



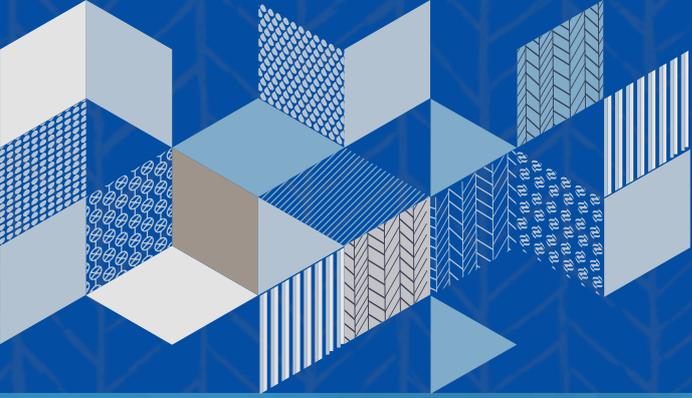
Sustainability Picture

Knitting environmental sustainability, increasing economic resilience and maintaining social stability, that is the meaning of sustainability for PGN Group.

Together with the global community, we play an active role in addressing climate change. We encourage the society to maintain the sustainability of the planet for the generation to come.







Water is essential for live. Without water there would be no life. Use enough water for future generations to meet their owned.

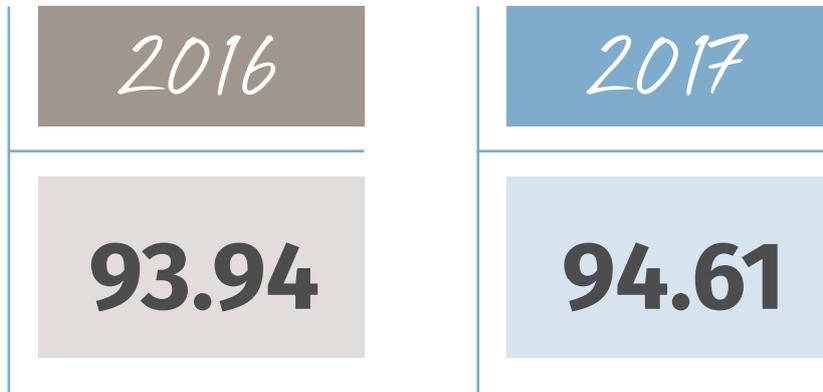
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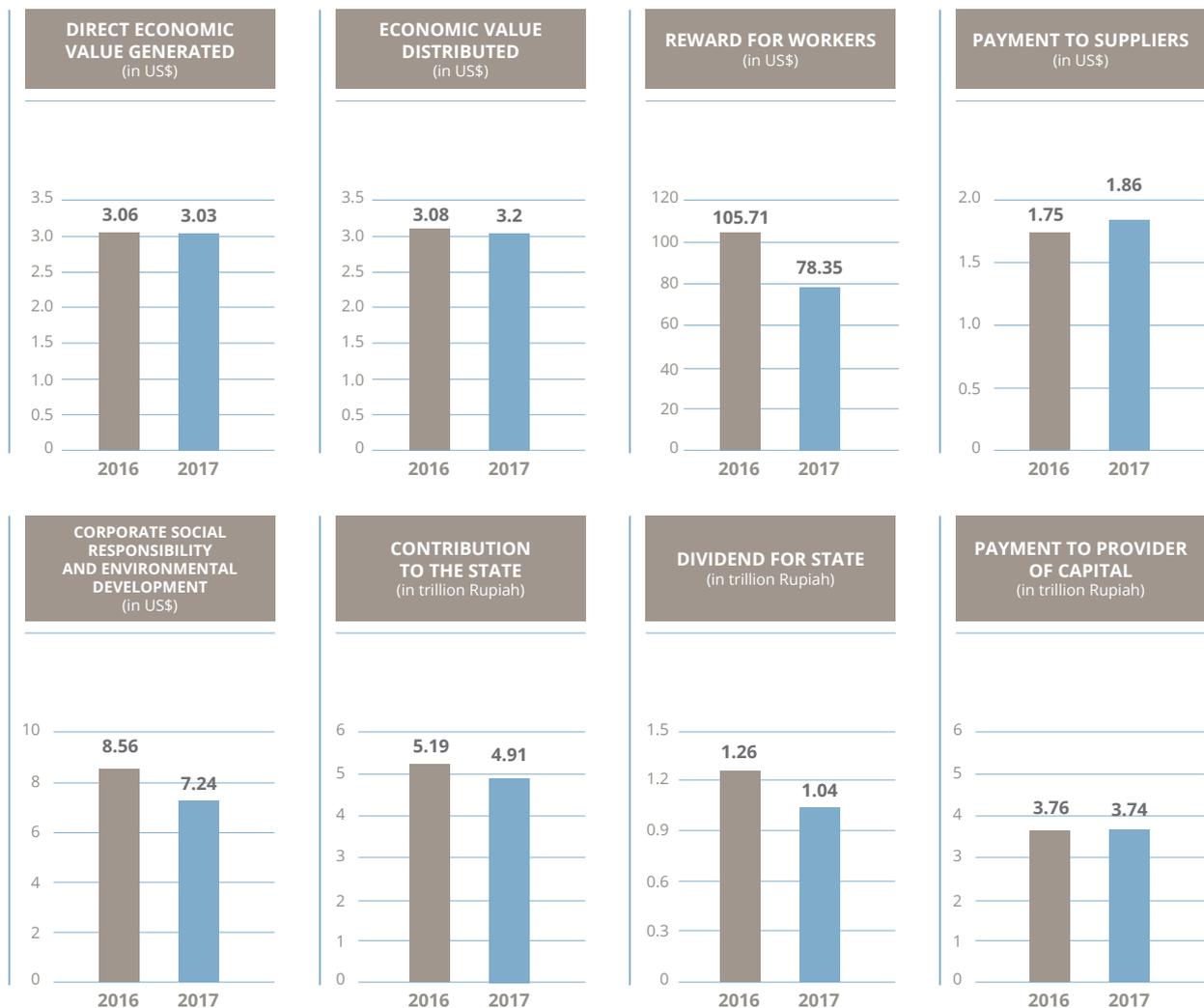
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SUSTAINABLE INDICATOR

GCG SCORE



ECONOMY



SOCIAL

CUSTOMER INDEX SATISFACTION

2016	2017
5.37	5.48



WORKERS WALKED OUT

2017
NONE



INFRACTION OF MARKETING CASES

2017
NONE



CASES OF INFRINGEMENTS OF HUMAN RIGHTS

2017
NONE



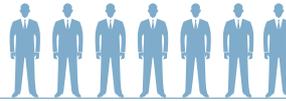
WORKERS RECEIVED ANNUAL KPI

2017
100%



NUMBER OF MALE WORKERS

2016	2017
1,067	1,012



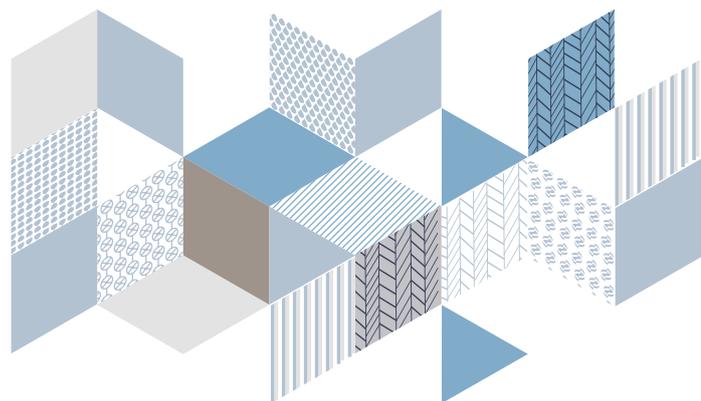
WORKER INCORPORATED IN WORKERS FEDERATION

2017
80.4%



NUMBER OF FEMALE WORKERS

2016	2017
359	327



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FEMALE SENIOR LEADERS (TOP AND MIDDLE) - (PEOPLE)

2016	2017
53	56



AWARDS IN OCCUPATIONAL SAFETY

2016	2017
7	8



TOTAL EMPLOYEE

2016	2017
1,426	1,339



TRAINING AND EDUCATION (MANDAYS)

2016	2017
11,592	17,627



NUMBER OF INCIDENTS

2016	2017
0	4



SAFE-MAN HOURS

2016	2017
89,263,642	83,009,685



ENVIRONMENT

AIR EMISSION MONITORING RESULTS

2016	2017
< QUALITY STANDARDS	< QUALITY STANDARDS

TREE PLANTING

2016	2017
85,329	96,314



ACCUMULATED LENGTH OF TRANSMISSION & DISTRIBUTION PIPES (KM)

2016	2017
7,278.03	7,453.19



ENERGY CONSUMPTION (GIGAJOULE)

2016	2017
662,996	686,255

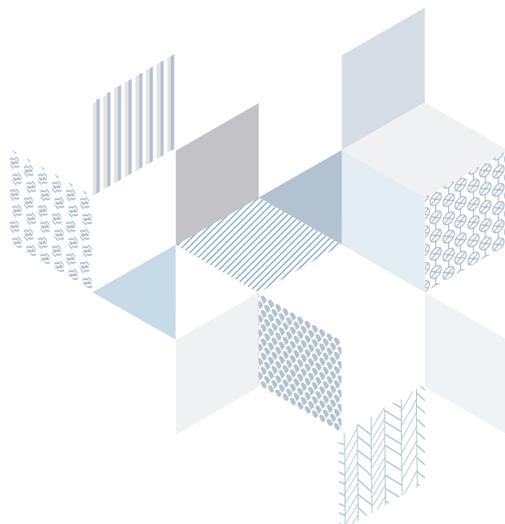


NATURAL WATER CONSUMPTION

2016	2017
56,608 M³	44,509 M³

GREENHOUSE GAS EMISSION INTENSITY (TON CO₂EQ/MMSCFD)

2016	2017
45,92	68,85



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IMPORTANT EVENTS

5 January

The efforts to continuously expand natural gas pipeline in many areas are carried out by building the gas pipeline of Gresik-Lamongan-Tuban segment which spans 141 kilometers.

10 January

PGN supplies to recently established ceramic factory owned by PT Arwana Citramulia Tbk in Mojokerto, East Java. Located in Kaligoro village, it is the fifth factory of Arwana.

12 January

PT Saka Energi would drill two more exploration wells in South Sesulu Block, East Kalimantan. The drilling was executed in end of February, and it is aimed at proving the existence of oil and gas reserves in that area,

25 January

PGN expands gas distribution for industry in Karawang and East Jakarta including to PT Aston Prima Raya, Karawang, West Java and aerosol producer PT Sampoerna Printpack, East Jakarta.

19 February

PGN receives Occupational Health and Safety (OHS) and Environment Management System certificate from PT Lyod's Registered Indonesia.



2 March

PGN holds entrepreneurship and business management training at Village-Owned Enterprise of Teluk Terate Village, Kramatwatu, Serang, Banten.



20 March

PGN supplies gas, i.e. compressed natural gas (CNG), to Sari Roti factory in Semarang.

15 March

Declaration of “World Class Action” annual cultural program, where PGN employees would be able to increase productivity and performance by implementing applied programs related to Corporate Culture.

23 March

PGN supplies CNG to Hotel Dharmawangsa as fuels for five kitchens and laundry boiler.

7 April

PGN achieves two awards, i.e. Top CSR Award 2017 for category of Rural Economic Development and Top CSR 2017 in “Nawacita 7”, while PGN President Director Hendi Prio Santoso is selected as Top Leader in “CSR Commitment”.

11 April

Saka Energi and PGN synergy in the holding company downstream gas business. Saka Energi Indonesia is assigned to supply gas, while PGN builds pipelines.



12 April

PGN cycling race team promises to surprise the public at Tour de Lombok Mandalika 2017, having a more solid team composition with three national athletes.

19 April

PGN cycling race team called PGN-Road Cycling Team (P-RT) came runner up for the category of Best Indonesian Rider Stage in the Tour de Lombok Mandalika 2017.

20 April

PGN supplies gas to several tenants of MD Place office building, including restaurants, food court and coffee shops.

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IMPORTANT EVENTS



4 May

PGN shareholders agreed upon the Company's decision to appoint Jobi Triananda Hasjim as President Director, replacing Hendi Prio Santoso in the Annual General Shareholders' Meeting held at Four Seasons Hotel, Jakarta. The meeting also appointed Gigih Prakoso as Director of Business Strategy and Development and Desima Equalita Siahaan as Director of Human Resources and General Affairs.

13 May

On the occasion of BUMN Berbagi Ramadan 1438 Hijriah in the holy month, PGN distributed 20,000 Ramadan packages in 10 mosques throughout Jakarta and Tangerang.

15 May

PGN builds another gas filling station (SPBG) in Klender, East Jakarta on PGN's 52nd anniversary.

16 May

PGN holds a fast-breaking event and commemorates Nuzulul Quran at PGN Head Office, Jalan Zainul Arifin, Central Jakarta; the Company distributed donation to 11,860 orphans and the underprivileged from 593 foundation throughout PGN's operational areas during the Ramadan 1438 H.



17 May

PGN signs a Gas Sales and Purchase Agreement (GSPA) with ConocoPhillips (Grissik) Ltd. for gas supply to Dumai, Sumatra.

2 June

PGN invites more than 500 three-wheeled bajaj drivers in Jakarta for fast-breaking supper.

8 June

PGN enters into cooperation with Perusahaan Umum Jasa Tirta (PTI) II for good production supporting infrastructure sector and energy infrastructure sector.



9 June

PGN and Pertamina sign a Cooperation Agreement of joint development and operation of Duri-Dumai gas transmission pipe.

22 June

PGN President Director Jobi Riananda Hasjim, accompanied by Marine Base Commander of Jakarta Col. (Mar.) Teguh Widodo, witnessed the departure of 2,245 seasonal migrants at Cilandak Marine Field KKO Jakarta to cities in West Java, Central Java and East Java.



6 July

PGN supplies natural gas to industrial sector in Bekasi, West Java, i.e. to PT Fajar Surya Tridasa, one of Indonesia's paper producers.

19 July

PGN achieves international-level award under category 2016 Vision Award at Annual Award Competition held by League of American Communication Professional (LACP) for its 2016 annual report bearing the theme 'When a Pipeline Is Not Just a Pipeline?'.

20 July

PGN cooperates with PT Perkebunan Nusantara VII (PTPN 7) in holding 'Siswa Mengenal Nusantara' (Introduction to the Archipelago for Students) activity in Lampung; this is aimed to nurture pride of the young generation of the archipelago's diverse richness. As many as 23 students from Lampung participated in the activity, comprising 18 senior high/vocational school students, 2 students of SLB (deaf), 2 companion teachers, and 1 representative of Dinprop Lampung.

25 July

PGN signs a Cooperation Agreement for a joint study in operating new dual-fueled vessel in Merak (Banten) - Bakauheni (Lampung) crossing with PT ASDP Indonesia Ferry to drive development in maritime sector and to increase natural gas utilization in various sectors, including sea transportation.

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IMPORTANT EVENTS



3 August

PGN installs converter kits to 116 vehicles free of charge. PGN is also ready to take the task of building and operation gas network of 10,321 house installations, with the length of 204 kilometers; this is targeted to be complete by the end of 2017.

Gas network development groundbreaking at Perumnas Way Halim residential area, Bandar Lampung by PT PGN, in accordance with Energy Minister Decision No. 8086 K/12/MEM/2016.

PGN distributed 116 oil-to-gas fuel consumption converter kits.

17 August

PGN handed house surgery assistance to 45 veteran houses in Bandar Lampung and other areas in Lampung province.



27 September

PGN achieves two awards of Indonesian Human Capital Study Award 2017, i.e. Best Competency Management and Best Human Capital Indexes.

9 August

PGN launches a new program executed by Village-Owned Enterprise Sabar Subur as part of PGN Assisted Village program, which is launched in July 2016. The enterprise is located in Teluk Terate Village, Kramatwatu, Serang, Banten. PGN also builds a bridge over Cibeureum river and revitalized Situ Tasikardi lake in Serang, Banten.

10 October

PGN participates in the program 'BUMN Hadir di Kampus 2017' (SOE at Campus 2017) that the Energy Ministry held. PGN President Director Jobi Triananda Hasjim delivered a lecture to the students of Airlangga University, Surabaya.

13 August

The Energy and Mineral Resources Ministry along with PT PGN expand the natural gas network for households in Mojokerto area, East Java with 5,000 installations.



18 October

Once again PGN presents scholarship to children of PGN pensioners and deceased employees for academic year 2017/2018. The number of awardees is 88, comprising 33 children of deceased employees and 55 children of pensioners.



24 October

PGN achieves Gold Stevie Award for category of 2016 annual report print edition. The annually international award organized by International Business Awards selects PGN 2016 Annual Report themed "When a Pipeline is Not Just a Pipeline" the best annual report.

PGN would soon realize the 67 kilometer Duri-Dumai gas transmission pipeline construction project in Riau.

1 November

For the period of nine months ended on September 30, 2017, PGN booked an income amounting to USD\$2.16 billion. This is relatively equivalent to the same period the previous year of US\$2.15 billion.



6 November

PGN achieves the BUMN Performance Excellence Award 2017 from the State-Owned Enterprise Ministry, bringing PGN as one of 11 SOEs called the 'Emerging Industry Leader'.

10 November

PGN signs five cooperation agreements with four SOEs, namely Perum Jasa Tirta II, PT Energy Management Indonesia, PT Pertamina (Persero) and PT Hutama Karya (Persero). This is part of the implementation of the SOE Ministry's recommendation that SOEs support the government's goal of development synergy for national-scaled economic growth.

11 November

PGN relies on 360 Degree Integrated Solution to integrate the upstream and downstream gas sectors.

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13 November

Through its subsidiary PT Gagas Energi Indonesia, PGN runs a trial test of marketing and distribution of the latest natural gas product, compressed natural gas (CNG) called 'Gaslinku'. The aim of this project is to reach the areas which are not yet connected with gas network, particularly medium-scaled industrial players, hotels and restaurants.

15 November

Through PT PGN LNG Indonesia, PGN collaborates with PT Pelindo Energi Logistik, the subsidiary of PT Pelabuhan Indonesia III (Pelindo III) to optimize natural gas business facility utilizing. The Company signs a Memorandum of Collaboration (MoC) concerning natural gas supply business for the operations of ports, power plants, optimization and development of natural gas and LNG infrastructure at PT Pelindo III's assets.

PGN completes the construction of household gas network, connecting 5,000 houses.

Eight officers of the Nigerian government visited PGN's gas network facility in Cirebon, West Java. This is part of the visit agenda of the Nigerian government's delegation, which seeks to study Indonesia's downstream oil and gas sector.

23 November

PT Saka Energi Indonesia prioritizes upstream oil and gas industry development to support the government in increasing national oil and gas production.

28 November

PGN conferred Innovation Award, which is aimed to encourage workers to consistently make improvements in their day-to-day task and/or to nurture entrepreneurship spirit.



5 December

PGN signs a Memorandum of Understanding (MoU) with PT Bintangraya Lokalestari concerning Cooperation of Natural Gas Utilization and Business Development at KEK Geopark Sukabumi.

PGN achieves the title Best Organisational Governance Program at the CECT Sustainability Awards 2017. The principal goal of CECT (Center for Entrepreneurship, Change and Third Sector) of Trisakti University CSR Awards is to appreciate companies whose CSR performance is deemed 'good' according to ISO 26000, the Corporate Social Responsibility (CSR) management guideline standards.



9 December

PGN manifests its commitment to new renewable energy development program that the Government declared by constructing ten biogas reactors with capacity of 6 to 12 cubic and located in Jetak Village, Getasan District, Semarang, Central Java.

10 December

PGN consistently supports national sports in the PGN Inter-Club Tournament Livoli 2017, one of the events for national volleyball athletes from teams throughout Indonesia.



13 December

PGN makes a breakthrough by implementing online service innovation to accelerate registration service time for natural gas customer application.



14 December

PGN is officially appointed as seller of LNG produced by PT Badak NGL's LNG Badak Refinery and the gas is sourced from Sanga-Sanga Block, East Kalimantan

18 December

PGN receives Indonesia Good Corporate Governance Award (IGCG) II 2017 from Economic Review magazine cooperating with IPMI International Business School, Sinergi Daya Prima and Indonesia Asia Institute-Ideku Group.

19 December

PGN's Management and Workers' Union sign a Collective Labour Agreement of 2017 to 2019.



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AWARDS AND CERTIFICATIONS



LHKPN Implementation Award
Best of Year 2017



Certificate & Trophy of Recognition for
The Accomplishment in Receiving Best
Competency Management 2017



Certificate & Trophy of Recognition for
The Accomplishment in Receiving Best of
HC Index Effectiveness 2017



Zero Accident Award from the Ministry of Manpower of the Republic of Indonesia



The HIV & AIDS Program Prevention and Control Award at the Workplace of the Ministry of Manpower of the Republic of Indonesia



Certificate of Appreciation Zero Loss of Work Hours by Accidents - PGN Regional GDM I



Certificate of Appreciation Zero Loss of Work Hours by Accidents - PGN Regional GDM II

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AWARDS



Certificate of Appreciation Zero Loss of Work Hours by Accidents - PGN Regional GDM III



Certificate of Appreciation Occupational Safety and Health Management System



Certificate of Approval ISO 14001:2004



Certificate of Approval OHSAS 18001:20047



Audit Certificate Security System Management System



Certificate of Social Business Innovation Award 2017 Category Energy from Warta Ekonomi



8th Nusantara CSR Award 2017 Category of Community Economic Improvement



Trophy Appreciation from Karya Salemba Empat for Contribution in Education

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AWARDS



Top CSR 2017 on Nawacita 7: Rural Economic Development & Top Leader on CSR Commitment



Winner Best Sustainability Report 2016, Best for Early Adopted GRI Standards, & Best Overall SRA 2017



Best Organisational Governance Program pada CECT Sustainability Awards 2017



Best Organisational Governance Program pada CECT Sustainability Awards 2017



Indonesia Green Award 1
Indonesia Green Award from The La Tofi School of CSR



Gaslink



energy for life

PT Perusahaan Gas Negara (Persero) Tbk

www.pgn.co.id



DA



JAGA JARAK AMAN

The year of 2017 marks the end of the road journey of Environmental Transformation Road 2013 - 2017 at PGN. But we did and continue to roll out the operational wheels of the company to realize the vision of becoming a world-class energy company in the gas field by 2020.

MESSAGE OF THE PRESIDENT COMMISSIONER [GRI 102-14]



Dear Stakeholders,

The Board of Commissioners appreciates the management’s achievement in GCG application in 2017; the score 94.61, or categorically “VERY GOOD” is the highest GCG score in the last five years. This reflects that good corporate governance infrastructure has been in place and the management has utilized it at the maximum.

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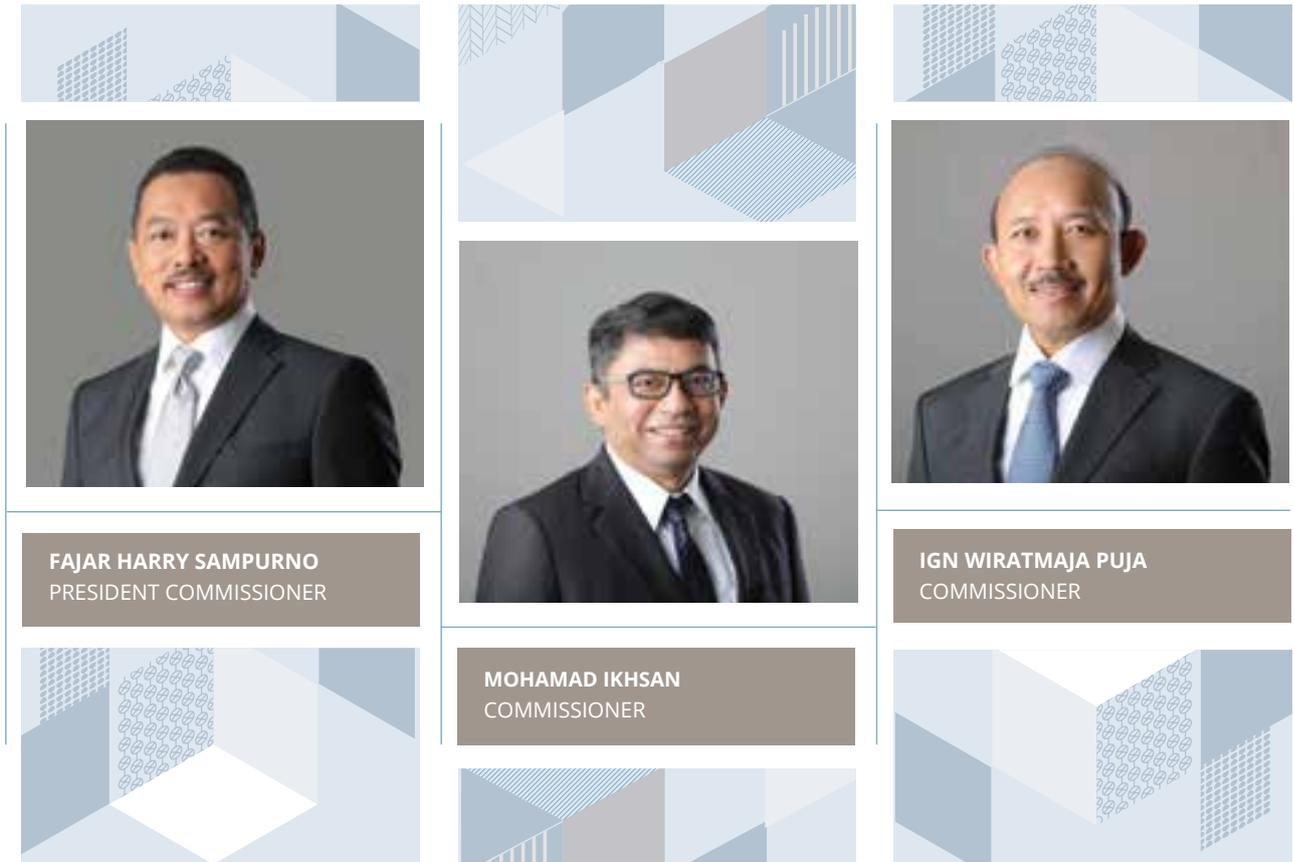
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FAJAR HARRY SAMPURNO
PRESIDENT COMMISSIONER

IGN WIRATMAJA PUJA
COMMISSIONER

MOHAMAD IKHSAN
COMMISSIONER

In addition, the Board of Directors has successfully achieved a magnificent sustainability performance in 2017. PGN recorded a revenue of US\$2.97 billion, a 1.7% increase from last year of US\$2.93 billion. The same case with the social investment for the community, in the form of Environmental Development Program and Corporate Social Responsibility (CSR), which show an increase in 2017 compared to previous year.

In environmental affairs, the Board is highly appreciative in the implementation of the Environmental Management and Integrated Energy System. Executing the strategies in the Environmental Transformation Roadmap, PGN demonstrated that the 3P principles –Profit, Planet and People—are in balance, towards the realization of PGN’s Vision for 2020. The Board of Commissioners mandates that the Company continue equilibrate the 3P principles, not only orienting itself to profit but also taking into account the environmental impact (the ‘planet’) and the social impact (the ‘people’) that arise from the Company’s operations,



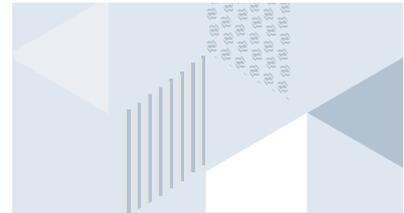
PAIMAN RAHARDJO
INDEPENDENT COMMISSIONER



KISWODARMAWAN
INDEPENDENT COMMISSIONER



HENDRIKA NORA OSLOI SINAGA
COMMISSIONER



Through more environmentally-friendly energy, PGN is deemed having contributed to environment conservation. In relation to this, we appreciate the Company's efforts in expanding the gas pipeline by 7,450 km, equivalent to 80% of the national downstream natural gas pipeline.

In closing, the Board of Commissioners would like to thank the Board of Directors and all PGN People who have worked hard in the proudfest sustainability performance in 2017. We would also thank all PGN's stakeholders for their support and contribution in developing the Company, particularly in sustainability.

Jakarta, March 2018

Fajar Harry Sampurno

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MESSAGE OF THE PRESIDENT DIRECTOR [GRI 102-14]



Dear Shareholder,

Energy is a requirement for fueling the economy of a nation. It is a basic need whose amount would follow the hike of population. By 2035, it is estimated that global energy demand would increase at 36%.

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JOBI TRIANANDA HASJIM
PRESIDENT DIRECTOR



DILO SENO WIDAGDO
INFRASTRUCTURE AND
TECHNOLOGY DIRECTOR



DESIMA E. SIAHAAN
HUMAN CAPITAL AND
GENERAL SERVICES DIRECTOR

Particularly for natural gas, the International Energy Agency projected that the global demands would reach over 50% before 2040.

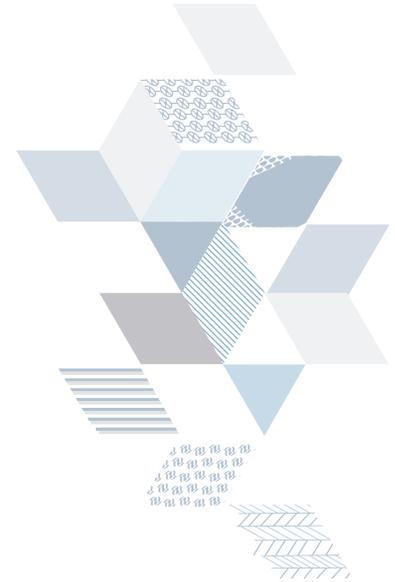
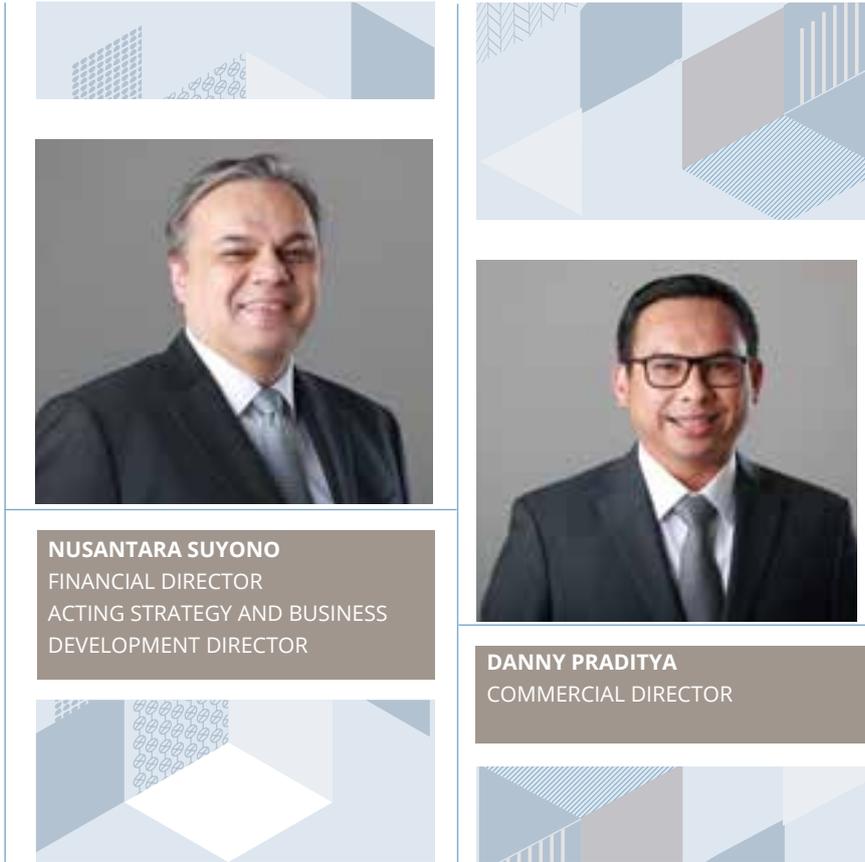
Meeting the energy needs at national scale remains being a great challenge. The Energy and Mineral Resources Ministry recorded about 30 million people in Indonesia hardly meet their energy needs, or do not even have access to energy.

PT Perusahaan Gas Negara (Persero) Tbk (PGN) plays a significant role in the efforts to address the challenge of sustainable energy supply in Indonesia. Up to the fourth quarter of 2017, PGN's pipeline infrastructure has spanned more than 7,450 kilometers, equivalent to 80% of national upstream natural gas pipelines. PGN distributes natural gas to 1,741 industry customers and power plants, 1,991 commercial customers (hotels, restaurants, hospitals) and small- and

medium-scaled enterprises (SME) as well as 192,489 household customers; all of these are built on PGN's investment.

From another aspect, meeting the energy needs for all walks of life has impact on global climate change; as it would trigger CO₂ gas emission and consequently cause global warming. That is why, for more than half a century PGN is there, bearing the commitment to distribute more environmentally friendly energy.

To PGN, sustainability is translated as a responsibility to the people, to the planet, and to the profit of stakeholders. We control the environmental impact due to the Company's operational activities, implement environmentally friendly operational policy, and encourage business partners to also put environmental-friendly policy into effect, in addition we also support the society's movement in



order to support the community movement in implementing environment conservation programs.

The commitment to environment conservation is manifested in the implementation of the Environment Transformation Roadmap throughout the Company’s operational activities, as the Company’s concrete effort to slow down the global climate change. So far the parameters of environment quality monitoring across PGN’s main operational areas always meet the minimum limit of environment benchmark, and even lower. The Company has also applied carbon calculator to keep track and control its carbon footprint.

An external party is hired for periodical environment management system audit to ensure that the system is well applied. To uphold the principle of sustainable

This theme carry off the concept of delivering integrated solution for all-in service and understanding the Customers with all of the Company’s characteristics and capability

development in PGN’s external scope, PGN makes a innovation - building Indonesia’s First Energy-Based Housing Estate. In 2017, through its subsidiary Permata, PGN started to market 350 units of ‘smart home’ in Narogong, Bekasi. Situated in Vida, Bekasi, all the houses built in this estate is equipped with solar panel with capacity of 1,300 VA and integrated with PGN’s natural gas pipelines, fiber optic network and underground utilities.

PGN is highly committed to the efforts of realizing the Sustainable Development Goals (SDGs).

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- 3 SUSTAINABILITY GOVERNANCE
- 4 GOOD ENERGY BRINGS PROSPERITY TO THE NATION
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- 6 OCCUPATIONAL HEALTH & SAFETY (OHS)
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From environmental aspect, PGN's contribution in 2017 includes the development of biogas as local community energy. This is carried out through developing 10 biogas reactors with capacity of 6-12 cubic in Jetak Village, Getasan, Semarang, Central Java. As many as 137 biogas-consuming houses would benefit from PGN's subsidy, so that "BIRU", or the house biogas program can continue and local energy consumption may be evenly distributed. PGN's presence is very much welcomed by the Government and the Jetak villagers. Furthermore, due to PGN's role, Jetak Village strengthening as an Energy-Independent Village is foreseeable in the next few years. These steps are evidently in line with the agenda of affordable energy provision by switching to new and renewable energy sources.

The rise of energy demand drives us to realize investment in both upstream and downstream sectors in natural gas business chain. This is aimed to increase gas supply to distribution and transmission system network facilities to assure the supply of natural gas to the community and industry.

PGN develops Smart Energy as a program of one of PGN's principle themes of service, i.e. 360° Integrated Solution. This theme carry off the concept of delivering integrated solution for all-in service and understanding the Customers with all of the Company's characteristics and capability. PGN 360° Integrated Solution is about PGN providing natural gas use service from upstream to downstream. This include natural gas procurement through subsidiary Saka Energi, which supplies liquefied natural gas (LNG) called CNG through natural gas pipelines stretching at 19 regencies/cities in 12 provinces.

Utilization of more environmental friendly natural gas fuel is proven more efficient and profitable for business players. The ability to minimize production cost automatically raises national industry's competitive power. Natural gas utilization allows the reduction of fuel expenses between 40% and 60%. This amount encourages PGN to continue seeking to expand natural gas utilization to areas especially industrial zones in Indonesia, as a commitment to continuous deliverance of inclusive and efficient natural gas service in the country. One of the impacts is a large number of companies of different industries turning to PGN's natural gas in 2017: from bread factory, aerosol producer, ceramics as well as paper factories.

Seen from economic dimension of 2017, PGN maintained its performance amid the plummeting oil prices and fluctuating exchange rate of Rupiah. During the period of the year ending in December 31, 2017, PGN booked revenues amounting to US\$2.97 billion, or a 1.4% increase compared to the previous period of US\$2.93 billion. PGN's payment of economic contribution to the State, comprising dividend payment, tax and fees of BPGH Migas, totalled Rp6.4 trillion, or an increase at 23.1% from that in 2016. Environment conservation funds, totalling Rp10.05 billion the previous year, increased in 2017 to Rp16.27 billion, or 61.9%.

Despite the number of PGN People in 2017 decreased 6.1% from 1,426 workers to 1,339 workers, through training and personnel development, the number of female workers at Middle and Top levels of position increased 5.7%. This is part of the commitment to the participation in realizing Sustainable Development Goals (SDGs).

PROJECTION

Heading to the future, PGN would continue focusing on efforts to realize the government’s plan to increase new and renewable energy business.

On behalf of the Board of Directors, I appreciate and would like to thank all PGN People who have worked rigorously in realizing sustainability agenda throughout 2017. By making more efforts, I am sure that PGN’s performance in sustainability would continue increasing in the coming years.

Jakarta, March 2018



Jobi Triananda Hasjim

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Running an environmentally business is practiced through operational activities that comply with all regulations on sustainability principles and initiatives. PGN always pays attention to every aspect of the safety of chemicals or materials used for the health and safety of customers.

01



**ABOUT
THIS REPORT**

ABOUT THIS REPORT



We welcome you to read the 2017 Sustainability Report (“the Report”) of PT Perusahaan Gas Negara (Persero) Tbk (“PGN”). This report presents the Company’s operational impacts on the economic, environment and social aspects (or “Triple Bottom Lines”).

We hope that this report would allow all stakeholders to understand PGN’s commitment to sustainability. Reading this report, the readers would also be able to see how far PGN has contributed to the efforts to realize the Sustainable Development Goals (SDGs).

REPORTING PERIOD, SCOPE AND FREQUENCY

This report contains data and information for the period of January 1, 2017 - December 31, 2017. This report discusses the Company’s and subsidiaries’ sustainability performance. As regards the performance of the subsidiaries and affiliates, it is presented on page 66 of this Report.

[GRI 102-50]

This report is the ninth annual report, since the first publication in 2010. The previous report was published in February 2017. **[GRI 102-51, 102-52]**

REPORTING STANDARDS AND COMPLIANCE WITH STANDARDS

This report has been prepared in accordance with GRI standards; Core Options. To facilitate readers in finding the disclosure of GRI standards applied in

this report, we have noted the GRI disclosure index on each relevant page throughout this report in red letters within brackets. A complete list of the GRI standards index applied on this report is available on page 187. **[GRI 102-54]**

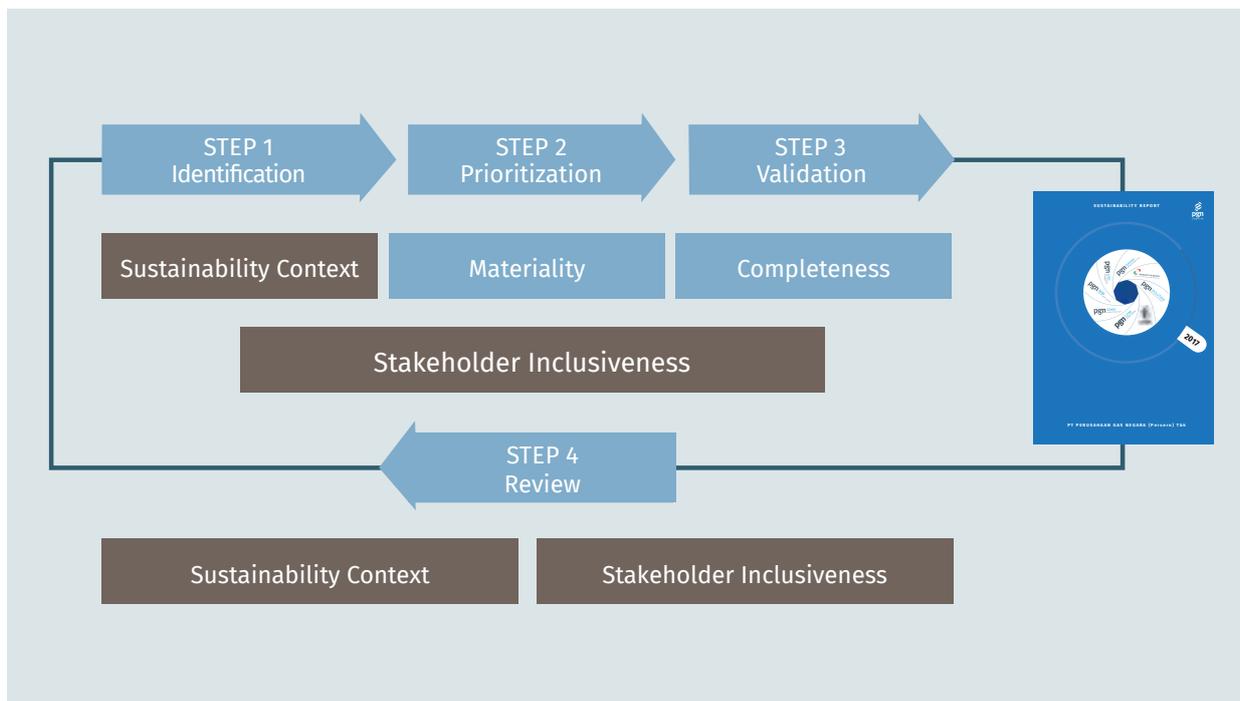
DETERMINING REPORT CONTENT [GRI 102-46]

We set the content of the Report in the following four phases:

1. Identification : Identifying the material aspects along with the boundaries
2. Prioritizing : Determining the priority of the aspects identified previously.
3. Validation : Validating the material aspects
4. Analysis : Analyzing the report after the publication to improve the quality of the report in succeeding years.

In preparing this report, we uphold four principles of sustainability, namely:

- (1) Stakeholder Inclusiveness;
- (2) Sustainability Context;
- (3) Materiality; and
- (4) Completeness.



At the identification phase, we uphold the Sustainability Context principle, where we run tests and then select the issues and topics related to sustainability, namely three groups – economy, environment and social.

At the Prioritizing phase, we conduct tests by upholding Materiality principle, where we select significant sustainability issues and topics which substantively influence the stakeholders’ opinion and decision.

At the Validation phase, we apply Completeness principle, where we analyze the aspects of scope, boundary and period of material sustainability topics.

At the Analysis phase, we again uphold the Stakeholder Inclusiveness principles, where we re-assure that the content of the report is in line with the context of sustainability. At all the aforementioned phases, we also apply Stakeholder Inclusiveness, where we involve the stakeholders in determining the content of this report through the method of questionnaire.

STAKEHOLDERS INVOLVEMENT

In accordance with the process of determining the Report content as described above, we involve the stakeholders in every phase.

PGN’s stakeholders are all parties which are impacted by the Company’s operations and all parties which impact the Company’s operations. Such impacts have three dimensions, i.e. economic, environmental and social. We continue improving the harmonious relations with the stakeholders, especially in creating shared value for the prosperity of all and preservation of the nature. The process of stakeholder identification that we undertake is illustrated in the following table.

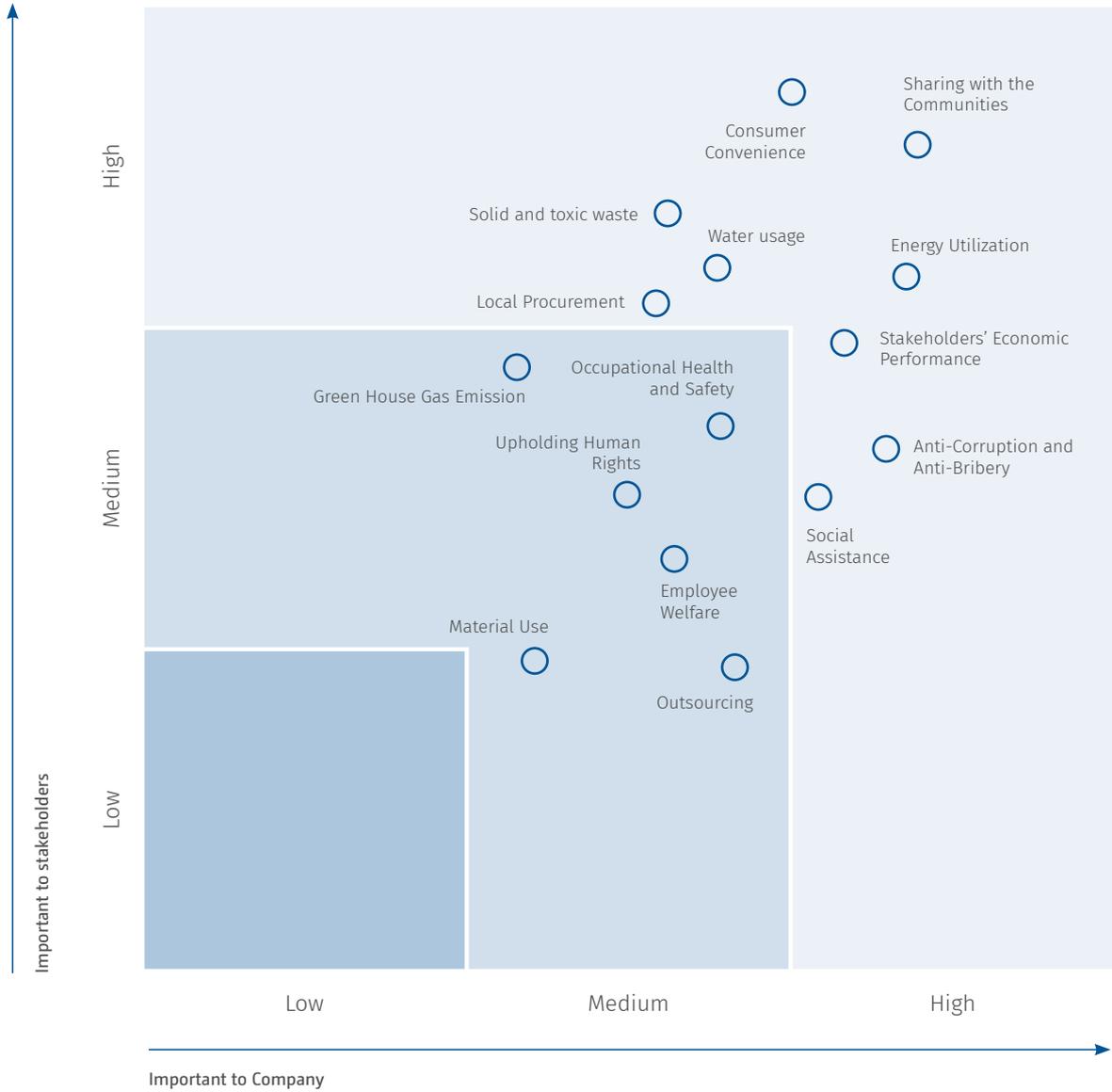
PGN’s internal stakeholders which is fundamentally important is the PGN People. This is the reason why we always seek to maintain the harmonious relations and create comfortable work environment. 100% of PGN employees are protected by the Collective Work Agreement (PKB), which elucidates the rights and obligations of the company and the employees. **[GRI 102-41]**

DETERMINING MATERIALITY LEVEL

In accordance with the process of determining the Report content as described above, we involve the stakeholders in determining the level of materiality. To do this, we use survey method of which the stakeholders fill the questionnaire. This is aimed to understand the stakeholders’ expectation and to obtain inputs regarding material aspects in sustainability context that the Company would include in the report.

We distribute these questionnaires to the stakeholders, among others: PGN Workers' Union, suppliers, customers, beneficiary NGOs of Partnership Programs and scholarships awarders.

Based on the questionnaire results, we identify the priority scale of material aspects; the materiality aspect distribution that is resulted is as follows:



LIST OF MATERIALITY ASPECTS

The whole process of determining the report content as described above would result in the important issues as well as their boundaries and the disclosure under GRI Standards as follows:

Material Topic [GRI 102-47]	Why Material [GRI 103-1]	Number GRI Standards Disclosure	Boundary	
			Within PGN	Outside PGN
Economic				
Economic Performance	Poses significant affects towards stakeholders	201-1	√	
Indirect Economic Impact	Poses significant affects towards stakeholders	203-1	√	
Anti-Corruption	Poses significant affects towards development	205-1, 205-2	√	
Environmental				
Energy	Poses significant affects towards sustainability	302-1, 302-4	√	√
Water	Poses significant affects towards sustainability	303-1	√	
Emissions	Poses significant affects towards sustainability	305-1, 305-2	√	√
Waste	Poses significant affects towards sustainability	306-2, 306-4	√	
Social				
Employment	Compliance towards law and regulations	401-1	√	
Occupational Health and Safety	Poses significant affects towards employees	403-1, 403-2, 403-4	√	
Training and Education	Poses significant affects towards employees	404-1, 404-3	√	
Diversity and Equal Opportunity	Poses significant affects towards employees and local communities	405-1	√	
Local Communities	Poses significant affects towards stakeholders	403-1	√	
Marketing and Labeling	Poses significant affects towards consumers	417-1	√	

CHANGE IN THE REPORT

There is/ there is no significant change in the material aspect and the boundary in this report compared to previous year and there is/ there is no restatement of last year's information.

[GRI 102-48, 102-49]

INDEPENDENT ASSURANCE [GRI 102-56]

Assurance is an important process to ensure that the information presented in the Sustainability Report is free from material error and to improve the report's credibility. In the last five years, PGN has taken an independent assurance service to ensure the report quality. This year, we have assigned Moores Rowland. The process of selecting an assesor was conducted with the approval of the Board of Directors, represented by the Corporate Secretary. Considerations taken to identity an appropriate assesor included experience and capability. The independent assesor report is presented on page 184.

To ensure that this Report has been compiled in accordance with GRI Standards, we have

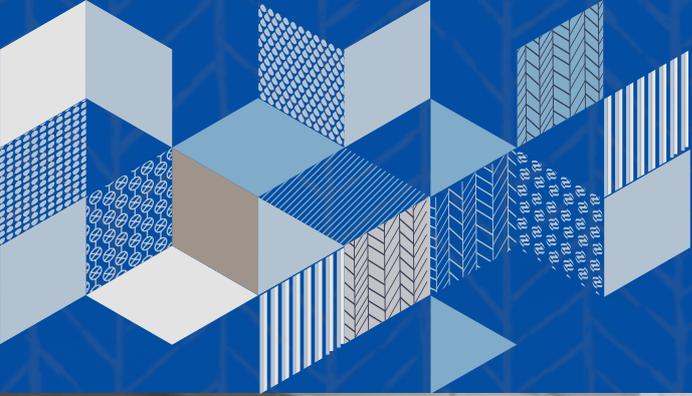
commissioned National Center for Sustainability Reporting (NCSR) to perform GRI Standards in Accordance Check. NCSR's report is presented on page 186. [GRI 102-56]

PERSONAL CONTACT [GRI 102-53]

PT Perusahaan Gas Negara (persero) Tbk is committed to continuous improvement of its Sustainability Report. To that end, we invite all readers and stakeholders to submit their suggestions, ideas, criticism and questions on this 2017 PGN Sustainability Report to:

Corporate Secretary

PT Perusahaan Gas Negara (Persero) Tbk
The Manhattan Square 30th fl.
Jl. TB. Simatupang, Jakarta, 12540, Indonesia
T +6221 633 4838
F +6221 638 54917
Contact Center
T:1500 645
E. contact.center@pgn.co.id
www.pgn.co.id



PGN implements prime operational management and creates innovations to achieve product & service excellence in order to ensure customer satisfaction. PGN's service quality improvement programs prove our seriousness in prioritizing customer satisfaction.

02

MENERUSKAN
ENERGI
BAIK

**SUSTAINABILITY
TRACK RECORDS**

SUSTAINABILITY TRACK RECORDS



PGN contributes to the advancement of Indonesia and the world by providing energy, particularly natural gas product. This fuel is cleaner, more environmentally friendly, economical, sustainable and affordable for all walks of life including the industry, for the interest of supporting the nation's development.

VISION AND MISSION



VISION

To Become the
World-Class Energy
Company in 2020



MISSION

To increase the Company's added values for stakeholders through:

- Customer: Energy needs fulfillment solution that is safe, value-added, economic, and increase competitiveness;
- Society: The improvement of welfare and sustainable economic growth through energy independence and environmental conservation efforts;
- Shareholders/Investors: The creation of the optimal and sustainable Company's values through internal and external synergies.

Vision and mission of PGN which has been renewed based on Director decree: 000303.K/HM.03/UT/2015 issued on 8 Januari 2015

CORPORATE CULTURES



CORPORATE CULTURES [GRI 102-16]

In the process of transformation into a world-class company in gas sector by 2020, PGN places the implementation of corporate culture called “ProCISE” (Professionalism, Continuous Improvement, Integrity, Safety & Excellent Service) as one of the important supporting elements.

ProCISE is built to grow corporate identity as a National Gas Company. ProCISE is also the organizational unifying element in the transformation process, and is aimed to nourish the “ONE PGN” spirit – indispensable in creating synergy in delivering better service to customers.

ONE PGN for a better future (“ONE PGN”) is a tagline to strengthen unity and togetherness of PGN Group to synergize, resulting in optimum output and giving added values to stakeholders. The One PGN spirit was born out of the awareness to coordinate upon the growing business development undertaken by PGN Group.

“One PGN for a better future” reflects PGN Group’s goal, i.e., to become a company that always provides good energy to make a better future for the Company and Indonesia.



PGN'S CORPORATE CULTURES

· **Professionalism**

Always provide the best results by improving the competence in its field and be responsible for every action and decision were taken.

1. Competent at its field
2. Responsible

· **Continuous Improvement**

Committed to conducting continuous improvement.

3. Creative, innovative and implementative
4. Adaptive to changes

· **Integrity**

Honest with ourselves or others. Consistent with thoughts, words, and deeds based on noble ethical standards.

5. Honest, Open and Positive Thinking

6. Discipline and Consistent

· **Safety**

Consistently prioritize the occupational safety and health, both for ourselves and the surrounding environment.

7. Prioritize the Occupational Safety and Health

8. Care for the Social and Natural Environment

· **Excellent Service**

Prioritize the satisfaction of internal or external customers by providing best services.

9. Prioritize the Satisfaction of Internal and External Customers

10. Pro-active, Quick and Accurate Response

ONE PGN, SPIRIT OF WORLD CLASS ACTION

In line with the roadmap of corporate culture implementation, the focus in 2017 is synchronizing between the corporate cultures and the performance management also integrating the ProCISE values into the values that grow in the business entities within PGN Group.

Several subsidiaries and affiliates within PGN Group environment have developed corporate values in line with vision and business challenges of the respective entity. However, PGN maintains that the cultural values which the entities/subsidiaries developed be in harmony with ProCISE values. One of the methods to synchronize these cultural values is creating a joint work program and holding a competition for the implementation. This work program is called **“World Class Action”**.

1. Safety First

Safety First is a World Class Action aimed to improve the employees' awareness of and care of the safety aspect, which is very important to both PGN as a natural gas management company and to the workers. The target of behavior change is the embedding of safety induction, safety sharing/contact and the 5R (office safety) cultures.

2. Effective Meeting

Effective Meeting is a World Class Action which targets that meetings would bring out better decisions and would be held with efficient resources.

3. English for Business Communication

Communication capability supported with good language competence is one of the corporate culture programs in 2017; this is in line with the Company's vision of becoming a world-class company.

4. Active Participation in Professional Community

As a prominent national company in natural gas management, it is expected that PGN People share their knowledge for the growth of the nation. Being active in professional community would also help PGN People gain knowledge and skills as well as expanding social network. Therefore, PGN has set active participation in professional community as of the World Class Action programs.



5. Professional at Work

Being professional in the mind, skills, interaction and appearance is an important behavior to build, as an effort to obtain the stakeholders' trust that we are "the national gas company".

These five World Class Action programs are conducted in the entire PGN Group environment, including subsidiaries/ affiliates, and are supported by the management. Evaluation in a variety of methods and phases have been running since the program was declared, and by the end of the year, three working units that achieve the best ProCISE and world Class Action program implementation would be selected. As a concrete form of appreciation, PGN also selects the best

"Culture Champion" who encourages corporate culture implementation. PGN also raises the culture that drives the realization of sound corporate governance based on good corporate governance principles. PGN has created and inculcated the Code of Conduct of PGN People. Broadly speaking, the Code of Conduct contains the guidelines of PGN People in doing day-to-day activity and in the etiquette in the relations with the stakeholders. The Employee Code of Ethics also provides practical guidelines regarding conflict of interest, corruption, bribery, gratification, information management, and others. Both Employee Code of Ethics and Leadership Code of Ethics have been published and must be obeyed by all PGN people.

COMPANY HISTORY IN BRIEF

1859

**L.J.N. Eindhoven
& CO Gravenhage
Firm**

The company was firstly founded by the Eindhoven family.

1863

**NV Netherland
Indische Gas
Maatschapij (NIGM)**

The Dutch government took over the Eindhoven Family business and changed the company name. In 1879, NIGM operated two gas plants in Jakarta and Surabaya.

1950

**NV Netherland
Indische Gas
Maatschapij
(NIGM)**

The Dutch government operated 11 gas plants and 33 power plants, thereby combined NIGM and Dutch Government power companies and changed the company's name..

1958

**Takeover
Board of
Electricity
and Gas
Companies
(BP3LG)**

The Indonesian government nationalized foreign companies

1961

**Board of
General
Administration
of the State
Electricity
Company**

Consolidation of State gas companies & electric companies



1965

Perusahaan Gas Negara

On May 13, 1965, pursuant to Government Regulation No. 19 of 1965, PGN was designated as a State Enterprise

1984

Perusahaan Umum Gas Negara

The form of business is changed to Public Company (Perum)

1994

PT Perusahaan Gas Negara (Persero)

The change in the status of the company was accompanied by the addition of a broader scope of business that was in addition to the distribution of natural gas PGN also took part in the transmission field, where PGN served as a transporter

2003

PT Perusahaan Gas Negara (Persero) Tbk

The shares of PGN have been listed in the Jakarta Stock Exchanges and the Surabaya Stock Exchange on December 15, 2003 with the trading transaction code "PGAS".

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COMPANY HISTORY IN BRIEF

1998

PGN succeeded in completing the Transmission Pipeline of Grissik – Duri

2003

Completion of Grissik-Batam-Singapore transmission pipeline network

2007

On October 25, 2007, the gas pipeline of SSWJ II Grissik – Pagardewa segment was inaugurated by the Minister of State for State-Owned Enterprises (SOE) for PT Krakatau Daya Listrik from Pertamina field in Pagardewa. 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.

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.

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 Gagas Energi Indonesia (GEI).

2012

PGN established a Subsidiary Company PT PGN LNG Indonesia (PLI). The PLI's 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.

2014

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

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 Lorong Gas Power Plant in Semarang for 201 km long and continued with the commercialization of that pipelines. With the operation of that infrastructure, then PGN becomes the only natural gas downstream Company that serves to all Customer sectors (Household, Commercial, Industry, and Power Plant) in Central Java

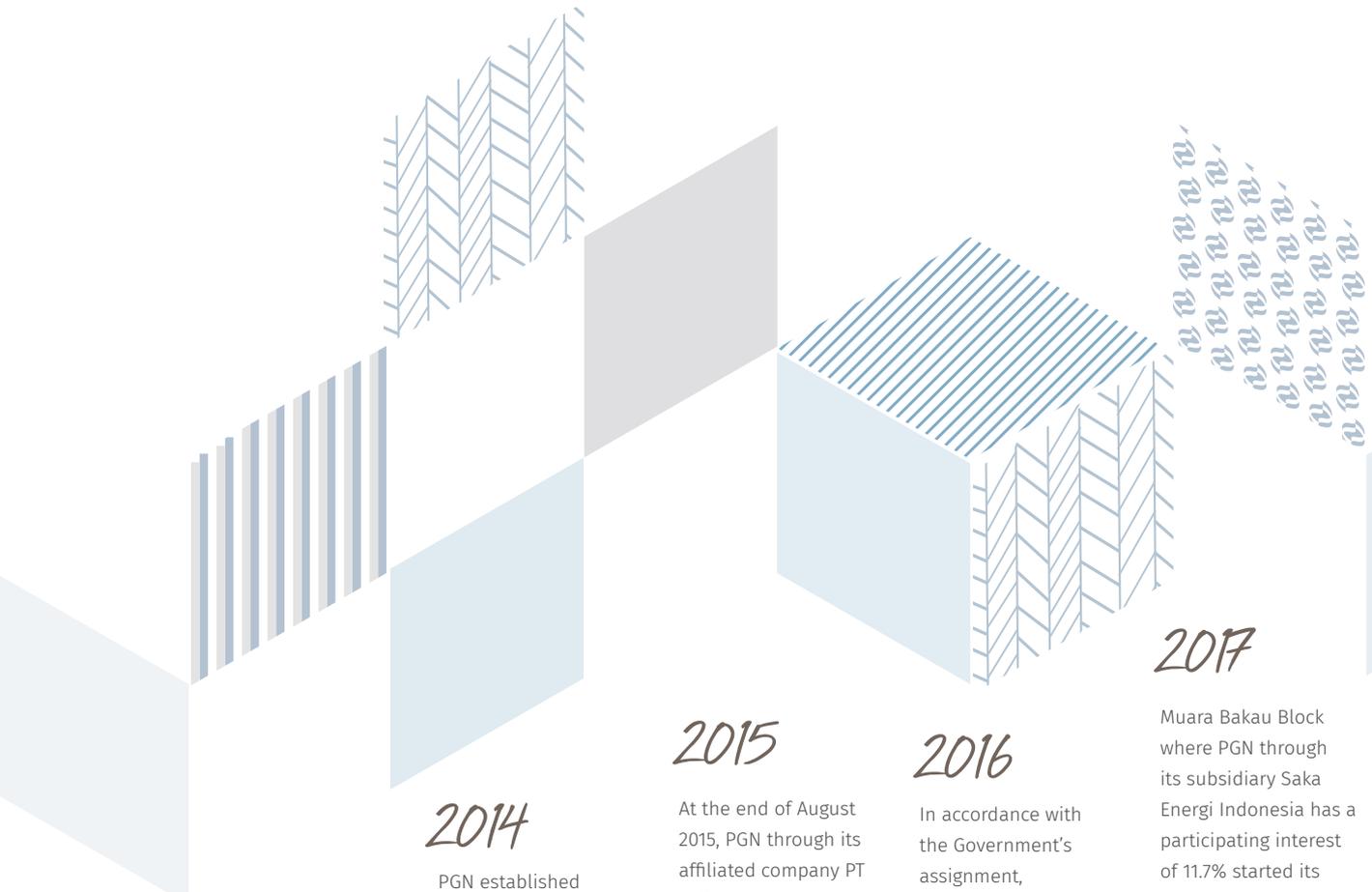
2016

In accordance with the Government's assignment, PGN started the construction and management of household natural gas network project in Batam, Surabaya, and Tarakan, after earlier in 2015 PGN was assigned to manage the household natural gas network that was built by the Central Government in 11 regions, i.e among others Jabodetabek, Palembang, and Surabaya.

PGN had an organization transformation to adjust the company's development and encounter the business competition in oil and gas sector. Together with its subsidiaries and affiliations in the form of ONE PGN, established its stride to the next level towards the world-class company in the gas industry.

2017

Muara Bakau Block where PGN through its subsidiary 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.



Up to today, PGN is a professionally managed SOE that focuses on distributing and connecting Indonesia's principal natural gas sources to the customers and consumers. PGN is committed to the utilization of clean energy of the country for the prosperity of all people.

The history of the Company begins in 1989, as a Dutch private firm named L.J. N. Eindhoven. In 1965, based on the Government Regulation Number 19/1965, PGN became a legal entity that has the right to undertake its business independently, with business scope of gas power provision and gas industry, for the main objective of improving the life quality of the people. Afterwards PGN transformed into a public SOE through an IPO on December 5, 2003, bearing the code of PGAS and is listed at the Jakarta Stock Exchange. As per end of 2017, the shareholders of PGN are the Government, with 56.96% and the public 43.04%.

Founded on May 13, 1965, PT Perusahaan Gas Negara (Persero) Tbk has grown into a leader in natural gas transmission and distribution in Indonesia, experiencing the management of effective, safe and efficient gas transmission.

MARKET SEGMENT

[GRI 102-6]

PT PGN is committed to managing Indonesia's natural gas resources and providing the best service to all customers. Our customers comprise numerous groups of people and industry, from household, commercial, industrial sectors and power plant. To realize its goals, PGN is supported by its subsidiaries in various fields, namely upstream and downstream explorations, liquid natural gas, construction, telecommunication, natural gas transmission, re-gasification terminal and floating storage.

Up to 2017, PGN distributed natural gas to 192,489 households, 1,991 micro-, small and medium-scaled enterprises, healthcare centers, hospitals, orphanage, education institutions, governmental offices, private offices, department stores, hotels, restaurants and other commercial business, as well as 1,741 manufacturing industry customers and power plants.

GAS PIPELINES

PGN operates natural gas distribution and transmission pipelines spanning 6,210.14 km and that of the subsidiaries (TGI, PLI, KJG and NR) 1,243.05km. It also supplies natural gas to power plants, industries, commercial business including restaurant, hotel and hospitals, as well as households throughout Indonesia.

The natural gas transmission pipes that PGN operates comprise high-pressure pipelines to transport natural gas from gas mining/suppliers to bulk customers and off take stations, and then distribute it to power plants, industrial zones, commercial districts, household customers and other end consumers through the distribution pipelines. As of the end of the reporting period, we 74% of gas distribution market and 34% of gas transmission market gas transmission market segment in Indonesia.

The gas transportation activities are executed in line with the Gas Transportation Agreement (GTA) with an operational term of 10 to 20 years.

DISTRIBUTION OF PGN PEOPLE [GRI 102-8]

In the reporting period, the workers, or what we call PGN People, totaled 1,339 people. The employees under the permanent status totaled 1,012 male and 327 female employees, based at the head office totaling 394 employees, and in operational regions, 945 employees.

COMPANY IDENTITY SHEET

Based on the Government Regulation Number 19/1965, PGN became a legal entity that has the right to undertake its business independently, with business scope of gas power provision and gas industry, for the main objective of improving the life quality of the people.

COMPANY IDENTITY SHEET [GRI 102-7]

NAME [GRI 102-1]

PT Perusahaan Gas Negara (Persero) Tbk

**AUTHORIZED CAPITAL**

Rp7,000,000,000,000

**LINE OF BUSINESS [GRI 102-2]**

Natural gas distribution and transmission

**ISSUED AND FULLY PAID-UP CAPITAL**

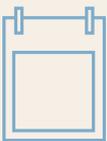
Rp2,424,150,819,600

**OWNERSHIP [GRI 102-5]**The Republic of Indonesia 56.96%
Public 43.04%**LISTING IN STOCK EXCHANGE**

The shares of the Company have been listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange on 15 December 2003 with Stock Code: PGAS

**DATE OF INCORPORATION**

13 May 1965

**CONTACT CENTER**Address : Jl. KH. Zainul Arifin No. 20, Krukut, Tamansari,
Jakarta Barat, DKI Jakarta www.pgn.co.id Perusahaan Gas Negara @gas_negara 1500 645 @Gas_Negara contact.center@pgn.co.id PGNenergibaik**LEGAL BASIS OF ESTABLISHMENT**

Government Regulation (PP) No.19/1965

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CUSTOMER8
GOOD ENERGY
EMBRACES
PGN PEOPLE9
GOOD ENERGY
SHARES WITH
NATION'S CHILDREN

SUPPLY CHAIN [GRI 102-9]

ONE PGN SINERGY

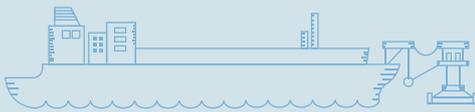
UPSTREAM

GAS STATION

Natural gas reserves in Indonesia in sizeably bigger than oil reserves. Saka Energi is PGN 's subsidiary has business in Upstream sector.



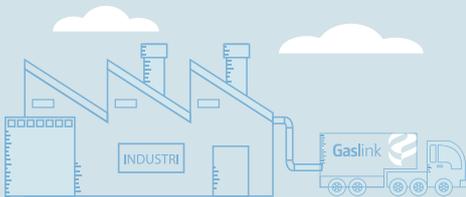
DOWNSTREAM



FLOATING STORAGE REGASIFICATION UNIT (FSRU)

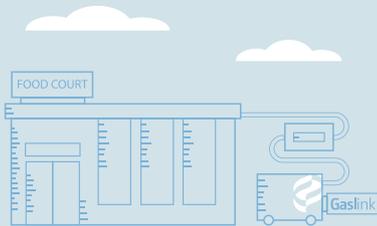
FSRU convert the LNG to high quality natural gas.

PGN has 2 LNG regassification facilities, that is FSR U Lampung and FSR U Jawa Barat.



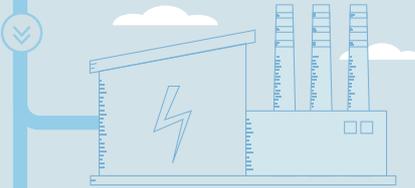
GAS TRANSPORT MODULE (GAS LINK)

Gas Link is the solution for delivering natural gas to location that not connected to natural gas pipelines.

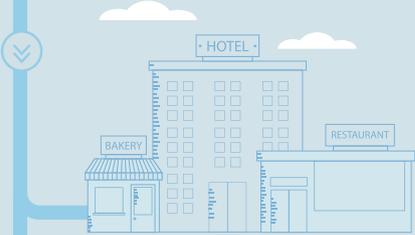


COMMERCIAL CUSTOMERS

MR U is the solution for gas filling station for transportation with CNG technology



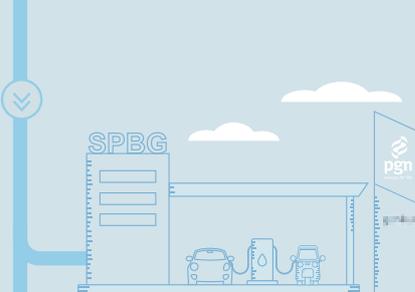
POWER PLANT
Power plant which is powered by natural gas can operate more efficiently and environmentally more friendly than fuel and coal.



COMMERCIAL CUSTOMERS
Efficiency and reliability is important factors on delivering energy to commercial customer. PGN natural gas could provide it.



RESIDENTIAL CUSTOMERS
PGN served more than 160.000 residential customer in Indonesia which make PGN the biggest natural gas operator.



GAS FILLING STATION (SPBG) AND MOBILE REFUELING UNIT (MRU)
PGN operating 15 SP BG and MR U to customer in transportation sector in 8 big city thorough out Indonesia.

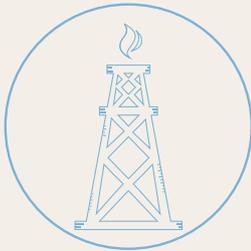


GAS FILLING STATION (SPBG) AND MOBILE REFUELING UNIT (MRU)
PGN operating 15 SP BG and MR U to customer in transportation sector in 8 big city thorough out Indonesia.

MOVE TOGETHER AS ONE PGN TO BECOME AN INTEGRATED ENERGY SOLUTION.

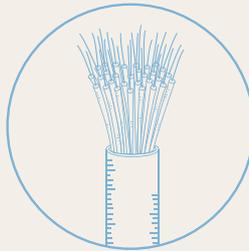
PGN's subsidiaries are moving together to increase the value that we provide to our Customer and Indonesia. Through providing high quality natural gas and reliable supply, the support of our subsidiaries on operations, expertise on engineering, archive and asset management, transmission pipeline management,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

SUPPORTING



pgn SAKA
power to discover

SEI participates in 11 (eleven) oil and gas upstream blocks, both domestically and internationally, 7 (seven) of which are already in the production stage.



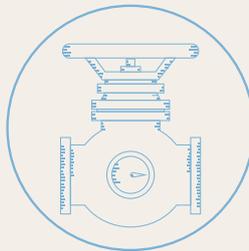
pgn COM
always reliable

PGASCOM conducts business in the telecommunication sector that now has many opportunities and high growth potential as it complements its expertise with the creation of an integrated information technology solution and international commercial operations in Singapore.



pgn GAGAS
brings energy to you

GEI operates gas refueling stations for the transportation sector. Other than that, GEI also develops CNG business for industrial and commercial sectors especially for the market not being crossed over by the PGN gas pipeline.



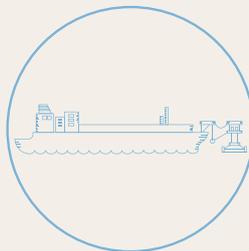
Transgasindo
energy connect synergy

TGI manages the infrastructure of a transmission pipe that provides a high potential for industrial growth in the Riau Islands, a tax free industry area in Indonesia that directly faces the world trade route.



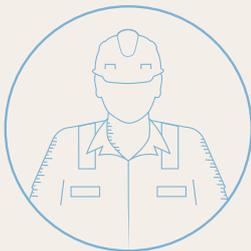
pgn MAS
born to make it happen

Growing from managing PGN's assets of buildings and warehouses, PERMATA has been developing its expertise into a property developer. Now its property properties, HomeMAS became one of the property icons in Vida Bekasi area.



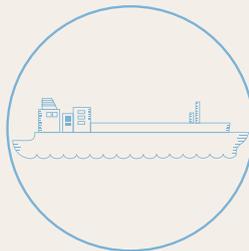
pgn LNG
born to make it happen

PLI has transformed into an important infrastructure that supports the reliability of gas distribution, especially with the Government's projection of the need for LNG imports in the coming years which is due to increased gas demand from the electricity and industrial sectors.



pgn SOLUTION
action for excellence

Carrying out operations and maintenance of PGN's entire natural gas network, PGASSOL is currently developing its competence to become one of the national certification professionals in the gas industry.



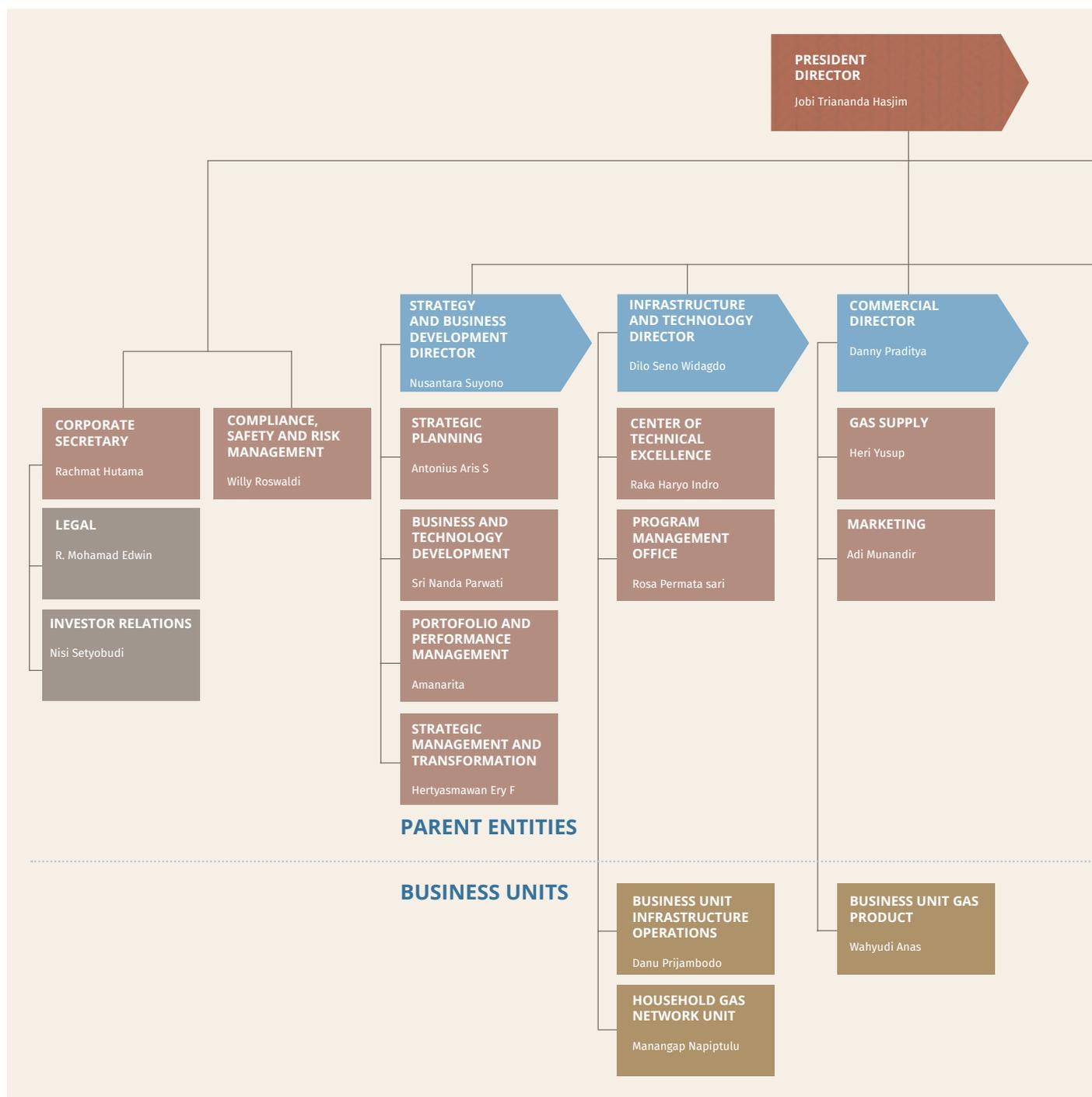
NUSANTARA REGAS
a joint venture company between PERTAMINA & PGN

Nusantara Regas evolves and grows in line with the demand for natural gas to support the national electricity sector.

CHANGE IN ORGANIZATION AND SUPPLY CHAIN [GRI 102-10]

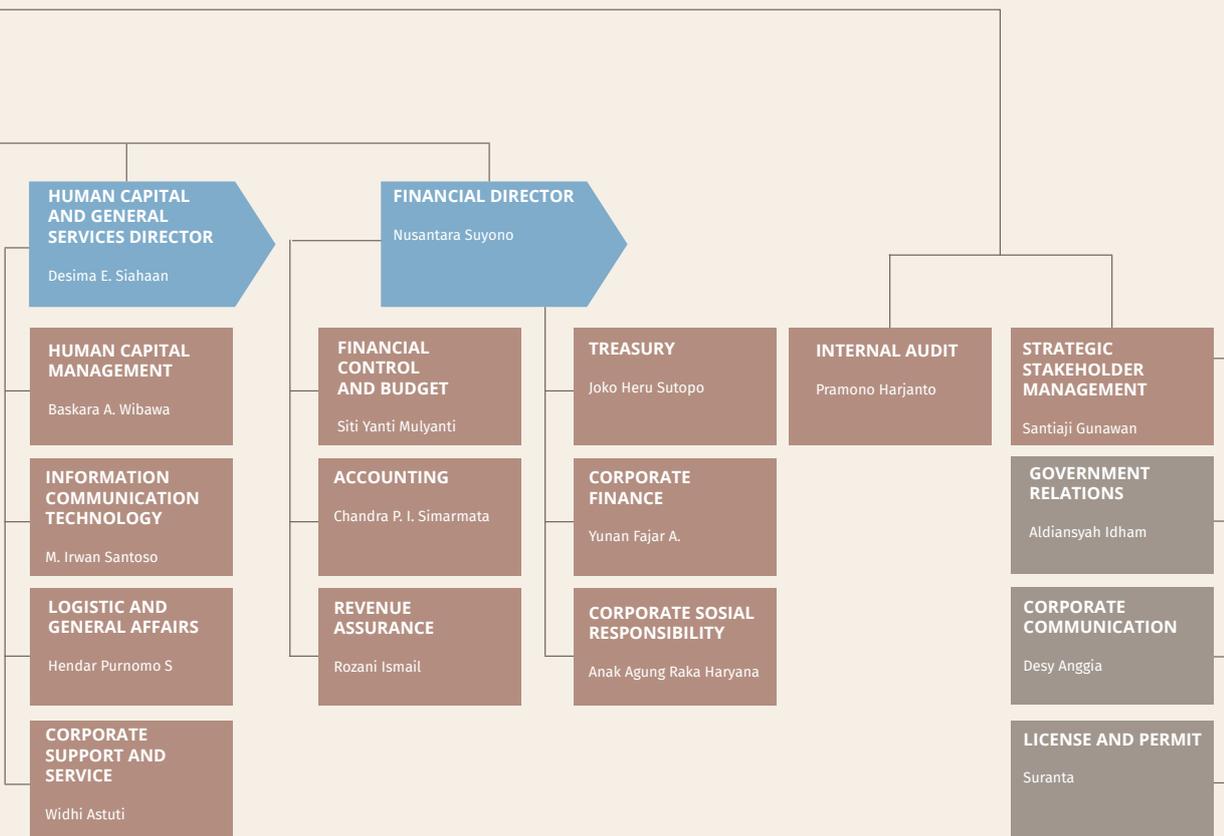
In 2017, to improve effectiveness and optimize the management of stakeholders' activity, so as to provide direct returns that are in line with the needs and objectives of the Company's business continuity and existence, the Strategic Stakeholder Management (SSM) organization was founded. The role of this organ is as arranger and coordinator of strategy and actions that Company organs must take upon issues that rise. The activities of stakeholder management start from mapping the stakeholders and the related issues, designing strategies, work programs, financing or budgeting, up to the one-door coordination and controlled execution of expenditures. If necessary, the corporate secretary as the company's representative, would convey corporation information to the external parties after the Company's perspective is coordinated by SSM.

ORGANIZATIONAL STRUCTURE

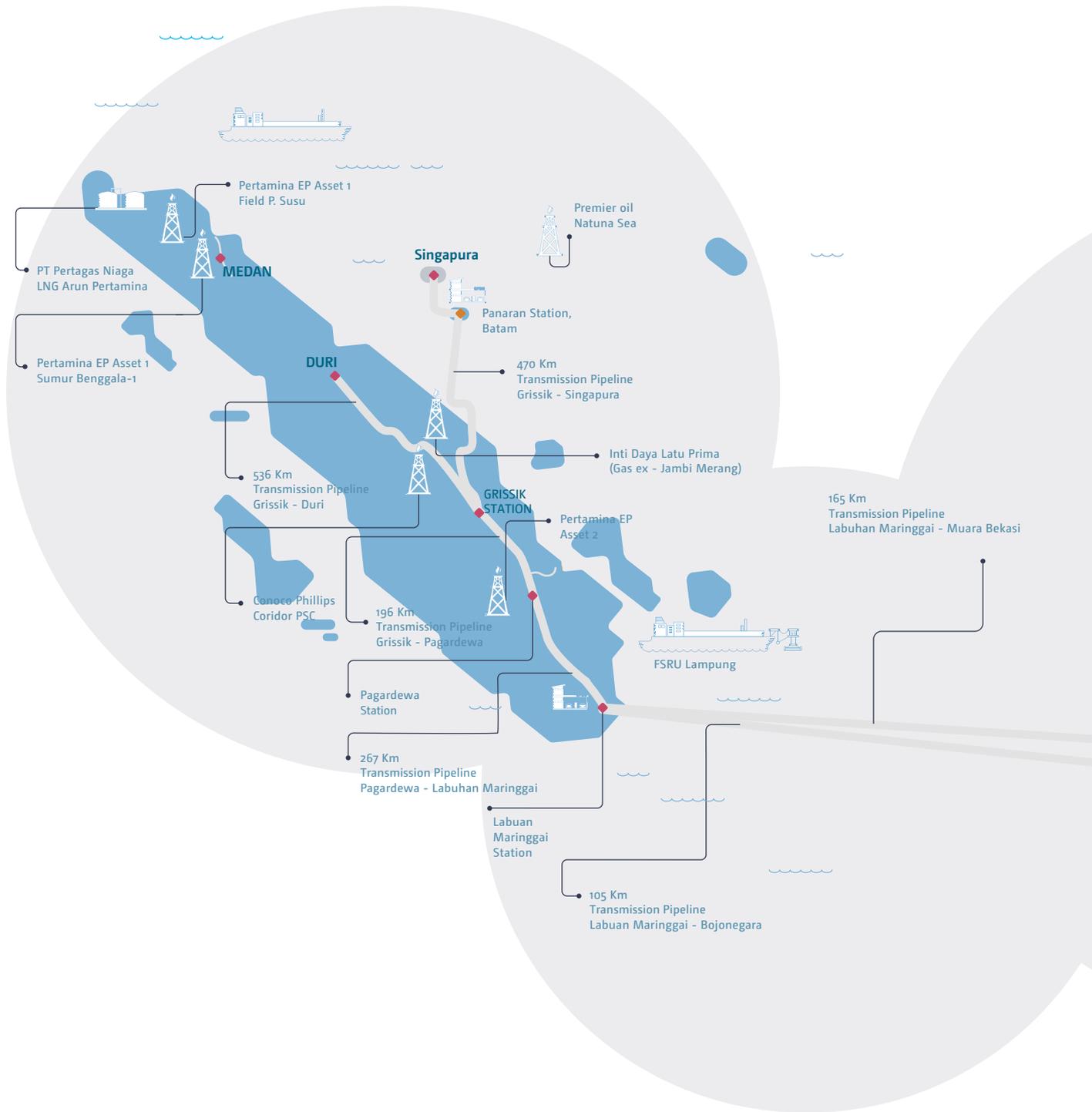


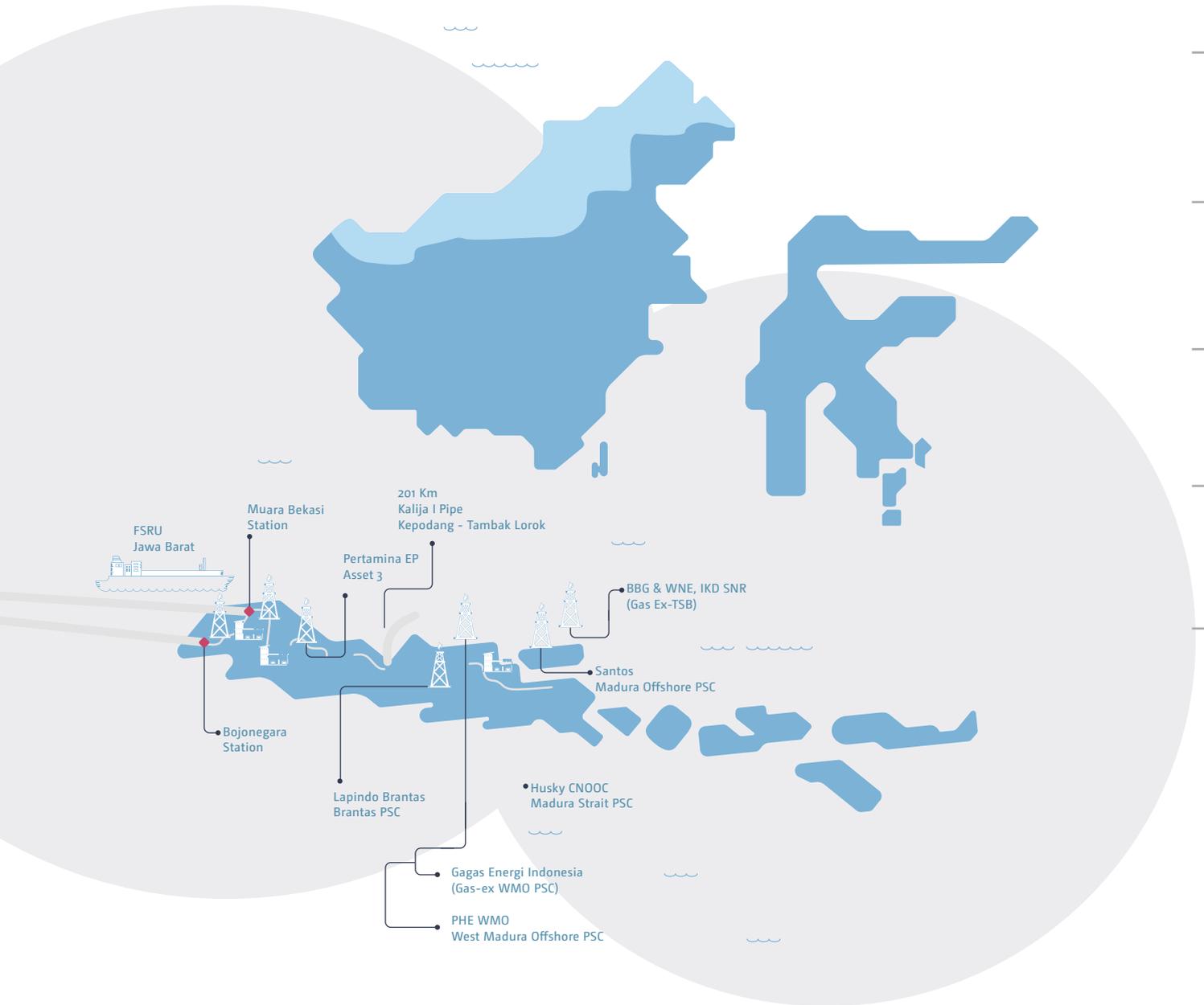
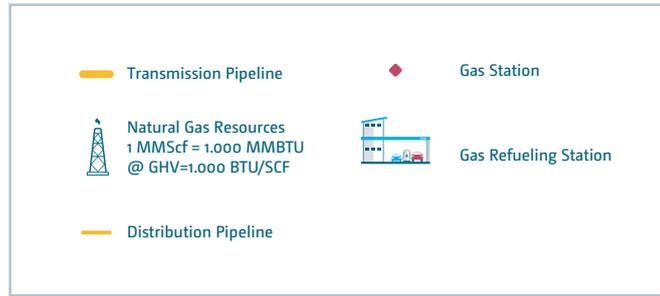
Furthermore, as initiatives in revenue sources are flourishing, PGN Group’s strategic programs must be synchronized. To do this, the Company performs organizational restructuring of the Program Management Office by adding roles and competence related to program management; to its principal role as infrastructure development project manager.

This change is illustrated in the organizational structure below:



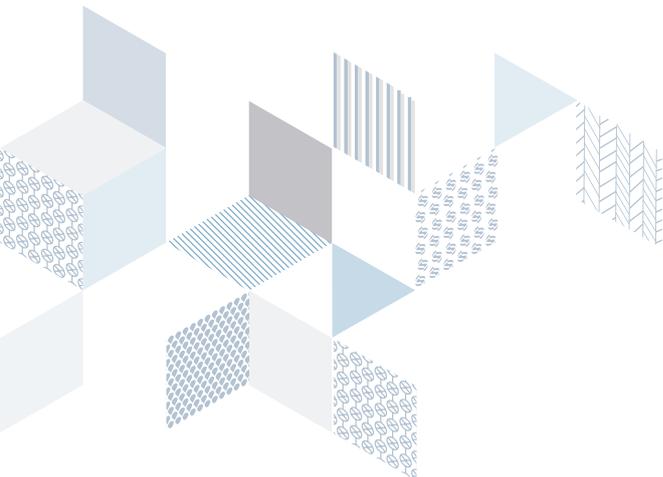
OPERATIONAL AREAS [GRI 102-4]





SUBSIDIARY BUSINESS UNIT AND AFFILIATION | [GRI 102-45]

SUBSIDIARIES AND AFFILIATED ENTITIES				
Company	Company's Address	Shares Ownership	Line of Business	Status
PT Saka Energi Indonesia (SEI)	Subsidiary Company	- Company – 99.997% - PT PGAS Solution – 0.003%	Upstream Business	Operating
PT Transportasi Gas Indonesia (TGI)	Subsidiary Company	- Company – 59.87% - Transasia Pipeline Company Pvt. Ltd. – 40% - PGN's Employees Welfare Foundation – 0.13%	Gas Transportation	Operating
PT PGN LNG Indonesia (PLI)	Subsidiary Company	- Company – 99.999% - PT Gagas Energi Indonesia – 0.001%	Liquefied Natural Gas Business	Operating
PT Gagas Energi Indonesia (GEI)	Subsidiary Company	- Company – 99.88% - PT PGAS Solution – 0.12%	Downstream Business	Operating
PT PGAS Solution (PGAS Solution)	Subsidiary Company	- Company – 99.91% - PGN's Employees Welfare Foundation – 0.09%	Engineering	Operating
PT PGAS Telekomunikasi Nusantara (PGASCOM)	Subsidiary Company	- Company – 99.93% - PGN's Employees Welfare Foundation – 0.07%	Telecommunication	Operating



SUBSIDIARIES AND AFFILIATED ENTITIES

Company	Company's Address	Shares Ownership	Line of Business	Status
PT Permata Graha Nusantara (Permata)	Subsidiary Company	- Company – 99.989% - PGAS Solution – 0.011%	Property Management, Provisions of Manpower & Facility Management Services, Profitization of Resources and Assets of the Company	Operating
PT Nusantara Regas (NR)	Joint Venture Company	- PT Pertamina (Persero) – 60% - Company – 40%	Fasilitas Floating Storage and Regasification Terminal (“FSRT”)	Operating
PT Kalimantan Jawa Gas (KJG)	Associated	- Permata – 80% - PT Bakrie & Brothers Tbk – 20%	Gas Transportation	Operating
PT Permata Karya Jasa (Perkasa)	Associated	- Permata – 75% - PGN’s Employees Welfare Foundation – 25%	Supporting Services for Oil and Natural Gas	Operating
PT Solusi Energi Nusantara (SENA)	Associated	- PGAS Solution – 99% - Permata 1%	Engineering	Operating
PT Widar Mandripa Nusantara (WIDAR)	Associated	- GEI – 99.996% - Permata Karya Jasa – 0.004%	Power Plant and Trading	Operating
PT Gas Energi Jambi (GEJ)	Joint Venture Company	- Company – 40% - PT Wahana Catur Mas – 40% - PT Jambi Indoguna Internasional – 10% - PT Bukaka Corporindo – 10%	Perdagangan, Pembangunan, dan Jasa	Yet in Operating
PT Banten Gas Synergi (BaGS)	Joint Venture Company	- PT Andiracitra Grahawira (68.43%) - PT Banten Global Synergi (14.14%) - PT Banten Global Development (8.57%) - zma Agyano Bursman (8.71%) - Company (0.14%)	Services, Transportation, Trading, and Mining	Operating



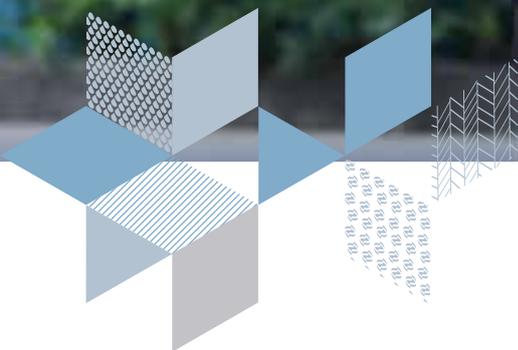
PGN makes Good Corporate Governance (GCG) and principles of Transparency, Accountability, Independence and Fairness as the basis for performance improvement. Through its commitment to the implementation of good corporate governance, PGN believes that we will continue to improve our oversight function in the management of the company.

03



**SUSTAINABILITY
GOVERNANCE**

SUSTAINABILITY GOVERNANCE



PGN is committed to the implementation of Good Corporate Governance (GCG) in a consistent way based on the principles of Transparency, Accountability, Responsibility, Independence and Reasonableness. In the context of sustainability, PGN continues implementing governance system by integrating economic, environmental and social aspects in taking any decision.

Following the Board of Directors Decision Number 006901.K/OT.01/UT/2012 concerning Guidelines of Good Corporate Governance, the GCG implementation in PGN is aimed to:

1. Optimize PGN's values in order to have strong competitiveness, both in national and international level, hence it will be able to maintain its existence and live sustainably to achieve the Company's purpose and objective
2. Drive PGN's management in professional, efficient, and effective manners as well as empower the function and improve the independence of Company Organ;
3. Drive the Company Organ to make decision and take actions upon high moral values and comply with the law and regulation, as well as the awareness on PGN's social responsibility to the Stakeholders and environment conservation at the vicinity of PGN;
4. Improve PGN's contribution to national economy;
5. Improve a conducive climate for national investment development;
6. Improve the Company's image.

The implementation of Good Corporate Governance is based on the Financial Service Authority (OJK) Regulation Number 21/POJK.04/2015 concerning Implementation of Corporate Governance Guidelines for Public Companies dated November 16, 2015 and OJK Circular Letter Number 34/SEOJK.04/2015 concerning Corporate Governance Guidelines for Public Companies dated November 17, 2015.

The Corporate Governance Guidelines for Public Companies comprises 5 aspects and 8 principles of good corporate governance and 25 recommendations of GCG aspect and principle implementation. The five aspects of public company corporate governance cover:

- a. Public company relationship with shareholders in guaranteeing the rights of shareholders;
- b. Function and roles of Board of Commissioners
- c. Function and roles of Board of Directors
- d. Stakeholders' participation; and
- e. Information transparency

The Company also continues updating the Guidelines, Operation Procedures, Manuals in line with the change of the applicable rules and regulations as well as the Company's transformation and development programs. All this is strengthened in the dissemination and the application.

In addition, the Company also seeks to integrate sustainability principles and practices in corporate governance. Economic, environment and social aspects are those on which PGN focuses in implementing the best governance system as the foundation to achieve the Company's vision and mission.

The Company has continuously actualized GCG implementation by evaluating it. In 2017 PGN achieved the score 94.610 or categorized as "VERY GOOD". The score in 2017 is better from previous year's 93.94, and even the highest in the last five years.

GCG SCORE OF PGN 2017				
2017	2016	2015	2014	2013
94.61	93.94	92.14	92.06	91.62

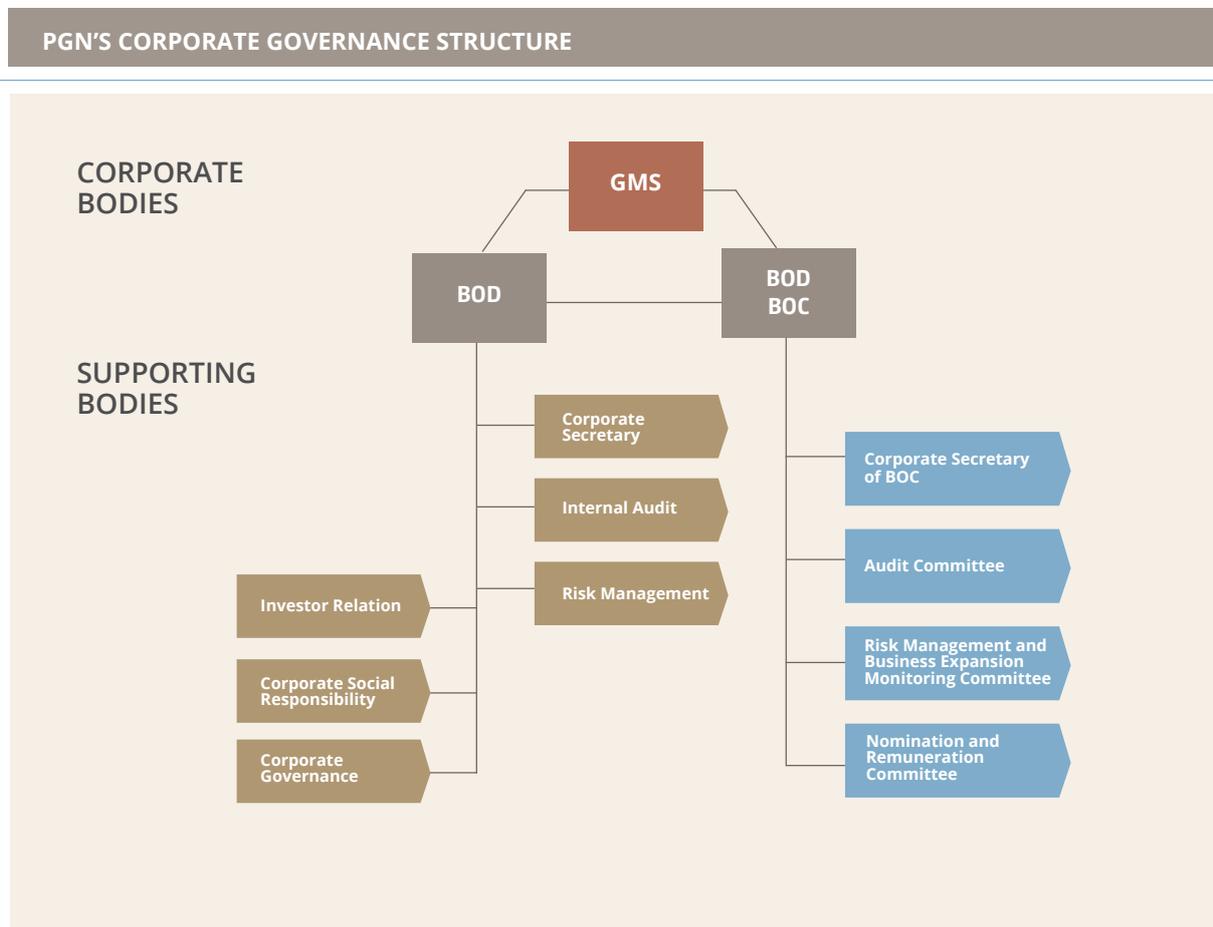
STRUCTURE OF GOVERNANCE [GRI 102-18]

PGN'S Governance Structure involves the Company's Organs and the Supporting Functions. In line with Law No. 40 of 2007 on Limited Liability Company, Company's Organs comprise:

- General Meeting of Shareholders (GMS), i.e. the Company Organ which holds the authority not given to the Board of Directors or the Board of Commissioners within the limits determined in the Law of Limited Liability Company Number 40 of 2007 and/or the Articles of Association.

- Board of Commissioners, i.e. the Company Organ which has the duty to perform monitoring in general context and/or in line with the Articles of Association in specific context, and advise the Board of Directors.
- Board of Directors, i.e. the Company Organ that is authorized and fully responsible on the management of the company for the company’s interest, according to the purpose and objective of the company, as well as represent the company both in and out of the court according to the stipulation of the Articles of Association.

The Company Organ runs its function with law stipulation, company’s Articles of Association and other stipulations on the foundation of principle that each organ has independence in carrying out its task, function and responsibility for Company’s interest.



GENERAL MEETING OF SHAREHOLDERS (GMS)

General Meeting of Shareholders (GMS) is the highest Company Organ and holds the authority that is not given to the Board of Directors or Board of Commissioners, in the limitation set in the law and regulations or Articles of Association. As a public limited Company, the GMS is a communication forum between Board of Directors and Board of Commissioners with the Company shareholders. In line with Law Number 40 of 2007 on Limited Company, consists of annual GMS, organized once in one year, and Extraordinary GMS, that can be conducted at any time upon a request of one of the Company Organs.

One of the strategic decisions out of the Annual GMS in May 2017 is the change of PGN Board of Directors and Board of Commissioners composition.

BOARD OF COMMISSIONERS

The main task of the Board of Commissioners is to conduct monitoring over the Company policy by considering the important aspects of sustainability, namely economic, social and environmental. PGN Board of Commissioners members during the reporting period of 2017 are 6 (six) persons in total. Executing its duty, the Board of Commissioners is led by a President Commissioner, who is assisted by three Committees. The Committees comprise: Audit Committee, Risk Management Monitoring and Business Development Committee (PMRPU) and the Nomination and Remuneration Committee. The description of each committee's function and tasks is available in PGN Annual Report 2017. PGN prohibits familial and financial relations as well as position concurrent positions between Board of Commissioners members and Board of Directors members.

BOARD OF DIRECTORS

PGN Board of Directors comprises five directors and is chaired by president director, who has the duty to coordinate the Board of Directors' activities. The Board of Directors in accordance with the purposes and objectives of the Company as well as to represent the Company both in and out of court in accordance with the provisions of the Articles of Association. The Board of Directors performs its duty and responsibility collegially, though it may take action and decision in line with its duty and authority, including in economic, environmental and social aspects. PGN prohibits familial and financial relations as well as position concurrent positions between Board of Commissioners members and Board of Directors members.

As regards the Company's risk management, the Board of Directors' duty and responsibility in accordance with Risk Management implementation at PGN is based on the Regulation of the State Minister for State Owned Enterprises No. PER-01/MBU/2011 on Implementation of Good Corporate Governance (GCG) in State Owned Enterprises, which is replaced by No.PER-12MBU/2012 Article 25 on Risk Management, which are:

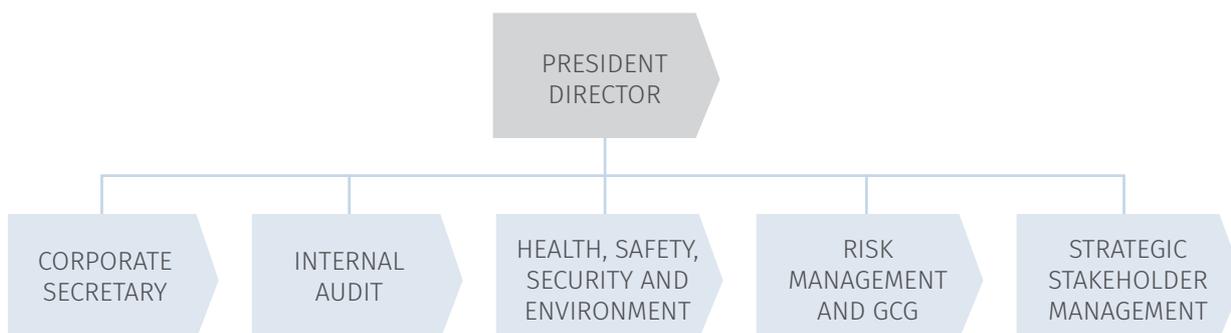
1. Board of Directors, in every decision or measure taking, must take business risks into account;
2. Board of Directors must develop and implement integrated the corporate risk management program which served as part of GCG program implementation;
3. Risk management program implementation program was executable, by:
 - a. Turning Working Unit under the Board of Directors; or
 - b. Assigning the existing and relevant Working Unit to implement risk management function.
4. Board of Directors must submit the report of risk management profile and its mitigation along with the company periodic report.

RISK MANAGEMENT

PGN concern that risk an important aspect and inseparable from all of the Company’s business. In consequence since 2003, PGN has implemented risk management by forming organizational structure Business Analysis and Risk Management Division (ABMR) using Risk Management standard AS/NZS 4360:1999. In 2009, PGN adopted Enterprise-Wide Risk Management to meet PGN goal. Therefore, we put Enterprise Risk Management (ERM) concept to Risk Management Division Policy based on Director Decree No. 024000.K/SM.02/UT/2009.

RISK MANAGEMENT GOVERNANCE STRUCTURE

In accordance with the Board od Directors Decision Number 015702.K/OT.00/PDO/2017 on Main Directorate Organizational Structure date November 30, 2017, which is afterwards called the Risk Management & GCG Division, PGN’s risk management governance structure is as follows:



Along 2017, PGN has identified risks in al Working Units, Business Units, Subsidiaries and Affiliates. At end 2017, as many as 2,711 risks identified comprise 1,639 active risks. All of the latter have been consolidated in the Corporate Risk Profile, which present main risks that the Management should focus on.

PRECAUTIONARY PRINCIPLE [GRI102-11]

PGN seeks to avoid negative impacts on environmental from its operations. Environmental is one crucial factor to consider in the project planning process. A project can be run after obtaining all necessary permits such as AMDAL (Environmental permit) from the Ministry of Environment and Forestry of Republic of Indonesia

CORRUPTION PREVENTION

PGN is committed to the prevention of corruption acts and other frauds by applying strict rules. The Company declares that PGN People are prohibited from committing corruption act or actions that facilitate corruption, and giving or receiving bribes.

Apart from the policy and better monitoring, the Company also applies whistleblowing system which encourages PGN People to report a corruption act or action that may lead to corruption. The rapporteur's identity protection is part of the system mechanism for effective implementation.

The Company also holds anti corruption education and training programs in the form of seminar and workshops attended by all the Internal Monitoring Unit (SPI) staff, procurement working unit and other units that are prone to corruption, fraud, bribery and so on. This is the Company's commitment to the assurance of common perception, common will and effectiveness of corruption prevention movement at PGN.

CORRUPTION RISK-RELATED ASSESSMENT [GRI 205-1]

PGN has formed the Internal Audit Division (IAD) that would undertake evaluation into effectiveness, efficiency and compliance in internal control system application. PGN's IAD personnel have both professional qualification and competency, which is proven with the internal auditor professional certificate in Internal Audit and Risk Management. The certifications originate from both national or international institutions, including CIA (Certified Internal Auditor) and CRMA (Certification in Risk Management Assurance) issued by The Institute of Internal Auditors; CFE (Certified Fraud Examiner) from Association of Certified Fraud Examiners, QIA (Qualified Internal Auditor) issued by Yayasan Pendidikan Internal Audit; and CRMP (Certified Risk Management Professional) issued by LSPMR (Lembaga Sertifikasi Profesi Manajemen Risiko).

PGN also applies the Audit Charter and Internal Audit Operation Procedure which refers to the audit standards of The Institute of Internal Audit and was compiled to meet the provision of Bapepam -LK (Capital Market Supervisory Agency and Financial Institution) No. KEP-496/BL/2008 dated November 28, 2008. As part of the Company's strategy in

increasing efficiency and effectiveness of internal monitoring, the audit is conducted with risk based approach, so the units and activities which are prone to wrongdoings and corruption are prioritized.

In addition to consultation programs which are formally stated in the annual work program, the Internal Audit Division also actively advises other working units as necessary. During the reporting period, there was not any corruption crime in the Company.

ANTI-CORRUPTION COMMUNICATION AND TRAINING [GRI 205-2]

PGN is committed to the fight against corruption and other wrongdoings by forbidding PGN people from committing acts that lead to corruption, such as giving or accepting bribery. One of the strategic steps in preventing corruption is the development of whistleblowing system. The application of violation reporting system at State Owned Enterprises is based on the SOE Minister Decision Number 117/M-MBU/2002 concerning GCG Practices Application at SOEs.

Violation reporting system allows both internal and external party to file a report on events that are connected to corruption, fraud or wrongdoing that violate the company's code of conducts. PGN has the policy of protecting the identity of rapporteur who files a report on the occurrence of corruption. Meanwhile, the output of whistleblowing system is managed professionally and independently.

Suspects of corruption acts would follow processes in accordance with the applicable rules and regulations. Such commitment is also strengthened by the issuance of anti-corruption-related rules including the Whistleblowing System Guidelines, authorized by decree of Directors Number 066303.K/PW.01/UT/2013, and the Conflict of Interest and Gratification Control Policy in the PT PGN Board of Directors Decision Number 0184001.K/OT/03/UT/2014 dated October 1, 2014.

The system is applied on work processes that are related to anti-corruption, in steps starting from prevention to curative approach. This is in line with the Statement of Commitment to Gratification Control Application signed on July 20, 2013.

The anti-corruption policy and procedures are also disseminated to suppliers and other business partners. All contracts or work agreements of the Company must be complemented with an integrity pact signed by the suppliers and other business partners.

All human resources in PGN monitoring division have attended education and training programs on audit procedures and detection of wrongdoing risks such as fraud auditing, audit investigative and advanced internal auditing. This is a part of PGN's commitment to fighting corruption.

To improve anti-corruption spirit within all PGN People, anti-corruption education and training programs are held, such as seminar and workshop. These activities are attended in stages by all personnel of Internal Audit Division, procurement work unit and other units prone to corruption, fraud and wrongdoings. It is expected that through these efforts PGN People would have a common vision and spirit in preventing corruption.

In 2017, 38 persons from several levels participated in the training on Good Corporate Governance implementation. Violation reporting access has also been facilitated; e-mails and letters would be followed up professionally and proportionally.

ETHICS AND INTEGRITY [GRI 102-16]

PGN adopts robust ethical standards and work culture in the interaction with the stakeholders. We believe that ethics and work culture that are embedded and executed by PGN people are strong elements that would help realize employees who have dignity and high integrity. All PGN people do not only follow the applicable rules and regulations but must also follow the norms in international-scaled business world. As guidance toward a common goal, the Company's ethics and culture play a central role in growing the company in a long term; thus, all PGN people are closely related to these elements.

PGN has five values called ProCISE, which rules the behavior of PGN People. It is an abbreviation of Professionalism Continuous Improvement, Integrity, Safety, and Service Excellence. ProCISE is elaborated in ten corporate main behaviors in the Guidelines for Business Ethics and Work Ethics. The internalization of these principal culture and behaviors also have economic, environmental and social aspects. The Company's approach in disseminating these values is through socialization by the Board of Directors in gathering with employers, counseling in in-house training and publication of pocket book of behavior rules.

The implementation of the 10 Fundamentals of Code of Ethics is elucidated in the Leadership Code of Ethics and Employee Code of Ethics. Broadly speaking, the Employee Code of Ethics contains guidelines of PGN People in day-to-day work activities and procedures associated with its stakeholders. The Employee Code of Ethics also provides practical guidelines regarding conflict of interest, corruption, bribery, gratification, information management, and others. While the Leadership Code of Ethics in general regulates the behavior of PGN leaders in executing their responsibility. Both Employee Code of Ethics and Leadership Code of Ethics have been published and must be obeyed by all PGN people.

Integrity Pact

One of the forms of business ethics implementation by PGN is obliging all parties involved in goods and service procurement to sign the integrity pact. The aim is to prevent fraud and discordance in goods and service procurement process. The Company's involvement in making public policy is limited to conveying its view before the parliament of the Republic of Indonesia upon the latter's invitation. This is in connection with the compilation of the policy of meeting local demand of natural gas for consumption of, for example the fertilizer industry and environmentally friendly fuels.

Goods and service procurement at PGN is regulated by the Goods/Service Procurement Guidelines Number 010300.KLG.01/PD.01/2016 date August 1, 2016, which replaces the Goods/Service Procurement Guidelines following the PGN Board of Directors' Decision Number 003300.KLG.01/UT/2014 date March 7, 2014. This change is a step to accommodate the change in PGN organizational structure to enable the Company to support fast, efficient and effective goods/services procurement process.

As the manifestation of the Company's commitment to the application of good corporate governance, all goods/service providers and the goods/service procurement function are required to sign the Integrity Pact, which comprises the commitment to:

- Implement goods/services procurement based on the principles of good will, with high austerity, and in the condition of free, independent, and not under pressure, and influence from other party (independency);
 - Takes decision with cautiousness (duty of care and loyalty);
 - Not taking decision for private interest or affiliated party, hence no potential conflict of interest (conflict of interest rule);
 - Conduct procurement process with sufficient understanding on various regulation and other relevant normative obligation, and meet all the stipulation and regulation, including considering the best practice that is deemed necessary, important, and critical in this procurement process (duty abiding the laws).
-

INTERNATIONAL INITIATIVES AND ORGANIZATIONAL MEMBERSHIP

[GRI 102-12, GRI 102-13]

PGN is aware of the high importance of assuring that environmental impact of our operational activities has been the lowest possible. Furthermore, the Company must assure having participated in improving the marginal people's life quality in accordance with the Sustainable Development Goals (SDGs). The main obstacle to the realization of SDGs is the phenomena of climate change and global warming. PGN actively participated in the world's effort to tackle global warming through implementing several international initiatives, such as ISO 26000 for Corporate Social Responsibility activity guidelines, OHSAS 18001/;2007 for OHS Management System, ISO 14001:2004 for Environmental Management System and ISO 9001:2008 for Quality Management Standards.

PGN has initiated activities which are aimed to increase Indonesia's economic growth through natural gas industry. In addition, to expand the Company's business network and improve the management of stakeholders' engagement in resolving every issue resulting from operational activities, we are also active in several associations. Up to 2017, PGN has actively participated in the organizations as follows:

1. SOE Legal Forum

Forum Hukum BUMN (or SOE Legal Forum) was founded on August 31, 2012. It has 140 members, comprising Chairman of Legal Affairs of state-owned enterprises in Indonesia. It is expected that the forum would be able to contribute by advising about legal perspective so that the rules and practices of SOE would be better. In addition, Forkum BUMN will also conduct education or hold/inform about SOE-related seminars, particularly in legal aspect, that take place both in Indonesia and abroad.

2. Indonesian Gas Association (IGA)

Indonesian Gas Association (IGA) is founded in 1980 and became a member of the Indonesian Chamber of Commerce (KADIN) in 2006. IGA's mission is to promote Natural Gas industry for economic development and prosperity. The company members of IGA total more than 46 companies.

3. Asia Pacific Natural Gas Vehicles Association (ANGVA)

Founded in 2002, ANGVA holds the vision of leading and promoting NGV Industry of Asia Pacific towards sustainability growth. ANGVA's activities are regulated by the executive committee members (or board members) and led by the president, who is assisted by secretary office. For the November 2015 - October 2017 period, ANGVA was chaired by Danny Praditya (Director of Commerce of PT PGN).

4. Forum Human Capital Indonesia (FHCI)

Forum Human Capital Indonesia (FHCI) is a communication forum for directors or human resources directors and human resources observer, and is aimed to collectively provide strategic thoughts and policy in the forms of suggestion, analysis, input, opinion and recommendation related to human capital management development to the State Ministry of SOE and every SOE.





5. **The Institute of Internal Auditors Indonesia**

The Institute of Internal Auditors (IIA) is the parent organization for internal audit profession. The reason for this is because IIA serves as reference and publishes the internal audit practice standards throughout the world. IIA Indonesia as affiliation of IIA Global is founded in 1989 with the aim of developing and improving internal audit profession in Indonesia. All auditors at PGN are members of IIA Indonesia.

6. **Internal Control Unit Communications Forum**

(Forum Komunikasi Satuan Pengawasan Intern-FKSPI) at the FKSPI Head Office as well as FKSPI at the Ministry of Energy and Mineral Resources Secretariat.

FKSPI is a forum where the organization can know the latest updates and share experience. FKSPI Head Office comprises state-owned enterprises in Indonesia, while FKSPI at Energy Ministry Secretariat comprises SOEs in energy sector.

STAKEHOLDER INVOLVEMENT

The stakeholders are those who receive impact from or who influence the company's operations. They have strategic role in growing the company. The company's performance significantly depends on this party. Therefore, we always seek to maintain a good relationship with the stakeholders.

The table below illustrates the relations and interactions with the stakeholders in 2017.

Stakeholders [GRI 102-40]	Basis for Selection [GRI 102-42]	Engagement/ Communication [GRI 102-43]	Frequency of Meetings [GRI 102-43]	Topic [GRI 102-44]
Shareholder and Investor	<ul style="list-style-type: none"> • Representative • Influence 	<ul style="list-style-type: none"> • Company Visit • Conference Call • Site Visit • Analyst Meeting • Non-deal Roadshow • Investor Summit • RUPS • Public Expose 	<ul style="list-style-type: none"> • Minimal 12 times / quarter • Minimal 3 times / year • Minimal 1 times / year • Minimal 1 times / year • Minimal 4 times / year • 1 time /year • Minimal 1 time / year • Minimal 1 time / year 	<ul style="list-style-type: none"> • Maintain and increase investment value through better corporate performance. • Annual Dividends. • Financial statement accountability • Transparent and accurate operational performance. • Honor on rights of shareholders as stipulated in any law article of association.
Employees	<ul style="list-style-type: none"> • Dependency • Influence 	<ul style="list-style-type: none"> • Labor Union • Management and Employee Forums 	<ul style="list-style-type: none"> • Depending on the needs 	<ul style="list-style-type: none"> • Equality • Wealth • Career path • Fair treatment • Conducive and secure environment
Authorities and Regulators	<ul style="list-style-type: none"> • Representative • Influence 	<ul style="list-style-type: none"> • Bipartite meeting • Parliament hearing • Tripartite meeting 	<ul style="list-style-type: none"> • Depending on the needs Minimal 2 times per year 	<ul style="list-style-type: none"> • Operational excellence and optimum • Harmonious and constructive relationship with regulatory • Body and comply to any law and regulation.
Partner (vendor, supplier, agent, reseller, installer)	<ul style="list-style-type: none"> • Dependency 	<ul style="list-style-type: none"> • Goods and services contract procurement • Performance evaluation of suppliers and any partners 	<ul style="list-style-type: none"> • Depending on the needs Minimal 1 time per year 	<ul style="list-style-type: none"> • Fair and transparent procurement process • Objective selection and evaluation in process • Mutually beneficial growth.



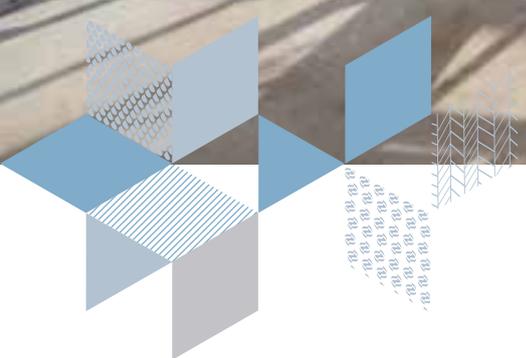
PGN's main operational activities are the transmission and distribution of natural gas from production wells to consumers, both industries and households. This is the real contribution of PGN to the environment through managing environmental impacts and supplying clean energy to meet the needs of present and future generations.

04



**GOOD ENERGY BRINGS
PROSPERITY TO THE NATION**

GOOD ENERGY BRINGS PROSPERITY TO THE NATION



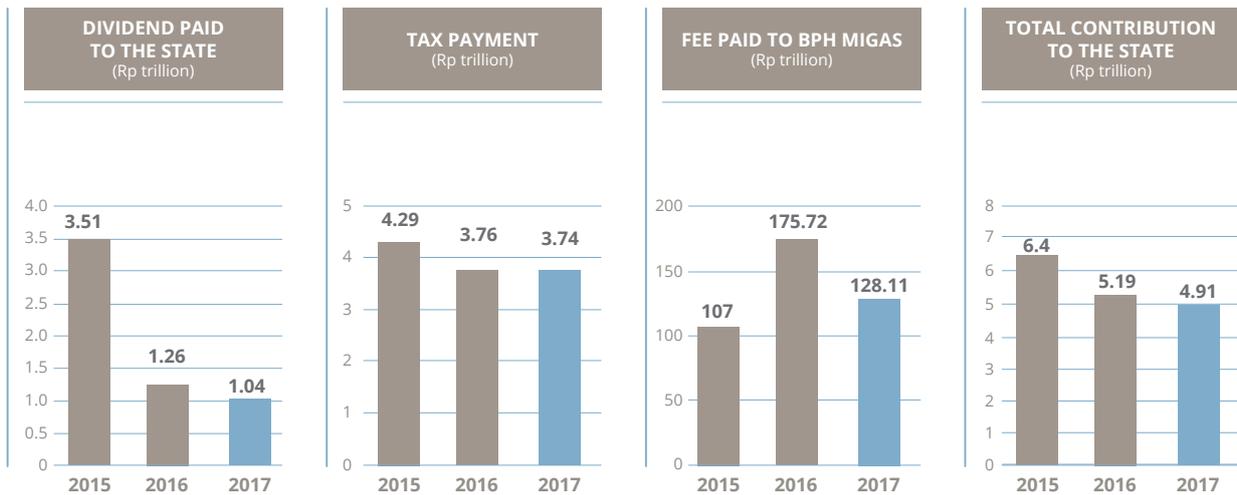
PGN is a driving factor of national economy which delivers economic contribution to the stakeholders which comprise: The state, investors, employees, consumers, suppliers and the community.

GOOD ENERGY BRINGS PROSPERITY TO THE NATION

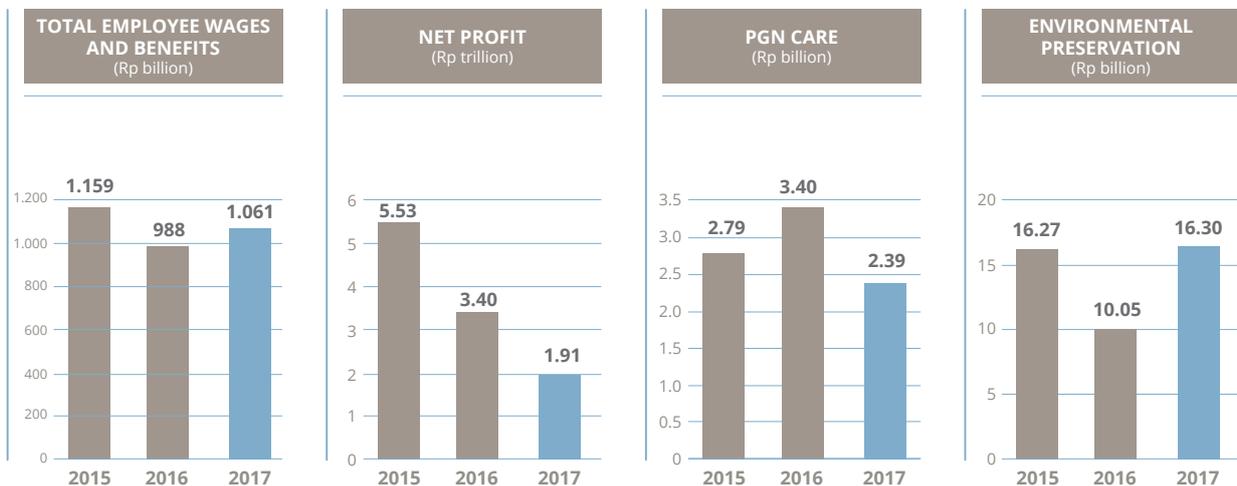
PGN is aware that sustainability concept from economic aspect could only be implemented if the economy grows higher and the target that has been set is achieved. Economic growth where the people and the environment are taken into account would strengthen PGN's existence in a long term and give positive impact on the economy of stakeholders.

OVERVIEW

PGN's contribution in 2017 to the economy of the Stakeholders



Funds for Community Stewardship Program (KBL) & CSR in Environment



PGN'S CONTRIBUTION TO THE ECONOMY OF THE STAKEHOLDERS

As an economic entity and agent of development, PGN is a driving factor of national economy which delivers economic contribution to the stakeholders which comprise: The state, investors, employees, consumers, suppliers and the community. We always seek that these contributions be improved through strategy development, efficiency and effectiveness improvement as well as maintaining good relations with all stakeholders. Thus we hope that our contribution to the economy of the stakeholders would increase consistently.

The table below illustrates the economic value that PGN generated and distributed to the Stakeholders [GRI 201-1]:

Distribution of Economic Value	2017	2016	2015
Income	2,969,591,811	2,934,778,710	3,068,790,845
Income from Investment in Foreign Currency	7,404,934	(5,120,175)	14,304,070
Other Income	50,870,463	113,869,338	137,981,239
Total	3,013,057,340	3,061,365,877	3,210,907,082
Distribution of Economic Value			
Operational Expenses	2,522,733,280	2,384,508,898	2,380,024,032
Operational Department	16,022,173	23,927,688	16,184,362
Administration Department	62,332,083	81,785,171	84,350,074
Total Employee Wages and Benefits	78,354,256	105,712,859	100,534,436
Payment to Providers of Capital			
Dividend Payment	137,053,836	166,655,213	268,723,467
Interest Payment	133,664,617	132,404,898	119,162,853
Total payments	270,718,453	299,060,111	387,886,320
Payment to the Government	285,710,840	282,721,387	321,528,256
Community investments	7,237,532	8,559,589	10,114,628
Distribution of Economic Value	3,164,754,360	3,080,562,844	3,200,087,671
Economic value retained before dividend	2,670,048	147,458,246	279,542,878
Economic value retained after dividend	134,383,788	19,196,967	10,819,411
ECONOMIC VALUE GENERATED (in USD)	3,030,370,572	3,061,365,877	3,210,907,082
ECONOMIC VALUE DISTRIBUTED (in USD)	3,164,754,360	3,080,562,844	3,202,566,756
REWARD FOR WORKERS (in USD)	78,354,256	105,712,859	100,534,436
PAYMENT TO SUPPLIERS (in USD)	1,863,740,045	1,746,010,090	1,786,658,619
CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL DEVELOPMENT (in USD)	7,237,532	8,559,589	10,931,584

CONTRIBUTION TO THE STATE

Up to the end 2017 the Government has been the largest shareholder of PGN, with 56.97% of ownership, while the remaining 43.03% is owned by the general public. PGN provides contribution to the state in the form of dividend payment, tax payment, and BPH Migas fees.

According to in the General Shareholders' Meeting 2017 decision, the total dividend paid to the state as the main shareholder is Rp1,038,264,911,144, went down at 18% compared to the previous year. The total tax paid decreased 0.53% compared to previous year. The BPH Migas fee decreased 27.09% compared to previous year. That makes the total financial contribution to the state diminished at 5.39% compared to previous year.

PGN's contribution to the State in Details:

Total Contribution Value/ Type of Contribution	2017	2016	2015
Dividend	Rp1.04 billion	Rp1.26 billion	Rp2 billion
Tax Payment	Rp3.74 billion	Rp3.76 billion	Rp4.2 billion
Fee Paid to BPH Migas	Rp128.11 billion	Rp175.72 billion	Rp107 billion
Total Contribution to the State	Rp4.91 billion	Rp5.19 billion	Rp6.4 billion

CONTRIBUTION TO AREAS

PGN's existence brings direct contribution to the economic growth of the areas where PGN operates. The areas of PGN's operational offices and PGN's support offices around PGN's natural gas transmission and/or distribution pipelines received the most of the impact of this contribution. Natural gas supply in an area may attract investors' interest to invest in infrastructure development; in the end, this investment would create a new economic region. The new economic region benefits the areas through, among others, the increase of workforce absorption, the increase of revenue from natural resources utilization, and the increase of Regionally-Generated Revenues (PAD) from retributions, regional tax, advertising tax, and billboards.

PGN BUSINESS LINE AND CUSTOMER

Natural Gas Transmission

Natural gas transmission is an activity of natural gas transport through high pressure transmission

pipelines from the producer's natural gas field to the stations. In this context PGN acts as transporter, and for this service receives compensation of toll fee.

PGN makes Gas Transportation Agreement (GTA) with gas owners with a contract period of between 10 and 20 years.

Natural Gas Distribution

Natural gas distribution is an activity of directly distributing natural gas by PGN to consumers. PGN conducts natural gas sales to end customers through distribution pipelines and receives incomes from this activity. PGN owns about 74% of gas distribution market segment and 34% of gas transmission market segment in Indonesia.

From the two business lines above, distribution market segment of household sector is the largest consumer group of PGN distribution service.

COMPOSITION OF PGN CONSUMER:

User/Consumer Group	2017	2016	2015
Household	97.97%	97.26%	97%
Commercial	1.09%	1.47%	1.6%
Industry	0.94%	1.26%	1.4%

DEVELOPMENT STRATEGY

Management Approach

PGN has set a number of business priority strategies, which have been executed since 2015. This is aimed at improving the Company's overall performance. A variety of efforts as manifestation of commitment to provide maximum benefits to all stakeholders are executed by taking into account the Company's business growth from economic aspect.

PGN's strategic business priorities are:

- Market Retention and Expansion;
- Gas Reserves Assurance and Supply;
- Transmission and Distribution Infrastructure Development;
- Regulation and Stakeholder Management;
- Business Expansion and Diversification;
- Technological Development to Streamline Business Processes;
- Organization and Human Resources Capacity & Capability Building; and
- Operational and Security Excellence

Business Development Plan and Realization

To achieve PGN's vision as a 'World-Class Company in Gas Sector by 2020', PGN has prepared strategic steps by formulating a variety of business development programs. PGN focuses on strengthening upstream business so that it can always meet natural gas demand in the future. Apart from that, PGN also focuses on physical infrastructure development and organizational streamlining.

PGN's business development plan and realization are as follows:

INFRASTRUCTURE DEVELOPMENT

Construction of Liquefied Natural Gas (LNG) Receiver Terminal Lampung	In the reporting period, PGN's subsidiary PT Gagas Energi Indonesia has come to operation and has undertaken gas sales agreement with several suppliers.
Mini LNG	PGN will develop and operate small-scale LNG terminals to meet gas needs in Eastern Indonesia and other regions that are not connected with the gas pipelines
Point-to-Point Compressed Natural Gas (CNG)	The objective of CNG is to meet the needs of gas fuels in industrial sectors and transportation located in West Java, East Java, Central Java and other regions outside the scope of the current natural gas distribution pipelines. PGN will continuously develop Pont-to-Point CNG as a follow-up to the Government's oil fuel-to-gas-fuel conversion policy that has been effective for a long time.

City Gas Distribution	PGN will continue expanding city distribution network in existing regions, i.e. Purwakarta- Subang and Bogor-Ciawi-Sukabumi and penetrating new regions including Dumai and Semarang. This expansion is aimed at meeting the gas needs of power plants, small industries, commercial sector, transportation and household.
Power Plants	Gas fuel is an alternative fuel that the electricity industry in Indonesia has been utilizing. The Government even provides Domestic Market Obligation (DMO) to several industries including power generation. This drives PGN to enter the electricity provision business, with a strategy to obtain gas supply and increase added values in natural gas utilization. Power generation business development is conducted by PGN subsidiaries for downstream business.
STRATEGY AND INITIATIVE	
Regulation Management	The initiative to analyze and respond to natural gas regulation impact on PGN's future growth. PGN formed a special team to address matters related to regulation, by laws and rules; and the team has a clear organizational structure and business processes.
Stakeholder Management	This initiative is aimed to create and nurture harmonious relations with stakeholders.
Integrated Project Management	The goal of this initiative is to formulate business process strategy and organizational structure to bring integrated, effective and efficient project management.
Supply Chain Management	This initiative is aimed to create reliable, effective and efficient supply chain to support PGN's business, which comprises of <i>procurement, asset management, inventory management, and asset transportation</i> .
Information Technology Implementation and Integrated Operations	This initiative is aimed to develop and apply integrated information technology system and operational technology (SCADA, GMS and others) to ameliorate business process and achieve PGN operational excellence.
Enterprise Risk Management	The objective of this initiative is to drive the implementation of risk management at PGN based on world-class risk management best practices.
PGN Business Process Transformation and Engineering	This initiative is aimed to develop PGN from corporate and organizational aspect, consisting of PGN structuring preparation toward a holding company, synergy improvement and clarification of relation pattern between PGN and subsidiaries, and concordant, effective and efficient business management both inter-division and between PGN as a holding company and its subsidiaries or SBU.
Integrated Human Resources Management	The goal of this initiative is to formulate human resources development strategy in line with the organization's roadmap and to build human resources as PGN's competitive excellence.



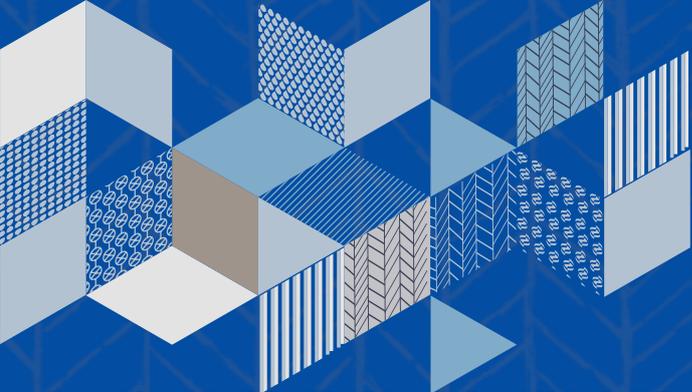
Culture and Management of Change	The goal of this initiative is to raise competitive and conducive culture for the realization of PGN transformation.
Corporate Branding and Reputation	This initiative is aimed at improving PGN's brand image in the eyes of stakeholders to increase PGN's values and loyalty of its customers and employees.
Security Excellence	This initiative is aimed to assure the implementation of safety excellence throughout the operational environment of PGN, subsidiary and SBU.

CLIMATE CHANGE CHALLENGES

Numerous human activities result in carbon dioxide (CO2) which causes greenhouse gas (GHG) emission. The impact of GHG is global warming and climate change. Having a high population, Indonesia is a country that is very prone to the impact of GHG. Indonesia's efforts to help minimize GHG emission are proven by the completion of the Nationally Determined Contribution (NDC) document. Indonesia is committed to the reduction of emission at 29% by its own, and 41% with international assistance by 2030.

PGN supports this commitment through, to name one, the policy of carbon emission reduction from natural gas distribution business line. Nonetheless, the ever-increasing negative risk of climate change is the potential of disruption to the Company's operation. The risks include exploration disturbance during incessant rain or hampered transportation due to floods or landslides. Such natural conditions affect business actors in the entire world.

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In the framework of the spirit of good energy that prosper the nation, the presence of PGN in the community is more than just driving the wheels of the State economy. Through the development and operation of a gas pipeline network equivalent to 80% of downstream natural gas pipelines throughout Indonesia, PGN's efforts to continue increasing national natural gas utilization will be in line with improving living standards of communities surrounding PGN's operations.

05



**GOOD ENERGY FOR
EARTH CONSERVATION**

GOOD ENERGY FOR EARTH CONSERVATION



The National Energy Council (DEN) predicted that the national energy needs would increase two folds by 2025. PGN responded to the challenge of meeting increasing energy demand by providing more environmentally friendly natural gas energy supply. Utilization of natural gas produces less emission compared to that of other fossil fuels, such as oil and coal. By supplying natural gas as energy source, PGN has contributed to suppressing of CO₂ emission, a greenhouse emitter that triggers global warming.



In addition to the impacts on operational activities, actually climate change also provides opportunity for PGN's business development. Public awareness to participate in the efforts to reduce CO₂ gas emission through the use of natural gas has continued to grow. As the lowest CO₂ emitting fuel compared to other fossil fuels and economical, public demand from various elements such as industry and household continues to increase. This is an opportunity for PGN to improve the capacity, affordability, and reliability of its distribution and transmission facility.

PGN's main operational activity is the transmission and distribution of natural gas from production wells to the consumers, for both industries and households. PGN realizes that its business activities have impacts on the environment. The commitments to preserve the environment and participation in greenhouse gas mitigation are manifested through the implementation of **the Environmental**

Transformation Roadmap in all of PGN's operational activities. This is PGN's concrete contribution to the environment, through the environmental impact management and provision of clean energy to meet the needs of the current as well as the future generations.

ENVIRONMENTAL MANAGEMENT SYSTEM

PGN applies the Integrated Environmental and Energy Management System which refers to PGN's Environmental Transformation Roadmap for the 2013–2017 period. This is essential to make environmental transformation' a part of PGN's operational culture and a culture of all PGN people.

The Environmental Transformation Roadmap for the 2013–2017 period serves as PGN's reference to achieve its business goals and also in developing programs to attain one of its targets. The achievements related to the roadmap are:

Target	2013	2014	2015	2016	2017
The PROPER* Green rating (Beyond Compliance)					
The PROPER* Gold rating (Environmental Excellence)					
Development of carbon footprint calculation	✓	✓	✓	✓	✓
Implementation of Environmental Impact Assessment (AMDAL), Environmental Management & Monitoring Plans (UKL-UPL), and					
The achievement of 100% compliance to environmental regulations.			✓		
Development of baseline data for environmental management			✓		
ISO 14001:2004 certification				✓	
Zero pollution			✓	✓	
Implementation of ISO 14001:2004 audit surveillance					✓

*PROPER, which in Indonesian stands for Corporate Performance Rating in Environmental Management Program, is an assessment on corporate's environmental performance conducted by an authorized government body, namely the Ministry of Environment.

PGN's Environmental Policy

PGN's environmental policy is an element of a unified policy that addresses the aspects of safety, health, security and environment, altogether referred to as the Occupational Health and Safety, Security, Environment and Energy Policy, which was ratified in line with PGN's business transformation on June 1, 2017.

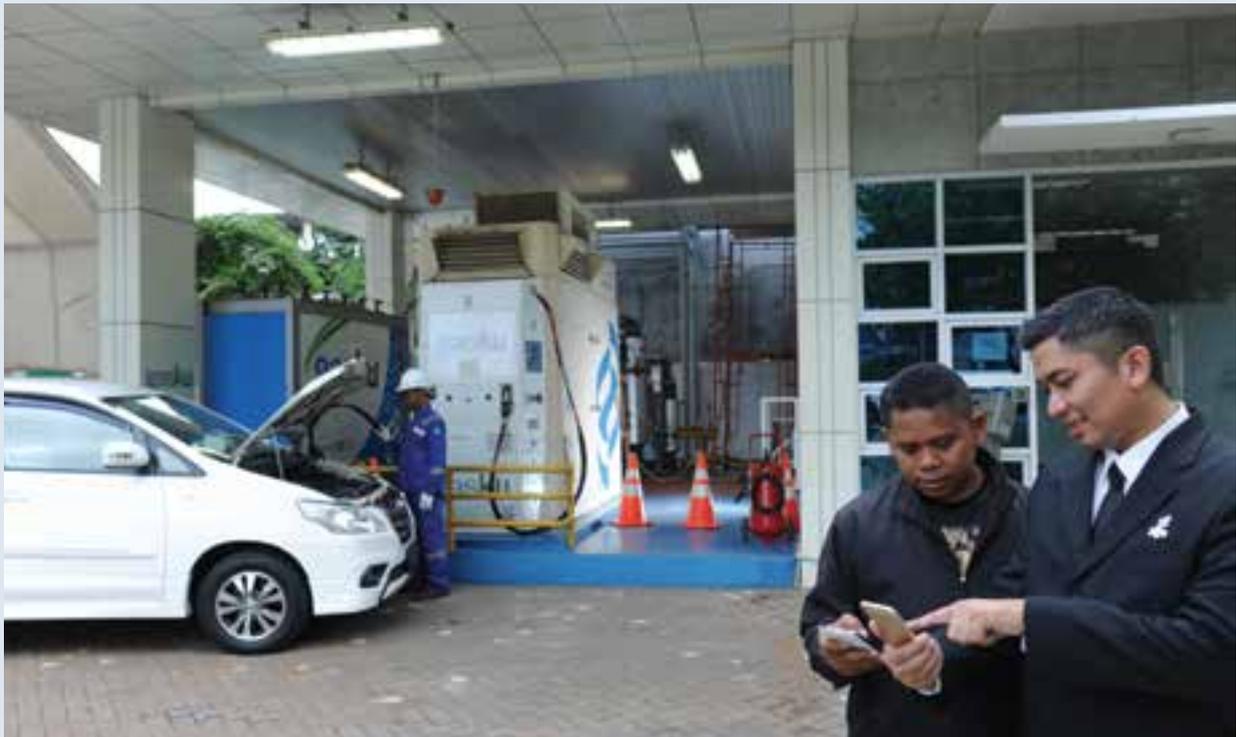
PGN's policy in the environment sector has been incorporated into environmental work programs, encompassing:

- Preparation of an Environmental Impact Assessment (EIA) as well as Environmental Management Plans (UKL) and Environmental Monitoring Plans (UPL), as well as environmental licenses for all new projects, by involving independent external parties.

- Implementation of RKL (Environmental Management Plans) and RPL (Environmental Monitoring Plans) as well as UKL-UPL, and regular reporting in each semester to the relevant authorities.
- Replacement of instruments with new energy-saving technologies.
- Implementation of the use of resources in a sustainable way, such as paperless work, water saving, and composting program.
- Cultivating employees to conduct environmental protection, such as energy saving, water saving, and waste reduction, through environmental campaigns.
- Implementation of the Environmental Management System and the ISO 14001 certification.



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CONVERSION TOWARDS ENERGY RESILIENCE

Indonesia is one of the world's 15 largest oil consumer, with more than half of the provision for oil is imported. The Government thus made the policy of conversion from fossil fuels to gas fuel as an effort to reduce the dependency on imports.

About 80% of fuel oil consumption in Indonesia is in the transportation sector. One of the forms of PGN's support in implementing the energy conversion policy in transportation sector is the provision of converter kit and refueling facility, i.e. gas refueling station (SPBG) and Mobile Refueling Unit (MRU).

In 2017, PGN provided 2,021 converter kits in 12 SPBGs and MRUs in several areas

in Indonesia. In Lampung, 116 units of converter kit were distributed. Other locations of converter kit distribution are SPBG Klender, 302 units, SPBG Bogor 89 units, SPBG Batam 307 units, SPBG PondokUngu 280 units, MRU IRTI Monas 195 units, MRU Grogol 105 units, SPBG Sukabumi 63 units, SPBG Purwakarta 116 units, MRU Bandung 155 units, SPBG Ngagel 284 units, and 9 units in MRU Gresik.

Converter kit distribution and installation are efforts in making natural gas an alternative energy for public. Consequently, public has played a role in using more environmentally friendly, safe, and efficient energy, while accelerating the realization of the nation's resilience in energy.

The implementation of these programs is under the responsibility of Health, Safety, Security and Environment (HSSE) Division. PGN's principle in environmental management refers to the ISO 14001 Environmental Management System, which has been certified since 2016. Regularly, PGN identifies significant environmental aspects and impacts, identifies the regulations and evaluates PGN's compliance with such regulations, determines its environmental goals and objectives, and conducts internal as well as external audit into the Environmental Management System's implementation.

TRAINING IN ENVIRONMENTAL SECTOR

PGN continuously conducts various training programs in environmental and environmental management, involving its employees from all levels. Some of the training programs conducted in 2017 which addressed the environmental aspect are:

- Training on the Preparation and Implementation of Environmental Permit
- Hazardous Waste and Domestic Waste Management Training
- Energy Management System Training
- Corporate Performance Rating in Environmental Management Program (PROPER) Training

ENVIRONMENTAL MANAGEMENT & MONITORING

PGN implements Environmental Management and Monitoring programs as a form of its commitment to environmental conservation. These programs are implemented in every business activity that must be preceded by Environmental Impact Assessment (AMDAL) or Environmental Management & Monitoring Plans (UKL-UPL). PGN's business activities in general do not have significant negative impact on the environment. However, PGN strives to take the environmental aspect into account in implementing all of its operational activities – maintaining the environment quality within the environmental standard sets by the Government. PGN also reports its environmental monitoring results every semester to the relevant authorities, namely the Environment Ministry, Environment Department of The Local Government, and Oil and Gas Directorate General.

PGN's operational activities do not produce direct emissions or air pollution which endangers the environment, nor solid and liquid waste. In accordance with the provisions in the AMDAL and UKL-UPL documentation, PGN conducts monitoring of:

- Water quality,
- Air emission/quality,
- Noise levels.

So far, the measurement results of environmental quality monitoring parameters in all of PGN's major operational areas have been consistently in accordance even lower than the provisions of environmental quality standards.

a. Water Quality Monitoring [GRI 303-1]

Water consumption in PGN operational support offices is limited to water usage for cooling medium in compressor pump installations and domestic activities. Meanwhile, in the main support offices, water sources come from the City Water Company (PDAM) and wells which has been adjusted to the quantity limits. The effectiveness of the policy and the implementation of water consumption efficiency is seen from water consumption record of PGN head office in Ketapang, Jakarta which decreased by 4.8% compared to 2016. Water consumption from PDAM source in 2017 amounted to 68,285 m³ or increased by 10.4% compared to 2016 which reached 61,856 m³. For well-sourced water, the consumption in 2017 decreased by 21.4% compared to the previous year. The decrease of wells-sourced water consumption, as stated above, is intended to conserve ground water and soil. Measurements are made by direct measurement from the water discharge flow meters.

PGN utilizes quite an extensive open area around the head office as a water catchment area. In this area, we have made biopore holes as a media to absorb the soil. In this way, the ground water level is relatively maintained so that there were no complains from the local communities or from the relevant authorities regarding the decrease of groundwater levels.

TABLE OF WATER CONSUMPTION IN KETAPANG			
Water Consumption Source	2017	2016	2015
City Water Company (PDAM)	68,285 m ³ (+10,4%)	61,856 m ³ (+39,5%)	44,342 m ³
Wells	44,509 m ³ (-21,4%)	56,608 m ³ (+13,5%)	49,887 m ³

AFFORESTATION



As a complementary program aside from emission monitoring effort and energy efficiency improvement, PGN has planted 96,314 trees around our main transmission pipelines locations in 2017. The types of plants planted are fruits, mangroves, and local species. The presence of these trees will reduce carbon dioxide concentration in the atmosphere, as the trees absorb that gas during photosynthesis.

Revegetation around main transmission pipeline locations 2013 - 2017
 2015: 11,985 trees
 2016: 85,329 trees
 2017: 96,314 trees

b. Monitoring of Air Emission Quality [GRI 305-1]

One of the direct efforts that has been done by PGN to help slowing down the global climate change is doing more efficient business operations and limiting greenhouse gas emission that directly contributes to the increase of earth surface temperature. PGN has taken structured efforts to reduce carbon emissions from its operational activity.

Tangible manifestation of our company's environmental management program in these efforts is the standardization of carbon emission measurement as the basis in creating appropriate carbon mitigation policy due to its operational activities.

Since five years ago, PGN has implemented carbon footprint measurement through the carbon accounting system called PGN's Carbon Calculator. These efforts comprises of:

- Emissions from electricity usage in buildings and station
- Emissions from fuel usage for generators
- Emissions from fuel usage for motor vehicles
- Emissions from gas usage for chiller and the turbine compressor
- Emissions from business trips involving flights
- Emissions from natural gas distribution activities

The result of Carbon Calculator shows that in 2017 the carbon emission produced in PGN's business vicinity is 87,099.24 ton CO₂eq, an increase of 38.1% compared to the previous year.

TABLE OF PGN CARBON EMISSION SCOPE 1 2014 – 2017 [GRI 305-1]

Activity type / year	2017	2016	2015	Metode Perhitungan untuk Tahun 2017
Venting	2,505.56	2,564.59	890.88	The m ³ figure resulted from the calculation times the emission factor based on the IPCC Guideline 2006.
Instrumentation	3,204.98	2,777.95	915.5	The m ³ figure resulted from the calculation times the emission factor based on the IPCC Guideline 2006.
Blowdown	631.03	506.47	80.27	The m ³ figure resulted from the calculation times the emission factor based on the IPCC Guideline 2006.
Gas leak	31,673.15	8.34	1.54	The m ³ figure resulted from the calculation times the emission factor based on the IPCC Guideline 2006.
Gas fuel	36,208.25	37,039.48	47,396.94	The m ³ gas data from the measurement using the measuring instrument is multiplied with emissions factors based on the IPCC Guideline 2006
Oil fuel for generators	95.24	973.25	990.26	The m ³ gas data from the measurement using the measuring instrument is multiplied with emissions factors based on the IPCC Guideline 2006
Oil fuel for vehicle	1,949.09	1,762.40	1,473.09	The figure of liter of fuel oil is resulted from the figure of distance times the emission factor based on IPCC Guideline 2006.
Gas fuel for vehicle	0.00	498.37	566.81	The BBG m ³ data from the record is multiplied by the emission factor based on IPCC Guideline 2006
Gas for chiller	1,247.50	314.84	245.29	The m ³ figure of gas fuel oil from records times the emission factor based on IPCC Guideline 2006.
Total	77,514.80	46,445.69	52,560.58	52,324.70

Apart from CO₂, one of the greenhouse gases that destroy earth's ozone layer is Chloro Fluoro Carbon (CFC). One type of CFC gases, Freon, also destroys ozone which affects global warming. The freon released in the air would react and causes three oxygen atoms (O₃) in the ozone to be O₂. Thus, the ozone layer would be thinner and even holed. Freon is usually used as chiller material or for heat exchanger media for cooling machines (room AC, refrigerator, cooling tower, and so on).

Since 2011, PGN pioneered the utilization of natural gas from internal installation network as replacement of non-environmentally friendly chiller material. The natural gas used for chiller material can still be used for fuel. As a result, PGN no longer emits freon, a type of ozone-detrimenting gas.

TABLE OF PGN CARBON EMISSION SCOPE 2 [GRI 305-2]

Energy consumption activity	2017	2016	2015	Metode Perhitungan untuk Tahun 2017
Electricity	9,072.98	15,837.03	8,217.58	The KWh figure resulted from PLN's billing times the emission factor based on the Electricity Power Directorate General of the Energy and Mineral Resources Ministry.
Flights	511.46	782.93	625.86	Every official travel by airplane is recorded and then times the Total passengers CO ₂ /journey based on ICAO.
Total	9,584.44	16,619.96	8,843.44	

TABLE OF PGN GHG EMISSION INTENSITY 2014 - 2017 [GRI 305-4]

	2017	2016	2015
Total Carbon Emission (Ton CO ₂ eq)	87,099.24 (+38.1%)	63,065.64 (+2.7%)	61,404.02
Production Volume (MMscfd)	1,265.06 (-7.9%)	1,373.44 (-2.5%)	1,408.57
GHG Emission Intensity (ton CO ₂ eq/MMscfd)	68.85 (+49.9%)	45.92 (+5.4%)	43.59

The air quality is also monitored in the chimneys of combustion emission sources, i.e. gas turbine, gas-engine generator and diesel-engine generator. This monitoring is conducted periodically, in line with the Environment Minister Regulation No. 13/2009 on Emission Quality Standards from Stationary Sources for Oil and Natural Gas Business and/or Activities.

ANALYSIS RESULTS OF AIR EMISSION AT PAGARDEWA COMPRESSOR STATION**2017**

Parameter	Unit	Standard Quality	Measurement Result						Standard Quality	Measurement Result							
			Gas Turbine	Gas Turbine A		Gas Turbine B		Gas Turbine C		GEG	GEG A		GEG B		DEG	DEG	
				Jan-17	Okt-17	Jan-17	Ags-17	***			***	*)	May-17	Okt-17			Jun-17
Carbon monoxide (CO ₂)	mg/Nm ³	-	**	**	**	**	**	***	***	500	468	389	450	443	600	542	553
Sulfur dioxide (SO ₂)	mg/Nm ³	150	13	6	5	5	***	***	150	29	83	77	26	-	**	**	**
Nitrogen dioxide (NO ₂)	mg/Nm ³	320	103	31	49	67	***	***	400	267	371	339	257	1000	952	938	938
Total Particulate	mg/Nm ³	50	8	2	4	5	***	***	50	8	5	2	4	-	**	**	**
Oxygen (O ₂)	%	-	16.7	16.1	17.2	16.6	***	***	-	14.6	16	7.5	9.1	-	18.5	18.1	18.1
Flow Velocity	m/s	-	10.7	12.38	17.22	25.39	***	***	-	17.03	9.41	15.27	14.1	-	11.58	13.51	13.51

ANALYSIS RESULTS OF AIR EMISSION AT PAGARDEWA COMPRESSOR STATION**2016**

Parameter	Unit	Standard Quality	Measurement Result						Standard Quality	Measurement Result							
			Gas Turbine*)	Gas Turbine A		Gas Turbine B		Gas Turbine C		GEG	GEG A		GEG B		DEG	DEG	
				Mar-16	Aug-16	Mar-16	Aug-16	Mar-16			Aug-16	*)	Mar-16	Aug-16			Mar-16
Carbon monoxide (CO ₂)	mg/Nm ³	-	**	**	**	**	**	***	500	222	Obligatory Monitoring 1 time every 1 year	385	Obligatory Monitoring 1 time every 1 year	600	150	Obligatory Monitoring 1 time every 3 years	150
Sulfur dioxide (SO ₂)	mg/Nm ³	150	<1	5	<1	3	<1	***	150	16	71	71	-	86	86	86	86
Nitrogen dioxide (NO ₂)	mg/Nm ³	320	25	71	25	51	6	***	400	218	388	388	1000	356	356	356	356
Total Particulate	mg/Nm ³	50	25	16	4	10	3	***	50	22	5	5	-	15	15	15	15
Oxygen (O ₂)	%	-	16	15.7	15	15	17	***	-	12.4	8	8	-	17	17	17	17
Flow Velocity	m/s	-	18.76	19.73	11	55.38	19	***	-	11.61	19	19	-	10	10	10	10

ANALYSIS RESULTS OF AIR EMISSION AT PAGARDEWA COMPRESSOR STATION**2015**

Parameter	Unit	Standard Quality	Measurement Result						Standard Quality	Measurement Result							
			Gas Turbine	Gas Turbine A		Gas Turbine B		Gas Turbine C		GEG	GEG A		GEG B		DEG	DEG	
				*)	May-15	Nov-15	Jan-15	Sep-15			Jan-15	Sep-15	*)	Jan-15			Sep-15
Carbon monoxide (CO ₂)	mg/Nm ³	-	**	**	**	**	**	**	500	86	480	155	62	600	340	559	559
Sulfur dioxide (SO ₂)	mg/Nm ³	150	28	<1	8	<1	9	<1	150	8	4	3	63	-	5	24	24
Nitrogen dioxide (NO ₂)	mg/Nm ³	320	235	22	6	4	8	28	400	14	55	10	138	1000	8	218	218
Total Particulate	mg/Nm ³	50	17	5	16	5	17	7	50	18	5	18	7	-	23	12	12
Oxygen (O ₂)	%	-	15	18	15	18	15	19	-	14	15	12	16	-	14	16	16
Flow Velocity	m/s	-	7	10	20	28	20	27	-	18	23	25	8	-	20	12	12

*) Regulation of Environment Minister Number 13/2009 concerning Benchmark of Immobile Energy Emission for Oil and Gas Business and/or Activity and Regulation of South Sumatra Governor Number 6/2012 on Benchmark of Immobile Energy Emission and Threshold of Motor Vehicle Exhaust Gas Emission.

**) To be measured obligatorily

***) Machine not in operation.

c. Monitoring of Waste Disposal [GRI 306-2]

In its operational activities, PGN prioritizes the reduction at source principle, minimizing the production of waste. This can be done in two aspects, the quantity and the impact. One of the efforts is gradually replacing mercury-containing lamps with LED lamps to reduce hazardous waste quantity.

For hazardous waste management, PGN does not have a waste management unit. Hazardous waste management is handled by a third party which is licensed to manage the waste: to collect the waste from PGN's operational areas and subsequently manage it outside these areas.

Hazardous waste produced from PGN's operational activities include:

- Used lubricant oil
- Used filter
- Used battery/accu
- Contaminated used packaging
- Contaminated used rag

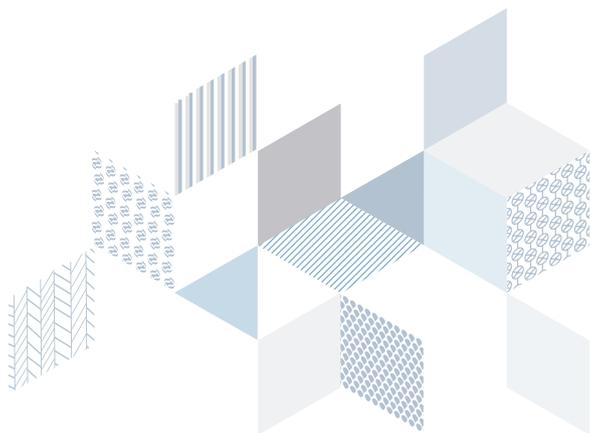
WASTE IMPLEMENTATION B3 PGN 2016 & 2017 [GRI 306-2]

WASTE IMPLEMENTATION B3 2017 (TON)					
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2017
GTM					
Bojonegara	0.115000	0.000000	0.028000	0.000000	0.143000
Muara Bekasi	0.000000	0.000000	0.000000	0.092500	0.092500
Pagardewa	1.270165	0.371200	5.253550	1.095000	7.989915
Labuhan Maringgai	0.508000	0.469000	0.089000	0.066480	1.132480
Terbanggi Besar	0.173750	0.109960	0.102680	0.229020	0.615410
GDMR I					
Cimanggis	0.000100	0.000100	0.002300	0.002100	0.004600
Pondok Ungu II	0.004290	0.000250	0.003410	0.010040	0.017990
Narogong	0.000000	0.001000	0.034000	0.000000	0.035000
Kedep	0.000000	0.000900	0.006700	0.000600	0.008200
Bitung II	0.008000	0.009640	0.000000	0.007100	0.024740
Serpong	0.000000	0.011200	0.000000	0.021800	0.033000
Cikande II	0.051400	0.466500	0.000000	0.003000	0.520900
Tegal Gede GTA	0.004000	0.000000	0.000000	0.004500	0.008500
Delta Mas	0.001000	0.002000	0.000000	0.000000	0.003000
Rawa Maju/ Tangsi	0.000000	0.000000	0.000000	0.007000	0.007000
Surya Cipta	0.000000	0.002000	0.000500	0.002400	0.004900
Bongas/Garawangi	0.032750	0.028000	0.060250	0.031200	0.152200
Demang Lebar Daun	0.003250	0.020000	0.067700	0.042500	0.133450
GDMR II					
Tandes	0.001000	0.105550	0.000000	0.027900	0.134450
Gresik	0.003400	0.024225	0.000000	0.028600	0.056225
Waru	0.016000	0.017250	0.017000	0.011000	0.061250
Kalisogo	0.001990	0.069540	0.058110	0.026350	0.155990
Porong	Inactive area affected by Lapindo mud				
GDMR III					
Pasar 9	0.000000	0.000000	0.027700	0.029000	0.056700
Panaran	0.058900	0.056300	0.060500	0.114000	0.289700
Offices					
Pusat Office	0.000000	0.000000	0.041000	0.101900	0.142900
Bogor Office	0.146500	0.000000	0.027000	0.005750	0.179250
Karawang Office	0.000000	0.000000	0.000000	0.021000	0.021000
Cirebon Office	0.000000	0.000000	0.016000	0.004000	0.020000
Tangerang Office	0.000000	0.000000	0.005800	0.000000	0.005800
Medan Office	0.000000	0.000000	0.001000	0.011900	0.012900
				Total	12.0630

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WASTE IMPLEMENTATION B3 2016 (TON)					
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2017
GTM					
Bojonegara	0.1184	0.145	0.098	0.106	0.4674
Muara Bekasi					0
Pagardewa	2.84645	1.14515	2.153	2.235	8.3796
Labuhan Maringgai	0.69576	0.94483	0.0936	0.1408	1.87499
Terbanggi Besar	0.20926	0.17735	0.47291	0.63835	1.49787
GDMR I					
Cimanggis	0.0099	0.0074	0	0.0026	0.0199
Jakarta					
Klender					
Cilegon					
Bogor					
GDMR II					
Tandes	0.038	0.064	0		0.102
Gresik	0.011	0.1235	0		0.1345
Waru	0.0068	0.045	0		0.0518
Kalisogo	0.00652	0.03554	0		0.04206
Porong	Inactive area affected by Lapindo mud				
GDMR III					
Pasar 9		0.361			0.361
Panaran	0.2443	0.163	0.158	0.365	0.9303
Head Office	2.705				2.705
				Total	16.56642

This hazardous waste was temporarily stored in hazardous waste temporary depository which has the license of Hazardous Waste Temporary Storage from the authorized institution. After being kept for a period as permitted according to the license, the hazardous waste was periodically transported by PT Prasadha Pamunah Limbah Industri to be processed further. This is the manifestation of PGN's commitment to prevent its operational process from polluting the environment. **[GRI 306-2, 306-4]**



Neither GDMR I, II nor III produces liquid waste from their operational activities in its sites/stations. Only Pagardewa Station in GTM produces liquid waste.

ANALYSIS RESULTS OF WASTEWATER QUALITY OF OUTLET API SEPARATOR PAGARDEWA COMPRESSOR STATION 2017 [GRI 306-2]

Parameter	Unit	Standard Quality	Test Results in 2017 in Month											
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
pH	-	6 - 9	8	7.2	7	8	7	7	7	6.5	8	6.8	8	6.9
Oil &grease	Mg/L	25	< 1.8	< 1.8	< 1.8	< 1.8	< 1.8	< 1.8	< 1.8	< 1.8	< 1.8	< 1.8	< 1.8	< 1.8
Total organic carbon	Mg/L	110	2	1	6	7	8.2	16	9	4	4	3	5	3

ANALYSIS RESULTS OF WASTEWATER QUALITY OF OUTLET API SEPARATOR PAGARDEWA COMPRESSOR STATION 2016 [GRI 306-2]

Parameter	Unit	Standard Quality	Test Results in 2016 in Month											
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
pH	-	6 - 9	6,47	8	8	8	7	7,7	7	7	8	7	8	8
Oil &grease	Mg/L	25	<0,2	<0,2	<0,2	<0,2	<0,2	<0,2	<0,2	<0,2	<0,2	<0,2	<0,2	<0,2
Total organic carbon	Mg/L	110	1	3	2	8	6	5	4	4	5	8	7	6

ANALYSIS RESULTS OF WASTEWATER QUALITY OF OUTLET API SEPARATOR PAGARDEWA COMPRESSOR STATION 2015 [GRI 306-2]

Parameter	Unit	Standard Quality	Test Results in 2015 in Month											
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
pH	-	6 - 9	6,9	7,56	7,1	7,56	6,8	7,1	7	7	8	6	9	7
Oil &grease	Mg/L	25	0,42	0,5	7,1	1,6	<0,2	0,6	0,4	<0,2	<0,2	0,2	<0,2	<0,2
Total organic carbon	Mg/L	110	3,4	1,8	3,2	4,62	7	33,9	36,2	0,5	<0,25	91,9	<0,25	0,6

d. Energy Intensity Monitoring

PGN's operational activities use both direct and indirect energy. Energy is used directly for own generators and to drive the gas turbine compressors so that the gas in the transmission network flows toward the end-user installations such as power plants, the ceramics industry, commercial customers (hotels and shopping centers) and households. Indirect energy includes the use of electricity supplied by PLN to meet the needs of the Head Office, Branch Offices and gas Stations.

PGN undertakes energy audit every three years, which is aimed to identify the energy consumption level and the energy saving measures that PGN can potentially take. The results of energy audit would be used in identifying ways to improve the energy management system in order to gradually reach the green energy level, i.e. location or facility which has the highest and lowest level of consumptions, and ways to raise awareness and employees' concern in saving energy. That said, besides improving energy efficiency, PGN can also minimize the expenses for energy needs.

In 2017 PGN conducted an energy audit in cooperation with PT Energy Management Indonesia. Based on energy audit results, it is found that the Energy Consumption Index (IKE) of Graha PGAS Head Office Building is 12.88 kWh/m²/month. The figure shows that the Head Office is placed in Efficient category, based on Minister of Energy Regulation Number 13 Year 2012 concerning Electricity Power Saving.

It also indicates the decrease of energy consumption, which was 17.63 kWh/m²/month in 2012.

This energy saving was achieved through the following programs:

- Replacing light bulbs to LED bulbs, which are more energy efficient and long lasting.
- Operational settings such as time setting of AC and lighting.
- Raising employees' awareness in energy efficiency.

In spite of the slight increase from the previous year, PGN's electricity energy intensity shows PGN's success in the efforts to continuously improve electricity system efficiency. PGN consumed a total of 686,255 gigajoule energy in 2017, a decrease of 16.5% compared to 2015 accompanied with the decrease of energy intensity of 7% compared to the last two years.

Energy Intensity [GRI 302-3]	2017	2016	2015	2014
Production (MMscfd)	1,265.06	1,373.44	1,408.57	859.05
Energy Consumption (Gigajoule)	686,255	662,996	821,871	759,983.7
Energy Intensity (Gj/MMscfd)	542.47	482.73	583.48	884.68

To reduce the use of electricity, PGN has implemented various repairment programs:

1. Rewiring of light switches based on need, function, and gradual use of energy efficient LED light bulbs.
2. Using solar cells for lighting outside of gas stations and repeater towers.
3. Operational settings such as time setting of AC and lighting.

MATERIAL USAGE [GRI 301-1]

Having main activity of developing the natural gas business in Indonesia, PGN is always adding new pipes to its network. The pipes are made of steel or polyethylene (PE) plastic. The steel pipes are covered by coating and other protective layers so that they are rustproof, durable and can be buried in the soil for long periods of time (about 30 years).

Another important material in our main operational activities is impurity absorbers, or filters, that we place in the pipe. The function of this filter is to remove dirt in the form of water vapor or dissolved substances to maintain the quality of the natural gas. The absorbent material is replaced with a new one after being used for a certain period of time. The used absorbent material is treated as solid waste that is further treated in accordance with the applicable regulations so as not to pollute the environment. PGN uses these materials to minimize the impact of its production activities.

As at the end 2017, the accumulated length of PGN's managed transmission & distribution pipe reached 7,453 km. This shows an increase of 2.4% compared to the previous year's total length of 7,278 km.

NETWORK PIPE LENGTH OF PGN IN 2016-2017 [GRI 301-1]			
DISTRIBUTION	Dec-16	Dec-17	Addition
Jakarta	694.15	744.12	49.97
Bogor	586.01	622.73	36.72
Tangerang	450.54	444.26	-6.28
Cilegon	101.99	102.63	0.64
Bekasi	388.19	414.44	26.25
Karawang	176.39	179.20	2.81
Cirebon	390.33	400.15	9.82
Palembang	178.23	178.19	-0.04
Lampung	97.64	97.81	0.17
Sidoarjo	404.79	414.50	9.71
Pasuruan	199.10	202.87	3.77
Surabaya	552.10	574.34	22.24
Semarang	16.38	17.32	0.94
Medan	606.61	605.02	-1.59
Pekanbaru	15.10	15.11	0.01
Batam	136.55	156.57	20.02
Jumlah Distribusi	4,994.10	5,169.26	175.16
TRANSMISSION			
Medan	36.9	36.90	0
Grissik-Duri	536.36	536.36	0
Grissik-Batam-Singapore	469.48	469.48	0
SSWJ	1,003.98	1,003.98	0
Kepodang - Tambak Lorok*	200.77	200.77	0
LNG Lampung*	21.32	21.32	0
LNG Jakarta*	15.12	15.12	0
Total	7,278.03	7,453.19	175.16

Accumulation of PGN's Managed Transmission & Distribution Pipe Lengths

2017 = 7,453.19 km

2016 = 7,278.03km

2015 = 7,025.94 km

2014 = 6,066.61 km

In its operational activities, PGN also implements paper saving policy, by implementing the following programs: technology based administration system, which is an electronic secretariat management system (e-sms) to reduce paper usage; centralized printing system to control paper usage, using recto-verso printing, and recycling paper waste.

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PGN implements a policy that allows materials that can no longer be used but recyclable to be managed by a competent third party for subsequent processing. The handling of materials that are no longer used by PGN is done in three ways, namely sold, donated and destroyed.

ENVIRONMENTAL PROGRAMS & BUDGET

As a demonstration of PGN's commitment to implementing many different natural conservation programs, PGN has conducted various environmental conservation initiatives as part of its corporate social responsibility. These programs are discussed in another section of this Report. PGN has allocated funding to support the smooth running of these programs. In 2017, total budget incurred was Rp16,302,358,794, with the following details:

TABLE OF ENVIRONMENTAL PROGRAM EXPENSE 2015 - 2017			
Description of Activities	2017	2016	2015
Preparation of Environmental Documents AMDAL/UKL-UPL and Environmental Licensing	1,357,150,089	1,694,192,887	8,237,269,389
Environmental Monitoring	5,437,588,290	3,855,064,181	3,705,493,000
Environmental Campaigns	39,906,400	54,500,000	56,500,000
Hazardous Waste Management	2,390,782,205	1,295,000,000	1,295,972,000
PROPER-related Environmental Management Programs	1,595,442,248	600,000,000	1,291,748,500
Calibration of Environmental Measurement Tools	-	11,000,000	12,000,000
Environment-related Training	37,451,295	589,681,506	271,659,289
Energy Monitoring & Carbon Calculator System	1,353,279,840	820,017,000	-
Energy Efficiency Program	1,318,962,500	600,000,000	910,814,000
Environmental Management Facility: Temporary Depository for Hazardous Waste	626,561,805	62,000,000	242,704,500
Environmental Reports	18,407,475	18,500,000	55,852,500
Environmental Management System	166,990,439	449,680,000	192,940,000
Total	16,302,358,794		



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3 SUSTAINABILITY GOVERNANCE

4 GOOD ENERGY BRINGS PROSPERITY TO THE NATION

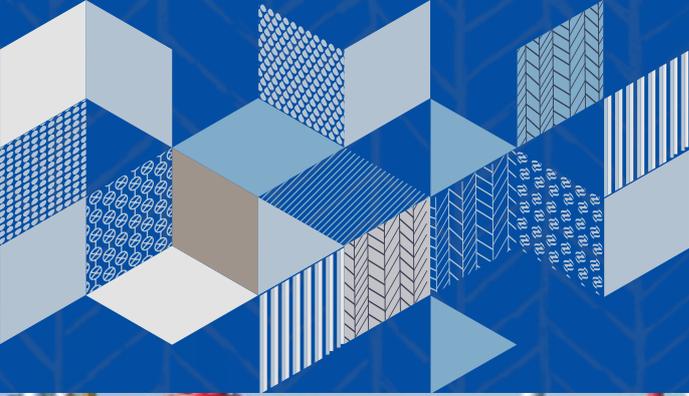
5 GOOD ENERGY FOR EARTH CONSERVATION

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7 GOOD ENERGY SERVING THE CUSTOMER

8 GOOD ENERGY EMBRACES PGN PEOPLE

9 GOOD ENERGY SHARES WITH NATION'S CHILDREN



PGN's environmental policy is part of a policy unity concerning aspects of safety, health, security and the environment. This is what we call the Occupational Safety and Health Policy, Security and Environmental Management and Renewable Energy as transformed by PGN's business.

06



**OCCUPATIONAL
HEALTH & SAFETY**

OCCUPATIONAL HEALTH & SAFETY (OHS)



Wherever PGN operates, we are committed to executing operational safety, applying high-standard Occupational Health and Safety (OHS). The OHS application is not only for meeting local requirements but also for following international standards and “best feed” of the existing best practices in similar industries.



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POLICY

The Occupational Health and Safety (OHS) management in the Company is a substantial thing due to its high risk of the activities of PGN's business management that engages in natural gas transmission and distribution. With good OHS management, than all possibilities that can cause occupational accident and health can be minimized or even disappeared. Therefore, we have created policy and objectives in terms of OHS in the OHS structure at PGN.

One of the key indicators to measure the Company's success is how far the Company can provide protection and convenience to all employees, for all employees from all parties that work within PGN's operational areas. Highly categorized OHS risks in the industry that PGN is engaged, encourage PGN to apply the highest standards of OHS at all times. Furthermore, safe, convenient and secure work environment also has positive impact on the work productivity of PGN's employees.

PGN endeavors to prevent work incident and occupational illness/work related disease by encouraging all its business units to apply OHS aspect properly and to follow the applicable regulations and rules. PGN always pays attention to OHS risks in each of operational processes and activities.

To PGN, good occupational health and safety means:

- Improved employee and their family welfare;
- Lower cost for compensating accident;
- Lower recovery cost;
- Lower prevention costs compared to mitigation of work accident;
- Maintaining the good image of the company extensively.

PGN has consistently applied high-standard OHS by referring to the Government Regulation Number. 50 of 2012 and OHSAS 18001:2007 Occupational Health and Safety Management System (OHSMS). Occupational Health and Safety Assessment (OHSAS) 18001 is the international standard for the application of OHSMS. The OHS policy at PGN emphasizes the implementation of OHS system in every activity, especially the Plan, Do, Check and Action principles. Similarly, PGN's objectives of OHS focus on health aspect as the realization of PGN's caring for the health of all of its workers. Only with healthy workers can PGN meet its goals and sustainability of its business.

OHS IN COLLECTIVE WORK AGREEMENT

In general, the OHS implementation and management at PGN refer to Law No. 1 of 1970 on Occupational Safety, and No. 13 of 2003 on Manpower, Article 82 point 2 which firmly states company's obligation in executing occupational health and safety measures for its workers.

Rules regarding OHS are part of the Collective Work Agreement (PKB) that has been signed by PGN's Work Union, abbreviated as SP-PGN, and the management. The OHS aspect is specifically contained in Chapter IX on Healthcare Security, Chapter X on Occupational Health and Safety, Chapter XI on Security and Chapter XIII on Discipline and Sanction against Disciplinary Violation, in the PKB. As many as 80.4% of PGN people are represented by the Work Union in the PKB. **[GRI 403-1]**

PGN's management commitment in applying OHS is manifested, not only in the OHS policy and Work Reference Document, but also in the Collective Work Agreement – which is compiled together by the workers' representatives of the Work Union SP-PGN and PGN's management representatives.

Occupational health and safety matter is discussed in: **[GRI 403-4]**

CHAPTER IX HEALTHCARE SECURITY

- Article 50 Medical Rehabilitation
- Article 51 Periodical Medical Check-up
- Article 52 Special Medical Check-up
- Article 53 Refusing Medical Check-up/Treatment

CHAPTER X OCCUPATIONAL HEALTH AND SAFETY

- Article 58 General
- Article 59 Occupational Safety
- Article 60 Social Security Agency (BPJS) Manpower
- Article 61 Work Accident
- Article 62 Death Security

CHAPTER XI SECURITY

- Article 63 Work Accident Security

CHAPTER XIII DISCIPLINE AND SANCTION AGAINST DISCIPLINARY VIOLATION

- Article 69 Types and Sanctions against Violation.

In addition, OHS aspect is part of Key Performance Indicators (KPI) of all workers. Thus it is expected that OHS practices be embedded in every worker of PGN.

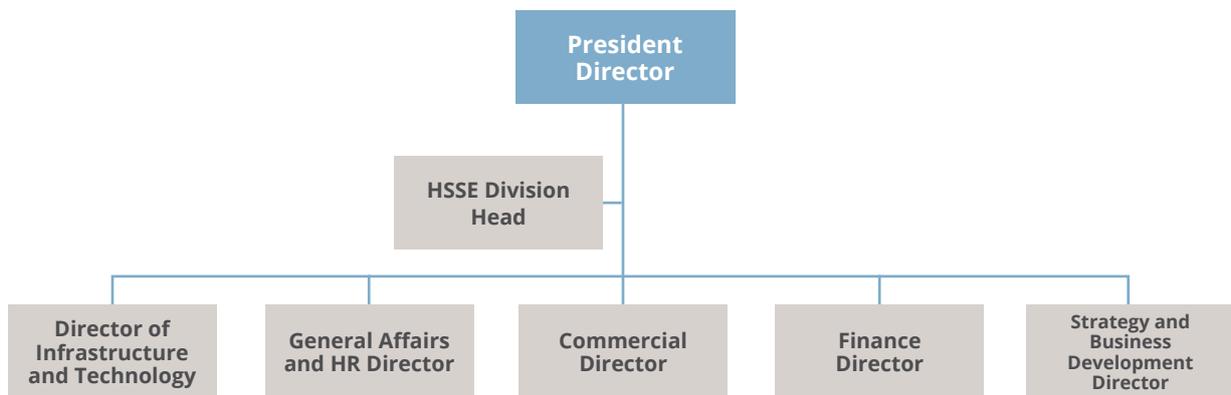
OHS IN PGN MANAGEMENT SYSTEM **[GRI 403-1]**

Within PGN's organizational hierarchy, Occupational Health and Safety program implementation is organized by the Health, Safety, Security and Environment Division (HSSE Division) under the President Director. The HSSE Division comprises 14 people, or 1% of all PGN employees.

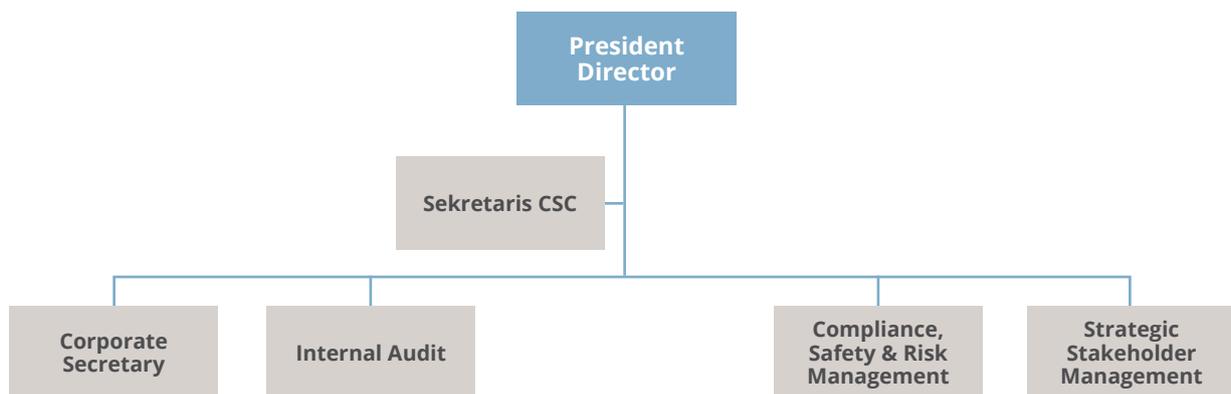
PGN formed the Executive Central Safety Committee (ECSC) at the Board of Directors level and the Central Safety Committee (CSC) at both corporate level and the Business Unit and Project level, as well as Subsidiary. This is aimed at effective and efficient OHS implementation and management. The role of CSC as the principal driver of OHS is very important for PGN’s success in socializing occupational safety culture to all employees from all parties that work within PGN’s operational areas.

A variety of OHS strategic policy and related activities are ongoing continuously. The CSC organizational structure at each directorate and project is as follows:

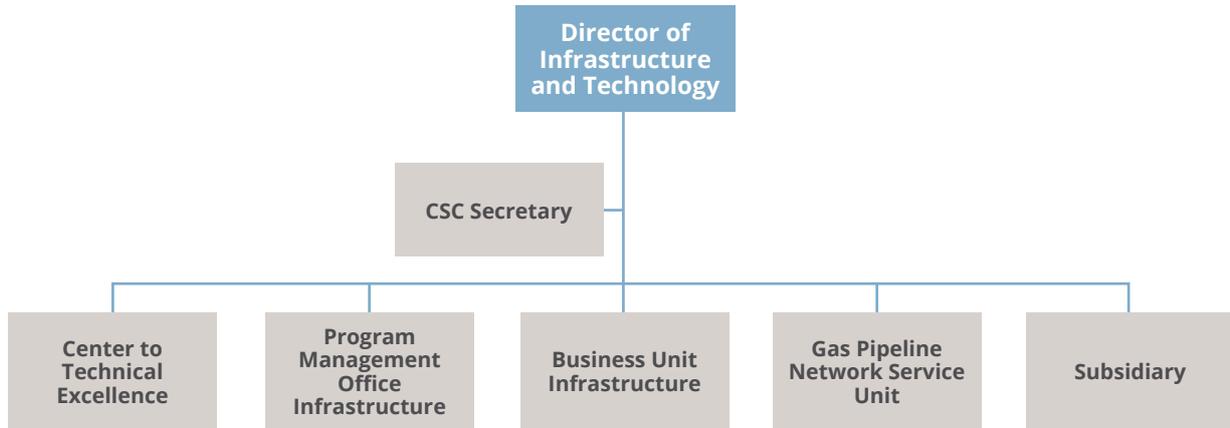
Executive Central Safety Committee



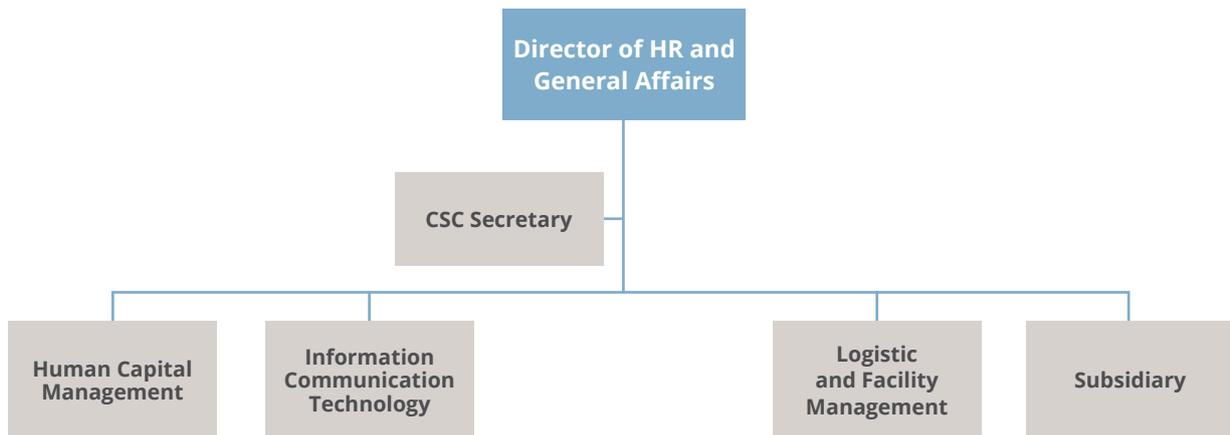
CSC of Head Directorate



CSC Directorate of Infrastructure and Technology



CSC Directorate of Human Resources and General Affairs



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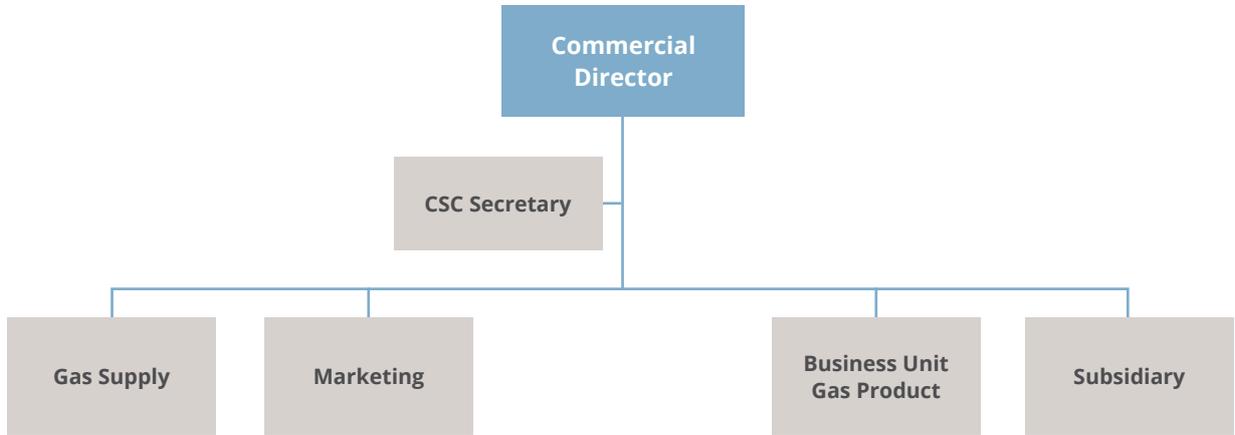
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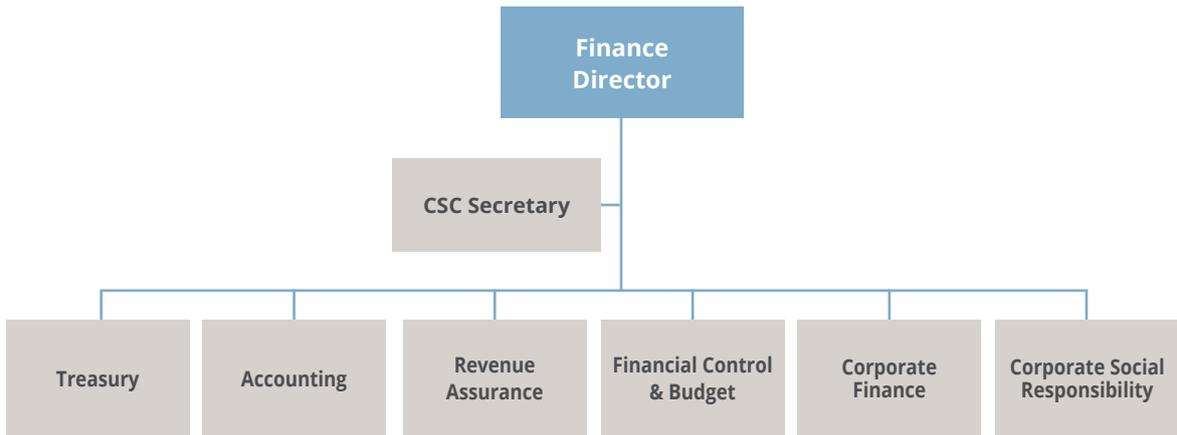
8 GOOD ENERGY EMBRACES PGN PEOPLE

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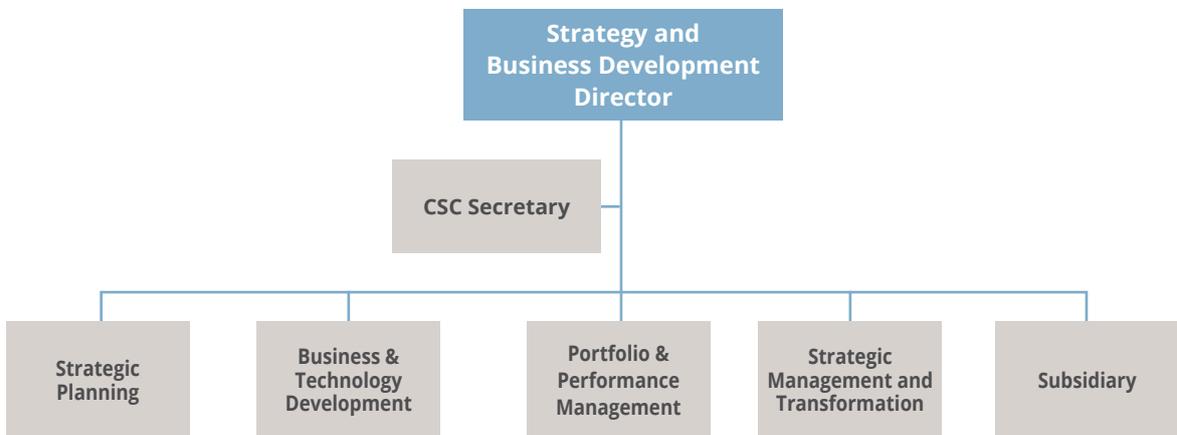
CSC of Commercial Directorate



CSC of Finance Directorate



CSC of Strategy and Business Development Directorate



OHS ROAD MAP IMPLEMENTATION

Along 2017, PGN realized a number of OHS-related activities in line with the OHS Road Map that had been set, on the occasion to assure safe and healthy operations at all times.

PGN'S OHS ROAD MAP

Since 2009, Program Safety Excellence has shown significant progress that brought PGN to the 'interdependent' level in 2017. PGN realizes the importance of mitigating risks and providing comprehension on OHS aspect to employees. Thus the frequency of fatal incident and work accident would decrease more and more. The results of audit at PGN work units show that the Safety Excellence Journey has successfully built OHS awareness culture. Apart from that, the transformation from 'reactive' level to 'independent' level has taken place, as illustrated below:



The OHS programs that have been held throughout 2017, like in previous years, are:

1. Management Visit

PGN Management conducts visits from time to time to Gas Distribution Management units or other work units to give motivation and show role model in terms of OHS rules. It is expected that direct interaction between the management and operational-level workers at sites may result in concrete feedback, especially regarding OHS implementation from the sites.

2. Management Review Meeting (RTM)

PGN continuously holds Management Review Meeting (RTM), which is the peak in the cycle of sustainable OHS management system improvement. During RTM, the OHS management system application status report is delivered. As an overview, the RTM agenda in 2017 is:

- Review of the RTM 2016 follow-ups.
- Review of SMK3PL-E policy implementation
- Review of HSSE Targets
- Review of HSSE Performance
- Monitoring the status of incident investigation, improvement and prevention measures
- Presentation of Lessons Learned from Incident 2017
- Review of Communication, Participation and Consultation
- Review of resources
- Review of Management of Change
- Review of sustainable improvement recommendations

3. HSSE Competition 2017 for Non-Organic workers Reference of OHS Implementation Evaluation

To celebrate PGN's 51th Anniversary, the HSSE Division, in cooperation with Working Unit and Subsidiary held the HSSE Comprehension Contest for non-organic workers Year 2017. The non-organic workers' were very enthusiastic in participating in the contest. This was evident in the participation of almost all non-organic workers of respective units in the contest. The HSSE comprehension contest was held to serve as benchmark of HSSE implementation among non-organic workers in PGN business management premise as well as appreciation

for non-organic workers in implementing HSSE in the respective working environment.

4. OHSAS 18001:2007 Certification

In 2017 PGN managed to obtain OHSAS 18001:2007 and OHSMS which refers to Government Regulation Number 50 of 2012 in all Units and Headquarters and Projects for the implementation of OHS Management System at PGN and PGN's compliance to regulations of the Government and credible certification institutions.

5. OHS Campaign

PGN carries out OHS campaign activities regularly as part of the efforts to raise awareness of OHS in all workers. It is expected that the activities would reduce the risk arising from insecure situation or behavior. The campaign takes numerous forms, such as installing posters, banners and organizing education on occupational safety.

6. OHS training

In the efforts to improve worker's competence related to OHS risk procedure and audit knowledge, PGN holds training to achieve the targets that have been set. In addition, PGN provides training on OHS basics to third-party workers in order to increase their awareness, care and competence in applying OHS. OHS trainings held at PGN in 2017 are as follows:

TABLE OF OHS TRAININGS IN 2017

No	Training Name	Date	Num of Participant	Num of Day	Mandays
1	Process Hazard Analysis Session 1	January 23 - 25, 2017	15	3	45
2	Process Hazard Analysis Session 2	February 8 - 10, 2017	11	3	33
3	First Aid Officer Certification Training Batch 1	August 7 - 9, 2017	14	3	42

TABLE OF OHS TRAININGS IN 2017

No	Training Name	Date	Num of Participant	Num of Day	Mandays
4	First Aid Officer Certification Training Batch 2	August 14 - 16, 2017	15	3	45
5	First Aid Officer Certification Training Batch 3	August 21 - 23, 2017	16	3	48
6	Fireman Certification Training Level D Batch 1	21 -23 August 2017	12	3	36
7	Fireman Certification Training Level D Batch 2	September 11 - 13, 2017	17	3	51
8	Training For Trainer Basic HSSE	September 28 - 29, 2017	17	2	34
9	Workshop Safety Management Evaluation	October 2 - 4, 2017	22	3	66
10	Safety Management Workshop For Executive	October 13, 2017	20	1	20
11	Hazardous and toxic waste environmental permit & management and hazardous waste training	November 1 - 3, 2017	19	3	57
12	General OHS Expert	September 4 - 16, 2017	1	11	11
13	General OHS Expert	October 9 - 21, 2017	3	11	33
14	Oil & Gas OHS Expert	November 25 - 30, 2017	4	6	24
15	Basic Sea Survival	November 16, 2015	6	1	6
16	OHSMS Auditor Certification of Manpower and Transmigration Ministry Batch VIII	November 27 - 30, 2017	1	4	4
GRAND TOTAL			193		555

7. Health and Safety Reporting

PGN regularly submits reports on OHS to the regulators. The reports are submitted to the Department of Manpower & Transmigration quarterly and the Oil and Gas Directorate General monthly.

A. OHS Performance 2017 [GRI 403-2]

The commitment to OHS policy and OHS practice implementation in PGN's business activities is evaluated using several parameters deemed representative. The OHS performance is evaluated annually. The following is the discussion on PGN's OHS performance achievements.

SAFETY METRIC

is performance indicator of PGN Business Unit, Headquarters and Subsidiaries in the OHS management and implementation. Safety Metric is aimed at monitoring and evaluating OHS performance and setting improvement steps for PGN's OHS performance every month.

TABLE OF ACCIDENT TYPES AND NUMBER 2017	
Type of Accident	Number
Fatality	4
Lost Work Day Case (LWDC)	0
Restricted Work Day Case (RWDC)	0
Medical Treatment Case (MTC)	4
First Aid Case (FAC)	15
Near Missed	51
Total	74

Note Accident classifications:

- Near Missed is event that may cause, but has not yet caused, injury and/or loss of assets, environment or a Third Party;
- First Aid Case (FAC) is injury that does not require further treatment (limited to first aid) and does not cause loss of Lost Work Day or day
- Medical Treatment Case (MTC) is injury that requires further treatment under monitoring of medical officer but does not cause Lost Work Day or day and is limited to work ability;
- Restricted Work Day Case (RWDC) is work accident that causes the concerned worker remain able to work in the days following the incident, but cannot effectively do all the work tasks or regular obligations
- Lost Work Day Case (LWDC) is accident that causes worker temporarily unable to work on the following day or shift of work.
- Fatality is accident that causes death regardless the time difference between the accident and the death of the worker.

TABLE OF INDIVIDUAL ACCIDENT VICTIMS OF PGN 2017							
Region	Near Missed	FAC	MTC	RWDC	LWDC	Fatality	Total
Headquarters	0	0	0	0	0	0	0
GDM I	12	1	0	0	0	0	13
GDM II	3	4	2	0	0	0	9
GDM III	1	2	1	0	0	0	4
GTM	7	0	0	0	0	0	7
PMO	22	7	0	0	0	4	33
Total	45	14	3	0	0	4	66

TABLE OF GENDER-WISE ACCIDENT VICTIMS 2017							
Gender	FAC	MTC	RWDC	LWDC	Fatality	Total	
Male	13	3	0	0	4	20	
Female	2	1	0	0	0	3	
Total	15	4	0	0	4	23	

TABLE OF CONTRACTOR WORKER ACCIDENT VICTIMS							
Area (Contractor)	Total Incidents of Related Year						Total
	Nearmiss	First Aid	Mtc	Rwc	Lwc	Fatality	
Headquarters	0	0	0	0	0	0	0
GDM I	12	1	0	0	0	0	13
GDM II	3	4	2	0	0	0	9
GDM III	1	2	1	0	0	0	4
GTM	7	0	0	0	0	0	7
PMO	22	7	0	0	0	4	33
	45	14	3	0	0	4	66

Safety Metric of 2017 shows the occurrence of 22 incidents in all Units and Headquarter. This means the missed target of zero accident. The incident locations with highest number of incident is GDM II, with four accidents under category of First Aid Case (FAC) two accidents of Medical Treatment Case (MTC). Meanwhile, 21 incidents of contractor worker accident occurred, with highest number of accident located in GTO.

SAFE WORKING HOUR

Throughout 2017, the Lost Time Injury (LTI) in some of PGN operational areas caused the total safe working hour up to end 2017 totaled 81,952,176 hours.

TABLE OF SAFE WORKING HOUR (IN THOUSAND)			
Operational Region	2017	2016	2015
Headquarters	13,076,118	10,837,827	8,149,977
GDM I	26,560,841	23,607,803	20,724,213
GDM II	16,065,418	14,662,382	13,233,803
GDM III	12,054,557	11,130,453	10,374,418
GTM	12,695,879	11,467,788	10,006,139
PMO Infrastruktur	2,556,872	17,557,389	8,838,258
Total	83,009,685	89,263,642	71,501,132

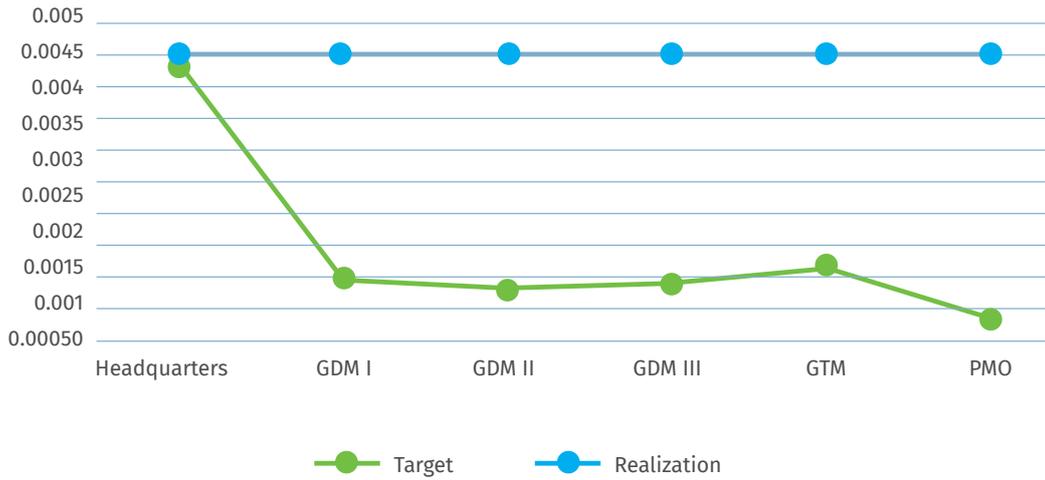
SAFE DRIVING DISTANCE

In 2017, there is no incident of heavy vehicle accident incident, neither in the Units, Headquarters nor the Projects. The number of safe driving distance up to end 2017 is 8,043,402 km.

TOTAL SICKNESS ABSENCE FREQUENCY (TSAF)

This parameter measures level of occupational health, based on the amount of the number of employees who lost work time due to illness. PGN has the interest to increase the occupational health so that the level of lost time injury decreased, and so as the employees' productivity increase in overall. For 2017, the TSAF is 0.14%, an increase from that in 2016, which was 0.17%.

TOTAL SICKNESS ABSENCE FREQUENCY (TSAF) UP TO DECEMBER 2017					
Headquarters	GDM I	GDM II	GDM III	GTM	PMO
0.45%	0.45%	0.45%	0.45%	0.45%	0.45%
0.42%	0.11%	0.09%	0.10%	0.12%	0.04%



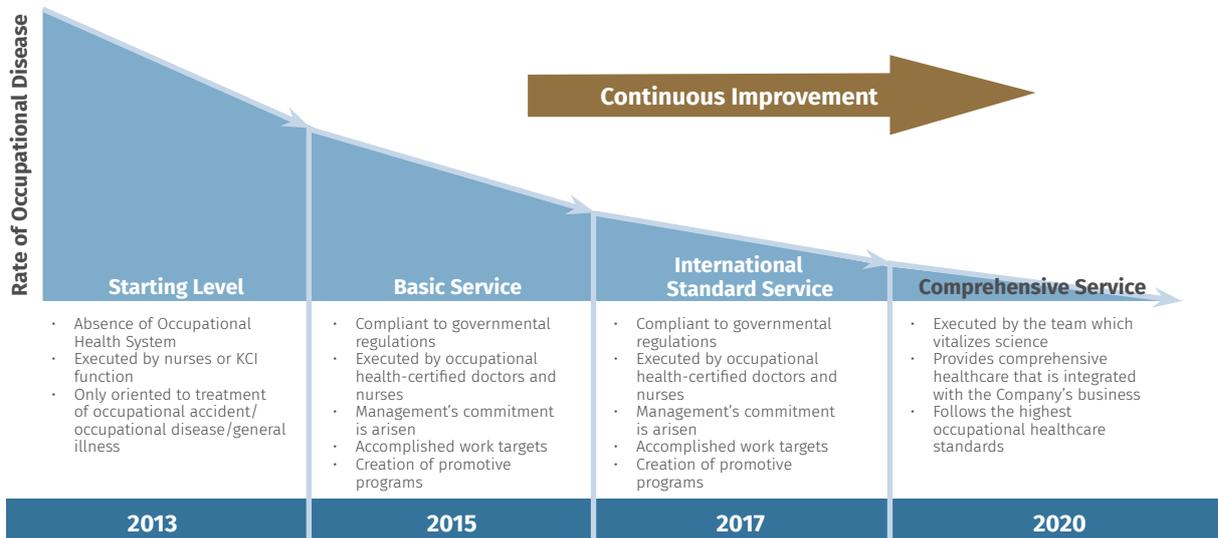
B. Health Road Map

PGN aspires to assure that apart from workers being protected in all operational activities, they can also keep their good health. It is projected that the workers productivity be maintained at a satisfactory level, and even the workers' life quality be better, as long as they are in good health.

Annually PGN also holds health education programs, such as seminar, road show, worker health record management E-Medical Record, industrial hygiene program of work environment assessment, and health risk assessment. PGN has compiled the Work Reference Document which serves as legal basis of rules regarding workers health management.

PGN holds health programs for its workers. Some of programs are provided in line with the risk level of the workers.

PGN HEALTH ROADMAP 2013 – 2020



C. Appreciation of OHS 2017

In 2007, PGN received several acknowledgments and awards from independent parties for PGN's outstanding OHS performance in its application of operational activities and its commitment in workers' health and safety.

Five awards that PGN received in the field of OHS are as follows:



OHSAS 18001 Certification



OHSMS Certification



Zero Accident Award



Safe Working Hour Award



P2HIV AIDS Award



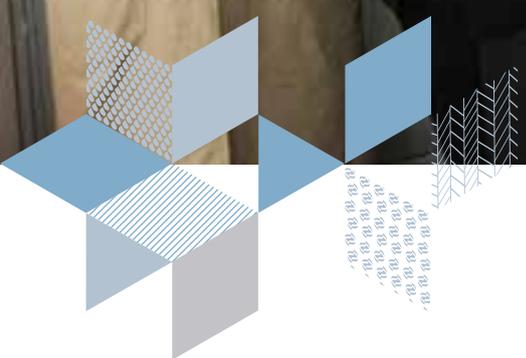
PGN's customers become one of the stakeholders who play a central role in ensuring business continuity. PGN operates prime operational management and creates innovations to achieve product & service excellence to ensure satisfaction of PGN's main partner in developing the business in the future.

07



**GOOD ENERGY SERVING
THE CUSTOMER**

GOOD ENERGY SERVING THE CUSTOMER



PGN has realized programs of competence improvement for human resources assigned at service divisions, implemented minimum service standard policy and applied service quality provisions as part of Key Performance Indicator (KPI) assessment.



PGN is organizing itself towards customer-centric concept to understand its Customers better by emphasizing on customer experience and experiential marketing.

Depart from understanding customer experience, which is consequently manifested by meeting the customers' needs and expectations based on technology use, is a form of PGN's innovative service in improving customer's satisfaction and attachment.

PGN's customers are one of the stakeholders who play a central role in ensuring PGN's business sustainability through their purchase of products and services. Customers are also PGN's main partner in developing the business in the future. Based on this idea, PGN performs excellent operational management and creates innovations to ensure product & service excellence to maintain its customers' level of satisfaction.

How to listen, to interact and to observe the customers along the customer journey to obtain information to follow up are some of PGN's ways in organizing itself to develop products and services in line with the customers' needs and expectations.

CUSTOMERS' HEALTH AND SAFETY IN PRIORITY

[GRI 416-1] [GRI 417-1] [GRI 417-2] [GRI 417-3]

PGN always pays attention to every safety aspect of the chemicals and materials it uses by following what is stated in the Material Safety Data Sheet (MSDS). PGN provides its customers and prospective customers with an MSDS for the implementation of PGN product usage.

PGN takes samples to check components of gas content at the point of production, the representative point of co-mingle and at the point of input to the customer's supply (for certain customers). There are several major components of concern to PGN when conducting natural gas quality checks, including methane content - the main component of natural gas, ethane, propane and butane, as well as other gas components. Meanwhile, checks are conducted to identify any of several dangerous impurities, such as carbon dioxide, nitrogen, mercury and hydrogen sulfide, especially at the point of production and prior to enter the transmission network. This is aimed to maintain customer health and safety, as well as the optimization of gas appliances. Examination of these gas components shows PGN's responsibility for the quality of gas it supplies.

Gas pressure in the PGN pipeline is carefully regulated to match the provisions of the gas supply agreement and to comply with safety concerns. The results of regular pressure checks are also attached to the customer gas supply billing file manifest. The goal is that all product information received by natural gas customers is clear and accountable.

The customer safety and security in priority brings PGN in alert; the Company always ensures that everything has been executed in line with the Standard Operating Procedures (SOP). PGN applies the SOP, particularly that which is related to natural gas quality, and deliver to the customer, as a form of its commitment to the maintenance of security in natural gas distribution to customers.

To increase the quality of customer service, PGN taken efforts as follows: realized competence building programs for human resources assigned at service department, applied minimum standard quality policy and set a service quality provisions as part of KPI assessment. Furthermore, PGN has consistently ameliorated work systems to ensure:

- No violation of gas sales contract provision is,
- No contract breach of identity disclosure,
- No removal of customer data that has been recorded in PGN customer identification removed,

- No violation either through advertisement media, promotion program or sponsorship.

Throughout 2017, PGN has not committed any incompliance incident with either the regulations or by-law related to health and safety impact of PGN's products and services that would oblige it to pay fines or penalty or would receive warnings as per the by-law.

a. Maintaining Product Quality in Accordance With Regulations and Standards

PGN applies the accredited quality management system ISO 9001:2008 to maintain the quality of product supplied through its transmission and distribution networks. In accordance with these standards, prior entering into a binding contract with a gas supplier, PGN conducts an inspection on the supplier's gas availability, adequacy of

production equipment and gas quality. A sample of gas is checked from the intake point of the transmission pipeline and random samples are tested by a competent, independent assessor. Assessment includes the volume of gas being supplied.

PGN then conducts quality controls on certain amounts of gas being supplied and notify the customer immediately if there is any significant change in quality or volume of gas that could disrupt gas flow to the customer. In this way, the customer has the option to take whatever action is necessary to safeguard their production continuity.

To maintain the quality and pressure of the gas in the transmission pipeline, we have installed filters and scrubbers in the offtake station and filters at the customer's meter. This tool can eliminate or reduce dust particles, condensate and other non-gas particles that may damage customer's gas equipment. This is done to eliminate customer complaints related to quality or pressure of gas flowing through PGN's transmission and/or distribution pipeline.

b. Providing the Best Customer Service

To demonstrate our commitment to improving customer service, PGN has a center to provide information and handle customer complaints called PGN Contact Center. The Contact Center can be easily contacted by phoning 1500645 or e-mailing contact.center@pgn.co.id. This service facilitates customers and prospective customers on obtaining complete information, submitting customer complaints and asking questions about any PGN product or service.

PGN Contact Center operates 24 hours a day, 7 days a week. All requests for general information on PGN are handled directly by our Contact Center agents. The response time for complaint handling is a maximum of 24 hours from receipt of the complaint. Generally, both questions and complaints are recorded in our Contact Center database.

In line with the ongoing organizational transformation program, PGN also transforms the Contact Center. Since 2015, as the Strategic Business Units (SBUs) were disbanded, PGN centralized the Contact Center at the Head Office by withdrawing all Contact Center agents and operational systems. Such centralization is aimed at improving PGN Contact Center's service quality. To help optimize Contact Center's performance at the Head Office, PGN assigns walk-in agents at every Sales Area so as to follow up customer's complaint by coordinating with the relevant functions in the respective Sales Area. The walk-in agents also provide face-to-face consultation for customers, potential customers and other related stakeholders in Sales Areas.

c. Customer Gatherings

Customer gatherings are routine, proactive PGN events to improve the quality of customer service. Customers who participate are not only industrial customers, but also commercial and domestic customers. In addition, this program creates a harmonious relationship between PGN and its customers. PGN believes that face-to-face events such as this will create two-way communication that encompasses criticism and suggestions, thus sharing information that can serve as input for PGN. PGN also has the opportunity to provide market education, promotion and marketing on the uses of natural gas and network products, and establish a closer familial sense so that both parties can understand each other and can narrow the gap between customer expectations and PGN's abilities. In 2017, PGN held various Customer Gatherings in several existing Sales Areas and cities.

In addition to the Customer Gatherings, PGN's Customer Management and Sales actively visited customers/potential customers to establish harmony and synergy in natural gas distribution. In line with the organizational transformation program, PGN assigned the function and duty

of sales' front liner, from previously the Account Executives to two main divisions – Customer Management and Sales.

Customer Management focuses on the service for existing customers, while Sales focuses on the service and search of new or potential customers. Such job division is PGN's breakthrough which is aimed to increase service quality and number of sales, and to accelerate subscription process of new customers. During the visit, Customer Management and Sales actively provide inputs to customers or potential customers regarding the ways to make the use of utility more efficient. The visit is also aimed to understand customer's or potential customer's business situation. The inputs gained would be valuable for management in making gas subscription policies.

d. Ensuring customer satisfaction

PGN conducts surveys on customer satisfaction levels to obtain feedback to improve levels of Service Excellence. Customer satisfaction levels were measured again in 2017 in each sales area, involving all customer segments and in accordance with applicable survey rules.

In 2017, the measurement process uncovered various expectations and problems that had arisen, which provided input for PGN to provide the best service and improve service performance as well as to know the customers' expectation in the future amid the natural gas commercial market competitive situation. We conducted our customer satisfaction survey on all customer segments, namely household, commercial and industrial customers. The results were summarized in a Customer Satisfaction Index (CSI), Customer Loyalty Index

(CLI), Customer Referral Index (CRI) and Net Promoter Score (NPS) matrix. The survey results for 2017 are: total CSI = 5.48 (at Likert scale from 1 to 6), CLI = 5.65 (at Likert scale from 1 to 6) and NPS = 45.23%.

In addition to the customer satisfaction survey, to maintain gas distribution reliability and sustainability, PGN utilized the facility of Floating Storage Regasification Unit (FSRU) Lampung. Being one of PGN's gas supply sources, FSRU Lampung is also a peripheral infrastructure for supporting PGN's natural gas sales.

As such, in future, when the gas supplied by producers is insufficient, we will be able to compensate for the reduction and supply gas from our own sources and from the FSRU (Floating Storage Regasification Unit) facility, CNG (Compressed Natural Gas) facility and LNG Receiving Terminal which has been, or is in the process of being, completed in areas close to the key customers, namely industrial and commercial areas. Apart from gas supply, the other main issues of customer's complaints are PGN's pipeline reliability and customer's installation pipe. To tackle these problems, PGN cooperates with subsidiary PGASOL to operate and maintain PGN's infrastructure network and to help in the counseling regarding customer's installation pipe maintenance.

e. Customer Cards

PGN distributes Customer Cards to every household customer as a form of appreciation of their loyalty in using PGN's products and services. The distribution of these cards is also

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an effort to increase PGN's service quality and to give education to household customers. New customer Cards are created every two years. Last time, in 2016, 127,130 customer cards were created and distributed to household customers.

Customer Cards serve the functions of, among others, as simple interaction with PGN, and to provide information on area codes, customer

identification number, PGN Contact Center number, and the address of the closest PGN offices. All these programs to improve service quality are testament to PGN's sincerity to improve customer satisfaction.

Customers' Stories

“Production Cost Saving Up to 40%”



PT Nusantara Top, a producer of vermicelli and rock sugar, is one of the industries based in Cirebon who has effectively used natural gas since 5 December 2017. PGN's natural gas has been channeled to this company's factory and been used for burner. PGN allocates gas with a capacity of

between 1,001 and 10,000 m³ a month to this factory, located in Luwung Village, Mundu, Cirebon, West Java.

PT Nusantara Top's owner, Ramlan, said that previously the factory had used LPG and diesel oil as fuels. "The impediment is that at certain times LPG is scarce, so every month we had to fill the diesel oil tank," said Ramlan. By changing to PGN's pipe-channeled natural gas, Ramlan hopes to be able to ensure supply and to minimize production cost. "According to our calculation, using natural gas can save the cost between 30 and 45%," said Ramlan.

Another advantage, Ramlan estimated, that the transfer of factory fuel from LPG to natural gas would result in emptier area in the factory, which was previously used to store LPG tubes. "We hope that the change to more efficient, more environmentally friendly and cleaner energy would further increase our production, because the vacant land can be used for product storage location," he said.

Bearing the theme 'PGN 360° Integrated Solution', PGN is committed to delivering natural gas services from upstream to downstream sector. This includes providing natural gas through the subsidiary Saka Energi, which provides liquefied natural gas (LNG) of CNG through to natural gas pipe networks.



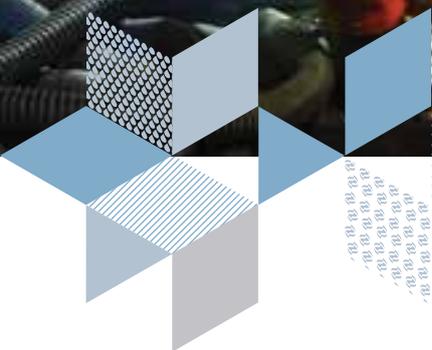
Human resources (HR) is the determining factor of PGN's performance and success in achieving its vision of the Company's mission. We also provide equal opportunities for all PGN personnel including the right to education, promotion, career development and other rights contained in the collective labor agreements and applicable laws and regulations.

08



**GOOD ENERGY
EMBRACES PGN PEOPLE**

GOOD ENERGY EMBRACES PGN PEOPLE



Human resources is a determining factor of PGN's performance and success in realizing the Company's vision and mission. Good communication with PGN People by taking into account prosperity level and development of their professionalism and career in line with their talents, is a form of PGN's effort in developing PGN people. This is an effort aimed to achieve the Company's vision of 2020, i.e. becoming a world-class energy company in the gas sector.



PGN PEOPLE DEVELOPMENT STRATEGY AND POLICY [GRI 103-2]

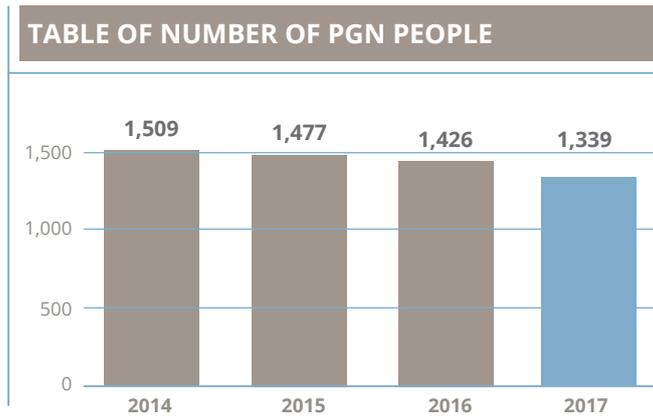
PGN views that human resources is one of the main stakeholders that influences the Company's performance. Thus, PGN is committed to deliver comfort and security in the work environment to realize the Company's vision of 2020, i.e. becoming a world-class energy company in the gas sector. The indications of work comfort and security of PGN people are, among others, the low rate of turnover, absence of dismissal, high level of safe work hours, and the increase of worker's quality based on competence assessment results.

PGN holds employee engagement survey periodically to gain inputs from its workers regarding work condition. The results are considered in the formulation of human resources management strategic policy adjustment and perfection process. The main expectations of PGN people are career development, remuneration according to performance and prosperity security. In human

resources management, we always put out effort to increase worker's professionalism and competence in line with PGN Human Resources Roadmap. We also provide equal opportunities to all PGN people, including the right of education, promotion, career development, and other rights stated in the Collective Work Agreement and the applicable regulations.

PGN PEOPLE PROFILE

PGN's employed 1,339 workers in 2017, located throughout Indonesia. The number has decreased by 11.27% compared to the previous year. The decrease of the number of employees was mainly due to retirement. As many as 98 employees terminated their work status, while the Company recruited 10 employees this year. As many as 88% of work status termination is due to employee's retirement. Further discussion on the reason of PGN employee cessation is in the table of Reason of Employee Status Termination on page 139.



TABEL OF PGN PEOPLE DISTRIBUTION 2017 [GRI 405-1]

Distribution	Number of Employee	Total Employees
Gender		
Female	327	75.58 %
Male	1,012	24.42 %
Age Group		
Below 30	218	16.28 %
30-50 y.o.	913	68.19 %
Above 50	208	15.53 %
Position Rank		
Top Management	88	6.57 %
Middle Management	168	12.55 %
Basic Management	709	52.95 %
Executor	374	27.93 %
Operational Region		
Headquarters/Holding	394	29.42 %
Business Unit Gas Product	238	17.77 %
Business Unit Infrastructure Operations	187	13.97 %
Business Unit Gas Network	23	1.72 %
Program Management Office	140	10.46 %
Subsidiary	357	26.66 %

Educational Background	2017	2016	2015	2014
Doctorate (S3)	1	1	1	1
Master (S2)	131	132	126	110
Bachelor (S1)	621	640	649	621
Diploma	398	434	457	498
High school/Equivalent	188	219	244	279
Total	1,339	1,426	1,477	1,509

In 2017, the worker composition in PGN's management structure shows 29.42% in basic management level, with headquarters/holding company and subsidiary operational areas as the location of the majority PGN's people placement. Meanwhile, age group of 30-50 dominates the workforce in the Company, with male PGN workers representing 75.58% of the worker composition. From the aspect of competence structure, in 2017 workers with graduate and post-graduate account for 56% of the entire PGN workers.

PGN PEOPLE TURNOVER 2017

WORKER RECRUITMENT [GRI 401-1]	
Gender-wise	2017
Male	8
Female	2

Age-wise	2017
Below 30	10
30-50 y.o.	0
Above 50	0

Operational Region-wise	2017
Headquarters/Holding	1
Business Unit Gas Product	4
Business Unit Infrastructure Operations	4
Business Unit Gas Network	0
Program Management Office	1
Subsidiary	0

In 2017, 10 people became part of the Company's workforce. The number of recruitment went up 10% compared to 2016. PGN recruitment of male workers, 80%, is higher than that of female, of 20%. By age group, all PGN people recruited in 2017 were under 30 years old. The Business Unit Gas Product and Business Unit Infrastructure became the operational region categories with the highest recruitment number, respectively 40%.

In recruiting the best talents in the field, PGN involves independent competent parties. The recruitment program is also published as announcement on prominent print media and the Company's website.

PGN also recruits workers residing in its operational areas. This shows PGN's commitment in providing benefits and helping local community to achieve independence and prosperity.

PGN BASIC WAGE RATION 2017 [GRI 202-1]			
Operational Region	Prov/District Minimum Wage (Rp)	Salary of Lowest-Rank Worker as New Recruit (Rp)	Reg. Min. Wage to Basic Salary Ratio (Rp)
Headquarters/Holding	3,648,035	4,002,524	91%
Area of Jakarta and suburbs	3,648,035	4,002,524	91%
Area of Surabaya and suburbs	3,583,312	4,002,524	90%
Area of Medan and suburbs	2,132,188	4,002,524	53%
Program Management Office	3,648,035	4,002,524	91%
Subsidiary	3,648,035	4,002,524	91%

The Company is aware that its existence also plays a role in the life quality of PGN People. That is why the Company is committed to continuous provision of comfort and security at the work place, by applying best practices of human resources policy in all operational regions of PGN.

The Company also applies competitive remuneration in all operational regions and position levels, including the entry level. The salary of entry-level workers of PGN is above the respective Regional Minimum Wage (UMR), although the latter varies. (see table of PGN Basic Wage Ratio 2017). The UMR in PGN operational regions spans between Rp2,132,188 (Medan and suburbs) and Rp3,648,035 (headquarters, Jakarta and suburbs). The lowest entry-level salary is Rp4,002,524 with 53-91% ratio to the UMR.

WORK STATUS TERMINATION [GRI 401-1]									
Reason of Employment Status Termination	2017		2016		2015		2014		
	L	P	L	P	L	P	L	P	
Personal request	4	7	0	0	1	6	5	2	
Disciplinary sanction	0	0	0	0	0	0	0	0	
Deceased	1	0	1	1	3	0	4	0	
Retire	30	14	34	4	26	3	33	1	
Early pension	29	13	11	2	0	1	2	2	
Others	0	0	0	0	0	0	0	0	
Total	98		53		40		49		

In 2017, as many as 98 people terminated their employment status, or an increase of 10% compared to in 2016. Male workers of PGN who terminated the employment status numbered higher (65%) than female workers (35%). As many as 88% of work status termination is due to employee’s retirement.

WELFARE PACKAGE OF PGN PEOPLE

PGN provides competitive welfare package, compared to other companies in the field. This is aimed to assure that PGN can always attract the best talents. This strategy is also able to improve the talents and competence of human resources as well as keeping the commitment to work as best as possible and to develop as a team.

In 2017, the funds allocated for remuneration and allowance of workers totaled USD78,354,256.

This amount includes salary, bonus, leave allowance, religious holiday allowance, medication, supplementary hours, old-age security and pension. Compared to the previous year, in 2017 the funds of PGN remuneration went down at 25.88%. This is because of the decrease in the number of workers as some of them entered pension stage, while there have not been any new recruits.

PGN assures that fundamental rights and normative rights of its people be above the applicable standards. Furthermore, PGN works together with its Subsidiaries and Affiliated Companies in PGN Group to provide mentoring as a form to carry out its responsibility to its workers. Such mentoring is mostly related to compliance to manpower regulations.

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DIFFERENCE OF COMPENSATION BETWEEN PGN ORGANIC AND NON-ORGANIC WORKERS [GRI 401-2]			
Types of Compensation	Organic	Non-organic	
Salary	✓	✓	
Allowances:	✓	✓	
Occupational Disability & Casualty Insurance	✓	✓	
Occupational Death Insurance	✓	✓	
Non-occupational Disability & Casualty Insurance	✓	✓	
Non-occupational Death Insurance	✓	✓	
Health security for Employee	✓	✓	
Health security for Employee's Spouse	✓	✓	
Health security for Employee's Child	✓	✓	
Maternity leave	✓	✓	
Menstrual leave	✓	✓	
Hajj or pilgrimage leave	✓	✓	
Religious holiday allowance	✓	✓	
Pension Fund	✓	✓	
Severance Pay	✓	✓	

FULFILLING WORKERS' HUMAN RIGHTS

PGN endeavors attracting potential worker who possess the best talents to join PGN in order to realize the common goal. In running its business, PGN assures that human rights of all its employees are upheld.

PGN's policy and commitment implementation concerning human rights among PGN people is:

a. Assuring that there is neither child worker nor forced labor

PGN assures that there is no case of child labor or forced labor in the environment of PGN. The requirement of worker's minimum age and the application of HSE policy are the forms of PGN commitment in this field.

b. Human rights socialization among workers and security officers [GRI 410-1]

PGN continues the socialization and trainings in human rights for all PGN people especially security officers. The briefing on human rights for security unit members is implemented in cooperation with the Police. Up to end 2017, all

PGN security unit members have participated in the briefing.

c. Freedom of Association

PGN assures the right of its workers to have an association, in this case to found a labor union, and let its workers to be members of the union. This is in line with the Government regulation, i. e. Law Number 21 of 2000 on Labor Union. The labor union that is listed at PGN is the Serikat Pekerja PT Perusahaan Gas Negara (Persero) Tbk, or abbreviated as SP-PGN. SP-PGN has been officially registered at the West Jakarta Manpower Service with Registration Number 387/II/P/IX/2009, dated September 19, 2009. The existence of SP-PGN supports the realization of three partnership principles (partner in profit, partner in responsibility and partner in production) in day-to-day industrial relations.

d. Collective Labor Agreement (CLA)

Workforce relations at PGN is regulated in a mutual agreement that is resulted together through respectful intensive discussion, called the Collective Labor Agreement. Workforce

relations at PGN is regulated in a mutual agreement that is resulted together through respectful intensive discussion, called the Collective Labor Agreement. CLA is compiled by the management together with workers' representatives from the SP-PGN.

The CLA that has been agreed is reviewed every two years. The CLA applicable for 2017 is agreed and stipulated by the two parties on December 1, 2015, valid until December 30, 2017. The PKB includes PGN's and workers' balanced rights and obligations, among others:

- Clear rights and obligations of PGN and its workers, comprising: industrial relations, work terms and company rules;
- Cooperation between PGN and the workers, and
- Ways to fairly resolve different opinions so as to prevent conflicts. All differences are always resolved in the spirit of negotiation for consent.

All PGN's permanent workers (100%) have their rights protected in the PKB. The Collective Labor Agreement also regulates the adaptation period for the application of a significant change in main operational activities.

In certain cases, for example in a fundamental change of corporate structure such as acquisition, merger or business entity restructuring, PGN would inform the workers one month at the minimum prior to the change takes into effect.

As per the Government's mandate through the regulation provision concerning Social Security Agency (BPJS Kesehatan), that all wage-receiving worker must register him/herself at the Social Security program run by BPJS Kesehatan. The National Social Security system run by BPJS Kesehatan is aimed at providing social protection and prosperity to all the people, including in this matter, PGN workers. PGN has registered the business entity at BPJS Kesehatan as well as its workers at the BPJS Kesehatan program in December 2014.

PERFORMING IN EQUALITY AND DIVERSITY

[GRI 405-2]

In addition to freedom of association, PGN also applies equality principle in the treatment of every person in PGN. PGN does not differ or discriminate people based on one's gender, religion, ethnicity or race. This applies to all stages in human resources, starting from recruitment process, training programs, performance assessment, career path determination and remuneration. This commitment is manifested by, among others, assuring that equality principle is applied in remuneration and health security. Remuneration at PGN is based on performance and level of worker, while health security for male and female workers is the same, i.e. the same coverage. [GRI 103]



The table below shows the ratio of remuneration comparison between male and female: **[GRI 405-2]**

RATIO OF AVERAGE REMUNERATION AT THE COMPANY MANAGEMENT 2015-2017						
Position	2017		2016		2015	
	M	F	M	F	M	F
Top Management	1.00	1.02	1.00	1.19	1.00	1.03
Middle Management	1.00	1.06	1.00	1.07	1.00	1.00
Basic Management	1.00	1.15	1.00	1.23	1.00	1.05
Executor	1.15	1.00	1.00	1.14	1.02	1.00

Equality principle is also evident in the determination of position rank for promotion process, which is based on performance assessment and competence.

The table below shows the distribution of workers, based on rank, age group and gender.

[GRI 405-1]

As regards position rank, the distribution of female workers is dynamic for executor, basic management, middle management and top management ranks. From the aspect of operational region, the largest portion of female workers are located at headquarters/holding, Business Unit Gas Product and Program Management Office.

PGN PEOPLE DISTRIBUTION BASED ON GENDER AT COMPANY MANAGEMENT 2017

Position Rank	Composition	Gender		Total Workers
		Male	Female	
Top Management	Number	72	16	88
	Percentage	81.82 %	18.18 %	
Middle Management	Number	128	40	168
	Percentage	76.19 %	23.81 %	
Basic Management	Number	531	178	709
	Percentage	74.89 %	25.11 %	
Executor	Number	281	93	374
	Percentage	75.13 %	24.87 %	

PGN PEOPLE DISTRIBUTION BASED ON GENDER AT OPERATIONAL REGION 2017

Operational Region	Composition	Gender		Total
		Male	Female	
Headquarters/Holding	Number	253	141	394
	Percentage	64.21 %	35.79 %	
Business Unit Gas Product	Number	162	176	238
	Percentage	68.07 %	31.93 %	
Business Unit Infrastructure Operations	Number	164	23	187
	Percentage	87.7 %	12.03 %	
Business Unit Gas Network	Number	20	3	23
	Percentage	86.96 %	13.04 %	
Program Management Office	Number	107	33	140
	Percentage	76.43 %	23.57 %	
Subsidiary	Number	306	51	357
	Percentage	85.71 %	14.29 %	

PGN PEOPLE DISTRIBUTION BASED ON AGE GROUP AT COMPANY 2017

Position Rank	Composition	Age Group			Total Workers
		Under 30 y.o.	30-50 y.o.	Above 50 y.o.	
Top Management	Number	0	56	32	88
	Percentage	0%	4%	2%	7%
Middle Management	Number	0	136	32	168
	Percentage	0%	10%	2%	13%
Basic Management	Number	47	592	70	709
	Percentage	4%	44%	5%	53%
Executor	Number	103	196	75	374
	Percentage	8%	15%	6%	28%

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One of the PGN people capacity building programs besides performance assessment and training is career path projection or planning. Good career planning is important for human resources succession and planning at PGN as well as for worker retention.

PGN has developed career advancement projection that workers will go through during their service at PGN. PGN's worker career advancement projection consists of:

- Career advancement based on rank, considering the competence requirement of position, individual competence, performance, formal education and experience at that rank.
- Career advancement based on grading, considering formal education, personal grade and years of service.

SUCCESSION AND PROMOTION PLANNING

The annual employee performance assessment is the momentum of career planning and professional

promotion for workers who meet the assessment criteria. Apart from the performance assessment results, in the professional promotion three other factors are also taken into account, i.e. the Company's needs, competence and work experience.

In line with the basic policy of human resources management, PGN applies equality principle in determining employee promotion. PGN considers leadership and other relevant criteria according to the requirements of certain position ranks that require policy in the decision making. The decisions to be made are those that need to be precise.

In 2017, in line with the performance assessment results, the needs of positions and business development, 235 employees were promoted to new position ranks. The recapitulation is as follows:

Position	Male	Female	Total
Top Management	23	6	29
Middle Management	32	9	41
Lower Management	130	26	156
Staf	4	5	9
Total	189	46	235

COPING WITH CAPACITY INCREASE

PGN sees that the growth of Indonesia’s economy is both an opportunity and a challenge in the realization of its objectives. PGN People capacity building is an investment, the Company’s effort in creating PGN’s competitive power. Human resources management programs are developed to build human resources competence in order to reach the balance between the expectations of the employees and those of the Company. This is aimed so that human resources have optimum power in line with business development and challenges faced.

Human resources quality improvement programs at PGN, to improve performance and competence of employees, are carried out through education and training. PGN organizes Master program abroad at prominent universities and internships at world-class companies in natural gas sector.

Throughout 2017, three PGN employees took Master program at several universities in the United States. PGN develops training programs for employees that are adjustable in line with rank requirements. These programs are developed in careful, systematic and focused way.

PGN implements competence improvement programs based on the career management policy. In 2017, PGN provided education and training to its workers with total days of 11,592 and total cost reached USD3.53 million. Such education and training programs consist of managerial competence development with 1,717 days; technical competence development, 6,261 days and education, 3,614 days.

TABLE OF AVERAGE HOUR OF PGN PEOPLE TRAINING PER POSITION RANK AND GENDER 2017 [GRI 404-1]

Average Training Hour	Total Hour		Number of Employee		Average	
	M	F	M	F	M	F
Top Management	2,960	488	61	17	49	29
Middle Management	5,832	1,304	100	39	58	33
Basic Management	25,096	4,560	388	135	65	34
Executor	13,048	2,616	203	67	64	39
Total	46,936	8,968	752	258		





TRAINING PROGRAM & TRANSITION AID FOR PGN PEOPLE [GRI 404-2]

a. Training Program

In order to develop the competence of PGNs' future leaders, in 2017 PGN organized two development programs for its talented workers, as follows:

1. Executive Development Program (EDP) 2017

This is a leadership program for AVP and VP levels, designed to support the PGN STAR Talent program – to groom the talented workers to take strategic positions at PGN. The program comprises three sessions and five participant groups. The total participants was 21.

2. Management Development Program (MDP) 2017

STAR Program-MDP is a talent development program for the PGN Group workers of levels between Supervisor and Manager. The objective of the program is to prepare the workers to become reliable leaders who would be able to actively contribute to the realization of PGN's vision and mission. The program is integrated with MBA program. Currently PGN cooperates with large educational institutions for the execution. The number of eligible workers for this program is 84. Of such number, 37 workers fall into the STAR category, i.e. workers who are given opportunity to obtain scholarship for MBA degree in IPMI.

3. First-line Leadership Development Program (FLDP) 2017

This is a leadership program for Staff and Senior Staff levels, designed to support the PGN STAR Talent program – to groom the talented workers to take junior manager positions at PGN (supervisor and assistant manager). The number of participants of this program in 2017 is 36.

Another program related to capacity building of PGN People is the Employee Assistance Programme (EAP). It is a program of worker support comprising counseling with external counselors and mini seminar with external speakers. The program was started in 2013. In 2017 the number of workers participated in the EAP counseling is 153, coming from all operational regions of PGN. Meanwhile, mini seminar has been organized 10times in some operational regions of PGN.

b. Retirement Planning Program

Apart from the competence and professionalism development of workers, PGN also holds a training for workers facing retirement. This is aimed so that they could do activities actively in order to make their livelihood. The Retirement Planning Program training is designed for PGN workers who would enter retirement period in three years.

Upon entering retirement period, the workers are given appreciation for their contribution to the Company. Such appreciation takes the forms of services as follows:

OLD-AGE HEALTH PROGRAM

This program is carried out in cooperation between PGN Management and PGN Labor Union, SP-PGN. The Old-Age Health Program is aimed at helping PGN pensioners meet the needs of health expenses. Health funds for this program are obtained from employee and company contributions. Through this program, PGN pensioners and their spouse, which total about 1,450 people would have the health care security benefit in Indonesia by using medical card from the health insurance.

PENSION AND INSURANCE PROGRAM [GRI 201-3]

The program has been ongoing since 2009, under the scheme of Defined Contribution Program. This program allows every worker to choose his/her preferable pension fund institution as well as the investment portfolio. For security of worker's prosperity, PGN also registered the workers in BPJS Ketenagakerjaan (social security system) programs. Apart from normative measures, PGN provides facilities for in-patient and out-patient of workers and family members covered by PGN. As for individual workers, they are registered by PGN in Financial Institution Retirement Fund (DPLK) pension program, personal accident insurance program, and protection against work accident in the form of hospital treatment, death benefit, and funeral expense.



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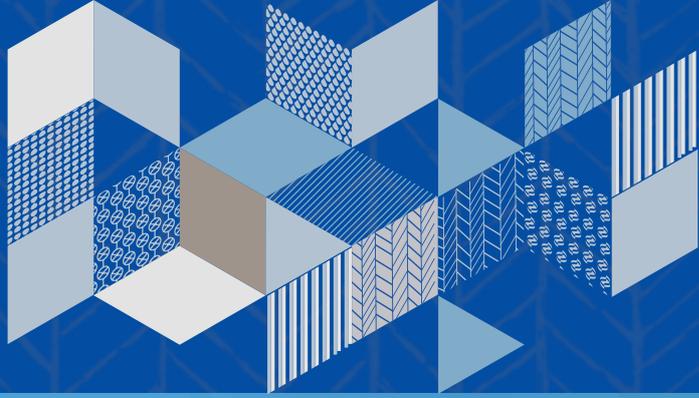
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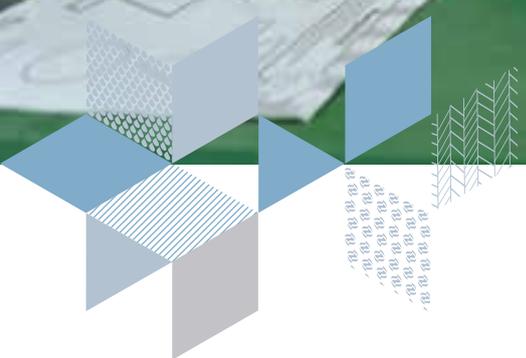
In addition to good energy for all community groups, we are committed to realizing the growing and developing desire of our society by creating jobs, implementing training and education programs, and providing assistance through corporate social responsibility activities

09



**GOOD ENERGY SHARES
WITH NATION'S CHILDREN**

GOOD ENERGY SHARES WITH NATION'S CHILDREN



Executing and fulfilling social responsibility is the first priority in PGN's sustainability strategy. PGN applies Social and Environmental Responsibility Policy by referring to ISO 26000 Social Responsibility in connection to the efforts of managing company operational impact and risks on the surrounding community.



In the framework of good energy spirit that brings prosperity to the nation, PGN's presence amid the communities is more than merely as a driving factor for the nation's economy. Through gas pipeline development and operation accounting for 80% of Indonesia's upstream natural gas pipelines, PGN seeks to continue increasing national-scaled natural gas utilization. This is in line with PGN's efforts to increase life quality of the people residing around PGN's operational areas. Therefore, this support would become good energy for all the communities. The efforts take the form of creating jobs, conducting education and training programs as well as providing aid through corporate social responsibility (CSR).

PGN's CSR programs consists of Environmental Development Program and Social and Environmental Responsibility Program (TJSL), which are aimed to increase the prosperity of the surrounding community. Since 2015, CSR program-related policy, both in the scope of PGN and the

State-Owned Enterprise Ministry has changed in accordance with the applicable regulations. In PGN's scope, the Company issued a policy to temporarily suspend the Partnership Program to reduce bad debt potentials in the fund distribution to the programs. In the external scope, the PKBL implementation policy of the SOE Ministry was changed through the issuance of SOE Ministry Regulation Number Per-02/MBU/7/2017 dated July 5, 2017 concerning Second Amendment to SOE Ministry Regulation Number Per-09/MBU/07/2015 concerning Partnership Program and Environmental Partnership Program of State-Owned Enterprises.

Every CSR program of PGN is implemented based on the seven pillars of PGN's CSR. These pillars are manifested in three phases, i.e. (1) Planning, consisting of compiling CSR Roadmap and Social & Stakeholder Mapping; (2) Implementation, consisting of evaluation, survey and aid distribution; and (3) Reporting, which is conducted periodically.

The Seven Pillars of PGN CSR are:

- (1) Natural Disaster relief
- (2) Assistance on Education
- (3) Assistance for Health Improvement
- (4) Assistance on Infrastructure and/or Public Facilities
- (5) Assistance for Religious Facilities Development
- (6) Nature Conservation Assistance
- (7) Social and Community Assistance

PGN carried out programs in the scope of seven CSR pillars as a form of the Company's community investment. The types of this investment are commercial, in-kind and pro bono. **[GRI 203-1]**

In 2017, PGN's Environmental Development Program and Social and Environmental Responsibility Program fund realization, sourced from the Company's allocated profit and budget in 2017, totaled Rp90,732,562,870. The allocations in detail are as follows:

CORPORATE SOCIAL RESPONSIBILITY FUND REALIZATION					
Description	CSR	Partnership and Environmental Development Program			Total
		The Company's Cost	Profit Allocation	Total	
Environmental Development Program					
Relief for Natural Disaster Victims	647,245,597	612,246,095	900,000,000	1,512,246,095	2,159,491,692
Assistances on Education and/or Training	3,260,429,200	12,815,454,121	1,029,003,855	13,844,458,006	17,104,887,176
Assistances on Health Improvement	19,465,395,216	4,500,507,694		4,500,507,694	23,965,902,910
Assistances on the Infrastructure and/or Public Facilities Development	1,547,317,721	8,871,321,744	299,355,387	9,170,677,131	10,717,994,852
Worship Facilities Assistances	5,738,388,998	13,969,004,762	706,078,000	14,675,082,762	20,413,471,760
Natural Conservation Support	1,003,508,812	1,033,072,433	357,470,000	1,390,542,433	2,394,051,245
Assistances in The Poverty Alleviation	985,261,061	11,691,225,174	311,901,000	12,003,126,174	12,988,387,235
Mentoring Assistance for Development Partners		988,376,000	0	988,376,000	988,376,000
Total Realization of Environmental Development Program	32,647,546,605	54,481,208,023	3,603,808,242	57,096,640,295	90,732,562,870

Several PGN's Social and Environmental Responsibility Program (TJSL) which received CSR funds are:

NATURAL DISASTER RELIEF

In 2017, as a form of care and empathy for the victims of natural disaster, PGN provided assistance as follows:

- Assistance of food packages and healthcare for natural disaster victims in Kuningan, West Java; Solok, West Sumatra, Yogyakarta and Pacitan, East Java.
- Natural disaster relief of Mount Agung eruption in KarangAsem, Bali
- Natural disaster relief of Mount Sinabung eruption in North Sumatra
- Natural disaster relief of earthquake in Pidi, Aceh.
- Clean water provision program in Gunung Kidul area.

EDUCATION AND/OR TRAINING ASSISTANCE

PGN takes a great interest in education. As such PGN's assistance in education sector includes:

- Assigning young lecturers in the community development program involving 31 primary schools in Musi Banyuasin District, Muara Enim District and Tulang Bawang Barat District
- Assistance of education for 1,125 students from 15 state universities in Indonesia
- PGN Innovation Camp program held in collaboration with Yayasan Karya Salemba Empat. This activity is a training in the form of

contest involving 143 students of PGN assistance recipients who made innovative and goal-oriented works, and other activity of community development.

- Assistance for development of library
- Assistance for development of laboratory
- Program of printing the book Biografi Orang Sukses (BOS)
- Program of 'Siswa Mengenal Nusantara' a senior high school student exchange aimed at introducing and learning about culture, economy and education in Lampung.

SMN or Learning about Archipelago for Students [GRI 203-1]

Siswa Mengenal Nusantara (SMN or Learning about Archipelago for Students)

PT Perusahaan Gas Negara (Persero) Tbk (PGN) in cooperation with PT Perkebunan Nusantara (PTPN) VII organizes SMN in Lampung province in 2017. This program is an annual inter-province student exchange in Indonesia. PGN facilitates the exchange of students from Lampung to Banten and vice versa. The exchange, from 19 to 28 July 2017, is aimed at educating the students, the nation's future generation, to appreciate their nation through learning about Indonesia's environment and culture.

Twenty-three student participants of SMN from Lampung – 12 senior high school or vocational school students and two students of School for Children with Special Needs – two accompanying teachers and a representative of Education Service of Lampung Province were invited to know more about other region, Banten. Reciprocally, SMN students from Banten were invited to learn about Lampung, including by visiting PGN offtake station in LabuhanMaringgai. Other site is the floating storage regasification unit (FSRU), a strategic facility that helps the absorption of natural gas for domestic market. FSRU's existence facilitates PGN in contributing to the reduction of natural gas export, and thus increase natural resources utilization for national economy.

From there, the students visited University of Lampung, Way Kambas National Park, Great Giant Pineapple plantation, banana chip small-scaled industry and workshop of tapis weaving in Lampung. Meanwhile, students from Banten visited Bukit Asam coal mining and Sidomulyo cow farm. The last site to visit is Sari Ringgung Beach in Pesawaran District, Bandar Lampung, which is famous for its floating mosque and backshore.

An SMN student, Andrean Pramana Putra from SMKN 1 Krui, said that he was proud of being a part of SMN Lampung. One of the visits that impressed him was in remote Baduy, to be acquainted with the tribe. Other student, Ravika Anka Barisqi from SLB PKK in Bandar Lampung, also conveyed his joy for being able to see and experience day-to-day life of Baduy tribe. Apart from cultural specificity of the destination areas, SMN also allows the students to know more about PGN's contribution to the community through the visit agenda to PGN's natural gas pipes at

Bojonegara Natural Gas Transmission Station. "PT PGN has a large contribution to the gas supply to residents. I was very happy when I saw the stage processes at Bojonegara Natural Gas Transmission Station. Thank you, PGN! If only I had been able to stay longer at the station, I could have learned more things," said Andrean. To Ravika, watching the process of gas supply using sophisticated equipment encouraged him to know further about PGN's operational activities. "I'm very interested in operating it. Thank you, PGN, this valuable experience would definitely be useful for me in the future," said Ravika as she shared her comment.

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BUMN Mengajar” and “BUMN Hadir di Kampus

The “BUMN Mengajar” (SOEs Teach) and “BUMN Hadir di Kampus” (SOEs at Campus) are two agendas of the SOE Ministry in education sector. These programs are aimed that SOEs be able to share knowledge and motivate young generation including students of schools and universities.

In 2017, “BUMN Mengajar” program was conducted at five schools in every PGN’s operational area, where PGN People became the instructors. Some executives also acted as instructors, i.e. from PT PGN LNG Indonesia and PT Kalimantan Jawa Gas. On September 19, 2017, PGN’s subsidiary PLI coordinates the program at SMA 1 Sribawono, located near PGN’s facility Onshore Receiving Facility in Labuhan Maringgai, East Lampung. About 100 students attended this activity, of

which the materials motivate the students to build a career in oil and gas sector. PLI shared knowledge in gas and LNG industry in Indonesia. Mr. Daryanto, one of the instructors, said that the students’ spirit and curiosity must be seen as a chance to provide as much as information to widen their horizon on oil and gas industry.

PT Kalimantan Jawa Gas (KJG) Finance and Administration Director Sahat Simarmata and Vice President of Engineering and Operation Rikrik Gantina, also acted as instructors for 103 students of SMA Negeri 10 Semarang on November 24, 2017. The company is one of PGN’s subsidiaries. SMA Negeri 10 Semarang was selected due to its location, near KJG’s gas measurement

station in Tambaklorok, North Semarang. A student named Montero said he was content after hearing the presentation on KJG as one of PGN’s affiliates. He admitted not having thought that KJG also builds natural gas pipelines in Semarang. “Our knowledge about oil and gas SOEs is enriched. The students also obtained knowledge about SOE Ministry. Hopefully this activity would resume next year,” he said.



Meanwhile, to commemorate the 89th Youth Pledge on October 28, 2017, “BUMN Hadir di Kampus”, acted as PGN’s representative was PGN President Director Jobi Triananda Hasjim, who gave a lecture to students of Airlangga University, Surabaya, East Java.



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Scholarship for PGN Pensioner's Children



Since academic year 2015/2016, PGN provides scholarship for children of PGN's pensioners and deceased employees through Education Assistance program. The program proposed by PGN Workers Union in cooperation with PGN CSR Division and YKPP Gas Negara is aimed at helping the payment of tuition of PGN pensioners and deceased employees' children and at supporting education quality development. The beneficiaries are only children of pensioners and deceased employees of certain ranks. As for former employees with normal or early retirement, education assistance is granted to children of deceased employees. Another requirement for this assistance is that the

employee has served for minimum 10 years. The maximum number of beneficiary per deceased employee is three children, while for retired employee, one child.

PGN allocated up to Rp1 billions of funds, which have been distributed to 88 children for academic year 2017/2018, comprising 33 children of deceased employees and 55 children of retired employees. The education levels for beneficiaries are kindergarten to undergraduate (S1). The program includes enrollment fee per year and tuition per month, of which the amount depends on the current education level, ranging from Rp300,000 to Rp900,000 per month.

ASSISTANCE ON HEALTH IMPROVEMENT

In health sector, PGN has conducted the following programs:

- Community Healthcare Service through 10 Mobil Sehat PGN (PGN's Health Vehicle) with various health facilities, e.g. pre-natal checkups; supplements for pregnant women; contraceptive services; general health services and basic dental care; toddler growth checkups; and food supplements for children and toddlers. PGN provided the mobile health vehicles to several areas, i.e. Medan, Batam, South Sumatera, Lampung, Banten, Jakarta, West Java, and East Java.
- PGN People blood donor activity.
- Clean water facilities for sanitation in Indragiri Hulu Village.

ASSISTANCE FOR PUBLIC FACILITIES AND INFRASTRUCTURE DEVELOPMENT

In 2017, the activities that have been carried out for public facilities and infrastructure are:

- Assistance for renovation of 45 veteran houses.
- Program of Banten Bridge Construction.
- Clean water program in 8 villages: Transad Bandar Agung & Sriminosari in Lampung; Mlati Baru in Semarang; Krukut in Jakarta; Karang Tengah in Banten; Dusun 1 & Dusun 4 Pagar Dewa in South Sumatra; & Dusun 3 Hurip Jaya in West Java.
- Construction, Counseling and Management of 'Balkondes' (Village Economy Hall) and Homestay in Karangrejo village, Magelang, Central Java.
- Revitalization of Tasikardi Site.

Village Economy Hall in Karangrejo [GRI 203-1]

The Central Statistics Bureau (BPS) recorded the number of foreign tourist visits in Indonesia from January to December 2017 was 14.04 million. Meanwhile, the government's target of foreign tourist visit for 2017 is 15 million. In particular, it was targeted that foreign tourist visit to Borobudur Tourism Authority (BOB) region for 2019 to reach 2 million people with revenue target of USD 2 billion.

To demonstrate the support for the government's efforts to reach the targets, specifically that to BOB region, the State-Owned Enterprise Ministry is committed to attracting 2 million people to visit

Borobudur tourism area and its surrounding. These areas are included in Joglosemar (Yogyakarta-Solo-Semarang) region.

This effort was initiated by the numerous villages situated around Borobudur Temple that emerged to become tourism villages. However, as the facility and infrastructure there are not yet adequate, the tourists visit is focused on Borobudur Temple. This is why SOEs, coordinating with PT Taman Wisata Candi Borobudur, Prambanan and Ratu Boko to empower the economy of the villages around Borobudur Temple by building a Village Economy Hall in Borobudur Temple area, Magelang.

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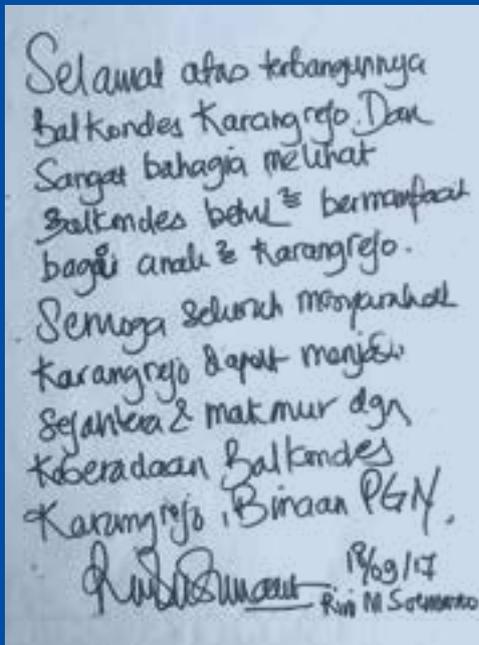
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The objective of the economy hall development is to drive the rural economy around the temple location by facilitating both local and international tourists in enjoying the atmosphere and experience the activities of the villages. In 2017, SOE Minister Rini Soemarno inaugurated four village economy halls in Candirejo, Borobudur, Karangrejo and Kebonsari villages. PGN contributes to the development of village economy hall in Karangrejo by constructing 10 homestays with 20 rooms, and developing patch fabric creative

industry and bamboo painting. Other facilities developed are procurement of light fire extinguishers at 13 building units, 11 units of First Aid kit, safety line, evacuation path and publishing comic books on the archipelago. It is expected that the development of these facilities would persuade tourist to not only visit Borobudur Temple but also the surrounding villages and even spend some nights there. Thus, the locals around the economy halls would also benefit from the economic vitality emerging from tourism industry.





"Now our houses are good. Thank you for the moral and material support. We couldn't have been able to build (renovate the house) if there was no assistance," M. Nasir - Veteran in Lampung (second from right)

VETERAN HOUSE RENOVATION [GRI 203-1]

In 2017, the Government specifically appointed PGN as executor of Veteran House Renovation (BRV) program in Lampung province. PGN allocates Rp1.15 billions of funds, which are to be distributed through the renovation of 45 units of veteran houses: 10 units located in Bandar Lampung; 10 in Kota Metro; 12 in East Lampung, eight in Central Lampung and five in South Lampung. The renovations carried out are for the roofs, ceramic tiles, bathroom and toilet, decent ventilation, kitchen, bedroom, living room and painting the walls. The maximum total renovation cost of a simple house is Rp40 million.

Lt. Col. (Ret.) H.M Joesoef, S.S as Veteran Legion Head of Lampung Province conveyed his gratitude for the 45 units of house that had been included in this program. Joesoef expected that this assistance would continue, bearing in mind there are still many legion members in that area who live in indecent houses. The members of Lampung Veteran Legion alone total 1,000 people.

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FROM BRIDGE CONSTRUCTION TO VILLAGE-OWNED ENTERPRISE (VOE) [GRI 203-1]

In Serang, Banten, PGN launches three activities as prove of its consistence being a State-Owned Enterprise of Natural Gas in driving rural economic activities in Indonesia. PGN built Cibereum River bridge, revitalized Situ Tasikardi and Village-Owned Enterprise Sabar Subur in Serang, Banten. The funds that PGN has distributed to finance the three activities above totaled Rp3.42 billion.

Village-Owned Enterprise Sabar Subur has been part of PGN assisted village program since July 2016. The activities of Sabar Subur that were launched in August 2017 with funds amounting to Rp598 million are: First, institutional preparation, comprising workshop, office lease and office equipment procurement, grant, training, social entrepreneurship, business management, VOE legality administration and management comparison study. Second, the Business Unit Support program which include workforce service business unit, LKMS business unit, agribusiness business unit, and tent lease business unit. Third, the Healthy Village Development program, amongst other thing include realizing healthy and clean residential environment, empowering healthcare center (posyandu), operational training of ambulance and forming waste bank as well as garbage disposal vehicles.

Before the construction, the Cibereum River bridge in Pasir Buyut Village, Jawilan Sub-district, Serang, Banten was in poor condition - only two people could pass and not securely. Then PGN reconstructed the bridge, which went on from November 2016 to May 2017; now the bridge is 24 meters long and six meters wide. The construction costed Rp2.48 billion. The effects of the completion of the project, apart from allowing motor vehicle to pass, the bridge connects three subdistricts, i.e. Kopo, Jawilan and Solear. The bridge also facilitates the activities of the residents in the surrounding areas, i.e. to access the school, to evacuate the sick and to cross during floods.

The revitalization of Situ Tasikardi covers repair of the dock, mosque, toilet and pathway as well as conservation of nature, including releasing birds, distributing fish seed and planting trees. The project went on from August to October 2017, with costs totaling Rp349.4 million. The impact of the project is that the lake maintains its function as a cultural heritage, and as a facility that increases the economy of the surrounding residents.

WORSHIP FACILITY ASSISTANCE

In 2017 PGN provided assistance for worship facility, including:

- Assistance for construction and renovation of house of worship and religious supporting facility
- Religious activities such as donation to orphanages and to the poor, as well as religious activities related to various religious holidays;
- Offering of sacrificial animals for the event of Eid al-Adha 1438 H. The meat was given to the local communities around PGN's operational area.

NATURE CONSERVATION ASSISTANCE

In nature conservation activities, PGN provided assistance for, among others, the programs below:

- Making Arboretum at Pagar Dewa Station and Biodiversity Park at Waterfall Tourism Complex Bedegung, Muara Enim district, South Sumatra, in cooperation with PKSPL IPB.
- Planting 96,314 different plants in several operational areas of the Company
- Rehabilitation of watershed in Muara Enim, Musi Banyu Asin and Ogan Komering Ulu, South Sumatra.
- Construction of amphitheatre at RPTRA Warakas, Tanjung Priok, North Jakarta.

SOCIAL COMMUNITY ASSISTANCE

As a form of PGN's participation in helping to alleviate poverty, PGN provided assistance by forming Assisted Villages in four operational areas of the Company, i.e.:

1. Sriminosari Village, Lampung
2. Teluk Terate Village, Banten
3. Pagardewa Village, Muara Enim – Sumatera Selatan
4. Tembesi, Panaran – Batam

Mudik Bersama PGN



Once again PGN held the “Mudik Bersama PGN” program, or migrating to hometown for Eid al-Fitr celebration. This time 2,245 people participated and went to their hometown for free. The participants were three-wheeled bajaj drivers in Bajaj Gas Community (Kobagas), office boys, cleaning service staff working in PGN premises and journalists, along their families. Forty-five buses departed from Marine Square Cilandak KKO Jakarta to a number of cities in West Java, Central Java and East Java through Java North Coast, Middle and South Coast routes. This activity is the contribution of Company, being a state-owned enterprise, to the people, who are deemed having played a role in increasing natural gas utilization. “Mudik Bersama PGN” Routes

1. Pantura I – West Java (Indramayu-Cirebon-Kuningan)
2. Pantura II A – Central Java (Cirebon-Tegal-Slawi-Margasari)
3. Pantura II B – Central Java (Cirebon-Tegal-Demak-Kudus-Jepara)
4. Pantura III – Central Java – East Java (Cirebon-Brebes-Tegal-Semarang –Ungaran-Salatiga-Solo-Madiun)
5. Pantura IVA – Central Java (Cirebon-Brebes-Tegal-Semarang –Salatiga-Boyolali-Solo-Wonogiri)
6. Pantura IVB – Central Java (Cirebon-Brebes-Tegal-Semarang –Secang-Magelang-Yogyakarta)
7. Pantura V – East Java (Cirebon-Brebes-Tegal-Semarang-Purwodadi-Lamongan-Surabaya)
8. Middle Route – Central Java (Cirebon-Bumiayu-Ajibarang-Purwokerto-Kebumen)
9. Southern Route – Central Java – DIY (Nagrek-Tasik-Ciamis-Majenang- Wangon-Kebumen-Purworejo-Yogyakarta)

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Awards for Company's Responsibility Fulfillment Performance

PGN achieved two awards in Top CSR Award 2017 organized by Business News with reference to ISO 26000: Guidance Standard on Social Responsibility.

The first award in the category of Rural Economic Development, PGN achieved an award of Top CSR 2017 on Nawacita 7. The second, PGN President Director then was selected as winner in the category of Top Leader on CSR Commitment. These awards proved the Company's commitment to supporting Nawacita program that the Government undertakes. As a natural gas agency, PGN always develops various CSR programs which are aimed to empower the community's economic potentials. These programs are part of the Company's commitment being one of the Government's facilitator in continuously improving the people's prosperity. The main objective of PGN's CSR programs is to play an active role and take initiative in increasing the community's economy through energy independence and natural conservation efforts.

Furthermore, PGN receives the title as Best Organisational Governance Program at the CECT Sustainability Awards 2017. The award is related

to Good Corporate Governance (GCG) CECT, or Center for Entrepreneurship, Change and Third Sector, is a study center under the aegis of Trisakti University. Its main goal is to appreciate companies whose CSR performance is good, following ISO 26000, namely the Corporate Social Responsibility management guidance standards.

The assessment for the award is purely CECT Universitas Trisakti's study, using credible international standards of research method with ISO 26000 tools into the available public data. The public data in this context is company's annual report, company's sustainability report and information available for public. Afterwards, the second stage is the evaluation of a credible jury team.

One of the aspects that is particular to CECT CSR Awards is the new tools to measure "Company's CSR Performance" based on ISO 26000. Thus, the focus of the company's governance performance is quite different. Other sustainability aspects analyzed are the environmental, economic and social.



TESTIMONIES

Hj. Ratu Tatu Chasanah SE, M.Ak

Perusahaan Gas Negara (PGN), a state-owned enterprise who operates also in Serang District, has proven its contribution to the benefits for the local people. This includes the establishment of Assisted Village Program in Teluk Terate Village by helping develop the Village-Owned Enterprise that existed there. in addition, PGN revitalised Situ Tasikardi lake in Margasana Village, Kramwatu Subdistrict and built a village-connecting bridge in Pasir Buyut Village, Jawilan Subdistrict.

For this concrete contribution and role played by PGN, which actively helps the local government and the Serang residents, on behalf of the Serang Regional Government we would like to convey our greatest gratitude to PGN.

Serang Regent

Hj. Ratu Tatu Chasanah SE, M.Ak

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Independent Assurance Statement

Report No. 0318/BD/0007/JK

To the management of PT Perusahaan Gas Negara (Persero), Tbk

Our engagement by PT Perusahaan Gas Negara (Persero) Tbk ('PGN') was to provide assurance in respect to its Sustainability Report 2017 ('the Report'). This engagement was carried out by our multi-disciplined assurance team who bring a wealth of experience to complement their diverse skills, and thus bring a high level of competence to conducting the assurance engagement.

Independence

We were not involved in the preparation of any key part of the Report and carried out all assurance undertakings with independence and autonomy. We did not provide any services to PGN during 2017 that could conflict with the independence of the assurance engagement.

Assurance Standards

We conducted our work in accordance with ISAE3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Accounting Standards Board. In addition, we have also planned and carried out our work in accordance with AA1000AS (2008) 'AA1000 Assurance Standards (2008)', issued by AccountAbility.

Level of assurance and criteria used

Our evidence-gathering procedures were designed to obtain a limited level of assurance based on ISAE3000 and a moderate level of assurance engagement as set out in AA1000AS (2008), thus providing confidence to readers by reducing risks or errors to a very low level, but not necessarily to zero. Moreover, the AA1000 AccountAbility Principles Standard (2008) of Inclusivity, Materiality and Responsiveness was also used as criteria in evaluating the Report.

Scope of Assurance

We provided Type 2 assurance engagement under AA1000AS (2008). This involved:

- 1) assessment of PGN's adherence to the AA1000 AccountAbility Principles Standard (2008); and
- 2) assessment of the accuracy and quality of specified sustainability performance information contained within the Report, in relation to the agreed scope, which consisted of:
 - Partnership and community stewardship program
 - Occupational health and safety
 - Environmental management.
 - Human resources development.

Responsibility

PGN is responsible for all information and claims contained in the Report. These include established sustainability management targets, performance management, data collection, etc. as well as report preparation. Our responsibility to the management of PGN in performing this engagement, meanwhile, is solely for the purposes of verifying its statements relating to its sustainability performance, specifically as described in the agreed scope, on which we are responsible to express our conclusions.

Methodology

In assessing the veracity of certain assertions and specified data sets included within the report, as well as the systems and processes used to manage and report these, we employed the following methods during the engagement process:

- Reviewed report, internal policies, documentation, management and information systems
- Interviewed staff involved in sustainability-related management and reporting
- Followed data trails to the initial aggregated source, checking samples of data to a greater depth.

Limitations

Our scope of work was limited to a review of the accuracy and reliability of specified data and interviews with data providers, persons in charge of data collection and processing, as well as persons in charge of sustainability performance-related information.

Conclusions

Conclusions in regard to adherence to the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness include the following findings:

• Inclusivity

An assessment was made on whether PGN has included all key stakeholders in developing and achieving an accountable and strategic response to sustainability issues.

Our assessment determined that PGN has an effective system in place for key stakeholders to participate in the development of the organization's response in the context of sustainability, thus demonstrating a strong commitment to stakeholder inclusivity. The conduct of needs assessment surveys and materiality level survey of the key stakeholder groups were prime examples of PGN's concern.

Nevertheless, we recommend that PGN continues to monitor its stakeholder inclusivity systems and procedures on a regular basis, plus implement improvements where these will strengthen the effectiveness of inclusivity.

• Materiality

With stakeholders requiring material information on which to base their informed judgments, decisions and actions, an assessment was carried out to determine the extent to which PGN has included such information in the Report.

Key material issues were adequately reported and balanced information provided about PGN's sustainability performance, indicative of its strong commitment in this field. With the breadth of information required continuing to widen, however, we recommend that PGN continues to play close attention to conducting materiality tests on a regular basis in future reports.

• Responsiveness

Responding to meeting stakeholder expectations is increasingly important and an assessment was carried out to determine whether PGN demonstrates its accountability in responding to them.

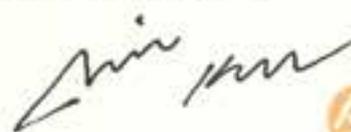
PGN's allocation of resources to stakeholder engagement, the timeliness and accessibility of reported information, and the types of communication mechanisms regularly employed were all indicative of its responsiveness to key stakeholder concerns and expectations.

As in other areas, however, vigilance is key and we recommend that PGN continues to monitor and improve stakeholder engagement procedures on a regular basis in future reports.

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the data of the Report has been materially misstated.

All key assurance findings are included herein, while detailed observations and follow-up recommendations have been submitted to PGN management in a separate report.

Jakarta, March 29, 2018



James Kallman
Chief Executive Officer



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Statement GRI Standards Core in Accordance Check

The National Center for Sustainability Reporting (NCSR) has conducted a GRI Standards Core in Accordance Check on the PT Perusahaan Gas Negara (Persero) Tbk Sustainability Report 2017 ("Report"). The check communicates the extent to which the GRI Standards Core criteria has been applied in the Report. The check does not provide an opinion on the sustainability performance of the reporter or the quality of the information provided in the report.

We conclude that this Report has been prepared in accordance with GRI Standards: Core option.

Jakarta, 13 March 2017

National Center for Sustainability Reporting



Dewi Fitriasaki, Ph.D., CSRA, CMA
Director

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	103-3	Evaluation of The Management Approach	154-156
GRI 401 Employment 2016	401-1	New employee hires and employee turnover	154, 155
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	156
GRI 103: Management Approach 2016	Occupational Health and Safety		
	103-1	Explanation of The Material Topic and its Boundary	41
	103-2	The Management Approach and its Components	123, 129
	103-3	Evaluation of The Management Approach	123, 129

GRI Standard	Disclosure	Page	
GRI 403 Occupational Health and Safety 2016	403-1	Workers representation informal joint management-worker health and safety committees	123
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	129
	403-4	Health and safety topics covered informal agreements with trade unions	123
GRI 103: Management Approach 2016	Training and Education		
	103-1	Explanation of The Material Topic and its Boundary	41
	103-2	The Management Approach and its Components	161-162
	103-3	Evaluation of The Management Approach	161-162
GRI 404 Training and Education	404-1	Average hours of training per year per employee	161
	404-2	Programs for upgrading employee skills and transition assistance programs	162
GRI 103: Management Approach 2016	Diversity And Equal Opportunity		
	103-1	Explanation of The Material Topic and its Boundary	41
	103-2	The Management Approach and its Components	153, 157, 158
	103-3	Evaluation of The Management Approach	153, 157, 158
GRI 405 Diversity And Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	153, 158
	405-2	Ratio of basic salary and remuneration of women to men	157, 158
GRI 103: Management Approach 2016	Security Practices		
	103-1	Explanation of The Material Topic and its Boundary	41
	103-2	The Management Approach and its Components	156
	103-3	Evaluation of The Management Approach	156
GRI 410 Security Practices	410-1	Security personnel trained in human rights policies or procedures	156
GRI 103: Management Approach 2016	Customer Health and Safety		
	103-1	Explanation of The Material Topic and its Boundary	41
	103-2	The Management Approach and its Components	141
	103-3	Evaluation of The Management Approach	141
GRI 416 Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	141
GRI 103: Management Approach 2016	Marketing and Labeling		
	103-1	Explanation of The Material Topic and its Boundary	41
	103-2	The Management Approach and its Components	141
	103-3	Evaluation of The Management Approach	141
GRI 417 Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	141
	417-2	Incidents of non-compliance concerning product and service information and labeling	141
	417-3	Incidents of non-compliance concerning marketing communications	141

LINKING THE SDGs AND GRI STANDARDS

SDG's	Business Theme	Relevant GRI Standard	Disclosure	Title Indicator	Pages
 <p>1 NO POVERTY</p> <p>End poverty in all its forms everywhere</p>	Earnings, wages and benefits	GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	91
	Economic development in areas of high poverty	GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	171, 172, 177, 179, 180
	Economic inclusion	GRI 103: Management Approach	103-2		170
 <p>2 ZERO HUNGER</p> <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	Economic development in areas of high poverty	GRI 203: I Indirect Economic Impacts	203-1	Infrastructure investments and services supported	171, 172, 177, 179, 180
	Infrastructure investments	GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	91
 <p>3 GOOD HEALTH AND WELL-BEING</p> <p>Ensure healthy lives and promote wellbeing for all at all ages</p>	Air quality	GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	106, 107
			305-2	Energy indirect (Scope 2) GHG emissions	107
			305-4	GHG emissions intensity	107
	Occupational health and safety	GRI 403: Occupational Health and Safety	403-1	Workers representation in formal joint management-worker health and safety committees	123
			403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	129
	403-4	Health and safety topics covered in formal agreements with trade unions	123		
Spills	GRI 306: Effluents And Waste	306-2	Waste by type and disposal method	108-111	

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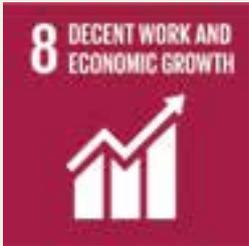
SDG's	Business Theme	Relevant GRI Standard	Disclosure	Title Indicator	Pages
 <p>4 QUALITY EDUCATION</p>	Employee training and education	GRI 404: Training And Education	404-1	Average hours of training per year per employee	161
			404-2	Programs for upgrading employee skills and transition assistance programs	161
 <p>5 GENDER EQUALITY</p>	Economic inclusion	GRI 103: Management Approach	103-2	The management approach and its components	170
	Equal remuneration for women and men	GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	154
		GRI 405: Diversity And Equal Opportunity	405-2	Ratio of basic salary and remuneration of women to men	157, 158
	Gender Equality	GRI 401: Employment	401-1	New employee hires and employee turnover	154, 155
		GRI 404: Training And Education	404-1	Average hours of training per year per employee	166
		GRI 405: Diversity And Equal Opportunity	405-1	Diversity of governance bodies and employees	153, 158
	Infrastructure investments	GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	91
		GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	171, 172, 177, 179, 180
Women Leadership	GRI 405: Diversity And Equal Opportunity	405-1	Diversity of governance bodies and employees	153, 158	
 <p>6 CLEAN WATER AND SANITATION</p>	Spills	GRI 306: Effluents And Waste	306-2	Waste by type and disposal method	180-111
	Sustainable water withdrawals	GRI 303: Water	303-1	Water withdrawal by source	105
	Waste		306-2	Waste by type and disposal method	180-111
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	Energy efficiency	GRI 302: Energy	302-3	Energy intensity	112
	Infrastructure investments	GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	91
		GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	171, 172, 177, 179, 180

Ensure inclusive and quality education for all and promote lifelong learning

Achieve gender equality and empower all women and girls

Ensure access to water and sanitation for all

Ensure access to affordable, reliable, sustainable and modern energy for all

SDG's	Business Theme	Relevant GRI Standard	Disclosure	Title Indicator	Pages
 <p>Promote inclusive and sustainable economic growth, employment and decent work for all</p>	Diversity and equal opportunity	GRI 405: Diversity And Equal Opportunity	405-1	Diversity of governance bodies and employees	153, 158
	Earnings, wages and benefits	GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	154
	Economic inclusion	GRI 103: Management Approach	103-2	The management approach and its components	170
	Economic performance	GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	91
	Employee training and education	GRI 404: Training And Education	404-1	Average hours of training per year per employee	161
			404-2	Programs for upgrading employee skills and transition	162
	Employment	GRI 102: Organizational profile	102-8	Information on employees and other workers	58
		GRI 401: Employment	401-1	New employee hires and employee turnover	154, 155
	Energy efficiency	GRI 302: Energy	302-3	Energy intensity	112
	Equal remuneration for women and men	GRI 405: Diversity And Equal Opportunity	405-2	Ratio of basic salary and remuneration of women to men	157, 158
	Collective Bargaining	GRI 102: Organizational profile	102-41	Collective bargaining agreements	39
	Materials efficiency	GRI 301: Materials	301-1	Materials used by weight or volume	112, 113
	Occupational health and safety	GRI 403: Occupational Health And Safety	403-1	Workers representation in formal joint management-worker health and safety committees	123
			403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	129
			403-4	Health and safety topics covered in formal agreements with trade unions	123
	Youth employment	GRI 401: Employment	401-1	New employee hires and employee turnover	154, 155

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SDG's	Business Theme	Relevant GRI Standard	Disclosure	Title Indicator	Pages
 <p>Build resilient infrastructure, promote sustainable industrialization and foster innovation</p>	Infrastructure investments	GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	91
		GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	171, 172, 177, 179, 180
	Equal remuneration for women and men	GRI 405: Diversity And Equal Opportunity	405-2	Ratio of basic salary and remuneration of women to men	157, 158
 <p>Make cities inclusive, safe, resilient and sustainable</p>	Infrastructure investments	GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	171, 172, 177, 179, 180
 <p>Ensure sustainable consumption and production patterns</p>	Air quality	GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	106, 107
			305-2	Energy indirect (Scope 2) GHG emissions	107
			305-4	GHG emissions intensity	107
 <p>Take urgent action to combat climate change and its impacts</p>	Energy efficiency	GRI 302: Energy	302-3	Energy intensity	112
	Environmental investments	GRI 103: Management Approach	103		108-111
		GRI 305: Emissions			108-111
		GRI 306: Effluents And Waste	306-2	Waste by type and disposal method	108-111
	GHG Emissions	GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	106, 107
		305-2	Energy indirect (Scope 2) GHG emissions	107	
		305-4	GHG emissions intensity	107	
 <p>Conserve and sustainably use the oceans, seas and marine resources</p>	Environmental investments	GRI 103: Management Approach	103		108-111
		GRI 305: Emissions	305		108-111
		GRI 306: Effluents And Waste	306-2	Waste by type and disposal method	108-111

SDG's	Business Theme	Relevant GRI Standard	Disclosure	Title Indicator	Pages
 <p>Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss</p>	Environmental investments	GRI 103: Management Approach	103		108-111
		GRI 305: Emissions	305		108-111
		GRI 306: Effluents And Waste	306-2	Waste by type and disposal method	108-111
 <p>Promote just, peaceful and inclusive societies</p>	Anti-corruption	GRI 205: Anti-Corruption	205-1	Operations assessed for risks related to corruption	78
		205-2	Communication and training about anti-corruption policies and procedures	78	
	Compliance with laws and regulations	GRI 416 Customer Health And Safety	416-1	Assessment of the health and safety impacts of product and service categories	141
		GRI 417 Marketing And Labeling	417-1	Requirements for product and service information and labeling	141
			417-2	Incidents of non-compliance concerning product and service information and labeling	141
	Ethical and lawful behavior	GRI 102: General Disclosure	102-16	Values, principles, standards, and norms of behavior	50, 79
	Grievance mechanisms	GRI 103: Management Approach	103-2	The management approach and its components	
Security	GRI 410 Security Practices	410-1	Security personnel trained in human rights policies or procedures	156	
 <p>Revitalize the global partnership for sustainable development</p>	Initiatives to join the Commitment to Achieve Sustainable Goals	GRI 102: General Disclosure	102-12	External Initiatives	81

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FEEDBACK SHEET

We would like to thank you for taking your valuable time to read this Sustainability Report 2017. In an effort to improve the Sustainability Reporting the coming years, the PT Perusahaan Gas Negara (Persero) Tbk would like to ask you to kindly fill out this feedback sheet and send it back to us.

1. This Sustainability Report has provided you with any information on activities that have been conducted by PT Perusahaan Gas Negara (Persero) Tbk in its compliance with corporate social responsibility?

Agree Don't Know Disagree

2. The material in this Sustainability Report includes data and information that is easily understood.

Agree Don't Know Disagree

3. The material in this Sustainability Report includes data and information that is sufficiently complete.

Agree Don't Know Disagree

4. The material in this Sustainability Report includes data and information that is accountable and can be validated.

Agree Don't Know Disagree

5. The information in this Sustainability Report is well presented, well designed and laid out with suitable photographs.

Good Don't Know Dissatisfactory

6. What information do you feel was useful in this Sustainability Report?

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7. What information do you feel was not useful in this Sustainability Report?

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8. What information was missing or incomplete and should be included in future Sustainability Reports?

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.....
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Your Information

Full Name :

Institution/Company :

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Identification of stakeholder groups (select one):

- Government • NGO • Industry
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 - Other
-

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