan kerugian penurunan nilai adalah sebagai berikut:

The changes in the allowance for impairment losses are as follows:

	<u>2019</u>	<u>2018</u>
Saldo awal	57,646,251	37,646,353
- Kerugian penurunan nilai tahun berjalan (Catatan 32)	25,240,540	15,398,963
- Penyesuaian nilai wajar (Catatan 32)	25,607,136	405,067
- Dampak selisih kurs	<u>1,682,038</u>	<u>4,195,868</u>
Saldo akhir	<u><u>110,175,965</u></u>	<u><u>57,646,251</u></u>

Beginning balance  
Impairment losses -  
during the year (Note 32) -  
Fair value adjustment (Note 32) -  
Foreign exchange impact -

Ending balance

Perhitungan cadangan penurunan nilai piutang secara individual dilakukan untuk pelanggan yang telah mengalami kesulitan pembayaran sesuai dengan periode yang telah ditentukan.

Allowance for impairment for individual receivables is provided for customers that have difficulties in fulfilling their obligations according to the defined period.

Perhitungan cadangan penurunan nilai piutang secara kolektif dilakukan untuk pelanggan yang secara nilai tidak signifikan dan ada kemungkinan gagal bayar. Perhitungan ini mempertimbangkan tren pembayaran piutang yang dilakukan oleh konsumen.

Allowance for impairment for collective receivables is provided for customers that have insignificant balances and with possibilities of payment default. This calculation considers trends of payment made by customers.

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**7. PIUTANG USAHA (lanjutan)**

Analisis umur piutang usaha dihitung sejak tanggal faktur adalah sebagai berikut:

	2019	2018
Belum jatuh tempo	552,001,391	676,099,719
Jatuh tempo:		
> 0 bulan - 3 bulan	46,378,516	25,692,349
> 3 bulan - 6 bulan	13,445,174	7,607,390
> 6 bulan - 1 tahun	14,378,676	23,702,783
> 1 tahun	58,465,079	56,938,600
	<u>684,668,836</u>	<u>790,040,841</u>

Piutang usaha, selain piutang sewa guna usaha, tidak dikenakan bunga dan umumnya dikenakan syarat pembayaran selambat-lambatnya tanggal 20 di bulan penagihan.

Pada tanggal 31 Desember 2019, piutang usaha yang telah jatuh tempo senilai USD58.998.907 (31 Desember 2018: USD60.802.000) adalah piutang usaha Pertagas dari PT Pertamina EP dan Pertamina. Manajemen tidak melakukan pencadangan dan berpendapat bahwa tidak ada risiko kredit atas piutang-piutang ini. Penyelesaian piutang ini dilakukan dengan meng-offset dana operasional yang diberikan oleh Pertamina kepada Pertagas dan dividen Pertagas ke Pertamina.

47% (31 Desember 2018: 77%) dari piutang usaha yang telah jatuh tempo lebih dari satu tahun merupakan piutang usaha dari entitas berelasi dengan pemerintah, yaitu masing-masing 25% (31 Desember 2018: 49%) dari PLN, 15% (31 Desember 2018: 22%) dari PT Iglas (Persero), dan 7% (31 Desember 2018: 6%) dari PT Kertas Leces (Persero). Manajemen terus berupaya melakukan langkah-langkah negosiasi untuk mengusahakan penagihan terkait dengan piutang-piutang usaha tersebut.

Nilai tercatat dari piutang usaha sama dengan nilai wajarnya.

Grup mengevaluasi kolektabilitas piutang sewa pembiayaan yang timbul dari GTA Kalija I (Catatan 38e) dan kasus arbitrase terkait deklarasi keadaan kahar oleh PCML, *shipper* di GTA Kalija I (Catatan 39a).

**7. TRADE RECEIVABLES (continued)**

The aging analysis of trade receivables based on invoice dates are as follows:

	2019	2018
Not yet due	552,001,391	676,099,719
Over due:		
> 0 month - 3 months	46,378,516	25,692,349
> 3 months - 6 months	13,445,174	7,607,390
> 6 months - 1 year	14,378,676	23,702,783
> 1 year	58,465,079	56,938,600
	<u>684,668,836</u>	<u>790,040,841</u>

Trade receivables, other than finance lease receivables, are non-interest bearing and generally subject to the terms of payment at no later than the 20th of the billing month.

At December 31, 2019, overdue trade receivables of USD58,998,907 (December 31, 2018: USD60,802,000) were Pertagas' trade receivables from PT Pertamina EP and Pertamina. The management did not provide allowance and is of the opinion that there is no credit risk on these receivables. The settlement of these receivables are conducted through offset with operational funds provided by Pertamina to Pertagas and Pertagas dividends to Pertamina.

47% (December 31, 2018: 77%) of the trade receivables that are past due by more than one year represent amounts due from government-related entities, comprising 25% (December 31, 2018: 49%) due from PLN, 15% (December 31, 2018: 22%) due from PT Iglas (Persero) and 7% (December 31, 2018: 6%) due from PT Kertas Leces (Persero). Management is continuously taking negotiation steps to pursue the collection of those receivables.

Trade receivables carrying value is the same with their fair value.

The Group assessed the recoverability of its finance lease receivables in relation to GTA Kalija I (Note 38e) and the arbitration case related to the force majeure condition declared by PCML, the *shipper* for GTA Kalija I (Note 39a).

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**7. PIUTANG USAHA (lanjutan)**

Kolektibilitas piutang atas sewa pembiayaan bergantung pada keputusan arbitrase yang saat ini sedang berlangsung dan kemampuan keuangan PCML dan PLN untuk memenuhi kewajiban *ship-or-pay* dalam GTA Kalija I. Grup berpendapat bahwa:

- (1) keputusan arbitrase akan berdampak positif ke Grup;
- (2) PCML dan PLN akan dapat memenuhi kewajiban *ship-or-pay* dalam GTA Kalija I; dan
- (3) provisi penurunan nilai piutang atas sewa pembiayaan yang dibuat oleh Grup mencukupi sehubungan dengan keadaan yang dijelaskan di Catatan 39a.

Sebagai dampak dari proses arbitrase yang sedang berlangsung, maka pada tanggal 30 Juni 2019 Grup mengevaluasi sumber pendapatan lain selain GTA Kalija I dan menyimpulkan bahwa nilai sisa dari sewa pembiayaan sudah tidak lagi mengandung unsur sewa (arus kas tidak terjamin) sehingga nilai sisa tersebut direklasifikasi sebagai aset tetap dengan nilai tercatat sebesar USD117.777.040.

Lihat Catatan 39a mengenai status proses arbitrase atas GTA Kalija I.

Manajemen Grup berpendapat bahwa cadangan penurunan nilai adalah cukup untuk menutupi kemungkinan atas tidak tertagihnya piutang usaha.

**8. PIUTANG LAIN-LAIN**

Piutang lain-lain terdiri dari :

	<u>2019</u>	<u>2018</u>
<b>Pihak berelasi</b>		
Piutang jasa transportasi gas bumi melalui pipa Kepodang - Tambak Lorok		
- PLN	1,278,709	4,225,632
Piutang dari ventura bersama		
- Transgasindo	3,846,287	3,765,660
- Regas	54,427	275,593
Piutang bunga dari investasi jangka pendek	<u>1,408,887</u>	<u>1,308,269</u>
Jumlah piutang lain-lain dari pihak berelasi	<u>6,588,310</u>	<u>9,575,154</u>

**7. TRADE RECEIVABLES (continued)**

The collectibility of the finance lease receivable depends on the outcome of the ongoing arbitration case and the financial capacity of PCML and PLN to fulfil the *ship-or-pay* obligation under GTA Kalija I. The Group is of the opinion that:

- (1) the result of the arbitration will be favourable to the Group;
- (2) PCML and PLN will be able to fulfil the *ship-or-pay* obligation under GTA Kalija I; and
- (3) the Group has made sufficient provision for impairment of the finance lease receivable in relation to the situation explained in Note 39a.

As a result of the ongoing arbitration process, on June 30, 2019 the Group evaluated potential sources of income other than GTA Kalija I and concluded that the residual value of the finance lease no longer contains a lease (no guaranteed cash flow) so that the residual value was reclassified to fixed assets with a carrying value of USD117,777,040.

See Note 39a related to arbitration process of GTA Kalija I.

The management of the Group is of the opinion that the allowance for impairment is adequate to cover any loss from uncollectible accounts.

**8. OTHER RECEIVABLES**

Other receivables consists of the following:

	<b>Related parties</b>
Receivables from natural gas transportation services through Kepodang - Tambak Lorok pipeline	PLN -
Receivables from joint ventures	Transgasindo -
	Regas -
Interest receivable from short-term investments	
Total other receivables from related parties	

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**8. PIUTANG LAIN-LAIN (lanjutan)**

Piutang lain-lain terdiri dari (lanjutan):

	<u>2019</u>	<u>2018</u>
<b>Pihak ketiga</b>		
Piutang dari operasi bersama	27,101,880	19,354,715
Panjar dinas	3,629,104	9,037,603
Piutang Pajak Pertambahan Nilai ("PPN") atas impor mesin dan peralatan dari Hoegh Lampung	-	449,113
Piutang dari Red Arc Global Investments (Ireland)	46,438,120	-
Lain-lain	<u>17,637,289</u>	<u>25,688,602</u>
Jumlah piutang lain-lain dari pihak ketiga	<u>94,806,393</u>	<u>54,530,033</u>
Ditambah dengan:		
Bagian jangka pendek piutang lain-lain jangka panjang (Catatan 12)	<u>35,468,125</u>	<u>142,491,000</u>
Cadangan kerugian penurunan nilai	<u>(1,302,719)</u>	<u>(1,302,719)</u>
Jumlah piutang lain-lain, bersih	<u>135,560,109</u>	<u>205,293,468</u>

Piutang lain-lain dari pihak berelasi disajikan sebagai bagian dari aset lancar karena berdasarkan perjanjian kontraktual, pembayaran piutang lain-lainnya dari pihak berelasi dijadwalkan selesai dalam atau kurang dari satu tahun.

Piutang dari Red Arc Global Investments (Ireland) merupakan nilai atas *redemption* investasi jangka pendek yang terjadi pada 23 Desember 2019, namun penerimaan kas baru diterima oleh Grup pada tanggal 1 Januari 2020.

Analisis umur piutang lain-lain dihitung berdasarkan tanggal pengakuan adalah sebagai berikut:

	<u>2019</u>	<u>2018</u>
Belum jatuh tempo	81,906,245	142,491,000
Jatuh tempo:		
0 - 3 bulan	51,055,869	59,614,821
> 3 bulan - 1 tahun	3,900,714	4,041,253
> 1 tahun	-	449,113
	<u>136,862,828</u>	<u>206,596,187</u>

97% (31 Desember 2018: 95%) dari piutang lain-lain pihak ketiga merupakan piutang dengan pihak-pihak yang memiliki hubungan bisnis dengan Grup yang belum pernah mengalami gagal bayar, yaitu: operator blok migas, Hoegh Lampung, Red Arc Global Investment (Ireland) dan pemasok lainnya. Selain yang disebutkan sebelumnya, piutang lain-lain berasal dari uang muka yang diberikan kepada karyawan. Jumlah piutang bersih yang disajikan di atas seluruhnya merupakan piutang dari pihak-pihak yang belum pernah mengalami gagal bayar dan/atau wanprestasi dari hubungan bisnis dengan Grup, termasuk untuk panjar dinas karyawan.

**8. OTHER RECEIVABLES (continued)**

Other receivables consists of the following (continued):

<u>2019</u>	<u>2018</u>	
		<b>Third parties</b>
		Joint operation receivables
		Advances to employees
		Receivable due to Value Added Tax ("VAT") import of machinery and supplies from Hoegh Lampung
		Receivables from Red Arc Global Investments (Ireland)
		Others
		<b>Total other receivables from third parties</b>
		<b>Added with:</b>
		Short-term portion of other long-term receivables (Note 12)
		Allowance for impairment losses
		<b>Total other receivables, net</b>

Other receivables from related parties are classified as current assets because according to the contractual agreements, the repayment of other receivables from related parties are expected within one year or less.

Receivables from Red Arc Global Investments (Ireland) represents balance of the short-term investment redemption which occurred on December 23, 2019, however the cash settlement was received by the Group on January 1, 2020.

The aging analysis of other receivables based on recognition dates is as follows:

	<u>2019</u>	<u>2018</u>
Not yet due	81,906,245	142,491,000
Over due:		
0 - 3 months	51,055,869	59,614,821
> 3 months - 1 year	3,900,714	4,041,253
> 1 year	-	449,113
	<u>136,862,828</u>	<u>206,596,187</u>

97% (December 31, 2018: 95%) of other receivables from third parties represents receivable from parties that engaged in business relation with the Group that have no history of default, which are oil and gas block operators, Hoegh Lampung, Red Arc Global Investment (Ireland) and other suppliers. Other than those receivables, other receivables represents advances paid to employees. Net receivables amount presented above consists of receivables from parties that have never experienced default and/or breach of business relations with the Group, including for advances to employees.

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**8. PIUTANG LAIN-LAIN (lanjutan)**

Lihat Catatan 12 untuk analisis risiko kredit dari piutang lain-lain jangka panjang, baik porsi lancar maupun porsi tidak lancar.

Manajemen Grup berpendapat bahwa cadangan penurunan nilai adalah cukup untuk menutupi kemungkinan kerugian atas tidak tertagihnya piutang lain-lain.

**8. OTHER RECEIVABLES (continued)**

See Note 12 for the analysis of credit risk from other long-term receivables, both current and non-current portions.

Management of the Group believes that the allowance for impairment losses is adequate to cover any loss from uncollectible of other receivables.

**9. PERSEDIAAN**

Persediaan terdiri dari:

	<u>2019</u>	<u>2018</u>
Suku cadang minyak dan gas, perlengkapan sumur dan lainnya	55,331,288	56,734,430
Gas alam dan LNG	3,037,480	11,942,910
Suku cadang	<u>13,216,726</u>	<u>10,618,853</u>
Jumlah persediaan, kotor	<u>71,585,494</u>	<u>79,296,193</u>
Dikurangi dengan:		
- Provisi penurunan nilai persediaan	<u>(787,715)</u>	<u>(787,715)</u>
Jumlah persediaan, bersih	<u>70,797,779</u>	<u>78,508,478</u>

Mutasi provisi untuk penurunan nilai persediaan adalah sebagai berikut:

	<u>2019</u>	<u>2018</u>
Saldo awal	787,715	717,938
Penambahan selama tahun berjalan	<u>-</u>	<u>69,777</u>
Saldo akhir	<u>787,715</u>	<u>787,715</u>

Persediaan tidak dijadikan jaminan dan telah diasuransikan terhadap risiko kebakaran dan risiko lainnya berdasarkan suatu paket polis tertentu dengan jumlah pertanggungan sebesar Rp86.400.673.743 (setara dengan USD6.215.429). Manajemen berpendapat bahwa jumlah pertanggungan tersebut cukup untuk menutupi kemungkinan kerugian tersebut.

Berdasarkan hasil penelaahan pada tanggal pelaporan, manajemen berkeyakinan bahwa provisi tersebut di atas cukup untuk menutupi kemungkinan kerugian dari penurunan nilai.

**9. INVENTORIES**

Inventories consist of the following:

	<u>2019</u>	<u>2018</u>
Oil and gas spareparts, well supplies and others	56,734,430	56,734,430
Natural gas and LNG	11,942,910	11,942,910
Spareparts	<u>10,618,853</u>	<u>10,618,853</u>
Total inventories, gross	<u>79,296,193</u>	<u>79,296,193</u>
Deducted by:		
Provision for impairment - of inventories	<u>(787,715)</u>	<u>(787,715)</u>
Total inventories, net	<u>78,508,478</u>	<u>78,508,478</u>

Movement of provision for impairment of inventories is as follows:

	<u>2019</u>	<u>2018</u>
Beginning balance	717,938	717,938
Additions during the year	<u>69,777</u>	<u>69,777</u>
Ending balance	<u>787,715</u>	<u>787,715</u>

Inventories are not pledged and are insured against losses from fire and other risks under blanket policies for Rp86,400,673,743 (equivalent to USD6,215,429). Management believes that the insurance coverage is adequate to cover possible losses from such risks.

Based on a review at the reporting dates, management believes that the above provision is adequate to cover possible losses from impairment of inventories.

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**10. UANG MUKA**

**10. ADVANCES**

	2019	2018	
<b>Pihak berelasi</b>			<b>Related party</b>
Pembelian gas bumi			<i>Purchase of natural gas</i>
- PHE	-	1,934,614	PHE -
Jumlah uang muka pada pihak berelasi	-	1,934,614	<i>Total advances to related party</i>
<b>Pihak ketiga</b>			<b>Third parties</b>
<i>Refundable security deposit</i>	30,000,000	30,000,000	<i>Refundable security deposit</i>
Uang muka bangunan Kerja Sama Operasi	22,919,534	21,160,511	<i>Advance for Joint Operation building</i>
Pembelian gas bumi			<i>Purchase of natural gas</i>
- PT Inti Alasindo Energi	14,700,739	15,000,000	<i>PT Inti Alasindo Energi -</i>
- ConocoPhillips (Grissik) Ltd.	9,939,827	3,121,763	<i>ConocoPhillips (Grissik) Ltd. -</i>
- PT Sadikun Niagamas Raya	-	4,989,003	<i>PT Sadikun Niagamas Raya -</i>
- Husky CNOOC	-	1,646,539	<i>Husky CNOOC -</i>
Pembelian barang dan jasa	7,377,943	15,467,911	<i>Purchase of goods and services</i>
Uang muka proyek	-	804,927	<i>Advance for projects</i>
Lain-lain	1,120,925	1,251,465	<i>Others</i>
Jumlah uang muka pada pihak ketiga	86,058,968	93,442,119	<i>Total advances to third parties</i>
Jumlah uang muka	86,058,968	95,376,733	<i>Total advances</i>
Dikurangi:			<i>Less:</i>
Bagian tidak lancar			<i>Non-current portion</i>
- Uang muka bangunan			<i>Advance for Joint -</i>
Kerja Sama Operasi	(22,919,534)	(21,160,511)	<i>Operation building</i>
- Pembelian gas bumi	(20,955,136)	(18,121,763)	<i>Purchase of natural gas -</i>
- Pembelian barang dan jasa	(1,050,831)	(5,132,395)	<i>Purchase of goods and services -</i>
	(44,925,501)	(44,414,669)	
Uang muka, bagian lancar	41,133,467	50,962,064	<i>Advances, current portion</i>

Uang muka pembelian gas bumi merupakan pembayaran yang dilakukan sesuai dengan kesepakatan "Make-Up Gas" untuk selisih jumlah gas yang dialirkan dengan jumlah kuantitas pembelian gas minimum seperti yang tertera dalam Perjanjian Jual Beli Gas ("PJBG"). Uang muka tersebut akan dikreditkan dengan kelebihan kuantitas gas yang dialirkan dengan jumlah kuantitas pembelian gas bumi minimum yang terjadi setelahnya.

*Refundable Security Deposit* merupakan pembayaran kepada pemilik lama British Petroleum East Kalimantan ("BPEK") dan Unimar terkait akuisisi Blok Sanga-sanga. PSC Sanga-sanga telah berakhir pada tanggal 8 Agustus 2018 dan tidak mendapatkan perpanjangan dari Pemerintah Indonesia sehingga Grup berhak untuk menarik kembali *Refundable Security Deposits* ini. Sampai diterbitkannya laporan keuangan konsolidasian ini, proses pelepasan atas aset dan liabilitas yang timbul dari PSC Sanga-sanga masih dalam penyelesaian oleh SKK Migas. Grup sedang melakukan penyelesaian untuk memperoleh kembali *Refundable Security Deposit* tersebut.

Manajemen berpendapat bahwa seluruh uang muka tersebut dapat dipulihkan.

*The advances for purchase of natural gas represents payments made under the Make-Up Gas arrangements for the difference between the delivered quantity and the minimum purchase quantity of natural gas as stated in the Gas Sale and Purchase Agreements ("GSPA"). Such advances will be applied against future deliveries of quantities over the minimum specified purchase of natural gas.*

*Refundable Security Deposits represent payment to the former owners of British Petroleum East Kalimantan ("BPEK") and Unimar related to the acquisition of Sanga-sanga Block. Sanga-sanga PSC expired on August 8, 2018 and was not extended by the Government of Indonesia hence the Group is entitled to withdraw the Refundable Security Deposits. Up to the issuance of these consolidated financial statements, the relinquishment of assets and liabilities arising from Sanga-sanga PSC is still in progress by SKK Migas. The Group is in process of obtaining release of the Refundable Security Deposit.*

*The management is of the opinion that all of such advances can be recovered.*

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**11. BEBAN DIBAYAR DI MUKA**

Beban dibayar di muka terdiri dari:

	<u>2019</u>	<u>2018</u>
Sewa	81,375,931	75,593,005
Joint interest billing dari aktivitas minyak dan gas	3,021,150	17,408,753
Lain-lain	<u>6,512,414</u>	<u>2,192,708</u>
Jumlah beban dibayar di muka	90,909,495	95,194,466
Dikurangi:		
Bagian tidak lancar	<u>(74,266,985)</u>	<u>(67,327,253)</u>
Beban dibayar dimuka, bagian lancar	<u><u>16,642,510</u></u>	<u><u>27,867,213</u></u>

**11. PREPAID EXPENSES**

Prepaid expenses consist of:

Rent
Joint interest billing from oil and gas activities
Others
Total prepaid expenses
Less:
Non-current portion
Prepaid expenses, current

**12. PIUTANG LAIN-LAIN JANGKA PANJANG**

Piutang lain-lain jangka panjang terdiri dari:

	<u>2019</u>	<u>2018</u>
PPN yang dapat ditagihkan	62,695,642	69,014,090
Piutang carry dari Ophir Indonesia Bangkanai (Ltd.)	35,600,000	35,600,000
Piutang pinjaman dari PDG	19,003,651	21,115,916
Piutang carry dari Neptune Energy Muara Bakau B.V.	11,559,795	107,009,649
Piutang dari KUFPEC	<u>7,771,788</u>	<u>7,771,788</u>
Sub-total	<u>136,630,876</u>	<u>240,511,443</u>
Penyesuaian nilai wajar	<u>(3,659,605)</u>	<u>(2,277,178)</u>
Saldo akhir	<u>132,971,271</u>	<u>238,234,265</u>
Dikurangi:		
Bagian jangka pendek piutang lain-lain jangka panjang	<u>(35,468,125)</u>	<u>(142,491,000)</u>
Bagian jangka panjang piutang lain-lain jangka panjang	<u><u>97,503,146</u></u>	<u><u>95,743,265</u></u>

**12. OTHER LONG-TERM RECEIVABLES**

Other long-term receivables consist of:

Reimbursable VAT
Carry receivables from Ophir Indonesia Bangkanai (Ltd.)
Loan receivable from PDG
Carry receivables from Neptune Energy Muara Bakau B.V.
Receivables from KUFPEC
Sub-total
Fair value adjustment
Ending balance
Less:
Short-term portion of other long-term receivables
Long-term portion of other long-term receivables

Pergerakan penyesuaian nilai wajar adalah sebagai berikut:

Movements in the fair value adjustment were as follows:

	<u>2019</u>	<u>2018</u>
Saldo awal	(2,277,178)	(7,087,007)
Penambahan (Catatan 33)	(2,802,490)	-
Amortisasi (Catatan 33)	<u>1,420,063</u>	<u>4,809,829</u>
Saldo akhir	<u><u>(3,659,605)</u></u>	<u><u>(2,277,178)</u></u>

Beginning balance  
Addition (Note 33)  
Amortisation (Note 33)

Ending balance

Pada tanggal 12 Februari 2014, SEMB, entitas anak SEI, mengakuisisi 11,67% *participating interest* di Muara Bakau PSC dengan Neptune Energy Muara Bakau B.V. Berdasarkan *Carry Agreement*, Muara Bakau PSC tertanggal 12 Februari 2014, SEMB memberikan pinjaman *carried cost* senilai USD250.000.000 kepada Neptune Energy Muara Bakau B.V. atas biaya pengembangan sumur Jangkrik. Muara Bakau PSC telah mulai berproduksi sejak bulan Juni 2017. Saldo piutang *carry* ini pada tanggal 31 Desember 2019 adalah sebesar USD11.559.795. Nilai wajar dari piutang ini adalah sebesar USD11.531.741 dan diperkirakan akan lunas di tahun 2020.

On February 12, 2014, SEMB, SEI's subsidiary, acquired 11.67% *participating interest* in Muara Bakau PSC from Neptune Energy Muara Bakau B.V. Based on the *Carry Agreement* of Muara Bakau PSC dated February 12, 2014, SEMB provided a loan amounting to USD250,000,000 for carried cost to Neptune Energy Muara Bakau B.V. for Jangkrik well development. Muara Bakau PSC commenced production since June 2017. The balance of this carry receivable at December 31, 2019 is USD11,559,795. The fair value of this receivable is amounted to USD11,531,741 and estimated to be fully repaid in 2020.

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**12. PIUTANG LAIN-LAIN JANGKA PANJANG  
(lanjutan)**

Berdasarkan perjanjian *Farm Out* Bangkanai PSC tanggal 11 Maret 2013, SBK, entitas anak SEI, melakukan pembayaran *carry* kepada Ophir Indonesia (Bangkanai) Ltd. atas biaya pengembangan sebesar USD30.000.000, biaya pengeboran di sumur West Kerendan-1 sebesar USD5.600.000, dan biaya pengeboran sumur eksplorasi berikutnya sebesar USD1.500.000 di blok tersebut. SBK dapat memulihkan biaya pengembangan dan pengeboran tersebut di tahun 2022, dengan nilai maksimum sebesar jumlah tersebut di atas. Pada tanggal 31 Desember 2019, biaya pengembangan dan pengeboran yang akan dipulihkan adalah sebesar USD34.422.133 yang merupakan nilai wajar dari piutang ini dan diperkirakan akan dilunasi selama tiga tahun sampai tahun 2022.

Piutang dari KUFPEC merupakan beban pajak yang terutang di SIPBV, entitas anak SEI, yang ditanggung oleh KUFPEC sesuai dengan Perjanjian Jual Beli KUFPEC Indonesia Pangkah B.V. antara SEI dengan KUFPEC tanggal 24 April 2013. Piutang ini akan dibayar ketika Pangkah mencapai *equity to be split* (ETS) yang diperkirakan di tahun 2022.

Berdasarkan perjanjian pinjaman antara Pertagas dan PDG tanggal 26 November 2015, Pertagas bersedia memberikan pinjaman kepada PDG dengan nilai fasilitas sebesar USD33.784.269 untuk membiayai pembangunan fasilitas pengolahan gas PDG. Pinjaman tersebut dikenakan tingkat bunga tetap sebesar 6,5% per tahun. Saldo piutang pinjaman, termasuk bunga pinjaman yang belum dibayar, pada tanggal 31 Desember 2019 adalah sebesar USD19.003.651.

Seluruh nilai piutang lain-lain jangka panjang merupakan piutang yang belum jatuh tempo pada tanggal 31 Desember 2019. 53% (31 Desember 2018: 71%) dari piutang lain-lain jangka panjang merupakan piutang dengan pihak-pihak yang memiliki hubungan bisnis dengan Grup dan belum pernah mengalami gagal bayar ataupun wanprestasi dari hubungan bisnis dengan Grup. Sisa saldo piutang lain-lain adalah PPN yang dapat ditagihkan yang timbul dari aktivitas hulu.

Nilai wajar piutang lain-lain jangka panjang pada tanggal 31 Desember 2019 mendekati nilai nominalnya. Nilai wajar tersebut dihitung dengan menggunakan metode arus kas terdiskonto. Perhitungan nilai wajar ini diklasifikasikan sebagai tingkat tiga dalam hirarki nilai wajar.

Grup berpendapat bahwa saldo seluruh piutang tersebut dapat ditagih sehingga tidak diperlukan cadangan kerugian penurunan nilai.

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**12. OTHER LONG-TERM RECEIVABLES (continued)**

Based on *Farm Out Agreement of Bangkanai PSC dated March 11, 2013*, SBK, SEI's subsidiary, paid a *carry* to Ophir Indonesia (Bangkanai) Ltd. amounting to USD30,000,000 for development costs, USD5,600,000 for drilling costs in West Kerendan-1 Well and USD1,500,000 for further exploration drilling costs in the block. SBK can recover the development and drilling costs in 2022, up to a maximum of the above amounts. As at December 31, 2019 the development and drilling costs which will be recovered amounted to USD34,422,133, which represents fair value of this receivable and is estimated to be repaid for three years up to 2022.

Receivables from KUFPEC represent tax obligation of SIPBV, SEI's subsidiary, which will be borne by KUFPEC based on the Sale and Purchase Agreement of KUFPEC Indonesia Pangkah B.V. between SEI with KUFPEC dated April 24, 2013. This receivable will be settled when Pangkah achieves equity to be split (ETS) which is expected in 2022.

Based on a loan agreement between Pertagas and PDG dated November 26, 2015, Pertagas agreed to provide a loan to PDG with a total facility of USD33,784,269 to finance PDG's construction of its gas processing facilities. The loan bears fixed interest at a rate of 6.5% per annum. The balance of this loan, including unpaid loan interest at December 31, 2019 is USD19,003,651.

The amount of all other long-term receivables is not yet overdue as at December 31, 2019. 53% (December 31, 2018: 71%) of other long-term receivables, represents receivable from parties that already have business relations with the Group and have never experienced default and/or breach of business relations with the Group. The remaining balance of other receivables is VAT reimbursable arising from the upstream operations.

The fair value of other long-term receivables as at December 31, 2019 approximates their nominal value. The fair value of other long-term receivables are calculated using the discounted cash flow method. This fair value measurement is within level three of the fair value hierarchy.

The Group believes that all of the receivables are collectible. Hence, no allowance for impairment losses has been provided.

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**13. PENYERTAAN SAHAM**

Jumlah yang diakui pada laporan keuangan konsolidasian adalah sebagai berikut:

**13. INVESTMENT IN SHARES**

The amounts recognised in the consolidated financial statements are as follows:

	<u>2019</u>	<u>2018</u>	
<b>Investasi saham</b>	<u>2,718</u>	<u>2,718</u>	<b>Investments in shares</b>
	<u>2,718</u>	<u>2,718</u>	
<b>Investasi pada ventura bersama</b>			<b>Investments in joint ventures</b>
Transgasindo	183,386,634	202,742,742	Transgasindo
Regas	92,859,276	86,662,503	Regas
Perkasa	4,815,932	3,585,775	Perkasa
PSG	79,959,703	86,840,673	PSG
PDG	<u>4,873,601</u>	<u>1,579,042</u>	PDG
	<u>365,895,146</u>	<u>381,410,735</u>	
Jumlah penyertaan saham	<u>365,897,864</u>	<u>381,413,453</u>	<b>Total investment in shares</b>

**Investasi pada ventura bersama**

**Investment in joint ventures**

	<u>2019</u>	<u>2018</u>	
Pada awal tahun	381,410,735	474,031,290	At beginning of year
Pengakuan awal akibat hilangnya pengendalian atas Perkasa	-	2,416,137	Initial recognition due to loss of control over Perkasa
Bagian laba	67,275,431	79,875,917	Share of profit
Penghapusan	-	(7,176,400)	Write-off
Beban komprehensif lainnya dari ventura bersama	(121,560)	(1,012,649)	Other comprehensive expense from joint ventures
Dividen dan pengembalian modal	<u>(82,669,460)</u>	<u>(166,723,560)</u>	Dividend and capital repayment
Pada akhir tahun	<u>365,895,146</u>	<u>381,410,735</u>	At the end of the year

Investasi pada ventura bersama yang dimiliki Grup adalah sebagai berikut:

Investments in joint ventures owned by the Group are as follows:

<u>Nama entitas/ Name of entity</u>	<u>Kedudukan usaha/ Domicile</u>	<u>Persentase kepemilikan/ % of ownership</u>	<u>Sifat hubungan/ Nature of relationship</u>	<u>Metode pengukuran/ Measurement method</u>
Transgasindo	Jakarta, Indonesia	59.87%	Catatan/Note 1	Ekuitas/Equity
Regas	Jakarta, Indonesia	40.00%	Catatan/Note 2	Ekuitas/Equity
Perkasa	Jakarta, Indonesia	60.00%	Catatan/Note 3	Ekuitas/Equity
PSG	Banyuasin, Indonesia	66.00%	Catatan/Note 4	Ekuitas/Equity
PDG	Jakarta, Indonesia	65.00%	Catatan/Note 5	Ekuitas/Equity

**Catatan:**

- 1) Transgasindo bergerak di bidang transportasi gas dan memiliki infrastruktur pipa gas jaringan pipa Transmisi Grissik-Duri dan Grissik-Singapura.
- 2) Regas didirikan untuk pengelolaan fasilitas FSRT termasuk pembelian LNG dan pemasaran atas hasil pengelolaan fasilitas FSRT.
- 3) Perkasa bergerak dalam bidang jasa perbengkelan, pembinaan dan penyaluran jasa tenaga kerja.
- 4) PSG bergerak dalam bidang pengolahan gas serta menyediakan layanan jasa dan infrastruktur terkait pemrosesan gas.
- 5) PDG bergerak dalam bidang LNG dan gas pengangkutan/transportasi LNG, penyimpanan dan regasifikasi.

**Notes:**

- 1) Transgasindo is engaged in gas transportation and owns the Grissik- Duri and Grissik-Singapore pipelines.
- 2) Regas was established to manage FSRT facilities including purchase of LNG and marketing of products arising from the operations of FSRT facilities.
- 3) Perkasa is engaged in workshop services, development and distribution of labour services.
- 4) PSG is engaged in the business of gas processing and providing services and infrastructure for gas processing.
- 5) PDG is engaged in LNG and gas transportation, storage and regasification.

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**13. PENYERTAAN SAHAM (lanjutan)**

**Investasi pada ventura bersama (lanjutan)**

Berikut ini merupakan ringkasan informasi keuangan dari ventura bersama yang dicatat dengan menggunakan metode ekuitas.

(1) Transgasindo

Ringkasan informasi keuangan Transgasindo adalah sebagai berikut:

	<u>2019</u>	<u>2018</u>
<b>Laporan posisi keuangan</b>		
Kas dan setara kas	72,321,544	65,095,226
Aset lancar lainnya	37,129,437	53,805,556
Aset tidak lancar lainnya	256,377,962	316,128,317
Liabilitas keuangan		
jangka pendek	(15,396,080)	(14,937,590)
Liabilitas jangka pendek lainnya	(7,786,699)	(31,393,890)
Liabilitas keuangan		
jangka panjang	(30,419,124)	(22,657,003)
Liabilitas jangka panjang lainnya	<u>(5,918,983)</u>	<u>(27,402,330)</u>
Aset bersih	<u>306,308,057</u>	<u>338,638,286</u>
<b>Laporan laba rugi</b>		
Pendapatan	157,116,999	153,413,066
Biaya, depresiasi dan amortisasi	(96,163,693)	(61,085,884)
Pendapatan keuangan	5,183,547	693,677
Beban lain-lain	<u>(294,729)</u>	<u>(30,420,584)</u>
Laba sebelum pajak penghasilan	65,842,124	62,600,275
Beban pajak penghasilan	<u>(16,766,727)</u>	<u>(16,142,248)</u>
Laba tahun berjalan	<u>49,075,397</u>	<u>46,458,027</u>
Beban komprehensif lainnya	<u>(79,569)</u>	<u>(1,691,413)</u>
Dividen yang dibayarkan	<u>81,326,056</u>	<u>176,646,681</u>

Transgasindo merupakan perusahaan swasta yang tidak terdaftar di bursa dan tidak terdapat harga pasar yang dikutip yang tersedia untuk saham Transgasindo.

Rekonsiliasi dari ringkasan informasi keuangan yang disajikan terhadap nilai buku dari kepentingan Grup dalam ventura bersama adalah sebagai berikut:

	<u>2019</u>	<u>2018</u>
Aset bersih pada awal tahun	202,742,742	281,699,338
Penerimaan dividen	(48,689,910)	(105,758,368)
Bagian laba diserap tahun berjalan	29,381,440	27,814,421
Bagian atas beban komprehensif lainnya dari ventura bersama	<u>(47,638)</u>	<u>(1,012,649)</u>
Aset bersih pada akhir tahun	<u>183,386,634</u>	<u>202,742,742</u>

**13. INVESTMENT IN SHARES (continued)**

**Investment in joint ventures (continued)**

Set out below are the summarised financial information of the joint ventures which are accounted for using the equity method.

(1) Transgasindo

Summarised financial information for Transgasindo is as follows:

**Statement of financial position**

Cash and cash equivalents	
Other current assets	
Other non-current assets	
Short-term financial liabilities	
Other short-term liabilities	
Long-term financial liabilities	
Other long-term liabilities	

Net assets

**Statement of profit or loss**

Revenue	
Expenses, depreciation and amortisation	
Finance income	
Other expenses	

Profit before income taxes

Income tax expense

Profit for the year

Other comprehensive expense

Dividends paid

Transgasindo is an unlisted private company and there is no quoted market price available for its shares.

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture is as follows:

Net assets at the beginning of the year  
Dividends received

Share of profit for the year  
Share of other comprehensive expense from joint venture

Net assets at the end of the year

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**13. PENYERTAAN SAHAM (lanjutan)**

**13. INVESTMENT IN SHARES (continued)**

**Investasi pada ventura bersama (lanjutan)**

**Investment in joint ventures (continued)**

(2) Regas

(2) Regas

Ringkasan informasi keuangan Regas adalah sebagai berikut:

Summarised financial information for Regas is as follows:

	<u>2019</u>	<u>2018</u>	
<b>Laporan posisi keuangan</b>			<b>Statement of financial position</b>
Kas dan setara kas	167,968,371	128,425,970	Cash and cash equivalents
Aset lancar lainnya	58,603,184	52,915,618	Other current assets
Aset tidak lancar lainnya	49,195,085	57,606,940	Other non-current assets
Liabilitas keuangan jangka pendek	(27,398,013)	(6,524,390)	Short-term financial liabilities
Liabilitas jangka pendek lainnya	(1,297,561)	(2,121,539)	Other short-term liabilities
Liabilitas jangka panjang lainnya	<u>(14,922,876)</u>	<u>(13,646,341)</u>	Other long-term liabilities
Aset bersih	<u>232,148,190</u>	<u>216,656,258</u>	Net assets
<b>Laporan laba rugi</b>			<b>Statement of profit or loss</b>
Pendapatan	562,961,075	682,115,615	Revenue
Beban pokok penjualan	(520,837,900)	(605,886,803)	Cost of revenue
Pendapatan keuangan	15,219,697	3,679,518	Finance income
Beban keuangan	<u>(392,370)</u>	<u>(8,337,139)</u>	Finance costs
Laba sebelum pajak penghasilan	56,950,502	71,571,191	Profit before income taxes
Beban pajak penghasilan	<u>(14,074,890)</u>	<u>(17,802,501)</u>	Income tax expense
Laba tahun berjalan	<u>42,875,612</u>	<u>53,768,690</u>	Profit for the year
Beban komprehensif lainnya	<u>(184,805)</u>	<u>-</u>	Other comprehensive expense
Dividen yang dibayarkan	<u>27,198,877</u>	<u>72,881,632</u>	Dividends paid
Regas merupakan perusahaan swasta yang tidak terdaftar di bursa dan tidak terdapat harga pasar yang dikutip yang tersedia untuk saham Regas.			Regas is an unlisted private company and there is no quoted market price available for its shares.

Rekonsiliasi dari ringkasan informasi keuangan yang disajikan terhadap nilai buku dari kepentingan Grup dalam ventura bersama adalah sebagai berikut:

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture is as follows:

	<u>2019</u>	<u>2018</u>	
Aset bersih pada awal tahun	86,662,503	94,307,680	Net assets at the beginning of the year
Penerimaan dividen	(10,879,550)	(29,152,653)	Dividends received
Bagian laba diserap tahun berjalan	17,150,245	21,507,476	Share of profit for the year
Bagian atas beban komprehensif lainnya dari ventura bersama	<u>(73,922)</u>	<u>-</u>	Share of other comprehensive expense from joint venture
Aset bersih pada akhir tahun	<u>92,859,276</u>	<u>86,662,503</u>	Net assets at the end of the year

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**13. PENYERTAAN SAHAM (lanjutan)**

**13. INVESTMENT IN SHARES (continued)**

**Investasi pada ventura bersama (lanjutan)**

**Investment in joint ventures (continued)**

(3) Perkasa

(3) Perkasa

Rekonsiliasi dari nilai investasi pada Perkasa adalah sebagai berikut:

*Reconciliation of investment in Perkasa is as follows:*

	<u>2019</u>	<u>2018</u>	
Aset bersih pada awal tahun	3,585,775	-	<i>Net assets at the beginning of the year</i>
Pengakuan awal akibat hilangnya pengendalian atas Perkasa	-	2,416,137	<i>Initial recognition due to loss of control over Perkasa</i>
Penerimaan dividen	-	(212,539)	<i>Dividends received</i>
Bagian laba diserap tahun berjalan	<u>1,230,157</u>	<u>1,382,177</u>	<i>Share of profit for the year</i>
Aset bersih pada akhir tahun	<u><u>4,815,932</u></u>	<u><u>3,585,775</u></u>	<i>Net assets at the end of the year</i>

Perkasa merupakan perusahaan swasta yang tidak terdaftar di bursa dan tidak terdapat harga pasar yang dikutip yang tersedia untuk saham Perkasa.

*Perkasa is an unlisted private company and there is no quoted market price available for its shares.*

(4) PSG

(4) PSG

Ringkasan informasi keuangan PSG adalah sebagai berikut:

*Summarised financial information for PSG is as follows:*

	<u>2019</u>	<u>2018</u>	
<b>Laporan posisi keuangan</b>			<b>Statement of financial position</b>
Kas dan setara kas	39,867,225	35,146,051	<i>Cash and cash equivalents</i>
Aset lancar lainnya	31,967,559	38,560,085	<i>Other current assets</i>
Aset tidak lancar lainnya	79,967,952	94,745,373	<i>Other non-current assets</i>
Liabilitas keuangan jangka pendek	(10,012,002)	(14,069,859)	<i>Short-term financial liabilities</i>
Liabilitas jangka pendek lainnya	(4,312,897)	(7,717,810)	<i>Other short-term liabilities</i>
Liabilitas keuangan jangka panjang	(15,566,431)	(14,457,107)	<i>Long-term financial liabilities</i>
Liabilitas jangka panjang lainnya	<u>(760,341)</u>	<u>(1,040,169)</u>	<i>Other long-term liabilities</i>
Aset bersih	<u>121,151,065</u>	<u>131,166,564</u>	<i>Net assets</i>
<b>Laporan laba rugi</b>			<b>Statement of profit or loss</b>
Pendapatan	97,782,679	121,801,630	<i>Revenue</i>
Depresiasi dan amortisasi	(69,717,517)	(18,933)	<i>Depreciation and amortisation</i>
Pendapatan keuangan	2,286,698	661,542	<i>Finance income</i>
Beban keuangan	<u>-</u>	<u>(78,568,559)</u>	<i>Finance costs</i>
Laba sebelum pajak penghasilan	30,351,860	43,875,680	<i>Profit before income taxes</i>
Beban pajak penghasilan	<u>(5,777,572)</u>	<u>(11,343,834)</u>	<i>Income tax expense</i>
Laba tahun berjalan	<u>24,574,288</u>	<u>32,531,846</u>	<i>Profit for the year</i>
Dividen yang dibayarkan	<u><u>35,000,000</u></u>	<u><u>35,000,000</u></u>	<i>Dividends paid</i>

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**13. PENYERTAAN SAHAM** (lanjutan)

**Investasi pada ventura bersama** (lanjutan)

(4) PSG (lanjutan)

PSG merupakan perusahaan swasta yang tidak terdaftar di bursa dan tidak terdapat harga pasar yang dikutip yang tersedia untuk saham PSG.

Rekonsiliasi dari ringkasan informasi keuangan yang disajikan terhadap nilai buku dari kepentingan Grup dalam ventura bersama adalah sebagai berikut:

	<u>2019</u>	<u>2018</u>	
Aset bersih pada awal tahun	86,840,673	88,469,655	Net assets at the beginning of the year
Penerimaan dividen	(23,100,000)	(23,100,000)	Dividends received
Bagian laba diserap tahun berjalan	<u>16,219,030</u>	<u>21,471,018</u>	Share of profit for the year
Aset bersih pada akhir tahun	<u><u>79,959,703</u></u>	<u><u>86,840,673</u></u>	Net assets at the end of the year

(5) PDG

Rekonsiliasi dari ringkasan informasi keuangan yang disajikan terhadap nilai buku dari kepentingan Grup dalam ventura bersama adalah sebagai berikut:

	<u>2019</u>	<u>2018</u>	
Aset bersih pada awal tahun	1,579,042	(837,890)	Net assets at the beginning of the year
Bagian laba diserap tahun berjalan	<u>3,294,559</u>	<u>2,416,932</u>	Share of profit for the year
Aset bersih pada akhir tahun	<u><u>4,873,601</u></u>	<u><u>1,579,042</u></u>	Net asset at the end of the year

PDG merupakan perusahaan swasta yang tidak terdaftar di bursa dan tidak terdapat harga pasar yang dikutip yang tersedia untuk saham PDG.

**13. INVESTMENT IN SHARES** (continued)

**Investment in joint ventures** (continued)

(4) PSG (continued)

PSG is an unlisted private company and there is no quoted market price available for its shares.

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture is as follows:

(5) PDG

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture is as follows:

PDG is an unlisted private company and there is no quoted market price available for its shares.

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**14. ASET TETAP**

Jumlah berikut merupakan saldo buku aset tetap dengan rincian sebagai berikut:

**14. FIXED ASSETS**

This amount represents fixed assets with the details as follows:

		31 Desember/December 2019				
	Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan dan transfer/ Disposals and transfers	Saldo akhir/ Ending balance		Carrying value
<b>Nilai tercatat</b>						
Tanah	96,092,816	86	2,494,170	98,587,072		Land
Bangunan dan prasarana	196,174,748	2,384,464	1,315,008	199,874,220		Buildings and improvements
Mesin dan peralatan	3,988,846,399	129,372,384 <sup>*)</sup>	226,012,832	4,344,231,615		Machinery and equipment
Kendaraan bermotor	6,582,839	3,041,512	(1,142,538)	8,481,813		Vehicles
Peralatan kantor	21,167,614	2,971,850	-	24,139,464		Office equipment
Peralatan dan perabot	11,436,168	403,208	-	11,839,376		Furniture and fixtures
Aset belum terpasang	8,857,923	173,184	(447,350)	8,583,757		Uninstalled assets
Aset dalam pelaksanaan	689,107,854	102,346,234	(270,881,064)	520,573,024		Construction in progress
Aset kerjasama operasi						Joint operation assets
- Tanah	1,950,850	2,061,761	408,325	4,420,936		Land -
<b>Total nilai tercatat</b>	<b>5,020,217,211</b>	<b>242,754,683</b>	<b>(42,240,617)</b>	<b>5,220,731,277</b>		<b>Total carrying value</b>
<b>Akumulasi penyusutan</b>						<b>Accumulated depreciation</b>
Bangunan dan prasarana	78,729,050	9,663,829	-	88,392,879		Buildings and improvements
Mesin dan peralatan	2,042,636,755	211,321,761	(7,145,966)	2,246,812,550		Machinery and equipment
Kendaraan bermotor	5,133,440	769,237	(1,122,148)	4,780,529		Vehicles
Peralatan kantor	16,661,794	1,859,912	-	18,521,706		Office equipment
Peralatan dan perabot	10,883,157	346,529	-	11,229,686		Furniture and fixtures
Aset belum terpasang	4,764,139	467,780	(234,314)	4,997,605		Uninstalled assets
<b>Total akumulasi penyusutan</b>	<b>2,158,808,335</b>	<b>224,429,048</b>	<b>(8,502,428)</b>	<b>2,374,734,955</b>		<b>Total accumulated depreciation</b>
<b>Akumulasi penurunan nilai</b>						<b>Accumulated impairment</b>
Mesin dan peralatan	-	98,296,720	-	98,296,720		Machinery and equipment
<b>Total akumulasi penurunan nilai</b>	<b>-</b>	<b>98,296,720</b>	<b>-</b>	<b>98,296,720</b>		<b>Total accumulated impairment</b>
<b>Nilai buku bersih</b>	<b>2,861,408,876</b>			<b>2,747,699,602</b>		<b>Net book value</b>

\*) Penambahan termasuk reklasifikasi dari piutang sewa guna usaha KJG sebesar USD117.777.040 (lihat Catatan 7).

\*) Addition includes reclassification from KJG finance lease receivables of USD117,777,040 (refer to Note 7).

		31 Desember/December 2018				
	Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan dan transfer/ Disposals and transfers	Saldo akhir/ Ending balance		Carrying value
<b>Nilai tercatat</b>						
Tanah	92,284,291	379	3,808,146	96,092,816		Land
Bangunan dan prasarana	177,927,953	1,510,683	16,736,112	196,174,748		Buildings and improvements
Mesin dan peralatan	3,929,233,687	10,525,215	49,087,497	3,988,846,399		Machinery and equipment
Kendaraan bermotor	7,098,773	243,231	(759,165)	6,582,839		Vehicles
Peralatan kantor	19,127,297	2,008,066	32,251	21,167,614		Office equipment
Peralatan dan perabot	11,339,253	96,915	-	11,436,168		Furniture and fixtures
Aset belum terpasang	9,271,736	1,527,403	(1,941,216)	8,857,923		Uninstalled assets
Aset dalam pelaksanaan	553,790,293	209,176,518	(73,858,957)	689,107,854		Construction in progress
Aset kerjasama operasi						Joint operation assets
- Tanah	2,120,223	-	(169,373)	1,950,850		Land -
<b>Total nilai tercatat</b>	<b>4,802,193,506</b>	<b>225,088,410</b>	<b>(7,064,705)</b>	<b>5,020,217,211</b>		<b>Total carrying value</b>
<b>Akumulasi penyusutan</b>						<b>Accumulated depreciation</b>
Bangunan dan prasarana	69,937,478	8,800,755	(9,183)	78,729,050		Buildings and improvements
Mesin dan peralatan	1,802,067,501	243,655,917	(3,086,663)	2,042,636,755		Machinery and equipment
Kendaraan bermotor	4,240,861	1,366,847	(474,268)	5,133,440		Vehicles
Peralatan kantor	13,946,085	2,878,751	(163,042)	16,661,794		Office equipment
Peralatan dan perabot	10,537,686	345,471	-	10,883,157		Furniture and fixtures
Aset belum terpasang	4,400,665	1,083,843	(720,369)	4,764,139		Uninstalled assets
<b>Total akumulasi penyusutan</b>	<b>1,905,130,276</b>	<b>258,131,584</b>	<b>(4,453,525)</b>	<b>2,158,808,335</b>		<b>Total accumulated depreciation</b>
<b>Nilai buku bersih</b>	<b>2,897,063,230</b>			<b>2,861,408,876</b>		<b>Net book value</b>

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**14. ASET TETAP (lanjutan)**

Penyusutan dibebankan ke:

	<u>2019</u>
Beban distribusi dan transmisi	191,910,720
Beban pokok pendapatan	26,407,108
Beban umum dan administrasi	6,111,220
	<u>224,429,048</u>

Aset kerjasama operasi merupakan tanah milik Perusahaan di Surabaya yang digunakan oleh PT Citraagung Tirta Jatim untuk pembangunan pusat perbelanjaan dan tanah di Kantor Pusat Jakarta yang akan digunakan oleh PT Winatek Sinergi Mitra Bersama untuk pembangunan pusat perbelanjaan, fasilitas parkir dan fasilitas pendukung lainnya.

Jangka waktu hak atas tanah yang dimiliki oleh Grup akan berakhir pada berbagai tanggal mulai dari Mei 2022 sampai Maret 2044 dan dapat diperpanjang.

Lihat Catatan 21 terkait dampak pada beban depresiasi atas perubahan metode depresiasi dari metode saldo menurun ganda menjadi metode garis lurus.

Pada tanggal 31 Desember 2019, aset tetap Perusahaan diasuransikan terhadap kerugian akibat kebakaran dan risiko lain berdasarkan suatu paket polis tertentu dengan total nilai pertanggungan untuk pipa *onshore* sebesar USD50.000.000 untuk setiap kejadian kerugian atas nilai pertanggungan sebesar USD946.417.080 dan untuk pipa *offshore* sebesar USD391.313.931 untuk setiap kejadian kerugian dan USD42.096.077 dan Rp14.133.908.197.529 untuk aset lainnya. Aset tetap entitas anak diasuransikan terhadap kerugian akibat kebakaran dan risiko lain berdasarkan suatu paket polis tertentu dengan total nilai pertanggungan untuk fasilitas pendukung FSRU Lampung sebesar USD250.356.735 untuk setiap kejadian kerugian, aset Stasiun Pengisian Bahan Bakar Gas ("SPBG") GEI sebesar Rp297.187.163.433, aset Pertamina sebesar USD2.197.460.361 dan aset KJG sebesar USD267.745.096.

Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi kemungkinan kerugian atas aset yang dipertanggungjawabkan.

**14. FIXED ASSETS (continued)**

*Depreciation was charged to the following:*

	<u>2019</u>	<u>2018</u>	
	191,910,720	227,067,395	<i>Distribution and transmission expenses</i>
	26,407,108	22,857,681	<i>Cost of revenues</i>
	6,111,220	8,206,508	<i>General and administrative expenses</i>
	<u>224,429,048</u>	<u>258,131,584</u>	

*Joint operation assets represent the Company's land in Surabaya which is used by PT Citraagung Tirta Jatim for shopping center construction and the Head Office's land in Jakarta which is used by PT Winatek Sinergi Mitra Bersama for construction of a shopping center, parking facility and other supporting facilities.*

*The terms of the landrights owned by the Group will be expired over various dates from May 2022 to March 2044 and are extendable.*

*Refer to Note 21 regarding the effect in depreciation expenses of changes from the double declining balance method to the straight line method.*

*As of December 31, 2019, the Company's fixed assets are covered by insurance against losses from fire and other risks under certain blanket policies with a sum insured for onshore pipelines of USD50,000,000 for each loss incident with a total sum insured of USD946,417,080 and for offshore pipelines of USD391,313,931 for each loss incident and USD42,096,077 and Rp14,133,908,197,529 for other assets. The fixed assets of the subsidiaries are covered by insurance against losses from fire and other risks under certain blanket policies with a sum insured for the Lampung FSRU support facilities for each loss incident of USD250,356,735, and total sum insured for the GEI Fuel Gas Filling Stations ("SPBG") of Rp297,187,163,433, Pertamina's assets of USD2,197,460,361 and KJG's assets of USD267,745,096.*

*Management believes that the amounts insured are adequate to cover possible losses from insured assets.*

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**14. ASET TETAP (lanjutan)**

Pada tanggal 31 Desember 2019 dan 2018, jumlah harga perolehan aset tetap Grup yang telah disusutkan penuh tetapi masih digunakan dalam kegiatan operasional adalah masing-masing sebesar USD202.350.489 dan USD142.962.423.

Pada tanggal 31 Desember 2019 dan 2018, nilai wajar aset mesin dan peralatan Perusahaan masing-masing adalah sekitar sebesar USD3.634.636.187 dan USD4.458.027.897. Nilai wajar aset tetap diatas berdasarkan hirarki nilai wajar Tingkat 3. Penilaian atas nilai wajar tersebut berdasarkan hasil pendiskontoan arus kas masa depan yang akan dihasilkan aset tersebut dimasa depan. Input yang digunakan dalam perhitungan nilai wajar adalah kuantitas dan harga penjualan gas, serta kuantitas dan harga beli gas yang telah disepakati dalam kontrak penjualan dan pembelian jangka panjang. Berdasarkan penilaian manajemen, tidak ada perbedaan signifikan antara nilai wajar dan nilai tercatat aset Grup pada kelas aset selain mesin dan peralatan yang dimiliki Perusahaan.

Berdasarkan penilaian manajemen Grup, tidak ada indikasi penurunan nilai terhadap aset tetap pada tanggal 31 Desember 2019 dan 2018, selain aset tetap KJG yang diturunkan nilainya sebesar USD98.296.720 karena terbatasnya sumber arus kas di masa mendatang terkait utilisasi aset tetap tersebut.

Jumlah terpulihkan UPK dinilai dengan menggunakan proyeksi arus kas berdasarkan pendapatan yang akan diterima dari kegiatan transmisi gas yang bersumber dari gas lapangan Kepodang di blok Muriah hingga tahun 2021 dengan metode *value-in-use*.

Perhitungan arus kas diskontoan yang digunakan meliputi proyeksi arus kas di masa depan dan mendiskontokannya menjadi nilai kini. Proses pendiskontoan menggunakan tingkat pengembalian yang sesuai dengan risiko terkait dengan bisnis atau aset dan nilai waktu uang.

Jumlah nilai aset terpulihkan dari aset tetap KJG adalah USD16.392.546.

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**14. FIXED ASSETS (continued)**

As of December 31, 2019 and 2018, the cost of the Group's fixed assets which have been fully depreciated but are still in use in the operational activities amounted to USD202,350,489 and USD142,962,423, respectively.

As of December 31, 2019 and 2018, the fair values of the Company's machinery and equipment assets are approximately USD3,634,636,187 and USD4,458,027,897, respectively. The fair values of fixed assets are based on the fair value hierarchy Level 3. The valuation to determine the fair value is based on discounted future cash flow expected to be generated by the assets in the future. Inputs to the fair value calculation include quantity and selling price of gas, and quantity and purchase price of gas, that have been agreed in long-term sales and purchase agreements. Based on management's assessment, there are no significant differences between the fair value and the carrying value of the Group's assets on classes of assets other than the Company's machinery and equipment.

Based on the assessment of management of the Group, there is no impairment indicator identified in relation to fixed assets at December 31, 2019 and 2018, except for KJG's fixed assets which were impaired by USD98,296,720 due to limited probable future cash flow related to the utilisation of the fixed assets.

The recoverable amount of the CGU is determined using cash flow projections based on revenue expected to be generated from gas transmission with the gas source from Kepodang field in Muriah block up to 2021 using value-in-use methods.

A discounted cash flow calculation involves projecting cash flows and discounting them back to present value. The discounting process uses a rate of return that is commensurate with the risk associated with the business or asset and the time value of money.

The recoverable amount of KJG's fixed assets is USD16,392,546.

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**14. ASET TETAP (lanjutan)**

Aset dalam penyelesaian merupakan proyek yang masih belum selesai pada tanggal laporan keuangan konsolidasian. Rincian aset dalam penyelesaian signifikan adalah sebagai berikut:

**14. FIXED ASSETS (continued)**

Construction in progress represents projects that have not been completed at the date of the consolidated financial statements. The list of significant items of construction in progress is as follows:

<b>31 Desember/December 2019</b>			
<b>Aset dalam pelaksanaan/ Construction in progress</b>	<b>Persentase penyelesaian/ Percentage of completion</b>	<b>Akumulasi biaya/ Accumulated costs</b>	<b>Estimasi tanggal penyelesaian/ Estimated completion date</b>
Pekerjaan pembangunan pipa transmisi gas dari Gresik - Semarang/Construction project of gas pipeline transmission from Gresik - Semarang	99.90%	253,391,938	Juni/June 2020
Pembangunan fasilitas terminal LNG Jawa Timur/Construction project of East Java LNG station	80.12%	22,902,594	Oktober/October 2020
Pengembangan infrastruktur distribusi Sumatera dan Jawa/Development of distribution infrastructure in Sumatera and Java	6.47%	4,856,561	Juli/July 2021
Pekerjaan penyaluran gas PLN Muara Karang paket kompresi/Construction project of gas distribution to PLN Muara Karang compression package	75.00%	1,849,513	Januari/January 2021
Pekerjaan pembangunan pipa minyak Rokan/Construction project of oil pipeline in Rokan	2.16%	1,559,557	Agustus/August 2021
Pekerjaan pembangunan pipa gas Duri - Dumai lanjutan/Construction project of Duri - Dumai gas pipeline extension	92.09%	1,366,986	April 2020
Pekerjaan pengembangan pipa Purwakarta-Subang tahap IV/Construction project of Purwakarta-Subang pipelines Section IV	81.96%	1,193,785	Juni/June 2021
<b>31 Desember/December 2018</b>			
<b>Aset dalam pelaksanaan/ Construction in progress</b>	<b>Persentase penyelesaian/ Percentage of completion</b>	<b>Akumulasi biaya/ Accumulated costs</b>	<b>Estimasi tanggal penyelesaian/ Estimated completion date</b>
Pekerjaan pembangunan pipa transmisi gas dari Gresik - Semarang/Construction project of gas pipeline transmission from Gresik - Semarang	98.00%	220,769,528	Juni/June 2020
Pekerjaan pembangunan pipa gas Grissik/Construction project of Grissik gas pipeline	99.00%	117,520,655	Februari/February 2019
Pekerjaan pembangunan pipa gas Duri - Dumai/Construction project of Duri - Dumai gas pipeline	99.00%	61,197,273	Februari/February 2019
Pekerjaan penyaluran gas ke calon pelanggan area Jakarta dan fasilitasnya/Project of gas distribution to potential customer in Jakarta and facilities	88.35%	3,627,533	Maret/March 2019
Pekerjaan penyaluran gas ke calon pelanggan industri tahap 2 area Pasuruan/Project of gas distribution to potential industrial customer phase 2 in Pasuruan	98.44%	3,273,113	Maret/March 2019
Pekerjaan pemasangan pipa cabang ke calon pelanggan area Jakarta/Project of pipeline installation for potential customer in Jakarta	99.98%	2,665,023	Januari/January 2019
Pekerjaan pemasangan pipa cabang ke calon pelanggan area Bekasi/Project of pipeline installation for potential customer in Bekasi	74.25%	2,602,257	April 2019

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**14. ASET TETAP (lanjutan)**

Selain dari aset dalam penyelesaian yang dinyatakan di atas, Grup masih memiliki aset dalam penyelesaian yang terdiri dari pengembangan jaringan dan infrastruktur untuk perusahaan kecil dan perumahan dalam jalur distribusi gas Grup.

**15. PROPERTI MINYAK DAN GAS**

**a. Aset eksplorasi dan evaluasi**

Pergerakan aset eksplorasi dan evaluasi adalah sebagai berikut:

**14. FIXED ASSETS (continued)**

Outside of the construction in progress stated above, the Group still has construction in progress assets which consist of the development of networks and infrastructure for small companies and housing within the Group's gas distribution lines.

**15. OIL AND GAS PROPERTIES**

**a. Exploration and evaluation assets**

Movements of exploration and evaluation assets are as follows:

	31 Desember/December 2019			<i>Block/Location</i>
	Saldo awal/ <i>Beginning balance</i>	Penambahan/ <i>Additions</i>	Saldo akhir/ <i>Ending balance</i>	
<b>Blok/Lokasi</b>				
- Sesulu, Kalimantan Timur	89,495,563	5,169,052	94,664,615	Sesulu, East Kalimantan - West Bangkanai, -
- Bangkanai Barat, Kalimantan Tengah	3,576,949	1,664,069	5,241,018	Central Kalimantan
- Wokam II, Papua Barat	3,330,802	125,955	3,456,757	Wokam II, West Papua -
- Pekawai, Kalimantan Timur	503,410	16,324	519,734	Pekawai, East Kalimantan -
- Yamdena Barat, Maluku	618,289	2,335	620,624	West Yamdena, Maluku -
	<u>97,525,013</u>	<u>6,977,735</u>	<u>104,502,748</u>	

	31 Desember/December 2018			<i>Block/Location</i>
	Saldo awal/ <i>Beginning balance</i>	Penambahan/ <i>Additions</i>	Saldo akhir/ <i>Ending balance</i>	
<b>Blok/Lokasi</b>				
- Sesulu, Kalimantan Timur	73,557,864	15,937,699	89,495,563	Sesulu, East Kalimantan - West Bangkanai, -
- Bangkanai Barat, Kalimantan Tengah	2,596,509	980,440	3,576,949	Central Kalimantan
- Wokam II, Papua Barat	625,427	2,705,375	3,330,802	Wokam II, West Papua -
- Pekawai, Kalimantan Timur	-	503,410	503,410	Pekawai, East Kalimantan -
- Yamdena Barat, Maluku	-	618,289	618,289	West Yamdena, Maluku -
	<u>76,779,800</u>	<u>20,745,213</u>	<u>97,525,013</u>	

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**15. PROPERTI MINYAK DAN GAS (lanjutan)**

**15. OIL AND GAS PROPERTIES (continued)**

**b. Properti minyak dan gas (lanjutan)**

**b. Oil and gas properties (continued)**

Pergerakan properti minyak dan gas adalah sebagai berikut:

Movement of oil and gas properties is as follows:

	31 Desember/December 2019			Saldo akhir/ Ending balance	
	Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan/ Deduction		
<b>Harga perolehan</b>					<b>Cost</b>
- Ketapang, Jawa Timur	271,219,514	18,404,856	(164,478)	289,459,892	Ketapang, East Java -
- Bangkanai, Kalimantan Tengah	94,789,024	755,367	-	95,544,391	Bangkanai, - Central Kalimantan
- Pangkah, Jawa Timur	1,091,135,119	71,341,410	(10,873,689)	1,151,602,840	Pangkah, East Java -
- Fasken, Texas	336,112,025	10,078,753	-	346,190,778	Fasken, Texas -
- Muriah, Jawa Tengah	118,446,050	407,547	(190,491)	118,663,106	Muriah, Central Java -
- Sanga-sanga, Kalimantan Timur	36,398,797	-	-	36,398,797	Sanga-sanga, - East Kalimantan
- Muara Bakau, Kalimantan	556,924,758	47,009,694	-	603,934,452	Muara Bakau, - Kalimantan
	<u>2,505,025,287</u>	<u>147,997,627</u>	<u>(11,228,658)</u>	<u>2,641,794,256</u>	
<b>Akumulasi penyusutan, deplesi, dan amortisasi</b>					<b>Accumulated depreciation, depletion and amortisation</b>
- Ketapang, Jawa Timur	157,184,081	20,848,984	-	178,033,065	Ketapang, East Java -
- Bangkanai, Kalimantan Tengah	8,717,044	5,701,661	-	14,418,705	Bangkanai, - Central Kalimantan
- Pangkah, Jawa Timur	447,049,471	66,121,755	-	514,171,226	Pangkah, East Java -
- Fasken, Texas	108,976,504	32,981,438	-	141,957,942	Fasken, Texas -
- Muriah, Jawa Tengah	66,097,737	4,340,301	-	70,438,038	Muriah, Central Java -
- Sanga-sanga, Kalimantan Timur	36,398,797	-	-	36,398,797	Sanga-sanga, - East Kalimantan
- Muara Bakau, Kalimantan	104,397,387	84,819,008	-	189,216,395	Muara Bakau, - Kalimantan
	<u>928,821,021</u>	<u>214,813,147</u>	<u>-</u>	<u>1,143,634,168</u>	
<b>Akumulasi penurunan nilai</b>					<b>Accumulated impairment</b>
- Ketapang, Jawa Timur	15,000,478	-	-	15,000,478	Ketapang, East Java -
- Pangkah, Jawa Timur	113,847,443	44,184,273	(106,919,897)	51,111,819	Pangkah, East Java -
- Muriah, Jawa Tengah	36,229,296	-	-	36,229,296	Muriah, Central Java -
	<u>165,077,217</u>	<u>44,184,273</u>	<u>(106,919,897)</u>	<u>102,341,593</u>	
<b>Nilai buku bersih</b>	<u><b>1,411,127,049</b></u>			<u><b>1,395,818,495</b></u>	<b>Net book value</b>

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**15. PROPERTI MINYAK DAN GAS (lanjutan)**

**15. OIL AND GAS PROPERTIES (continued)**

**b. Properti minyak dan gas (lanjutan)**

**b. Oil and gas properties (continued)**

	31 Desember/December 2018			Saldo akhir/ Ending balance	
	Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan/ Deduction		
<b>Harga perolehan</b>					<b>Cost</b>
- Ketapang, Jawa Timur	265,196,468	6,023,046	-	271,219,514	Ketapang, East Java -
- Bangkanai,					Bangkanai, -
Kalimantan Tengah	93,082,842	1,706,182	-	94,789,024	Central Kalimantan
- Pangkah, Jawa Timur	1,041,182,039	49,953,080	-	1,091,135,119	Pangkah, East Java -
- Fasken, Texas	303,640,625	32,471,400	-	336,112,025	Fasken, Texas -
- Muriah, Jawa Tengah	118,554,285	-	(108,235)	118,446,050	Muriah, Central Java -
- South East Sumatera, Sumatera	57,799,206	-	(57,799,206)	-	South East Sumatera, -
- Sanga-sanga, Kalimantan Timur	37,200,602	-	(801,805)	36,398,797	Sanga-sanga, -
- Muara Bakau, Kalimantan	537,335,157	19,589,601	-	556,924,758	East Kalimantan Muara Bakau, -
	<u>2,453,991,224</u>	<u>109,743,309</u>	<u>(58,709,246)</u>	<u>2,505,025,287</u>	Kalimantan
					<b>Accumulated</b>
<b>Akumulasi penyusutan, deplesi, dan amortisasi</b>					<b>depreciation, depletion and amortisation</b>
- Ketapang, Jawa Timur	103,649,287	53,534,794	-	157,184,081	Ketapang, East Java -
- Bangkanai,					Bangkanai, -
Kalimantan Tengah	3,823,652	4,893,392	-	8,717,044	Central Kalimantan
- Pangkah, Jawa Timur	380,971,873	66,077,598	-	447,049,471	Pangkah, East Java -
- Fasken, Texas	76,565,242	32,411,262	-	108,976,504	Fasken, Texas -
- Muriah, Jawa Tengah	50,537,911	15,559,826	-	66,097,737	Muriah, Central Java -
- South East Sumatera, Sumatera	26,451,970	5,573,092	(32,025,062)	-	South East Sumatera, -
- Sanga-sanga, Kalimantan Timur	25,751,866	10,646,931	-	36,398,797	Sanga-sanga, -
- Muara Bakau, Kalimantan	26,965,951	77,431,436	-	104,397,387	East Kalimantan Muara Bakau, -
	<u>694,717,752</u>	<u>266,128,331</u>	<u>(32,025,062)</u>	<u>928,821,021</u>	Kalimantan
					<b>Accumulated</b>
<b>Akumulasi penurunan nilai</b>					<b>impairment</b>
- Ketapang, Jawa Timur	15,000,478	-	-	15,000,478	Ketapang, East Java -
- Pangkah, Jawa Timur	87,625,481	26,221,962	-	113,847,443	Pangkah, East Java -
- Muriah, Jawa Tengah	36,229,296	-	-	36,229,296	Muriah, Central Java -
- South East Sumatera, Sumatera	25,506,396	-	(25,506,396)	-	South East Sumatera, -
	<u>164,361,651</u>	<u>26,221,962</u>	<u>(25,506,396)</u>	<u>165,077,217</u>	Sumatera
<b>Nilai buku bersih</b>	<u><b>1,594,911,821</b></u>			<u><b>1,411,127,049</b></u>	<b>Net book value</b>

Selama tahun 2019 dan 2018 terdapat penyesuaian biaya pembongkaran masing-masing sebesar USD17.060.406 (bertambah) dan USD4.616.453 (berkurang) akibat perubahan estimasi proyeksi biaya yang dicatat sebagai penambahan/(pengurangan) dari harga perolehan properti minyak dan gas.

Pada tanggal 31 Desember 2019, seluruh sumur, perlengkapan dan fasilitas terkait diasuransikan dengan nilai pertanggung jawaban sebesar USD1.433.927.883.

During 2019 and 2018, there were adjustments to the dismantling cost of USD17,060,406 (addition) and USD4,616,453 (reduction), respectively, due to the change in estimation of projected cost which was recorded as part of addition/(deduction) to the cost of oil and gas properties.

As at December 31, 2019, all wells and related equipment and facilities were insured for an amount of USD1,433,927,883.

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**15. PROPERTI MINYAK DAN GAS (lanjutan)**

**b. Properti minyak dan gas (lanjutan)**

PSC Sanga-sanga, dimana SESL memiliki *participating interest*, telah berakhir pada tanggal 8 Agustus 2018 dan dikembalikan kepada Pemerintah Republik Indonesia. PSC South East Sumatera ("SES"), dimana SES memiliki *participating interest*, telah berakhir pada tanggal 6 September 2018 dan dikembalikan kepada Pemerintah Republik Indonesia. Seluruh properti minyak dan gas PSC Sanga-sanga dan PSC SES telah disusutkan penuh.

Pada 14 Desember 2018, SES telah menerima pembayaran atas modal kerja dan biaya investasi dari SKK Migas sebesar USD7.004.672. Atas proses pengembalian blok ini Grup mencatat rugi atas pengembalian blok sebesar USD2.921.201.

Berdasarkan surat SKK Migas pada tanggal 13 Agustus 2018, SESL akan menerima pembayaran atas modal kerja dan biaya investasi sebesar USD29.374.200 yang akan diverifikasi lebih lanjut oleh Pertamina. Jumlah ini telah diperlakukan sebagai aset kontinjensi dan belum dicatat sebagai piutang dalam laporan keuangan ini sambil menunggu verifikasi Pertamina.

Pada saat penerbitan laporan keuangan konsolidasian Grup, proses pelepasan PSC Sanga-sanga masih dalam penyelesaian SKK Migas dan verifikasi lebih lanjut oleh Pertamina. Manajemen berpendapat bahwa pelepasan PSC Sanga-sanga tidak akan memiliki dampak merugikan material terhadap posisi keuangan dan arus kas Grup karena sesuai dengan Peraturan Menteri Energi dan Sumber Daya Mineral ("ESDM") No. 47/2017, kontraktor baru wajib mengembalikan biaya investasi yang belum dikembalikan (*unrecovered cost*) kepada kontraktor lama.

Pergerakan cadangan kerugian penurunan nilai properti minyak dan gas adalah sebagai berikut:

	<u>2019</u>	<u>2018</u>	
Saldo awal	165,077,217	164,361,651	Beginning balance
Penambahan	44,184,273	26,221,962	Addition
Pembalikan	(106,919,897)	-	Reversal
Pelepasan blok	-	(25,506,396)	Relinquishment of block
<b>Saldo akhir</b>	<b><u>102,341,593</u></b>	<b><u>165,077,217</u></b>	<b>Ending balance</b>

**15. OIL AND GAS PROPERTIES (continued)**

**b. Oil and gas properties (continued)**

The Sanga-sanga PSC, in which SESL owns a *participating interest*, expired on August 8, 2018 and was returned to the Government of the Republic of Indonesia. South East Sumatera ("SES") PSC, in which SES had a *participating interest*, expired on September 6, 2018 and was returned to the Government of the Republic of Indonesia. All oil and gas properties related to the Sanga-sanga and SES PSCs had been fully depreciated.

On December 14, 2018, SES received a payment for working capital and cost of investment from SKK Migas amounting to USD7,004,672 upon the relinquishment process. The Group recorded a loss from relinquishment of the block amounting to USD2,921,201.

Based on a letter from SKK Migas dated August 13, 2018, SESL will receive a payment for working capital and cost of investment amounting to USD29,374,200 which will be further verified by Pertamina. This amount has been treated as a contingent asset and has not been recorded as receivable in these financial statements pending Pertamina's verification.

As at the date of issuance of these consolidated financial statements of the Group, the relinquishment completion process of the Sanga-sanga PSC is still in the process of approval by SKK Migas and further verification by Pertamina. Management believes that the relinquishment of the Sanga-sanga PSC will not have a material adverse impact on the Group's financial position and cash flows because pursuant to Minister of Energy and Mineral Resources ("EMR") Regulation No. 47/2017, the new contractor is required to repay the existing contractor for unrecovered investment costs.

Movements in the allowance for impairment losses on oil and gas properties are as follows:

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**15. PROPERTI MINYAK DAN GAS (lanjutan)**

**b. Properti minyak dan gas (lanjutan)**

Di pertengahan tahun 2019, Grup mencatat penurunan nilai atas blok Pangkah sebesar USD44.184.273 yang disebabkan oleh perubahan rencana manajemen terkait pertimbangan teknis dan komersial yang menyebabkan turunnya profil produksi di 2019 dan seterusnya.

Di akhir tahun 2019, Grup membalik provisi penurunan nilai atas properti minyak dan gas di blok Pangkah sebesar USD106.919.897. Pembalikan penurunan nilai ini disajikan pada laporan laba rugi sebagai "pembalikan penurunan nilai properti minyak dan gas". Pembalikan penurunan nilai atas properti minyak dan gas di blok Pangkah dilakukan atas penilaian manajemen dimana Grup dapat memulihkan *unrecovered cost* sebagai hasil dari penandatanganan amandemen dan peninjauan kembali PSC Pangkah pada 18 Oktober 2019 yang memperpanjang periode PSC hingga 2046.

Untuk tahun yang berakhir 31 Desember 2018, Grup mencatat provisi penurunan nilai atas blok Pangkah sebesar USD26.221.962. Kerugian atas penurunan nilai properti minyak dan gas di blok Pangkah terutama disebabkan oleh penurunan harga minyak.

Pengujian penurunan nilai atas properti minyak dan gas dilakukan ketika terdapat suatu indikasi bahwa nilai tercatat properti minyak dan gas tersebut mengalami penurunan. Dalam hal ini, manajemen Grup menentukan hak kepemilikan pada masing-masing blok sebagai satu UPK.

Nilai terpulihkan UPK dinilai dengan menggunakan proyeksi arus kas berdasarkan pendapatan yang akan diterima dari kegiatan produksi minyak dan gas dengan periode proyeksi hingga akhir masa PSC atau konsesi dengan metode *value-in-use* (blok Muriah dan Bangkanai) dan *fair value less cost to sell* (blok Ketapang, Pangkah, Muara Bakau dan Fasken) di akhir tahun 2019. Rencana produksi pada proyeksi arus kas ini tidak melampaui cadangan minyak dan gas atau akhir masa PSC atau konsesi.

Perhitungan arus kas diskonto yang digunakan meliputi proyeksi arus kas di masa depan dan mendiskontokannya menjadi nilai kini. Proses pendiskontoan menggunakan tingkat pengembalian yang sesuai dengan risiko terkait dengan bisnis atau aset dan nilai waktu uang.

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**15. OIL AND GAS PROPERTIES (continued)**

**b. Oil and gas properties (continued)**

*In mid 2019, the Group recorded an impairment in the carrying value of Pangkah block amounting to USD44,184,273 mainly due to change in management plans in response to technical and commercial considerations which decreased the production profile from 2019 onwards.*

*At the end of 2019, the Group recognised a reversal in impairment of oil and gas properties in Pangkah block amounting to USD106,919,897. This reversal is presented as "impairment reversal of oil and gas properties" in profit and loss. The reversal of impairment losses in Pangkah block was made based on management's assessment that the Group will be able to recover all unrecovered costs as a result of the signing of the amended and restated Pangkah PSC on October 18, 2019 which extends the PSC period up to 2046.*

*For the year ended December 31, 2018, the Group recorded impairment in Pangkah block amounting to USD26,221,962. Loss on impairment on oil and gas properties in Pangkah block was mainly due to decrease in oil price.*

*An impairment test on oil and gas properties is performed when there is an indication that the carrying value of oil and gas properties may be impaired. For this purpose, management of the Group has determined the participating interests in the respective blocks as the relevant CGUs.*

*The recoverable amount of the CGUs is determined using cash flow projections based on revenue expected to be generated from oil and gas production with projection periods up to the PSC or concession expiration date and using value-in-use (Muriah and Bangkanai blocks) and fair value less cost to sell methods (Ketapang, Pangkah, Muara Bakau and Fasken blocks) in 2019. The production plans used in the cash flow projections also do not exceed oil and gas reserves or the end of the PSC or concession period.*

*A discounted cash flow calculation involves projecting cash flows and discounting them back to present value. The discounting process uses a rate of return that is commensurate with the risk associated with the business or asset and the time value of money.*



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**15. PROPERTI MINYAK DAN GAS (lanjutan)**

**b. Properti minyak dan gas (lanjutan)**

Sensitivitas nilai terpulihkan terhadap perubahan asumsi utama adalah sebagai berikut:

	Perubahan asumsi/ Change in assumptions
<b>31 Desember 2019</b>	
Tingkat diskonto	kenaikan/increase by 1% penurunan/decrease by 1%
Harga minyak	kenaikan/increase by 10% penurunan/decrease by 10%
<b>31 Desember 2018</b>	
Tingkat diskonto	kenaikan/increase by 1% penurunan/decrease by 1%
Harga minyak	kenaikan/increase by 10% penurunan/decrease by 10%

**15. OIL AND GAS PROPERTIES (continued)**

**b. Oil and gas properties (continued)**

Sensitivity of the recoverable amount to changes in the key assumptions is as follows:

	Dampak terhadap nilai terpulihkan/ Impact on recoverable amount
<b>December 31, 2019</b>	
Discount rate	turun/decrease by USD42 juta/million naik/increase by USD45 juta/million
Oil prices	turun/decrease by USD30 juta/million turun/decrease by USD33 juta/million
<b>December 31, 2018</b>	
Discount rate	turun/decrease by USD23 juta/million naik/increase by USD21 juta/million
Oil prices	naik/increase by USD17 juta/million turun/decrease by USD68 juta/million

**16. GOODWILL DAN ASET TAK BERWUJUD LAINNYA**

Perubahan dalam akun goodwill dan aset tak berwujud lainnya untuk tahun yang berakhir pada tanggal 31 Desember 2019 dan 2018 adalah sebagai berikut:

**16. GOODWILL AND OTHER INTANGIBLE ASSETS**

The changes in goodwill and other intangible assets account for the year ended December 31, 2019 and 2018 are as follows:

31 Desember/December 2019				
Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan/ Deduction	Saldo akhir/ Ending balance	
<b>Harga perolehan</b>				<b>Cost</b>
Goodwill	88,058,404	-	88,058,404	Goodwill
Piranti lunak	5,831,939	531,042	6,362,981	Software
Hak atas tanah	2,370,460	58,725	2,429,185	Land rights
	<u>96,260,803</u>	<u>589,767</u>	<u>96,850,570</u>	
<b>Akumulasi amortisasi</b>				<b>Accumulated amortisation</b>
Piranti lunak	(3,098,230)	(1,247,701)	(4,345,931)	Software
Hak atas tanah	(609,582)	(65,951)	(675,533)	Land rights
	<u>(3,707,812)</u>	<u>(1,313,652)</u>	<u>(5,021,464)</u>	
<b>Akumulasi penurunan nilai</b>				<b>Accumulated impairment</b>
Goodwill	(88,003,028)	-	(88,003,028)	Goodwill
Nilai buku bersih	<u>4,549,963</u>		<u>3,826,078</u>	Net book value
31 Desember/December 2018				
Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan/ Deduction	Saldo akhir/ Ending balance	
<b>Harga perolehan</b>				<b>Cost</b>
Goodwill	88,058,404	-	88,058,404	Goodwill
Piranti lunak	4,601,054	1,230,885	5,831,939	Software
Hak atas tanah	2,061,621	308,839	2,370,460	Land rights
	<u>94,721,079</u>	<u>1,539,724</u>	<u>96,260,803</u>	
<b>Akumulasi amortisasi</b>				<b>Accumulated amortisation</b>
Piranti lunak	(1,927,443)	(1,170,787)	(3,098,230)	Software
Hak atas tanah	(554,701)	(54,881)	(609,582)	Land rights
	<u>(2,482,144)</u>	<u>(1,225,668)</u>	<u>(3,707,812)</u>	
<b>Akumulasi penurunan nilai</b>				<b>Accumulated impairment</b>
Goodwill	(88,003,028)	-	(88,003,028)	Goodwill
Nilai buku bersih	<u>4,235,907</u>		<u>4,549,963</u>	Net book value

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**16. GOODWILL DAN ASET TAK BERWUJUD  
LAINNYA (lanjutan)**

Goodwill merupakan saldo yang timbul karena akuisisi kepemilikan atas SIPBV, SIPL, SPLLC dan TDS sebagai akibat dari pengukuran nilai wajar aset dan liabilitas milik SIPBV, SIPL, SPLLC dan TDS pada tanggal akuisisi.

**16. GOODWILL AND OTHER INTANGIBLE ASSETS  
(continued)**

Goodwill represents the balance arising from acquisition of ownership in SIPBV, SIPL, SPLLC and TDS as a result of fair value measurement of assets and liabilities owned by SIPBV, SIPL, SPLLC and TDS at acquisition date.

**17. UTANG USAHA**

**17. TRADE PAYABLES**

	<u>2019</u>	<u>2018</u>	
<b>Pihak berelasi</b>			<b>Related parties</b>
Pertamina	42,539,239	83,622	Pertamina
PT Pertamina EP	40,860,461	32,472,183	PT Pertamina EP
PT Pertamina Hulu Energi	17,939,737	11,376,247	PT Pertamina Hulu Energi
PT Pertamina Drilling Service	5,964,691	6,957,325	PT Pertamina Drilling Service
PT Bina Bangun Wibawa Mukti	3,400,639	3,784,239	PT Bina Bangun Wibawa Mukti
PT Pertamina Trans Kontinental	2,554,005	2,050,293	PT Pertamina Trans Kontinental
PT Pertamina Patra Niaga	2,414,989	1,245,300	PT Pertamina Patra Niaga
PT Pertamina Training & Consulting	2,762,080	2,928,315	PT Pertamina Training & Consulting
PT Perta Samtan Gas	2,077,083	3,987,663	PT Perta Samtan Gas
PT Elnusa Tbk	1,897,435	620,346	PT Elnusa Tbk
Lain-lain (masing-masing dibawah USD1.000.000)	<u>2,826,103</u>	<u>10,686,052</u>	Others (each below USD1,000,000)
	<u>125,236,462</u>	<u>76,191,585</u>	
<b>Pihak ketiga</b>	<u>134,855,578</u>	<u>137,601,321</u>	<b>Third parties</b>
Jumlah utang usaha	<u>260,092,040</u>	<u>213,792,906</u>	Total trade payables

Tidak terdapat utang kepada pihak ketiga yang nilainya memerlukan penyajian terpisah. Semua utang usaha berstatus lancar. Karena sifatnya yang jangka pendek, nilai wajar utang usaha diperkirakan sama dengan nilai tercatatnya.

There are no payables to third parties which meet the threshold for separate disclosure. All trade payables are current. Due to their short-term nature, their fair value is equal to their carrying amount.

**18. UTANG LAIN-LAIN**

**18. OTHER PAYABLES**

	<u>2019</u>	<u>2018</u>	
<b>Pihak berelasi</b>			<b>Related parties</b>
Pertamina	45,385,365	75,206,755	Pertamina
Lembaga Manajemen Aset Negara ("LMAN")	31,923,359	32,391,808	Lembaga Manajemen Aset Negara ("LMAN")
Transgasindo	<u>2,714,638</u>	<u>2,288,349</u>	Transgasindo
	<u>80,023,362</u>	<u>109,886,912</u>	
<b>Pihak ketiga</b>			<b>Third parties</b>
Liabilitas kepada kontraktor dan pemasok	61,249,778	78,503,797	Liabilities to contractors and suppliers
Pendapatan diterima di muka dari pelanggan	22,153,484	22,880,038	Unearned revenue from customers
Utang <i>cash call</i>	22,680,376	21,672,986	Cash calls payable
Jaminan gas	17,815,629	14,199,518	Gas guarantee deposits
Lain-lain	<u>7,958,593</u>	<u>13,959,752</u>	Others
	<u>131,857,860</u>	<u>151,216,091</u>	
Jumlah utang lain-lain	<u>211,881,222</u>	<u>261,103,003</u>	Total other payables
Utang lain-lain jangka pendek	181,317,410	234,892,272	Other short-term payables
Utang lain-lain jangka panjang	30,563,812	26,210,731	Other long-term payables

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**18. UTANG LAIN-LAIN (lanjutan)**

Utang lain-lain ke Pertamina adalah utang bunga atas pinjaman jangka panjang Pertagas (Catatan 20c).

Utang lain-lain jangka panjang kepada LMAN merupakan utang sewa pembiayaan terkait Perjanjian Kerja Sama Operasional Kilang LNG Arun antara PAG dan LMAN. Perjanjian tersebut telah ditandatangani pada tanggal 28 Desember 2018 dan akan berakhir pada tanggal 31 Desember 2032.

Liabilitas kepada kontraktor dan pemasok sebagian besar merupakan liabilitas sehubungan dengan pembangunan proyek-proyek oleh Divisi *Program Management Office* ("PMO") beserta liabilitas kepada kontraktor terkait aktivitas hulu minyak dan gas.

Utang jaminan gas merupakan uang jaminan gas yang diterima oleh Perusahaan dari pelanggan dalam rangka transaksi penjualan gas.

Utang *cash call* merupakan utang kepada operator yang berkaitan dengan kegiatan operasional di blok minyak dan gas.

Pendapatan diterima di muka dari pelanggan merupakan kas yang diterima dari pelanggan terkait penjualan minyak mentah dan gas bumi yang akan terealisasi dengan penjualan di kemudian hari.

**18. OTHER PAYABLES (continued)**

*Other payables to Pertamina represents interest payable for Pertagas' long-term loan (Note 20c).*

*Other long-term payables to LMAN represents finance lease payable related to Operational Cooperation Agreement of Arun LNG Plant between PAG and LMAN. The agreement was signed on December 28, 2018 and will expire on December 31, 2032.*

*Liabilities to contractors and suppliers primarily represent liabilities related to the construction of projects by Program Management Office ("PMO") and liabilities to contractors related to upstream oil and gas activities.*

*Gas guarantee deposits payable represents gas deposits received by the Company from customers in relation to gas sales transactions.*

*Cash calls payable represents payables to operators related to operational activities in oil and gas blocks.*

*Unearned revenue from customers represents cash received from customers from sales of crude oil and natural gas that will be realised through future sales.*

**19. LIABILITAS YANG MASIH HARUS DIBAYAR**

	<u>2019</u>	<u>2018</u>
Provisi sengketa pajak (Catatan 22f)	127,720,367	-
Liabilitas kepada kontraktor dan pemasok	98,464,241	172,529,334
Liabilitas atas aktivitas minyak dan gas	55,975,784	61,171,648
Bunga	16,238,278	16,759,268
Lain-lain	<u>18,987,804</u>	<u>4,855,533</u>
Jumlah liabilitas yang masih harus dibayar	<u>317,386,474</u>	<u>255,315,783</u>

Liabilitas kepada kontraktor dan pemasok merupakan liabilitas dimana tagihan atas liabilitas tersebut belum diterima Grup.

Liabilitas atas aktivitas minyak dan gas merupakan liabilitas yang berkaitan dengan aktivitas eksplorasi dan produksi minyak dan gas.

Biaya bunga yang masih harus dibayar terdiri dari biaya bunga pinjaman bank jangka pendek, pinjaman bank jangka panjang dan bunga obligasi.

Lihat Catatan 22f untuk pembahasan terkait provisi sengketa pajak.

**19. ACCRUED LIABILITIES**

	<u>2019</u>	<u>2018</u>
Provision for tax dispute (Note 22f)	127,720,367	-
Liabilities to contractors and suppliers	98,464,241	172,529,334
Liabilities for oil and gas activities	55,975,784	61,171,648
Interest	16,238,278	16,759,268
Others	<u>18,987,804</u>	<u>4,855,533</u>
Total accrued liabilities	<u>317,386,474</u>	<u>255,315,783</u>

*Liabilities to contractors and suppliers represent liabilities for which the related invoices for such amounts have not yet been received by the Group.*

*Liabilities for oil and gas activities represent liabilities relating to oil and gas exploration and production activities.*

*Accrued interest consists of interest on short-term bank borrowings, long-term bank borrowings and bonds.*

*See Note 22f for discussion of provision for tax disputes.*

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**20. PINJAMAN**

**20. LOANS**

**a. Pinjaman bank jangka panjang**

**a. Long-term bank loans**

	<u>2019</u>	<u>2018</u>	
<b>Two-step loans</b>			<b>Two-step loans</b>
Japan Bank for International Cooperation ("JBIC")	344,217,050	352,970,866	Japan Bank for International Cooperation ("JBIC")
International Bank for Reconstruction and Development ("IBRD")	31,848,895	36,008,068	International Bank for Reconstruction and Development ("IBRD")
European Investment Bank ("EIB")	<u>2,375,337</u>	<u>7,126,010</u>	European Investment Bank ("EIB")
	<u>378,441,282</u>	<u>396,104,944</u>	
<b>Pihak ketiga</b>			<b>Third parties</b>
Pinjaman sindikasi	-	<u>125,000,000</u>	Syndicated loan
Biaya transaksi yang belum diamortisasi	-	<u>(1,272,356)</u>	Unamortised transactions costs
Jumlah pinjaman	<u>378,441,282</u>	<u>519,832,588</u>	Total loans
Bagian jangka pendek	21,364,208	23,316,820	Short-term portion
Bagian jangka panjang	357,077,074	496,515,768	Long-term portion

Two-step loans merupakan pinjaman jangka panjang yang diorganisir oleh Pemerintah Republik Indonesia dan diteruskan ke Grup.

Two-step loans represent long-term loans organised by the Government of the Republic of Indonesia and passed through to the Group.

Beberapa informasi lain yang signifikan terkait dengan pinjaman bank pada tanggal 31 Desember 2019 adalah sebagai berikut:

Other significant information related to bank loans as of December 31, 2019 is as follows:

<u>Kreditur/ Creditor</u>	<u>Mata uang/ Currency</u>	<u>Jumlah fasilitas/ Total facility (mata uang asal/original currency)</u>	<u>Periode pinjaman/ Loan term</u>	<u>Periode pembayaran bunga/ Interest payment period</u>	<u>Tingkat suku bunga per tahun/Annual interest rate</u>	<u>Pembatasan pinjaman/ Debt covenants</u>
JBIC	Yen Jepang/ Japanese Yen	Principal I: 44,702,000,000 Principal II: 4,386,000,000	28 Mei/ May 2003 - 20 Maret/ March 2043	Setengah tahunan/ Semiannually, (20 Maret/March dan/and 15 September)	Principal I: 1.45% Principal II: 1.25%	Tidak ada/None
IBRD	Dolar AS/ US Dollar	Principal I: 41,709,099 Principal II: 20,055,983	3 April 2006 - 15 Februari/ February 2026	Setengah tahunan/ Semiannually, (15 Februari/February dan/and 15 Agustus/ August)	Principal I: 5.48% Principal II: LIBOR + 1%	Tidak ada/None
EIB	Dolar AS/ US Dollar	Principal I: 44,317,411 Principal II: 10,315,337 Setara dengan/ Equivalent to EUR70,000,000	15 September 2000 - 15 Juni/ June 2020	Setengah tahunan/ Semiannually, (15 Juni/June dan/and 15 Desember/ December)	Principal I: 4.95% Principal II: 5.297%	Debt to equity ratio: 2:1

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**20. PINJAMAN (lanjutan)**

**20. LOANS (continued)**

**a. Pinjaman bank jangka panjang (lanjutan)**

**a. Long-term bank loans (continued)**

<u>Kreditur/ Creditor</u>	<u>Mata uang/ Currency</u>	<u>Jumlah fasilitas/ Total facility (mata uang asal/original currency)</u>	<u>Periode pinjaman/ Loan term</u>	<u>Periode pembayaran/ Payment period</u>	<u>Tingkat suku bunga per tahun/Annual interest rate</u>	<u>Pembatasan pinjaman/ Debt covenants</u>
Sindikasi/ Syndicated (Citigroup Global Market Singapore Pte.Ltd., PT Bank DBS Indonesia (juga bertindak sebagai agen), Sumitomo Mitsui Banking Corporation, Singapore Branch, HSBC, Singapore Branch, Mizuho Bank Ltd., PT Bank Mizuho Indonesia, BNP Paribas)	Dolar AS/ US Dollar	250,000,000	2 Desember/ December 2015 - 2 Desember/ December 2020	Pokok/ <i>Principal</i> : Triwulanan/ Quarterly dengan masa tenggang 26 bulan/ with 26 months grace period  Bunga/ <i>Interest</i> : Triwulanan/ Quarterly	LIBOR +1.43% untuk porsi Onshore/for Onshore portion, LIBOR +1.28% untuk porsi Offshore/for Offshore portion	1. <i>Gross debt to equity ratio</i> : 65:35 2. <i>Interest service coverage ratio</i> : 4:1 3. <i>Debt to EBITDA ratio</i> : 4.5:1 (untuk 2 tahun sejak tanggal efektif pinjaman/ for 2 years after loan effective date) dan/and 3.5:1 (untuk periode setelahnya/for period thereafter)

**1. JBIC (Perjanjian No. SLA-1156/DP3/2003)**

Pada tanggal 27 Maret 2003, JBIC menyetujui untuk memberikan pinjaman kepada Pemerintah dengan jumlah keseluruhan setara dengan JPY49.088.000.000 untuk membantu Pemerintah dalam membiayai pembangunan jaringan pipa transmisi gas dari Sumatera Selatan sampai Jawa Barat dan jaringan pipa distribusi di Jawa Barat.

Pada tanggal 28 Mei 2003, Perusahaan dan Pemerintah mengadakan Perjanjian Penerusan Pinjaman No. SLA-1156/DP3/2003, dimana Pemerintah meneruskan pinjaman dari JBIC ini dengan jumlah tidak melebihi JPY49.088.000.000 kepada Perusahaan.

Selama tahun yang berakhir pada tanggal 31 Desember 2019 dan 2018, Perusahaan telah membayar angsuran masing-masing tahun sebesar JPY1.591.118.000.

**1. JBIC (Agreement No. SLA-1156/DP3/2003)**

On March 27, 2003, JBIC agreed to provide a loan to the Government for a total aggregate amount equivalent to JPY49,088,000,000 to assist the Government in financing the development of a gas transmission pipeline from South Sumatera to West Java and a distribution pipeline in West Java.

On May 28, 2003, the Company and the Government entered into a Subsidiary Loan Agreement No. SLA-1156/DP3/2003, which provides for the Government's relending of the JBIC loan proceeds not exceeding JPY49,088,000,000 to the Company.

During the years ended December 31, 2019 and 2018, the Company made installment payments of JPY1,591,118,000, each year.

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**20. PINJAMAN** (lanjutan)

**a. Pinjaman bank jangka panjang** (lanjutan)

**2. IBRD (Perjanjian No. SLA-1201/DP3/2006)**

Berdasarkan perjanjian pinjaman tanggal 7 Februari 2006, IBRD menyetujui memberikan fasilitas pinjaman kepada Pemerintah dengan jumlah keseluruhan setara dengan USD80.000.000 untuk membantu Pemerintah dalam membiayai Proyek Pengembangan Pasar Gas Domestik.

Pada tanggal 3 April 2006, Perusahaan dan Pemerintah mengadakan Perjanjian Penerusan Pinjaman, dimana Pemerintah meneruskan hasil pinjaman dari IBRD sebesar USD80.000.000 kepada Perusahaan yang akan melaksanakan Proyek. Pada bulan Desember 2011, jumlah fasilitas pinjaman diubah menjadi USD69.381.312.

Pada tanggal 14 November 2013, Perusahaan mendapatkan Surat No. 5-786/PU/2013 dari Direktorat Jenderal Pengelolaan Utang, Kementerian Keuangan Republik Indonesia, mengenai persetujuan pembatalan sisa fasilitas pinjaman sebesar USD7.616.230 terhitung mulai pada tanggal 1 Februari 2013.

Selama tahun yang berakhir pada tanggal 31 Desember 2019 dan 2018, Perusahaan telah membayar angsuran di masing-masing tahun sebesar USD4.159.172 dan USD3.987.688.

**3. EIB (Perjanjian No. SLA-1139/DP3/2000)**

Pada tanggal 15 September 2000, Perusahaan dan Pemerintah mengadakan Perjanjian Penerusan Pinjaman, dimana Pemerintah meneruskan pinjaman dari EIB (dalam mata uang Dolar AS) dengan jumlah tidak melebihi dari EUR70.000.000 kepada Perusahaan sebagai bagian dari pembiayaan Proyek Distribusi dan Transmisi Gas Tahap II.

Pada tanggal 31 Desember 2019 dan 2018, Grup telah memenuhi semua rasio keuangan yang dipersyaratkan dalam perjanjian pinjaman.

Selama tahun yang berakhir pada tanggal 31 Desember 2019 dan 2018, Perusahaan telah membayar angsuran di masing-masing tahun sebesar USD4.750.673.

**20. LOANS** (continued)

**a. Long-term bank loans** (continued)

**2. IBRD (Agreement No. SLA-1201/DP3/2006)**

Based on the loan agreement dated February 7, 2006, IBRD agreed to provide a lending facility to the Government in an aggregate amount equivalent to USD80,000,000 to assist the Government in financing the Domestic Gas Market Development Project.

On April 3, 2006, the Company and the Government entered into the a Subsidiary Loan Agreement, which provides for the Government's relending of the IBRD loan proceeds of USD80,000,000 to the Company, which shall undertake the Project. In December 2011, the total facilities were amended to USD69,381,312.

On November 14, 2013, the Company obtained Letter No. 5-786/PU/2013 from Directorate General of Debt Management, Ministry of Finance of the Republic of Indonesia, regarding the approval for the cancellation of the remaining loan facility amounting to USD7,616,230 starting on February 1, 2013.

During the years ended December 31, 2019 and 2018, the Company has made installment payments of USD4,159,172 and USD3,987,688, respectively.

**3. EIB (Agreement No. SLA-1139/DP3/2000)**

On September 15, 2000, the Company and the Government entered into a Subsidiary Loan Agreement, which provides for the Government's relending of the EIB loan (in US Dollar) proceeds not exceeding EUR70,000,000 to the Company as part of the financing of the Gas Transmission and Distribution Project Phase II.

As of December 31, 2019 and 2018 the Group has complied with all financial ratios required to be maintained under the loan agreements.

During the years ended December 31, 2019 and 2018, the Company made installment payments of USD4,750,673, each year.

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**20. PINJAMAN** (lanjutan)

**a. Pinjaman bank jangka panjang** (lanjutan)

**4. Pinjaman sindikasi - SEI**

Pada tanggal 2 Desember 2015, SEI memperoleh fasilitas pinjaman sindikasi sebesar USD600.000.000 dengan jumlah porsi *Onshore* adalah sebesar USD321.375.000 dan porsi *Offshore* sebesar USD278.625.000. Bank yang bertindak sebagai Agen adalah Sumitomo Mitsui Banking Corporation, Singapore Branch.

Di bulan Agustus 2017, SEI mendapatkan persetujuan dari kreditor untuk mengubah persyaratan pinjaman mengenai pembatasan pinjaman *Gross Debt to Equity ratio* menjadi *Net Debt to Equity ratio* sebesar maksimum 65:35.

Pada tanggal 2 November 2017, perjanjian ini diamandemen sehingga fasilitasnya menjadi senilai USD250.000.000. Perjanjian ini akan berakhir pada bulan Desember 2020 dengan tingkat bunga sebesar LIBOR ditambah 1,43% untuk porsi *onshore* dan LIBOR ditambah 1,28% untuk porsi *offshore*.

Sampai dengan tanggal 31 Desember 2018, jumlah fasilitas yang telah dicairkan adalah sebesar USD125.000.000. Pinjaman ini memiliki jangka waktu tiga tahun dengan masa tenggang selama 1 tahun.

Pada tanggal 31 Desember 2018, SEI telah memenuhi semua rasio keuangan yang dipersyaratkan dalam perjanjian pinjaman. Pada tanggal 24 September 2019, SEI telah melunasi seluruh pinjaman tersebut.

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**20. LOANS** (continued)

**a. Long-term bank loans** (continued)

**4. Syndicated loans - SEI**

On December 2, 2015, SEI obtained a syndicated loan facility amounting to USD600,000,000 with an Onshore portion of USD321,375,000 and an Offshore portion of USD278,625,000. The bank acting as Mandated Lead Arrangers is Sumitomo Mitsui Banking Corporation, Singapore Branch.

In August 2017, SEI obtained approval from the lender to change the debt covenant regarding *Gross Debt to Equity ratio* to become *Net Debt to Equity ratio* of maximum 65:35.

On November 2, 2017, this agreement was amended to change the facility to USD250,000,000. This loan will be due in December 2020 and bears interest of LIBOR plus 1.43% for the onshore portion and LIBOR plus 1.28% for the offshore portion.

As of December 31, 2018, the amount of the facility that has been drawdown is USD125,000,000. The loan has a term of three years with a one year grace period.

As of December 31, 2018, SEI has complied with all financial ratios required to be maintained under the loan agreements. On September 24, 2019, SEI has fully repaid this loan.

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**20. PINJAMAN** (lanjutan)

**20. LOANS** (continued)

**b. Pinjaman bank jangka pendek**

**b. Short-term bank loan**

	2019	2018	
<b>Pihak berelasi</b>			<b>Related party</b>
Bank Mandiri	164,387,454	-	Bank Mandiri
	164,387,454	-	

**1. Bank Mandiri**

Berdasarkan perjanjian pinjaman tanggal 24 April 2019, Bank Mandiri menyetujui untuk memberikan pinjaman jangka pendek kepada Perusahaan senilai USD150.000.000 untuk kebutuhan operasional umum. Jangka waktu fasilitas kredit adalah 1 tahun sejak tanggal 24 April 2019 yang dapat diperpanjang untuk jangka waktu 1 tahun berikutnya dengan tambahan biaya opsi perpanjangan. Pinjaman ini dikenakan tingkat suku bunga LIBOR tiga bulan ditambah margin sebesar 0,575% per tahun.

Perusahaan juga membuat perjanjian dengan Bank Mandiri pada 16 Agustus 2019 atas fasilitas pinjaman gabungan yang dapat digunakan oleh entitas anak (PGASSOL, PGASKOM, dan PGN MAS) dengan nilai pinjaman maksimal sebesar Rp1.000.000.000.000, atau setara dalam AS Dolar dan Euro untuk kebutuhan belanja modal, operasional secara umum, dan membiayai arus kas defisit. Pinjaman tersebut telah diutilisasi oleh PGASSOL sebesar Rp200.000.000.000 (setara USD14.387.454) per 31 Desember 2019. Jangka waktu fasilitas pinjaman adalah 1 tahun sejak tanggal 16 Agustus 2019. Pinjaman ini dikenakan tingkat suku bunga JIBOR ditambah margin sebesar 1,1% per tahun (untuk utilisasi dalam Rupiah) atau LIBOR ditambah margin sebesar 0,65% per tahun (untuk utilisasi dalam AS Dolar).

**2. Bank Sumitomo Mitsui Indonesia**

Berdasarkan perjanjian pinjaman tanggal 1 November 2017, Perusahaan melakukan penarikan pinjaman jangka pendek senilai USD120.000.000 pada 6 Maret 2019 untuk kebutuhan operasional umum. Jangka waktu fasilitas kredit ini berakhir pada 31 Oktober 2019. Pinjaman ini dikenakan tingkat suku bunga LIBOR tiga bulan ditambah margin sebesar 1,00% per tahun. Pada tanggal 29 Mei 2019, Perusahaan telah melunasi seluruh pinjaman jangka pendek tersebut.

**1. Bank Mandiri**

*Based on the loan agreement dated April 24, 2019, Bank Mandiri agreed to provide a short-term loan to the Company amounting to USD150,000,000 to support general corporate purposes. The term of the credit facility is one year from April 24, 2019 which can be extended for another year with an additional extension cost. This loan is subject to three months LIBOR interest rate plus a margin of 0.575% per annum.*

*The Company also entered an agreement with Bank Mandiri on August 16, 2019, for joint facility borrowing which can be utilised by subsidiaries (PGASSOL, PGASKOM and PGN MAS) with loan proceeds not exceeding Rp1,000,000,000,000, or equivalent in US Dollar and Euro for capital expenditures, operational general purposes and deficit cash flow. The loan has been utilised by PGASSOL in the amount of Rp200,000,000,000 (equivalent to USD14,387,454) as of December 31, 2019. The term of the credit facility is one year from August 16, 2019. This loan is subject to JIBOR interest rate plus a margin of 1.1% per annum (for utilisation in Rupiah) or LIBOR interest rate plus a margin of 0.65% per annum (for utilisation in US Dollar).*

**2. Sumitomo Mitsui Indonesia Bank**

*Based on the loan agreement dated November 1, 2017, the Company drewdown a short-term loan amounting to USD120,000,000 on March, 6 2019 to support general corporate purposes. The term of this credit facility ended on October 31, 2019. This loan was subject to three months LIBOR interest rate plus a margin of 1.00% per annum. On May 29, 2019, the Company has fully repaid this short-term loan.*

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**20. PINJAMAN (lanjutan)**

**c. Pinjaman pemegang saham**

	2019	2018
<b>Pihak berelasi</b>		
Bagian jangka pendek	35,630,439	53,772,145
Bagian jangka panjang	210,577,308	280,733,036
	<u>246,207,747</u>	<u>334,505,181</u>

Pada tanggal 28 Desember 2012, Pertagas dan Pertamina menandatangani perjanjian pinjaman untuk pendanaan belanja modal. Perjanjian pinjaman tersebut berlaku efektif sejak 1 Januari 2012. Penambahan pinjaman dilakukan melalui mekanisme *dropping* dana.

Pembebanan bunga kepada Pertagas oleh Pertamina dihitung setiap bulan berdasarkan tingkat bunga yang berlaku di pasar.

**d. Promissory notes**

Sesuai dengan Amandemen dan Pernyataan Kembali Perjanjian Jual Beli Saham antara Perusahaan dan Pertamina tanggal 28 Desember 2018 untuk mengalihkan 51% kepemilikan saham di Pertagas, sebagai bagian dari imbalan yang dialihkan, Perusahaan menerbitkan *promissory notes* kepada Pertamina dalam mata uang Rupiah senilai Rp10.091 miliar dengan jangka waktu 6 bulan dan bunga sebesar 8,41% per tahun. Pada tanggal 31 Desember 2018, saldo *promissory notes* ke Pertamina adalah setara dengan USD691.043.648. Perusahaan telah melunasi seluruh *promissory notes* tersebut pada 4 Maret 2019.

**e. Fasilitas yang belum digunakan**

Berikut ini adalah fasilitas yang belum digunakan pada tanggal 31 Desember 2019:

Bank	Jenis fasilitas/Types of facilities	Akhir periode/ End of period	Pembatasan/ Covenants	Jumlah fasilitas/ Total facilities	Sisa fasilitas/ Remaining facilities
Pihak berelasi/Related parties: Bank Mandiri	Standby Letter of Credit ("SBLC"), Bank Garansi ("BG"), Surat Kredit Berdokumen Dalam Negeri ("SKBDN"), dan Letter of Credit ("L/C")/ Standby Letter of Credit ("SBLC"), Bank Guarantee ("BG"), Surat Kredit Berdokumen Dalam Negeri ("SKBDN") and Letter of Credit ("L/C")	26 Agustus/ August 26, 2020	Debt service ratio: 130% Debt to equity ratio: 300%	120,000,000	44,697,647
BNI	SBLC, BG, SKBDN, dan/and L/C	18 Desember/ December 18, 2020	Current ratio: 100% Debt to equity ratio: 300% EBITDA to interest: 200%	140,000,000	127,166,934
Bank Mandiri	Cash Loan	23 April 2020	Debt service ratio: 130% Debt to equity ratio: 300%	350,000,000	200,000,000
Bank Mandiri	Uncommitted revolving joint credit facility	15 Agustus/August 15, 2020	Debt service ratio: 130% Debt to equity ratio: 300%	71,937,271	57,549,817
BRI	SBLC, BG, Penanguhan Jaminan Impor ("PJI")/SBLC, BG, Import Line of Credit ("ILC")	5 April 2020	Tidak ada/None	400,000,000	233,351,969
BRI	Foreign exchange line (tomorrow, spot, forward, swap or option)	5 April 2020	Tidak ada/None	100,000,000	100,000,000

**20. LOANS (continued)**

**c. Shareholder loan**

**Related party**  
Short-term portion  
Long-term portion

On December 28, 2012, Pertagas and Pertamina entered into a loan agreement for capital expenditures. The loan agreement was effective as at January 1, 2012. Additional drawdowns of the loan are performed through a fund dropping mechanism.

Interest charged to Pertagas by Pertamina is calculated on a monthly basis based on market rates.

**d. Promissory notes**

In accordance with the Amended and Restated Share Purchase Agreement between the Company and Pertamina dated December 28, 2018 to acquire 51% ownership of shares in Pertagas, as part of the consideration transferred, the Company issued promissory notes of Rp10,091 billion denominated in Rupiah to Pertamina with a 6 month loan period at an interest rate of 8.41% per annum. As at December 31, 2018, the balance of the promissory notes to Pertamina is equivalent to USD691,043,648. The Company has fully repaid the promissory notes on March 4, 2019.

**e. Unused facilities**

Below are unused facilities as at December 31, 2019:

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**20. PINJAMAN (lanjutan)**

**e. Fasilitas yang belum digunakan (lanjutan)**

Bank	Jenis fasilitas/Types of facilities	Akhir periode/ End of period	Pembatasan/ Covenants	Jumlah fasilitas/ Total facilities	Sisa fasilitas/ Remaining facilities
Pihak ketiga/Third parties PT Bank Sumitomo Mitsui Indonesia	Cash Loan	31 Oktober/ October 31, 2020	Tidak ada/None	120,000,000	-
Citibank	SBLC dan/and BG	5 Desember/ December 5, 2020	Tidak ada/None	50,000,000	47,745,540
DBS Indonesia	Uncommitted revolving joint credit facility	9 Oktober/ October 9, 2020	Tidak ada/None	71,937,271	71,937,271
ANZ Indonesia	Corporate facility agreement	28 Februari/ February 28, 2020	Tidak ada/None	182,000,000	182,000,000

**20. LOANS (continued)**

**e. Unused facilities (continued)**

**21. UTANG OBLIGASI**

	2019	2018
<b>Senior Unsecured Fixed Rate Notes</b>		
Nilai nominal	1,350,000,000	1,350,000,000
Diskonto	(13,000,500)	(13,000,500)
Biaya penerbitan	(5,647,211)	(5,647,211)
Amortisasi diskonto dan biaya penerbitan	<u>9,209,691</u>	<u>7,347,590</u>
	<u>1,340,561,980</u>	<u>1,338,699,879</u>
<b>SEI Senior Unsecured Fixed Rate Notes</b>		
Nilai nominal	625,000,000	625,000,000
Biaya penerbitan	(6,731,010)	(6,731,010)
Amortisasi biaya penerbitan	<u>2,560,607</u>	<u>1,601,019</u>
	<u>620,829,597</u>	<u>619,870,009</u>
Jumlah utang obligasi	<u>1,961,391,577</u>	<u>1,958,569,888</u>

**a. Senior Unsecured Fixed Rate Notes**

Pada tanggal 12 Mei 2014, Perusahaan menerbitkan USD1.350.000.000 Senior Unsecured Fixed Rate Notes, yang akan jatuh tempo pada tanggal 16 Mei 2024, dengan harga penerbitan sebesar 99,037%. Wali amanat atas obligasi ini adalah The Bank of New York Mellon. Obligasi ini dikenakan bunga sebesar 5,125% per tahun yang terhutang setengah tahunan setiap tanggal 16 Mei dan 16 November, dimulai pada tanggal 16 November 2014. Obligasi ini dicatatkan pada Singapore Exchange Securities Trading Limited. Dana dari obligasi diterima pada tanggal 16 Mei 2014 dan dipergunakan untuk penambahan modal kerja dan keperluan umum lainnya. Berdasarkan Moody's Investors Services, Standard & Poor (S&P) dan Fitch Rating, peringkat dari obligasi tersebut masing-masing adalah Baa2, BBB- dan BBB- pada tanggal 31 Desember 2019.

**21. BONDS PAYABLE**

**Senior Unsecured Fixed Rate Notes**

Nominal value  
Discount  
Issuance cost  
Amortisation of discount and  
issuance cost

**SEI Senior Unsecured Fixed Rate Notes**

Nominal value  
Issuance cost  
Amortisation of issuance cost

Total bonds payable

**a. Senior Unsecured Fixed Rate Notes**

On May 12, 2014, the Company issued USD1,350,000,000 of Senior Unsecured Fixed Rate Notes, which will be due on May 16, 2024, with an issue price of 99.037%. The trustee of these bonds is The Bank of New York Mellon. These bonds bear an interest rate of 5.125% per annum payable semiannually on May 16 and November 16, starting on November 16, 2014. These bonds were listed on the Singapore Exchange Securities Trading Limited. The bonds proceeds were received by the Company on May 16, 2014 and were used for additional working capital and other general corporate purposes. Based on Moody's Investors Services, Standard & Poor (S&P) and Fitch Rating, as at December 31, 2019, the bonds were rated at Baa2, BBB- and BBB-, respectively.

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**21. UTANG OBLIGASI (lanjutan)**

**a. Senior Unsecured Fixed Rate Notes (lanjutan)**

Sehubungan dengan obligasi ini, Perusahaan dibatasi dalam melakukan konsolidasi, penggabungan usaha, mengalihkan, menyewakan, atau menjual semua atau sebagian besar asetnya.

Nilai wajar dari utang obligasi pada tanggal 31 Desember 2019 dan 2018 masing-masing adalah USD1.239.771.882 dan USD1.349.352.311. Nilai wajar ini dihitung menggunakan harga penawaran dan merupakan level 1 pada hirarki nilai wajar.

**b. SEI Senior Unsecured Fixed Rate Notes**

Pada tanggal 26 April 2017, SEI menerbitkan USD625.000.000 *Senior Unsecured Fixed Rate Notes*, yang akan jatuh tempo pada tanggal 5 Mei 2024, dengan harga penerbitan sebesar 100%. Wali amanat atas obligasi ini adalah Citicorp International Limited. Obligasi ini dikenakan bunga sebesar 4,45% per tahun yang terhutang setengah tahunan setiap tanggal 5 Mei dan 5 November, dimulai pada tanggal 5 November 2017. Obligasi ini dicatatkan pada *Singapore Exchange Securities Trading Limited*. Dana dari obligasi diterima pada tanggal 5 Mei 2017 dan dipergunakan untuk melunasi pinjaman sindikasi, mendanai belanja modal dan aktivitas akuisisi, penambahan modal kerja dan keperluan umum lainnya. Total biaya penerbitan adalah sebesar USD6.731.010. Berdasarkan Moody's Investors Services, Standard & Poor (S&P) dan Fitch Rating, peringkat dari obligasi tersebut masing-masing adalah Ba2, BB dan BB+ pada tanggal 31 Desember 2019.

SEI tidak diharuskan melakukan pembentukan dana (*sinking fund*) untuk pelunasan utang obligasi ini.

Nilai wajar dari utang obligasi pada tanggal 31 Desember 2019 dan 2018 masing-masing adalah USD631.793.750 dan USD574.906.250. Nilai wajar ini dihitung menggunakan harga penawaran dan merupakan level 1 pada hirarki nilai wajar.

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**21. BONDS PAYABLE (continued)**

**a. Senior Unsecured Fixed Rate Notes (continued)**

*In relation to these bonds, the Company is restricted in conducting consolidation, merger, transfer, lease or disposal of all or substantially all of its assets.*

*The fair value of the bonds payable as at December 31, 2019 and 2018 was USD1,239,771,882 and USD1,349,352,311, respectively. The fair value is calculated using bid price which is within level 1 of the fair value hierarchy.*

**b. SEI Senior Unsecured Fixed Rate Notes**

*On April 26, 2017 SEI issued USD625,000,000 of Senior Unsecured Fixed Rate Notes, which will be due on May 5, 2024, with issue price of 100%. The trustee of these bonds is Citicorp International Limited. These bonds bear interest of 4.45% per annum payable semiannually on May 5 and November 5, starting on November 5, 2017. These bonds were listed on the Singapore Exchange Securities Trading Limited. The bonds proceeds were received on May 5, 2017 and were used for refinancing syndicated loan, to finance capital expenditures and acquisition activities, to fund working capital requirement and other general corporate purposes. Total transaction cost amounted to USD6,731,010. Based on Moody's Investor Service, Standard & Poor (S&P) and Fitch Rating, as at December 31, 2019 the bonds were rated at Ba2, BB and BB+, respectively.*

*SEI is not required to make sinking fund payments with respect to these bonds.*

*The fair value of the bonds payable as at December 31, 2019 and 2018 was USD631,793,750 and USD574,906,250, respectively. The fair value is calculated using bid price which is within level 1 of the fair value hierarchy.*

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**22. PERPAJAKAN**

**22. TAXATION**

**a. Taksiran tagihan pajak**

**a. Estimated claims for tax refund**

	<u>2019</u>	<u>2018</u>	
Pajak Penghasilan:			<i>Income Taxes:</i>
Pasal 28a	22,185,120	22,712,926	<i>Article 28a</i>
	<u>22,185,120</u>	<u>22,712,926</u>	
Pajak Lainnya:			<i>Other Taxes:</i>
PPN	144,585,672	187,933,277	<i>VAT</i>
Pasal 4 (2)	14,856,028	59,412,007	<i>Article 4 (2)</i>
Pasal 26	53,880,241	16,100,484	<i>Article 26</i>
Pasal 23	11,886,610	5,547,357	<i>Article 23</i>
Pasal 21	827,244	406,447	<i>Article 21</i>
Pasal 22	107,055	30,154	<i>Article 22</i>
	<u>226,142,850</u>	<u>269,429,726</u>	
	<u>248,327,970</u>	<u>292,142,652</u>	
Bagian lancar	190,161,986	168,228,568	<i>Current portion</i>
Bagian tidak lancar	58,165,984	123,914,084	<i>Non-current portion</i>
Lihat Catatan 22f untuk pembahasan mengenai taksiran tagihan pajak.			<i>See Note 22f for discussion of claims for tax refund.</i>

**b. Utang pajak**

**b. Taxes payable**

	<u>2019</u>	<u>2018</u>	
Pajak Penghasilan:			<i>Income Taxes:</i>
Pasal 29	27,485,821	23,419,041	<i>Article 29</i>
Pasal 25	3,800,278	1,255,572	<i>Article 25</i>
	<u>31,286,099</u>	<u>24,674,613</u>	
Pajak Lainnya:			<i>Other Taxes:</i>
PPN	17,840,294	15,698,973	<i>VAT</i>
Pasal 21	3,105,195	2,946,996	<i>Article 21</i>
Pasal 23	2,955,855	5,412,396	<i>Article 23</i>
Pasal 22	348,022	131,926	<i>Article 22</i>
	<u>24,249,366</u>	<u>24,190,291</u>	
	<u>55,535,465</u>	<u>48,864,904</u>	

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**22. PERPAJAKAN (lanjutan)**

**22. TAXATION (continued)**

**c. Beban pajak penghasilan**

**c. Income tax expense**

	<u>2019</u>	<u>2018</u>	
Kini			<i>Current</i>
Perusahaan	57,405,936	67,252,525	<i>The Company</i>
Entitas anak	49,061,664	68,562,865	<i>Subsidiaries</i>
Penyesuaian tahun sebelumnya	<u>(660,101)</u>	<u>45,616,634</u>	<i>Prior year adjustment</i>
	<u>105,807,499</u>	<u>181,432,024</u>	
Tangguhan			<i>Deferred</i>
Perusahaan	(1,014,432)	(7,985,023)	<i>The Company</i>
Entitas anak	<u>62,128,229</u>	<u>46,818,624</u>	<i>Subsidiaries</i>
	<u>61,113,797</u>	<u>38,833,601</u>	
Beban pajak penghasilan	<u><u>166,921,296</u></u>	<u><u>220,265,625</u></u>	<i>Income tax expense</i>

Pajak atas laba sebelum pajak Grup berbeda dari nilai teoritis yang mungkin muncul apabila menggunakan rata-rata tertimbang tarif pajak terhadap laba pada entitas konsolidasian dalam jumlah sebagai berikut:

*The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits on the consolidated entities as follows:*

	<u>2019</u>	<u>2018</u>	
Laba konsolidasian sebelum pajak penghasilan	279,902,491	584,904,285	<i>Consolidated profit before income tax</i>
Pajak dihitung dengan tarif pajak yang berlaku	55,980,498	163,118,327	<i>Tax calculated at applicable tax rate</i>
Dampak pajak penghasilan dari:			<i>Income tax effect from:</i>
- Pendapatan dividen	(17,011,894)	(28,851,423)	<i>Dividend income -</i>
- Penghasilan tidak kena pajak	(25,190,078)	(23,031,902)	<i>Income not subject to tax -</i>
- Beban yang tidak dapat dikurangkan	138,052,093	91,703,217	<i>Non-deductible expenses -</i>
- Perubahan aset pajak tangguhan yang tidak diakui	<u>15,090,677</u>	<u>17,327,406</u>	<i>Changes in unrecognised - deferred tax assets</i>
Beban pajak penghasilan konsolidasian	<u><u>166,921,296</u></u>	<u><u>220,265,625</u></u>	<i>Consolidated income tax expense</i>

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**22. PERPAJAKAN (lanjutan)**

**22. TAXATION (continued)**

**c. Beban pajak penghasilan (lanjutan)**

**c. Income tax expense (continued)**

Rekonsiliasi antara laba sebelum beban pajak, seperti yang tercantum dalam laba rugi dan estimasi laba kena pajak adalah sebagai berikut:

The reconciliation between profit before tax, as shown in profit or loss and estimated taxable income is as follows:

	<u>2019</u>	<u>2018</u>	
Laba konsolidasian sebelum pajak penghasilan	279,902,491	584,904,285	Consolidated profit before income tax
Dikurangi:			Deducted by:
Laba sebelum pajak entitas anak	(45,132,073)	(285,419,869)	Profit before tax of subsidiaries
Penyesuaian konsolidasian	<u>63,515,958</u>	<u>89,325,547</u>	Consolidation adjustments
Laba sebelum beban pajak Perusahaan	<u>298,286,376</u>	<u>388,809,963</u>	Income before tax expense of the Company
<b>Koreksi fiskal:</b>			<b>Fiscal corrections:</b>
Imbalan pascakerja dan jangka panjang lainnya	7,022,995	(100,452)	Post-employment and other long-term benefits
Penyisihan penurunan nilai piutang	(794,910)	3,985,795	Provision for impairment of receivables
Akrual atas gaji dan bonus karyawan	(2,880,077)	14,198,104	Accrued employee salaries and bonus
Gaji dan kesejahteraan karyawan	16,496,743	14,912,655	Salaries and other employee benefits
Beban yang tidak dapat dikurangkan	55,677,706	57,896,709	Non-deductible expenses
Representasi dan jamuan	2,418,322	2,417,275	Representation and entertainment
Pajak dan perizinan	5,202,936	17,252,198	Taxes and licenses
Pendapatan dividen	(85,059,470)	(144,257,113)	Dividend income
Penghasilan yang dikenakan pajak final	<u>(9,340,939)</u>	<u>(18,852,509)</u>	Income subject to final tax
Estimasi laba kena pajak	<u>287,029,682</u>	<u>336,262,625</u>	Estimated taxable income
Beban pajak kini - Perusahaan	<u>57,405,936</u>	<u>67,252,525</u>	Current tax expense - the Company
Dikurangi pembayaran pajak dimuka - Perusahaan			Less prepaid taxes - Company
Pasal 25	(25,645,970)	(39,848,956)	Article 25
Pasal 22	(11,534,639)	(10,028,300)	Article 22
Pasal 23	<u>(6,048,234)</u>	<u>(8,779,032)</u>	Article 23
Kurang bayar pajak penghasilan badan - Perusahaan	<u>14,177,093</u>	<u>8,596,237</u>	Underpayment of corporate income tax - the Company
Kurang bayar pajak penghasilan badan - Entitas anak	<u>17,109,006</u>	<u>16,078,376</u>	Underpayment of corporate income tax - Subsidiaries
Kurang bayar pajak penghasilan - Konsolidasian	<u>31,286,099</u>	<u>24,674,613</u>	Underpayment of corporate income tax - Consolidated

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**22. PERPAJAKAN (lanjutan)**

**c. Beban pajak penghasilan (lanjutan)**

Berdasarkan Peraturan Pemerintah No. 81 tahun 2007 ("PP 81/2007"), tanggal 28 Desember 2007, tentang Penurunan Tarif Pajak Penghasilan bagi Wajib Pajak Badan Dalam Negeri yang Berbentuk Perseroan Terbuka yang berlaku efektif tanggal 1 Januari 2008 dan Peraturan Menteri Keuangan No. 238/PMK.03/2008 tanggal 30 Desember 2008 tentang Tata Cara Pelaksanaan dan Pengawasan Pemberian Penurunan Tarif Bagi Wajib Pajak Badan Dalam Negeri yang berbentuk Perseroan Terbuka, perseroan terbuka dalam negeri di Indonesia dapat memperoleh penurunan tarif Pajak Penghasilan sebesar 5% lebih rendah dari tarif tertinggi Pajak Penghasilan sebagaimana diatur dalam Pasal 17 ayat 1b Undang-undang Pajak Penghasilan, dengan memenuhi kriteria-kriteria yang ditentukan, yaitu perseroan yang saham atau efek bersifat ekuitas lainnya tercatat di Bursa Efek Indonesia yang jumlah kepemilikan saham publiknya 40% atau lebih dari keseluruhan saham yang disetor dan saham tersebut dimiliki paling sedikit oleh 300 pihak, masing-masing pihak hanya boleh memiliki saham kurang dari 5% dari keseluruhan saham yang disetor.

Pada tanggal 4 Januari 2019 dan 5 Januari 2018, Perusahaan telah mendapatkan surat keterangan dari Biro Administrasi Efek atas pemenuhan kriteria-kriteria di atas untuk tahun pajak 2019 dan 2018.

**d. Pajak tangguhan**

Pengaruh pajak atas beda temporer yang signifikan antara pelaporan komersial dan pajak adalah sebagai berikut:

	1 Januari/ January 1, 2019	Dibebankan/ (dikreditkan) pada laporan laba-rugi konsolidasian/ Charged/ (credited) to consolidated statements of profit or loss	Dibebankan/ (dikreditkan) pada penghasilan komprehensif lain/Charged/ (credited) to other comprehensive income	31 Desember/ December 31, 2019	
<b>Perusahaan</b>					<b>The Company</b>
Aset pajak tangguhan					Deferred tax assets
Imbalan pascakerja					Post-employment and other
dan jangka panjang lainnya	18,297,832	1,404,599	759,006	20,461,437	long-term benefits
Gaji dan bonus	6,794,503	(390,167)	-	6,404,336	Salaries and bonus
Cadangan kerugian					Allowance for
penurunan nilai	8,077,073	158,982	-	8,236,055	impairment losses
Cadangan kerugian					Allowance for
penurunan nilai persediaan	95,411	-	-	95,411	inventory obsolescence
Penyisihan aset pajak					Allowance for deferred
tangguhan	(8,610,975)	(158,982)	-	(8,769,957)	tax assets
	<u>24,653,844</u>	<u>1,014,432</u>	<u>759,006</u>	<u>26,427,282</u>	Deferred tax assets

**22. TAXATION (continued)**

**c. Income tax expense (continued)**

Based on Government Regulation No. 81/2007 ("Gov. Reg. 81/2007"), dated December 28, 2007, regarding Reduction of the Rate of Income Tax on Resident Corporate Taxpayers in the Form of Publicly-listed Companies which became effective on January 1, 2008 and Ministry of Finance Rule No. 238/PMK.03/2008 dated December 30, 2008 regarding the Guidelines on the Implementation and Supervision on the Tariff Reduction for Domestic Tax Payers in the Form of Publicly-listed Companies, resident publicly-listed companies in Indonesia can obtain the reduced income tax rate of 5% lower than the highest income tax rate under Article 17 paragraph 1b of the Income Tax Law, if they meet the prescribed criteria, which are companies whose shares or other equity instruments are listed in the Indonesia Stock Exchange, whose shares owned by the public is 40% or more of the total paid shares and such shares are owned by at least 300 parties, each party owning less than 5% of the total paid up shares.

On January 4, 2019 and January 5, 2018, the Company has obtained the notification letter from Securities Administration Agency regarding the fulfillment of such criteria for fiscal years 2019 and 2018.

**d. Deferred tax**

The tax effects of significant temporary differences between commercial and tax reporting are as follows:

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**22. PERPAJAKAN (lanjutan)**

**22. TAXATION (continued)**

**d. Pajak tangguhan (lanjutan)**

**d. Deferred tax (continued)**

	1 Januari/ January 1, 2019	Reklasifikasi akun/ Reclassification of account	Dibebankan/ (dikreditkan) pada laporan laba rugi konsolidasian/ Charged/ (credited) to consolidated statement of profit or loss	Dibebankan/ (dikreditkan) pada penghasilan komprehensif lain/Charged/ (credited) to other comprehensive income	31 Desember/ December 31, 2019	
<b>Entitas anak</b>						<b>Subsidiaries</b>
Aset pajak tangguhan						<i>Deferred tax assets</i>
Aset tetap	69,572,685	(142,703)	(2,998,729)	-	66,431,253	<i>Fixed assets</i>
Cadangan kerugian penurunan nilai	418,918	(217,555)	1,392,356	-	1,593,719	<i>Allowance for impairment losses</i>
Implementasi akuntansi sewa pembiayaan	-	(3,447,929)	3,894,179	-	446,250	<i>Implementation of finance lease accounting</i>
Imbalan pascakerja dan jangka panjang lainnya	(1,755,969)	4,338,311	1,204,777	(80,513)	3,706,606	<i>Post-employment and other long-term benefits</i>
Gaji dan bonus	1,102,075	(791,191)	132,566	(57,124)	386,326	<i>Salaries and bonus</i>
Rugi fiskal	5,590,662	(4,160,992)	531,105	-	1,960,775	<i>Fiscal loss</i>
Liabilitas pembongkaran aset dan restorasi area dan provisi lain-lain	4,189,149	(1,330,160)	86,026	-	2,945,015	<i>Asset abandonment and restoration obligations and other provisions</i>
Unrecovered cost	38,620,018	-	7,082,896	-	45,702,914	<i>Unrecovered cost</i>
Properti minyak dan gas	(15,095,839)	-	(8,188,144)	-	(23,283,983)	<i>Oil and gas properties</i>
<b>Aset pajak tangguhan</b>	<b>102,641,699</b>	<b>(5,752,219)</b>	<b>3,137,032</b>	<b>(137,637)</b>	<b>99,888,875</b>	<i>Deferred tax assets</i>
<b>Liabilitas pajak tangguhan</b>						<i>Deferred tax liabilities</i>
Gaji dan bonus	457,030	(83,918)	(363,828)	-	9,284	<i>Salaries and bonus</i>
Aset tetap	(1,628,653)	(2,064,228)	(2,058,318)	-	(5,751,199)	<i>Fixed assets</i>
Cadangan kerugian penurunan persediaan	136,690	-	(68,718)	-	67,972	<i>Allowance for inventory obsolescence</i>
Imbalan pascakerja dan jangka panjang lainnya	1,654,408	219,979	(529)	676,765	2,550,623	<i>Post-employment and other long-term benefits</i>
Rugi fiskal	-	5,590,662	(4,033,467)	-	1,557,195	<i>Fiscal loss</i>
Liabilitas pembongkaran aset dan restorasi area	4,154,351	1,330,160	1,297,738	-	6,782,249	<i>Asset abandonment and restoration obligations</i>
Unrecovered cost	275,394,815	-	(25,703,240)	-	249,691,575	<i>Unrecovered cost</i>
First tranche petroleum	(122,754,695)	-	(10,122,856)	-	(132,877,551)	<i>First tranche petroleum</i>
Implementasi akuntansi sewa pembiayaan	(759,564)	759,564	-	-	-	<i>Implementation of finance lease accounting</i>
Penyesuaian nilai wajar investasi jangka pendek	-	-	-	(456,096)	(456,096)	<i>Fair value adjustment of short-term investment</i>
Properti minyak dan gas	(323,119,114)	-	(24,212,043)	-	(347,331,157)	<i>Oil and gas properties</i>
<b>Liabilitas pajak tangguhan</b>	<b>(166,464,732)</b>	<b>5,752,219</b>	<b>(65,265,261)</b>	<b>220,669</b>	<b>(225,757,105)</b>	<i>Deferred tax liabilities</i>
(Beban)/manfaat pajak tangguhan konsolidasian		<b>-</b>	<b>(61,113,797)</b>	<b>842,038</b>		<i>Consolidated deferred tax (expense)/income</i>
<b>Aset pajak tangguhan konsolidasian</b>	<b>127,295,543</b>				<b>126,316,157</b>	<i>Consolidated deferred tax assets</i>
<b>Liabilitas pajak tangguhan konsolidasian</b>	<b>(166,464,732)</b>				<b>(225,757,105)</b>	<i>Consolidated deferred tax liabilities</i>

Pada tanggal 31 Desember 2019, saldo liabilitas pajak tangguhan blok Pangkah sebesar USD121.907.010. Berdasarkan proyeksi arus kas manajemen atas blok Pangkah, sebagian besar porsi liabilitas pajak tangguhan akan terealisasi sebelum konsep *gross split* berlaku efektif di tahun 2026 yang merubah tarif pajak dari 44% menjadi 40%. Terkait sisa porsi liabilitas pajak tangguhan yang berkaitan dengan properti minyak dan gas yang kemungkinan akan terealisasi setelah tahun 2026, manajemen tidak melakukan penyesuaian saldo pajak tangguhan (akibat perubahan tarif pajak) dengan alasan adanya unsur ketidakpastian di masa mendatang.

As of 31 December 2019, the balance of Pangkah Block deferred tax liabilities was USD121,907,010. Based on management's cash flow projections of the Pangkah block, the majority portion of the deferred tax liabilities will be realized before the gross split concept takes effect in 2026, which changes the tax rate from 44% to 40%. There will be portion of deferred tax liabilities which mainly related to the oil and gas properties that may be realized after 2026, management has not adjusted the deferred tax balance (due to changes in tax rates) with the consideration that there is an element of uncertainty in the future.

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**22. PERPAJAKAN (lanjutan)**

**22. TAXATION (continued)**

**d. Pajak tangguhan (lanjutan)**

**d. Deferred tax (continued)**

	1 Januari/ January 1, 2018	Dibebankan/ (dikreditkan) pada laporan laba-rugi konsolidasian/ Charged/ (credited) to consolidated statements of profit or loss	Dibebankan/ (dikreditkan) pada penghasilan komprehensif lain/Charged/ (credited) to other comprehensive income	31 Desember/ December 31, 2018	
<b>Perusahaan</b>					<b>The Company</b>
Aset pajak tangguhan					Deferred tax assets
Imbalan pascakerja					Post-employment and other
dan jangka panjang lainnya	17,862,723	(20,090)	455,199	18,297,832	long-term benefits
Gaji dan bonus	3,954,882	2,839,621	-	6,794,503	Salaries and bonus
Cadangan kerugian					Allowance for
penurunan nilai	7,279,914	797,159	-	8,077,073	impairment losses
Cadangan kerugian					Allowance for
penurunan nilai persediaan	95,411	-	-	95,411	inventory obsolescence
Penyisihan aset pajak					Allowance for deferred
tangguhan	(12,979,308)	4,368,333	-	(8,610,975)	tax assets
Aset pajak tangguhan	<u>16,213,622</u>	<u>7,985,023</u>	<u>455,199</u>	<u>24,653,844</u>	Deferred tax assets
<b>Entitas anak</b>					<b>Subsidiaries</b>
Aset pajak tangguhan					Deferred tax assets
Aset tetap	58,028,387	11,544,298	-	69,572,685	Fixed assets
Cadangan kerugian					Allowance for
penurunan nilai	150,441	268,477	-	418,918	impairment losses
Imbalan pascakerja					Post-employment and
dan jangka panjang lainnya	(617,903)	(980,024)	(158,042)	(1,755,969)	other long-term benefits
Gaji dan bonus	917,639	241,559	(57,123)	1,102,075	Salaries and bonus
Rugi fiskal	13,402,474	(7,811,812)	-	5,590,662	Fiscal loss
Liabilitas pembongkaran					Asset abandonment and
aset dan restorasi area	4,726,930	(537,781)	-	4,189,149	restoration obligations
Unrecovered cost	65,070,138	(26,450,120)	-	38,620,018	Unrecovered cost
Properti minyak dan gas	<u>(34,939,167)</u>	<u>19,843,328</u>	<u>-</u>	<u>(15,095,839)</u>	Oil and gas properties
Aset pajak tangguhan	<u>106,738,939</u>	<u>(3,882,075)</u>	<u>(215,165)</u>	<u>102,641,699</u>	Deferred tax assets
Liabilitas pajak tangguhan					Deferred tax liabilities
Gaji dan bonus	163,805	293,225	-	457,030	Salaries and bonus
Aset tetap	(63,702)	(1,564,951)	-	(1,628,653)	Fixed assets
Cadangan kerugian					Allowance for
penurunan persediaan	105,989	30,701	-	136,690	inventory obsolescence
Imbalan pascakerja					Post-employment and
dan jangka panjang lainnya	903,372	751,036	-	1,654,408	other long-term benefits
Liabilitas pembongkaran					Asset abandonment and
aset dan restorasi area	6,627,864	(2,473,513)	-	4,154,351	restoration obligations
Unrecovered cost	318,850,838	(43,456,023)	-	275,394,815	Unrecovered cost
First tranche petroleum	(100,869,423)	(21,885,272)	-	(122,754,695)	First tranche petroleum
Implementasi akuntansi					Implementation of
sewa pembiayaan	(2,620,584)	1,861,020	-	(759,564)	finance lease accounting
Properti minyak dan gas	<u>(346,626,342)</u>	<u>23,507,228</u>	<u>-</u>	<u>(323,119,114)</u>	Oil and gas properties
Liabilitas pajak tangguhan	<u>(123,528,183)</u>	<u>(42,936,549)</u>	<u>-</u>	<u>(166,464,732)</u>	Deferred tax liabilities
(Beban)/manfaat pajak tangguhan konsolidasian		<u>(38,833,601)</u>	<u>240,034</u>		Consolidated deferred tax (expense)/benefit
Aset pajak tangguhan konsolidasian	<u>122,952,561</u>			<u>127,295,543</u>	Consolidated deferred tax assets
Liabilitas pajak tangguhan konsolidasian	<u>(123,528,183)</u>			<u>(166,464,732)</u>	Consolidated deferred tax liabilities

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**22. PERPAJAKAN (lanjutan)**

**22. TAXATION (continued)**

**e. Rugi pajak**

Entitas anak Grup memiliki rugi pajak yang dapat digunakan sebagai pengurang dari penghasilan kena pajak masa depan. Perusahaan tidak memiliki rugi pajak. Berikut ini adalah informasi mengenai rugi pajak Grup.

**e. Tax losses**

Subsidiaries of the Group had tax losses that can be used as deductions from future taxable income. The Company has no tax losses. Below is information regarding the Group's tax losses.

31 Desember/December 2019

Tahun terjadi/ Year incurred	Tahun kadaluarsa/ Year expiring	Rugi pajak entitas anak/ Subsidiaries' tax losses	Aset pajak tangguhan dari rugi pajak/ Deferred tax assets from tax losses	Aset pajak tangguhan yang tidak diakui/ Unrecognised deferred tax assets	Kompensasi kerugian fiskal/ Utilisation of tax losses carried forward	Aset pajak tangguhan yang diakui/ Deferred tax assets recognised
PLI						
2015	2020	16,756,092	4,189,023	-	(4,033,467)	(1,035,579)
2016	2021	2,086,462	521,616	-	-	(521,616)
SEI						
2015	2020	14,752,294	3,688,074	(3,688,074)	-	-
2016	2021	28,461,812	7,115,453	(7,115,453)	-	-
2017	2022	50,417,696	12,604,424	(12,604,424)	-	-
2018	2023	51,325,631	12,831,408	(12,831,408)	-	-
2019	2024	60,362,708	15,090,677	(15,090,677)	-	-
		<u>224,162,695</u>	<u>56,040,675</u>	<u>(51,330,036)</u>	<u>(4,033,467)</u>	<u>(1,557,195)</u>

Rugi fiskal dapat dikompensasikan dengan laba fiskal pada masa lima tahun mendatang sejak kerugian fiskal terjadi. SEI memperkirakan bahwa akumulasi kerugian fiskal tidak dapat dikompensasikan dengan laba fiskal di masa mendatang.

The tax losses can be utilised against the taxable income for a period of five years subsequent to the year the tax loss was incurred. SEI believes that it is not probable that future taxable profits will be available to utilise accumulated tax losses before their expiry.

**f. Surat Ketetapan Pajak ("SKP")**

**Perusahaan**

Perusahaan menerima Surat Ketetapan Pajak Kurang Bayar ("SKPKB") sebagai berikut:

**f. Tax Assessment Letters ("SKP")**

**The Company**

The Company received Tax Underpayment Decision Letters ("SKPKB") as follows:

Beban pajak terkait/ Related tax expense	Tahun pajak/ Fiscal year	Surat yang diterima/ Letter received	Periode surat diterima/ Period letter received	Jumlah kurang bayar termasuk sanksi (dalam jutaan Rupiah)/ Amount of underpayment including penalty (in million Rupiah)	Jumlah kurang bayar termasuk sanksi (dalam Dolar AS)/ Amount of underpayment including penalty (in USD)	Status/Status
PPN atas penjualan gas bumi/VAT for gas sales	2012	SKPKB	Januari/ January 2017	3,260,812	234,573,931 <sup>1)</sup>	
PPN atas penjualan gas bumi/VAT for gas sales	2013	SKPKB	Februari/ February 2017	895,548	64,423,301 <sup>1)</sup>	

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**22. PERPAJAKAN (lanjutan)**

**22. TAXATION (continued)**

**f. Surat Ketetapan Pajak ("SKP") (lanjutan)**

**f. Tax Assessment Letters ("SKP") (continued)**

**Perusahaan (lanjutan)**

**The Company (continued)**

Perusahaan menerima Surat Ketetapan Pajak Kurang Bayar ("SKPKB") sebagai berikut:

The Company received Tax Underpayment Decision Letters ("SKPKB") as follows:

Beban pajak terkait/ Related tax expense	Tahun pajak/ Fiscal year	Surat yang diterima/ Letter received	Periode surat diterima/ Period letter received	Jumlah kurang bayar termasuk sanksi (dalam jutaan Rupiah)/ Amount of underpayment including penalty (in million Rupiah)	Jumlah kurang bayar termasuk sanksi (dalam Dolar AS)/ Amount of underpayment including penalty (in USD)	Status/Status
PPH Pasal 29/ Income tax article 29	2013	SKPKB	Februari/ February 2017	469,921	33,804,882	Keberatan/Objection
PPN WAPU/ VAT WAPU	2013	SKPKB	Februari/ February 2017	72,608	5,223,234	Banding/Appeal
PPH Pasal 22/ Income tax article 22	2013	SKPKB	Februari/ February 2017	24,057	1,730,362	Banding/Appeal
PPH Pasal 21/ Income tax article 21	2013	SKPKB	Februari/ February 2017	18,598	1,337,921	Keberatan/Objection
PPN atas penjualan gas bumi/VAT for gas sales	2014	SKPKB	Februari/ February 2018	886,456	63,769,221 <sup>2)</sup>	
PPN atas penjualan gas bumi/VAT for gas sales	2015	SKPKB	Februari/ February 2018	853,303	61,384,337 <sup>2)</sup>	
PPH Pasal 29/ Income tax article 29	2015	SKPKB	April 2017	400,646	27,667,021	Keberatan/Objection
PPN atas penjualan gas bumi/VAT for gas sales	2016	SKPKB	April 2019	1,035,956	74,523,871 <sup>2)</sup>	
PPN WAPU/ VAT WAPU	2016	SKPKB	Oktober/ October 2018	14,494	1,042,644	Keberatan/Objection
PPN atas jasa luar negeri/VAT for foreign services	2016	SKPKB	Oktober/ October 2018	139,995	10,070,793	Keberatan/Objection
PPN atas penjualan gas bumi/VAT for gas sales	2017	SKPKB	Februari/ February 2020	1,056,412	75,995,403 <sup>3)</sup>	

Keterangan:

- 1) Perusahaan memenangkan keputusan banding dan saat ini DJP telah mengajukan permohonan Peninjauan Kembali.
- 2) Perusahaan memenangkan keputusan keberatan dan DJP tidak mengajukan permohonan banding.
- 3) Perusahaan memenangkan sebagian keputusan keberatan.

Remarks:

- 1) Appeal results in favour of the Company and DGT has submitted judicial review.
- 2) Objection results in favour of the Company and DGT has not submitted appeal.
- 3) Objection results partially in favour of the Company.

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**22. PERPAJAKAN (lanjutan)**

**22. TAXATION (continued)**

**f. Surat Ketetapan Pajak ("SKP") (lanjutan)**

**f. Tax Assessment Letters ("SKP") (continued)**

**Perusahaan (lanjutan)**

**The Company (continued)**

Perusahaan tidak menyetujui semua SKPKB di atas. Terhadap kasus PPN penjualan atas gas bumi, Perusahaan berpendapat bahwa penjualan gas bumi yang dilakukan Perusahaan bukan merupakan objek PPN, dimana telah dikonfirmasi berdasarkan surat dari Kantor Pelayanan Pajak Badan Usaha Milik Negara No. S-2/PJ.02/2020 tertanggal 15 Januari 2020, yang menyatakan bahwa gas bumi merupakan salah satu jenis barang hasil pertambangan atau hasil pengeboran yang diambil langsung dari sumbernya yang masuk dalam kelompok bukan objek PPN.

The Company does not agree with all of SKPKBs above. On VAT for gas sales case, the Company is of the opinion that gas sales are not a VAT object which was confirmed in a letter from Kantor Pelayanan Pajak Badan Usaha Milik Negara No. S-2.PJ.02/2020 dated January 15, 2020 which stated that gas is included as a mining or drilling commodity that is directly obtained from its source therefore it is not a VAT object.

**SEI**

**SEI**

SEI beserta anak perusahaannya menerima beberapa SKPKB sebagai berikut:

SEI and its subsidiaries received several SKPKBs as follows:

Perusahaan/ Company	Beban pajak terkait/ Related tax expense	Tahun pajak/ Fiscal year	Surat yang diterima/ Letter received	Periode surat diterima/ Period letter received	Jumlah yang disengketakan termasuk sanksi (dalam dolar AS)/ Disputed amount including penalty (in USD)	Status/ Status
SIPBV	PPH Pasal 26 (4)/ Income tax Article 26 (4)	2013	SKPKB	18 Nov/Nov 2015	35,282,679	Peninjauan kontra memori/ Contra memory reconsideration <sup>2)</sup>
SIPBV	PPH Pasal 4 (2)/ Income tax Article 4 (2)	2013	SKPKB	27 Agt/Aug 2014	14,332,153 <sup>1)</sup>	Peninjauan kontra memori/ Contra memory reconsideration <sup>2)</sup>
SIPL	PPH Pasal 26 (4)/ Income tax Article 26 (4)	2014	Putusan Mahkamah Agung/ Supreme Court Decision	20 Jan 2020	127,720,367	Kalah di Mahkamah Agung/ Unfavourable Decision at Supreme Court
SIPL	PPH Pasal 4 (2)/ Income tax Article 4 (2)	2014	SKPKB	3 Des/Dec 2014	39,290,008 <sup>1)</sup>	Peninjauan kontra memori/ Contra memory reconsideration <sup>2)</sup>
SPLLC	PPH Pasal 26 (4)/ Income tax Article 26 (4)	2014	SKPKB	18 Nov/Nov 2015	19,842,169	Pengajuan PK/ Reconsideration request
SPLLC	PPH Pasal 4(2)/ Income tax Article 4 (2)	2014	SKPKB	3 Des/Dec 2014	4,420,258 <sup>1)</sup>	Peninjauan kontra memori/ Contra memory reconsideration <sup>2)</sup>
SEML	PPH Pasal 26 (4)/ Income tax Article 26 (4)	2014	SKPKB	14 Mei/May 2017	3,627,207 <sup>1)</sup>	Banding/Appeal
SEI	Pajak penghasilan/ Corporate income tax	2013	SKPKB	6 Des/Dec 2018	3,935,281 <sup>1)</sup>	Keberatan/Objection
SEI	Pajak lainnya/ Various taxes	2014	SKPKB	28 Des/Dec 2018	451,536 <sup>1)</sup>	Keberatan/Objection
SEI	Pajak penghasilan/ Corporate income tax	2015	SKPKB	6 Agt/Aug 2019	1,689,746 <sup>1)</sup>	Keberatan/Objection
SESL	PPH Pasal 26 (4)/ Income tax Article 26 (4)	2016	SKPKB	19 Des/Dec 2018	2,342,530	Keberatan/Objection
SIPBV	PPH Pasal 4 (2)/ Income tax Article 4 (2)	2018	SKPKB <sup>3)</sup>	6 Jan 2020	8,155,153 <sup>1)</sup>	Pengajuan keberatan/ Objection submission
SIPL	PPH Pasal 4 (2)/ Income tax Article 4 (2)	2018	SKPKB <sup>3)</sup>	20 Des/Dec 2019	20,905,167 <sup>1)</sup>	Pengajuan keberatan/ Objection submission
SPLLC	PPH Pasal 4 (2)/ Income tax Article 4 (2)	2018	SKPKB <sup>3)</sup>	10 Jan 2020	3,262,125 <sup>1)</sup>	Pengajuan keberatan/ Objection submission
SEML	PPH Pasal 4 (2)/ Income tax Article 4 (2)	2018	SKPKB <sup>3)</sup>	10 Jan 2020	1,515,059 <sup>1)</sup>	Pengajuan keberatan/ Objection submission
SESL	PPH Pasal 4 (2)/ Income tax Article 4 (2)	2018	SKPKB <sup>3)</sup>	6 Jan 2020	411,237 <sup>1)</sup>	Pengajuan keberatan/ Objection submission

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**22. PERPAJAKAN (lanjutan)**

**22. TAXATION (continued)**

**f. Surat Ketetapan Pajak ("SKP") (lanjutan)**

**f. Tax Assessment Letters ("SKP") (continued)**

**SEI (lanjutan)**

**SEI (continued)**

Perusahaan/ Company	Beban pajak terkait/ Related tax expense	Tahun pajak/ Fiscal year	Surat yang diterima/ Letter received	Periode surat diterima/ Period letter received	Jumlah yang disengketakan termasuk sanksi (dalam dolar AS)/ Disputed amount including penalty (in USD)	Status/ Status
SEMB	PPh Pasal 4 (2) Income tax Article 4 (2)	2018	SKPKB <sup>3)</sup>	20 Des/Dec 2019	27,208,289 <sup>1)</sup>	Pengajuan keberatan/ Objection submission
SBK	PPh Pasal 4 (2) Income tax Article 4 (2)	2018	SKPKB <sup>3)</sup>	6 Jan 2020	4,922,876 <sup>1)</sup>	Pengajuan keberatan/ Objection submission
SEBB	PPh Pasal 4 (2) Income tax Article 4 (2)	2018	SKPKB <sup>3)</sup>	7 Jan 2020	124,176 <sup>1)</sup>	Pengajuan keberatan/ Objection submission
SES	PPh Pasal 4 (2) Income tax Article 4 (2)	2018	SKPKB <sup>3)</sup>	7 Jan 2020	241,490 <sup>1)</sup>	Pengajuan keberatan/ Objection submission
SEW	PPh Pasal 4 (2) Income tax Article 4 (2)	2018	SKPKB <sup>3)</sup>	7 Jan 2020	37,763 <sup>1)</sup>	Pengajuan keberatan/ Objection submission
SIS	PPh Pasal 4 (2) Income tax Article 4 (2)	2018	SKPKB <sup>3)</sup>	7 Jan 2020	2,947,482 <sup>1)</sup>	Pengajuan keberatan/ Objection submission
SKP	PPh Pasal 4 (2) Income tax Article 4 (2)	2018	SKPKB <sup>3)</sup>	6 Jan 2020	7,671,915 <sup>1)</sup>	Pengajuan keberatan/ Objection submission

**Keterangan:**

- 1) Mata uang asli dalam Rupiah
- 2) Di tahun 2018, SEI telah memenangkan sengketa pajak berdasarkan putusan Pengadilan Pajak dan saat ini sedang dalam proses pengajuan Peninjauan Kembali oleh Kantor Pajak
- 3) SKPKB terkait PPh Pasal 4(2) atas pengalihan *Participating Interest* tidak langsung dari Negara Republik Indonesia ke Pertamina terkait dengan pindahnya saham PGN dari Negara Republik Indonesia ke Pertamina

**Remarks:**

- 1) Original currency in Rupiah
- 2) In 2018, SEI obtained favourable decisions on these tax disputes based on Tax Court Decisions and currently still awaiting the process of Judicial Review filed by the Tax Office
- 3) Tax Underpayment Assessment Letter related to Income Tax Article 4(2) for the transfer of indirect *Participating Interest* from the Republic of Indonesia to Pertamina with respect to the transfer of the PGN shares from the Republic of Indonesia to Pertamina

Pada 13 September 2018, Grup telah memenangkan sengketa pajak atas SIPL dan SIPBV terkait PPh Pasal 4 (2) di Pengadilan Pajak. DJP telah mengajukan permohonan peninjauan kembali kepada Mahkamah Agung dan Grup telah mengajukan kontra memori terhadap permohonan tersebut. Atas keputusan tersebut, Grup telah membalik provisinya dan mencatat pendapatan lain-lain sebesar USD37.613.333 di akhir tahun 2018 (Catatan 34).

*On September 13, 2018, the Group obtained favourable decisions of SIPL and SIPBV income tax article 4 (2) disputes at the Tax Court. DGT has submitted judicial review request to Supreme Court and the Group has submitted contra memory on the judicial review request. As a result of the above decision, the Group has reversed its provision and recognised other income of USD37,613,333 at the end of 2018 (Note 34).*

Pada 5 September 2018, Grup telah memenangkan sengketa pajak atas SIPL dan SIPBV terkait PPh Pasal 26 (4) di Pengadilan Pajak. DJP telah mengajukan permohonan peninjauan kembali kepada Mahkamah Agung dan Grup telah mengajukan kontra memori terhadap permohonan tersebut.

*On September 5, 2018, the Group obtained favourable decisions of SIPL and SIPBV Branch Profit Tax 26 (4) disputes at the Tax Court. DGT has submitted judicial review request to Supreme Court and the Group has submitted contra memory on the judicial review.*

Pada 17 Oktober 2019, Grup telah memenangkan sengketa pajak atas SPLLC terkait PPh Pasal 4 (2) di Pengadilan Pajak. DJP telah mengajukan permohonan peninjauan kembali kepada Mahkamah Agung. Grup telah mengajukan kontra memori terhadap permohonan tersebut, namun, dikarenakan putusan terakhir memenangkan Grup, Grup telah membalik provisinya dan mencatat pendapatan lain-lain sebesar USD4.205.321 di akhir tahun 2019 (Catatan 34).

*On October 17, 2019, the Group received a favourable decision on the SPLLC income tax article 4 (2) dispute at the Tax Court. The DGT has submitted a judicial review request to the Supreme Court. The Group has submitted a contra memory on the judicial review, however, as the latest decisions was in favor of the Group, the Group has reversed its provision and recognised other income of USD4,205,321 at the end of 2019 (Note 34).*

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**22. PERPAJAKAN** (lanjutan)

**f. Surat Ketetapan Pajak ("SKP")** (lanjutan)

**SEI** (lanjutan)

Pada tanggal 17 Oktober 2019, Grup telah kalah dalam sengketa pajak atas SPLLC terkait PPh Pasal 26 (4) di Pengadilan Pajak. Grup telah mengajukan permohonan peninjauan kembali kepada Mahkamah Agung dan mencatat taksiran tagihan pajak sebesar USD39.684.339 (termasuk 100% penalti) di laporan posisi keuangan 31 Desember 2019.

Pada tanggal 20 Januari 2020, manajemen menerima Putusan Mahkamah Agung No. 4003/B/PK/Pjk/2019 tanggal 28 Oktober 2019 tentang sengketa PPh Pasal 26 (4) SIPL yang tidak memenangkan Grup. Manajemen telah mencatat provisi untuk jumlah pokok sengketa pajak sebesar USD127.720.367. Untuk penalti terkait sengketa PPh Pasal 26 (4) SIPL, manajemen belum mencatat provisi dikarenakan manajemen percaya bahwa penalti tidak perlu dikenakan disebabkan SIPL telah memenangkan sengketa ini di Pengadilan Pajak. Oleh karena itu, manajemen percaya penalti tidak perlu diprovisi akibat adanya keputusan Mahkamah Agung yang memenangkan DJP. Sampai dengan tanggal penerbitan laporan keuangan ini, manajemen belum menerima Surat Perintah Pelaksanaan Putusan Peninjauan Kembali yang diperbarui atas jumlah yang disengketakan tersebut dan Surat Tagihan Pajak terkait penalti dari DJP.

Terhadap putusan Mahkamah Agung tersebut, pada akhir tahun 2019 Grup mengajukan upaya hukum di London Court of International Arbitration ("LCIA") sesuai dengan ketentuan-ketentuan yang terdapat dalam Perjanjian Jual Beli terkait dengan akuisisi blok Pangkah.

SIPBV dan SPLLC juga terlibat dalam sengketa pajak serupa atas PPh Pasal 26(4). Sampai dengan tanggal penerbitan laporan keuangan ini, Mahkamah Agung belum mengeluarkan keputusan atas proses peninjauan kembali untuk kedua entitas ini. Manajemen belum mencatat provisi atas sengketa pajak ini karena manajemen berpendapat kemungkinan lebih besar daripada tidak terjadi bahwa posisi pajak Grup dapat dipertahankan di Mahkamah Agung.

**22. TAXATION** (continued)

**f. Tax Assessment Letters ("SKP")** (continued)

**SEI** (continued)

On October 17, 2019, the Group obtained unfavourable decision of SPLLC income tax article 26 (4) dispute at the Tax Court. The Group has submitted judicial review request to the Supreme Court and recorded estimated claims for tax refund amounting to USD39,684,339 (including 100% penalty) in the statement of financial position as at December 31, 2019.

On January 20, 2020, management received Supreme Court Decision No. 4003/B/PK/Pjk/2019 dated October 28, 2019 regarding SIPL Income Tax Article 26 (4) dispute which is unfavourable for the Group. Management has recorded a provision for the principal amount of this tax dispute amounting to USD127,720,367. For penalty related to the SIPL Income Tax Article 26 (4) dispute, management has not recorded any provision because management believes that the penalty should not be imposed since SIPL had obtained a favourable decision at the Tax Court. As such, management believes the penalty is not provisioned due to unfavourable decision at the Supreme Court. As of the issuance date of these financial statements, management has not received the Implementation of Judicial Review Letter on the disputed amount and the Tax Collection Letter on the penalty from the DGT.

In relation with the above Supreme Court's decision, at the end of 2019 the Group was pursuing legal action in London Court of International Arbitration ("LCIA") as stipulated in the Sales and Purchase Agreement of Pangkah block acquisition.

SIPBV and SPLLC are also involved in similar tax disputes regarding Income Tax Article 26(4). As of the issuance date of these financial statements, the Supreme Court has not rendered its judicial review decision for these entities. Management has not recorded any provision for these tax disputes because management believes it is more likely than not that the Group's tax position can be sustained in the Supreme Court.

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**22. PERPAJAKAN (lanjutan)**

**f. Surat Ketetapan Pajak ("SKP") (lanjutan)**

**SEI (lanjutan)**

Manajemen menerima SKPKB terkait PPh Pasal 4 (2) sejumlah Rp1.075.985.100.107 (setara dengan USD77.403.431) dari DJP yang menganggap telah terjadi pengalihan *Participating Interest* tidak langsung dari Negara Republik Indonesia ke Pertamina terkait dengan pindahnya saham PGN dari Negara Republik Indonesia ke Pertamina. DJP berkeyakinan bahwa berdasarkan Peraturan Pemerintah No. 79 tahun 2010 transaksi tersebut termasuk dalam pengalihan *Participating Interest* tidak langsung dikarenakan Pertamina secara tidak langsung memiliki grup yang memiliki kerjasama operasi minyak dan gas atas blok-blok yang dimiliki Grup. Manajemen berkeyakinan bahwa SKPKB tersebut tidak memiliki dasar yang kuat. Manajemen akan mengajukan keberatan atas semua SKPKB ini dan tidak mencatat provisi karena manajemen berpendapat kemungkinan lebih besar daripada tidak terjadi bahwa posisi pajak Grup dapat dipertahankan dalam sengketa ini kedepannya.

Manajemen berkeyakinan bahwa hasil dari sengketa pajak yang masih berlangsung tidak akan memberikan dampak merugikan yang signifikan terhadap posisi keuangan dan arus kas Grup.

**Pertagas**

Pertagas menerima beberapa SKPKB sebagai berikut:

Beban pajak terkait/ Related tax expense	Tahun pajak/ Fiscal year	Surat yang diterima/ Letter received	Periode surat diterima/ Period of letter received	Jumlah kurang bayar termasuk sanksi (dalam jutaan Rupiah)/ Amount of underpayment including penalty (in millions of Rupiah)	Jumlah kurang bayar termasuk sanksi (dalam Dolar AS)/ Amount of underpayment including penalty (in USD)	Status/Status
PPN atas penjualan gas bumi/VAT for gas sales	2014	SKPKB	Juni/ June 2017	180,644	12,995,022 <sup>1)</sup>	
PPh Pasal 29/ Income tax article 29	2014	SKPKB	Februari/ February 2019	58,039	4,175,184	Keberatan/Objection
PPN atas penjualan gas bumi/VAT for gas sales	2017	SKPKB	April 2019	32,823	2,361,195	Keberatan/Objection
PPN atas penjualan gas bumi/VAT for gas sales	2015	SKPKB	Desember/ December 2019	70,397	5,064,187	Keberatan/Objection
PPh Pasal 29/ Income tax article 29	2015	SKPKB	Desember/ December 2019	8,243	592,972	Keberatan/Objection

Keterangan:

1) Pertagas telah memenangkan sengketa pajak berdasarkan putusan Pengadilan Pajak dan saat ini sedang dalam proses pengajuan Peninjauan Kembali oleh Kantor Pajak.

Remarks:

1) Pertagas obtained favourable decisions on these tax disputes based on Tax Court Decision and is currently waiting in the process of Judicial Review by Tax Office.

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**22. PERPAJAKAN (lanjutan)**

**f. Surat Ketetapan Pajak ("SKP") (lanjutan)**

**Pertagas (lanjutan)**

Manajemen berkeyakinan bahwa sengketa pajak yang masih berlangsung tidak akan memberikan dampak merugikan yang signifikan terhadap posisi keuangan dan arus kas Grup.

**22. TAXATION (continued)**

**f. Tax Assessment Letters ("SKP") (continued)**

**Pertagas (continued)**

Management is of the opinion that the ongoing tax disputes will not have a material adverse impact on the Group's financial position and cash flows.

**23. IMBALAN KERJA**

**a. Akruai gaji dan bonus karyawan**

	<u>2019</u>	<u>2018</u>
<b>Gaji dan bonus karyawan</b>	<u>47,238,540</u>	<u>46,032,497</u>

Pada tanggal 31 Desember 2019 dan 2018, akruai gaji dan bonus untuk karyawan masing-masing adalah sebesar Rp392.285.941.980 dan Rp434.351.643.309 untuk Perusahaan dan masing-masing sebesar Rp264.377.002.560 dan Rp232.244.945.748 untuk entitas anak.

**23. EMPLOYEE BENEFITS**

**a. Employee salary and bonus accruals**

**Employee salaries and bonuses**

As at December 31, 2019 and 2018, accrued salaries and bonuses for employees were Rp392,285,941,980 and Rp434,351,643,309, respectively, for the Company and Rp264,377,002,560 and Rp232,244,945,748 respectively, for the subsidiaries.

**b. Tunjangan kesehatan hari tua**

Perusahaan juga menyediakan tambahan tunjangan kesehatan hari tua bagi seluruh karyawan tetap, para pensiunan dan mantan direksi yang ditetapkan oleh perjanjian bersama dengan Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara (YKPP Gas Negara). Sumber dana program pensiun berasal dari kontribusi karyawan/anggota direksi dan Perusahaan masing-masing sebesar 3% dan 5% dari penghasilan dasar. Untuk tahun yang berakhir pada 31 Desember 2019 dan 2018, beban pensiun yang dibebankan pada operasi adalah masing-masing sebesar USD915.782 dan USD1.584.346.

**b. Post-retirement health care benefits**

The Company also provides additional post-retirement health care benefits for its eligible permanent employees, retired employees and ex-members of the board of directors, as covered in a cooperative agreement with Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara (YKPP Gas Negara). The fund is contributed by both employees/directors and the Company with contributions of 3% and 5% of basic income, respectively. For the years ended December 31, 2019 and 2018, pension expense charged to operations amounted to USD915,782 and USD1,584,346, respectively.

**c. Imbalan pensiun iuran pasti**

Sejak Februari 2009, Perusahaan menyelenggarakan program pensiun iuran pasti untuk seluruh karyawan tetapnya yang memenuhi syarat yang dananya dikelola oleh Dana Pensiun Lembaga Keuangan BNI, Manulife Indonesia dan Bringin Jiwa Sejahtera yang didirikan berdasarkan Surat Keputusan Direksi No. 002000.K/KP.05/UM/2009 tanggal 6 Februari 2009. Dana pensiun ini didirikan berdasarkan persetujuan dari Menteri Keuangan masing-masing dalam Surat Keputusannya No. KEP.1100/KM.17/1998, No. KEP.231/KM.17/1994 dan No. KEP.184/KM.17/1995. Sumber dana program pensiun berasal dari kontribusi karyawan dan Perusahaan masing-masing sebesar 5% dan 15% dari penghasilan dasar pensiun. Untuk tahun yang berakhir pada 31 Desember 2019 dan 2018, beban pensiun yang dibebankan pada operasi adalah masing-masing sebesar USD1,855,198 dan USD1,797,252

**c. Defined contribution pension plan**

Since February 2009, the Company established a defined contribution plan for all of its eligible permanent employees which is managed by Dana Pensiun Lembaga Keuangan BNI, Manulife Indonesia and Bringin Jiwa Sejahtera, the establishment of which was approved based on Director's Decision Letter No. 002000.K/KP.05/UM/2009, dated February 6, 2009. Both Pension Plans were established based on the approval from the Ministry of Finance in its Decision Letters No. KEP.1100/KM.17/1998, No. KEP.231/KM.17/1994 and No. KEP.184/KM.17/1995. The fund is contributed by both employees and the Company with contributions of 5% and 15%, respectively, of the basic pension income. For the years ended December 31, 2019 and 2018, pension expense charged to operations amounted to USD1,855,198 and USD1,797,252, respectively.

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**23. IMBALAN KERJA** (lanjutan)

**23. EMPLOYEE BENEFITS** (continued)

d. Imbalan kerja jangka panjang

d. Long-term employee benefits

Grup memberikan imbalan kerja jangka panjang kepada karyawan sesuai dengan Perjanjian Kerja Bersama yang dibandingkan dengan imbalan berdasarkan Undang-undang Ketenagakerjaan No. 13 tahun 2003 (UU No. 13/2003), mana yang lebih tinggi. Imbalan tersebut tidak didanai.

The Group provides long-term employees' benefits to its employees in accordance with the Collective Labour Agreement and Labour Law No. 13/2003 (Law No. 13/2003), whichever is higher. The benefits are unfunded.

Liabilitas imbalan pascakerja Perusahaan dan entitas anak, kecuali Pertagas dan entitas anaknya, pada tanggal 31 Desember 2019 dan 2018 dihitung oleh PT Mercer Indonesia, aktuaris independen melalui laporannya tertanggal 27 Februari 2020 dan 30 Januari 2019. Liabilitas imbalan pascakerja Pertagas dan entitas anaknya pada tanggal 31 Desember 2019 dan 2018 dihitung oleh PT Dayamandiri Dharmakonsilindo melalui laporannya tertanggal 2 Januari 2020 dan 2 Januari 2019.

The post-employment benefits obligation of the Company and its subsidiaries, except for Pertagas and its subsidiaries, at December 31, 2019 and 2018 were calculated by PT Mercer Indonesia, an independent actuary, as set out in their reports dated February 27, 2020 and January 30, 2019. The post-employment benefits obligation of Pertagas and its subsidiaries at December 31, 2018 and 2019 were calculated by PT Dayamandiri Dharmakonsilindo, as set out in their report dated January 2, 2020 and January 2, 2019.

Saldo kewajiban imbalan kerja yang diakui pada laporan posisi keuangan konsolidasian adalah sebagai berikut:

The balance of employee benefits obligations recognised in the consolidated statements of financial position is as follows:

	<u>2019</u>	<u>2018</u>	
Imbalan pascakerja	126,404,045	106,830,108	Post-employment benefit
Imbalan kerja jangka panjang lainnya	<u>28,417,873</u>	<u>25,047,724</u>	Other long-term employment benefit
	<u>154,821,918</u>	<u>131,877,832</u>	
Dikurangi:			Deducted by:
Bagian jangka pendek	<u>(7,022,175)</u>	<u>(4,723,541)</u>	Short-term portion
Bagian jangka panjang	<u>147,799,743</u>	<u>127,154,291</u>	Long-term portion

Beban imbalan kerja yang diakui pada laporan laba rugi adalah sebagai berikut:

Employee benefits expenses recognised in profit or loss are as follows:

	<u>2019</u>	<u>2018</u>	
Imbalan pascakerja	21,234,826	6,899,749	Post-employment benefit
Imbalan kerja jangka panjang lainnya	<u>6,010,964</u>	<u>4,336,800</u>	Other long-term employment benefits
	<u>27,245,790</u>	<u>11,236,549</u>	

Pengukuran kembali kewajiban imbalan kerja yang diakui sebagai penghasilan komprehensif lainnya (sebelum pajak) adalah sebagai berikut:

Remeasurement of employee benefit obligation recognised as other comprehensive income (before tax) is as follows:

	<u>2019</u>	<u>2018</u>	
Imbalan pascakerja	<u>9,286,199</u>	<u>11,770,820</u>	Post-employment benefit

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**23. IMBALAN KERJA (lanjutan)**

d. Imbalan kerja jangka panjang (lanjutan)

i. Imbalan pascakerja

Pergerakan kewajiban imbalan pasti selama tahun berjalan adalah sebagai berikut:

	<u>Nilai kini kewajiban/ Present value obligation</u>	<u>Nilai wajar aset program/ Fair value of plan assets</u>	<u>Jumlah/ Total</u>
<b>Per 1 Januari 2018</b>	<u>101,697,480</u>	<u>(3,748,069)</u>	<u>97,949,411</u>
Diakui pada laba rugi:			
- Biaya jasa kini	6,144,103	-	6,144,103
- (Laba)/rugi selisih kurs	(6,857,297)	260,868	(6,596,429)
- Biaya bunga	<u>7,618,642</u>	<u>(266,567)</u>	<u>7,352,075</u>
	<u>6,905,448</u>	<u>(5,699)</u>	<u>6,899,749</u>
Pengukuran kembali diakui sebagai pendapatan komprehensif lainnya, akibat:			
- Perubahan asumsi keuangan	(8,187,362)	32,016	(8,155,346)
- Penyesuaian pengalaman	17,616,946	-	17,616,946
- Penyesuaian asumsi demografis	<u>2,309,220</u>	<u>-</u>	<u>2,309,220</u>
	<u>11,738,804</u>	<u>32,016</u>	<u>11,770,820</u>
Pembayaran manfaat oleh:			
- Grup	(8,631,789)	326,262	(8,305,527)
- Aset program	<u>(251,655)</u>	<u>251,655</u>	<u>-</u>
	<u>(8,883,444)</u>	<u>577,917</u>	<u>(8,305,527)</u>
Kontribusi	<u>-</u>	<u>(1,484,345)</u>	<u>(1,484,345)</u>
<b>Per 31 Desember 2018</b>	<u>111,458,288</u>	<u>(4,628,180)</u>	<u>106,830,108</u>
Diakui pada laba rugi:			
- Biaya jasa kini	7,617,435	-	7,617,435
- Rugi/(laba) selisih kurs	4,826,424	(214,800)	4,611,624
- Biaya bunga	<u>9,413,929</u>	<u>(408,162)</u>	<u>9,005,767</u>
	<u>21,857,788</u>	<u>(622,962)</u>	<u>21,234,826</u>
Pengukuran kembali diakui sebagai pendapatan komprehensif lainnya, akibat:			
- Perubahan asumsi keuangan	7,945,119	-	7,945,119
- Penyesuaian pengalaman	<u>1,341,080</u>	<u>-</u>	<u>1,341,080</u>
	<u>9,286,199</u>	<u>-</u>	<u>9,286,199</u>
Pembayaran manfaat oleh:			
- Grup	(9,862,219)	252,192	(9,610,027)
- Aset program	<u>(220,196)</u>	<u>470,342</u>	<u>250,146</u>
	<u>(10,082,415)</u>	<u>722,534</u>	<u>(9,359,881)</u>
Kontribusi	<u>-</u>	<u>(1,587,207)</u>	<u>(1,587,207)</u>
<b>Per 31 Desember 2019</b>	<u>132,519,860</u>	<u>(6,115,815)</u>	<u>126,404,045</u>

**23. EMPLOYEE BENEFITS (continued)**

d. Long-term employee benefits (continued)

i. Post-employment benefit

The movement in the post-employment benefit over the year is as follows:

	<b>At January 1, 2018</b>
Recognised in the profit or loss:	
Current service cost -	
Foreign exchange (gain)/loss -	
Interest expense -	
Remeasurement recognised as other comprehensive income due to:	
Change in -	
financial assumptions	
Experience -	
adjustment	
Demographic -	
assumptions	
adjustment	
Benefit paid by:	
The Group -	
Plan assets -	
Contribution	
<b>At December 31, 2018</b>	
Recognised in the profit or loss:	
Current service cost -	
Foreign exchange loss/(gain) -	
Interest expense -	
Remeasurement recognised as other comprehensive income due to:	
Change in -	
financial assumptions	
Experience -	
adjustment	
Benefit paid by:	
The Group -	
Plan assets -	
Contribution	
<b>At December 31, 2019</b>	

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**23. IMBALAN KERJA** (lanjutan)

d. Imbalan kerja jangka panjang (lanjutan)

i. Imbalan pascakerja (lanjutan)

Berikut asumsi utama aktuari yang digunakan:

	<b>31 Desember/ December 2019</b>	<b>31 Desember/ December 2018</b>	
Tingkat diskonto aktuarial	7.75% per tahun/ <i>per annum</i>	8.50% per tahun/ <i>per annum</i>	<i>Actuarial discount rate</i>
Tingkat kematian (mortalitas)	TM I 2011	TM I 2011	<i>Mortality rate</i>
Kenaikan gaji dan upah	12% di tahun pertama dan 8% di tahun berikutnya/ <i>12% in the first year and 8% in the following years</i>	13% di tahun pertama dan 8% di tahun berikutnya/ <i>13% in the first year and 8% in the following years</i>	<i>Wages and salaries increase</i>
Umur pensiun	56 tahun/ <i>years</i>	56 tahun/ <i>years</i>	<i>Retirement age</i>
Tingkat cacat	10% dari tingkat kematian/ <i>mortality rate</i>	10% dari tingkat kematian/ <i>mortality rate</i>	<i>Disability rate</i>

Sensitivitas liabilitas pensiun secara keseluruhan terhadap perubahan asumsi tingkat diskonto dan tingkat pertumbuhan gaji adalah sebagai berikut:

*Sensitivity of the overall pension liability to changes in the discount rate and salary increase rate assumptions is as follows:*

	<b>Perubahan asumsi/ Change in assumptions</b>	<b>Dampak terhadap liabilitas/ Impact on liability</b>	
<b>31 Desember 2019</b>			<b><u>December 31, 2019</u></b>
Tingkat diskonto	kenaikan/ <i>increase by 1%</i> penurunan/ <i>decrease by 1%</i>	turun/ <i>decrease by USD13 juta/million</i> naik/ <i>increase by USD10 juta/million</i>	<i>Discount rate</i>
Tingkat pertumbuhan gaji	kenaikan/ <i>increase by 1%</i> penurunan/ <i>decrease by 1%</i>	naik/ <i>increase by USD10 juta/million</i> turun/ <i>decrease by USD14 juta/million</i>	<i>Salary increase rate</i>
<b>31 Desember 2018</b>			<b><u>December 31, 2018</u></b>
Tingkat diskonto	kenaikan/ <i>increase by 1%</i> penurunan/ <i>decrease by 1%</i>	turun/ <i>decrease by USD12 juta/million</i> naik/ <i>increase by USD7 juta/million</i>	<i>Discount rate</i>
Tingkat pertumbuhan gaji	kenaikan/ <i>increase by 1%</i> penurunan/ <i>decrease by 1%</i>	naik/ <i>increase by USD12 juta/million</i> turun/ <i>decrease by USD8 juta/million</i>	<i>Salary increase rate</i>

Analisis sensitivitas didasarkan pada perubahan atas satu asumsi aktuarial dimana asumsi lainnya dianggap konstan. Dalam prakteknya, hal ini jarang terjadi dan perubahan beberapa asumsi mungkin saling berkorelasi. Dalam perhitungan sensitivitas kewajiban imbalan pascakerja atas asumsi aktuarial utama, metode yang sama (perhitungan nilai kini kewajiban imbalan pascakerja) telah diterapkan seperti dalam penghitungan kewajiban pensiun yang diakui dalam laporan posisi keuangan konsolidasian.

*The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions maybe correlated. When calculating the sensitivity of the post-employment benefit obligation to significant actuarial assumptions, the same method (present value of the post-employment benefit obligation) has been applied as when calculating the pension liability recognised within the consolidated statements of financial position.*

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**23. IMBALAN KERJA** (lanjutan)

**23. EMPLOYEE BENEFITS** (continued)

d. Imbalan kerja jangka panjang (lanjutan)

d. Long-term employee benefits (continued)

ii. Imbalan jangka panjang lainnya

ii. Other long-term benefit

Pergerakan kewajiban imbalan jangka panjang lainnya selama tahun berjalan adalah sebagai berikut:

The movement in the other long-term benefit over the year is as follows:

	<u>2019</u>	<u>2018</u>	
<b>Saldo awal</b>	<u>25,047,724</u>	<u>22,939,548</u>	<b>Beginning balance</b>
Beban diakui pada laporan laba rugi:			<i>Expenses recognised in profit or loss:</i>
- Biaya jasa kini	1,885,320	1,935,679	<i>Current service cost -</i>
- Biaya bunga	1,996,372	1,704,912	<i>Interest expense -</i>
- Laba/(rugi) selisih kurs	1,088,253	(1,542,489)	<i>Foreign exchange gain/(losses) -</i>
- Pengukuran kembali			<i>Remeasurement -</i>
Perubahan asumsi demografis	-	89,493	<i>Changes in demographic assumptions</i>
Perubahan asumsi keuangan	1,330,631	(1,692,673)	<i>Changes in financial assumptions</i>
Penyesuaian pengalaman	(289,612)	3,841,878	<i>Experience adjustment</i>
	<u>6,010,964</u>	<u>4,336,800</u>	
Perubahan karena perpindahan karyawan	97,969	(217,665)	<i>Changes due to employee transfer</i>
Kenaikan karena kombinasi bisnis	-	-	<i>Increase due to business combination</i>
Pembayaran manfaat oleh Grup	(2,738,784)	(2,010,959)	<i>Benefits paid by the Group</i>
<b>Saldo akhir</b>	<u><b>28,417,873</b></u>	<u><b>25,047,724</b></u>	<b>Ending balance</b>

Asumsi utama aktuarial yang digunakan sama dengan asumsi penghitungan liabilitas imbalan pascakerja.

The actuarial assumptions used are the same as the calculation of post-employment benefit obligation.

Sensitivitas imbalan jangka panjang lainnya secara keseluruhan terhadap perubahan asumsi tingkat diskonto dan tingkat pertumbuhan gaji adalah sebagai berikut:

Sensitivity of the overall other long-term benefit to changes in the discount rate and salary increase rate assumptions is as follows:

	<u>Perubahan asumsi/ Change in assumptions</u>	<u>Dampak terhadap liabilitas Impact on liability</u>	
<b>31 Desember 2019</b>			<b>December 31, 2019</b>
Tingkat diskonto	kenaikan/increase by 1% penurunan/decrease by 1%	turun/decrease by USD3 juta/million naik/increase by USD1 juta/million	<i>Discount rate</i>
Tingkat pertumbuhan gaji	kenaikan/increase by 1% penurunan/decrease by 1%	naik/increase by USD1 juta/million turun/decrease by USD3 juta/million	<i>Salary increase rate</i>
<b>31 Desember 2018</b>			<b>December 31, 2018</b>
Tingkat diskonto	kenaikan/increase by 1% penurunan/decrease by 1%	turun/decrease by USD2 juta/million naik/increase by USD1 juta/million	<i>Discount rate</i>
Tingkat pertumbuhan gaji	kenaikan/increase by 1% penurunan/decrease by 1%	naik/increase by USD2 juta/million turun/decrease by USD1 juta/million	<i>Salary increase rate</i>

Metode perhitungan analisis sensitivitas atas imbalan jangka panjang lainnya sama dengan analisis sensitivitas atas imbalan pascakerja.

Method for calculating the sensitivity analysis on other long-term benefit is same with method for calculating the sensitivity analysis on post-employment benefit.

Beban terkait imbalan kerja karyawan jangka panjang Grup disajikan sebagai akun "Beban umum dan administrasi – gaji, imbalan pascakerja dan jangka panjang lainnya" pada laba rugi.

Expenses related to long-term employee benefits of the Group are presented as "General and administrative expenses – salaries, post-employment and other long-term benefits" account in profit or loss.

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**23. IMBALAN KERJA** (lanjutan)

- e. Manajemen risiko terkait program imbalan kerja

Grup terekspos dengan beberapa risiko melalui program imbalan pascakerja dan imbalan jangka panjang lainnya. Risiko yang paling signifikan adalah sebagai berikut:

Volatilitas aset

Dalam memenuhi kewajiban imbalan kerja, Grup menggunakan dana yang dihasilkan dari kegiatan operasi dan investasi pada instrumen obligasi Negara dan obligasi korporasi yang terdaftar di Bursa Efek Indonesia.

Perubahan imbal hasil obligasi

Penurunan imbal hasil obligasi korporasi akan meningkatkan liabilitas program, walaupun hal ini akan saling hapus secara sebagian dengan kenaikan dari nilai obligasi Perusahaan yang dimiliki.

Analisis jatuh tempo pembayaran imbalan

Analisis jatuh tempo yang diharapkan dari imbalan pascakerja dan imbalan jangka panjang lainnya yang tidak terdiskonto adalah sebagai berikut:

	<u>Kurang dari 1 tahun/ Less than one year</u>	<u>1 sampai 5 tahun/ Between 1 - 5 years</u>	<u>Lebih dari 5 tahun/ More than 5 years</u>	
Imbalan pascakerja	3,483,865	38,991,659	647,026,689	<i>Post-employment benefit</i>
Imbalan jangka panjang lainnya	<u>3,313,423</u>	<u>11,829,622</u>	<u>79,560,761</u>	<i>Other long-term benefit</i>
Jumlah	<u>6,797,288</u>	<u>50,821,281</u>	<u>726,587,450</u>	<i>Total</i>

Rata-rata tertimbang durasi program

Rata-rata tertimbang durasi kewajiban untuk manfaat imbalan pascakerja dan imbalan jangka panjang lainnya adalah 9,75 tahun.

**23. EMPLOYEE BENEFITS** (continued)

- e. Risk management related to employee benefit program

The Group is exposed to a number of risks through its post-employment benefit and other long-term benefits. The most significant risks are as follows:

Asset volatility

In order to fulfil the Group's employment benefit obligations, the Group uses funds generated from its operations and invested in government and corporate bonds listed on the Indonesian Stock Exchange.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the Company's bond holdings.

Benefit payment maturity analysis

Expected maturity analysis of undiscounted post-employment benefit and other long-term benefits, is as follows:

Weighted average program duration

The weighted average duration of the post-employment benefits and other long-term benefits is 9.75 years.

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**23. IMBALAN KERJA (lanjutan)**

- e. Manajemen risiko terkait program imbalan kerja (lanjutan)

Penyesuaian pengalaman atas nilai kini kewajiban imbalan pasti

Rincian penyesuaian pengalaman dari nilai kini kewajiban imbalan pasti untuk tahun yang berakhir 31 Desember 2019 dan empat tahun tahunan sebelumnya adalah sebagai berikut:

	31 Desember/ December 31, 2015	31 Desember/ December 31, 2016	31 Desember/ December 31, 2017	31 Desember/ December 31, 2018	31 Desember/ December 31, 2019
Penyesuaian pengalaman pada liabilitas program	(4,487,823)	(7,464,220)	567,261	21,458,824	1,051,468

Tidak ada penyesuaian pengalaman atas nilai wajar aset program karena aset program ditempatkan pada deposito berjangka.

**23. EMPLOYEE BENEFITS (continued)**

- e. Risk management related to employee benefit program (continued)

Experience adjustments to defined benefit obligation

Details of experience adjustments to the present value of the defined benefit obligation for the year ended December 31, 2019, and the previous four annual years are as follows:

Experience adjustment on plan liabilities

There is no experience adjustment on fair value of plan assets as the assets are placed in time deposits.

**24. LIABILITAS PEMBONGKARAN ASET DAN RESTORASI AREA**

Pergerakan liabilitas restorasi dan pembongkaran aset adalah sebagai berikut:

	2019	2018	
Saldo awal	74,479,686	77,284,235	Beginning balance
Penambahan	22,360,610	-	Addition
Beban akresi	3,478,841	2,861,201	Accretion cost
Penyesuaian karena perubahan estimasi	(19,992,258)	(5,665,750)	Adjustment due to change in estimates
Saldo akhir	80,326,879	74,479,686	Ending balance

Estimasi terkini untuk biaya pembongkaran aset dan restorasi area yang ditinggalkan dihitung oleh pihak manajemen. Manajemen berkeyakinan bahwa akumulasi penyisihan cukup untuk menutup semua liabilitas yang akan timbul di masa depan dari kegiatan restorasi area dan pembongkaran aset.

Pada tahun 2019, terdapat penambahan liabilitas pembongkaran aset dan restorasi area dari blok Ketapang dan Muara Bakau.

Pada tahun 2019, Grup mengubah estimasi masa pembongkaran aset dan restorasi area dari tahun 2026 menjadi antara tahun 2033 dan 2046. Hal ini dikarenakan, pada 18 Oktober 2019, Grup mendapatkan amandemen dan pernyataan kembali atas PSC blok Pangkah yang berlaku efektif sejak 8 Mei 2026 hingga 20 tahun mendatang. Walaupun demikian, hasil aktual mungkin berbeda dari estimasi Grup.

**24. ASSET ABANDONMENT AND SITE RESTORATION OBLIGATIONS**

The movement in site restoration and abandonment obligations is presented below:

The current estimates for asset abandonment and site restoration obligations were determined by management. Management believes that the accumulated provisions are sufficient to meet future environmental obligations from site restoration and asset abandonment activities.

In 2019, there were additions of asset abandonment and site restoration obligations from Ketapang and Muara Bakau blocks.

In 2019, the Grup changed the estimated period of asset abandonment and site restoration from 2026 to between 2033 and 2046. This is because, on October 18, 2019, the Grup obtained the amendment and reinstatement of Pangkah PSC block which effective starting from May 8, 2026 for the next period of 20 years. Nevertheless, actual results may differ from the Grup's estimate.

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**25. INSTRUMEN KEUANGAN DERIVATIF**

Pada tanggal 16 Februari 2007, Perusahaan mengadakan kontrak *cross currency swap* dengan ABN AMRO Bank N.V., sekarang menjadi The Royal Bank of Scotland N.V. ("RBS").

Kontrak ini terakhir kali diubah pada tanggal 19 Agustus 2008, menjadi sebagai berikut:

<u>Nilai nosional (dalam JPY)/ Notional amount (in JPY)</u>	<u>Nilai tukar (USD/JPY)/ Exchange rate (USD/JPY)</u>
19,420,211,744	Pertukaran mata uang hanya akan dilakukan apabila nilai tukar berada pada atau di bawah 121,5 per USD1/ <i>Currency swap will only be executed if the exchange rate is at or below 121.5 for each USD1</i>

Pada tanggal 31 Desember 2019 dan 2018, nilai wajar dari aset derivatif adalah sebagai berikut:

	<u>2019</u>	<u>2018</u>
Aset derivatif	-	403.179

Nilai wajar aset derivatif di atas berdasarkan hirarki nilai wajar Tingkat 3. Penilaian untuk menentukan nilai wajar tersebut didasarkan dari hasil pendiskontoan arus kas masa depan yang akan diperoleh di masa depan.

Input yang digunakan dalam perhitungan nilai wajar adalah proyeksi nilai tukar kurs Yen Jepang dan Dolar AS, serta proyeksi *Constant Maturity Swap*.

Pada 31 Desember 2019, kontrak *cross currency swap* tersebut telah berakhir.

**25. DERIVATIVE FINANCIAL INSTRUMENTS**

On February 16, 2007, the Company entered into a *cross currency swap contract* with ABN AMRO Bank N.V., now The Royal Bank of Scotland N.V. ("RBS").

The contract was last amended on August 19, 2008, to become as follows:

<u>Penerimaan kupon/ Coupon received</u>	<u>Pembayaran bunga/ Interest paid</u>
42% dari jumlah bunga JPY yang disepakati sesuai jadwal kontrak/ <i>42% from agreed JPY interest amount per contract schedule</i>	<ul style="list-style-type: none"> <li>a. Bunga 0% dari nilai nosional mulai dari 15 April 2008 sampai 15 Oktober 2010; dan</li> <li>b. Dari 15 Oktober 2008 sampai 15 Maret 2019, jumlah maksimum antara:               <ul style="list-style-type: none"> <li>1. 0%; atau</li> <li>2. (Strike rate – Tingkat rata-rata nilai tukar JPY)% dari nilai nosional</li> </ul> </li> <li>c. 5% dari jumlah nosional dikali dengan jumlah hari dimana tingkat <i>Constant Maturity Swap</i> untuk 10 tahun berada diluar rentang tertentu dibagi dengan jumlah hari dalam kalendar/               <ul style="list-style-type: none"> <li>a. Interest 0% from April 15, 2008 until October 15, 2010 from notional amount; and</li> <li>b. From October 15, 2008 until March 15, 2019, maximum amount of:                   <ul style="list-style-type: none"> <li>1. 0%; or</li> <li>2. (Strike rate - Average fixing rate of JPY)% from notional amount</li> </ul> </li> <li>c. 5% of notional amount multiplied by the number of days where <i>Constant Maturity Swap</i> 10 years rate falls outside certain range divided by total calendar days.</li> </ul> </li> </ul>

As at December 31, 2019 and 2018 the fair value of the derivative assets was as follows:

The fair value of derivative assets was based on the fair value hierarchy Level 3. The valuation to determine the fair value is based on discounted future cash flow expected to be generated by the derivative assets in the future period.

Inputs to the fair value calculation are the projection of Japanese Yen and US Dollar exchange rates, and the projection of *Constant Maturity Swap*.

As of December 31, 2019, the *cross currency swap contract* had ended.

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**25. INSTRUMEN KEUANGAN DERIVATIF (lanjutan)**

Perusahaan melakukan lindung nilai atas perubahan nilai wajar kewajiban dari risiko fluktuasi nilai tukar USD/JPY sehubungan dengan pinjaman jangka panjang yang diberikan oleh JBIC. Penurunan dan kenaikan neto nilai wajar atas instrumen derivatif masing-masing sebesar USD45.106 dan USD4.596.145 diakui pada laba rugi untuk tahun yang berakhir pada 31 Desember 2019 dan 2018.

Transaksi tersebut diatas tidak memenuhi kriteria akuntansi lindung nilai berdasarkan Standar Akuntansi Keuangan di Indonesia.

**25. DERIVATIVE FINANCIAL INSTRUMENTS  
(continued)**

The Company hedges the changes in the fair value of its liabilities due to risk of foreign exchange rate fluctuation of USD/JPY in relation to the long-term loan obtained from JBIC. The net increase and decrease of changes in the fair value of the above derivative instruments amounting to USD45,106 and USD4,596,145 were recognised in the profit or loss for the years ended December 31, 2019 and 2018, respectively.

These transactions do not meet the hedge accounting criteria according to applicable financial accounting standards in Indonesia.

**26. MODAL SAHAM DAN MODAL DISETOR LAINNYA**

**a. Modal saham**

Susunan kepemilikan saham Perusahaan berdasarkan catatan yang dibuat oleh PT Datindo Entrycom, Biro Administrasi Efek adalah sebagai berikut:

**26. CAPITAL STOCK AND OTHER PAID-IN CAPITAL**

**a. Share capital**

The details of the shareholders based on the report prepared by PT Datindo Entrycom, a Securities Administration Agency, are as follows:

<b>31 Desember/December 31, 2019</b>				
<b>Pemegang saham</b>	<b>Jumlah saham ditempatkan dan disetor/Number of issued and fully paid shares</b>	<b>Persentase kepemilikan/Percentage of ownership</b>	<b>Jumlah/Amount</b>	<b>Shareholders</b>
Saham Seri A Dwiwarna Pemerintah Indonesia	1	0.00%	-	Series A Dwiwarna Share Government of Indonesia
Saham Biasa (Seri B) Pertamina	13,809,038,755	56.97%	195,968,391	Common Stock (Series B) Pertamina
Lain-lain (Masing-masing kepemilikan di bawah 5%)	10,432,469,440	43.03%	148,050,440	Others (Each holding below 5%)
Jumlah saham ditempatkan dan disetor penuh	<u>24,241,508,196</u>	<u>100.00%</u>	<u>344,018,831</u>	Number of shares issued and fully paid

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**26. MODAL SAHAM DAN MODAL DISETOR  
LAINNYA (lanjutan)**

**a. Modal saham (lanjutan)**

**26. CAPITAL STOCKS AND OTHER PAID-IN  
CAPITAL (continued)**

**a. Share capital (continued)**

**31 Desember 2018/December 31, 2018**

<b>Pemegang saham</b>	<b>Jumlah saham ditempatkan dan disetor/Number of issued and fully paid shares</b>	<b>Persentase kepemilikan/ Percentage of ownership</b>	<b>Jumlah/ Amount</b>	<b>Shareholders</b>
Saham Seri A Dwiwarna Pemerintah Indonesia	1	0.00%	-	Series A Dwiwarna Share Government of Indonesia
Saham Biasa (Seri B) Pertamina	13,809,038,755	56.97%	195,968,391	Common Stock (Series B) Pertamina
Lain-lain (Masing-masing kepemilikan di bawah 5%)	<u>10,432,469,440</u>	<u>43.03%</u>	<u>148,050,440</u>	Others (Each holding below 5%)
Jumlah saham ditempatkan dan disetor penuh	<u>24,241,508,196</u>	<u>100.00%</u>	<u>344,018,831</u>	Number of shares issued and fully paid

Saham Seri A Dwiwarna merupakan saham yang memberikan kepada pemegangnya hak-hak untuk mencalonkan direksi dan komisaris, menghadiri dan menyetujui pengangkatan dan pemberhentian komisaris dan direksi, perubahan anggaran dasar termasuk perubahan modal, pembubaran dan likuidasi, penggabungan, peleburan dan pengambilalihan Perusahaan.

Saham Seri B memberikan hak kepada pemegangnya untuk memperoleh dividen dan hasil dari pembubaran perusahaan sesuai dengan proporsi jumlah dan jumlah yang dibayarkan atas saham yang dimiliki.

Sesuai dengan keputusan Rapat Umum Pemegang Saham Luar Biasa tanggal 25 Januari 2018 Pemerintah Indonesia telah mengalihkan 56,97% kepemilikan atas saham Perusahaan kepada Pertamina. Selain itu, Pemerintah Indonesia sebagai pemegang saham Seri A Dwiwarna, memberikan kuasa kepada pemegang saham mayoritas Perusahaan untuk:

- Mengubah Anggaran Dasar Perusahaan;
- Mengangkat anggota Direksi dan Komisaris;
- Mengusulkan calon anggota Direksi dan Komisaris;
- Mengusulkan mata acara Rapat Umum Pemegang Saham; dan
- Meminta dan mengakses data dan dokumen Perusahaan.

*The Series A Dwiwarna share represents a share which provides the holder rights to propose directors and commissioners, attend and approve the appointment and dismissal of commissioners and directors, change in Articles of Association including changes in capital, closure and liquidation, merger and acquisition of the Company.*

*Series B shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.*

*In accordance with the resolution of the Extraordinary General Meeting of Shareholders held on January 25, 2018 the Government of Indonesia transferred 56.97% ownership in the Company's shares to Pertamina. Furthermore, the Government of Indonesia as the owner of the Series A Dwiwarna share authorised the Company's majority Shareholders to do the following:*

- *Change the Company's Articles of Association;*
- *Appoint members of the Boards of Directors and Commissioners;*
- *Propose candidates for the Boards of Directors and Commissioners;*
- *Propose the agenda of the Annual General Meeting of Shareholders; and*
- *Request and access the Company's data and documents.*

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**26. MODAL SAHAM DAN MODAL DISETOR  
LAINNYA (lanjutan)**

**26. CAPITAL STOCKS AND OTHER PAID-IN  
CAPITAL (continued)**

**b. Modal disetor lainnya**

**b. Other paid-in capital**

Modal disetor lainnya terdiri dari:

Other paid-in capital consists of the following:

	<u>2019</u>	<u>2018</u>	
Dampak implementasi PSAK No. 65, "Laporan keuangan konsolidasian"	127,085,001	127,085,001	Impact of PSAK No. 65, "Consolidated Financial Statements" implementation
Selisih antara pembayaran yang diterima dengan nilai nominal	96,586,706	96,586,706	Excess of proceeds over par value
Opsi saham untuk karyawan	76,687,533	76,687,533	Employee stock options
Opsi saham untuk manajemen	29,072,254	29,072,254	Management stock options
Selisih nilai transaksi entitas sepengendali	(787,215,590)	(787,215,590)	Difference arising from transactions among entities under common control
Biaya emisi saham	(9,790,532)	(9,790,532)	Share issuance cost
	<u>(467,574,628)</u>	<u>(467,574,628)</u>	

**27. KEPENTINGAN NONPENGENDALI**

**27. NON-CONTROLLING INTERESTS**

Rincian kepentingan nonpengendali atas ekuitas dan bagian atas hasil bersih entitas anak adalah sebagai berikut:

Details of non-controlling interests portion in equity and share of subsidiaries' net results are as follows:

31 Desember/December 31, 2019						
	<u>Saldo awal/ Beginning balance</u>	<u>Bagian dari laba rugi/ Share of profit or loss</u>	<u>Perubahan ekuitas lainnya/ Other equity movement</u>	<u>Kehilangan pengendalian atas entitas anak/ Loss of control of subsidiary</u>	<u>Saldo akhir/ Ending balance</u>	
Pertagas	611,476,127	73,933,855	684,312	-	686,094,294	Pertagas
PGN MAS	16,544,013	(29,080,213)	-	-	(12,536,200)	PGN MAS
Lain-lain	(666,829)	543,463	-	-	(123,366)	Others
<b>Jumlah</b>	<b><u>627,353,311</u></b>	<b><u>45,397,105</u></b>	<b><u>684,312</u></b>	<b><u>-</u></b>	<b><u>673,434,728</u></b>	<b>Total</b>
31 Desember/December 31, 2018						
	<u>Saldo awal/ Beginning balance</u>	<u>Bagian dari laba rugi/ Share of profit or loss</u>	<u>Perubahan ekuitas lainnya/ Other equity movement</u>	<u>Kehilangan pengendalian atas entitas anak/ Loss of control of subsidiary</u>	<u>Saldo akhir/ Ending balance</u>	
Pertagas	550,738,490	59,968,134	769,503	-	611,476,127	Pertagas
PGN MAS	18,807,210	152,940	-	(2,416,137)	16,544,013	PGN MAS
Lain-lain	(45,274)	(473,988)	(147,567)	-	(666,829)	Others
<b>Jumlah</b>	<b><u>569,500,426</u></b>	<b><u>59,647,086</u></b>	<b><u>621,936</u></b>	<b><u>(2,416,137)</u></b>	<b><u>627,353,311</u></b>	<b>Total</b>

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**28. PENCADANGAN SALDO LABA DAN  
PEMBAGIAN LABA**

Mengacu kepada Undang-Undang Perseroan Terbatas, Perusahaan dan entitas anak diwajibkan untuk menyisihkan cadangan wajib paling sedikit sebesar 20% dari jumlah saham ditempatkan dan disetor penuh.

Berdasarkan Risalah Rapat Umum Pemegang Saham Tahunan yang diadakan pada tanggal 26 April 2019 yang diaktakan dalam Akta Notaris No. 60 oleh Nanette Cahyanie Handari Adi Warsito, S.H. tanggal 26 April 2019, para pemegang saham menyetujui keputusan-keputusan, sebagai berikut:

1. Menetapkan penggunaan laba tahun berjalan yang dapat diatribusikan kepada pemilik entitas induk untuk tahun buku 2018 berjumlah sebesar USD242.607.597 diperuntukkan sebagai berikut:
  - a. Pembagian dividen tunai sebesar Rp1.381.523.552.090 (setara dengan USD97.372.678) atau Rp56,99 per saham kepada pemegang saham; dan
  - b. Sisanya akan dicatat sebagai cadangan.
2. Kepada Direksi diberikan wewenang untuk mengatur lebih lanjut tata cara pembagian dividen tersebut dan mengumumkannya dengan memperhatikan peraturan dan perundangan yang berlaku.

Berdasarkan Risalah Rapat Umum Pemegang Saham Tahunan yang diadakan pada tanggal 26 April 2018 yang diaktakan dalam Akta Notaris No. 97 oleh Fathiah Helmi, S.H. tanggal 26 April 2018, para pemegang saham menyetujui keputusan-keputusan, sebagai berikut:

1. Menetapkan penggunaan laba tahun berjalan yang dapat diatribusikan kepada pemilik entitas induk untuk tahun buku 2017 berjumlah sebesar USD143.146.347 diperuntukkan sebagai berikut:
  - a. Pembagian dividen tunai sebesar Rp766.274.074.076 (setara dengan USD55.008.907) atau Rp31,61 per saham kepada pemegang saham; dan
  - b. Sisanya akan dicatat sebagai cadangan.
2. Kepada Direksi diberikan wewenang untuk mengatur lebih lanjut tata cara pembagian dividen tersebut dan mengumumkannya dengan memperhatikan peraturan dan perundangan yang berlaku.

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**28. APPROPRIATIONS OF RETAINED EARNINGS  
AND DISTRIBUTIONS OF INCOME**

*Under Indonesian Limited Company Law, the Company and each of its subsidiaries is required to set up a statutory reserve amounting to at least 20% of issued and fully paid share capital.*

*Based on the Minutes of the Company's Annual General Meeting of Shareholders held on April 26, 2019 which was notarised in the Notarial Deed No. 60 of Nanette Cahyanie Handari Adi Warsito, S.H. dated April 26, 2019, the shareholders ratified the following decisions:*

1. *Approved the use of profit for the year attributable to owners of the parent entity for the 2018 financial year in the amount of USD242,607,597 to be utilised as follows:*
  - a. *Distribution of cash dividends of Rp1,381,523,552,090 (equivalent to USD97,372,678) or Rp56.99 per share to shareholders; and*
  - b. *The remaining amount will be appropriated as reserve.*
2. *To give authority to the Board of Directors to prepare and publish the cash dividends distribution procedures with consideration to the prevailing laws and regulations.*

*Based on the Minutes of the Company's Annual General Meeting of Shareholders held on April 26, 2018 which was notarised in the Notarial Deed No. 97 of Fathiah Helmi, S.H. dated April 26, 2018, the shareholders ratified the following decisions:*

1. *Approved the use of profit for the year that are attributable to owners of the parent entity for the 2017 financial year in the amount of USD143,146,347 to be utilised as follows:*
  - a. *Distribution of cash dividends of Rp766,274,074,076 (equivalent to USD55,008,907) or Rp31.61 per share to shareholders; and*
  - b. *The remaining amount will be appropriated as reserve.*
2. *To give authority to the Board of Directors to prepare and publish the cash dividends distribution procedures with consideration to the prevailing laws and regulations.*

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**29. PENDAPATAN**

Akun ini terdiri dari:

	<u>2019</u>	<u>2018</u>
<b>Pihak berelasi</b>		
Distribusi gas	991,216,875	790,233,771
Transmisi gas	168,818,085	194,834,443
Penjualan minyak dan gas	155,307,721	243,108,346
Pendapatan pemrosesan gas	106,905,856	126,872,125
Pendapatan jasa regasifikasi	24,017,552	10,740,538
Pendapatan keuangan dari sewa pembiayaan	18,391,517	38,621,164
Transportasi minyak	11,562,985	12,935,331
<b>Pihak ketiga</b>		
Distribusi gas	1,982,719,800	2,000,662,340
Penjualan minyak dan gas	219,044,748	342,415,287
Transmisi gas	76,851,297	54,290,137
Sewa fiber optik	18,355,851	13,902,981
Transportasi minyak	8,621,656	11,784,751
Pendapatan pemrosesan gas	8,123,632	4,707,950
Lain-lain	<u>58,780,109</u>	<u>25,157,574</u>
Jumlah pendapatan	<u><u>3,848,717,684</u></u>	<u><u>3,870,266,738</u></u>

Pendapatan distribusi gas bumi terdiri dari distribusi gas kepada:

	<u>2019</u>	<u>2018</u>
Industri dan komersial	2,961,561,818	2,784,947,738
Rumah tangga	9,246,042	4,485,471
SPBG	<u>3,128,815</u>	<u>1,462,902</u>
Total	<u><u>2,973,936,675</u></u>	<u><u>2,790,896,111</u></u>

Penjualan minyak dan gas merupakan pendapatan atas penjualan minyak dan gas Grup dari aktivitas produksi yang diperoleh dari kerjasama operasi minyak dan gas.

Pendapatan keuangan dari sewa pembiayaan merupakan pendapatan KJG atas bunga sehubungan dengan sewa pembiayaan yang timbul dari perjanjian pengangkutan gas antara KJG dengan PLN dan PCML berdasarkan GTA Kalija I.

Sewa fiber optik merupakan pendapatan PGASKOM atas penyediaan jaringan kepada para pelanggan.

Pendapatan lain-lain merupakan pendapatan PGASSOL atas penyediaan jasa konstruksi dan pemeliharaan jaringan pipa kepada pelanggannya.

Pendapatan dari pelanggan yang melebihi 10% dari jumlah pendapatan konsolidasian adalah pendapatan dari PLN dan entitas anaknya (pihak berelasi) masing-masing sebesar USD1.069.003.517 atau 27,78% dan USD984.166.759 atau 25,43% dari jumlah pendapatan konsolidasian untuk tahun yang berakhir pada tanggal 31 Desember 2019 dan 2018.

**29. REVENUES**

This account consists of the following:

	<u>2019</u>	<u>2018</u>	
			<b>Related parties</b>
			Gas distribution
			Gas transmission
			Oil and gas sales
			Income from gas processing
			Income from gas regasification
			Finance income from finance lease
			Oil transportation
			<b>Third parties</b>
			Gas distribution
			Oil and gas sales
			Gas transmission
			Fiber optic rental
			Oil transportation
			Income from gas processing
			Others
Jumlah pendapatan	<u><u>3,848,717,684</u></u>	<u><u>3,870,266,738</u></u>	Total revenues

Gas distribution consists of natural gas revenue from:

	<u>2019</u>	<u>2018</u>	
Industri dan komersial	2,961,561,818	2,784,947,738	Industrial and commercial
Rumah tangga	9,246,042	4,485,471	Households
SPBG	<u>3,128,815</u>	<u>1,462,902</u>	SPBG
Total	<u><u>2,973,936,675</u></u>	<u><u>2,790,896,111</u></u>	Total

Crude oil and natural gas sales represents the Group's sales of oil and gas from production activities of the oil and gas joint operations.

Finance income from finance lease represents KJG's interest in relation to a finance lease under the gas transportation agreement between KJG, PLN and PCML under GTA Kalija I.

Fiber optic rental represents PGASKOM's revenues of network services to the customers.

Other revenues represents PGASSOL's revenues of pipeline construction and maintenance services to the customers.

Revenues from customers in excess of 10% of the total consolidated revenues is revenue from PLN and its subsidiaries (related parties) amounting to USD1,069,003,517 or 27.78% and USD984,166,759 or 25.43% from total consolidated revenues for the years ended December 31, 2019 and 2018, respectively.

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**30. BEBAN POKOK PENDAPATAN**

Rincian beban pokok penjualan berdasarkan sifatnya adalah sebagai berikut:

	<u>2019</u>	<u>2018</u>
<b>Distribusi dan transmisi gas</b>		
Pembelian, pemrosesan dan transportasi gas bumi		
Pihak ketiga	1,655,831,040	1,509,203,082
Pihak berelasi	<u>468,290,572</u>	<u>461,949,434</u>
	<u>2,124,121,612</u>	<u>1,971,152,516</u>
<b>Operasi pertambangan minyak dan gas</b>		
Beban penyusutan, deplesi dan amortisasi	214,813,147	266,128,331
Beban produksi dan <i>lifting</i>	<u>113,787,402</u>	<u>165,546,805</u>
	<u>328,600,549</u>	<u>431,675,136</u>
<b>LNG</b>		
Beban terkait LNG	62,170,260	67,983,709
Beban penyusutan	<u>26,407,108</u>	<u>22,857,681</u>
	<u>88,577,368</u>	<u>90,841,390</u>
Pemrosesan gas	<u>30,061,011</u>	<u>45,092,210</u>
Sewa dan jasa lainnya	<u>49,988,176</u>	<u>22,005,287</u>
Jumlah beban pokok pendapatan	<u><u>2,621,348,716</u></u>	<u><u>2,560,766,539</u></u>

Pembelian neto dari pihak berelasi yang melebihi 10% dari jumlah pendapatan konsolidasian adalah pembelian dari Pertamina dan entitas anaknya, masing-masing sebesar USD467.671.571 atau 12,15% dan USD459.731.434 atau 11,88% dari jumlah pendapatan konsolidasian untuk tahun yang berakhir 31 Desember 2019 dan 2018. Selain itu, pembelian neto dari pihak ketiga yang melebihi 10% jumlah pendapatan konsolidasian adalah pembelian dari ConocoPhillips, masing-masing sebesar USD967.049.965 atau 25,13% dan USD1.031.178.862 atau 26,64% dari jumlah pendapatan konsolidasian untuk tahun yang berakhir 31 Desember 2019 dan 2018.

**30. COST OF REVENUES**

*The components of cost of revenue based on their nature are as follows:*

**Gas distribution and transmission**  
*Purchase, processing and transportation of natural gas*  
*Third parties*  
*Related parties*

**Oil and gas operations**  
*Depreciation, depletion and amortisation*  
*Production and lifting costs*

**LNG**  
*LNG related expenses*  
*Depreciation expenses*

*Gas processing*

*Rent and other services*

*Total cost of revenues*

*Net purchases from related parties in excess of 10% of the total consolidated revenues are for purchases from Pertamina and its subsidiaries, amounting to USD467,671,571 or 12.15% and USD459,731,434 or 11.88% of total consolidated revenues for the year ended December 31, 2019 and 2018, respectively. Meanwhile, net purchases from third parties in excess of 10% of the total consolidated revenues are for purchases from ConocoPhillips amounting to USD967,049,965 or 25.13% and USD1,031,178,862 or 26.64% of total consolidated revenues for the years ended December 31, 2019 and 2018, respectively.*

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**31. BEBAN DISTRIBUSI DAN TRANSMISI**

Akun ini terdiri dari:

	<u>2019</u>	<u>2018</u>
Penyusutan	191,910,720	227,067,395
Sewa	58,943,504	46,692,096
Gaji, imbalan pascakerja dan jangka panjang lainnya	51,390,394	41,917,315
Perbaikan dan pemeliharaan	32,557,227	24,817,641
Jasa umum	16,383,963	18,228,345
Honorarium profesional	15,536,181	9,908,435
Peralatan dan suku cadang	14,586,899	11,853,079
Pajak dan retribusi	8,785,914	7,583,839
Iuran Badan Pengatur Hilir Minyak dan Gas Bumi	8,339,071	8,930,989
Promosi	5,446,081	6,273,675
Asuransi aset	4,053,968	3,657,636
Perjalanan dinas	2,720,771	2,174,712
Amortisasi	2,507,213	3,253,648
Bahan bakar dan bahan kimia	2,057,899	2,568,519
Komunikasi	1,172,845	1,177,337
Beban utilisasi	1,090,940	1,254,147
Lain-lain (masing-masing dibawah USD1.000.000)	<u>21,660,617</u>	<u>20,418,229</u>
Jumlah beban distribusi dan transmisi	<u><u>439,144,207</u></u>	<u><u>437,777,037</u></u>

**31. DISTRIBUTION AND TRANSMISSION EXPENSES**

This account consists of the following:

Depreciation
Rent
Salaries, post-employment and other long-term benefits
Repairs and maintenance
General services
Professional fees
Tools and spareparts
Tax and retributions
Downstream Oil and Gas Regulatory Agency levy
Promotion
Asset insurance
Traveling expenses
Amortisation
Fuel and chemicals
Communication
Utilisation expenses
Others (each below USD1,000,000)
Total distribution and transmission expenses

**32. BEBAN UMUM DAN ADMINISTRASI**

Akun ini terdiri dari:

	<u>2019</u>	<u>2018</u>
Gaji, imbalan pascakerja dan jangka panjang lainnya	93,631,621	98,018,481
Jasa umum	31,818,185	33,511,715
Cadangan kerugian penurunan nilai	25,240,540	15,398,963
Penyesuaian nilai wajar piutang usaha	25,202,069	405,067
Sewa	18,534,155	14,944,187
Honorarium profesional	14,215,278	17,099,921
Pajak dan perizinan	12,202,116	13,854,650
Perbaikan dan pemeliharaan	10,231,157	16,438,949
Penyusutan	6,111,220	8,206,508
Perjalanan dinas dan transportasi	5,864,957	4,880,804
Representasi dan jamuan	4,435,578	4,820,768
Pendidikan dan pelatihan	4,828,859	2,961,077
Tanggung jawab sosial dan bina lingkungan	2,962,336	2,828,921
Promosi	2,721,472	3,283,160
Amortisasi	1,665,987	2,209,400
Komunikasi	1,497,498	1,870,570
Asuransi	1,507,828	1,705,114
Lain-lain (masing-masing dibawah USD1.000.000)	<u>7,114,156</u>	<u>9,249,210</u>
Jumlah beban umum dan administrasi	<u><u>269,785,012</u></u>	<u><u>251,687,465</u></u>

**32. GENERAL AND ADMINISTRATIVE EXPENSES**

This account consists of the following:

Salaries, post-employment and other long-term benefits
General services
Allowance for impairment losses
Fair value adjustment of trade receivables
Rent
Professional fees
Taxes and retributions
Repairs and maintenance
Depreciation
Traveling and transportation
Representation and entertainment
Education and training
Corporate social and environmental responsibility
Promotion
Amortisation
Communications
Insurance
Others (each below USD1,000,000)
Total general and administrative expenses

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**33. BEBAN DAN PENDAPATAN KEUANGAN**

**a. Beban keuangan**

Akun ini terdiri dari:

	<u>2019</u>	<u>2018</u>	
Bunga utang obligasi	120,114,423	118,842,811	<i>Interest on bonds payable</i>
Bunga <i>promissory notes</i>	11,109,694	-	<i>Interest on promissory notes</i>
Bunga pinjaman dari pemegang saham	13,806,771	19,570,167	<i>Interest on shareholder loan</i>
Bunga pinjaman dari penerusan pinjaman dari Pemerintah:			<i>Interest on two-step loans from the Government:</i>
- JBIC	4,470,861	4,650,920	<i>JBIC -</i>
- IBRD	2,037,571	2,225,645	<i>IBRD -</i>
- EIB	<u>320,252</u>	<u>585,915</u>	<i>EIB -</i>
	<u>6,828,684</u>	<u>7,462,480</u>	
Bunga pinjaman dari pinjaman bank:			<i>Interest on bank loans:</i>
- Pinjaman sindikasi	7,555,751	3,463,603	<i>Syndicated loan -</i>
- SMBC	1,540,630	-	<i>SMBC -</i>
- Mandiri	<u>1,262,589</u>	<u>-</u>	<i>Mandiri -</i>
	<u>10,358,970</u>	<u>3,463,603</u>	
Beban akresi	3,478,841	2,861,201	<i>Accretion expense</i>
Penyesuaian nilai wajar piutang lain-lain jangka panjang (Catatan 12)	2,802,490	-	<i>Fair value adjustment of other long-term receivables (Notes 12)</i>
Bunga utang lain-lain jangka panjang	<u>4,045,758</u>	<u>1,229,267</u>	<i>Interest from other long-term payables</i>
Jumlah beban keuangan	<u><u>172,545,631</u></u>	<u><u>153,429,529</u></u>	<i>Total finance cost</i>

**b. Pendapatan keuangan**

Akun ini terdiri dari:

	<u>2019</u>	<u>2018</u>	
Bunga deposito	12,873,398	17,185,274	<i>Interest from time deposits</i>
Bunga jasa giro	7,377,460	5,826,042	<i>Interest from current accounts</i>
Bunga investasi jangka pendek	4,404,330	3,716,486	<i>Interest from short-term investment</i>
Bunga piutang lain-lain jangka panjang	4,000,045	3,025,170	<i>Interest from other long-term receivable</i>
Amortisasi penyesuaian nilai wajar (Catatan 12)	<u>1,420,063</u>	<u>4,809,829</u>	<i>Amortisation of fair value adjustment (Notes 12)</i>
Jumlah pendapatan keuangan	<u><u>30,075,296</u></u>	<u><u>34,562,801</u></u>	<i>Total finance income</i>

**33. FINANCE COST AND INCOME**

**a. Finance cost**

*This account consists of the following:*

	<u>2019</u>	<u>2018</u>	
Bunga utang obligasi	120,114,423	118,842,811	<i>Interest on bonds payable</i>
Bunga <i>promissory notes</i>	11,109,694	-	<i>Interest on promissory notes</i>
Bunga pinjaman dari pemegang saham	13,806,771	19,570,167	<i>Interest on shareholder loan</i>
Bunga pinjaman dari penerusan pinjaman dari Pemerintah:			<i>Interest on two-step loans from the Government:</i>
- JBIC	4,470,861	4,650,920	<i>JBIC -</i>
- IBRD	2,037,571	2,225,645	<i>IBRD -</i>
- EIB	<u>320,252</u>	<u>585,915</u>	<i>EIB -</i>
	<u>6,828,684</u>	<u>7,462,480</u>	
Bunga pinjaman dari pinjaman bank:			<i>Interest on bank loans:</i>
- Pinjaman sindikasi	7,555,751	3,463,603	<i>Syndicated loan -</i>
- SMBC	1,540,630	-	<i>SMBC -</i>
- Mandiri	<u>1,262,589</u>	<u>-</u>	<i>Mandiri -</i>
	<u>10,358,970</u>	<u>3,463,603</u>	
Beban akresi	3,478,841	2,861,201	<i>Accretion expense</i>
Penyesuaian nilai wajar piutang lain-lain jangka panjang (Catatan 12)	2,802,490	-	<i>Fair value adjustment of other long-term receivables (Notes 12)</i>
Bunga utang lain-lain jangka panjang	<u>4,045,758</u>	<u>1,229,267</u>	<i>Interest from other long-term payables</i>
Jumlah beban keuangan	<u><u>172,545,631</u></u>	<u><u>153,429,529</u></u>	<i>Total finance cost</i>

**b. Finance income**

*This account consists of the following:*

	<u>2019</u>	<u>2018</u>	
Bunga deposito	12,873,398	17,185,274	<i>Interest from time deposits</i>
Bunga jasa giro	7,377,460	5,826,042	<i>Interest from current accounts</i>
Bunga investasi jangka pendek	4,404,330	3,716,486	<i>Interest from short-term investment</i>
Bunga piutang lain-lain jangka panjang	4,000,045	3,025,170	<i>Interest from other long-term receivable</i>
Amortisasi penyesuaian nilai wajar (Catatan 12)	<u>1,420,063</u>	<u>4,809,829</u>	<i>Amortisation of fair value adjustment (Notes 12)</i>
Jumlah pendapatan keuangan	<u><u>30,075,296</u></u>	<u><u>34,562,801</u></u>	<i>Total finance income</i>

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**34. PENDAPATAN DAN BEBAN LAIN-LAIN DAN SELISIH KURS**

**a. Pendapatan lain-lain**

Pada tahun yang berakhir 31 Desember 2019 dan 2018, pendapatan lain-lain terdiri dari pembalikan akrual terkait keputusan pengadilan pajak atas sengketa pajak (Catatan 22f), pendapatan sewa gedung, pendapatan denda, dan lain-lain.

**b. Beban lain-lain**

Beban lain-lain merupakan biaya yang tidak berhubungan langsung dengan kegiatan operasi utama Grup, yang terdiri dari biaya denda lain-lain dan pajak final dari jasa konstruksi PGASSOL yang diberikan kepada Perusahaan.

**c. Rugi selisih kurs**

Rugi selisih kurs terutama berasal dari translasi aset dan liabilitas dalam mata uang asing dan perbedaan nilai tukar transaksi dari kegiatan usaha Grup dalam mata uang asing.

Selama tahun yang berakhir 31 Desember 2019 dan 2018, Grup mengalami rugi selisih kurs - neto yang disebabkan oleh perubahan nilai tukar Dolar AS terhadap mata uang asing, khususnya Yen Jepang yang mengakibatkan perubahan posisi liabilitas neto dalam mata uang asing Grup.

**35. LABA BERSIH PER SAHAM DASAR DAN DILUSIAN**

Labanya bersih per saham dasar dihitung dengan membagi laba bersih yang dapat diatribusikan kepada pemilik entitas induk dengan jumlah rata-rata tertimbang jumlah saham biasa yang beredar pada tahun yang bersangkutan termasuk pembelian kembali saham Perusahaan yang dilakukan selama tahun berjalan.

	<u>2019</u>	<u>2018</u>
Labanya bersih yang dapat diatribusikan kepada pemilik entitas induk	67,584,090	304,991,574
Rata-rata tertimbang jumlah saham biasa yang beredar (lembar saham)	<u>24,241,508,196</u>	<u>24,241,508,196</u>
Labanya bersih per saham dasar (nilai penuh)	<u>0.003</u>	<u>0.013</u>

Grup tidak memiliki efek yang bersifat dilutif pada tanggal 31 Desember 2019 dan 2018.

**34. OTHER INCOME AND EXPENSES AND FOREIGN EXCHANGE DIFFERENCE**

**a. Other income**

During the years ended December 31, 2019 and 2018, other income consists of reversal of accruals related to tax court decision on tax disputes (Note 22f), rental income, income from penalties and others.

**b. Other expenses**

Other expenses reflect expenses which are not directly related to the Group's main operating activities, which consists of other penalty expense and final tax related to construction service provided by PGASSOL to the Company.

**c. Loss on foreign exchange**

Loss on foreign exchange mainly results from translation of assets and liabilities in foreign currencies and differences in exchange rates on the Group's operational transactions denominated in foreign currencies.

During the years ended December 31, 2019 and 2018, the Group incurred a net loss on foreign exchange due to changes in the exchange rate of the US Dollar against foreign currencies, especially the Japanese Yen which impacted the net foreign currency denominated liabilities of the Group.

**35. BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing net income attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year including buyback of the Company's shares made during the year.

*Net income attributable to owners of the parent  
Weighted average number of ordinary shares outstanding  
(number of shares)*

*Basic earnings per share (full amount)*

The Group did not have any dilutive ordinary shares as at December 31, 2019 and 2018.

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**36. SALDO DAN TRANSAKSI SIGNIFIKAN DENGAN  
PIHAK-PIHAK BERELASI**

Dalam kegiatan usaha normal, Grup melakukan transaksi usaha dan bukan usaha dengan pihak-pihak berelasi, yang terafiliasi dengan Grup melalui kepemilikan langsung dan tak langsung, dan/atau di bawah kendali pihak yang sama. Harga jual atau beli antara pihak-pihak berelasi ditentukan berdasarkan persyaratan yang disetujui oleh kedua belah pihak, yang mungkin tidak sama dengan transaksi lain yang dilakukan dengan pihak-pihak yang tidak berelasi.

Rincian sifat hubungan dan jenis transaksi yang signifikan dengan pihak-pihak berelasi adalah sebagai berikut:

**36. SIGNIFICANT BALANCES AND TRANSACTIONS  
WITH RELATED PARTIES**

*In the normal course of business, the Group entered into trade and other transactions with related parties, which are affiliated with the Group through equity ownership, either direct or indirect, and/or under common control. Sales or purchase price among related parties is made based on terms agreed by the parties, which may not be the same as those for transactions between unrelated parties.*

*The details of the nature of relationship and types of significant transactions with related parties are as follows:*

<b>Pihak-pihak yang berelasi/ Related parties</b>	<b>Sifat hubungan dengan pihak berelasi/Relationship with the related parties</b>	<b>Transaksi/ Transactions</b>
Pemerintah Republik Indonesia/ <i>Government of the Republic of Indonesia</i>	Pemegang saham utama/ <i>Ultimate parent</i>	Pembayaran dividen, penerusan pinjaman dan debitor obligasi/ <i>Payment of dividends, two-step loans and debtor of bonds</i>
Pertamina	Pemegang saham langsung/ <i>Immediate parent</i>	Debitor obligasi, penjualan dan pembelian minyak dan gas bumi, dan pinjaman dari pemegang saham/ <i>Debtor of bonds, purchase and sale of oil and gas, and loan from shareholder</i>
BTN, BRI Agro	Entitas berelasi dengan Pemerintah/ <i>Government related entity</i>	Penempatan giro, penempatan deposito berjangka yang tidak dibatasi penggunaannya/ <i>Placement of current accounts, placement of unrestricted time deposits</i>
Bank Mandiri	Entitas berelasi dengan Pemerintah/ <i>Government related entity</i>	Penempatan giro, penempatan deposito berjangka yang tidak dibatasi penggunaannya, penempatan kas yang dibatasi penggunaannya, fasilitas <i>Non Cash Loan</i> , fasilitas <i>Bill Purchasing Line</i> , fasilitas Kredit Modal Kerja, fasilitas <i>Supply Chain Financing</i> , fasilitas <i>Treasury Line</i> / <i>Placement of current accounts, placement of unrestricted time deposits, placement of restricted cash, Non Cash Loan facility, Bill Purchasing Line facility, Working Capital Loans facility, Supply Chain Financing facility, Treasury Line facility</i>
BNI	Entitas berelasi dengan Pemerintah/ <i>Government related entity</i>	Penempatan giro, penempatan deposito berjangka yang tidak dibatasi penggunaannya, fasilitas kredit investasi/ <i>Placement of current accounts, placement of unrestricted time deposits, investment credit facility</i>
BRI	Entitas berelasi dengan Pemerintah/ <i>Government related entity</i>	Penempatan giro, deposito berjangka yang tidak dibatasi penggunaannya, fasilitas <i>Standby Letter of Credit</i> , fasilitas bank garansi dan fasilitas penangguhan jaminan impor/ <i>Placement of current accounts, placement of unrestricted time deposits, Standby Letter of Credit Facility, bank guarantee facility and guarantee of suspension of import facility</i>

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PIHAK-PIHAK BERELASI (lanjutan)**

**36. SIGNIFICANT BALANCES AND TRANSACTIONS  
WITH RELATED PARTIES (continued)**

<b>Pihak-pihak yang berelasi/ Related parties</b>	<b>Sifat hubungan dengan pihak berelasi/Relationship with the related parties</b>	<b>Transaksi/ Transactions</b>
Bank Syariah Mandiri, BNI Syariah, BPD Jateng	Entitas berelasi dengan Pemerintah/ Government related entity	Deposito berjangka yang tidak dibatasi penggunaannya/ <i>Placement of unrestricted time deposits</i>
PT Bank Pembangunan Daerah Sumatera Selatan dan Bangka Belitung, PT Bank Pembangunan Daerah Jambi, Bank Jatim	Entitas berelasi dengan Pemerintah/ Government related entity	Penempatan giro/ <i>Placement of current accounts</i>
PHE dan entitas anak, PT Pertamina EP	Entitas anak dari BUMN yang dikendalikan Pemerintah/ <i>Subsidiaries of State Owned Enterprises ("SOEs") controlled by the Government</i>	Uang muka pembelian gas bumi, pemasok gas, pelanggan, uang muka <i>ship-or-pay</i> pemasok gas/ <i>Advance of take or pay, gas supplier, customer, advance of ship or pay gas supplier</i>
PLN, PT Barata Indonesia (Persero), PT Iglas (Persero), PT Kertas Leces (Persero), PT Indofarma (Persero) Tbk	Entitas berelasi dengan Pemerintah/ Government related entities	Pelanggan/ <i>Customers</i>
PT Wijaya Karya Intrade, PT Wijaya Karya Beton, PT Krakatau Daya Listrik	Entitas anak dari BUMN yang dikendalikan Pemerintah/ <i>Subsidiaries of SOEs controlled by the Government</i>	Pelanggan/ <i>Customers</i>
PT Pupuk Kalimantan Timur, PT Petrogas Jatim Utama	Entitas anak dari BUMN yang dikendalikan Pemerintah/ <i>Subsidiaries of SOEs controlled by the Government</i>	Pelanggan minyak dan gas/ <i>Oil and gas customers</i>
PT Pertamina Drilling Service, PT Pertamina Training & Consulting, PT Pertamina Trans Kontinental, PT Patra Niaga, PT Tugu Pratama, PT Elnusa Tbk, PT Pertamina Lubricants, PT Pertamina Retail	Entitas anak dari BUMN yang dikendalikan Pemerintah/ <i>Subsidiaries of SOEs controlled by the Government</i>	Pemasok/ <i>Suppliers</i>
PT Bina Bangun Wibawa Mukti (Persero)	Entitas berelasi dengan Pemerintah/ Government related entities	Pemasok/ <i>Suppliers</i>
LMAN	Entitas berelasi dengan Pemerintah/ Government related entity	Perjanjian Kerja Sama Operasional Kilang LNG Arun/ <i>Operational Cooperation Agreement of Arun LNG Plant</i>
PT PLN Batam, PT Pupuk Iskandar Muda, PT Pupuk Sriwidjaja Palembang, PT Petrokimia Gresik, PT Pupuk Kujang, PT Patra Logistik	Entitas anak dari BUMN yang dikendalikan Pemerintah/ <i>Subsidiaries of SOEs controlled by the Government</i>	Pelanggan transmisi dan distribusi gas/ <i>Gas transmission and distribution customer</i>
Lembaga Pembiayaan Ekspor Indonesia (LPEI), PT Aneka Tambang Tbk, PT Pegadaian (Persero)	Entitas berelasi dengan Pemerintah/ Government related entities	Debitur obligasi/ <i>Bond debtors</i>

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**36. SIGNIFICANT BALANCES AND TRANSACTIONS  
WITH RELATED PARTIES (continued)**

<u>Pihak-pihak yang berelasi/ Related parties</u>	<u>Sifat hubungan dengan pihak berelasi/Relationship with the related parties</u>	<u>Transaksi/ Transactions</u>
Regas	Ventura Bersama/Joint Venture	Penyertaan saham, pemasok gas/Investment in shares of stock, gas supplier
Transgasindo	Ventura Bersama/Joint Venture	Penyertaan saham, penggantian biaya hukum atas transfer aset/Investment in shares of stock, reimbursement of legal fee for transfer of assets
PT Perta Samtan Gas	Ventura Bersama/Joint Venture	Penyertaan saham, pemasok gas/Investment in shares of stock, gas supplier

Transaksi-transaksi signifikan dengan pihak-pihak berelasi adalah sebagai berikut:

Significant transactions with related parties are as follows:

**Pendapatan**

**Revenues**

	<u>2019</u>	<u>2018</u>	
Distribusi gas			Gas distribution
PLN	803,059,842	684,191,962	PLN
PT PLN Batam	70,522,221	18,741,673	PT PLN Batam
PT Krakatau Daya Listrik	62,578,281	74,349,096	PT Krakatau Daya Listrik
PT Pupuk Iskandar Muda	34,609,132	-	PT Pupuk Iskandar Muda
PT Pertamina EP	12,901,214	10,074,909	PT Pertamina EP
PT Patra Logistik	4,850,769	1,082,847	PT Patra Logistik
Lain-lain (di bawah USD1.000.000)	2,695,416	1,793,284	Others (each below USD1,000,000)
Penjualan minyak dan gas			Oil and gas sales
Pertamina	83,018,005	128,317,312	Pertamina
PLN	43,477,523	89,524,522	PLN
PT Petrogas Jatim Utama	14,407,699	14,641,367	PT Petrogas Jatim Utama
PT Pupuk Kalimantan Timur	13,407,373	10,625,145	PT Pupuk Kalimantan Timur
Lain-lain (di bawah USD1.000.000)	997,121	-	Others (each below USD1,000,000)
Transmisi gas			Gas transmission
PLN	50,696,258	81,635,726	PLN
PT Pertamina EP	62,438,334	80,155,275	PT Pertamina EP
PT Pupuk Sriwidjaja Palembang	25,117,320	12,284,050	PT Pupuk Sriwidjaja Palembang
PT Pupuk Kalimantan Timur	10,877,234	7,997,781	PT Pupuk Kalimantan Timur
PT Petrokimia Gresik	9,570,868	9,976,140	PT Petrokimia Gresik
Pertamina	5,801,799	-	Pertamina
PT Pupuk Kujang	1,322,272	1,334,471	PT Pupuk Kujang
Lain-lain (di bawah USD1.000.000)	2,994,000	1,451,000	Others (each below USD1,000,000)
Pendapatan pemrosesan gas			Income from gas processing
PLN	58,838,604	60,711,174	PLN
Pertamina	26,273,473	46,193,709	Pertamina
PHE	19,656,779	18,862,242	PHE
Lain-lain (di bawah USD1.000.000)	2,137,000	1,105,000	Others (each below USD1,000,000)
Pendapatan keuangan dari sewa pembiayaan			Finance income from finance lease
PLN	18,391,517	38,621,164	PLN
Pendapatan jasa regasifikasi			Income from regasification service
PLN	24,017,552	10,740,538	PLN
Transportasi minyak			Oil transportation
PT Pertamina EP	<u>11,562,985</u>	<u>12,935,331</u>	PT Pertamina EP
<b>Jumlah</b>	<b><u>1,476,220,591</u></b>	<b><u>1,417,345,718</u></b>	<b>Total</b>
Persentase dari total pendapatan konsolidasian	<u>38.36%</u>	<u>36.62%</u>	Percentage from total consolidated revenues

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**36. SIGNIFICANT BALANCES AND TRANSACTIONS  
WITH RELATED PARTIES (continued)**

**Pembelian**

**Purchases**

	<u>2019</u>	<u>2018</u>	
PT Pertamina EP	355,845,993	361,973,651	PT Pertamina EP
PHE	111,825,578	97,757,783	PHE
Lain-lain	619,001	2,218,000	Others
<b>Jumlah</b>	<b><u>468,290,572</u></b>	<b><u>461,949,434</u></b>	<b>Total</b>
Persentase dari total beban pokok pendapatan konsolidasian	<u>17.86%</u>	<u>18.04%</u>	Percentage from total consolidated cost of revenues

**Kas dan setara kas dan kas yang dibatasi  
penggunaannya**

**Cash and cash equivalents and restricted cash**

Pada tanggal 31 Desember 2019 dan 2018, saldo kas dan setara kas dan kas yang dibatasi penggunaannya yang ditempatkan pada pihak berelasi masing-masing sebesar 13,27% dan 14,89% dari total aset konsolidasian.

As of December 31, 2019 and 2018, the balances of cash and cash equivalents and restricted cash placed with related parties amounted to 13.27% and 14.89%, respectively, of total consolidated assets.

**Investasi jangka pendek**

**Short-term investments**

Pada tanggal 31 Desember 2019 dan 2018, saldo investasi jangka pendek yang ditempatkan pada pihak berelasi masing-masing sebesar 0,90% dan 0,80% dari total aset konsolidasian.

As of December 31, 2019 and 2018, the balances of short-term investments placed with related parties amounted to 0.90% and 0.80%, respectively, of total consolidated assets.

**Piutang usaha**

**Trade receivables**

Pada tanggal 31 Desember 2019 dan 2018, saldo piutang usaha pada pihak berelasi masing-masing sebesar 3,53% dan 5,09% dari total aset konsolidasian.

As of December 31, 2019 and 2018, the balances of trade receivables from related parties amounted to 3.53% and 5.09%, respectively, of total consolidated assets.

**Piutang lain-lain dan piutang lain-lain jangka  
panjang**

**Other receivables and other long-term  
receivables**

Pada tanggal 31 Desember 2019 dan 2018, saldo piutang lain-lain pada pihak berelasi masing-masing sebesar 0,09% dan 0,12% dari total aset konsolidasian. Pada tanggal 31 Desember 2019 dan 2018, saldo piutang lain-lain jangka panjang pada pihak berelasi masing-masing sebesar 0,26% dan 0,27% dari total aset konsolidasian.

As of December 31, 2019 and 2018, the balances of other receivables from related parties amounted to 0.09% and 0.12%, respectively, of total consolidated assets. As of December 31, 2019 and 2018, the balances of other long-term receivables from related parties amounted to 0.26% and 0.27%, respectively, of total consolidated assets.

**Uang muka**

**Advances**

Pada tanggal 31 Desember 2019 dan 2018, saldo uang muka yang ditempatkan pada pihak berelasi masing-masing sebesar nihil dan 0,02% dari total aset konsolidasian.

As of December 31, 2019 and 2018, the balances of advances placed with government-related entities amounted to nil and 0.02%, respectively, of total consolidated assets.

**Utang usaha**

**Trade payables**

Pada tanggal 31 Desember 2019 dan 2018, saldo utang usaha kepada pihak berelasi masing-masing sebesar 3,03% dan 1,61% dari total liabilitas konsolidasian.

As of December 31, 2019 and 2018, the balances of trade payables due to related parties amounted to 3.03% and 1.61%, respectively, of total consolidated liabilities.

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**36. SALDO DAN TRANSAKSI SIGNIFIKAN DENGAN  
PIHAK-PIHAK BERELASI (lanjutan)**

**Pinjaman**

Pada tanggal 31 Desember 2019 dan 2018, saldo pinjaman jangka panjang dan jangka pendek yang dipinjamkan dari pihak berelasi, termasuk penerusan pinjaman, pinjaman pemegang saham, dan *promissory notes* masing-masing sebesar 19,06% dan 30,01% dari total liabilitas konsolidasian.

**Kompensasi dan imbalan lain**

Grup memberikan kompensasi dan imbalan lain kepada Komisaris dan Direksi untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2019 dan 2018, yang terdiri dari:

	2019	2018	
Komisaris	3,279,374	2,239,233	Commissioners Directors
Direksi	6,602,648	6,782,063	
	<u>9,882,022</u>	<u>9,021,296</u>	

**37. PROGRAM KEMITRAAN DAN BINA  
LINGKUNGAN**

Sejak tahun 2016, Perusahaan menetapkan kebijakan untuk tidak mengalokasikan anggaran Program Kemitraan, sehingga Perusahaan hanya melaksanakan penagihan pada pinjaman yang sedang bergulir dan menyelesaikan kontrak yang sudah ditandatangani dengan menggunakan sisa alokasi laba bersih tahun 2012. Perusahaan juga menetapkan kebijakan dengan melaksanakan Program Bina Lingkungan yang dananya berasal dari anggaran yang ditetapkan sebagai biaya yang dananya disetorkan ke rekening terpisah selambat-lambatnya 45 hari setelah penetapan oleh Dewan Komisaris.

Untuk tahun yang berakhir pada tanggal 31 Desember 2019 dan 2018, Perusahaan telah mencatat beban atas Tanggung Jawab Sosial dan Lingkungan pada operasi berjalan yang disajikan pada akun "Beban umum dan administrasi - tanggung jawab sosial dan bina lingkungan" pada laba rugi masing-masing sebesar dan USD2.962.336 dan USD2.828.921.

Dana yang berasal dari anggaran Perusahaan yang penetapannya disetujui oleh Dewan Komisaris tersebut ditempatkan dalam rekening bank terpisah. Saldo dana dalam rekening bank tersebut pada tanggal 31 Desember 2019 dan 2018 adalah USD938.039 dan USD670.544, yang dilaporkan sebagai bagian kas dan setara kas pada laporan posisi keuangan konsolidasian.

**36. SIGNIFICANT BALANCES AND TRANSACTIONS  
WITH RELATED PARTIES (continued)**

**Loans**

As of December 31, 2019 and 2018, the balances of long-term and short-term loans due to related parties, including two-step loans, shareholder loan, short-term bank loans and promissory notes, amounted to 19.06% and 30.01%, respectively, of total consolidated liabilities.

**Compensation and other benefits**

The Group provided compensation and other benefits to Commissioners and Directors of the Group, for the years ended December 31, 2019 and 2018, as follows:

**37. PARTNERSHIP AND  
DEVELOPMENT PROGRAM**

Since 2016, the Company established a policy not to allocate budget to the Partnership Program, so the Company's only remaining activity for this program is to collect the remaining loans being rolled over and to complete the remaining contract that was already signed using the remaining allocation of net profit from 2012. The Company also established a policy to implement a Community Development Program to be funded from the budget set as the cost of funds deposited into a separate account not later than 45 days after the determination by the Board of Commissioners.

For the years ended December 31, 2019 and 2018, the Company has recorded the Corporate Social and Environmental Responsibility expense in current operations which is presented as part of "General and administrative expenses - Corporate Social and Environmental Responsibility (CSR)" account in profit or loss amounted to USD2,962,336 and USD2,828,921, respectively.

The funds, which originated from the Company's budget and have been approved by the Board of Commissioners, are deposited into designated bank accounts. The balance of such funds as at December 31, 2019 and 2018 were USD938,039 and USD670,544, respectively, which are reported as part of cash and cash equivalents in the consolidated statements of financial position.

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**38. PERJANJIAN-PERJANJIAN PENTING**

Grup mengadakan perjanjian-perjanjian penting sebagai berikut:

a. PJBG

Grup harus membeli dan membayar jumlah pembelian minimum per tahun/kwartal/bulan untuk setiap PJBG di bawah ini. Perbedaan antara jumlah kuantitas pembelian nyata dan kuantitas pembelian minimum dicatat sebagai "Make-Up Gas", yang dapat direalisasikan setiap saat jika kuantitas minimum atau bagian dari jumlah kontrak tahunan/kwartalan/bulanan (mana yang berlaku sesuai dengan ketentuan dalam masing-masing PJBG) telah diambil pada tahun/kwartal/bulan tertentu selama jangka waktu perjanjian. Saldo "Make-Up Gas" disajikan sebagai bagian dari "Uang Muka" pada laporan posisi keuangan konsolidasian.

**38. SIGNIFICANT AGREEMENTS**

The Group has the following significant agreements:

a. GSPA

The Group is required to purchase and pay for a minimum purchase quantity per year/quarter/month for each of the GSPA below. The difference between the purchased quantity and the minimum purchase quantity is recorded as "Make-Up Gas", which can be realised any time if the minimum quantity or part of annual/quarterly/monthly contract quantity (which is applicable in accordance with the respective GSPA) has been taken or at a specified year/quarter/month during the period of the agreement. The outstanding balance of the "Make-Up Gas" is presented as part of "Advances" in the consolidated statements of financial position.

Pemasok/ Suppliers	Perjanjian/ Agreements	Lapangan gas/ Gas field	Volume kontrak/ Contract Volume	Jangka waktu/Term		Keterangan/ Remarks
				Awal/ Start	Akhir/ End	
PT Pertamina EP	PJBG/GSPA Medan	Lapangan minyak dan gas bumi PT Pertamina EP area kerja Asset 1/Oil and gas field of PT Pertamina EP working area Asset 1	3 MMSCFD (2018-2019)	4 Apr 2002	31 Des/ Dec, 2019	Kontrak akan diperpanjang sampai dengan tahun 2021. Kedua pihak sedang membahas amandemen PJBG/ Contract will be extended to 2021. Both parties are still in discussion regarding the GSPA amendment.
PT Pertamina EP	PJBG/GSPA Ellipse Energy Jatirarangan Wahana Limited	Jatirarangan	0.6 MMSCF (18 Okt/Oct-31 Des/Dec 2018)	26 Jul 2004	31Des/Dec 2019	Kontrak akan diperpanjang sampai dengan tahun 2021. Kedua pihak sedang membahas amandemen PJBG/ Contract will be extended to 2021. Both parties are still in discussion regarding the GSPA amendment.
PT Pertamina EP	PJBG/GSPA Cirebon	Lapangan minyak dan gas bumi PT Pertamina EP Region Jawa, Jawa Bagian Barat/Oil and gas field of PT Pertamina EP Java Region, West Java	Titik serah/ Delivery point Randegan: 1.5 MMSCFD (1 Jan - 31 Des/Dec 2019) Titik Serah/ Delivery point Sunyaragi: 2.25 MMSCFD (1 Jan - 31 Des/Dec 2019)	4 Apr 2002	31 Des/Dec 2019	Kontrak akan diperpanjang sampai dengan tahun 2021. Kedua pihak sedang membahas amandemen PJBG/ Contract will be extended to 2021. Both parties are still in discussion regarding the GSPA amendment.
Husky CNOOC Madura Limited	Kesepakatan Bersama Penyaluran Gas untuk Jargas Kota Mojokerto & Probolinggo/ Mutual Agreement of City Gas distribution in Mojokerto & Probolinggo	Lapangan di Wilayah Madura & Probolinggo/Field in Madura & Probolinggo working area	0.25 & 0.20 MMSCFD	19 Jan & 12 Sep 2018	19 Jul 2027 & 28 April 2028 atau berakhirnya produksi/ Jul 19, 2027 & April 28, 2028 or the end of production	-
PT Pertamina EP	Kesepakatan Bersama Penyaluran Gas Jargas Cirebon/ Mutual Agreement of City Gas distribution in Cirebon	Lapangan minyak dan gas bumi PT Pertamina EP Region Jawa, Jawa Bagian Barat/Oil and gas field of PT Pertamina EP Java Region, West Java	Titik Serah/ Delivery point Sunyaragi 0,2 MMSCFD	31 Des/De c 2015	8 Sep 2020	-

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**38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)**

**38. SIGNIFICANT AGREEMENTS (continued)**

a. PJBG (lanjutan)

a. GSPA (continued)

Pemasok/ Suppliers	Perjanjian/ Agreements	Lapangan gas/ Gas field	Volume kontrak/ Contract Volume	Jangka waktu/Term		Keterangan/ Remarks
				Awal/ Start	Akhir/ End	
PT Pertamina EP	PJBG Sumatera Selatan-Jawa Barat/GSPA South Sumatra- West Java	DOH Sumatera Selatan/ South Sumatra	1,006 TSCF	26 Jun 2003	31 Des/Dec 2025	Berlaku sampai dengan kuantitas yang diperjanjikan telah tercapai, mana yang terjadi lebih dahulu/ It is valid until the contracted quantity is delivered, whichever comes first.
ConocoPhillips (Grissik) Ltd.	PJBG/GSPA Batam I	Blok Koridor/ Corridor Block	225 TBTU	9 Jul 2004	31 Des/Dec 2021	Berlaku sampai dengan kuantitas yang diperjanjikan telah tercapai, mana yang terjadi lebih dahulu/ It is valid until the contracted quantity is delivered, whichever comes first.
ConocoPhillips (Grissik) Ltd.	PJBG Corridor Block - Jawa Barat/GSPA Corridor Block – West Java	Blok Koridor/ Corridor Block	2,310 TBTU	9 Agt/ Aug 2004	30 Sep 2023	Berlaku sampai dengan kuantitas yang diperjanjikan telah tercapai, mana yang terjadi lebih dahulu/ It is valid until the contracted quantity is delivered, whichever comes first.
ConocoPhillips (Grissik) Ltd.	Amandemen dan penyajian kembali untuk menggantikan PJBGI menjadi PJBG/ Amendment and Restatement to Replace IGSPA to GSPA	Blok Koridor/ Corridor Block	12,5 BBTUD	31 Mei/ May 2010	20 Des/Dec 2023	Berlaku sampai dengan kuantitas yang diperjanjikan telah tercapai, mana yang terjadi lebih dahulu/ It is valid until the contracted quantity is delivered, whichever comes first.
Lapindo Brantas, Inc.	Amandemen dan penyajian kembali untuk menggantikan PJBGI menjadi PJBG/ Amendment and Restatement to Replace IGSPA to GSPA	Lapangan Wunut/ Wunut field	8 MMSCFD (12 Okt/Oct 2017 – 22 Apr 2020)	29 Des/ Dec 2003	22 Apr 2020	Kondisi dimana seluruh volume gas apa adanya yang keluar atau dihasilkan dari Lapangan Wunut akan diserahkan dan dijual kepada Perusahaan/ Condition that the entire gas volume as it is produced from the Wunut Field is to be provided and sold to the Company
Santos (Madura Offshore) Pty. Ltd., PC Madura Ltd., dan PT Petrogas Pantai Madura	PJBG/GSPA Santos Maleo	Lapangan Maleo/ Maleo Field	351 BCF	14 Jul 2007	31 Agt/Aug 2023	Jumlah cadangan Maleo Field (2P)/The amount of Maleo Field (2P) reserves.

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**38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)**

**38. SIGNIFICANT AGREEMENTS (continued)**

a. PJBG (lanjutan)

a. GSPA (continued)

Pemasok/ Suppliers	Perjanjian/ Agreements	Lapangan gas/Gas field	Volume per tahun/ Volume per year	Jangka waktu/Term		Keterangan/ Remarks
				Awal/ Start	Awal/ Start	
Husky CNOOC Madura Ltd.	PJBG/GSPA Husky	Lapangan Madura BD/ Madura BD field	20 MMSCFD (Gas in 13 Nov 2017)  60 MMSCDF (mulai/start from 14 Nov 2017)	30 Okt/ Oct 2007	26 Jul 2037	-
Husky CNOOC Madura Ltd	Kesepakatan Bersama Penyaluran Jaringan Gas Kota Mojokerto/ Mutual Agreement of Jargas Distribution in Mojokerto City	Lapangan Madura BD/ Madura BD field	0.25 MMSCFD (Gas in 19 Jan 2018)	19 Jan 2018	19 Jul 2027	-
PT Bayu Buana Gemilang	PJBG/GSPA	Lapangan Terang Sirasun Batur/ Terang Sirasun Batur field	22,981 TBTU	30 Nov 2011	31 Des/ Dec 2020	-
PT Walinusa Energi	PJBG/GSPA	Lapangan Terang Sirasun Batur/ Terang Sirasun Batur field	40,593 TBTU	12 Jan 2012	31 Des/ Dec 2020	-
PT Indogas Kriya Dwiguna	PJBG/GSPA	Lapangan Terang Sirasun Batur/ Terang Sirasun Batur field	20 BBTUD	17 Feb 2012	31 Des/ Dec 2020	-
PT Sadikun Niagamas Raya	PJBG/GSPA	Lapangan Terang Sirasun Batur/ Terang Sirasun Batur field	40,9 TBTU	11 Apr 2012	31 Des/ Dec 2020	-
Petrogas (Basin) Ltd	Kesepakatan Bersama Penyaluran Gas untuk Jargas Kabupaten Sorong/ Mutual Agreement of City Gas Distribution in Sorong	Blok Kepala Burung/ Kepala Burung block	0.2 MMSCFD	29 Feb 2016	28 Feb 2021	-
PT Medco E&P Indonesia	Kesepakatan Bersama Penyaluran Gas untuk Jargas Kota Tarakan/ Mutual Agreement of City Gas Distribution in Tarakan	Lapangan di Wilayah Kerja Tarakan/ Field in Tarakan working area	0.2 BBTUD	8 Jan 2016	Sampai dengan tercapainya total jumlah kontrak gas sebesar 321,48 BBTU/ Once total of gas reach 321.48 BBTU	-

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**38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)**

**38. SIGNIFICANT AGREEMENTS (continued)**

a. PJBG (lanjutan)

a. GSPA (continued)

Pemasok/ Suppliers	Perjanjian/ Agreements	Lapangan gas/Gas field	Volume per tahun/ Volume per year	Jangka waktu/Term		Keterangan/ Remarks
				Awal/ Start	Awal/ Start	
PT Pertamina EP Asset IV	Kesepakatan Bersama Penyaluran Gas untuk Jaringan Gas Semarang/ <i>Mutual Agreement of Jargas Distribution in Semarang</i>	Lapangan/ <i>Field Gundih</i>	0.2 MMSCFD	9 Mei/ May 2016	8 Sep 2020	-
PT Pertamina EP Asset V	Kesepakatan Bersama Penyaluran Gas untuk Jaringan Gas Tarakan/ <i>Mutual Agreement of Jargas Distribution in Tarakan</i>	Lapangan/ <i>Field Bunyu</i>	0.3 MMSCFD	1 Agt/ Aug 2017	Sampai adanya ketetapan dari Pemerintah/ <i>Up to the Government's decision.</i>	-
PT Pertamina EP Asset IV	Kesepakatan Bersama Penyaluran Gas untuk Jaringan Gas Blora/ <i>Mutual Agreement of City Gas distribution in Blora</i>	Lapangan/ <i>Field Gundih</i>	0,2 MMSCFD	18 Jul 2016	8 Sep 2020	-
ConocoPhillips (Grissik) Ltd.	PJBG/GSPA Dumai	Blok Koridor/ <i>Corridor Block</i>	8 BBTUD Jul 2019  19 BBTUD Aug 2019 – Jul 2020  25 BBTUD Aug 2020 – Jul 2021  37 BBTUD Aug 2021- Des/Dec 2023	17 Mei/ May 2017	31 Des/Dec 2023	Tanggal dimulai tidak lebih dari 1 Oktober 2018 / <i>The start date no later than October 1, 2018</i>
PT Medco E&P Indonesia	Kesepakatan Bersama Penyaluran Gas untuk Jargas Kota Musi Banyu Asin/ <i>Mutual Agreement of City Gas Distribution in Musi Banyu Asin</i>	Lapangan di Wilayah Kerja Musi Banyuasin/ <i>Field in Musi Banyuasin working area</i>	0.25 BBTUD	25 Sep 2017	20 Jul 2027	-
PT Inti Alasindo Energy	PJBG/GSPA PGN- IAE	Lapangan Madura BD/ <i>Madura BD field</i>	15 BBTUD	5 Apr 2019	4 Apr 2025	-
ConocoPhillips (Grissik) Ltd	PJBG/GSPA PGN-CoPhi	Blok Koridor/ <i>Corridor Block</i>	BBG 10.2 MMscfd 2019  Jargas 0.3 MMscfd 2019	5 Apr 2018	Akhir periode Letter of Agreement BBG/ <i>End of period of BBG Letter of Agreement</i>	-
ConocoPhillips (Grissik) Ltd	PJBG/GSPA Batam III	Blok Koridor/ <i>Corridor Block</i>	20 BBTUD Nov 2018 - Jun 2019  33,2 BBTUD Jul 2019 - 31 Des/Dec 2021  20 BBTUD 1 Jan 2022 - 19 Des/Dec 2023	12 Nov 2018	19 Des/Dec 2023	-

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**38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)**

**38. SIGNIFICANT AGREEMENTS (continued)**

a. PJBG (lanjutan)

a. GSPA (continued)

Pemasok/ Suppliers	Perjanjian/ Agreements	Lapangan gas/Gas field	Volume per tahun/ Volume per year	Jangka waktu/Term		Keterangan/ Remarks
				Awal/ Start	Awal/ Start	
Husky CNOOC Madura Ltd	Kesepakatan Bersama Penyaluran Gas Bumi untuk Jargas Kota Mojokerto/ Mutual Agreement of City Gas Distribution in Mojokerto	Lapangan Madura BD/ Madura BD Field	0.25 MMscfd	19 Jan 2018	19 Jul 2027 atau berakhirnya produksi lapangan/or the end of field production	-
Husky CNOOC Madura Ltd	Kesepakatan Bersama Penyaluran Gas Bumi untuk Jargas Kota Pasuruan/ Mutual Agreement of City Gas Distribution in Pasuruan	Lapangan Madura BD/ Madura BD Field	0.2 MMscfd	12 Sep 2018	28 Apr 2027 atau berakhirnya produksi lapangan/or the end of field production	-
Triangle Pase Inc.	PJBG/GSPA	Blok Pase / Pase Block	5 BBTUD 2019  6 BBTUD 2020  7 BBTUD 2021-2032	15 Des/ Dec 2017	Sampai dengan berakhirnya PSC TPI/ Until the end of TPI's PSC	-
Husky CNOOC Madura Ltd	Kesepakatan Bersama Penyaluran Gas Bumi untuk Jargas Kota Probolinggo/ Mutual Agreement of City Gas Distribution in Probolinggo	Lapangan BD/ BD Field	Kuantitas harian berdasarkan kontrak/daily contract quantity = 0.2 MMscfd	6 Sep 2018	27 Apr 2028	-
PT Pertamina EP	Novasi Perjanjian tentang Jual Beli Gas/Novation of Agreement on Sale and Purchasement of Gas	Lapangan Pondok Tengah, Lapangan Tambun, dan Lapangan Pondok Makmur/ Pondok Tengah field, Tambun field, and Pondok Makmur field	8 MMscfd	15 Des/ Dec 2016	15 Des/Dec 2020	-
PT Pertamina Hulu Energi West Madura Offshore, dan Kontraktor WMO/ and WMO Contractors	PJBG/GSPA	Wilayah kerja West Madura Offshore dan Lapangan Poleng/ West Madura Offshore Area and Poleng field	100 MMscfd	7 Des/ Dec 2016	5 Mei/May 2031	-
BUT Kangean Energy Indonesia Ltd.	Amandemen III atas PJBG/ Amandment III of GSPA	Lapangan Terang, Sirasun, dan Batur/ Terang, Sirasun, and Batur fields	221 TBTU	6 Sep 2012	9 tahun atau tercapainya volume kontrak/ 9 years or once the contract volume is achieved	-

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**38. SIGNIFICANT AGREEMENTS (continued)**

a. PJBG (lanjutan)

a. GSPA (continued)

Pemasok/ Suppliers	Perjanjian/ Agreements	Lapangan gas/Gas field	Volume per tahun/ Volume per year	Jangka waktu/Term		Keterangan/ Remarks
				Awal/ Start	Awal/ Start	
PT Bayu Buana Gemilang	Novasi dan Amandemen II atas PJBG/ Novation and Amendment II of GSPA	Lapangan Terang, Sirasun, dan Batur/ Terang, Sirasun, and Batur fields	44.2 TBTU	23 Des/ Dec 2011	9 tahun atau tercapainya volume kontrak/ 9 years or once the contract volume is achieved	-
PT Walinusa Energi	Novasi dan Amandemen II atas PJBG/ Novation and Amendment II of GSPA	Lapangan Terang, Sirasun, dan Batur/ Terang, Sirasun, and Batur fields	44.2 TBTU	23 Des/ Dec 2011	9 tahun atau tercapainya volume kontrak/ 9 years or once the contract volume is achieved	-
PT Sadikun Niagamas Raya	Novasi dan Amandemen II atas PJBG/ Novation and Amendment II of GSPA	Lapangan Terang, Sirasun, dan Batur/ Terang, Sirasun, and Batur fields	44.2 TBTU	23 Des/ Dec 2011	9 tahun atau tercapainya volume kontrak/ 9 years or once the contract volume is achieved	-
PT Java Gas Indonesia	Novasi dan Amandemen II atas PJBG/ Novation and Amendment II of GSPA	Lapangan Terang, Sirasun, dan Batur/ Terang, Sirasun, and Batur fields	44.2 TBTU	23 Des/ Dec 2011	9 tahun atau tercapainya volume kontrak/ 9 years or once the contract volume is achieved	-
PT Surya Cipta Internusa	Novasi dan Amandemen II atas PJBG/ Novation and Amendment II of GSPA	Lapangan Terang, Sirasun, dan Batur/ Terang, Sirasun, and Batur fields	44.2 TBTU	17 Okt/ Oct 2011	9 tahun atau tercapainya volume kontrak/ 9 years or once the contract volume is achieved	-
PT Prime Energy Supply	Amandemen IV PJBG/ Amendment IV of GSPA	Lapangan Pondok Tengah, Lapangan Tambun, dan Lapangan Pondok Makmur/ Pondok Tengah field, Tambun field, and Pondok Makmur field	1 BBTUD	31 Jul 2018	31 Des/Dec 2020	-
PT Inti Alasindo Energy	PJBG/GSPA	Lapangan/ Field BD Madura	15 BBTUD	5 Apr 2019	4 Apr 2025	-
Santos (Madura Offshore) Pte. Ltd.	PJBG/GSPA	Lapangan/ Field Meliwis	20.3 BBTUD 18.0 BBTUD 9.7 BBTUD	19 Feb 2019	31 Agt/Aug 2023	-
PT Pertamina EP Aset II	PJBG/GSPA Jargas Bogor	Wilayah kerja Sumatera Selatan/ South Sumatera working area	0,2 MMSCFD	4 Mar 2019	8 Sep 2020	-

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**38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)**

**38. SIGNIFICANT AGREEMENTS (continued)**

a. PJBG (lanjutan)

a. GSPA (continued)

Pemasok/ Suppliers	Perjanjian/ Agreements	Lapangan gas/Gas field	Volume per tahun/ Volume per year	Jangka waktu/Term		Keterangan/ Remarks
				Awal/ Start	Awal/ Start	
PT Pertamina EP Aset I	PJBG/GSPA Jargas Deli Serdang	Lapangan di wilayah kerja Aset I/ <i>Field in Asset I working area</i>	0,2 MMSCFD	1 Jan 2019	26 Apr 2028	-
PT Pertamina EP	PJBG/GSPA Jargas Deli Banggai	Lapangan di wilayah kerja Senoro-Tolli/ <i>Field in Senoro-Tolli working area</i>	0,2 MMSCFD	20 Des/Dec 2019	20 Des/Dec 2029	-
PT Pertamina Hulu Energi	PJBG untuk Pupuk Iskandar Muda dan industri di Aceh dan Sumatera Utara/GSPA for <i>Pupuk Iskandar Muda and industry in Aceh and North Sumatera</i>	Lapangan di wilayah kerja NSO dan B/ <i>Field in NSO and B working area</i>	55 MMSCFD 2019  45 MMSCFD 2020-2023	4 Okt/Oct 2019	31 Des/Dec 2023	-
PT Pertamina Hulu Energi	PJBG/GSPA Jargas Aceh Utara/North Aceg	Lapangan di wilayah kerja NSO dan B/ <i>Field in NSO and B working area</i>	0,2 MMSCFD	3 Nov 2019	3 Nov 2020	-
PT Energi Mega Persada Bentu	PJBG/GSPA Jargas Dumai	Lapangan di wilayah kerja Bentu/ <i>Field in Bentu working area</i>	0,2 MMSCFD	19 Nov 2019	19 Nov 2020	-
Pertamina	PJBG Keperluan Refinery Unit VI Balongan/ GSPA for Unit VI <i>Balongan Refinery</i>	Lapangan minyak dan gas bumi PT Pertamina Gas Area Pondok Tengah/ <i>Oil and gas field of PT Pertamina Gas Area Pondok Tengah</i>	2-20 MMBTU	30 Okt/Oct 30, 2019	31 Des/Dec 2020	-
PT Tata Metal Lestari	PJBG Pondok Tengah dan Tambun/ GSPA Pondok <i>Tengah and Tambun</i>	Lapangan minyak dan gas bumi PT Pertamina Gas Area Pondok Tengah/ <i>Oil and gas field of PT Pertamina Gas Area Pondok Tengah</i>	300 MSCFD	23 Sept 2019	31 Des/Dec 2021	-
PT Dgas Alam Semesta	PJBG Pondok Tengah dan Tegalgede/ GSPA Pondok <i>Tengah and Tegalgede</i>	Lapangan minyak dan gas bumi PT Pertamina Gas Area Pondok Tengah/ <i>Oil and gas field of PT Pertamina Gas Area Pondok Tengah</i>	100 MSCFD	20 Des/Dec 20, 2019	31 Des/Dec 2024	-
PT Pupuk Iskandar Muda	PJBG/GSPA	Lapangan minyak dan gas bumi PHE NSO dan NSB/ <i>Oil and gas field of PHE NSO and NSB</i>	50 MMSCFD	4 Okt/Oct 4, 2019	31 Des/Dec 2023	-
PT Sadikun Niagamas Raya	Amandemen III PJBG di Jawa bagian Timur/ <i>Amendment III of GSPA in Eastern Java Area</i>	Lapangan minyak dan gas bumi Kangean Energy Indonesia Ltd Area Terang Sirasun Batur/ <i>Oil and gas field of Kangean Energy Indonesia Ltd Area Terang, Sirasun and Batur</i>	51,2 TBTU	1 Mar 2017	31 Des/Dec 2020	-
PT Bayu Buana Gemilang	Novasi dan Amandemen II PJBG di Jawa bagian Timur/ <i>Novation and Amendment II of GSPA in Eastern Java Area</i>	Lapangan minyak dan gas bumi Kangean Energy Indonesia Ltd Area Terang Sirasun Batur/ <i>Oil and gas field of Kangean Energy Indonesia Ltd Area Terang, Sirasun and Batur</i>	44,2 TBTU	23 Des/Dec 2011	31 Des/Dec 2020	-

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**38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)**

- b. Perjanjian Pengangkutan Gas melalui Jaringan Pipa Transmisi Sumatera Selatan-Jawa Bagian Barat

Pada tanggal 15 Agustus 2011, Perusahaan dan PLN telah menandatangani amandemen dan pernyataan kembali Perjanjian Pengangkutan Gas melalui Jaringan Pipa Transmisi Sumatera Selatan - Jawa Bagian Barat untuk pusat listrik Muara Tawar (sumber gas dari Jambi Merang) dari Grissik ke Muara Bekasi dimana Perusahaan setuju memberikan jasa transportasi gas dari lapangan Pulau Gading dan Lapangan Sungai Kenawang di Grissik sampai dengan Muara Bekasi.

Kapasitas *interruptible* yang disediakan untuk pengangkutan gas tersebut sebesar:

Tahun/Year	Periode/Period	Kapasitas/Capacity
2011	Jul-Des/Dec	81
2012	Jan-Des/Dec	40
2013	Jan-Des/Dec	40
2014-2019	Jan-Des/Dec	21

Perjanjian berlaku untuk sembilan tahun sejak tanggal dimulainya pengangkutan gas.

- c. Perjanjian Pengangkutan Gas Melalui Sistem Jaringan Pipa Transmisi Gas Sumatera Utara

Pada tanggal 4 Februari 2014, Perusahaan dan PLN telah menandatangani Perjanjian Pengangkutan Gas Melalui Sistem Jaringan Pipa Transmisi Gas Sumatera Utara, dimana Perusahaan setuju memberikan jasa transportasi gas dari Titik Terima sampai dengan Titik Serah. Perjanjian berlaku sejak tanggal dimulai sampai dengan lima tahun atau sampai dengan berakhirnya PJBG antara PLN dengan PT Pertamina EP untuk gas dari sumur Benggala-1.

- d. Perjanjian Sewa, Operasi dan Perawatan dengan Hoegh Lampung

Pada tanggal 25 Januari 2012, Perusahaan dan Hoegh Lampung menandatangani perjanjian sewa, operasi dan pemeliharaan yang berlaku dari tanggal pengiriman dan berakhir 20 tahun setelah tanggal pengiriman.

**38. SIGNIFICANT AGREEMENTS (continued)**

- b. *Transportation Gas Agreement through South Sumatera-West Java Gas Transportation Pipeline*

*On August 15, 2011, the Company and PLN entered into the amendment and restatement of Transportation Gas Agreement through Gas Transmission Pipeline South Sumatera - West Java for a power center in Muara Tawar (source of gas from Jambi Merang) from Grissik to Muara Bekasi whereby the Company agreed to provide gas transportation service from Pulau Gading field and Sungai Kenawang field in Grissik to Muara Bekasi.*

*The interruptible capacity provided for gas transportation amounted to the following:*

*This agreement is valid for nine years, starting from the date the gas is delivered.*

- c. *Transportation Gas Agreement through North Sumatera Transportation Pipeline System*

*On February 4, 2014, the Company and PLN signed a Transportation Gas Agreement through North Sumatera Transportation Pipeline System whereby the Company agreed to provide transportation services from the Receiving Point into the Delivery Point. The agreement is valid from the start date up to five years or until the GSPA between PLN and PT Pertamina EP for gas from Benggala-1 wells ended.*

- d. *Lease, Operation and Maintenance Agreement with Hoegh Lampung*

*On January 25, 2012, the Company and Hoegh Lampung entered into a lease, operation and maintenance agreement starting from the delivery date until 20 years from the delivery date.*

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- d. Perjanjian Sewa, Operasi dan Perawatan dengan Hoegh Lampung (lanjutan)

Pada tanggal 21 Februari 2014, PLI, Perusahaan dan Hoegh Lampung menandatangani Perjanjian Novasi atas *Amended and Restated Lease, Operation and Maintenance Agreement* dimana hak dan kewajiban Perusahaan terkait dengan perjanjian tersebut di atas beralih ke PLI. Melalui perjanjian novasi tersebut Hoegh Lampung akan menyediakan FSRU Lampung dan melakukan proses regasifikasi selama 20 tahun dengan opsi perpanjangan untuk dua periode masing-masing lima tahun.

- e. Perjanjian Pengangkutan Gas Kepodang – Tambak Lorok

Perjanjian Pengangkutan Gas melalui Jaringan Pipa Transmisi Kepodang – Tambak Lorok (Kalija Tahap I). Pada tanggal 14 September 2015, KJG, PLN, SEM, PT Bakrie & Brothers, Tbk. dan PCML, telah menandatangani Surat Perjanjian Pemberlakuan Novasi dan Perubahan Terhadap Gas Transportation Agreement (“GTA Kalija I”) dimana KJG bertindak sebagai *Transporter*, PLN bertindak sebagai *Offtaker*, dan PCML, sebagai *Shipper*. Berdasarkan ketentuan dalam *Gas Transportation Agreement*, *Transporter* setuju memberikan jasa transportasi gas dari lapangan Kepodang ke fasilitas pembangkit milik PLN di Tambak Lorok.

Pada tanggal 8 Juni 2017, PCML memberikan notifikasi perihal adanya keadaan kahar atas Perjanjian Pengangkutan Gas Kepodang – Tambak Lorok (Lihat Catatan 39a).

Perjanjian berlaku untuk 12 tahun sejak tanggal dimulainya pengangkutan gas.

Pada tanggal 13 November 2019, KJG melakukan terminasi GTA Kalija I terkait gugatan arbitrase terhadap PCML dan PLN (lihat Catatan 39a).

**38. SIGNIFICANT AGREEMENTS (continued)**

- d. *Lease, Operation and Maintenance Agreement with Hoegh Lampung (continued)*

*On February 21, 2014, PLI, the Company and Hoegh Lampung entered into a Novation Agreement for the Amended and Restated Lease, Operation and Maintenance Agreement, where the rights and obligations related to the above agreement of the Company were transferred to PLI. Through the novation agreement, Hoegh Lampung will provide FSRU Lampung and perform regassification process for 20 years with two extension period of five years each.*

- e. *Transportation Gas Agreement Kepodang – Tambak Lorok*

*Transportation Gas Agreement through Kepodang – Tambak Lorok Gas Transportation Pipeline (Kalija Tahap I). On September 14, 2015, KJG, PLN, SEM, PT Bakrie & Brothers, Tbk. and PCML, put into effect the Novation and Amendment to The Gas Transportation Agreement (“GTA Kalija I”) wherein KJG is the Transporter, PLN is the Offtaker, and PCML, is the Shipper. Based on the Gas Transportation Agreement, Transporter agreed to provide gas transportation service from Kepodang field to PLN’s power plant facilities in Tambak Lorok.*

*On June 8, 2017, PCML sent a notification of force majeure on Gas Transportation Agreement Kepodang – Tambak Lorok (See Note 39a).*

*This agreement is valid for 12 years, starting from the date of the gas delivery.*

*On November 13, 2019, KJG terminated the GTA Kalija I in relation with arbitration claimed against PCML and PLN (see Note 39a).*

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**38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)**

- f. Perjanjian Kerja Sama Operasi dengan PT Citraagung Tirta Jatim ("CTJ")

Pada tanggal 2 April 2004, Perusahaan dan CTJ mengadakan perjanjian kerja sama operasi. Dalam perjanjian ini, Perusahaan akan menyediakan tanah yang terletak di Surabaya untuk dibangun pusat perbelanjaan oleh CTJ dengan nilai sekitar Rp336.245.000.000. CTJ akan diberi hak pengelolaan atas bangunan pusat perbelanjaan tersebut sejak selesainya pembangunan bangunan dengan kompensasi selama 28 tahun hingga 2 April 2032. Pada akhir masa pengelolaan, bangunan pusat perbelanjaan akan menjadi milik Perusahaan.

CTJ berkewajiban untuk memberikan kompensasi kepada Perusahaan berupa pendirian bangunan dengan nilai Rp20.750.000.000, yang terdiri dari gedung kantor dan rumah dinas Perusahaan, serta pembayaran *royalty* sebesar Rp200.000.000 termasuk pajak penghasilan setiap tahunnya dari tanggal 20 Maret 2010 sampai dengan 20 Maret 2031.

Perusahaan akan memberikan hak prioritas kepada CTJ untuk memperoleh hak pengelolaan tahap kedua dengan jangka waktu 25 tahun apabila tahap pengelolaan pertama telah berakhir, yaitu pada tanggal 2 April 2032.

- g. Perjanjian Kerja Sama Operasi dengan PT Winatek Sinergi Mitra Bersama ("Winatek")

Pada tanggal 10 Maret 2005, Perusahaan dan Winatek mengadakan perjanjian kerja sama operasi. Dalam perjanjian ini, Perusahaan akan menyediakan lahan yang terletak di Jakarta Pusat kepada Winatek untuk dibangun pusat perbelanjaan dan perkantoran termasuk fasilitas parkir dan fasilitas pendukungnya, senilai sekitar Rp80.000.000.000 atau sepadan bangunan minimal 20.000 meter persegi. Winatek akan diberi hak pengelolaan atas bangunan pusat perbelanjaan tersebut sejak selesainya pembangunan bangunan dengan kompensasi selama 28 tahun enam bulan. Pada akhir masa pengelolaan, bangunan pusat perbelanjaan dan perkantoran akan menjadi milik Perusahaan.

Winatek berkewajiban untuk memberikan kompensasi awal sebesar Rp18.935.005.000 kepada Perusahaan, berupa bangunan kompensasi seluas 12.250 meter persegi.

Perjanjian ini telah diamandemen sebanyak dua kali, dan terakhir kali diamandemen pada tanggal 29 November 2005. Amandemen ini merubah ketentuan periode pengelolaan menjadi 29 tahun, serta merubah ketentuan luas minimal bangunan menjadi 21.000 meter persegi atau minimal senilai Rp80.000.000.000.

**38. SIGNIFICANT AGREEMENTS (continued)**

- f. *Joint Operation Agreement with PT Citraagung Tirta Jatim ("CTJ")*

*On April 2, 2004, the Company entered into a joint operation agreement with CTJ. In this agreement, the Company will provide its land located at Surabaya for CTJ to build a shopping centre with total value of approximately Rp336,245,000,000. CTJ will have the rights to operate the shopping centre from the completion date of the construction of the building until April 2, 2032, or for 28 years period. At the end of the operational period, the shopping centre will be transferred to the Company.*

*CTJ is obliged to give compensation to the Company in the form of building compensation with total value of Rp20,750,000,000, consisting of the Company's office building and the employee's house and annual royalty payment for Rp200,000,000 including income tax from March 20, 2010 until March 20, 2031.*

*The Company will give priority to CTJ to obtain the right to operate and manage the second operational period for 25 years at the end of the first operational phase which is April 2, 2032.*

- g. *Joint Operation Agreement with PT Winatek Sinergi Mitra Bersama ("Winatek")*

*On March 10, 2005, the Company entered into a joint operation agreement with Winatek. In this agreement, the Company will provide its land located at Central Jakarta to build a shopping centre and office building including parking area and other facilities with approximately value of Rp80,000,000,000 or equal to the value at a minimum of a 20,000 square meters building. CTJ will have the rights to operate the shopping centre, starting from the agreement date until the next 28 years and six month period. At the end of the operational period, the shopping centre and office building will be transferred to the Company.*

*Winatek is obliged to give initial compensation amounting to Rp18,935,005,000 to the Company, in the form of building compensation with an area of 12,250 square meters.*

*This agreement has been amended two times, and lastly amended on November 29, 2005. Those amendments changed the provision of the operational period to become 29 years, and changed the provision of minimum width of the building area to become 21,000 meters squared or with minimum value of Rp80,000,000,000.*

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**38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)**

- h. Perjanjian Pengangkutan Gas Bumi melalui Pipa antara Pertagas dengan PLN (Untuk Area Jawa Bagian Barat)

Pada tanggal 22 Januari 2019, Pertagas menandatangani Perjanjian Pengangkutan Gas Bumi dengan PLN untuk Area Jawa Bagian Barat No. 011/PG0000/2019-S0. Perjanjian ini berlaku sejak tanggal dimulai sampai dengan 31 Desember 2023.

- i. Perjanjian Pengangkutan Gas Bumi melalui Pipa antara Pertagas dengan PT Surya Energi Parahita (Persero) (Untuk Area Jawa Bagian Barat)

Pada tanggal 21 Februari 2019, Pertagas menandatangani Perjanjian Pengangkutan Gas Bumi dengan PT Surya Energi Parahita untuk Area Jawa Bagian Barat No. 018/PG0000/2019-S0. Perjanjian ini berlaku sejak tanggal dimulai sampai dengan 31 Desember 2021.

- j. Perjanjian Pengangkutan Gas Bumi melalui Pipa antara Pertagas dengan PT Persada Agung Energi (Untuk Area Jawa Bagian Barat)

Pada tanggal 21 Februari 2019, Pertagas menandatangani Perjanjian Pengangkutan Gas Bumi dengan PT Persada Agung Energi untuk Area Jawa Bagian Barat No. 019/PG0000/2019-S0. Perjanjian ini berlaku sejak tanggal dimulai sampai dengan 31 Desember 2021.

- k. Perjanjian Pengangkutan Gas Bumi melalui Pipa antara Pertagas dengan PT Sarana Pembangunan Palembang Jaya (Untuk Area Sumatera Selatan)

Pada tanggal 31 Januari 2019, Pertagas menandatangani Perjanjian Pengangkutan Gas Bumi dengan PT Sarana Pembangunan Palembang Jaya untuk Area Sumatera Selatan No. 021/PG0000/2019-S0. Perjanjian ini berlaku sejak tanggal dimulai sampai dengan 31 Desember 2025.

- l. Perjanjian Pengangkutan Gas Bumi melalui Pipa antara Pertagas dengan PT Igas Utama (Untuk Area Jawa Bagian Barat)

Pada tanggal 21 Februari 2019, Pertagas menandatangani Perjanjian Pengangkutan Gas Bumi dengan PT Igas Utama untuk Area Jawa Bagian Barat No. 036/PG0000/2019-S0. Perjanjian ini berlaku sejak tanggal dimulai sampai dengan 31 Desember 2021.

**38. SIGNIFICANT AGREEMENTS (continued)**

- h. *Natural Gas Transport Agreement through pipeline between Pertagas and PLN (For the West Java Area)*

*On January 22, 2019, Pertagas signed a Natural Gas Transport Agreement with PLN for the West Java Area No. 011 /PG0000/2019-S0. This agreement is valid from its start date through to December 31, 2023.*

- i. *Natural Gas Transportation Agreement through Pipeline between Pertagas and PT Surya Energi Parahita (Persero) (For the West Java Area)*

*On February 21, 2019, Pertagas signed a Natural Gas Transport Agreement with PT Surya Energi Parahita for the West Java Area No. 018/PG0000/2019-S0. This agreement is valid from its start date to through December 31, 2021.*

- j. *Natural Gas Transportation Agreement through pipeline between Pertagas and PT Persada Agung Energi (For the West Java Area)*

*On February 21, 2019, Pertagas signed a Natural Gas Transport Agreement with PT Persada Agung Energi for the West Java Area No.019/PG0000/2019-S0. This agreement is valid from its start date through to December 31, 2021.*

- k. *Natural Gas Transportation Agreement through pipeline between Pertagas and PT Sarana Pembangunan Palembang Jaya (For the South Sumatra Area)*

*On January 31, 2019, Pertagas signed a Natural Gas Transport Agreement with PT Sarana Pembangunan Palembang Jaya for the South Sumatra Area No. 021/PG0000/2019-S0. This agreement is valid from its start date through to December 31, 2025.*

- l. *Natural Gas Transportation Agreement through Pipeline between Pertagas and PT Igas Utama (For the West Java Area)*

*On February 21, 2019, Pertagas signed a Natural Gas Transport Agreement with PT Igas Utama for the West Java Area No. 036/PG0000/2019-S0. This agreement is valid from its start date through to December 31, 2021.*

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- m. Perjanjian Pengangkutan Gas Bumi melalui Pipa antara Pertagas dengan PT Energasindo Heksa Karya (Untuk Area Jawa Bagian Barat)

Pada tanggal 21 Februari 2019, Pertagas menandatangani Perjanjian Pengangkutan Gas Bumi dengan PT Energasindo Heksa Karya untuk Area Jawa Bagian Barat No. 037/PG0000/2019-S0. Perjanjian ini berlaku sejak tanggal dimulai sampai dengan 31 Desember 2021.

- n. Perjanjian Pengangkutan Gas Bumi melalui Pipa antara Pertagas dengan PT Kaltim Methanol Industri (Untuk Wilayah Kalimantan Timur)

Pada tanggal 29 Maret 2019, Pertagas menandatangani Perjanjian Pengangkutan Gas Bumi dengan PT Kaltim Methanol Industri untuk wilayah Kalimantan Timur No. 068/PG0000/2019-S0. Perjanjian ini berlaku sejak tanggal dimulai sampai dengan 30 September 2023.

- o. Perjanjian Pengangkutan Gas Bumi melalui Pipa antara Pertagas dengan PUSRI Untuk Area Sumatera Bagian Selatan

Pada tanggal 5 Agustus 2019, Pertagas menandatangani Perjanjian Pengangkutan Gas Bumi dengan PUSRI untuk Area Sumatera Bagian Selatan No. 116/PG0000/2019-S0. Perjanjian ini berlaku sejak tanggal dimulai sampai dengan 31 Desember 2027.

- p. Perjanjian Kerjasama antara Pertagas dengan PT Bintang Dua Pulau

Pada tanggal 2 September 2019, Pertagas menandatangani perjanjian kerjasama dengan PT Bintang Dua Pulau No. 114/PG0000/2019-S0. Perjanjian ini berlaku sampai dengan 31 Desember 2035.

**38. SIGNIFICANT AGREEMENTS (continued)**

- m. *Natural Gas Transportation Agreement through pipeline between Pertagas and PT Energasindo Heksa Karya (For the West Java Area)*

*On February 21, 2019, Pertagas signed a Natural Gas Transport Agreement with PT Energasindo Heksa Karya for the West Java Area No. 037/PG0000/2019-S0. This agreement is valid from its start date through to December 31, 2021.*

- n. *Natural Gas Transportation Agreement through pipeline between Pertagas and PT Kaltim Methanol Industri (for the East Kalimantan Region)*

*On March 29, 2019, Pertagas signed a Natural Gas Transport Agreement with PT Kaltim Methanol Industri for East Kalimantan No. 068/PG0000/2019-S0. This agreement is valid from its start date through to September 30, 2023.*

- o. *Natural Gas Transportation Agreement through pipeline between Pertagas and PUSRI for the Southern Sumatra Area*

*On August 5, 2019, Pertagas signed a Natural Gas Transport Agreement with PUSRI for the Southern Sumatra Area No. 116/PG0000/2019-S0. This agreement is valid from its start date through to December 31, 2027.*

- p. *Cooperation Agreement between Pertagas and PT Bintang Dua Pulau*

*On September 2, 2019, Pertagas signed a cooperation agreement with PT Bintang Dua Pulau No. 114/PG0000/2019-S0. This agreement is valid until December 31, 2035.*

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- q. Perjanjian Pengangkutan Gas Bumi melalui Pipa antara Pertagas dengan PLN (Area Sumatera Bagian Selatan)

Pada tanggal 13 Desember 2019, Pertagas menandatangani Perjanjian Pengangkutan Gas Bumi dengan PLN No. 176/PG0000/2019-S0. Perjanjian ini berlaku sejak tanggal dimulai sampai dengan 20 November 2020.

- r. Perjanjian Pengangkutan Gas Bumi melalui Pipa dari Duri Dumai antara Pertagas dengan Pertamina

Pada tanggal 27 Desember 2019, Pertagas menandatangani Perjanjian Pengangkutan Gas Bumi dengan Pertamina No. 188/PG0000/2019-S0. Perjanjian ini berlaku sejak tanggal dimulai sampai dengan 31 Desember 2026.

- s. Kesepakatan Bersama tentang Penyediaan Jasa Regasifikasi LNG untuk Kargo Lanjutan di tahun 2019 antara PAG dengan PLN

Pada tanggal 31 Desember 2019, PAG menandatangani kesepakatan bersama dengan PLN tentang penyediaan jasa regasifikasi LNG untuk Kargo Lanjutan di Tahun 2020 dengan No. PAG: 028/PAG0000/2019-S0 dan No. PLN: 0683-1.PJ/EPI.01.02/DIR/018 ("KB 27").

- t. Perjanjian Alih Kelola Operasi dan Pemeliharaan Gas Treating Unit, Condensate Recovery Unit dan Sulfur Recovery Unit di Kilang Arun antara PT Pertamina Hulu Energi NSO NSB dan PAG

Pada tanggal 14 September 2018, PAG menandatangani perjanjian dengan PT Pertamina Hulu Energi NSO ("PHE NSO") dan PT Pertamina Hulu Energi NSB ("PHE NSB") untuk melaksanakan kegiatan operasi dan pemeliharaan fasilitas gas processing yang pengelolaannya mulai dialihkan sejak 1 Oktober 2018.

- u. Amendemen Kedelapan Kesepakatan Bersama Penjualan dan Penyaluran Gas Bumi antara PTGN dengan PLN untuk kebutuhan kelistrikan di Sumatera Bagian Utara

Pada tanggal 20 Desember 2019, PTGN menandatangani Amendemen Kedelapan Kesepakatan Bersama Penjualan Gas Bumi No. 160/PN0000/2018 dengan PLN untuk memenuhi kebutuhan kelistrikan di Sumatera Bagian Utara. Para pihak sepakat bahwa kesepakatan bersama ini berlaku sejak tanggal efektif pada tanggal 29 Februari 2020 atau sejak ditandatanganinya amendemen perjanjian jual beli gas antara para pihak, mana yang lebih dahulu terjadi, sampai berakhirnya perjanjian.

**38. SIGNIFICANT AGREEMENTS (continued)**

- q. Natural Gas Transportation Agreement through pipeline between Pertagas and PLN (South Sumatra Area)

On December 13, 2019, Pertagas signed a Natural Gas Transport Agreement with PLN No. 176 / PG0000 / 2019-S0. This agreement is valid from its start date through to November 20, 2020.

- r. Natural Gas Transportation Agreement through Pipeline from Duri Dumai between Pertagas and Pertamina

On December 27, 2019, Pertagas signed a Natural Gas Transport Agreement with Pertamina No. 188/PG0000/2019-S0. This agreement is valid from its start date through to December 31, 2026.

- s. Agreement of LNG Regasification service for Advance Cargo for the year 2019 between PAG and PLN

On December 31, 2019, PAG signed a mutual agreement with PLN regarding the provision of LNG regasification for advance cargo in 2020 No. PAG: 028/PAG0000/2019- S0 and No. PLN: 0683-1.PJ/EPI.01.02/DIR/018 ("KB 27").

- t. Hand Over Agreement of Gas Treating Unit, Condensate Recovery Unit, and Sulfur Recovery Unit Operation and Maintenance between PT Pertamina Hulu Energi NSO NSB and PAG

On September 14, 2018, PAG entered into an agreement with PT Pertamina Hulu Energi NSO ("PHE NSO") and PT Pertamina Hulu Energi NSB ("PHE NSB") to provide operational and maintenance services for gas processing facilities which will be handed over to management since October 1, 2018.

- u. The Eighth Amendment of Gas Sales Purchase Agreement Between PTGN and PLN for Electricity Needs in Northern Sumatera Area

On December 20, 2019, PTGN signed the eighth amendment of Gas Sales-Purchase Agreement No.160/PN0000/2018 with PLN related to fulfill the electricity needs in Northern Sumatera Area. Both parties agreed that the agreement became effective since February 29, 2020 or since the signing date of amendment of the agreement, whichever is earliest, until the termination of the agreement.

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**38. PERJANJIAN-PERJANJIAN PENTING (lanjutan)**

- v. Perjanjian Jual Beli LNG antara PTGN dan PT Pupuk Iskandar Muda

Pada tanggal 21 September 2019, PTGN sepakat untuk menandatangani kesepakatan bersama No. 140/PN0000/2019-S0 dengan PT Pupuk Iskandar Muda tentang pengaliran LNG dengan volume sebesar 800.000 MMBTU.

- w. Amendemen Kedua Perjanjian Jual Beli LNG antara Pertamina Niaga dan PLN

Pada tanggal 25 September 2019, PTGN menandatangani Amendemen Kedua Perjanjian Jual Beli LNG No. 075/PN0000/2017-S0 dengan PLN terkait pemenuhan kebutuhan kelistrikan di Pembangkit Listrik Tenaga Mesin Gas ("PLTMG") Sambera di Kalimantan Timur dan *performance test* PLTMG di sejumlah wilayah di Indonesia Timur, dengan eksposur volume sebesar 14,26 TBTU.

**39. IKATAN DAN KONTINJENSI**

- a. Deklarasi keadaan kahar dalam Perjanjian Pengangkutan Gas Kepodang – Tambak Lorok oleh PCML

Karena ketidakmampuan PCML dalam memenuhi komitmen volume gas yang telah disepakati dalam GTA Kalija I, maka sesuai ketentuan GTA Kalija I timbul kewajiban *ship-or-pay* yang harus diselesaikan oleh pihak yang menyebabkan *ship-or-pay* tersebut. KJG telah melakukan musyawarah dengan PCML terkait kewajiban *ship-or-pay* tahun 2016 sejak awal tahun 2017, namun sampai dengan akhir tahun 2017, PCML belum menyelesaikan kewajiban *ship-or-pay* tersebut. Selain itu PCML juga menyampaikan klaim kahar sesuai surat PCML tanggal 7 Juni 2017. Atas klaim kahar tersebut KJG menyampaikan penolakan sesuai surat tanggal 13 Juni 2017, dimana KJG menyampaikan bahwa sesuai GTA Kalija I maka syarat untuk keadaan kahar berlaku adalah adanya penetapan oleh konsultan mandiri yang ditunjuk bersama oleh para pihak yang kemudian diperiksa dan disetujui oleh SKK Migas.

PCML telah menunjuk Lemigas sebagai konsultan independen untuk memeriksa keadaan kahar tersebut. Namun, KJG menganggap penunjukan dan hasil laporan Lemigas tidak sesuai dengan ketentuan yang ada di dalam GTA Kalija I.

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**38. SIGNIFICANT AGREEMENTS (continued)**

- v. *LNG Sales and Purchase Agreement between PTGN and PT Pupuk Iskandar Muda*

*On September 21, 2019, PTGN signed a mutual agreement No. 140/PN0000/2019-S0 with PT Pupuk Iskandar Muda related to LNG supply in volume of 800.000 MMBTU.*

- w. *The Second Amendment of Liquefied Natural Gas (LNG) Sales Agreement between PTGN and PLN*

*On September 25, 2019, PTGN signed the Second Amendment of the LNG Sales and Purchase Agreement No. 075/PN0000/2017-S0 with PLN related to fulfill the electricity needs in several power plants ("PLTMG") in Eastern Indonesia, with the volume exposure of 14.26 TBTU.*

**39. COMMITMENTS AND CONTINGENCIES**

- a. *Force majeure declaration on Gas Transportation Agreement Kepodang – Tambak Lorok by PCML*

*Due to PCML's inability to fulfil the gas volume commitment which has been agreed in GTA Kalija I, then in accordance with GTA Kalija I, ship-or-pay liability arose and should be settled by the party who causes the ship-or-pay. KJG has conducted discussions with PCML in relation to the 2016 ship-or-pay liability since early 2017, nevertheless up until the end of 2017, PCML has not settled its ship-or-pay liability. Moreover, PCML has declared force majeure through its letter dated June 7, 2017. Regarding the force majeure claim, KJG has sent an objection letter dated June 13, 2017 in which KJG notified that in accordance with GTA Kalija I, force majeure should be determined by an independent consultant as agreed by each party and then should be examined and approved by SKK Migas.*

*PCML has appointed Lemigas as the independent consultant to assess the force majeure. However, KJG believes that the appointment of Lemigas including Lemigas' report are not in accordance with GTA Kalija I.*

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**39. IKATAN DAN KONTINJENSI (lanjutan)**

- a. Deklarasi keadaan kahar dalam Perjanjian Pengangkutan Gas Kepodang – Tambak Lorok oleh PCML (lanjutan)

Dengan belum terpenuhinya syarat-syarat keadaan kahar sesuai GTA Kalija I, maka semua hak dan kewajiban para pihak tetap berlaku khususnya terkait dengan *ship-or-pay*. KJG juga sudah meminta bantuan BPH Migas untuk menjadi mediator atas permasalahan *ship-or-pay* tersebut. BPH Migas mengundang para pihak dalam GTA pada tanggal 20 Maret 2018 dan 8 Mei 2018, namun PCML tidak hadir dalam kedua rapat tersebut. Mengingat KJG sudah melakukan upaya musyawarah dan mediasi, akhirnya pada tanggal 29 Agustus 2018 KJG mengajukan gugatan arbitrase atas belum terpenuhinya kewajiban *ship-or-pay* tahun 2016-2018 serta kewajiban *ship-or-pay* untuk tahun 2019-2026 ke International Chamber of Commerce (ICC) Hong Kong. PCML telah menghentikan pengaliran gas tanggal 23 September 2019 sehingga sejak tanggal 24 September 2019 tidak ada pengaliran gas melalui pipa KJG. Efektif sejak tanggal 13 Desember 2019 KJG telah melakukan terminasi GTA sesuai surat KJG tanggal 13 November 2019, karena KJG melihat tidak ada itikad baik dari PCML untuk melanjutkan dan melaksanakan kewajibannya sesuai yang telah diatur dan disepakati dalam GTA. Terkait terminasi tersebut, KJG telah memasukan gugatan ganti rugi dalam *Statement of Claim* tertanggal 28 Februari 2020 ke ICC.

Manajemen beranggapan bahwa hasil arbitrase akan berdampak positif terhadap KJG. Arbitrase diharapkan dapat diselesaikan di akhir tahun 2021.

- b. Komitmen sewa operasi - Grup sebagai pihak yang menyewa

Grup menyewa FSRU dari PT Hoegh LNG Lampung, gudang dan bangunan dengan perjanjian sewa operasi yang tidak dapat dibatalkan. Masa sewa sampai dengan dua puluh tahun dengan opsi perpanjangan untuk dua periode masing-masing lima tahun.

Jumlah pembayaran sewa minimum di masa depan dalam perjanjian sewa operasi yang tidak dapat dibatalkan adalah sebagai berikut:

	<u>2019</u>	<u>2018</u>
Tidak lebih dari 1 tahun	42,040,984	42,040,984
Lebih dari 1 tahun namun kurang dari 5 tahun	201,869,533	202,989,066
Lebih dari 5 tahun	<u>401,500,000</u>	<u>441,650,000</u>
<b>Jumlah</b>	<b><u>645,410,517</u></b>	<b><u>686,680,050</u></b>

**39. COMMITMENTS AND CONTINGENCIES  
(continued)**

- a. *Force majeure declaration on Gas Transportation Agreement Kepodang – Tambak Lorok by PCML (continued)*

*By not fulfilling force majeure terms in accordance with GTA Kalija I, all rights and obligations of the parties are still valid, particularly related to the ship-or-pay. KJG has requested BPH Migas' assistance as mediator for this ship-or-pay matter. BPH Migas has invited the parties in GTA Kalija I on March 20, 2018 and May 8, 2018, but PCML has failed to attend both meetings. Since KJG has strived for negotiation and mediation, eventually on August 29, 2018, KJG has submitted an arbitration claim for unsettled 2016-2018 ship-or-pay liabilities as well as the 2019-2026 ship-or-pay liabilities to the International Chamber of Commerce (ICC) in Hong Kong. PCML has stopped the gas flow on September 23, 2019, therefore since September 24, 2019 no gas was transported through KJG's pipeline. Effective as of December 13, 2019 KJG has terminated the GTA in accordance with KJG's letter dated November 13, 2019, because KJG determined that there is no good faith from PCML to continue and carry out its obligations in accordance with the terms stipulated and agreed in the GTA. In relation with the termination, KJG has submitted a claim for compensation in the Statement of Claim dated February 28, 2020 to the ICC.*

*Management is of the opinion that the result of the arbitration will be favourable to KJG. The arbitration is expected to be completed by the end of 2021.*

- b. *Operating lease commitments – Group as a lessee*

*The Group lease a FSRU from PT Hoegh LNG Lampung, warehouse and building under a non-cancellable operating lease agreement. The lease term is for twenty years with renewal options of two periods of five years, respectively.*

*The future aggregate minimum lease payments under the non-cancellable operating lease are as follows:*

*No later than 1 year  
Later than 1 year and  
no later than 5 years  
Later than 5 years*

**Total**

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**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO  
KEUANGAN**

Liabilitas keuangan utama Grup meliputi, utang usaha dan lain-lain, liabilitas yang masih harus dibayar, pinjaman bank jangka pendek, pinjaman jangka panjang dan utang obligasi. Tujuan utama dari liabilitas keuangan ini adalah untuk mengumpulkan dana untuk operasi Grup. Grup juga mempunyai berbagai aset keuangan seperti kas dan setara kas dan piutang usaha, yang dihasilkan langsung dari kegiatan usahanya.

Bisnis Grup mencakup aktivitas pengambilan risiko dengan sasaran tertentu dengan pengelolaan yang profesional. Fungsi utama dari manajemen risiko Grup adalah untuk mengidentifikasi seluruh risiko kunci, mengukur risiko-risiko ini dan mengelola posisi risiko. Grup secara rutin menelaah kebijakan dan sistem manajemen risiko untuk menyesuaikan dengan perubahan di pasar, produk dan praktik pasar terbaik.

Tujuan Grup dalam mengelola risiko keuangan adalah untuk mencapai keseimbangan yang sesuai antara risiko dan tingkat pengembalian dan meminimalisasi potensi efek memburuknya kinerja keuangan Grup.

Grup mendefinisikan risiko keuangan sebagai kemungkinan kerugian atau laba yang hilang, yang disebabkan oleh faktor internal dan eksternal yang berpotensi negatif terhadap pencapaian tujuan Grup.

Direksi menyediakan kebijakan tertulis manajemen risiko secara keseluruhan, termasuk kebijakan tertulis untuk area khusus, seperti risiko nilai tukar mata uang, risiko tingkat bunga, risiko kredit dan risiko likuiditas. Grup mengidentifikasi, mengevaluasi dan melakukan aktivitas lindung nilai secara ekonomis atas risiko keuangan. Masing-masing unit bisnis melaksanakan manajemen risiko berdasarkan kebijakan-kebijakan yang disetujui oleh Direksi. Komite Manajemen Risiko memonitor pelaksanaan manajemen risiko yang dilaksanakan oleh Grup.

Aktivitas Grup rentan terhadap berbagai risiko keuangan, termasuk diantaranya adalah risiko kredit, risiko pasar, dan risiko likuiditas.

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**40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES**

*The principal financial liabilities of the Group consist of trade and other payables, accrued liabilities, short-term bank loans, long-term loans and bonds payable. The main purpose of these financial liabilities is to raise funds for the operations of the Group. The Group also has various financial assets such as cash and cash equivalents and trade receivables, which arised directly from their operations.*

*The Group's business involves taking risks in a targeted manner and managing them professionally. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks and manage the risk positions. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.*

*The Group's aim in managing the financial risks is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.*

*The Group defines financial risk as the possibility of losses or profits foregone, which may be caused by internal or external factors which might have negative potential impact to the achievement of the Group's objectives.*

*The Directors provide written policies for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group identifies, evaluates and economically hedges its financial risks. Each business unit carries out the risk management based on the written policies approved by the Directors. Risk Management Committee monitors the risk management carried out by the Group.*

*The Group's activities are exposed to a variety of financial risks, which includes credit risk, market risk and liquidity risk.*

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**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO  
KEUANGAN (lanjutan)**

a. Risiko kredit

Risiko kredit adalah risiko kerugian keuangan yang timbul jika pelanggan Grup gagal memenuhi kewajiban kontraktualnya kepada Grup. Risiko kredit terutama berasal dari piutang usaha yang diberikan kepada pelanggan atas penjualan barang dan jasa.

(i) Pengukuran risiko kredit

Grup telah mengembangkan model untuk mendukung kuantifikasi dari risiko kredit. Dalam mengukur risiko kredit untuk kredit yang diberikan, Grup mempertimbangkan "Probability of Default" ("PD") pelanggan atas kewajiban dan kemungkinan rasio pemulihan atas kewajiban yang telah wanprestasi ("Loss Given Default") ("LGD"). Model ini ditelaah secara rutin untuk membandingkan dengan hasil aktualnya.

LGD merupakan ekspektasi Grup atas besarnya kerugian dari suatu piutang pada saat wanprestasi terjadi. Hal ini dinyatakan dalam persentase kerugian per unit dari suatu eksposur. LGD biasanya bervariasi sesuai dengan tipe pelanggan.

(ii) Pengendalian batas risiko dan kebijakan mitigasi

Grup menerapkan berbagai kebijakan dan praktik untuk memitigasi risiko kredit. Kebijakan umum Grup untuk meminimalisasi risiko kredit yang mungkin muncul adalah sebagai berikut:

- Meminta jaminan dalam bentuk kas atau *standby* L/C senilai dua bulan pemakaian gas;
- Memilih pelanggan yang memiliki kondisi keuangan yang kuat dan reputasi yang baik; dan
- Menerima pelanggan baru dan penjualan disetujui oleh pihak yang berwenang sesuai dengan delegasi kekuasaan Grup.

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)**

a. Credit risk

*Credit risk is the risk of suffering financial loss, when the Group's customers fail to fulfill their contractual obligations to the Group. Credit risk arises mainly from trade receivables from the sale of goods and services to customers.*

(i) Credit risk measurement

*The Group has developed models to support the quantification of credit risk. In measuring credit risk of a receivable, the Group considers the "Probability of Default" ("PD") by the customers on its payment obligations and the likely recovery ratio on the defaulted obligations (the "Loss Given Default") ("LGD"). The models are reviewed regularly to compare to actual results.*

*LGD represents the Group's expectation of the extent of loss on a receivable should default occur. It is expressed as percentage loss per unit of exposure. LGD typically varies by the type of customers.*

(ii) Risk limit control and mitigation policies

*The Group implements a range of policies and practices to mitigate the credit risk. The Group's general policies to minimise the potential credit risk which may arise are as follows:*

- *Taking of deposits in form of cash or standby L/C that equivalent to two months' gas usage;*
- *Selecting customers with a strong financial condition and good reputation; and*
- *Acceptance of new customers and sales being approved by authorised personnel according to the Group's delegation of authority policy.*

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**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO  
KEUANGAN (lanjutan)**

a. Risiko kredit (lanjutan)

- (iii) Cadangan kerugian penurunan nilai yang diakui pada pelaporan keuangan hanyalah kerugian yang telah terjadi pada tanggal laporan posisi keuangan konsolidasian (berdasarkan bukti obyektif atas penurunan nilai).
- (iv) Eksposur maksimum risiko kredit tanpa memperhitungkan jaminan

Eksposur risiko kredit terhadap aset pada laporan posisi keuangan adalah sebagai berikut:

	Eksposur maksimum/ <i>Maximum exposure</i>	
	2019	2018
Piutang usaha	574,492,871	732,394,590
Piutang lain-lain	135,560,109	205,293,468
Piutang lain-lain jangka panjang	97,503,146	95,743,265
	<u>807,556,126</u>	<u>1,033,431,323</u>

Sehubungan dengan risiko kredit yang timbul dari aset keuangan lainnya yang mencakup kas dan setara kas dan investasi jangka pendek, risiko kredit yang dihadapi Grup timbul karena wanprestasi dari *counterparty*. Grup memiliki kebijakan untuk tidak menempatkan investasi pada instrumen yang memiliki risiko kredit tinggi dan hanya menempatkan investasinya pada bank-bank dengan peringkat kredit yang tinggi. Nilai maksimal eksposur adalah sebesar nilai tercatat sebagaimana diungkapkan pada Catatan 5, 6, 7, 8 dan 12.

Tabel berikut ini menggambarkan rincian eksposur kredit Grup pada nilai tercatat piutang usaha (memperhitungkan agunan atau pendukung kredit lainnya), yang dikategorikan berdasarkan operasi utama.

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)**

a. *Credit risk (continued)*

- (iii) *Impairment allowances are recognised for financial reporting purposes only for losses that have been incurred at the date of the consolidated statement of financial position (based on objective evidence of impairment).*

- (iv) *Maximum exposure to credit risk without considering any deposit held*

*Credit risk exposure relating to assets in the statement of financial position is as follows:*

*Trade receivables  
Other receivables  
Other long-term receivables*

*With respect to credit risk arising from the other financial assets, which comprise cash and cash equivalent and short-term investment, the Group's exposure to credit risk arises from default of the counterparty. The Group has a policy not to place investments in instruments that have a high credit risk and only put the investments in banks with a high credit ratings. The maximum exposure equal to the carrying amount as disclosed in Notes 5, 6, 7, 8 and 12.*

*The following table breaks down the Group's credit exposure at carrying amounts of trade receivables (taking into account any collateral held or other credit support), as categorised by the main operations.*

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**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO  
KEUANGAN (lanjutan)**

a. Risiko kredit (lanjutan)

(iv) Eksposur maksimum risiko kredit tanpa memperhitungkan jaminan (lanjutan)

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)**

a. Credit risk (continued)

(iv) Maximum exposure to credit risk without considering any deposit held (continued)

	31 Desember/December 2019			
	Tidak mengalami penurunan nilai/ <i>Non impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Jumlah/ <i>Total</i>	
<b>Piutang usaha</b>				<b>Trade receivables</b>
Distribusi	354,485,814	95,665,788	450,151,602	Distribution
Transmisi	147,925,080	7,278,293	155,203,373	Transmission
Minyak dan gas	29,660,929	-	29,660,929	Oil and gas
Operasi lainnya	42,421,048	7,231,884	49,652,932	Other operations
<b>Jumlah</b>	<b>574,492,871</b>	<b>110,175,965</b>	<b>684,668,836</b>	<b>Total</b>
Dikurangi:				Less:
Cadangan kerugian penurunan nilai	-	(110,175,965)	(110,175,965)	Allowance for impairment losses
<b>Neto</b>	<b>574,492,871</b>	<b>-</b>	<b>574,492,871</b>	<b>Net</b>

(v) Kualitas kredit aset keuangan

Kualitas kredit aset keuangan dapat dinilai dengan mengacu pada peringkat kredit eksternal (jika tersedia) atau mengacu pada informasi historis mengenai tingkat gagal bayar debitur:

(v) Financial assets credit quality

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates, as follows:

	2019	2018	
<b>Piutang usaha</b>			<b>Trade receivables</b>
Dengan pihak yang memiliki peringkat kredit eksternal (Pefindo)			Counterparties with external credit rating (Pefindo)
AAA	118,630,746	334,374,138	AAA
Dengan pihak yang tidak memiliki peringkat kredit eksternal	455,862,125	398,020,452	Counterparties without external credit rating
Jumlah piutang usaha yang tidak mengalami penurunan nilai	574,492,871	732,394,590	Total unimpaired trade receivables

Piutang usaha dengan pihak yang tidak memiliki tingkat kredit eksternal yang berkaitan dengan distribusi gas dijamin dengan garansi bank yang memiliki reputasi kredit yang baik. Piutang usaha lainnya terdiri dari perusahaan yang tidak memiliki risiko gagal bayar.

Trade receivables from entities that do not have any external credit rating related to gas distribution have been guaranteed by bank guarantees that have a good credit rating. Other trade receivables consist of companies that do not have default payment.

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**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO  
KEUANGAN (lanjutan)**

a. Risiko kredit (lanjutan)

(v) Kualitas kredit aset keuangan (lanjutan)

Piutang usaha dengan pihak yang tidak memiliki peringkat kredit eksternal berkaitan dengan penjualan domestik kepada pihak berelasi dan pihak ketiga yang memiliki risiko gagal bayar yang rendah.

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)**

a. Credit risk (continued)

(v) Financial assets credit quality (continued)

Trade receivables with counterparties which do not have external credit ratings are related to domestic sales to related parties and third parties which have low default risk.

	<u>2019</u>	<u>2018</u>
<b>Kas pada bank dan kas yang dibatasi penggunaannya</b>		
Dengan pihak yang memiliki peringkat kredit eksternal (Pefindo)		
AA+	2,154,909	1,796,541
A+	9,690	9,289
AAA	460,159,065	820,057,842
A-	1,565,109	517,395
	<u>463,888,773</u>	<u>822,381,067</u>
Dengan pihak yang memiliki peringkat kredit eksternal (Fitch)		
AA+	554,311	-
A+	61,592,148	60,225,853
AAA	30,411	6,527,937
A	29,699,220	98,328,651
AA-	42,363,246	16,166,054
	<u>134,239,336</u>	<u>181,248,495</u>
Tidak memiliki peringkat kredit eksternal	<u>377,365</u>	<u>75,291</u>
<b>Jumlah kas pada bank dan kas yang dibatasi penggunaannya</b>	<u><b>598,505,474</b></u>	<u><b>1,003,704,853</b></u>
<b>Deposito jangka pendek</b>		
Dengan pihak yang memiliki peringkat kredit eksternal (Pefindo)		
AA+	31,822,923	96,394,252
AAA	470,172,438	264,893,492
AA-	1,438,745	690,560
	<u>503,434,106</u>	<u>361,978,304</u>
Dengan pihak yang memiliki peringkat kredit eksternal (Fitch)		
AA+	7,988,238	26,905,600
AAA	21,513,079	-
AA	2,538,666	-
	<u>32,039,983</u>	<u>26,905,600</u>
<b>Jumlah deposito jangka pendek</b>	<u><b>535,474,089</b></u>	<u><b>388,883,904</b></u>

**Cash in banks and restricted cash**

*Counterparties with external credit rating (Pefindo)*

AA+  
A+  
AAA  
A-

*Counterparties with external credit rating (Fitch)*

AA+  
A+  
AAA  
A  
AA-

No external rating

**Total cash in banks and restricted cash**

**Short-term time deposits**

*Counterparties with external credit rating (Pefindo)*

AA+  
AAA  
AA-

*Counterparties with external credit rating (Fitch)*

AA+  
AAA  
AA

**Total short-term time deposits**

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KEUANGAN (lanjutan)**

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)**

a. Risiko kredit (lanjutan)

a. Credit risk (continued)

(v) Kualitas kredit aset keuangan (lanjutan)

(v) Financial assets credit quality (continued)

	<u>2019</u>	<u>2018</u>	
<b>Investasi jangka pendek</b>			<b>Short-term investments</b>
Dengan pihak yang memiliki peringkat kredit eksternal (Moody's) Baa2	<u>58,663,514</u>	<u>56,708,049</u>	Counterparties with external credit rating (Moody's) Baa2
Dengan pihak yang memiliki peringkat kredit eksternal (Pefindo) AAA	1,513,652	1,384,057	Counterparties with external credit rating (Pefindo) AAA
A-	<u>1,798,432</u>	<u>1,654,881</u>	A-
Dengan pihak yang memiliki peringkat kredit eksternal (Fitch) BBB	<u>4,109,012</u>	<u>3,886,818</u>	Counterparties with external credit rating (Fitch) BBB
Dengan pihak yang memiliki peringkat kredit eksternal (Standard & Poor's) A-	<u>120,275,440</u>	<u>-</u>	Counterparties with external credit rating (Standard & Poor's) A-
<b>Jumlah investasi jangka pendek</b>	<b><u>186,360,050</u></b>	<b><u>63,633,805</u></b>	<b>Total short-term investments</b>

b. Risiko pasar

b. Market risk

Grup memiliki eksposur terhadap risiko pasar, yaitu risiko suku bunga dan risiko mata uang asing.

*The Group is exposed to market risk, in particular interest rate risk and foreign currency risk.*

Risiko tingkat bunga arus kas adalah risiko dimana arus kas masa depan dari suatu instrumen keuangan berfluktuasi karena perubahan suku bunga pasar.

*Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.*

Grup memiliki pinjaman jangka pendek dan jangka panjang dengan bunga mengambang. Grup memonitor secara ketat pergerakan suku bunga di pasar dan apabila suku bunga mengalami kenaikan yang signifikan maka Perusahaan akan menegosiasikan suku bunga tersebut dengan para lender/kreditur.

*The Group's short-term and long-term debt is charged with floating interest rates. Group strictly monitors the market interest rate fluctuation and if the interest rate significantly increased, they will renegotiate the interest rate to the lenders.*

(i) Risiko tingkat bunga

(i) Interest rate risk

Pinjaman yang diterbitkan dengan tingkat bunga variabel mengekspos Grup terhadap risiko suku bunga arus kas.

*Borrowings issued at variable rates expose the Group to cash flow interest rate risk.*

Tabel di bawah ini mengikhtisarkan pinjaman Grup dengan tingkat bunga variabel.

*The table below summarises the Group's borrowings with floating interest.*

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KEUANGAN (lanjutan)**

b. Risiko pasar (lanjutan)

(i) Risiko tingkat bunga (lanjutan)

	31 Desember/December 31, 2019			
	Lebih dari 1 bulan sampai dengan 3 bulan/ Over 1 month up to 3 months	Lebih dari 3 bulan sampai dengan 1 tahun/ Over 3 months up to 1 year	Lebih dari 1 tahun/ Over 1 year	
Pinjaman bank	-	165,814,325	9,059,377	Bank loans
Pinjaman dari pemegang saham	-	35,630,439	210,577,308	Shareholder loans
	-	201,444,764	219,636,685	

	31 Desember/December 31, 2018			
	Lebih dari 1 bulan sampai dengan 3 bulan/ Over 1 month up to 3 months	Lebih dari 3 bulan sampai dengan 1 tahun/ Over 3 months up to 1 year	Lebih dari 1 tahun/ Over 1 year	
Pinjaman bank	-	1,367,248	135,486,248	Bank loans
Pinjaman dari pemegang saham	-	53,772,145	280,733,036	Shareholder loans
	-	55,139,393	416,219,284	

Analisis sensitivitas untuk risiko suku bunga

Pada tanggal 31 Desember 2019, jika tingkat suku bunga pinjaman bank dengan suku bunga mengambang meningkat/menurun sebesar 50 basis poin dengan semua variabel konstan, laba sebelum pajak untuk tahun yang berakhir pada tanggal tersebut lebih rendah/tinggi sebesar USD20.099.

(ii) Risiko mata uang asing

Risiko mata uang asing adalah risiko atas perubahan nilai tukar Dolar AS sebagai mata uang pelaporan terhadap mata uang asing, khususnya Rupiah dan Yen Jepang. Risiko ini muncul disebabkan aset dan kewajiban dan transaksi operasional Grup sebagian dilakukan dalam mata uang Rupiah dan Yen Jepang sehingga pelemahan Dolar AS terhadap Rupiah dan Yen Jepang dapat secara negatif mempengaruhi kinerja dan posisi keuangan Grup.

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)**

b. Market risk (continued)

(i) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

As at December 31, 2019, had the interest rate of the bank loans with floating interest rate been 50 basis points higher/lower with all other variables held constant, income before tax for the year that ended would have been USD20,099 lower/higher.

(ii) Foreign exchange risk

Foreign exchange risk is the risk that arises from the changes of exchange rate of US Dollar as reporting currency against foreign currencies, in particular Rupiah and Japanese Yen. Some of the Group's assets, liabilities and operational transactions are conducted in Rupiah or Japanese Yen, therefore, weakening of US Dollar against Rupiah and Japanese Yen will negatively impact the result and financial position of the Group.

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**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO  
KEUANGAN (lanjutan)**

b. Risiko pasar (lanjutan)

(ii) Risiko mata uang asing (lanjutan)

Saldo moneter dalam denominasi non Dolar AS terdapat pada kas dan setara kas, investasi jangka pendek, piutang usaha, utang usaha, taksiran tagihan pajak, utang lain-lain, liabilitas imbalan kerja, utang pajak, liabilitas yang masih harus dibayar dan pinjaman jangka panjang.

Grup mempunyai aset dan liabilitas moneter dalam mata uang asing pada tanggal 31 Desember 2019 dan 2018 disajikan pada Catatan 42.

Analisis sensitivitas untuk risiko mata uang asing

Pada tanggal 31 Desember 2019, aset dan liabilitas moneter dalam mata uang asing yang dimiliki Grup didenominasikan dalam Rupiah Indonesia, Yen Jepang, dan Dolar Singapura. Deviasi pergerakan kurs untuk mata uang tersebut adalah masing-masing sebesar 0,90%, 6,68% dan 0,92%.

Pada tanggal 31 Desember 2019, jika nilai tukar Dolar AS terhadap mata uang asing meningkat sebesar deviasi yang telah disebutkan diatas dengan semua variabel konstan, laba sebelum pajak untuk tahun yang berakhir pada tanggal tersebut lebih rendah sebesar USD2.928.753, terutama sebagai akibat kerugian/keuntungan translasi kas dan setara kas, investasi jangka pendek, piutang usaha, piutang lain-lain, taksiran tagihan pajak, utang lain-lain, liabilitas imbalan kerja jangka pendek, liabilitas yang masih harus dibayar, *promissory notes*, utang pajak, liabilitas imbalan kerja jangka panjang dan pinjaman dalam mata uang asing.

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**40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)**

b. Market risk (continued)

(ii) Foreign exchange risk (continued)

*Monetary balances denominated in currencies other than US Dollar were included in cash and cash equivalents, short-term investment, trade receivables, trade payables, estimated claim tax for refund, other payable, employee's benefit liabilities, tax payable, accrued liabilities and long-term loans.*

*The Group had monetary assets and liabilities denominated in foreign currencies as of December 31, 2019 and 2018 were presented in Note 42.*

*Sensitivity analysis for foreign exchange risk*

*As at December 31, 2019, monetary assets and liabilities held by the Group are denominated in Indonesian Rupiah, Japanese Yen and Singapore Dollar. The deviation for such currencies are 0.90%, 6.68%, and 0.92%, respectively.*

*As at December 31, 2019, if the exchange rates of the US Dollar against foreign currencies appreciated by the deviation aforementioned with all other variables held constant, profit before tax for the year ended would have been USD2,928,753 lower, mainly as a result of foreign exchange losses/gains on the translation of cash and cash equivalents, short-term investment, trade receivables, other receivables, estimated claim for tax refund, other payables, short-term employee's benefit liabilities, accrued liabilities, promissory notes, taxes payable, long-term employee's benefit liabilities and loans denominated in foreign currencies.*

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KEUANGAN (lanjutan)**

b. Risiko pasar (lanjutan)

(ii) Risiko mata uang asing (lanjutan)

Analisis sensitivitas untuk risiko mata uang  
asing (lanjutan)

Pada tanggal 31 Desember 2019, jika nilai tukar Dolar AS terhadap mata uang asing menurun sebesar deviasi yang telah disebutkan diatas dengan semua variabel konstan, laba sebelum pajak untuk tahun yang berakhir pada tanggal tersebut lebih tinggi sebesar USD2.986.745, terutama sebagai akibat kerugian/keuntungan translasi kas dan setara kas, investasi jangka pendek, piutang usaha, piutang lain-lain, taksiran tagihan pajak, utang lain-lain, liabilitas imbalan kerja jangka pendek, liabilitas yang masih harus dibayar, utang pajak, liabilitas imbalan kerja jangka panjang dan pinjaman dalam mata uang asing.

(iii) Risiko harga

Grup mempunyai aset finansial berupa investasi yang tersedia untuk dijual dan investasi pada instrumen utang, yang nilai wajarnya sangat terpengaruh dengan risiko harga pasar. Grup mengelola risiko ini dengan mendiversifikasikan ke beberapa investasi. Direksi melakukan reviu dan menyetujui setiap keputusan investasi jangka pendek.

Risiko harga terhadap pendapatan Grup dinilai tidak material karena seluruh pendapatan Grup dari penjualan gas, penjualan minyak bumi, jasa sewa fiber optik, dan jasa konstruksi dilakukan oleh Grup dengan harga final berdasarkan kontrak yang telah disepakati dengan pelanggan.

Menyikapi rencana Pemerintah pada Januari 2020 mengenai penetapan harga gas industri menjadi USD6, Grup tengah mengkaji dampaknya terhadap aspek komersial, kerja sama bisnis dan rencana pengembangan infrastruktur bersama-sama dengan Kementerian Energi dan Sumber Daya Mineral dan SKK Migas. Selain itu, Grup juga akan melakukan peninjauan kembali atas skema biaya transmisi dan distribusi gas untuk mengakomodir rencana Pemerintah tersebut.

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**40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)**

b. Market risk (continued)

(ii) Foreign exchange risk (continued)

Sensitivity analysis for foreign exchange  
risk (continued)

As of December 31, 2019, if the exchange rates of the US Dollar against foreign currencies depreciated by the deviation aforementioned with all other variables held constant, profit before tax for the year ended would have been USD2,986,745 higher, mainly as a result of foreign exchange losses/gains on the translation of cash and cash equivalents, short-term investment, trade receivables, other receivables, estimated claim for tax refund, other payables, short-term employee's benefit liabilities, accrued liabilities, taxes payable, long-term employee's benefit liabilities and loans denominated in foreign currencies.

(iii) Price risk

The Group has financial asset in form of investment in available-for-sale and debt investments, for which the fair value of these investments is affected by the market price risk. The Group manages this risk through diversification the investments. Directors review and approve all short-term investments decision.

Price risk related to the Group's revenue is considered immaterial since all of the Group's revenue from sales of gas, sales of crude oil, fiber optic rental and construction services are done with a final price based on agreements that have been agreed with the customers.

Responding to the Government's plan in January 2020 on industrial gas price set at USD6, the Group is currently assessing the impact towards commercial aspect, business cooperation and infrastructure development plan along with the Ministry of Energy and Mineral Resources and SKK Migas. Moreover, the Group will also review the gas transmission and distribution cost scheme to accommodate the Government's plan.

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**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO  
KEUANGAN (lanjutan)**

c. Risiko likuiditas

Risiko likuiditas adalah risiko dimana Grup tidak bisa memenuhi kewajiban pada saat jatuh tempo. Grup melakukan evaluasi dan pengawasan yang ketat atas arus kas masuk dan kas keluar untuk memastikan tersedianya dana untuk memenuhi kebutuhan pembayaran kewajiban yang jatuh tempo. Secara umum, kebutuhan dana untuk pelunasan kewajiban jangka pendek maupun jangka panjang yang jatuh tempo diperoleh dari pelunasan piutang dari pelanggan yang memiliki jangka waktu kredit satu bulan.

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)**

c. Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due. The Group evaluates and monitors cash-in flow and cash-out flow to ensure the availability of fund to settle the due obligation. In general, funds needed to settle the current and long-term liabilities are obtained from settlement of trade receivables from the customers with one month credit term.

**31 Desember/December 2019**

	Sewaktu- waktu dan dalam waktu 1 tahun/ <i>On demand within 1 year</i>	Dalam waktu 1 tahun sampai sampai dengan 5 tahun/ <i>Within 1-5 years</i>	Lebih dari 5 tahun/ <i>More than 5 years</i>	Total/ <i>Total</i>	
<b>Liabilitas keuangan</b>					<b>Financial liabilities</b>
Utang usaha	260,092,040	-	-	260,092,040	Trade payables
Utang lain-lain	181,317,410	30,563,812	-	211,881,222	Other payables
Pinjaman bank jangka pendek	164,387,454	-	-	164,387,454	Short-term bank loans
Liabilitas yang masih harus dibayar	317,386,474	-	-	317,386,474	Accrued liabilities
Pinjaman pemegang saham	36,583,989	217,360,668	6,319,878	260,264,535	Shareholder loan
Pinjaman bank jangka panjang	32,116,525	253,017,367	288,911,269	574,045,161	Long-term bank loan
Utang obligasi	97,192,188	2,301,216,146	-	2,398,408,334	Bonds payable
<b>Jumlah</b>	<b>1,089,076,080</b>	<b>2,802,157,993</b>	<b>295,231,147</b>	<b>4,186,465,220</b>	<b>Total</b>

**31 Desember/December 31, 2018**

	Sewaktu- waktu dan dalam waktu 1 tahun/ <i>On demand within 1 year</i>	Dalam waktu 1 tahun sampai sampai dengan 5 tahun/ <i>Within 1-5 years</i>	Lebih dari 5 tahun/ <i>More than 5 years</i>	Total/ <i>Total</i>	
<b>Liabilitas keuangan</b>					<b>Financial liabilities</b>
Utang usaha	213,792,906	-	-	213,792,906	Trade payables
Utang lain-lain	234,892,272	26,210,731	-	261,103,003	Other payables
Liabilitas yang masih harus dibayar	255,315,783	-	-	255,315,783	Accrued liabilities
<i>Promissory notes</i>	705,572,841	-	-	705,572,841	Promissory notes
Pinjaman pemegang saham	74,160,236	349,175,752	-	423,335,988	Shareholder loans
Pinjaman bank jangka panjang	34,857,490	255,167,708	307,741,789	597,766,987	Long-term bank loans
Utang obligasi	97,000,000	293,251,563	1,984,313,110	2,374,564,673	Bonds payable
<b>Jumlah</b>	<b>1,615,591,528</b>	<b>923,805,754</b>	<b>2,292,054,899</b>	<b>4,831,452,181</b>	<b>Total</b>

Jumlah yang disertakan pada tabel merupakan arus kas kontraktual yang tidak didiskontokan, termasuk pembayaran bunga dan pokok pinjaman. Akibatnya, jumlah tersebut tidak akan sesuai dengan jumlah yang disajikan pada laporan posisi keuangan, kecuali untuk utang jangka pendek di mana pendiskontoan tidak berlaku.

The amounts included in the table are the contractual undiscounted cash flows, including interest and principal payment. As a result, these amounts will not reconcile to the amounts disclosed on the statement of financial position except for short term payables where discounting is not applied.

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**40. KEBIJAKAN DAN TUJUAN MANAJEMEN RISIKO  
KEUANGAN (lanjutan)**

d. Manajemen modal

Grup bertujuan mencapai struktur modal yang optimal untuk memenuhi tujuan usaha, diantaranya dengan mempertahankan rasio modal yang sehat dan memaksimalkan nilai pemegang saham.

Beberapa instrumen utang Grup memiliki rasio keuangan yang mensyaratkan rasio *leverage* maksimum. Grup telah memenuhi semua persyaratan modal yang ditetapkan oleh pihak luar.

Manajemen memantau modal dengan menggunakan beberapa ukuran *leverage* keuangan, terutama untuk rasio utang terhadap ekuitas.

Pada tanggal 31 Desember 2019 dan 2018, akun-akun Grup yang membentuk rasio utang terhadap ekuitas adalah sebagai berikut:

	<u>2019</u>	<u>2018</u>
Pinjaman bank jangka pendek	164,387,454	-
Pinjaman bank jangka panjang	378,441,282	519,832,588
Pinjaman dari pemegang saham	246,207,747	334,505,181
<i>Promissory notes</i>	-	691,043,648
Utang obligasi	<u>1,961,391,577</u>	<u>1,958,569,888</u>
<b>Total pinjaman</b>	<b><u>2,750,428,060</u></b>	<b><u>3,503,951,305</u></b>
<b>Total ekuitas</b>	<b><u>3,234,300,881</u></b>	<b><u>3,201,890,711</u></b>
<b>Rasio utang terhadap ekuitas</b>	<b><u>0.85</u></b>	<b><u>1.09</u></b>

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES  
AND POLICIES (continued)**

d. *Capital management*

*The Group aims to achieve an optimal capital structure in pursuit of their business objectives, which include maintaining healthy capital ratios and maximising shareholder value.*

*Some of the Group's debt instruments contain covenants that impose maximum leverage ratios. The Group have complied with all externally imposed capital requirements.*

*Management monitors capital using several financial leverage measurements, primarily for debt to equity ratio.*

*As at December 31, 2019, and 2018 the Group's debt to equity ratio accounts are as follows:*

*Short term bank loans  
Long-term bank loans  
Shareholder loans  
Promissory notes  
Bond payables*

**Total debt**

**Total equity**

**Debt to equity ratio**

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**41. INSTRUMEN KEUANGAN**

Tabel di bawah ini mengikhtisarkan nilai tercatat instrumen keuangan Grup dalam laporan posisi keuangan pada tanggal 31 Desember 2019 dan 2018:

**41. FINANCIAL INSTRUMENTS**

The following tables set forth the carrying values of the Group's financial instruments in its statement of financial position as of December 31, 2019 and 2018:

	Jumlah/ <i>Total</i>	Pinjaman dan piutang/ <i>Loans and receivables</i>	Aset keuangan yang tersedia untuk dijual/ <i>Available- for-sale financial assets</i>	Aset dan liabilitas keuangan diakui pada nilai wajar melalui laba-rugi/ <i>Fair value through profit or loss financial assets or liabilities</i>	Aset dan liabilitas keuangan lainnya/ <i>Other financial assets and liabilities</i>
<b>31 Desember/December 2019</b>					
<b>Aset keuangan/Financial assets</b>					
Kas dan setara kas/ <i>Cash and cash equivalents</i>	1,040,376,489	1,040,376,489	-	-	-
Kas yang dibatasi penggunaannya/ <i>Restricted cash</i>	94,572,455	94,572,455	-	-	-
Investasi jangka pendek/ <i>Short-term investments</i>	186,360,050	-	186,360,050	-	-
Piutang usaha/ <i>Trade receivables</i>	574,492,871	574,492,871	-	-	-
Piutang lain-lain/ <i>Other receivables</i>	135,560,109	135,560,109	-	-	-
Piutang lain-lain jangka panjang/ <i>Other long-term receivables</i>	97,503,146	97,503,146	-	-	-
<b>Total aset keuangan/ <i>Total financial assets</i></b>	<b>2,128,865,120</b>	<b>1,942,505,070</b>	<b>186,360,050</b>	<b>-</b>	<b>-</b>
<b>Liabilitas keuangan/ Financial liabilities</b>					
Utang usaha/ <i>Trade payables</i>	260,092,040	-	-	-	260,092,040
Utang lain-lain/ <i>Other payables</i>	189,727,738	-	-	-	189,727,738
Liabilitas yang masih harus dibayar/ <i>Accrued liabilities</i>	317,386,474	-	-	-	317,386,474
Pinjaman bank jangka pendek/ <i>Short-term bank loan</i>	164,387,454	-	-	-	164,387,454
Pinjaman dari pemegang saham/ <i>Shareholder loan</i>	246,207,747	-	-	-	246,207,747
Pinjaman bank jangka panjang/ <i>Long-term bank loans</i>	378,441,282	-	-	-	378,441,282
Utang obligasi/ <i>Bonds payable</i>	1,961,391,577	-	-	-	1,961,391,577
<b>Total liabilitas keuangan/ <i>Total financial liabilities</i></b>	<b>3,517,634,312</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,517,634,312</b>

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**41. INSTRUMEN KEUANGAN (lanjutan)**

**41. FINANCIAL INSTRUMENTS (continued)**

	<b>Total/ Total</b>	<b>Pinjaman dan piutang/ Loans and receivables</b>	<b>Aset keuangan yang tersedia untuk dijual/ Available- for-sale financial assets</b>	<b>Aset dan liabilitas keuangan diakui pada nilai wajar melalui laba-rugi/ Fair value through profit or loss financial assets or liabilities</b>	<b>Aset dan liabilitas keuangan lainnya/ Other financial assets and liabilities</b>
<b>31 Desember/December 31, 2018</b>					
<b>Aset keuangan/Financial assets</b>					
Kas dan setara kas/ <i>Cash and cash equivalents</i>	1,315,234,446	1,315,234,446	-	-	-
Kas yang dibatasi penggunaannya/ <i>Restricted cash</i>	77,976,792	77,976,792	-	-	-
Investasi jangka pendek/ <i>Short-term investments</i>	63,633,805	-	63,633,805	-	-
Aset derivatif/ <i>Derivative assets</i>	403,179	-	-	403,179	-
Piutang usaha/ <i>Trade receivables</i>	732,394,590	732,394,590	-	-	-
Piutang lain-lain/ <i>Other receivables</i>	205,293,468	205,293,468	-	-	-
Piutang lain-lain jangka panjang/ <i>Other long-term receivables</i>	95,743,265	95,743,265	-	-	-
<b>Total aset keuangan/ Total financial assets</b>	<b>2,490,679,545</b>	<b>2,426,642,561</b>	<b>63,633,805</b>	<b>403,179</b>	<b>-</b>
<b>Liabilitas keuangan/ Financial liabilities</b>					
Utang usaha/ <i>Trade payables</i>	213,792,906	-	-	-	213,792,906
Utang lain-lain/ <i>Other payables</i>	238,222,965	-	-	-	238,222,965
Liabilitas yang masih harus dibayar/ <i>Accrued liabilities</i>	255,315,783	-	-	-	255,315,783
Pinjaman dari pemegang saham/ <i>Shareholder loan</i>	334,505,181	-	-	-	334,505,181
<i>Promissory notes</i>	691,043,648	-	-	-	691,043,648
Pinjaman bank jangka panjang/ <i>Long-term bank loans</i>	519,832,588	-	-	-	519,832,588
Utang obligasi/ <i>Bonds payable</i>	1,958,569,888	-	-	-	1,958,569,888
<b>Total liabilitas keuangan/ Total financial liabilities</b>	<b>4,211,282,959</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,211,282,959</b>

Metode dan asumsi berikut ini digunakan untuk mengestimasi nilai wajar untuk setiap kelompok instrumen keuangan yang praktis untuk memperkirakan nilai tersebut:

1. Kas dan setara kas, kas yang dibatasi penggunaannya, piutang usaha, dan piutang lain-lain.

Nilai tercatat seluruh aset keuangan di atas telah mendekati nilai wajar aset keuangan tersebut.

*The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:*

1. *Cash and cash equivalents, restricted cash, trade receivables, and other receivables.*

*The carrying values of the above financial assets approximate the fair value of the financial assets.*

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**41. INSTRUMEN KEUANGAN (lanjutan)**

2. Investasi jangka pendek

Aset keuangan di atas diukur pada harga kuotasian yang dipublikasikan dalam pasar aktif.

3. Utang usaha, utang lain-lain dan liabilitas yang masih harus dibayar.

Seluruh liabilitas keuangan di atas merupakan liabilitas jangka pendek yang akan jatuh tempo dalam waktu 12 bulan sehingga nilai tercatat liabilitas keuangan tersebut telah mencerminkan nilai wajar.

4. Piutang lain-lain jangka panjang dan pinjaman

Piutang lain-lain jangka panjang merupakan piutang tanpa bunga yang pada pencatatan awal diakui pada nilai wajar berdasarkan bunga pasar pada tanggal pengakuan awal. Selanjutnya, penyesuaian nilai wajar diamortisasi dengan menggunakan metode bunga efektif.

Pinjaman bank jangka panjang merupakan pinjaman yang memiliki suku bunga mengambang yang disesuaikan dengan pergerakan suku bunga pasar sehingga jumlah terutang pinjaman bank jangka panjang tersebut mendekati nilai wajar.

Nilai wajar dari utang obligasi pada tanggal 31 Desember 2019 dan 2018 masing-masing adalah USD1.961.391.577 dan USD574.906.250. Nilai wajar ini dihitung menggunakan harga penawaran dan merupakan level 1 pada hirarki nilai wajar.

Seluruh liabilitas keuangan di atas merupakan pinjaman yang memiliki suku bunga variabel dan tetap yang disesuaikan dengan pergerakan suku bunga pasar sehingga nilai tercatat kewajiban keuangan tersebut telah mendekati nilai wajar.

5. Aset derivatif

Nilai wajar dari aset keuangan ini diestimasi dengan menggunakan teknik penilaian dengan input yang tidak didasarkan pada data pasar yang dapat diobservasi.

6. Hirarki nilai wajar

Nilai wajar adalah suatu jumlah dimana suatu aset dapat dipertukarkan atau suatu liabilitas diselesaikan antara pihak yang memahami dan berkeinginan untuk melakukan transaksi wajar.

**41. FINANCIAL INSTRUMENTS (continued)**

2. Short-term investment

*The above financial assets are measured at published quoted market price in active market.*

3. Trade payables, other payables and accrued liabilities.

*All of the above financial liabilities are due within 12 months, thus the carrying value of the financial liabilities approximate their fair value.*

4. Other long-term receivables and loans

*Other long-term receivables represents non-interest bearing receivables that are initially recognised at fair value based on the market rate on their initial recognition date. Subsequently, fair value adjustments are amortised using the effective interest method.*

*Long-term bank loan is a liability with floating interest rates which are adjusted with the movement of market interest rates, thus the carrying value of long-term bank loan approximate their fair values.*

*The fair value of the bonds payable as at December 31, 2019 and 2018 were USD1,961,391,577 and USD574,906,250, respectively. The fair value is calculated using the bid price which is within level 1 of the fair value hierarchy.*

*All of the above financial liabilities are liabilities with floating and fixed interest rates which are adjusted in the movements of market interest rates, thus the carrying values of the financial liabilities approximate their fair values.*

5. Derivative assets

*Fair value of the financial asset is estimated using appropriate valuation techniques with inputs that are not based on observable market data.*

6. Fair value hierarchy

*Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction.*

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**41. INSTRUMEN KEUANGAN (lanjutan)**

6. Hirarki nilai wajar (lanjutan)

Grup menganalisis aset keuangan yang dimiliki yang diukur pada nilai wajar. Perbedaan pada setiap tingkatan metode penilaian dijelaskan sebagai berikut:

- Harga dikutip (tidak disesuaikan) dari pasar yang aktif untuk aset dan liabilitas yang identik (Tingkat 1);
- Input selain harga yang dikutip dari pasar yang disertakan pada Tingkat 1 yang dapat diobservasi untuk aset dan liabilitas, baik secara langsung (yaitu sebagai sebuah harga) atau secara tidak langsung (yaitu sebagai turunan dari harga) (Tingkat 2); dan
- Input untuk aset atau liabilitas yang tidak didasarkan pada data pasar yang dapat diobservasi (informasi yang tidak dapat diobservasi) (Tingkat 3).

Hirarki nilai wajar Perusahaan pada tanggal 31 Desember 2019 dan 2018 adalah sebagai berikut:

**41. FINANCIAL INSTRUMENTS (continued)**

6. Fair value hierarchy (continued)

The Group analyses its financial assets which are measured at fair value. The different levels of valuation methods have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable input) (Level 3).

The Company's fair value hierarchy as of December 31, 2019 and 2018 is as follows:

	31 Desember/December 2019			
	Harga pasar yang dikotasikan untuk aset dan liabilitas yang sama (Tingkat 1)/Quoted prices in active markets for identical assets or liabilities (Level 1)	Input yang signifikan dan dapat diobservasi secara langsung (Tingkat 2)/ Significant and observable inputs, direct or indirectly (Level 2)	Input yang signifikan tetapi tidak dapat diobservasi (Tingkat 3)/ Significant unobservable inputs (Level 3)	
<b>Aset keuangan lancar/Current financial assets</b>				
Investasi jangka pendek/Short-term investments	186,360,050	186,360,050	-	-
<b>Jumlah/Total</b>	<b>186,360,050</b>	<b>186,360,050</b>	-	-

	31 Desember/December 31, 2018			
	Harga pasar yang dikotasikan untuk aset dan liabilitas yang sama (Tingkat 1)/Quoted prices in active markets for identical assets or liabilities (Level 1)	Input yang signifikan dan dapat diobservasi secara langsung (Tingkat 2)/ Significant and observable inputs, direct or indirectly (Level 2)	Input yang signifikan tetapi tidak dapat diobservasi (Tingkat 3)/ Significant unobservable inputs (Level 3)	
<b>Aset keuangan lancar/Current financial assets</b>				
Investasi jangka pendek/Short-term investments	63,633,805	63,633,805	-	-
Aset derivatif/Derivative assets	403,179	-	-	403,179
<b>Jumlah/Total</b>	<b>64,036,984</b>	<b>63,633,805</b>	-	<b>403,179</b>

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**42. ASET DAN LIABILITAS MONETER DALAM MATA  
UANG ASING**

Aset dan liabilitas moneter Grup dalam mata uang asing adalah sebagai berikut:

**42. MONETARY ASSETS AND LIABILITIES  
DENOMINATED IN FOREIGN CURRENCIES**

The Group's monetary assets and liabilities denominated in foreign currencies are as follows:

	<u>31 Desember/ December 2019</u>		<u>31 Desember/ December 2018</u>	
Aset dalam Rupiah				<i>Assets in Rupiah</i>
Kas dan setara kas	Rp 6,623,860,084,280	Rp 3,665,161,561,653		<i>Cash and cash equivalents</i>
Investasi jangka pendek	Rp 46,041,272,772	Rp 44,006,861,178		<i>Short-term investment</i>
Piutang usaha - neto	Rp 697,194,423,864	Rp 554,851,519,749		<i>Trade receivables-net</i>
Piutang lain-lain - neto	Rp 373,970,284,056	Rp 498,213,012,600		<i>Other receivables-net</i>
Taksiran tagihan pajak	Rp 2,643,441,767,386	Rp 2,436,117,893,208		<i>Estimated claim for tax refund</i>
Sub total	Rp 10,384,507,832,358	Rp 7,198,350,848,388		<i>Sub-total</i>
Aset dalam Yen Jepang				<i>Assets in Japanese Yen</i>
Kas dan setara kas	JPY 323,944,774	JPY 762,203,758		<i>Cash and cash equivalents</i>
Sub total	JPY 323,944,774	JPY 762,203,758		<i>Sub-total</i>
Aset dalam Dolar Singapura				<i>Assets in Singapore Dollar</i>
Kas dan setara kas	SGD 134,977	SGD 147,276		<i>Cash and cash equivalents</i>
Piutang lain-lain - neto	SGD 4,106	SGD 5,527		<i>Other receivables-net</i>
Sub total	SGD 139,083	SGD 152,803		<i>Sub-total</i>
<b>Ekuivalen Dolar AS</b>	<b>USD 750,118,588</b>	<b>USD 504,103,222</b>		<b><i>US Dollar equivalents</i></b>
Liabilitas dalam Rupiah				<i>Liabilities in Rupiah</i>
Utang lain-lain	Rp 310,029,307,103	Rp 372,979,149,409		<i>Other payables</i>
Liabilitas imbalan kerja jangka pendek	Rp 754,278,199,215	Rp 734,998,186,278		<i>Short-term employee's benefits liabilities</i>
Liabilitas yang masih harus dibayar	Rp 2,303,076,598,531	Rp 2,481,108,744,894		<i>Accrued liabilities</i>
<i>Promissory notes</i>	Rp -	Rp 10,091,667,032,092		<i>Promissory notes</i>
Utang pajak	Rp 771,998,498,965	Rp 707,612,674,824		<i>Taxes payable</i>
Liabilitas imbalan kerja jangka panjang	Rp 2,054,564,227,443	Rp 1,841,321,287,971		<i>Long-term employee's benefits liabilities</i>
Sub total	Rp 6,193,946,831,257	Rp 16,229,687,075,468		<i>Sub-total</i>
Liabilitas dalam Yen Jepang				<i>Liabilities in Japanese Yen</i>
Liabilitas yang masih harus dibayar	JPY 129,593,560	JPY 140,172,279		<i>Accrued liabilities</i>
Pinjaman jangka panjang	JPY 37,391,273,000	JPY 38,982,391,000		<i>Long-term loans</i>
Sub total	JPY 37,520,866,560	JPY 39,122,563,279		<i>Sub-total</i>
<b>Ekuivalen Dolar AS</b>	<b>USD 790,985,693</b>	<b>USD 1,475,000,038</b>		<b><i>US Dollar equivalents</i></b>

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**42. ASET DAN LIABILITAS MONETER DALAM MATA  
UANG ASING (lanjutan)**

Sebagian besar pembelian gas dalam mata uang Dolar AS juga dijual dalam Dolar AS, sehingga lindung nilai atas risiko nilai tukar mata uang asing terjadi secara alami. Saat ini, liabilitas yang timbul dari pembiayaan dalam mata uang asing tidak dilindung nilai.

Apabila aset dan liabilitas dalam mata uang selain Dolar AS pada tanggal 31 Desember 2019 dijabarkan dengan menggunakan kurs yang berlaku pada tanggal penerbitan laporan keuangan konsolidasian, aset moneter neto akan turun sekitar USD18.447.521.

**43. INFORMASI SEGMENT USAHA**

Untuk kepentingan manajemen, Grup digolongkan menjadi unit usaha berdasarkan produk dan jasa dan memiliki tiga segmen operasi yang dilaporkan sebagai berikut:

1. Distribusi dan transmisi gas

Segmen distribusi dan transmisi gas melakukan kegiatan distribusi dan transmisi gas dan pengolahan LNG kepada pelanggan industri, komersial dan rumah tangga.

2. Eksplorasi dan produksi minyak dan gas

Segmen eksplorasi dan produksi minyak dan gas melakukan kegiatan usaha dalam eksplorasi, eksploitasi dan pengembangan usaha di bidang minyak dan gas bumi.

3. Operasi lainnya

Segmen operasional lainnya terkait dengan jasa sewa fiber optik untuk penyediaan jaringan dan jasa konstruksi dan perbaikan kepada pelanggan serta pengelolaan dan penyewaan gedung dan peralatan.

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**42. MONETARY ASSETS AND LIABILITIES  
DENOMINATED IN FOREIGN CURRENCIES  
(continued)**

Most purchases of gas were in US Dollars which also sold in US Dollars, thus naturally hedging the related foreign currency exposures. Currently, liabilities denominated in foreign currency arising from financing activities are not hedged.

If assets and liabilities in currencies other than US Dollars as at December 31, 2019 are translated using the exchange rate as at the date in issuance date of consolidated financial statements, the total net monetary assets will decrease by approximately USD18,447,521.

**43. SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

1. Gas distribution and transmission

Gas distribution and transmission segment is involved in distribution and transmission of gas and processing of LNG to industrial, commercial and household customers.

2. Exploration and production of oil and gas

Exploration and production of oil and gas segment mainly involved in exploration, exploitation and business development in oil and gas.

3. Other operations

Other operations segment provides fiber optic rental for network services and constructions and maintenance services to the customers and management and leasing buildings and equipment.

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**43. INFORMASI SEGMENT USAHA (lanjutan)**

Manajemen memantau hasil operasi dari unit usahanya secara terpisah guna keperluan pengambilan keputusan mengenai alokasi sumber daya dan penilaian kinerja. Kinerja segmen dievaluasi berdasarkan laba segmen dan diukur secara konsisten dengan laba atau rugi operasi pada laporan keuangan konsolidasian.

Tabel berikut menyajikan informasi pendapatan dan laba dan aset dan liabilitas tertentu sehubungan dengan segmen operasi Grup.

**43. SEGMENT INFORMATION (continued)**

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment income and is measured consistently with operating profit or loss in the consolidated financial statements.

The following table represents revenue and profit, and certain asset and liability information regarding the Group's operating segments.

	31 Desember/December 2019					
	Distribusi dan transmisi/ <i>Distribution and transmission</i>	Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i>	Operasi lainnya/ <i>Other operations</i>	Eliminasi/ <i>Elimination</i>	Konsolidasian/ <i>Consolidation</i>	
<b>PENDAPATAN</b>						<b>REVENUES</b>
Pendapatan	3,413,670,838	374,352,470	349,178,263	(288,483,887)	3,848,717,684	Revenues
<b>Beban segmen</b>						<b>Segment expenses</b>
Beban pokok pendapatan	(2,238,926,452)	(328,721,523)	(99,463,330)	45,762,589	(2,621,348,716)	Cost of revenues
Biaya gaji upah dan tunjangan	(44,512,873)	(6,106,337)	(10,965,667)	-	(61,584,877)	Salaries and employees' benefits
Biaya pemeliharaan	(28,410,793)	(483,941)	(3,068,646)	55,893,398	23,930,018	Repairs and maintenance
Biaya penyusutan	(129,582,376)	-	(6,809,838)	16,065,197	(120,327,017)	Depreciation
Lain-lain	(180,600,682)	(5,774,505)	(259,814,726)	165,048,621	(281,141,292)	Others
Jumlah beban segmen	(2,622,033,176)	(341,086,306)	(380,122,207)	282,769,805	(3,060,471,884)	Total segment expenses
<b>Laba segmen</b>	<b>791,637,662</b>	<b>33,266,164</b>	<b>(30,943,944)</b>	<b>(5,714,082)</b>	<b>788,245,800</b>	<b>Segment profit</b>
Beban perusahaan dan entitas anak yang tidak dapat dialokasikan	-	-	-	-	(269,806,051)	Unallocated expenses of the Company and subsidiaries
Pendapatan lain-lain	-	-	-	-	62,091,786	Other income
Beban lain-lain	-	-	-	-	(34,197,787)	Other expense
<b>Laba operasi</b>					<b>546,333,748</b>	<b>Operating profit</b>
Beban keuangan	-	-	-	-	(172,545,631)	Finance cost
Rugi selisih kurs	-	-	-	-	(27,999,996)	Loss on foreign exchange
Pendapatan keuangan	-	-	-	-	30,075,296	Finance income
Pemulihan/(penurunan) nilai properti minyak dan gas, bersih	-	62,735,624	-	-	62,735,624	Impairment reversal/(impairment) of oil and gas properties, net
Penurunan nilai aset tetap	(98,296,720)	-	-	-	(98,296,720)	Impairment of fixed assets
Beban sengketa pajak	-	(127,720,367)	-	-	(127,720,367)	Tax dispute expenses
Laba atas perubahan nilai wajar derivatif	-	-	-	-	45,106	Gain on change in fair value of derivatives
Bagian laba dari ventura bersama	-	-	-	-	67,275,431	Share of profit from joint ventures investment
<b>Laba sebelum pajak penghasilan</b>					<b>279,902,491</b>	<b>Profit before income taxes</b>
<b>INFORMASI LAINNYA</b>						<b>OTHER INFORMATION</b>
Aset segmen	3,874,816,746	2,301,144,918	309,674,984	(571,253,692)	5,914,382,956	Segment assets
Aset Perusahaan dan entitas anak yang tidak dapat dialokasikan					1,459,330,200	Unallocated assets of the Company and subsidiaries
<b>Total aset yang dikonsolidasikan</b>					<b>7,373,713,156</b>	<b>Total consolidated assets</b>
Liabilitas segmen	855,769,658	1,181,387,508	100,304,701	-	2,137,461,867	Segment liabilities
Liabilitas Perusahaan dan entitas anak yang tidak dapat dialokasikan					2,001,950,408	Unallocated liabilities of the Company and subsidiaries
<b>Total liabilitas yang dikonsolidasikan</b>					<b>4,139,412,275</b>	<b>Total consolidated liabilities</b>
<b>Pengeluaran modal</b>	<b>231,891,802</b>	<b>154,975,362</b>	<b>10,862,881</b>		<b>397,730,045</b>	<b>Capital expenditures</b>

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**43. INFORMASI SEGMENT USAHA (lanjutan)**

**43. SEGMENT INFORMATION (continued)**

31 Desember/December 2018*						
	Distribusi dan transmisi/ <i>Distribution and transmission</i>	Eksplorasi dan produksi minyak dan gas/ <i>Exploration and production of oil and gas</i>	Operasi lainnya/ <i>Other operations</i>	Eliminasi/ <i>Elimination</i>	Konsolidasian/ <i>Consolidation</i>	
<b>PENDAPATAN</b>						<b>REVENUES</b>
Pendapatan	3,396,139,849	585,523,632	207,954,791	(319,351,534)	3,870,266,738	Revenues
<b>Beban segmen</b>						<b>Segment expenses</b>
Beban pokok pendapatan	(2,192,064,580)	(431,675,136)	(22,005,287)	84,978,464	(2,560,766,539)	Cost of revenues
Biaya gaji upah dan tunjangan	(42,028,469)	(2,676,955)	(11,108,275)	-	(55,813,699)	Salaries and employees' benefits
Biaya pemeliharaan	(28,876,010)	(540,763)	(5,301,507)	64,761,570	(30,043,290)	Repairs and maintenance
Biaya penyusutan	(155,265,221)	-	(4,000,842)	9,323,493	(149,942,570)	Depreciation
Lain-lain	(138,627,648)	(8,254,591)	(129,129,132)	166,515,954	(109,495,417)	Others
Jumlah beban segmen	(2,556,861,928)	(443,147,445)	(171,545,043)	325,579,481	(2,845,974,935)	Total segment expenses
<b>Laba segmen</b>	<b>839,277,921</b>	<b>142,376,187</b>	<b>36,409,748</b>	<b>6,227,947</b>	<b>1,024,291,803</b>	<b>Segment profit</b>
Beban perusahaan dan entitas anak yang tidak dapat dialokasikan	-	-	-	-	(404,256,106)	Unallocated expenses of the Company and subsidiaries
Pendapatan lain-lain	-	-	-	-	88,167,421	Other income
Beban lain-lain	-	-	-	-	(36,672,208)	Other expense
<b>Laba operasi</b>					<b>671,530,910</b>	<b>Operating profit</b>
Beban keuangan	-	-	-	-	(153,429,529)	Finance cost
Rugi selisih kurs	-	-	-	-	(18,833,597)	Loss on foreign exchange
Pendapatan keuangan	-	-	-	-	34,562,801	Finance income
Penurunan nilai properti minyak dan gas	-	(26,221,962)	-	-	(26,221,962)	Impairment losses of oil and gas properties
Laba atas perubahan nilai wajar derivatif	-	-	-	-	4,596,145	Gain on change in fair value of derivatives
Bagian laba dari ventura bersama	-	-	-	-	72,699,517	Share of profit from joint ventures investment
<b>Laba sebelum pajak penghasilan</b>					<b>584,904,285</b>	<b>Profit before income taxes</b>
<b>INFORMASI LAINNYA</b>						<b>OTHER INFORMATION</b>
Aset segmen	3,927,899,107	2,621,455,573	421,308,496	(644,931,015)	6,325,732,161	Segment assets
Aset Perusahaan dan entitas anak yang tidak dapat dialokasikan					1,613,541,006	Unallocated assets of the Company and subsidiaries
<b>Total aset yang dikonsolidasikan</b>					<b>7,939,273,167</b>	<b>Total consolidated assets</b>
Liabilitas segmen	874,942,202	1,170,300,990	76,456,518	-	2,121,699,710	Segment liabilities
Liabilitas Perusahaan dan entitas anak yang tidak dapat dialokasikan					2,615,682,746	Unallocated liabilities of the Company and subsidiaries
<b>Total liabilitas yang dikonsolidasikan</b>					<b>4,737,382,456</b>	<b>Total consolidated liabilities</b>
<b>Pengeluaran modal</b>	<b>218,584,736</b>	<b>130,506,135</b>	<b>6,503,671</b>		<b>355,594,542</b>	<b>Capital expenditures</b>

\* Di tahun 2019, manajemen Perusahaan mengkaji kembali kebijakan internal Perusahaan dalam menganalisis kinerja keuangan segmen-segmen operasi yang ada di dalam Grup.

Manajemen menilai bahwa segmen operasi Pertamina dan entitas anak merupakan segmen operasi yang kegiatan operasionalnya menunjang segmen bisnis distribusi dan transmisi gas dan operasi lainnya. Sehingga di dalam laporan keuangan ini, Grup menyajikan segmen operasi Pertamina dan entitas anak ke dalam segmen bisnis distribusi dan transmisi gas dan operasi lainnya.

Informasi segmen operasi Grup yang sebelumnya disajikan untuk tahun yang berakhir 31 Desember 2018 telah disajikan kembali oleh manajemen Perusahaan untuk memberikan informasi komparatif atas informasi segmen operasi Grup untuk tahun yang berakhir 31 Desember 2019.

\*) In 2019, the Company's management re-assessed the Company's internal policy in analysing financial performance of operating segments within the Group.

Management determined that the Pertamina and subsidiaries' operating segment is an operating segment in which their operational activities support the gas distribution and transmission segment and other operations segment. As a result, in these financial statements, the Group presented Pertamina and subsidiaries' operating segment as part of the gas distribution and transmission business segment and other operation business segment.

Information regarding the previously presented Group's operating segments for the year ended December 31, 2018 were restated by the Company's management to provide comparative information on the operating segment information for the year ended December 31, 2019.

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**43. INFORMASI SEGMENT USAHA (lanjutan)**

Informasi pendapatan menurut lokasi geografis adalah sebagai berikut:

	<u>2019</u>	<u>2018</u>
Domestik	3,811,071,715	3,761,846,489
Amerika Serikat	37,645,969	47,246,339
Taiwan	-	31,919,881
Singapura	-	29,254,029
<b>Jumlah</b>	<b><u>3,848,717,684</u></b>	<b><u>3,870,266,738</u></b>

**43. SEGMENT INFORMATION (continued)**

Revenue information based on geographical segment is as follows:

Domestic  
United States of America  
Taiwan  
Singapore

**Total**

**44. TRANSAKSI NON KAS**

	<u>2019</u>	<u>2018</u>
Penambahan aset tetap melalui reklasifikasi piutang sewa guna usaha <sup>*)</sup>	117,777,040	-
Perolehan aset tetap melalui utang	47,722,465	10,686,332
Pembayaran bunga pinjaman pemegang saham melalui <i>offsetting</i> dengan piutang usaha	46,874,047	-
Pembayaran imbalan akuisisi entitas anak dengan penerbitan <i>promissory notes</i>	-	693,966,925
Pembayaran pinjaman pemegang saham melalui <i>offsetting</i> dengan piutang usaha	-	54,800,000

<sup>\*)</sup> Perolehan aset tetap melalui reklasifikasi piutang sewa guna usaha terkait dengan nilai sisa dari sewa pembiayaan KJG yang sudah tidak lagi mengandung unsur sewa (lihat Catatan 3c).

**44. NON-CASH TRANSACTIONS**

Addition of fixed assets through reclassification of finance lease receivables<sup>\*)</sup>

Acquisition of fixed assets through payables

Payment of interest expense from shareholder loan through offsetting against trade receivables

Payment of acquisition purchase consideration by issuance of promissory notes

Payment of shareholder loan by offsetting against trade receivables

<sup>\*)</sup> Acquisition of fixed assets through reclassification of KJG finance lease receivables is related to residual value of the finance lease which no longer contains a lease (refer to Note 3c).

**45. REKONSILIASI LIABILITAS YANG TIMBUL DARI AKTIVITAS PENDANAAN**

	31 Desember/ December 2018	Arus kas diperoleh dari aktivitas pendanaan/ Cash flows generated from financing activity	Arus kas digunakan untuk aktivitas pendanaan/ Cash flows used in financing activity	Dampak perubahan kurs/ Foreign exchange impact	Perubahan nilai wajar dan saling hapus dengan piutang usaha/ Change in fair value and offsetting with receivables	Amortisasi biaya penerbitan dan diskonto/ Amortisation of issuance cost and discount	31 Desember/ December 2019
Aset derivatif/ Derivative assets	(403,179)	448,285	-	-	(45,106)	-	-
Pinjaman bank jangka pendek/ Short-term bank loans	-	284,208,576	(120,000,000)	178,878	-	-	164,387,454
Pinjaman bank jangka panjang/ Long-term bank loans	519,832,588	-	(134,212,041)	(5,906,909)	-	(1,272,356)	378,441,282
Pinjaman pemegang saham/ Shareholder loan	334,505,181	-	(88,215,085)	(82,349)	-	-	246,207,747
Utang obligasi/ Bonds payable	1,958,569,888	-	-	-	-	2,821,689	1,961,391,577
	<b><u>2,812,504,478</u></b>	<b><u>284,656,861</u></b>	<b><u>(342,427,126)</u></b>	<b><u>(5,810,380)</u></b>	<b><u>(45,106)</u></b>	<b><u>1,549,333</u></b>	<b><u>2,750,428,060</u></b>

**45. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES**

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**45. REKONSILIASI LIABILITAS YANG TIMBUL DARI  
AKTIVITAS PENDANAAN (lanjutan)**

**45. LIABILITIES RECONCILIATION  
FROM FINANCING ACTIVITIES (continued)**

	31 Desember/ December 2017	Arus kas diperoleh dari aktivitas pendanaan/ Cash flows generated from financing activity	Arus kas digunakan untuk aktivitas pendanaan/ Cash flows used in financing activity	Dampak perubahan kurs/ Foreign exchange impact	Perubahan nilai wajar dan saling hapus dengan piutang usaha/ Change in fair value and offsetting with receivables	Amortisasi biaya penerbitan dan diskonto/ Amortisation of issuance cost and discount	31 Desember/ December 2018
Utang/(asset) derivatif/ Derivative liability/(asset)	5,595,871	-	(1,402,905)	-	(4,596,145)	-	(403,179)
Pinjaman bank jangka panjang/ Long-term bank loans	436,590,028	100,000,000	(28,610,302)	12,808,318	-	(955,456)	519,832,588
Pinjaman pemegang saham/ Shareholder loan	414,891,031	-	(25,585,850)	-	(54,800,000)*	-	334,505,181
Utang obligasi/ Bonds payable	1,955,926,183	-	-	-	-	2,643,705	1,958,569,888
	<u>2,813,003,113</u>	<u>100,000,000</u>	<u>(55,599,057)</u>	<u>12,808,318</u>	<u>(59,396,145)</u>	<u>1,688,249</u>	<u>2,812,504,478</u>

\* ) Salinghapus antara pinjaman pemegang saham dengan piutang usaha

\* ) Offsetting between shareholder loan and trade receivables

**46. PERISTIWA SETELAH PERIODE PELAPORAN**

Berdasarkan Rapat Umum Pemegang Saham Luar Biasa pada tanggal 21 Januari 2020, para pemegang saham menyetujui susunan Dewan Komisaris sebagai berikut:

**Dewan Komisaris**

Komisaris Utama  
Komisaris Independen  
Komisaris Independen  
Komisaris  
Komisaris  
Komisaris

Arcandra Tahar  
Paiman Rahardjo  
Kiswodarmawan  
Luky Alfirman  
Christian H. Siboro  
Mas'ud Khamid

**Board of Commissioners**

Chairman of the Board of Commissioners  
Independent Commissioner  
Independent Commissioner  
Commissioner  
Commissioner  
Commissioner

**47. INFORMASI KEUANGAN TAMBAHAN**

Informasi keuangan tambahan setelah halaman ini adalah informasi keuangan PT Perusahaan Gas Negara Tbk (entitas induk saja) pada tanggal dan untuk tahun yang berakhir 31 Desember 2019 dan 2018, yang menyajikan investasi Perusahaan pada entitas anak berdasarkan metode biaya dan bukan dengan metode konsolidasi serta investasi Perusahaan pada entitas pengendalian bersama dan asosiasi berdasarkan metode biaya dan bukan metode ekuitas.

**47. SUPPLEMENTARY FINANCIAL INFORMATION**

The supplementary financial information after this page represents financial information of PT Perusahaan Gas Negara Tbk (parent entity only) as at and for the years ended December 31, 2019 and 2018, which present the Company's investments in subsidiaries under the cost method and investment in joint ventures and associated entities under the cost method, as opposed to the equity method.

**INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION**

**PT PERUSAHAAN GAS NEGARA TBK  
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**LAPORAN POSISI KEUANGAN  
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**STATEMENTS OF FINANCIAL POSITION  
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(Expressed in United States Dollars, except par value and share data)

	<u>2019</u>	<u>2018</u>	
<b>ASET LANCAR</b>			<b>CURRENT ASSETS</b>
Kas dan setara kas	423,691,423	551,724,968	Cash and cash equivalents
Investasi jangka pendek	66,084,620	63,633,805	Short-term investments
Piutang usaha	229,277,912	209,651,196	Trade receivables
Piutang lain-lain	36,444,082	29,141,195	Other receivables
Aset derivatif	-	403,179	Derivative assets
Piutang dari entitas anak	23,754,688	31,461,958	Receivable from subsidiaries
Taksiran tagihan pajak	7,762,177	7,164,491	Estimated claim tax for refund
Persediaan	1,649,362	1,604,531	Inventories
Uang muka	4,269,587	10,592,979	Advances
Beban dibayar di muka	<u>17,168,610</u>	<u>15,990,000</u>	Prepaid expenses
Jumlah aset lancar	<u>810,102,461</u>	<u>921,368,302</u>	Total current assets
<b>ASET TIDAK LANCAR</b>			<b>NON-CURRENT ASSETS</b>
Uang muka, bagian tidak lancar	43,874,670	39,282,274	Advances, non-current portion
Pinjaman kepada entitas anak, bagian tidak lancar	595,399,190	793,840,630	Loan provided to subsidiaries, non-current portion
Penyertaan saham	3,051,719,548	3,051,719,548	Investment in shares
Aset tetap	1,267,350,345	1,347,091,434	Fixed assets
Goodwill dan aset tak berwujud lainnya	3,484,899	4,096,063	Goodwill and other intangible assets
Taksiran tagihan pajak	74,416,265	62,402,562	Estimated claim tax for refund
Aset pajak tangguhan	26,427,282	24,653,844	Deferred tax assets
Lain-lain	<u>238,344</u>	<u>769,483</u>	Others
Jumlah aset tidak lancar	<u>5,062,910,543</u>	<u>5,323,855,838</u>	Total non-current assets
<b>JUMLAH ASET</b>	<u><b>5,873,013,004</b></u>	<u><b>6,245,224,140</b></u>	<b>TOTAL ASSETS</b>

## INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION

PT PERUSAHAAN GAS NEGARA TBK  
INDUK PERUSAHAAN SAJA/PARENT COMPANY ONLYLAPORAN POSISI KEUANGAN  
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STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018

(Expressed in United States Dollars, except par value and share data)

	2019	2018	
<b>LIABILITAS JANGKA PENDEK</b>			<b>CURRENT LIABILITIES</b>
Utang usaha	160,568,322	142,160,940	Trade payables
Utang lain-lain	42,886,223	31,709,004	Other payables
Liabilitas yang masih harus dibayar	28,317,312	29,112,587	Accrued liabilities
Bagian jangka pendek dari pinjaman bank jangka panjang	21,364,207	23,316,820	Short-term portion of long-term bank loans
Pinjaman bank jangka pendek	150,000,000	-	Short-term bank loan
Promissory notes	-	691,043,648	Promissory notes
Utang pajak	30,523,580	17,352,840	Taxes payable
Liabilitas imbalan kerja jangka pendek	28,726,912	36,509,833	Short-term employee benefit liabilities
Utang kepada entitas anak	40,420,664	54,015,251	Payable to subsidiaries
	<u>502,807,220</u>	<u>1,025,220,923</u>	Total current liabilities
<b>LIABILITAS JANGKA PANJANG</b>			<b>NON-CURRENT LIABILITIES</b>
Pinjaman bank jangka panjang	357,077,076	372,788,124	Long-term bank loans
Utang obligasi	1,340,561,981	1,338,699,879	Bonds payable
Liabilitas imbalan kerja	134,638,250	109,588,964	Employee benefit liabilities
Pendapatan diterima di muka	2,245,101	2,417,583	Unearned revenue
	<u>1,834,522,408</u>	<u>1,823,494,550</u>	Total non-current liabilities
<b>JUMLAH LIABILITAS</b>	<b><u>2,337,329,628</u></b>	<b><u>2,848,715,473</u></b>	<b>TOTAL LIABILITIES</b>
<b>EKUITAS</b>			<b>EQUITY</b>
<b>Ekuitas yang dapat diatribusikan kepada pemilik entitas induk</b>			<b>Equity attributable to owners of the parent</b>
Modal saham - nilai nominal Rp100 per saham			Share capital- par value of Rp100 per share
Modal dasar – 70.000.000.000 dari saham yang terdiri 1 saham Seri A Dwiwarna dan 69.999.999.999 saham Seri B			Authorized – 70,000,000,000 shares consists of 1 Series A Dwiwarna share and 69,999,999,999 Series B shares
Modal ditempatkan dan disetor penuh – 24.241.508.196 saham yang terdiri dari 1 saham Seri A Dwiwarna dan 24.241.508.195 saham Seri B	344,018,831	344,018,831	Issued and fully paid - 24,241,508,196 shares of which consist of 1 Series A Dwiwarna and 24,241,508,195 Series B shares
Tambahan modal disetor	284,339,313	284,339,313	Additional paid-in capital
Saldo laba			Retained earnings
- Dicadangkan	2,661,226,693	2,515,991,774	Appropriated -
- Tidak dicadangkan	283,025,909	283,738,634	Unappropriated -
Komponen ekuitas lainnya	(36,927,370)	(31,579,885)	Other components of equity
<b>JUMLAH EKUITAS</b>	<b><u>3,535,683,376</u></b>	<b><u>3,396,508,667</u></b>	<b>TOTAL EQUITY</b>
<b>JUMLAH LIABILITAS DAN EKUITAS</b>	<b><u>5,873,013,004</u></b>	<b><u>6,245,224,140</u></b>	<b>TOTAL LIABILITIES AND EQUITY</b>

## INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION

<b>PT PERUSAHAAN GAS NEGARA TBK INDUK PERUSAHAAN SAJA/PARENT COMPANY ONLY</b>		<b>STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (Expressed in United States Dollars)</b>	
<b>LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN UNTUK TAHUN-TAHUN YANG BERAKHIR PADA 31 DESEMBER 2019 DAN 2018 (Disajikan dalam Dolar Amerika Serikat)</b>	<b>2019</b>	<b>2018</b>	
<b>PENDAPATAN</b>	2,658,444,918	2,569,602,941	<b>REVENUES</b>
<b>BEBAN POKOK PENDAPATAN</b>	<u>(1,862,126,828)</u>	<u>(1,784,685,846)</u>	<b>COST OF REVENUES</b>
<b>LABA BRUTO</b>	<b><u>796,318,090</u></b>	<b><u>784,917,095</u></b>	<b>GROSS PROFIT</b>
Beban distribusi dan transmisi	(379,111,836)	(396,220,178)	<i>Distribution and transmission expenses</i>
Beban administrasi dan umum	(92,751,462)	(104,755,398)	<i>General and administrative expenses</i>
Beban lain-lain	(22,673,531)	(25,920,893)	<i>Other expenses</i>
Pendapatan lain-lain	<u>7,597,965</u>	<u>11,855,126</u>	<i>Other income</i>
<b>LABA OPERASI</b>	<b><u>309,379,226</u></b>	<b><u>269,875,752</u></b>	<b>OPERATING PROFIT</b>
Beban keuangan	(109,877,124)	(96,037,122)	<i>Finance cost</i>
Pendapatan keuangan	48,205,024	77,875,222	<i>Finance income</i>
Rugi selisih kurs	(34,525,326)	(11,757,147)	<i>Loss on foreign exchange</i>
Laba perubahan nilai wajar derivatif	45,106	4,596,145	<i>Gain on change in fair value derivatives</i>
Pendapatan dividen	<u>85,059,470</u>	<u>144,257,113</u>	<i>Dividend income</i>
<b>LABA SEBELUM PAJAK PENGHASILAN</b>	<b><u>298,286,376</u></b>	<b><u>388,809,963</u></b>	<b>PROFIT BEFORE INCOME TAX</b>
<b>BEBAN PAJAK PENGHASILAN</b>			<b>INCOME TAX EXPENSES</b>
Kini	(57,405,936)	(112,869,159)	<i>Current</i>
Tangguhan	<u>1,014,432</u>	<u>2,381,032</u>	<i>Deferred</i>
Beban pajak penghasilan	<u>(56,391,504)</u>	<u>(110,488,127)</u>	<i>Income tax expenses</i>
<b>LABA TAHUN BERJALAN</b>	<b><u>241,894,872</u></b>	<b><u>278,321,836</u></b>	<b>PROFIT FOR THE YEAR</b>
<b>PENGHASILAN KOMPREHENSIF LAIN</b>			<b>OTHER COMPREHENSIVE INCOME</b>
<b>Pos-pos yang tidak akan direklasifikasikan ke laba rugi</b>			<b>Item that will not be reclassified to profit or loss</b>
Pengukuran kembali liabilitas imbangan pasca kerja	(10,461,487)	(18,725,223)	<i>Remeasurement of post- employment obligation</i>
Pajak penghasilan terkait	<u>2,493,462</u>	<u>445,854</u>	<i>Related income tax</i>
	<u>(7,968,025)</u>	<u>(18,279,369)</u>	
<b>Pos-pos yang akan direklasifikasikan ke laba rugi</b>			<b>Item that will be reclassified to profit or loss</b>
Perubahan nilai wajar investasi jangka pendek	<u>2,620,540</u>	<u>(3,177,507)</u>	<i>Changes in fair value of short-term investments</i>
<b>JUMLAH BEBAN KOMPREHENSIF LAIN</b>	<b><u>(5,347,485)</u></b>	<b><u>(21,456,876)</u></b>	<b>TOTAL OTHER COMPREHENSIVE EXPENSE</b>
<b>JUMLAH PENGHASILAN KOMPREHENSIF TAHUN BERJALAN</b>	<b><u>236,547,387</u></b>	<b><u>256,864,960</u></b>	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>

## INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION

PT PERUSAHAAN GAS NEGARA TBK  
INDUK PERUSAHAAN SAJAMPARENT COMPANY ONLYLAPORAN PERUBAHAN EKUITAS  
UNTUK TAHUN-TAHUN YANG BERAKHIR  
31 DESEMBER 2019 DAN 2018  
(Disajikan dalam Dolar Amerika Serikat)STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED  
DECEMBER 31, 2019 AND 2018  
(Expressed In United States Dollars)

	Modal saham/ Share Capital	Saham treasuri/ Treasury stocks	Tambahan modal disetor/ Additional paid-in capital	Perubahan nilai wajar Investasi Jangka pendek/ Changes in fair value of short-term investments	Keuntungan/ (Kerugian) aktuarial/ Actuarial gain/(loss)	Total komponen ekuitas lainnya/ Other equity components	Saldo laba telah ditemukan penggunaannya/ Appropriated retained earnings	Saldo laba belum ditemukan penggunaannya/ Unappropriated retained earnings	Jumlah/ Total	
Saldo 1 Januari 2018	344,018,831	-	284,339,313	3,861,985	(13,984,994)	(10,123,009)	2,427,854,334	148,563,145	3,194,652,614	Balance at January 1, 2018
Lababersih untuk tahun berjalan	-	-	-	-	-	-	-	278,321,836	278,321,836	Net income for the year
Pembayaran dividen	-	-	-	-	-	-	-	(35,008,907)	(35,008,907)	Payment of dividends
Penyisihan cadangan umum	-	-	-	-	-	-	88,137,440	(88,137,440)	-	General reserve
Beban komprehensif tahun berjalan	-	-	-	(3,177,507)	(18,279,389)	(21,456,876)	-	-	(21,456,876)	Other comprehensive expense for the year
Saldo 31 Desember 2018	344,018,831	-	284,339,313	684,478	(32,284,383)	(31,579,885)	2,515,991,774	283,738,634	3,396,508,667	Balance at December 31, 2018
Lababersih untuk tahun berjalan	-	-	-	-	-	-	-	241,894,872	241,894,872	Net income for the year
Pembayaran dividen	-	-	-	-	-	-	-	(97,372,678)	(97,372,678)	Payment of dividends
Penyisihan cadangan umum	-	-	-	-	-	-	145,234,919	(145,234,919)	-	General reserve
Pendapatan/(beban) komprehensif tahun berjalan	-	-	-	2,620,540	(7,968,025)	(5,347,485)	-	-	(5,347,485)	Other comprehensive income/(expense) for the year
Saldo 31 Desember 2019	344,018,831	-	284,339,313	3,305,018	(40,232,388)	(36,927,370)	2,661,226,693	283,025,909	3,535,683,376	Balance at December 31, 2019

**INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION**

**LAPORAN ARUS KAS  
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA  
31 DESEMBER 2019 DAN 2018**  
(Disajikan dalam Dolar Amerika Serikat)

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED  
DECEMBER 31, 2019 AND 2018**  
(Expressed in United States Dollars)

	<u>2019</u>	<u>2018</u>	
<b>ARUS KAS DARI AKTIVITAS OPERASI</b>			<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>
Penerimaan dari pelanggan	2,645,558,079	2,659,341,653	Receipts from customers
Penerimaan dari penghasilan bunga	48,205,024	77,875,222	Receipts from interest income
Pembayaran kepada pemasok	(1,863,280,401)	(1,809,875,542)	Payments to suppliers
Pembayaran pajak penghasilan setelah dikurangi penerimaan dari tagihan pajak	(56,846,585)	(51,018,613)	Payments for income taxes net of the receipts from claims for tax refund
Pembayaran untuk beban usaha dan aktivitas operasi lainnya	(272,493,318)	(343,833,368)	Payments for operating expenses and other operating activities
Pembayaran beban keuangan	(108,015,022)	(93,479,602)	Payment for finance cost
Pembayaran kepada karyawan	(89,430,844)	(69,343,641)	Payments to employees
<b>Kas neto yang diperoleh dari aktivitas operasi</b>	<b><u>303,696,933</u></b>	<b><u>369,666,109</u></b>	<b>Net cash provided by operating activities</b>
<b>ARUS KAS DARI AKTIVITASI INVESTASI</b>			<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>
Penerimaan dividen dari anak perusahaan dan ventura bersama	85,059,470	144,257,113	Dividends received from subsidiaries and joint ventures
Pembayaran untuk akuisisi entitas anak	-	(693,966,925)	Payment for subsidiary acquisition
Pembayaran <i>promissory notes</i> terkait akuisisi Pertagas	(713,242,422)	-	Payment of promissory notes for acquisition of Pertagas
Penambahan aset tetap	(44,420,058)	(31,603,332)	Additions to fixed assets
Pelepasan investasi jangka pendek	-	3,448,514	Disposal of short-term investment
Pelunasan pinjaman pemegang saham dari anak perusahaan	198,441,440	199,823,204	Receipt of shareholder loan from subsidiaries
<b>Kas neto yang digunakan untuk aktivitas investasi</b>	<b><u>(474,161,570)</u></b>	<b><u>(378,041,426)</u></b>	<b>Net cash used in investing activities</b>
<b>ARUS KAS DARI AKTIVITAS PENDANAAN</b>			<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>
Penerimaan/(pembayaran) aset derivatif	448,285	(1,402,905)	Receipts/(payments) of derivative assets
Pembayaran pinjaman bank jangka pendek	(120,000,000)	-	Payments of short-term bank loans
Penerimaan pinjaman bank jangka pendek	269,821,121	-	Receipts of short-term bank loans
Pembayaran pinjaman jangka panjang	(11,756,752)	(28,610,302)	Payments of long-term loans
Pembayaran dividen kepada pemilik entitas induk	(97,372,678)	(55,008,907)	Payments of dividend to owners of the parent entity
<b>Kas neto yang diperoleh dari/ (digunakan untuk) aktivitas pendanaan</b>	<b><u>41,139,976</u></b>	<b><u>(85,022,114)</u></b>	<b>Net cash provided by/ (used in) financing activities</b>
<b>PENURUNAN NETO KAS DAN SETARA KAS</b>	<b><u>(129,324,661)</u></b>	<b><u>(93,397,431)</u></b>	<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>
Pengaruh perubahan kurs neto dari kas dan setara kas	1,291,116	(515,054)	Net effects foreign exchange from cash and cash equivalents
<b>KAS DAN SETARA KAS AWAL TAHUN</b>	<b><u>551,724,968</u></b>	<b><u>645,637,453</u></b>	<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>
<b>KAS DAN SETARA KAS AKHIR TAHUN</b>	<b><u>423,691,423</u></b>	<b><u>551,724,968</u></b>	<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>

## INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION

### PT PERUSAHAAN GAS NEGARA TBK INDUK PERUSAHAAN SAJA/PARENT COMPANY ONLY

#### CATATAN ATAS LAPORAN KEUANGAN UNTUK TAHUN-TAHUN YANG BERAKHIR PADA 31 DESEMBER 2019 DAN 2018

(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

#### NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in United States Dollars, unless otherwise stated)

#### 47. INFORMASI KEUANGAN TAMBAHAN (lanjutan)

- a. Dasar penyusunan laporan keuangan tersendiri entitas induk

Laporan keuangan tersendiri entitas induk disusun sesuai dengan Pernyataan Standar Akuntansi Keuangan ("PSAK") No. 4 (Revisi 2015), "Laporan Keuangan Tersendiri".

PSAK No. 4 (Revisi 2015) mengatur dalam hal entitas memilih untuk menyajikan laporan keuangan tersendiri maka laporan tersebut hanya dapat disajikan sebagai informasi tambahan dalam laporan keuangan konsolidasian. Laporan keuangan tersendiri adalah laporan keuangan yang disajikan oleh entitas induk yang mencatat investasi pada entitas anak, entitas asosiasi, dan pengendalian bersama entitas berdasarkan kepemilikan ekuitas langsung bukan berdasarkan pelaporan hasil dan aset neto investee.

PSAK No. 4 (Revisi 2015): Laporan Keuangan Tersendiri yang berlaku efektif sejak 1 Januari 2016, memperkenalkan metode biaya perolehan dan metode ekuitas sebagai metode pencatatan investasi pada entitas anak, ventura bersama, dan entitas asosiasi dalam laporan keuangan tersendiri. Perusahaan menerapkan metode biaya perolehan dalam laporan keuangan entitas induk saja pada tanggal dan tahun-tahun yang berakhir 31 Desember 2019 dan 2018.

Kebijakan akuntansi yang diterapkan dalam penyusunan laporan keuangan tersendiri entitas induk adalah sama dengan kebijakan akuntansi yang diterapkan dalam penyusunan laporan keuangan konsolidasian sebagaimana diungkapkan dalam Catatan 2 atas laporan keuangan konsolidasian, kecuali untuk penyertaan pada entitas anak dan entitas asosiasi.

#### 47. SUPPLEMENTARY FINANCIAL INFORMATION (continued)

- a. Basis of preparation of the separate financial statements of the parent entity

The separate financial statements of the parent entity are prepared in accordance with the Statement of Financial Accounting Standards ("PSAK") No. 4 (Revised 2015), "Separate Financial Statements".

PSAK No. 4 (Revised 2015) regulates that when an entity elected to present the separate financial statements, such financial statements should be presented as supplementary information to the consolidated financial statements. Separate financial statements are those presented by a parent entity, in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

SFAS No. 4 (Revised 2015): Separate Financial Statements that effective since January 1, 2016, allows the use of the cost method and equity method to record the investment in subsidiaries, joint ventures, and associates in the separate financial statements. The Company implemented cost method in the financial statements of the parent entity only as at and for the years ended December 31, 2019 and 2018.

Accounting policies adopted in the preparation of the parent entity separate financial statements are the same as the accounting policies adopted in the preparation of the consolidated financial statements as disclosed in Note 2 to the consolidated financial statements, except for investments in subsidiaries and associates.

**INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION**

**PT PERUSAHAAN GAS NEGARA TBK  
INDUK PERUSAHAAN SAJA/PARENT COMPANY ONLY**

**CATATAN ATAS LAPORAN KEUANGAN  
UNTUK TAHUN-TAHUN YANG BERAKHIR PADA  
31 DESEMBER 2019 DAN 2018**

(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2019 AND 2018**

(Expressed in United States Dollars, unless otherwise stated)

**47. INFORMASI KEUANGAN TAMBAHAN (lanjutan)**

b. Penyertaan saham pada entitas anak dan entitas asosiasi

Pada tanggal 31 Desember 2019 dan 2018, entitas induk memiliki penyertaan saham pada entitas anak, ventura bersama dan entitas asosiasi berikut:

**47. SUPPLEMENTARY FINANCIAL INFORMATION  
(continued)**

b. Investments in shares of stock of subsidiaries and associates

As of December 31, 2019 and 2018, the parent entity has the following investments in shares of stock of subsidiaries, joint ventures and associates:

Nama entitas/ Entity name	Persentase kepemilikan/ Percentage of ownership	2019		Nilai tercatat 31 Des 2019/ Carrying value Dec 31, 2019
		Biaya perolehan 1 Jan 2019/ Acquisition cost Jan 1, 2019	Pengurangan/ Additions	
<b>Entitas anak/Subsidiaries</b>				
PT PGAS Telekomunikasi Nusantara	99.93%	17,527,222	-	17,527,222
PT PGAS Solution	99.91%	9,028,138	-	9,028,138
PT Saka Energi Indonesia	99.00%	1,062,972,507	-	1,062,972,507
PT Gagas Energi Indonesia	99.00%	21,294,269	-	21,294,269
PT PGN LNG Indonesia	99.98%	376,845,403	-	376,845,403
PT Permata Graha Nusantara	99.95%	36,090,511	-	36,090,511
PT Pertamina Gas	51.00%	1,387,933,850	-	1,387,933,850
<b>Ventura bersama/Joint ventures</b>				
PT Transportasi Gas Indonesia	59.87%	81,755,336	-	81,755,336
PT Nusantara Regas	40.00%	58,158,141	-	58,158,141
<b>Entitas asosiasi/Associate</b>				
PT Gas Energi Jambi	40.00%	111,453	-	111,453
PT Banten Gas Sinergy	0.14%	2,718	-	2,718
<b>Jumlah/Total</b>		<b>3,051,719,548</b>	<b>-</b>	<b>3,051,719,548</b>
Nama entitas/ Entity name	Persentase kepemilikan/ Percentage of ownership	2018		Nilai tercatat 31 Des 2018/ Carrying value Dec 31, 2018
		Biaya perolehan 1 Jan 2018/ Acquisition cost Jan 1, 2018	Penambahan/ Additions	
<b>Entitas anak/Subsidiaries</b>				
PT PGAS Telekomunikasi Nusantara	99.93%	17,527,222	-	17,527,222
PT PGAS Solution	99.91%	9,028,138	-	9,028,138
PT Saka Energi Indonesia	99.00%	1,062,972,507	-	1,062,972,507
PT Gagas Energi Indonesia	99.00%	21,294,269	-	21,294,269
PT PGN LNG Indonesia	99.98%	376,845,403	-	376,845,403
PT Permata Graha Nusantara	99.95%	36,090,511	-	36,090,511
PT Pertamina Gas	51.00%	-	1,387,933,850	1,387,933,850
<b>Ventura bersama/Joint ventures</b>				
PT Transportasi Gas Indonesia	59.87%	81,755,336	-	81,755,336
PT Nusantara Regas	40.00%	58,158,141	-	58,158,141
<b>Entitas asosiasi/Associate</b>				
PT Gas Energi Jambi	40.00%	111,453	-	111,453
PT Banten Gas Sinergy	0.14%	2,718	-	2,718
<b>Jumlah/Total</b>		<b>1,663,785,698</b>	<b>1,387,933,850</b>	<b>3,051,719,548</b>

Regulatory  
Cross Reference

Consolidated  
Financial  
Statements

Corporate Social  
and Environmental  
Responsibility

Good Corporate  
Governance

Management  
Discussion  
and Analysis

Company  
Profile

Report  
to The  
Shareholders

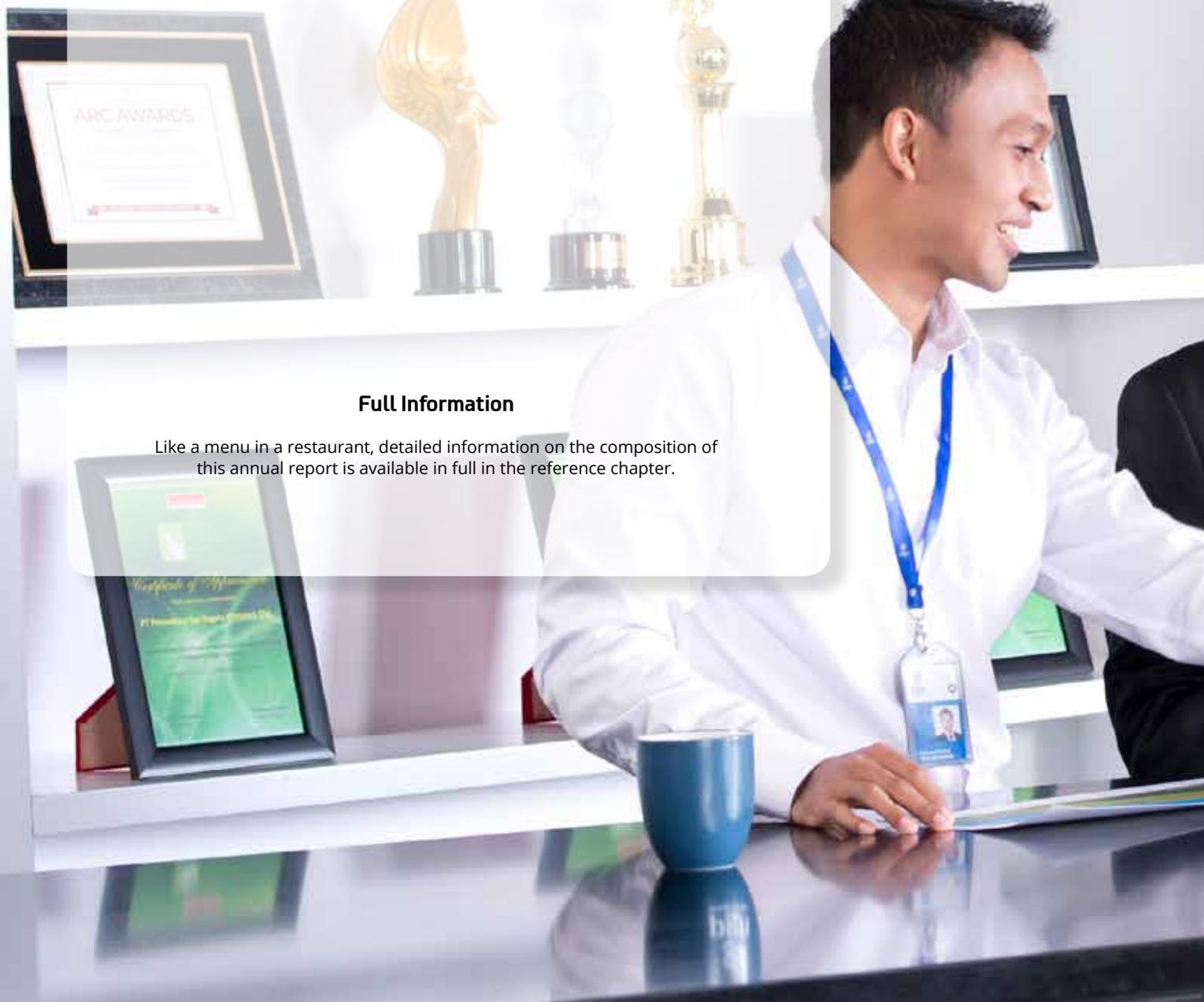
Performance  
Overview

# 08

## REFERENCE

### Full Information

Like a menu in a restaurant, detailed information on the composition of this annual report is available in full in the reference chapter.







## OJK NO.29 /POJK.04/2016 AND SEOJK NO.30/SEOJK.04/2016 CROSS REFERENCE

Criteria	Explanation	Page
	b. Share Information Share information (if any) shall at least contains:	
	1. The issued shares for each quarter (if any) which presented in the form of comparison during the last 2 (two) fiscal years, shall at least include:	
	a) The number of outstanding shares;	9-10
	b) The market capitalization based on the price on the Stock Exchange where the shares are listed;	9
	c) The highest, lowest, and closing shares prices based on the price on the Stock Exchange where the shares are listed; and	9
	d) The volume of trading on the Stock Exchange where the shares are listed;	
	The information on letter a) disclosed by the Issuer that is a Public Company whose shares are listed or not listed on the Stock Exchange; The information on the letters b), c), and d) only disclosed if the Issuer is a Public Company and its shares are listed on the Stock Exchange;	9-10
	2. In the event of corporate actions such as stock split, reverse stock, shares dividend, bonus shares, and changes in the nominal value of shares, shares information as referred to in point 1) plus explanations at least concerning:	
	a) The execution date of the corporate actions;	106
	b) The ratio of the stock split, reverse stock, shares dividend, bonus shares, and changes in the nominal value of shares;	106
	c) The number of outstanding shares before and after the corporate action; and	106
	d) The shares prices before and after the corporate action;	106
	3. In the event of temporary suspension of shares trading (suspension), and/or delisting of shares (delisting) within the fiscal year, the Issuer or Public Company explains the reasons for such temporary suspension of shares trading (suspension) and/or delisting of shares (delisting); and	
	4. In the event of temporary suspension of shares trading (suspension) and/or delisting of shares (delisting) as referred to in point 3) still lasts until the end period of the Annual Report, the Issuer or Public Company explains the undertaken actions to resolve the temporary suspension of shares trading stock (suspension) and/or delisting of shares (delisting); and	
	c. The Report of the Board of Directors The Report of the Board of Directors shall at least contains:	
	1. Brief description regarding the performance of the Issuer or Public Company, shall at least includes:	
	a) Strategy and strategic policy of the Issuer or Public Company;	25
	b) A comparison between the achieved results and the targeted; and	24
	c) Constraints encountered by the Issuer or Public Company;	23
	2. An overview of the business prospects;	27
	3. The governance application of the Issuer or Public Company; and	26
	4. Changes in the composition of the members of Board of Directors and the grounds of such changes (if any);	27

## OJK NO.29 /POJK.04/2016 AND SEOJK NO.30/SEOJK.04/2016 CROSS REFERENCE

Criteria	Explanation	Page
	d. The Report of the Board of Commissioners The Report of the Board of Commissioners shall at least contains:	
	1. An assessment of the performance of the Board of Directors regarding the management of the Issuer or Public Company;	18
	2. Supervision of the strategy implementation of the Issuer or Public Company;	18
	3. The views on the business prospects of the Issuer or Company Public compiled by the Board of Directors;	19
	4. The views on the governance implementation of the Issuer or Public Company;	19
	5. Changes in the composition of the members of the Board of Commissioners and the grounds of such changes (if any); and	19
	6. Frequencies and ways of giving advice to the members of the Board of Directors;;	19
	e. Profile of the Issuer or Public Company Profile of the Issuer or Public Company shall at least contains:	34
	1. The name of the Issuer or Public Company including if there is a change of name, the grounds of such change, and the effective date of such name change at the fiscal year;	
	2. Access to the Issuer or Public Company including branch offices or representative offices that allow the public to obtain information about the Issuer or Public Company that include:	34
	a) Address;	34
	b) Telephone number;	34
	c) Facsimile number;	34
	d) Electronic mail address; and	34
	e) Website address;	37
	3. The brief history of the Issuer or Public Company;	53
	4. The vision and mission of the Issuer or Public Company;	41-43
	5. The business activities according to the latest articles of association, the business activities carried out in the fiscal year, as well as the type of the produced goods and/or services;	49
	6. The organizational structure of the Issuer or Public Company in the form of a chart, at least until the structure of 1 (one) level below the Board of Directors, along with the names and titles;	65-66
	7. The profile of the Board of Directors, shall at least contains:	
	a) Name and position to suit the tasks and responsibilities;	
	b) Recent photograph;	
	c) Age;	
	d) Citizenship;	
	e) Educational background;	
	f) Working experiences that include the following information:	
	1) The legal basis of the appointment as the member of the Board of Directors at the concerned Issuer or Public Company;	
	2) Double post, either as a member of the Board of Directors, a member of the Board of Commissioners and/or members of committees as well as other positions (if any); and	
	3) Working experiences along with the time period in both inside and outside of the Issuer or Public Company;	272
	g) Education and/or training which have been attended by the members of the Board of Directors in improving the competence in the fiscal year (if any); and	
	h) Affiliate relations with the other members of the Board of Directors, members of the Board of Commissioners, and the majority shareholder (if any) include the name of the affiliated parties;	



## OJK NO.29 /POJK.04/2016 AND SEOJK NO.30/SEOJK.04/2016 CROSS REFERENCE

Criteria	Explanation	Page
	15. Chronological of shares listing, the number of shares, nominal value, and the offering price from the beginning of the listing till the end of fiscal year as well as the name of the Stock Exchange where the shares of the Issuer or Public Companies are listed (if any);	106-107
	16. Chronological of the other Securities listing other than as referred to in point 15), which shall at least contains the name of Securities, year of issuance, date of maturity, the value of offers, and the Securities rating (if any);	108-109
	17. Name and address of the capital market supporting institutions and/or professionals;	
	a) Education and/or training who has followed a member of the board of commissioners in increasing competence in the book year (if any)	110
	b) Affiliate relationships with Board members	
	18. In the event there is a capital market supporting profession provides regular services to the Issuer or Public Company, shall be disclosed information about the granted services, the commission (fee), and the period of assignment; and	111
	19. Awards and/or certifications received by the Issuer or Public Company both national and international in the last fiscal year (if any), which contain:	116-119
	a) The name of the awards and/or certifications;	
	b) The agencies or institutions that provide; and	
	c) The validity period of the awards and/or certifications (if any);	
	f. Management Discussion and Analysis	
	Management discussion and analysis contains the analysis and discussion on the financial statements and other significant information by emphasizing the material changes occurred in the fiscal year, which shall at least contains:	128
	1. Review of operations per operating segment in accordance with the industry type of the Issuer or Public Company, at least concerning:	
	a) Production, which includes the process, capacity, and its development;	154
	b) Revenues/sales; and	
	c) Profitability;	
	2. Comprehensive financial performance that includes the comparison of financial performance in the last 2 (two) fiscal years, explanations on the causes of the changes and the impact of such changes, shall at least concerning:	164-168-169-171
	a) Current assets, non-current assets, and total assets;	
	b) Short-term liabilities, long-term liabilities, and total liabilities;	171
	c) Equity;	154-
	d) Revenue/sales, expenses, profit (loss), other comprehensive earnings, and total comprehensive profit (loss); and	164
	e) Cash flow;	
	3. Ability to pay the debt by presenting the relevant ratio calculation;	172-
	4. The level of receivables collection of the Issuer or Public Company by presenting the relevant ratio calculation;	173

## OJK NO.29 /POJK.04/2016 AND SEOJK NO.30/SEOJK.04/2016 CROSS REFERENCE

Criteria	Explanation	Page
	5. Capital structure and management policy on such capital structure along with the basis for such policy determination;	174-175
	6. Discussions on the material commitments for capital goods investment with explanations at least include: a) The purpose of such commitments; b) The source of funds that expected to meet such commitments; c) The currency that becomes the denomination; and d) The steps planned by the Issuer or Public Company to protect The risks of the related foreign currency position;	175
	7. Discussions on the investment of capital goods which realized in the last fiscal year, shall at least include: a) The type of capital goods investment; b) The objective of capital goods investment; and c) The value of the issued capital goods investment;	175-179
	8. Material information and facts that occurred after the date of the auditor's report (if any);	179
	9. Business prospects of the Issuer or Public Company associated with the conditions of the industry, the general economy and the international market along with quantitative supporting data from the trustworthy data sources;	179
	10. The ratio between the target/projection at the beginning of the fiscal year with the achieved results (realization), concerning: a) Revenues / sales; b) Profit (loss); c) Capital structure; or d) Other matters that are considered important for the Issuer or Public Company;	176
	11. Target/projection to be achieved by the Issuer or Public Company for 1 (one) year ahead, concerning: a) Revenues/sales; b) Profit (loss); c) Capital structure; d) Dividend policy; or e) Other matters that are considered important for the Issuer or Public Company;	183
	12. The marketing aspect of goods and/or services of the Issuer or Public Company, shall at least concerning the marketing strategy and market share;	191
	13. The description of the dividend for the last 2 (two) fiscal years (if any), at least: a) Dividend policy; b) Payment date of cash dividends and/or distribution date of non-cash dividends; c) Amount of dividend per share (cash and/or non-cash); and d) Amount of dividends paid per year;	

## OJK NO.29 /POJK.04/2016 AND SEOJK NO.30/SEOJK.04/2016 CROSS REFERENCE

Criteria	Explanation	Page
	14. The realization of the use of Public Offering proceeds, with provisions:	106,
	a) In terms of during the fiscal year, the Issuer has an obligation to submit a report of the realization of use of proceeds, then disclosed the realization of the use of Public Offering proceeds cumulatively up to the end of the fiscal year; and	192
	b) In terms of there is a change in the use of proceeds as set out in the Regulation of Financial Services Authority concerning the Report of the Realization of the Use of Public Offering Proceeds, then the Issuer shall explain such change;	
	15. Information material (if any), among others concerning investment, expansion, divestment, merger/consolidation, acquisition, debt/equity restructuring, Affiliate transaction, and transaction with conflict of interest, which happened in the fiscal year, among others contain:	179
	a) Date, value, and the object of the transaction;	
	b) The name of parties to a transaction;	
	c) The nature of Affiliation (if any);	
	d) A description of the fairness of the transaction; and	
	e) Compliance with the relevant provisions;	
	16. Changes in provisions of laws and regulations which significantly effect on the Issuer or Public Company and its impacts on financial statements (if any); and	193
	17. Changes in accounting policies, the reasons and impacts on the financial statements (if any);	
	g. Governance of the Issuer or Public Company	
	Governance of the Issuer or Public Company shall at least contains brief descriptions of the:	
	1. Board of Directors, covers among others:	
	a) The duties and responsibilities of each member of the Board of Directors;	253
	b) A statement that the Board of Directors has the guideline or charter of the Board of Directors;	254
	c) The procedures, the determination basis, the structure and the remuneration amount of each member of the Board of Directors, as well as the relationship between the remuneration with the performance of the Issuer or Public Company;	266
	d) The policies and implementations regarding the frequency of the Board of Directors' meetings, including the joint meeting with the Board of Commissioners, and the attendance of the members of the Board of Directors at such meetings;	246, 256
	e) Information regarding the GMS resolutions 1 (one) year before, that includes:	219
	1). The GMS resolutions that have been realized in the fiscal year; and	
	2). The reason in terms of a resolution that has not been realized;	
	f) Information regarding the GMS resolutions in the fiscal year, that includes:	
	1). The GMS resolutions that have been realized in the fiscal year; and	219
	2). The reason in terms of a resolution that has not been realized; and	
	g) Assessment of the performance of committees that support the execution of the Board of Directors duties;	

## OJK NO.29 /POJK.04/2016 AND SEOJK NO.30/SEOJK.04/2016 CROSS REFERENCE

Criteria	Explanation	Page
	2. Board of Commissioners, covers among others:	
	a) The duties and responsibilities of the Board of Commissioners;	239
	b) A statement that the Board of Commissioners has the guideline or charter of the Board of Commissioners;	240
	c) The procedures, the determination basis, the structure and the remuneration amount of each member of the Board of Commissioners;	249
	d) The policies and implementations regarding the frequency of the Board of Commissioners' meetings, including the joint meeting with the Board of Directors, and the attendance of the members of the Board of Commissioners at such meetings;	244
	e) The policy of the Issuer or Public Company regarding the assessment of the performance of members of the Board of Directors and members of the Board of Commissioners and its implementation that at least includes:	248, 263, 275
	1). The implementation procedures of the performance assessment;	
	2). The criteria used; and	
	3). The party who perform the assessment;	
	f) Assessment of the performance of the committees that support the implementation of the Board of Commissioners duties; and	
	g) In terms of the Board of Commissioners does not form the Nomination and Remuneration Committee, contained the information that shall at least concerning:	278
	1). The reason for not established the committee; and	
	2). The procedures of nomination and remuneration that performed during the fiscal year;	
	3. Sharia Supervisory Board, for an Issuer or Public Company that conducts its business activities based on sharia principles as set out in the articles of association, at least contains:	
	a) Name;	
	b) The duties and responsibilities of the Sharia Supervisory Board; and	
	c) The frequency and ways of giving advice and suggestions as well as monitoring of the fulfillment of Sharia Principles in Capital Market against the Issuer or Public Company;	
	4. Audit Committee, covers among others:	
	a) Name and position in the membership of the committee;	
	b) Age;	
	c) Citizenship;	
	d) Educational background;	
	e) Working experiences include information about:	
	1). The legal basis for the appointment as a member of the committee;	
	2). Double post, either as the member of the Board Commissioners, the member of the Board of Directors and/or the member of committees as well as other positions (if any); and	278-282
	3). Working experiences along with the time period in both inside and outside of the Issuer or Public Company;	
	f) Period and tenure of members of the Audit Committee;	
	g) Independence statement of the Audit Committee;	
	h) Policies and implementations concerning the frequency of the Audit Committee's meetings and the attendance of members of Audit Committee in such meetings;	
	i) Education and/or training which have been attended in the fiscal year (if any); and	
	j) Implementation of the Audit Committee activities at the fiscal year in accordance with as specified in the guideline or charter of Audit Committee;	

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Criteria	Explanation	Page
	<p>5. Other committees which owned by the Issuer or Public Company in order to support the functions and duties of the Board of Directors and/or the Board of Commissioners, such as the Nomination and Remuneration Committee, cover among others:</p> <ul style="list-style-type: none"> <li>a) Name and position in the membership of the committee;</li> <li>b) Age;</li> <li>c) Citizenship;</li> <li>d) Educational background;</li> <li>e) working experiences, include information about: <ul style="list-style-type: none"> <li>1). The legal basis of the appointment as the member of the committee;</li> <li>2). Double post, either as a member of the Board Commissioners, a member of the Board of Directors and/or members of committees as well as other positions (if any); and</li> <li>3). Working experiences along with the time period in both the inside and outside of the Issuer or Public Company;</li> </ul> </li> <li>f) Period and tenure of members of the committees;</li> <li>g) Description of duties and responsibilities;</li> <li>h) The committee's statement that has had the guidelines or charter of committees;</li> <li>i) Independence statements of the committees;</li> <li>j) The policies and the implementation regarding the frequency of committee's meetings and the attendance of committee members in such meetings;</li> <li>k) Education and/or training which have been attended during the fiscal year (if any); and</li> <li>l) The brief description of the implementation of the committee's activities at the fiscal year;</li> </ul>	283-290
	<p>6. Corporate Secretary, covers among others:</p> <ul style="list-style-type: none"> <li>a) Name;</li> <li>b) Domicile;</li> <li>c) Working experiences that include the following information: <ul style="list-style-type: none"> <li>1). The legal basis of the appointment as the Corporate Secretary; and</li> <li>2). Working experiences along with the time period in both inside and outside of the Issuer or Public Company;</li> </ul> </li> <li>d) Educational background;</li> <li>e) Education and/or training which have been attended in the fiscal year; and</li> <li>f) The brief description of the implementation of Corporate Secretary's duties at the fiscal year;</li> </ul>	291-292
	<p>7. Internal Audit Unit, covers among others:</p> <ul style="list-style-type: none"> <li>a) Name of the head of the Internal Audit Unit;</li> <li>b) Working experiences that includes the following information: <ul style="list-style-type: none"> <li>1). The legal basis of the appointment as the head of the Internal Audit Unit; and</li> <li>2). The legal basis of the appointment as the head of the Internal Audit Unit; and</li> </ul> </li> <li>c) Qualifications or certifications as the internal audit profession (if any);</li> <li>d) Education and/or training which have been attended in the fiscal year;</li> <li>e) The structure and position of the Internal Audit Unit;</li> <li>f) The description of duties and responsibilities;</li> <li>g) The statement that it has had the guidelines or charter of the Internal Audit Unit; and</li> <li>h) The brief description of the implementation of the Internal Audit Unit's duties at the fiscal year;</li> </ul>	293-296

## OJK NO.29 /POJK.04/2016 AND SEOJK NO.30/SEOJK.04/2016 CROSS REFERENCE

Criteria	Explanation	Page
	8. The description of the internal control system which applied by the Issuer or Public Company, shall at least concerning: a) The financial and operational control, as well as compliance with other laws and regulations; and b) Review of the effectiveness of internal control system;	296
	9. The risk management system applied by the Issuer or Public Company, shall at least concerning: a) An overview of the risk management system of the Issuer or Public Company; b) The type of risks and their management methods; and c) A review of the effectiveness of the Issuer's or Public Company's risk management system;	296 297-308
	10. Significant cases encountered by the Issuer or the Public Company, subsidiaries, members of the Board of Directors and members of the Board of Commissioner (if any), among others include: a) The principal case/claim; b) The settlement status of the case/claim; and c) The impact on the condition of the Issuer or Public Company;	309
	11. Information concerning the administrative sanctions imposed on the Issuer or Public Company, members of the Board of Commissioners and Board of Directors, by the Capital Market authority and other authorities at the fiscal year (if any);	
	12. Information concerning the Issuer's or Public Company's code of conduct that includes: a) The main points of the code of conduct; b) The form of the code of conduct's socialization and its enforcement efforts; and c) The statement that the code of conduct applicable to members of the Board of Directors, members of the Board of Commissioners, and employees of the Issuer or Public Company;	310 310
	13. Information concerning the corporate culture or the corporate values (if any);	
	14. Description of the employee and/or management stock ownership program that implemented by the Issuer or Public Company (if any), among others concerning: a) The number of shares and/or options; b) The exercise period; c) The requirements of the eligible employees and/or management; and d) The exercise price;	56-59 192
	15. Description of the violation reporting system (whistleblowing system) at the Issuer or Public Company (if any), among others, includes: a) The submission method of violation reports; b) Protection for whistleblowers; c) Complaints handling; d) The party who manages the complaints; and e) The results of the complaints handling, shall at least include: 1). The number of complaints received and processed during the fiscal year; and 2). Follow up complaints;	317-320
	16. Implementation of the Code of Corporate Governance of the Public Listed Company for the Issuer that issues Equity Securities or Public Company that includes: a) The statement regarding the recommendations that have been implemented; and/or b) Description of the recommendations that have not been implemented, with the reasons and its alternative implementation (if any);	209-216

## OJK NO.29 /POJK.04/2016 AND SEOJK NO.30/SEOJK.04/2016 CROSS REFERENCE

Criteria	Explanation	Page
	h. Social and Environmental Responsibility of the Issuer or Public Company	
	1. Information regarding the social and environmental responsibility of the Issuer or Public Company that includes policies, types of program, and costs incurred, among others related to the following aspects:	
	a) The environment, among others:	
	1). The use of eco-friendly materials and energy and can be recycled;	333
	2). Waste treatment system of the Issuer or Public Company;	
	3). The complaint mechanism of environmental problems; and	
	4). Certifications in the environmental sector owned;	
	b) The employment practices, occupational health and safety, among others:	
	1). Gender equality and employment opportunities;	341,
	2). Occupational facilities and safety;	347
	3). Rate of employees transfer (turnover);	
	4). Education and/or training;	
	5). Education and/or training;	
	6). Remuneration; and	
	7). The complaint mechanism of employment issues;	
	c) Social and community development, among others:	
	1). The use of local labor;	
	2). Empowerment of communities around the Issuer or Public Company, among others through the use of raw materials produced by the community or provision of education;	359
	3). Improvement of social facilities and infrastructure;	
	4). Other forms of donation; and	
	5). Communication regarding the policies and procedures of anti-corruption in the Issuer or Public Company as well as training on anti-corruption (if any);	
	d) The responsibility of goods and/or services, among others:	
	1). The health and safety of consumers;	
	2). Information about the goods and/or services; and	
	3). The means, amount, and countermeasures on consumer complaints.	
	2. In the event that the Issuer or Public Company presents information regarding social and environmental responsibility as referred to in point 1) at a separate report such as the social and environmental responsibility report or the sustainability report, the Issuer or Public Company is excluded for disclosing information on social and environmental responsibility in the Annual Report; and	367
	3. The report as referred to in point 2) is submitted to the Financial Services Authority concurrent with the submission of the Annual Report;	
	i. Annual Financial Statements which Have Been Audited	373
	The annual financial statements contained in the Annual Report is prepared in accordance with the Financial Accounting Standards in Indonesia and have been audited by the Accountant. The referred financial statements include a statement regarding the responsibility for the financial statements as stipulated in the laws and regulations of Capital Market sector that stipulate the responsibilities of the Board of Directors on the financial statements or laws and regulations of Capital Market sector that stipulate the periodic reports of Securities Company in terms of the Issuer is the Securities Company; and	
	j. A Statement of the Members of the Board of Directors and the Members of the Board of Commissioners regarding the Responsibility for the Annual Report	29
	The Statement of the members of the Board of Directors and the members of the Board of Commissioners regarding the responsibility for the Annual Report is prepared in accordance with the format of Statement of the Members of the Board of Directors and the Members of the Board of Commissioners regarding the Responsibility for the Annual Report as listed in the Annex that is an inseparable part of this Circular Letter of the Financial Services Authority.	

# GLOSSARY

AMDAL	Abbreviation of "Analisis Mengenai Dampak Lingkungan" analysis of environment impact, environment management plan and environment monitoring plan.
Anak Perusahaan / Entitas Anak	The legal entity in which the Company has control, that is, has direct or indirect ownership of more than 50% of the shares with voting rights in the company or the Company has control, directly or indirectly, to determine the financial and operational policies of the legal entity.
Bapepam - LK	Abbreviation of "Badan Pengawas Pasar Modal – Lembaga Keuangan" the Indonesian Capital Market Supervisory Agency as denoted in Law No. 8 year 1995.
BBL	Barrel, unit of volume usually used to measure oil. 1 barrel = 159 liters.
BBM	Abbreviation of "Bahan Bakar Minyak" or petroleum-based fuel.
BCF	Billion Cubic Feet, a unit of volume used to measure natural gas.
BEI	Abbreviation of "Bursa Efek Indonesia", the Indonesia Stock Exchange
BES	PT Bursa Efek Surabaya
BOE	Barrels of Oil Equivalent, is a unit which is used to convert natural gas unit to it's equivalent oil unit. (1 BOE = 6 MCF).
BP Migas	Abbreviation of "Badan Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi", the Upstream Oil and Gas Business regulator, a government agency that was established pursuant to the Oil and Gas Law juncto Government Regulation No 42 year 2002 to control upstream activities in the oil and gas business
BPH Migas	Abbreviation of "Badan Pengatur Hilir Minyak dan Gas Bumi", the regulator for Downstream Oil and Gas Business Activities. A government body that was established based on Oil and Gas Law juncto Government Regulation No 67 year 2002 juncto Presidential Decree No 86 year 2002, to control and supervise supply and distribution of natural gas and it's transportation through pipelines in downstream business activity.
BSCF	Billion Standard Cubic Feet
BTU	British Thermal Unit, a caloric unit used to measure gas energy
BUMD	Regional owned enterprises (Badan Usaha Milik Daerah)
BUMN	Abbreviation of "Badan Usaha Milik Negara" or State-Owned Enterprise as denoted in Law No 19 year 2003.
CAGR	Compound Annual Growth Rate
CBM	Coal Bed Methane
CCGS	Company Corporate Governance Scorecard
CF	Cubic Feet, a volume unit used to measure natural gas 1CF = 0,028 m <sup>3</sup>
CII	Customer Importance Index
CNG	Compressed Natural Gas
COSO	Committee of the Sponsoring Organizations of the Treadway Commission
CRMP	Certified Risk Management Professional
CSC	Central Safety Committee
CSI	Customer Satisfaction Index
DAB#3	Dispute Adjudication Board #3

Distribution	Activity of natural gas distribution through pipelines
DMO	Domestic Market Obligations
DOH	Abbreviation of "Daerah Operasi Hulu" the upstream operation region
ECSC	Executive Central Safety Committee
EIB	European Investment Bank
ESA	Employee Stock Allocation, a program aimed to provide an opportunity to all employees to own the Company's shares
FRST	Floating Storage & Regasification Terminal
FSRU	Floating Storage & Regasification Unit
GMB	Gas Metana Batubara
GMS	General Meeting of Shareholders
GP3K	Gerakan Peningkatan Produktivitas Pangan Berbasis Korporasi
GRC	Governance, Risk Management and Compliance
MSCF	Thousand Standard Cubic Feet.
OJK	Financial Services Authority
Producer	Natural gas producers aiming to produce oil and natural gas from certain working areas, which have activities to find oil and gas reserves, drilling and finishing wells, processing for the separation and purification of oil and natural gas in the field, as well as other activities that support it.
Pertagas	PT Pertamina Gas
Pertamina	PT Pertamina (Persero)
Perseroan	PT Perusahaan Gas Negara Tbk
PIA	Professional Internal Auditors are certifications issued by the Centre for Accounting and Financial Development
PJBG	Gas Sale and Purchase Agreement
PKB	Collective Labour Agreement
PPA&K	The Centre for Accounting & Financial Development is an internal auditor education and training institution
PSAK	Statement of Financial Accounting Standards
PSC	Production Sharing Contract or cooperation contract in the upstream oil and gas sector is a production sharing contract or other forms of cooperation in exploration and exploitation activities
PSI	Pounds per Square Inch which is a unit utilised to measure the gas pressure. 1 bar = 14.5 PSI
RKL	Environmental Management Plan
RPL	Environmental Monitoring Plan
RUPS	General Meeting of Shareholders
RUPSLB	Extraordinary General Meeting of Shareholders
SBP	Priority Business Strategy
SIMR	Risk Management Information System
SIPG	Gas Distribution Information System

SKK Migas	The Special Task Force for Upstream Oil and Gas Business Activities is an institution established by the Government of the Republic of Indonesia through Presidential Regulation Number 9 of 2013 concerning Management of Upstream Oil and Gas Business Activities, which is assigned to perform management of upstream oil and gas business activities on the basis of contracts cooperation.
SMKI	Individual Work Management System
SMM	Quality Management System
SPI	Internal Supervisory Unit
SSWJ	South Sumatera West Java
Target	The business target adjusted to the condition of the waning global economy
TCF	Trillion Cubic Feet
TGI	PT Transportasi Gas Indonesia (Transgasindo) is an affiliate whose ownership is 59.75% by the Company engaged in the transportation of natural gas
THT	Pension
TJSL	Environmental Social Responsibility
UKM	Small and Medium Enterprises
YPIA	Internal Education Foundation is an educational institution that helps prepare auditors to improve the competence and professionalism of Indonesian Auditors under the Qualified Internal Audit certification
Transmisi	The activity of transferring natural gas from the work area or from a shelter through a transmission pipe
UU Migas	Oil and Gas Law No. 22 of 2001
UKL	Environmental Management Business
UPL	Environmental Monitoring Business

# TEAM OF ANNUAL REPORT

## PT PERUSAHAAN GAS NEGARA TBK YEAR 2019

### LEADERS

Director of Finance  
 Director of Infrastructure and Technology  
 Director of Human Resource and General Affair  
 Director of Commerce

### CHIEF

Tri Setyo Utomo (Corporate Support And Services)

### AR COORDINATOR

Johannes Parlindungan (Risk Management And GCG)  
 Yosa Arfika Naim (Corporate Support and Services)

### SR COORDINATOR

Tubagus Nurcholis (Corporate Social Responsibility)  
 Ali Fahrudin (Health, Safety, Security and Environment)

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