



PT Perusahaan Gas Negara Tbk

# OPEN TO A SUSTAINABLE WORLD

SUSTAINABILITY REPORT 2019



# OPEN TO A SUSTAINABLE WORLD

After 55 years of experience in delivering clean and affordable energy, PGN continues to build a strong reputation as a company that embraces and works toward sustainability. In addition, we pursue growth by building on infrastructure, especially after we received the trust to serve as Pertamina's Gas Subholding in 2019.

For the purpose of sustainability, we invest time and effort in building successful partnership with customer, suppliers, as well as communities in Indonesia and abroad. We are dedicated to open to a sustainable world, record business-scale growth, and support improved environmental quality through development of the natural gas and energy business for all stakeholders.

# TABLE OF CONTENTS

	<b>2 SUSTAINABILITY OVERVIEW</b>		
	2 GCG Skor		
	2 Economic		
	3 Social		
	4 Environment		
<b>01</b>	<b>6 REMARKS</b>		
	8 Remarks from the President Commissioner		
	12 Remarks from the President Director		
<b>02</b>	<b>18 MAINTAIN SUSTAINABILITY</b>		
	21 About PGN		
	22 Location of Operations		
	24 Scale of The Organisation		
	24 Business Line		
	26 Main Business Unit		
	28 Customer		
	29 Market Share		
	30 Vision Mission		
	32 Corporate Culture		
	34 5 Cultural Values and 10 Main Behaviours of PGN Group Personnel		
	38 Information of Subsidiaries and Affiliated Companies		
	40 The Company's Brief History		
	42 The Company's Milestone		
<b>03</b>	<b>44 MAINTAINING THE NATIONAL ECONOMY</b>		
	47 PGN's Contribution to The National Economy		
	48 Contribution to The State		
	48 Contributions to Regions		
	50 Supply Chain		
	52 Key Impacts, Risks, and Opportunities		
	53 Risk Management		
	55 Financial Implications and Other Risks and Opportunities Due to Climate Change		
<b>04</b>	<b>56 MAINTAIN SUSTAINABLE ENVIRONMENT</b>		
	59 Environmental Program Policy		
	60 Environmental Management System		
	60 Environmental Management and Monitoring		
	61 Capacity Building in The Environmental Field		
	61 Material		
	63 Water		
	64 Energy		
	66 Emission		
	69 Waste		
	71 Environmental Program		
<b>05</b>	<b>74 MAINTAINING PROSPERITY OF THE COUNTRY</b>		
	77 CSR Policy and Support in Achieving Sdgs		
	81 PGN Share		
	82 Partnership Program		
	82 Community Development Program		
	87 Cost Are Expended for Activities		
<b>06</b>	<b>88 MAINTAINING THE QUALITY OF PGN EMPLOYEES</b>		
	91 Strategy and Policy Development Of PGN's Employees		
	91 Profile of Pgn's Employees		
	95 Welfare of PGN's People		
	96 Developing Diversity and Equality		
	98 Fulfilling Human Rights of Employees		
	99 Development of PGN's Employees		
	103 Retirement Welfare Program		
<b>07</b>	<b>104 MAINTAINING OCCUPATIONAL HEALTH AND SAFETY</b>		
	107 Occupational Health and Safety Policy and Program		
	108 OHS In Collective Labour Agreement		
	108 OHS In PGN Management System		
	112 Occupational Safety Road Map Implementation		
	113 Occupational Health Road Map Implementation		
	113 OHS Program		
	115 OHS Performance 2019		
	121 OHS Awards		
<b>08</b>	<b>122 MAINTAINING THE CUSTOMER SAFETY AND HEALTH</b>		
	125 Quality Assurance		
	125 Product Information		
	125 Priority for Customer Safety		
	126 Delivering Quality According to Regulation and Standards		
	126 Providing Service at Its Best		
	127 Customer Interaction		
	128 Assuring Customer Satisfaction		
	128 Customer Card		
	128 Latest Technology		
	128 Network Expansion		
<b>09</b>	<b>130 SUSTAINABILITY GOVERNANCE</b>		
	133 Basic Implementation of GGC		
	134 Objectives of Gcg Implementation		
	134 Governance Structure		
	142 Identifying and Managing Economic, Environmental, And Social Impacts		
	142 Review of Economic, Environmental, And Social Topics		
	142 Risk Management		
	148 Precautionary Principle or Approach		
	150 Ethics and Integrity		
	152 International Initiatives and Membership of Associations		
	153 Stakeholders Involvement		
	154 Critical Concerns		
	156 Remuneration Policies		
	162 Important Events		
	168 Awards and Certifications		
<b>10</b>	<b>176 ABOUT THE REPORT</b>		
	179 Period, Scope, And Report Cycle		
	179 External Assurance		
	179 Defining Report Content and Topic Boundaries		
	180 Determining Materiality Level		
	181 Material Topics List		
	181 Personal Contact		
	<b>182 ASSURANCE STATEMENT</b>		
	<b>184 STATEMENT GRI IN ACCORDANCE CHECK</b>		
	<b>185 LINKING THE SDGS AND GRI STANDARDS</b>		
	<b>197 GRI STANDARDS COMPREHENSIVE OPTION</b>		

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

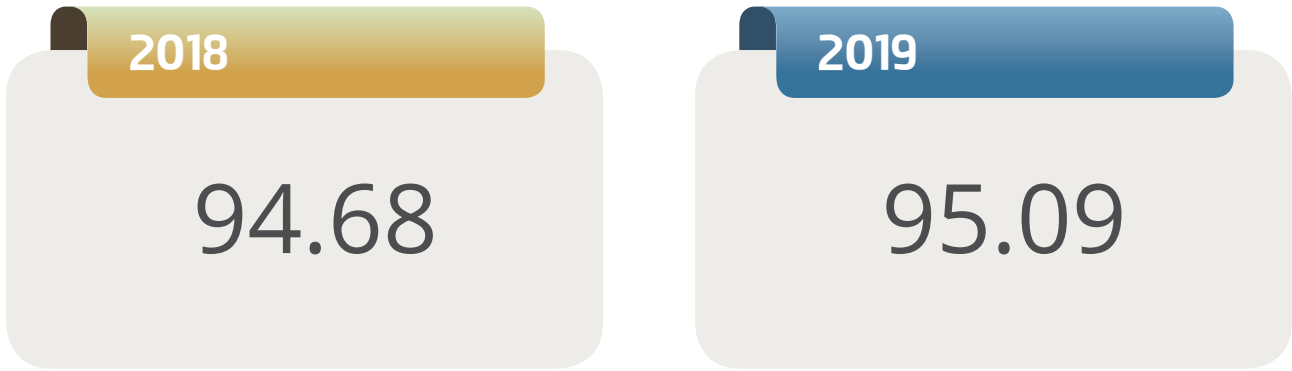
Maintaining the Customer Health and Safety

Governance Sustainability

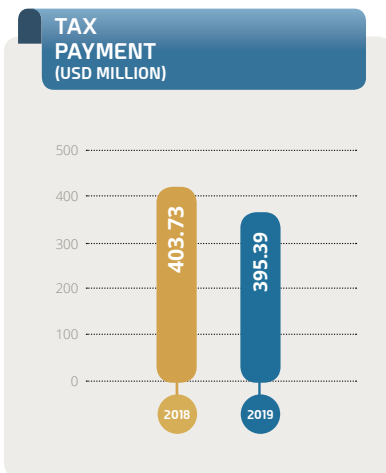
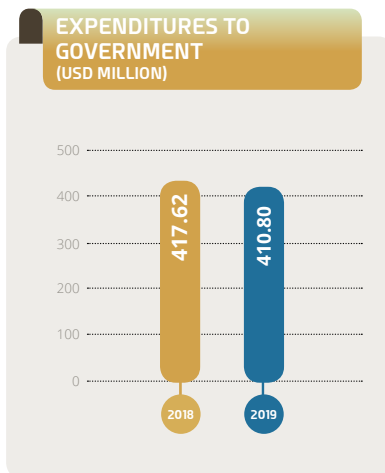
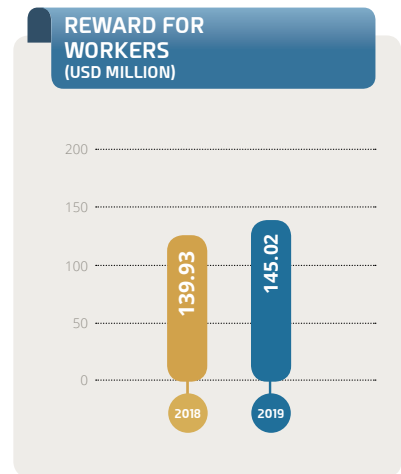
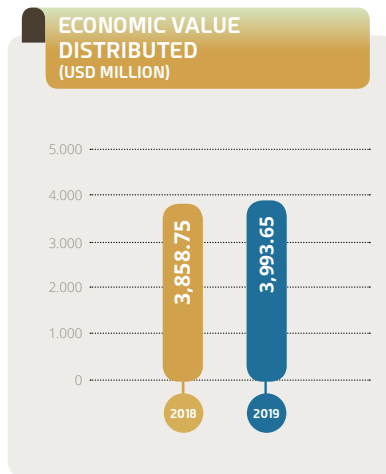
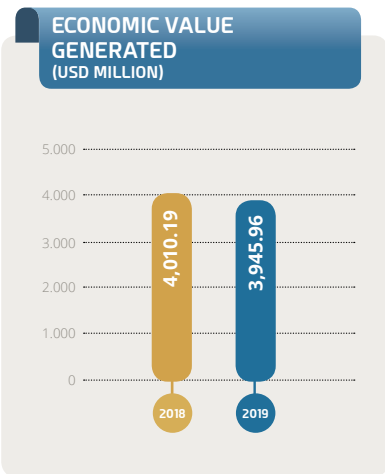
About the Report

# SUSTAINABILITY OVERVIEW

## GCG SCORE



## ECONOMY



## SOCIAL

### CSR AND COMMUNITY DEVELOPMENT FUNDS (USD MILLION)



2018  
6.89  
2019  
6.28

### CUSTOMER SATISFACTION INDEX



2018  
5.43  
2019  
5.44

### NUMBER OF WORKERS



2018  
1,290  
2019  
1,375

### SAFE MAN HOURS



2018  
94,407,387  
2019  
104,672,458

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

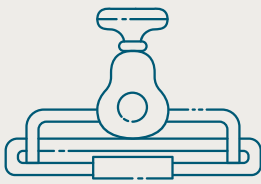
Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

## ENVIRONMENT

### ACCUMULATION OF TRANSMISSION AND DISTRIBUTION PIPE LENGTH (KM)



2018	9,915.87
2019	10,168.97

### WATER CONSUMPTION (m<sup>3</sup>)



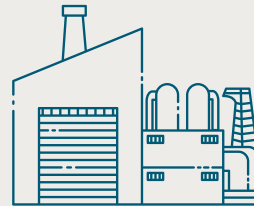
2018	111,844
2019	125,160

### ENERGY CONSUMPTION (GIGAJOULES)



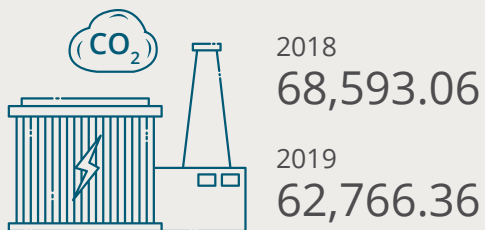
2018	693,943
2019	831,999

### ENERGY INTENSITY (GJ/MMSCFD)

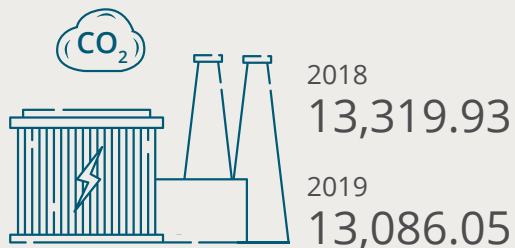


2018	479.94
2019	564.30

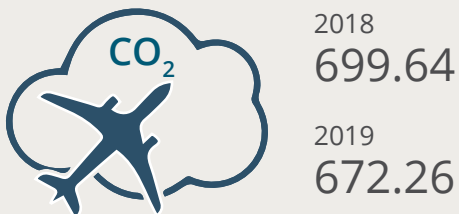
### GHG EMISSIONS SCOPE 1 (TON CO<sub>2</sub> EQ)



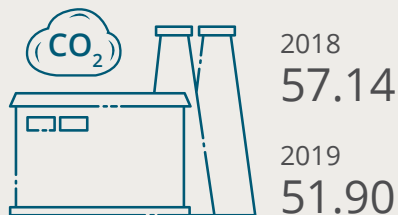
### GHG EMISSIONS SCOPE 2 (TON CO<sub>2</sub> EQ)



### GHG EMISSIONS SCOPE 3 (TON CO<sub>2</sub> EQ)



### GHG EMISSION INTENSITY (TON CO<sub>2</sub> EQ/MMSCFD)



### PLANTING OF TREES



Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report



# 01

## REMARKS

Despite the fact of confronting numerous hindrances, PGN's development, however, shows a consistent progress in the last five years. Not only does PGN create economic value, but also creates good value for the environment and community development.

DILARANG  
BUANG  
SAMPAH





## REMARKS FROM THE PRESIDENT COMMISSIONER [GRI 102-14]



**PGN will take the lead position in the acceleration and transformation of energy from oil to natural gas, to provide affordable, safe, and clean energy.**

## Dear Valued Stakeholders,

It is an honour for us to be able to deliver the performance of PGN during 2019. We believe that the achievements and performance was the result of the hard work of all directors & employees, with the full support of all stakeholders. Therefore, may we thank you for your sustainable support for PGN.

PGN recognizes that the growth of the Company is inseparable from the thriving economic, environmental, and social elements in Indonesia. On that account, we exert our very best endeavours to build the Company in tune with the principles of sustainability. We appreciate the Board of Directors who acknowledged the significance of sustainability and have for 11 years consistently presented a sustainability report. This attests the commitment of PGN towards sustainability issues and the transparency of corporate governance processes.

At this moment, natural gas will no longer serve as a vital commodity, but today it is as valuable production tool, delivering great added value to the national economy. This year, 2019, was a crucial year in PGN's business journey as PGN appointed as a Subholding Gas by PT Pertamina (Persero), besides retaining PGN's role as a national gas Company. This appointment opens up new opportunities as well as placing greater responsibility on PGN, which we will carry out with sincerity and dedication. After having become a Subholding Gas, PGN became the major end-to-end player in the field of natural gas across Indonesia. The series of Subholding Gas businesses starts

from managing the gas supply, carrying out transmission, storage, regasification activities, and distributing natural gas to customers.

To that end, PGN focuses on building infrastructure to open regional access and to emerge new economic centres. With the support of this on-going infrastructure push, PGN hopes to become a world-class energy company, capable of efficiently fulfilling domestic energy needs.

Not only is PGN concerned with profitability growth, but PGN also cares about the environment. Our concern is mainly expressed by our commitment to meeting the needs of clean energy for transportation. Thus, emission reductions can be maximally pursued and improvement of air quality in major cities in Indonesia can be achieved. We also showcase our commitment to the environment by planting trees along the pipelines that we lay by having planted 70,035 trees just this year.

PGN's commitment to improving the welfare of the community is manifested by embracing certain villages around our operational areas to become developed and independent villages, in an effort to support sustainable development across Indonesia. Furthermore, we get directly involved in advancing education through scholarships, helping disaster victims, and various other social responsibility programs.



**Arcandra Tahar**  
President Commissioner



**Paiman Raharjo**  
Independent Commissioner



**Kiswodarmawan**  
Independent Commissioner

Through this report, we would like to declare our gratitude to the Board of Directors for the good corporate governance that has brought PGN to receive, one more time, an award from the Corruption Eradication Commission as a State-Owned Enterprise with the Best Reporting of State Assets (LHKPN) 2019. As such, PGN is acknowledged as a state organiser which transparently reports the wealth of its officials, as part of a continuing enforceable commitment to create a clean and a transparent work environment.

PGN will continue to innovate in the economic, environmental, and social fields in order to meet the immediate needs of the nation, without compromising the ability of future generations in terms of meeting their necessities. We believe that by building a sustainable Company, PGN will continue to grow and to gain the trust of stakeholders.



**Christian Hamonangan Siboro**  
Independent Commissioner



**Luky Alfirman**  
Commissioner



**Mas'ud Khamid**  
Commissioner

In closing, we appreciate the hard work of the Board of Directors and all employees who have given their dedication to PGN's progress for the sake of national prosperity. We would like to convey our appreciation for the support of stakeholders who have become partners for PGN's advancement. Let us together develop splendid energy for our beloved country through our support for PGN.

Jakarta, April 22, 2020  
On behalf of the Board of Commissioners

**Arcandra Tahar**  
President Commissioner

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

## REMARKS FROM THE PRESIDENT DIRECTOR [GRI 102-14]



**Our commitment is to support government programs in actualising energy independence through optimising the utilisation of natural gas across the country, while paying attention to matters of profitability, environmental sustainability, and social welfare.**

## Dear Valued Stakeholders,

Firstly, do allow me to thank you for your support that has carried PGN positively through the reporting year 2019. On one hand, 2019 was a productive year full of various advances, on the other hand, challenges and hindrances impelled us to keep learning, trying, and innovating.

Lifestyle changes towards green energy are elevating natural gas as an energy choice, while the need for natural gas is also driven by population growth and increased economic activity. Collaborating with PT Pertamina Gas (Pertagas) and its subsidiaries, PGN is currently one of the biggest natural gas companies in ASEAN. Our commitment is to support government's programs in terms of establishing national energy independence through optimising the use of natural gas

Based on the aforementioned direction and having acknowledged PGN's new role as a Subholding Gas for Pertamina, we recognize the momentous year it has been in the development of our business. This heightened role has created opportunities in serving the needs of new segments: fertiliser and refinery. We accept this trust with full responsibility and remain committed to serving customers, continuing to reform the Group internally through coordination, collaboration, and synergy so as to provide benefits to customers and other stakeholders alike.

## MANAGING THE ECONOMY

Natural gas has great potential, considering that natural gas is set to become a main source of energy in the future. Natural gas reserves are estimated to be sufficient to be harnessed for the next 60 years, while petroleum reserves at current levels of oil consumption is estimated to only last for the next 15 years<sup>1</sup>. For this reason, we continue to expand the infrastructure network to meet

the increasing demand for natural gas and to achieve the target of natural gas with an energy mix of at least 22% by 2025.

In 2019, we confronted assorted challenges such as the declining industrial conditions due to the policy of reducing import tariffs on goods and the global economic recession, thereby reducing spending on natural gas. Another challenge was the increase in the upstream cost of goods purchased by roughly 3% per year, which was not accompanied by an adjustment in the selling price of natural gas passed on to customers. Further, there was an implementation of a special gas selling price to PLN in order to support the reduction in PLN's Cost of Production. Nevertheless, in the last 5 (five) years, the whole operational performance has been positive and continues to experience growth in line with the increasing utilisation of natural gas.

In 2019, the total volume of gas through distribution pipeline increased by around 3% from the preceding year from 960 to 990 BBTUD, whereas through transmission pipelines, PGN distributed more than 2,000 MMSCFD of gas. The infrastructure managed by the Subholding Gas currently represents 96% of all downstream natural gas infrastructure in Indonesia, that is of managing gas pipelines of more than 10,200 km and also the gas network owned by the Government.

Our customers consist of electricity, industry, commercial, MSME, transportation and household customers. PGN's household customers has reached 247,308 households in 51 cities/districts in Indonesia. PGN operates 2 Floating Storage Regasification Units (FSRU), 1 Land-Based Regasification Terminal, 4 Mobile Refuelling Units (MRU), and 12 Gas Fuel Filling Stations (SPBG) and with expertise gained over 54 years, PGN is making on-going contributions to the growth of the Indonesian economy.

<sup>1</sup> <https://www.esdm.go.id/id/media-center/arsip-berita/bahan-bakar-bersih-murah-dan-aman-itu-bernama-gas-bumi>



Gigih Prakoso Soewarto  
President Director



Dilo Seno Widagdo  
Director of Commerce



Desima E. Siahaan  
Director of Human Resource and General Affair

Natural gas further lightens the country's finances, as it is cleaner and cheaper than Liquefied Petroleum Gas (LPG). Thus, foreign exchange savings occur, for LNG gas is sourced from natural resources in the country, not imported. In addition, PGN contributed directly to State Revenues in 2019 amounting to USD410.80 million, including tax payments of USD395.39 million and business activity fees of USD15.41 million.

## MANAGING THE PLANET

We realise that our operational activities deriving from the utilisation of natural resources are in direct contact with nature. Therefore, we are committed to preserving the environment, one means of which is by planting trees along our pipelines. We are willing to leave a green and sustainable world to the next generation. We also endeavour to reduce CO<sub>2</sub> emissions, which have the potential to cause global warming. In the reporting year, we managed to reduce emissions by 78,847 tons of CO<sub>2</sub>eq, and reduce energy use by 24,785 GJ.

In relation to providing more environmentally friendly energy, PGN continues to support the government's plan to convert the use of fuel oil into gas fuel, by providing MRU (Mobile Refuelling Units) or mobile stations for refuelling gas for motor vehicles. We also carry out monitoring of several environmental management programs so that all environmental quality parameters in all of PGN's main operational areas are always in line with the quality standards.

PGN also implements strategies to preserve the environment in daily operational activities, such as reducing paper use and replacing paper with digital, reducing business travel by teleconferencing, and reducing the use of plastic bottles. We have also instigated an Energy Usage Monitoring System at Pagardewa Station to improve energy efficiency.





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



**Arie Nobelta Kaban**  
Director of Finance



**Redy Ferryanto**  
Director of Infrastructure and Technology

PGN's business management refers to the Environmental Transformation Roadmap as part of the work culture within the Company. In addition to routine audits every year, efforts to socialize environmentally-sound operations have also performed through various training programs concerning the environment.

## MAINTAINING THE COMMUNITY'S WELFARE

Corporate Social Responsibility (CSR) has now become a standard for companies that would like to increase public and stakeholder trust. Every year, PGN formulates programs and budgets for CSR activities aimed at improving the welfare of many communities, especially those around operational areas. We believe that education is the basis for advancing and improving the welfare of the wider community; therefore, PGN provides assistance to develop education and training, such as establishing a library, providing scholarships for students, conducting leadership training for students, and inviting students to love Indonesian diversity through the Siswa Mengenal Nusantara program. In some places, we render assistance in the health sector through the Healthy Car Program in PGN operating areas. PGN also assisted

victims of the earthquake in North Maluku and of other natural disasters in Indonesia. We believe that when the community is prosperous, the Company will also get a positive impact, as we grow and develop in their environment. In 2019, PGN has carried out CSR in the amount of Rp89 billion, and in the future, we will continue our commitment to provide all-out contributions to community development.

## CORPORATE GOVERNANCE

The aforesaid sustainability achievements cannot be reached without good corporate governance as the basis for improving performance. For this reason, PGN always puts forward the principles of Good Corporate Governance, namely transparency, accountability, responsibility, independency, and fairness. PGN has designed and implemented a comprehensive approach to corruption prevention efforts in the Company in the form of internal rules and unequivocal supervision. Our achievements in the field of governance received an award from the Corruption Eradication Commission, for the third time, as a Company with Best Reporting of State Assets (LHKPN).

Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report



## UPCOMING ENHANCEMENT

PGN will focus on developing natural gas infrastructure, in addition to the development of the Mandiri City Gas Network of more than 630 thousand household connections with a volume target of 25 BBTUD. In 2020, we plan to have installed 50,000 household connections with the rest developed in 2021. PGN also plans to construct Household Jargas (10 BBTUD) with state budget funds for more than 260,000 connections in 49 districts and cities. The construction of Jargas is targeted to be able to provide efficiency for household customers, reduce the burden of subsidies, and reduce LPG imports by around 0.24 million tons. In the industrial sector, we aim to add 650 new industrial customers.

Moreover, we plan to develop a gasification program for several Pertamina refineries with a volume of up to  $\pm 47$  BBTUD, with construction of an LNG terminal and a 30 MMSCFD regasification facility as well. Further infrastructure development includes the LNG Retail business development (LNG filling in Teluk Lamong) with a capacity of 10 MMSCFD in East Java and the plan to build a natural gas distribution network with a total of  $\pm 452$  km in Java and Sumatra. Another target is the gasification of PLN power plants in 52 locations with a total short-term natural gas volume of 149 BBTUD, equivalent to 26.24 thousand BOEPD. This development will provide potential savings to PLN of Rp1.92 trillion per year.

PGN will face complex challenges, especially in meeting high customer expectations and in synchronising strategies



with government regulations. We will continue to commit to make improvements and enhancements to support the distribution of natural gas to our customers.

For all the achievements and performance that we can achieve, we praise our fervent gratitude to God Almighty enabling us to carry out our duties as well as possible. We continue to thank for the hard work and dedication all of the people of PGN, as well as the invaluable support from so many other stakeholders and with great humility, I want to give you the highest appreciation. Let us continue our efforts to build PGN as a sustainable company that provides good energy for our beloved country.

Jakarta, April 22, 2020

On behalf of the Board of Directors

**Gigih Prakoso**

President Director

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report



02

## MAINTAIN SUSTAINABILITY

By embracing the entire parts of the society, we are committed to maintaining the sustainability of the earth for the lives of future generations.





**PGN supports the future of sustainability in Indonesia by providing good energy for the nation.**

Since 1965, PGN has been building the nation by way of the purveying of clean, economical, and safe fuels. We are here as a solution for numerous businesses and companies to support the national economy as well as to facilitate the needs of households. PGN has become an ideal solution for the needs of customers from diverse

layers, such as industrial, transportation, commercial, small business, and residential customers. As Indonesia's largest national entity in the field of transportation and distribution of natural gas, PGN supplies energy, that is energy for life.

## ABOUT PGN



### NAME OF THE ORGANISATION

PT Perusahaan Gas Negara Tbk

[GRI 102-1]



### BUSINESS ACTIVITIES

Natural gas transmission and distribution

[GRI 102-2]



### LOCATION OF HEADQUARTERS

Jl. K.H. Zainul Arifin No. 20  
Jakarta 11140, Indonesia

[GRI 102-3]



+6221 633 4838



+6221 633 3080



contact.center@pgn.co.id



www.pgn.co.id



### OWNERSHIP AND LEGAL FORM

[GRI 102-5]

- 1 Series A Dwiwarna share of the Republic of Indonesia
- 56.96% of PT Pertamina (Persero) Series B shares
- 43.04% of Series B Community shares

The Company's shares were listed on the Jakarta Stock Exchange and Surabaya Stock Exchange on December 15, 2003, with the Stock Code: PGAS.

Date of establishment: May 13, 1965, through Government Regulation No. 19/1965.

Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

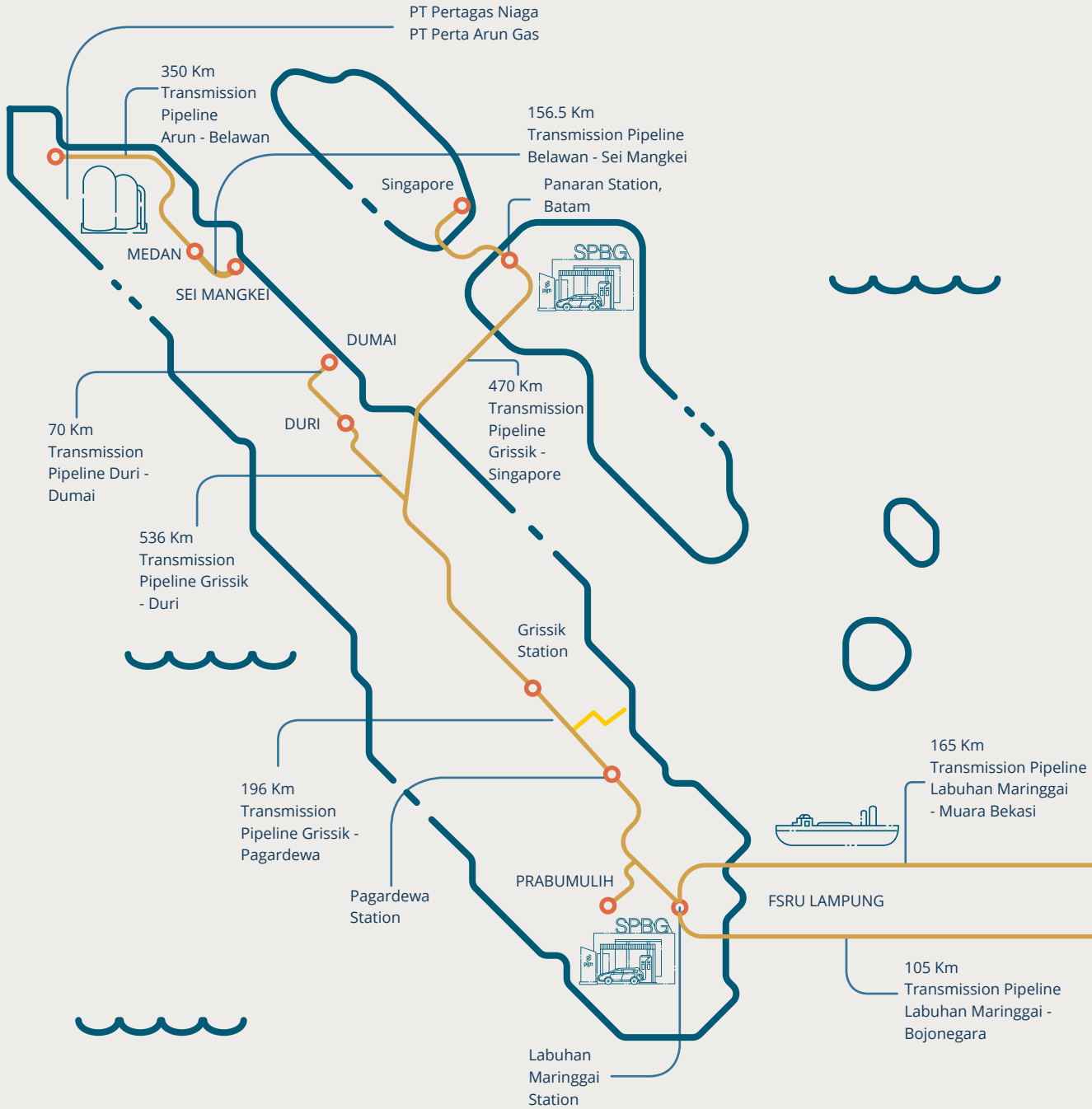
Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

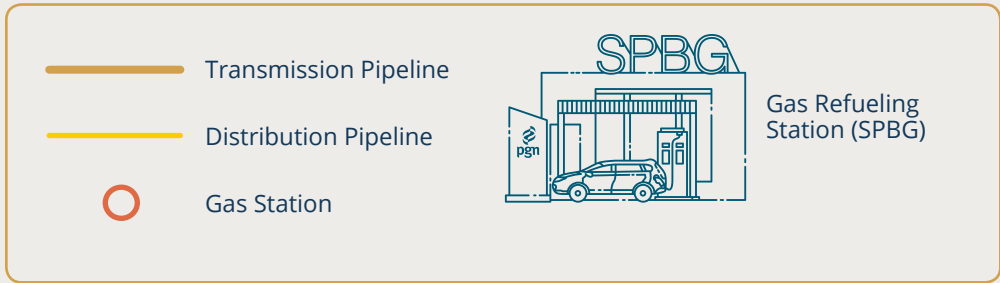
Governance Sustainability

About the Report

# LOCATION OF OPERATIONS [GRI 102-4]







Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

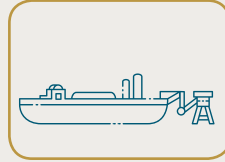
About the Report

## SCALE OF THE ORGANISATION [GRI 102-7]



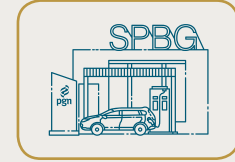
### TOTAL NUMBER OF EMPLOYEES

The number of employees is **1,375** people **1,024** males and **351** females **448** in the head office and **927** in the operational areas



### NUMBER OF OPERATIONS

19 sales area offices



### PRODUCTS PRODUCED

1,474.38 MMSCFD



### NET INCOME

USD3,848,717,684



### AUTHORISED CAPITAL

Rp7,000,000,000,000



### ISSUED AND PAID-UP CAPITAL

Rp2,424,150,819,600

## BUSINESS LINE

### Business Activities

In accordance with Article 3 of PGN's Articles of Association as last amended by Deed Number 34 dated September 10, 2018 made by Notary Fathiah Helmi, S.H., Notary in Jakarta, PGN's business activities are as follows:

1. Planning, construction, managing and developing downstream businesses in the natural gas sector which include processing, transportation, storage and commercial activities;
2. Planning, construction, development of production, supply, distribution and distribution of artificial gas (hydrocarbon gas);
3. In addition the main business activities, PGN can carry out other supporting business activities that are directly related and / or that support the main

business activities in accordance with applicable laws and regulations.

For management purposes, the PGN Group is classified into several business units based on products and services and has three operating segments as follows:

1. Distribution and transmission business segment  
The natural gas distribution and transmission segment carries out natural gas distribution and transmission activities for industrial, commercial and household customers and liquefied natural gas re gasification.
2. The oil and gas exploration and production business segment  
The oil and gas exploration and production segment carries out business activities in the exploration, exploitation and development of businesses in the oil and gas sector.

### 3. Other business segments

The operational segment is related to fiber optic services for network supply and construction and repair services for service providers as well as building and equipment leasing.

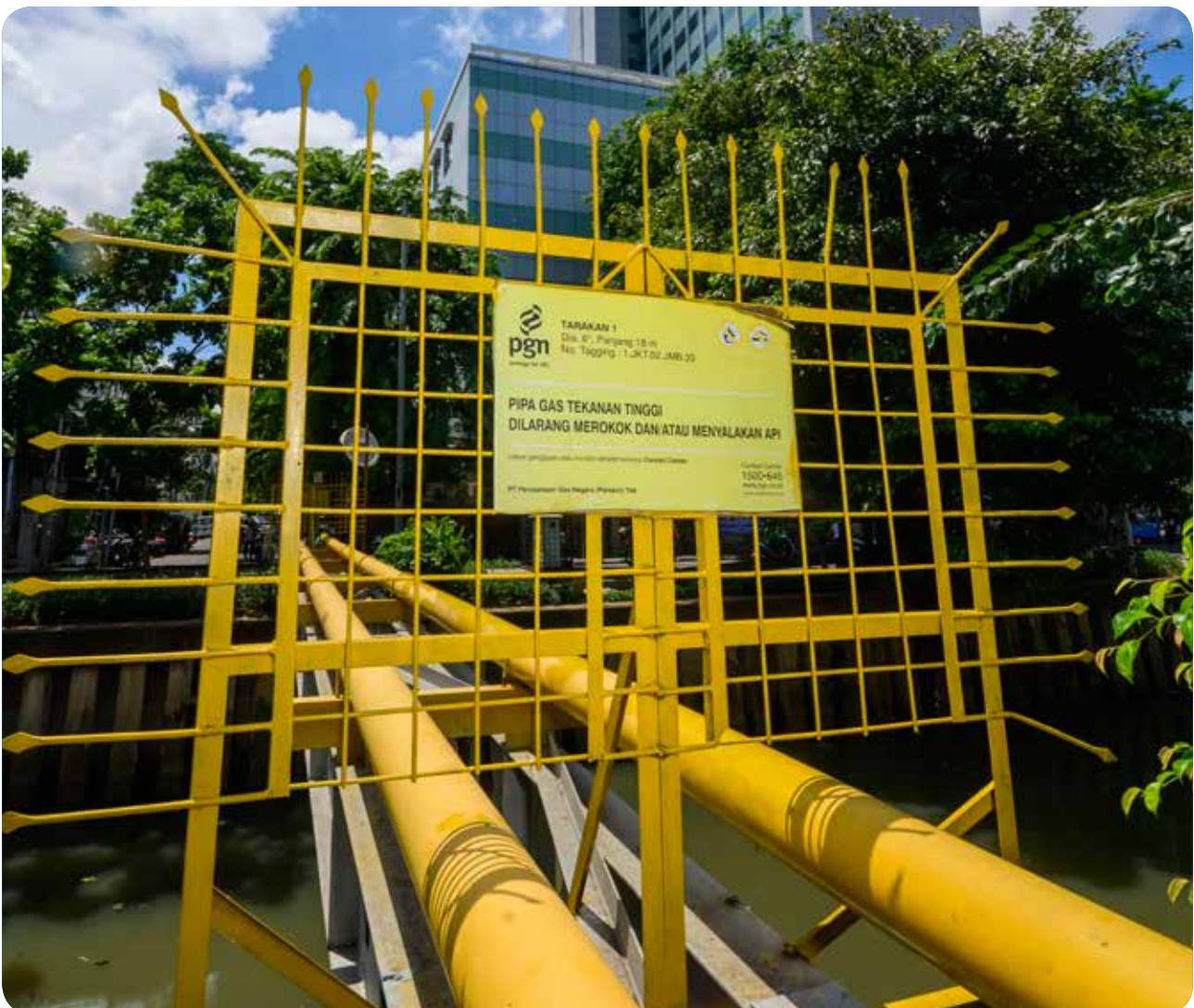
#### Products or Services Produced

As a company engaged in downstream natural gas, PGN conducts business activities in the field of natural gas transmission and distribution.

In the commercial sector of natural gas transmission, PGN and its Subsidiaries / Affiliates have transmission pipelines in the provinces of NAD, North Sumatra, Riau, Jambi, South Sumatra, Riau Islands, West Java, Central Java, East Java and East Kalimantan to connect the location of natural gas sources with the location of the end user of natural gas through the transmission pipeline mode.

In the natural gas trading sector, PGN buys natural gas from various producers which is then sold to end users segments, ranging from household customers, small customers, commercial and industrial customers, power plants to the transportation sector through distribution pipe, CNG, and LNG.

To support natural gas trading sector, PGN operates various infrastructure which are carried out in an integrated way to guarantee the distribution to end users, meet product quality (composition, pressure, natural gas temperature) and provide customers with services (customer contact, interference handling) according to international standards.



Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

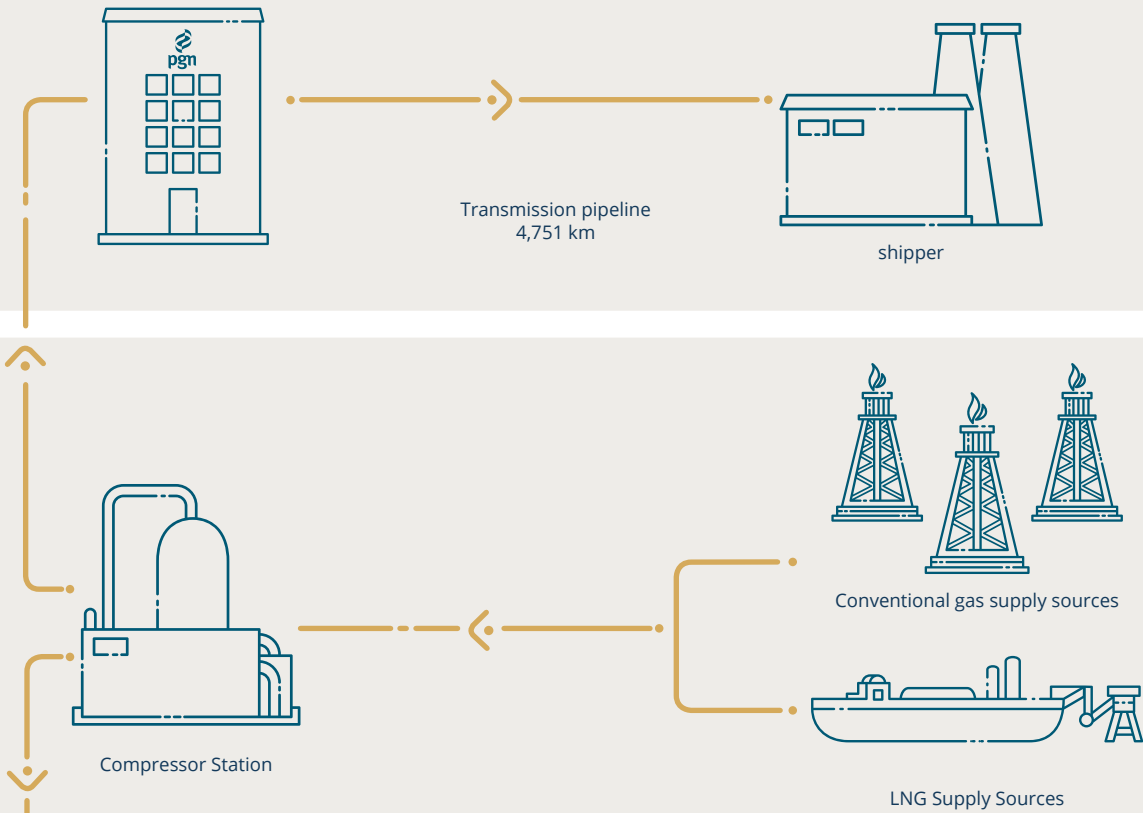
Governance Sustainability

About the Report

# MAIN BUSINESS UNIT

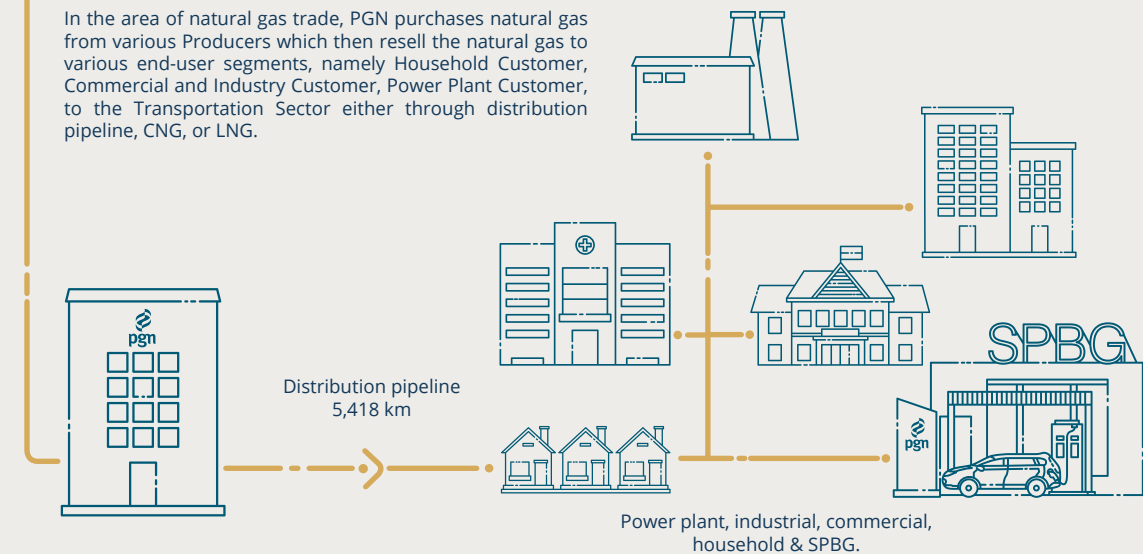
## GTA (GAS TRANSPORTATION AGREEMENT)

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



## GSA (GAS SALES AGREEMENT)

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



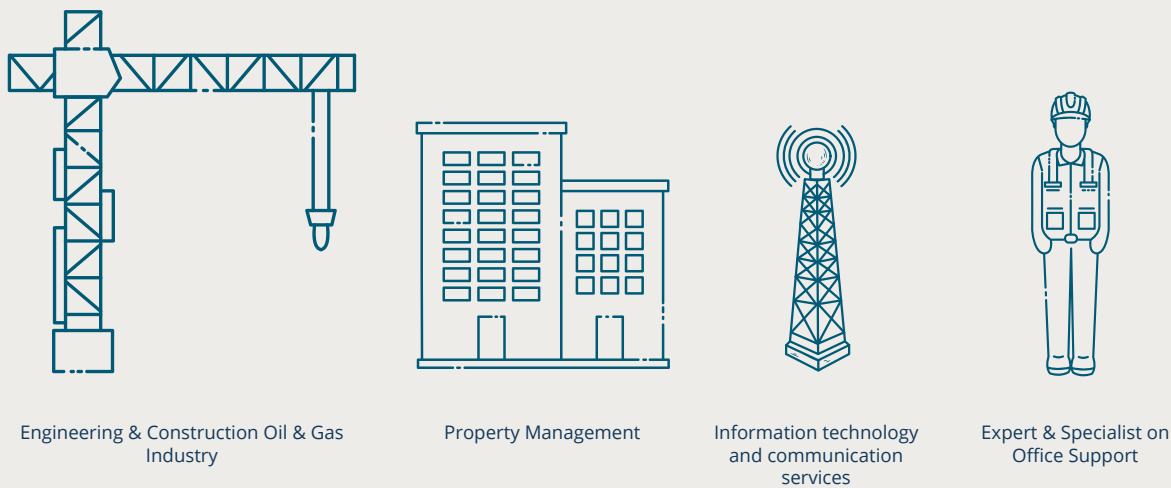
## OIL AND GAS PRODUCTION

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



## OTHER BUSINESS

In other business area, such as engineering, procurement, construction, property management, reliable telecommunication services, and provision of experts as required are managed by Subsidiaries/ Affiliates.



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

Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report



## CUSTOMER

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

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

PGN offers different products to each customer segmentation. The products are include:

- a. Synergy  
Synergy is a reliable energy utilization integrated solution and focused to customer through excellent customer experience for commercial and industrial customer segments.
- b. GasKita  
GasKita is a easy energy utilization solution, economical and environmentally friendly for the segment of household customers and small customers.
- c. GasKu  
GasKu is a clean gas supply solutions, environmentally friendly and efficient with CNG mode for the transportation customer segment.



d. GasLink

GasLink is a solution supplying natural gas for location without distribution networks through Gas Transport

Module (GTM). GTM itself is vehicle that carry natural gas without CNG.

**DETAIL OF PGN'S CUSTOMERS COMPOSITION [GRI 102-6]**

User/Consumer Category	2019	2018	2017
Household	98.44%	98.31%	98.10%
Small Customer	0.62%	0.66%	0.76%
Commercial Industry	0.94%	1.03%	1.14%

**MARKET SHARE**

Until the end of 2019, PGN as one of the natural gas trading business entities with facilities control around 92% of the natural gas trading through distribution pipes market share in Indonesia.

Maintain Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

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

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

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

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





Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

## CORPORATE CULTURE [GRI 102-16]

In supporting the role of PGN as Subholding Gas and the main entity of natural gas business in Indonesia, PGN implements the corporate culture, namely "ProCISE" (Professionalism, Continuous Improvement, Integrity, Safety & Excellent Service) as one of the vital factors to support the preparation process towards the Gas Subholding. ProCISE was built to nurture a corporate identity as a National Gas Company. Moreover, ProCISE has become a tools of the transformational process to promote a spirit of togetherness required to create synergies in rendering better services to customers.

Professionalism, Continuous Improvement, Integrity, Safety, Excellent Service (ProCISE) has become a culture for the behaviour of every PGN employee. PGN's Corporate Culture Guidelines are established based on Board of Directors Decision No. 010705.K/SM.02.02/UT/2009 dated on May 12, 2009, concerning Corporate Culture Guidelines.

With this implementation roadmap for corporate culture, the focus in 2019 was to make perpetual improvements that can be achieved with the involvement of all parties in providing their best efforts accompanied by directed



succession activities that will make the organisation more solid in facing challenges. The collaboration with external organisations and the community, that is mutually beneficial, can increase the value of the Company compared to competitors; thus, it encourages the consistency of the Company's growth.

Reviewing and refining continuous cultural values with the Company's vision is a necessity to achieve the Company's vision-driven by relevant values. The internalisation of culture to the people of PGN Group is adjusted to the long-term interests of the organization as an effort to shape

the Company's future leaders in line with Company/needs and for benefit of the people and Indonesia.

With the implementation of a culture aligned with the culture of ProCISE, every individual in the PGN Group is expected to have the same outlook, actions, and behaviour in dealing with a variety of situations. Through the practice of the Main Behavior reflecting the cultural value of ProCISE in a disciplined and consistent manner in all fields, every individual of PGN Group takes a pivotal role in building the Corporate Culture across PGN Group.



Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

# 5 CULTURAL VALUES AND 10 MAIN BEHAVIOURS OF PGN GROUP PERSONNEL

## PGN Cultural Values

ProCISE contains cultural values as a minimum behaviour that must be implemented in daily life by all PGN Group Personnel, consistently.





**1** Competent in its Fields

**2** Responsible



**3** Creative, Innovative and Implementative

**4** Adaptive to Changes



**5** Honest, Open and Positive Thinking

**6** Discipline and Consistent



**7** Prioritize the Occupational Safety and Health

**8** Care for the Social and Natural Environment



**9** Prioritizing Internal and External Customers' Satisfaction

**10** Proactive, Agile and Responsive

Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

### PGN's Main Behaviour Guidelines

Based on the values of the company culture and the principles of good corporate governance, PGN has compiled Guidelines for Business Ethics and Work Ethics (Code of Conduct) of the PGN People. The Guidelines for Business Ethics and Work Ethics outline contain guidelines for the behavior of PGN People in their daily work activities and procedures for dealing with stakeholders. The guidelines also provide practical guidance governing conflicts of interests, corruption, bribery, gratuities, information management and others. Guidelines for Business Ethics and Work Ethics have been published and must be obeyed by all PGN People.

The explanations of corporate culture contained in ProCISE are as follows:

#### 1. Professionalism

Always delivering the best results by increasing competence in their fields and being responsible for every action and decision taken.

#### 2. Continuous Improvement

Committing to undertake refinement at all times.

#### 3. Integrity

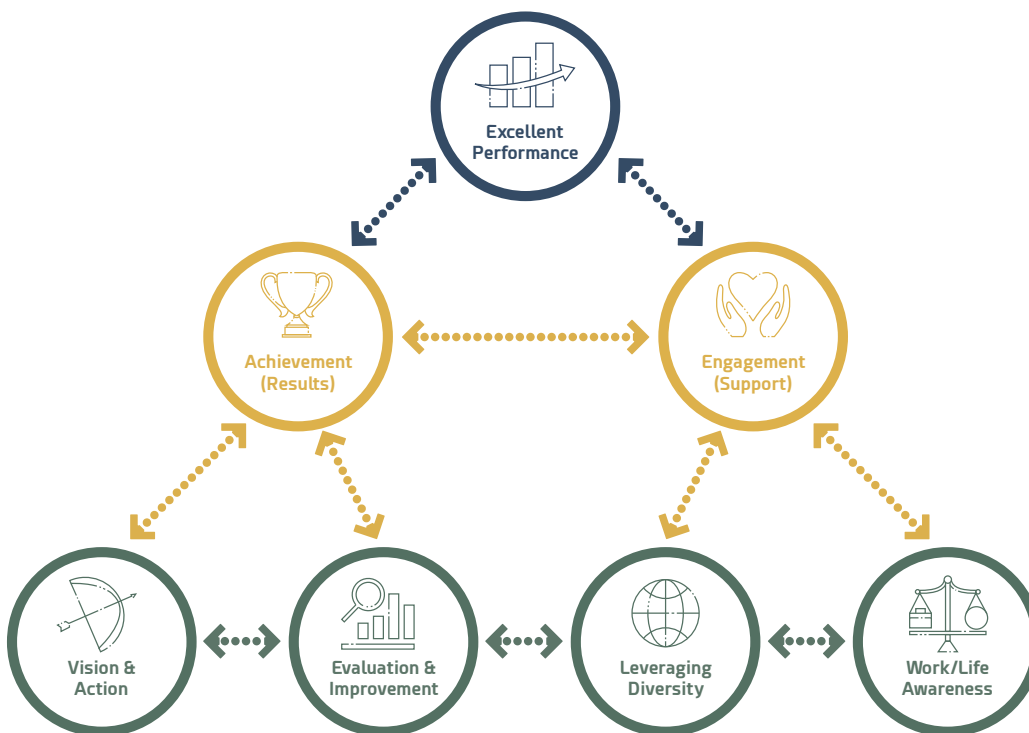
Being true to oneself and others, being consistent on thoughts, words, and actions based on high ethical standards.

#### 4. Safety

Always prioritising occupational safety and health, both for oneself and the surrounding area.

#### 5. Excellent Service

Prioritising the satisfaction of both internal and external customers by providing services at their best.



## Corporate Culture Implementation within PGN Group

Every individual of PGN Group has a diversity of characters supporting each other and strengthening every organisation in the PGN Group; thus, there is a uniting spirit of “One PGN for a better future” in providing good energy for the good of oneself, colleagues, and the Company. By doing so, it is expected to fortify the people’s economy. The corporate culture of ProCISE and the spirit of togetherness of PGN Group through “One PGN for a better future” is one of the bases believed together to synergise and to enhance the ability in contributing in accordance with existing competencies and opportunities.

The Company’s strategy leads the organisation’s performance to pursue its goals and the Corporate Culture as the “spirit” of the organisation in motivating the people of PGN Group; hence, together they support the organisation in achieving the objectives. The Company has swiftly developed and its values need to be synchronising with management; and SYNERGY is essential to create an epoch of sustainable energy sovereignty.

The ethos to effectively implement the corporate culture to contribute to the Company’s performance is modesty in delivering the best, being consistent in behaving in accordance with given values, and a commitment to work hand in hand in developing the Company’s capabilities in a dynamic era. On top of that, the current era requires acceleration in the process of cultural internalization at all levels.

In managing culture within the PGN Group, the role of Change Agent is pivotal to transform the history of the company, for they transform the history of the Company through activities and ideas; thus, the Company’s identity and performance is getting better. Everyone is a change agent and a role model for his/her environment so that the best behavior is an obligation for everyone in the PGN Group; there is always room as long as there are a will and a way in reaching them. Consistency in managing the culture will affect the Company’s performance. The special internalization process with specific objectives

can be performed by several groups/levels and this is expected to be part of the formation and acceleration process of qualified PGN Group People.

### Leading and Lagging Indicator Corporate Culture

Lagging & Leading Indicators for the Corporate Culture is an indicator of the implementation of the ProCISE corporate culture. There are 12 indicators monitored every month. Lagging & Leading Indicators for the Corporate Culture is undertaken in all PGN Group entities, including in Subsidiaries/Affiliates, with support from management. Regular monitoring and evaluation in various forms and stages have been carried through since the program was announced. At the end of the year, there are three selected work units earning the title of the best in the implementation of ProCISE.

As a form of appreciation, PGN selected the best “Culture Champion” in encouraging the implementation of the corporate culture. PGN also builds a culture encouraging healthy company management based on the principles of good corporate governance. PGN has compiled and socialized the PGN People Code of Business Conduct and Code of Conduct. The Guidelines for Business Ethics and Work Ethics outline contain guidelines for the behavior of PGN Personnel in their daily work activities and procedures for dealing with stakeholders. The guidelines provide practical guidance governing conflicts of interest, corruption, bribery, gratuities, information management, and so forth. The Guidelines for Business Ethics and Work Ethics have been published and must be followed by all PGN Personnel.

### Implementation of Subsidiary/Affiliate Culture

#### PT Gagas Energi Indonesia

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

#### PT PGAS Solution

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

Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

**PT PGAS Telekomunikasi Nusantara**

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

**PT Saka Energi Indonesia**

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

**PT PGN LNG Indonesia**

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

**PT Permata Graha Nusantara**

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

**PT Kalimantan Jawa Gas**

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

**PT Nusantara Regas**

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

## INFORMATION OF SUBSIDIARIES AND AFFILIATED COMPANIES

### INFORMATION OF SUBSIDIARIES AND AFFILIATED COMPANIES

Company Name	Subsidiary/ Affiliation	Share Ownership	Line of Business	Status
PT Pertamina Gas	Subsidiary	<ul style="list-style-type: none"> <li>• PGN - 51%</li> <li>• PT Pertamina (Persero) – 48.99%</li> <li>• PT Pertamina Pedeve Indonesia – 0.01%</li> </ul>	Natural gas ad its derivatives trade, transportation/ transmission, natural gas processing and storage and other business	Operated
PT Saka Energi Indonesia	Subsidiary	<ul style="list-style-type: none"> <li>• PGN - 99.997%</li> <li>• PT PGAS Solution - 0.003%</li> </ul>	Upstream Business	Operated
PT Gagah Energi Indonesia	Subsidiary	<ul style="list-style-type: none"> <li>• PGN - 99.88%</li> <li>• PT PGAS Solution - 0.12%</li> </ul>	Downstream Business	Operated
PT PGN LNG Indonesia	Subsidiary	<ul style="list-style-type: none"> <li>• PGN - 99.999%</li> <li>• PT Gagah Energi Indonesia - 0.001%</li> </ul>	Liquified Natural Gas Business	Operated
PT PGAS Telekomunikasi Nusantara	Subsidiary	<ul style="list-style-type: none"> <li>• PGN - 99.93%</li> <li>• Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara - 0.07%</li> </ul>	Telecommunication	Operated
PT PGAS Solution	Subsidiary	<ul style="list-style-type: none"> <li>• PGN - 99.91%</li> <li>• Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara - 0.09%</li> </ul>	Engineering	Operated
PT Permata Graha Nusantara	Subsidiary	<ul style="list-style-type: none"> <li>• PGN - 99.989%</li> <li>• PT PGAS Solution - 0.011%</li> </ul>	Property management, Provision of manpower services & Facility Management, Profitization of Resources and Company's assets	Operated



## INFORMATION OF SUBSIDIARIES AND AFFILIATED COMPANIES

Company Name	Subsidiary/ Affiliation	Share Ownership	Line of Business	Status
PT Transportasi Gas Indonesia	Affiliation	<ul style="list-style-type: none"> <li>• PGN - 59.87%</li> <li>• Transasia Pipeline Company Pvt. Ltd. - 40%</li> <li>• Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara - 0.13%</li> </ul>	Gas Transportation	Operated
PT Nusantara Regas	Affiliation	<ul style="list-style-type: none"> <li>• PGN - 40%</li> <li>• PT Pertamina (Persero) - 60%</li> </ul>	Facility of Floating Storage and Regasification Terminal (FSRT)	Operated
PT Kalimantan Jawa Gas	Affiliation	<ul style="list-style-type: none"> <li>• PT Permata Graha Nusantara - 80%</li> <li>• PT Bakrie &amp; Brothers Tbk - 20%</li> </ul>	Gas Transportation	Operated
PT Permata Karya Jasa	Affiliation	<ul style="list-style-type: none"> <li>• PT Permata Graha Nusantara - 75%</li> <li>• Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara - 25%</li> </ul>	Oil & Gas sector Supporting services	Operated
PT Solusi Energi Nusantara	Affiliation	<ul style="list-style-type: none"> <li>• PT PGAS Solution - 99.9%</li> <li>• PT Permata Graha Nusantara - 0.1%</li> </ul>	Engineering	Operated
PT Widar Mandripta Nusantara	Affiliation	<ul style="list-style-type: none"> <li>• PT Gagas Energi Indonesia - 99.996%</li> <li>• PT Permata Karya Jasa - 0.004%</li> </ul>	Power plant and Trade	Operated
PT Telemedia Dinamika Sarana	Affiliation	<ul style="list-style-type: none"> <li>• PT PGAS Telekomunikasi Nusantara - 90%</li> <li>• Koperasi Jasa PGASCOM - 10%</li> </ul>	Telecommunication	Operated
PT Pertagas Niaga	Affiliation	<ul style="list-style-type: none"> <li>• PT Pertamina Gas - 99%</li> <li>• PT Pertamina Hulu Energi - 1%</li> </ul>	Gas Trade	Operated
PT Perta Arun Gas	Affiliation	<ul style="list-style-type: none"> <li>• PT Pertamina Gas - 90%</li> <li>• PT Pertagas Niaga - 10%</li> </ul>	Regasification	Operated
PT Perta-Samtan Gas	Affiliation	<ul style="list-style-type: none"> <li>• PT Pertamina Gas - 66%</li> <li>• Samtan Co. Ltd - 34%</li> </ul>	Gas Processing	Operated
PT Perta Daya Gas	Affiliation	<ul style="list-style-type: none"> <li>• PT Pertamina Gas - 65%</li> <li>• PT Indonesia Power - 35%</li> </ul>	Transportation, regasification, distribution and gas processing	Operated
PT Perta Kalimantan Gas	Affiliation	<ul style="list-style-type: none"> <li>• PT Pertamina Gas - 70%</li> <li>• PT Medco Gas Indonesia - 30%</li> </ul>	Commercial gas facilities	Suspension
PT Gas Energi Jambi	Affiliation	<ul style="list-style-type: none"> <li>• PGN - 40%</li> <li>• PT Wahana Catur Mas - 40%</li> <li>• PT Jambi Indoguna Internasional - 10%</li> <li>• PT Bukaka Corporindo - 10%</li> </ul>	Trade and Development	Not yet opening
PT Banten Gas Synergi	Affiliation	<ul style="list-style-type: none"> <li>• PT Andiracitra Grahawira - 68.43%</li> <li>• PT Banten Global Synergi - 14.14%</li> <li>• PT Banten Global Development - 8.57%</li> <li>• Izma Agyano Bursman - 8.71%</li> <li>• PGN - 0.14%</li> </ul>	Transportation Services, Trade, and Mining	Operated

Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

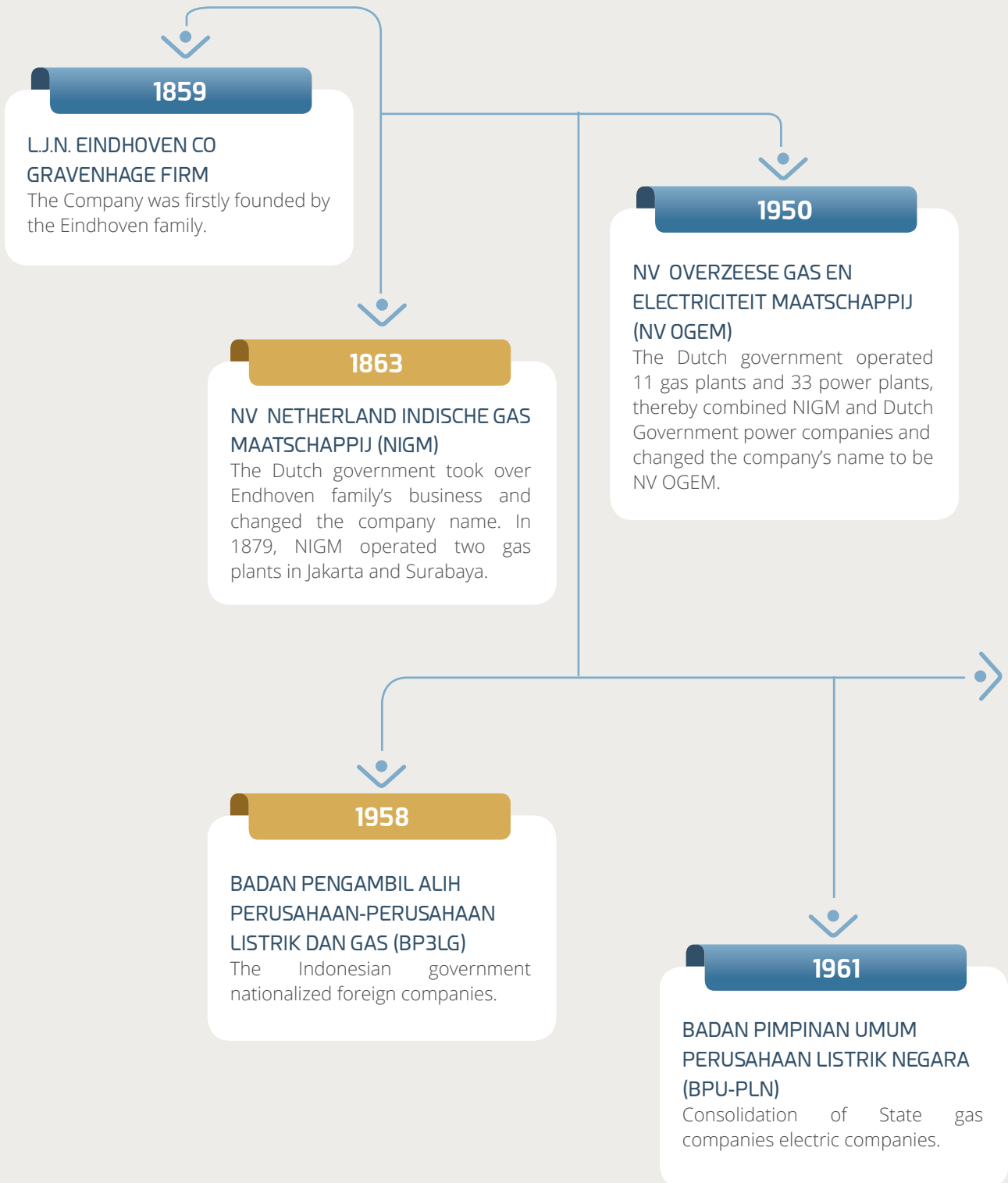
Maintaining Occupational Health and Safety

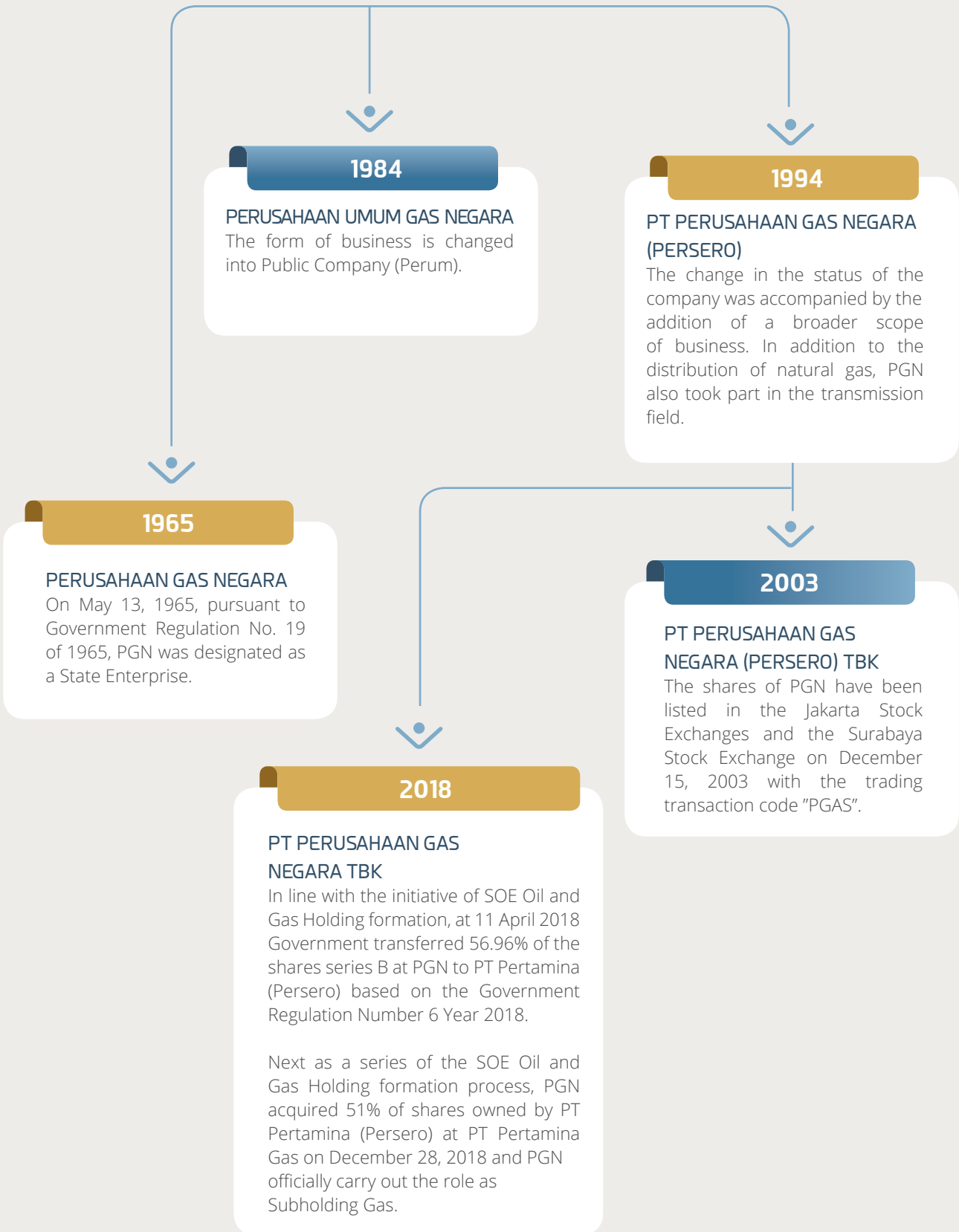
Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

## THE COMPANY'S BRIEF HISTORY





Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

# THE COMPANY'S MILESTONE

**1998**

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

**2003**

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

**2007**

On October 25, 2007, the gas pipeline of SSWJ II Grissik – Pagardewa segment was inaugurated by the Minister of 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.



Transmission Pipeline Grissik-Pakardewa.

**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.



Gas infrastructure maintenance and operation operations by PGAS Solution.

**2010**

PGN established a Subsidiary engaged in LNG, namely PT Nusantara Regas as a new milestone for LNG domestic business.

**2011**

PGN formed 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).



LNG regasification process in FSRU Lampung by PGN LNG.

**2012**

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



Most of the operating taxi in Batam uses gas fuel from PGN

## 2014

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

Commercial operations of the FSRU Lampung began to support the reliability of gas supply in Java, using LNG.

## 2015

At the end of August 2015, PGN through its affiliated company PT Kalimantan Jawa Gas (KJG) succeeded in completing the construction of the Kalija I Transmission pipelines from Kepodang gas field to Tambak Lorok Gas Power Plant in Semarang for 201 km and continued with the commercialization of the 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.

In the same year, Pertagas completed construction 350 km long Arun Belawan Transmission Pipeline to support the reliability of natural gas distribution in the north Sumatra region.

PT Perta Arun Gas has successfully completed the revitalization of the Arun LNG refinery to be the LNG receiving terminal and regasification facility. This adds to the receiving terminal and regasification facilities already exists namely in the Bay of Jakarta and Lampung.

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

## 2016

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

## 2017

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

## 2018

In line with the government's initiative to establish an Oil and Gas Holding, at the beginning of the year, on April 11, 2018 PGN became part of Pertamina with the transfer of series B shares of Government ownership to Pertamina. Furthermore, on December 28, 2018, PGN officially became the Gas Subholding by acquiring PT Pertamina Gas (Pertagas).



Gas network for households are available in 16 provinces in Indonesia.

## 2019

PGN was authorised by the Government to produce one million natural gas network connections for households to be built as of 2020. In this year, PGN further received a responsibility from the Government for the supply and distribution of natural gas networks for households using the 2019 budget year state budget. PGN, through its Subsidiary that is PT PGN LNG Indonesia in collaboration with PT Pelindo Energi Logistik, initiated the construction of an LNG receiving terminal in Lamong bay with a capacity of 40 BBTUD.

Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

The background of the page is a photograph of an industrial facility. It features a complex network of pipes, some of which are painted bright yellow. There are also yellow safety railings and ladders. The overall scene is brightly lit, suggesting an indoor or well-lit outdoor industrial environment.

# 03

## **MAINTAINING THE NATIONAL ECONOMY**

PGN supports the national economic development by affording energy for industry and public, leaving out paying taxes to the state. Market expansion, strategic business priorities, and operational excellence are our fervent endeavours to provide benefits at its best towards stakeholders.





**Natural gas contributes significantly to the national economy as it is used in a variety of large-scale industries, electricity generation, and households. National and global energy development trends have shifted to more environmentally friendly energy to decrease the effects of greenhouse gases. PGN contributes to providing natural gas energy needs that are relatively more environmentally friendly compared to other fossil fuels, such as petroleum and coal**



## PGN'S CONTRIBUTION TO THE NATIONAL ECONOMY

Natural gas is a vital energy source for Indonesia. Natural gas contributes significantly to the national economy as it is used in a variety of large-scale industries, electricity generation, and households. National and global energy development trends have shifted to more environmentally friendly energy to decrease the effects of greenhouse gases. PGN contributes to providing natural gas energy

needs that are relatively more environmentally friendly compared to other fossil fuels, such as petroleum and coal. Increasing the need for more environmentally friendly energy is an opportunity for PGN's business development. This year, the total economic value obtained by PGN was USD 3,945,962,410, down 1.60% compared to the preceding year. While the total economic value distributed was USD 3,993,649,611, up 3.50% compared to the previous year. The following economic values are generated and distributed in 2019: **[GRI 201-1]**

<b>Economic Value Generated (USD)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Net revenues	3,848,717,684	3,870,266,738	3,570,597,761
Interest receipts	30,075,295	34,562,801	22,284,831
Revenue from foreign currency investments	(27,999,996)	(18,833,597)	(9,345,838)
Other revenues	95,169,427	124,194,731	90,081,570
<b>Economic value generated</b>	<b>3,945,962,410</b>	<b>4,010,190,673</b>	<b>3,673,618,324</b>
<b>Economic Value Distributed (USD)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Operating costs	3,160,946,988	3,085,852,774	2,954,086,334
Operations department	51,390,394	41,917,315	26,119,425
Administration departments	93,631,621	98,018,481	86,221,256
Total salaries and other services	145,022,014	139,935,795	112,340,681
<b>Payment</b>			
Dividends	97,372,678	55,008,907	136,719,924
Interest payments	172,545,631	153,429,529	169,340,745
<b>Total payments</b>			
Expenditure for the government	410,801,072	417,623,247	390,593,933
Expenditure for the community	6,961,228	6,896,487	7,237,532
<b>Economic value distributed</b>	<b>3,993,649,611</b>	<b>3,858,746,739</b>	<b>3,770,319,149</b>
Economic value before dividends	49,685,478	206,452,841	40,019,099
Economic value retained after dividends	(47,687,200)	151,443,934	(96,700,825)

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

## CONTRIBUTION TO THE STATE

PGN has changed its ownership from the government to Pertamina as of April 11, 2018. Thus, the majority shareholder of PGN is Pertamina with shares of 56.96% and the remaining 43.04% is owned by the public. In 2019, PGN will still provide dividends to the state of January-December 2018 earnings for the ownership of 1 Series A Dwiwarna share amounting to Rp56.99. PGN contributes to the state in the form of payment of dividends, taxes, and dues to BPH Migas.

In 2019, the total contribution to the state was USD 410.80 million, down 8.5% compared to the previous year which was USD 448.96 million. The following details PGN's contribution to the state:

Contribution to the state (in million USD)	2019	2018	2017	2016
Dividends	-	31.34	77.89	95.77
Taxes	395.39	403.73	375.15	282.72
Dues to BPH Migas	15.41	13.89	15.44	9.68
Total contribution to the state	410.80	448.96	468.48	388.17

### Assistance from the Government [GRI 201-4]

During 2019, PGN did not receive assistance in any form from the government.

## CONTRIBUTIONS TO REGIONS

PGN's contribution to the regions, especially regions in PGN's operational areas, supporting offices, and PGN's distribution areas, encourages direct and indirect investment in these regions. The economic impacts of PGN's operations include the following: employment, employment openings, the emergence of new economic activities for the surrounding community, as well as an increase in Regional Original Revenue (PAD) from user charges, regional taxes, and others.

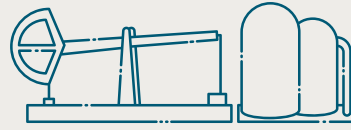


## SUPPLY CHAIN [GRI 102-9]

### UP STREAM

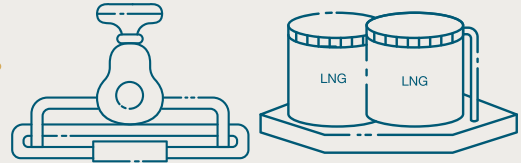
#### NATURAL OIL AND GAS PRODUCTION

Indonesia possesses natural gas reserves of 100 Trillion Cubic Standards Feet (TCF)\* which can be utilised as a domestic energy source towards the realisation of economic independence. SEI is a subsidiary owned by PGN that aims to develop business in upstream oil and gas. \*(www.migas.esdm.go.id).

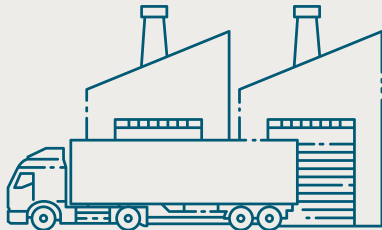


### MID STREAM

Through PLI, NR, TGI, KJG, Pertagas, and PAG, PGN operates the transmission pipeline and LNG regasification facility with an extreme reliability and efficiency. Through Floating Storage Regasification Unit (FSRU) and Land Based Regasification Facility, LNG is converted into high quality natural gas. PGN has 2 (two) FSRUs, those are Lampung FSRU and FSRU West Java and 1 (one) land Regasification facility in Arun.



### DOWN STREAM



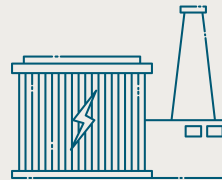
#### INDUSTRIAL SECTOR

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



#### COMMERCIAL SECTOR CUSTOMERS, HOTELS AND RESTAURANT

GasLink is a solution for the natural gas distribution towards an unconnected location with a gas pipe. Having offered the flexibility, GasLink is also available for customers in sectors of commercial, hotel, and restaurant.



#### POWER PLANTS

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



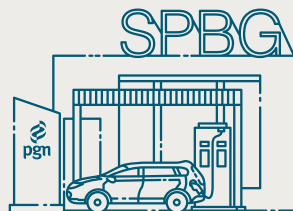
#### COMMERCIAL CUSTOMER

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



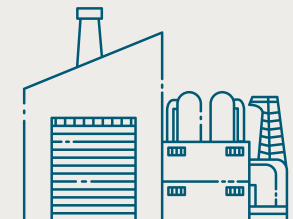
#### HOUSEHOLD CUSTOMER

PGN is the largest Company distributing natural gas through pipes in Indonesia. PGN's household customers has reached 247,308 households in 51 cities/districts and are combined with Subsidiaries/Affiliates that are almost reached 400,000 household customers at 59 Cities/Regencies around Indonesia.



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

GEI, the Subsidiary of PGN, operates 12 stations filling CNG in 9 cities around Java, Sumatra, and Riau Islands.



#### INDUSTRIAL SECTOR

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

In terms of production, PGN integrates with multiple goods and services suppliers. There are about 105 suppliers with a total expenditure of approximately USD 1,863 million. A number of significant suppliers are natural gas suppliers and others. Our policy regarding the suppliers

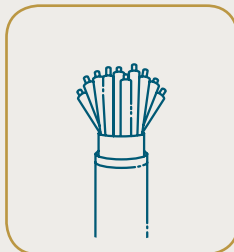
is the anti-corruption implementation which incorporates the enactment of the Integrity Pact and the occupational safety and health when the suppliers work for PGN by implementing the Contractor Safety Management System.

**SUPPORTING**



**pgn SAKA**  
*power to discover*

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



**pgn COM**  
*always reliable*

PGASCOM does a business in telecommunications sector which has lots of opportunities and high growing potential, because it completes his expertise with the creation of integrated technology information solutions and international commercial.



**pgn GAGAS**  
*brings energy to you*

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



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



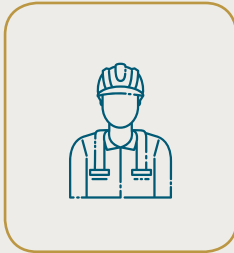
**pgn MAS**  
*commitment to service*

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



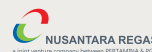
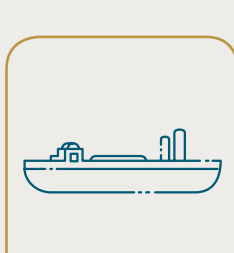
**pgn LNG**  
*born to make it happen*

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

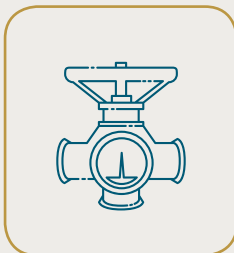


**pgn SOLUTION**  
*action for excellence*

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



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



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

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

### Proportion of Spending on Local Suppliers [GRI 204-1]

Local suppliers of PGN are suppliers originating from Indonesia. In 2019, 99.9% of the procurement budget was paid to local suppliers.

## KEY IMPACTS, RISKS, AND OPPORTUNITIES [GRI 102-15]

PGN has assessed the impact, risks and opportunities of the Company in the following environmental, economic and social aspects:

- **Company Environmental Impact**  
Providing energy sources that are more environmentally friendly than other fossil fuels such as petroleum and coal. Thus, PGN contributes to reducing the production of greenhouse gases which is a trigger for global warming.
- **Company Economic Impact**  
PGN is the largest gas distribution and transmission company in Indonesia playing a role in meeting domestic natural gas needs. On top of that, PGN's contribution to the economy is to contribute to the state through dividend payments and tax payments.
- **Company Social Impact**  
The existence of PGN in social life, especially throughout operational areas, is well received because PGN is always concerned about the needs of the community. This is imperative so that it can nurture a sense of belonging to the pipelines that lie in its area and increase the security of PGN assets along the pipeline.
- **Company Environmental Risk**  
The Company's operations pose risks, such as energy use and emissions.
- **Company Economic Risk**  
The risk faced by the Company in the economy is the existence of a trade war in the United States (US) and the People's Republic of China which has an impact on slowing global and national economic growth. In addition, the presence of imported goods from China depress demand for domestic industrial products, thereby limiting the amount of production. The impact of the global recession which affected the decline in world crude oil prices is also a threat to the commodity of natural gas as an energy substitute.
- **Company Social Risk**  
The risk in the social area is any community rejection at several points of natural gas infrastructure development. This is triggered by the fact that the benefits of the development of natural gas pipeline infrastructure and the priority given to safety are not well socialized. Going forward, PGN will continue to approach and improve safety socialization to the communities around infrastructure development and to work together through the distribution of CSR to surrounding communities.
- **Company Environmental Opportunities**  
The signing of the Paris Agreement, which is an agreement on mitigating GHG emissions, provides an opportunity for the Company to increase the supply and utilization of natural gas as a more environmentally friendly energy source (lower GHG emissions) compared to other fossil fuels such as petroleum and coal.
- **Company Economic Opportunities**  
PGN is very well-prepared to meet the increasing demand for domestic natural gas for power, industrial, commercial and household needs. In addition to supporting industrial growth, PGN plays a role in maintaining Indonesia's trade balance by reducing CAD (Current Account Deficit) by reducing fuel and LPG imports. As a Subholding Gas, PGN is also ready to distribute natural gas throughout Indonesia with various modes of transportation, both piped gas and LNG to answer the challenges of increasing the use of national natural gas.

- Company Social Opportunities

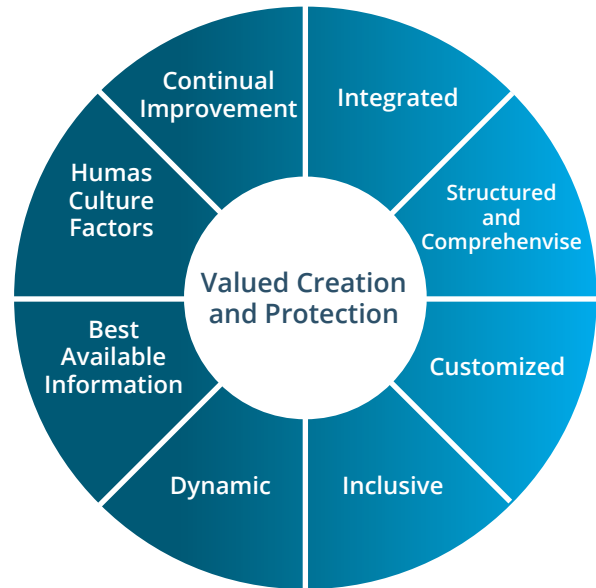
The commitment of PGN's management is to continue to empower the social life of the community, especially throughout the Company's operational areas. These are still maintained by having various community empowerment programs, both in the target villages and sporadic activities in other areas.

The medium-term targets and goals (3-5 years) related to the main risks and opportunities of the Company include 3 things, viz.: (1) Gas business development, (2) Increasing the Company's competitiveness through efficient service provision, and (3) Implementation of HSE culture (Health, Safety, Security, Environment) excellence throughout the Company's operations. While the Company's target, in the long run, is business development in the international market.

## RISK MANAGEMENT [GRI 102-15]

In terms of managing the impacts, risks, and opportunities that have been identified, PGN has a corporate governance mechanism.

Since 2003, PGN has formed the Business Analysis and Risk Management (ABMR) Division by implementing a Risk Management System based on AS/NZS 4360: 1999 standards. Then, in 2009, the Company adopted the Enterprise Risk Management (ERM) framework with the COSO risk management framework which was later updated with the ISO 31000: 2018 framework. The ISO 31000: 2018 Framework has the following principles:



- Integrated**  
Risk Management is an integrated part of all Company activities.
- Structured and Comprehensive**  
Risk Management is implemented in a structured and comprehensive manner; thus, it can contribute to the Company.
- Customised**  
The Risk Management framework and processes implemented in the Company environment must be aligned with internal and external contexts in accordance with the Company's objectives.
- Inclusive/Involving All Relevant Parties**  
All stakeholders, both internal and external, need to be involved in accordance with their knowledge, views and perceptions concerning Risk Management. This will increase Risk Management awareness at every level of the Company.

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

- e. **Dynamic**  
Risks can arise, change, or evaporate in accordance with changes in the Company's internal and external context. Risk Management is applied to be able to anticipate, to detect, to receive, and to respond to changes and events in a timely manner.
- f. **Best Available Information**  
Information related to Risk Management can refer to historical data, actual conditions and expectations or targets of the Company in the future. Risk Management explicitly considers the limitations and uncertainties of the information and expectations made. The information provided must be timely, clear and relevant to the Stakeholders.
- g. **Considering Human and Cultural Factors**  
Human behaviour and culture significantly influence all aspects of Risk Management at every level of the Company.
- h. **Continual Improvement**  
Risk Management requires us to make continuous improvements through learning and experience.

In addition, the Risk Management process applicable in the Company refers to a framework that includes integrating, designing, implementing, evaluating and improving Risk Management for all Work Units in the Company. The entire process performed based on this framework is recursive, starting from the beginning of planning to integration including internal and external factors of the Company.



As a form of commitment to the implementation of the principles and framework of Risk Management, the Top Management of the PGN Group signed a Risk Management Charter in October 2019.





## FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE [GRI 201-2]

One of the impacts of climate change in Indonesia is the emergence of tropical cyclones which cause extremely high rainfall. This has the potential to cause operational disruptions in PGN's activities. For example, the gas pipeline construction process will be disrupted by continuous rain, floods and landslides.

The methods used to manage climate change risks or opportunities are as follows:

1. Putting the best efforts to reduce emissions through the implementation of energy efficiency programs, among others: setting the operation pattern of the Gas Turbine Compressor, rotor refurbishment to increase the distribution capacity of the Gas Turbine Compressor, installing the soft starter on the after cooler, the use of energy-efficient AC with low wattage

AC or AC with inverter technology, replacement of lamps with LED lights that are more energy-efficient and more durable, installation of window film to reduce the use of air conditioning, and increase workers' awareness of energy efficiency.

2. Conducting afforestation programs that not only aim at preserving ecosystems but also aiming to absorb CO<sub>2</sub> gas concentrations in the atmosphere thereby reducing GHGs. In 2019 the Company planted 70,035 trees.
3. Making infiltration wells and biopore holes that can channel rainwater into the ground, thereby reducing surface water flow when it rains and reducing the potential for flooding.

As for us, we cannot determine the financial implications before mitigation actions are taken as well as the costs of the steps taken to manage because they are included in the Company's operational costs.

Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report



# 04

## MAINTAIN SUSTAINABLE ENVIRONMENT

In association with a global community, PGN holds a pivotal part in terms of fighting climate change. We are determined to put our very best attempts to cut down the environmental ramifications, including decreasing carbon emissions from the Company's operational works for the sake of the sustainability of the earth.





**We do understand that we must dynamically participate in a sustainable development that is responsible for meeting the needs of the present and future generations. Therefore, every risk to the external environment has been joined with a mitigation plan or risk management plan; thus, environmental sustainability can be well-maintained.**

Nowadays, energy is no longer a commodity; rather, it has become a basic need and supply availability must continue to be pursued. The National Energy Council (DEN) estimates, based on the assumption of moderate GDP growth during the 2015-2050 period and population growth per year, that energy demand in Indonesia by 2025 will approximately double compared to the final energy consumption in 2015. National energy development priorities include optimizing the use of natural gas and new energy. Current trends in global energy development have now shifted to environmentally friendly energy to minimize the effects of greenhouse gases. This is where the role of PGN in providing natural gas energy needs that are more environmentally friendly compared to other fossil fuels such as petroleum and coal. The production of Carbon dioxide (CO<sub>2</sub>) emissions from the combustion of gas is lower than from the combustion of petroleum and coal.

Increasing the need for more environmentally friendly energy is an opportunity for PGN's business development. PGN has a long experience in the transmission and distribution of natural gas from production wells to various consumers whether industrial, commercial or household scale consumers. We are aware that the natural gas distribution activity has an environmental impact. Therefore, we have compiled a Roadmap for Environmental Transformation as a guide in mitigating environmental risks. We understand very well that we must actively participate in sustainable development that is responsible for meeting the needs of the present and future generations. Therefore, every risk to the external environment has been joined together with a mitigation plan, or risk management plan, so that environmental sustainability can be well-maintained.

## ENVIRONMENTAL PROGRAM POLICY

PGN's environmental policy is part of a policy that covers safety, health, security and the environment, called the Occupational Safety and Health, Security and Environmental and Energy Management Policy. This policy, adopted on October 15, 2018, is a revision of a similar policy and is in line with PGN's business development. This policy emphasises the principles of: prevention, risk management throughout the entire life cycle, compliance with regulations, participation, environmental protection, and continuous improvement. Various programs resulting from implementing the policy include:

- Implementation of environmental management and monitoring in accordance with statutory regulations, Environmental Management Plans (RKL), Environmental Monitoring Plans (RPL) and UKL-UPL, as well as regular reporting to relevant agencies.
- Use of sustainable resources such as energy efficiency, work to reduce paper (paperless), reduce plastic waste, water savings and composting programs.
- Replacement of equipment with new technologies that are more environmentally friendly.
- Building awareness through environmental media campaigns among employees, contractors, and visitors to preserve the environment, such as saving energy consumption, saving water, and reducing waste.
- Implementation of the Environmental Management System and ISO 14001: 2015 Certification.
- Implementation of environmental preservation programs that involve the surrounding communities through the Corporate Social Responsibility programs.

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

The aforementioned programs are performed under the coordination of the Health, Safety, Security and Environment (HSSE) Division with reference to the ISO 14001: 2015 Environmental Management System, whose certification has been in force since 2016.

## ENVIRONMENTAL MANAGEMENT SYSTEM

PGN's Environmental Management System consists of a process of identifying environmental aspects and impacts, fulfilling compliance with regulations in the

field of environmental management, setting targets and programs, evaluating all environmental programs, and performing internal and external audits for the implementation of the Environmental Management System.

The entire Environmental Management System refers to the PGN Environmental Transformation Road Map as a basic reference in achieving business goals. Through this Road Map, PGN has managed to achieve several targets in the environmental sector, such as:

**TABLE OF TARGET IN THE FIELD OF ENVIRONMENT**

Target	2019	2018	2017	2016	2015	2014
PROPER Green Standard (beyond compliance)	√					
PROPER Blue Standard (compliance)	√	√	√	√	√	√
Development of carbon footprint calculation	√	√	√	√	√	√
Implementation of Environmental Impact Analysis (AMDAL), Environmental Management and Monitoring Plans (UKL & UPL), and full set of environmental permits	√	√	√	√	√	√
100% compliance with environmental regulations	√	√	√	√	√	
Completion of baseline data in environmental management	√	√	√	√	√	
ISO 14001 Certification	√	√	√	√		
Zero pollution	√	√	√	√	√	√
Completion of ISO 14001 Surveillance Audit	√	√	√			

## ENVIRONMENTAL MANAGEMENT AND MONITORING

Environmental management and monitoring is part of the Environmental Management System that refers to PGN's Environmental Transformation Road Map. Management and monitoring activities are performed to measure the effectiveness of the implementation of environmental management whose purpose is to mitigate or minimize negative impacts and augment positive impacts on the environment. We always try our best to comply with laws and regulations regarding the environment.

In the environmental planning process, we abide by AMDAL, UKL-UPL, as well as other relevant laws and regulations. In the process of environmental management, we maintain the environmental and other quality standards set by government. In the environmental monitoring process, we comply with the environmental monitoring reporting mechanisms. The results of environmental monitoring consists of water quality, air quality and noise level readings. We report the results of environmental monitoring to relevant agencies, namely the Ministry of Environment and Forestry (KLHK), the local government's Environmental Service and the Directorate General of Oil and Gas at the Ministry of Energy and Mineral Resources (KESDM) on a regular basis.

During the reporting period, there were no violations of environmental legislation. **[GRI 307-1]**

## CAPACITY BUILDING IN THE ENVIRONMENTAL FIELD

We acknowledge that the Environmental Management System moves dynamically according to the development of environmental problems and technological adaptation. Therefore, PGN employees must have adequate competence in the environmental field, especially those involved in the field of environmental management at various levels of the Company. To meet these competency needs, various training programs were held in 2019 including:

- Certification of Air Pollution Control Manager
- Certification of Air Pollution Control Installation Operator
- Certification of Water Pollution Control Manager
- Certification of Wastewater Treatment Operator
- Certification of Management of Hazardous Waste
- Certification of Domestic Waste Management
- Certification of Energy Auditor
- Life Cycle Assessment Training
- Awareness Training on Environmental Management System (ISO 14001: 2015) and OHS Management System (ISO 45001: 2018)
- Training for Internal Auditor Environmental Management System (ISO 14001: 2015) and OHS Management System (ISO 45001: 2018)
- Modern Safety Management International Sustainability Rating System (ISRS) Training
- International Sustainability Rating System (ISRS) Workshop
- Training on Investigation Technique SCAT (Systematic Cause Analysis Technique).

## MATERIAL [GRI 301-1]

PGN distributes gas to industrial, commercial and household consumers. Every year, the distribution of gas increases with increasing demand. For this reason, PGN added new pipelines to the existing network. The pipe is made of steel, galvanized, or polyethylene (PE) which is a non-renewable material. The steel pipes are coated with other protectors to prevent rust, so the pipes become durable and can be buried in the ground for quite a long period of time, around 30 years.

These pipes are also equipped with filters to absorb impurities such as water vapor and other dissolved substances, so that the quality of natural gas is well-maintained. This filter material is also a main material used in PGN operations, in addition to pipes. This absorbent is periodically replaced and used filters are then treated as solid waste, processed according to applicable regulations so as not to pollute the environment.

Pipeline material can not use recycled material due to standards and codes prohibit this because the pipelines carry high risk flammable gas. [GRI 301-2]

The main material in our business process is the pipeline for delivering gas, measured in units of length, not weight or volume. The length of the transmission and distribution pipeline managed by PGN at the end of 2019 was 10,168.97 km. This length increased by 3% from the previous year, which was 9,915.87 km. PGN products are natural gas (CH<sub>4</sub>) which is distributed through PGN pipes and does not use packaging. [GRI 301-3]

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

The following is a report on renewable and non-renewable materials in the pipeline and the length of the pipeline network.

#### TABLE OF MATERIAL USED [GRI 301-1]

Type	Length (km)
Non-renewable material	10,168.97
Renewable material	-

#### TABLE OF PIPELINES LENGTH (KM)

Distribution Pipes	2019	2018	Growth
Jakarta	750.81	750.07	0.74
Bogor	638.57	621.81	16.76
Tangerang	469.90	463.98	5.92
Cilegon	117.12	116.44	0.68
Bekasi	445.03	443.34	1.69
Karawang	202.87	190.61	12.26
Cirebon	402.02	401.99	0.03
Palembang	183.95	183.73	0.22
Lampung	97.87	97.83	0.04
Sidoarjo	410.06	414.56	-4.50
Pasuruan	216.21	204.77	11.43
Surabaya	591.25	584.08	7.17
Semarang	17.40	17.40	0.00
Medan	643.91	625.31	18.61
Pekanbaru	15.31	15.31	0.00
Batam	161.76	158.25	3.52
Dumai	45.76	45.76	0.00
Pertagas*	8.38	7.38	1.00
<b>Total Distribution</b>	<b>5,418.20</b>	<b>5,342.62</b>	<b>75.58</b>
Transmission Pipes	2019	2018	Growth
Medan	36.90	36.90	0.00
Grissik-Duri	536.36	536.36	0.00
Grissik-Batam-Singapore	469.48	469.48	0.00
SSWJ	1,005.60	1,003.98	1.62**
Dumai	66.54	66.54	0.00
Kepodang-Tambak Lorok*	200.77	200.77	0.00
LNG Lampung*	21.32	21.32	0.00
LNG Jakarta*	15.12	15.12	0.00
Pertagas*	2,398.68	2,222.78	175.90
<b>Total Transmission</b>	<b>4,750.77</b>	<b>4,573.25</b>	<b>177.52</b>
<b>Total</b>	<b>10,168.97</b>	<b>9,915.87</b>	<b>253.10</b>

\* ) This pipe length includes Subsidiaries and Affiliates

\*\* ) Renewal of measurement data



Savings in other material fields are:

- Paper savings through the application of reducing paper usage as follows:
  - Various information technology based systems including: correspondence system (e-sms-electronic secretariat management system), payment system (POPAY - Paperless Online Payment System), K3PL system (HOLISTIC - HSE Online System and Indicator Performance Center), employee information system, and others.
  - Centralization of the printing system.
  - Use of double-sided paper.
  - Recycling paper waste.
- The implementation of recycling for materials that can no longer be used by PGN but can still be used by other parties is by using the services of competent third parties in the recycling sector.

## WATER [GRI 303-1]

The main use of water at the head office and offices supporting PGN's operations is to support domestic activities. The water comes from Regional Drinking Water Companies (PDAM) and well water, whose use is adjusted to the applicable usage limits.

The operational activities of gas distribution do not use water. For maintenance activities, a small amount of water is used for cleaning pipes, machinery, and so on. The amount of water used for maintenance activities is not significant.

Total water use at PGN's head office in Jakarta in 2019 increased by 11.9% from 111,844 m<sup>3</sup> in 2018 to 125,160 m<sup>3</sup> in 2019. Water consumption from the PDAM was 125,160 m<sup>3</sup>, an increase of 28.7% compared to the previous year of 97,279 m<sup>3</sup>. While the use of well water has decreased by 100% because during 2019 PGN did not use water from wells. Saving the utilization of well water is done to protect ground water and soil. To measure water usage, PGN utilizes the direct measurement method from a flow-rate water meter.

In addition to saving groundwater, PGN is making active efforts to preserve groundwater by creating water catchment areas in open areas around the PGN head office building. We make biopore holes that can channel rainwater into the ground; thus, groundwater reserves and ground water levels are maintained. The availability of good reserves and ground water levels will have a further positive impact on the quality of life of surrounding residents.

TABLE OF WATER CONSUMPTION [GRI 303-1]

Water Source	2019	2018	2017
PDAM	125,160 m <sup>3</sup>	97,279 m <sup>3</sup>	68,285 m <sup>3</sup>
Well	-	14,565 m <sup>3</sup>	44,509 m <sup>3</sup>
Total	125,160 m <sup>3</sup>	111,844 m <sup>3</sup>	112,794 m <sup>3</sup>

## Water Sources Affected [GRI 303-2]

Water sources at PGN's head office come from PDAM, and not from protected areas. The water flow from the PDAM does not disturb community water or protected species.

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

### Water Reused [GRI 303-1] [GRI 303-3]

PGN does not yet have a water recycling mechanism. The priority of conserving water resources is done by making efficient use of water, such as:

- Use of environmentally friendly technologies, for example the use of automatic water taps and water-saving closets.
- Campaigns to increase employee awareness in order to have efficient behavior in using water.

The increase in water volume in 2019 is due to the increasing number of people in the PGN office along with the development of the Company's business activities.

## ENERGY

There are two types of energy used in PGN's operational activities as follows:

- Direct energy used for self-owned power plants and gas turbine compressors which serve to increase the pressure of the gas so that it can flow to the customer installations.
- Indirect energy in the form of electricity from Perusahaan Listrik Negara (PLN) to meet energy needs at the head office, area offices and gas stations.

PGN's total energy consumption in 2019 was 831,998,822 GJ. The following is the total PGN energy consumption during 2019:

### ENERGY CONSUMPTION INSIDE OF THE ORGANIZATION (GJ) [GRI 302-1]

Renewable Energy Sources	2019	2018	2017
Sun	34.374	26.806	14.191
Total	34.374	26.806	14.191
Non-renewable Energy Sources			
PLN Electricity	52,349.919	53,487.077	48,123.938
Gas fuel	779,648.903	640,456.000	638,131.062
Total	831,998.822	693,943.077	686,255.000

This energy consumption calculates gas fuel for self-owned power plants, gas fuel for Gas Turbine Compressors, electricity consumption from PLN, electricity consumption using solar cells used in head office, area offices, and gas stations.

Conversion factors used to calculate energy consumption:

1. Gas fuel: calculated based on the measurement of the volume of gas fuel with a flow meter (M<sup>3</sup>); the M<sup>3</sup> data is converted to GJ with a Gross Heating Value conversion factor obtained from measurements using a Gas Chromatography tool.
2. PLN Electricity: calculated based on the bill from PLN (KWh); KWh data is converted to GJ.
3. Sun: calculated based on the power of electrical equipment that uses solar cells (KW) multiplied by the length of operating (hours) and then converted to GJ.

### ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION (GJ) [GRI 302-2]

Energy Source	2019	2018	2017
Fuel Oil	28,162.806	26,813.732	29,497.317
Total	28,162.806	26,813.732	29,497.317

Energy consumption outside of the organization is calculated from the amount of fuel given to officials for travel from home to office and vice versa (Employee commuting).

Energy intensity measures the amount of energy consumed to produce natural gas products during 2019.

**TABLE OF ENERGY INTENSITY [GRI 302-3]**

Energy Intensity	2019	2018	2017
Production (MMSCFD)	1,474.38	1,445.89	1,265.06
Energy Consumption (GJ)	831,999	693,943	686,255
Energy Intensity (GJ/MMSCFD)	564.30	479.94	542.47

The types of energy included in the intensity ratio; gas fuel for self-owned power plants, gas fuel for Gas Turbine Compressors, and electricity consumption from PLN that are used at head office, area offices, and gas stations.

We understand that non-renewable energy sources have significant environmental impacts for raising the temperature of the earth. Therefore, we have arranged and implemented various energy saving efforts, including the following: [GRI 302-4]

1. Regulating the Gas Turbine Compressor operating pattern
2. Rotor refurbishment to increase the distribution capacity of the Gas Turbine Compressor
3. Installation of a soft starter on the after cooler
4. The use of energy-efficient air conditioners with low wattage AC or AC with inverter technology
5. Replacement lamps with LED lights that are more energy efficient and more durable
6. Installation of room window film to reduce the use of air conditioning
7. Increasing employees' awareness of energy efficiency.

In addition, in the context of better energy management, PGN conducts energy audits to achieve the following four objectives:

- Determine the level of energy consumption
- Understand the potential for energy savings
- Identify ways to improve energy management so that PGN can gradually make full use of green energy
- Look for ways to increase employee understanding and concern in saving energy.

In 2019, PGN collaborated with PT Energi Management Indonesia (Persero) to conduct an energy audit at the Palembang Area Office which produced a record of the Energy Consumption Index (IKE) of 17.9 KWh/m<sup>2</sup>/month, or included in the category Efficient Enough based on Minister of Energy and Mineral Resources Regulation Number 13 of 2012 concerning Saving Electricity Usage.

Inclusively, all energy saving efforts undertaken by PGN have been running efficiently. This can be seen from the amount of reduction in energy consumption during 2019 amounting to 24,785.144 Gigajoules. More can be seen in the table below:

**TABLE OF REDUCTION OF ENERGY CONSUMPTION (GJ) [GRI 302-4]**

Energy Source	2019	2018	2017
Gas fuel	24,785.144	19,608.822	20,491.796
Total reduction	24,785.144	19,608.822	20,491.796

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

Calculation of energy consumption reduction is done by comparing energy consumption before the program and after the program. The base year used is the year when the modifications were made.

Energy consumption needed to distribute natural gas is 564.3 GJ/MMSCFD. In 2019 there was an increase in energy consumption to produce products. This is caused by the gas sent from the upstream pressure is small so it requires more gas compression processes that require gas fuel consumption. **[GRI 302-5]**

## EMISSIONS

Air emissions are one important aspect we always report the management regularly to the Ministry of Environment and Forestry (KLHK), and other agencies. Emissions into the air are a vital factor in global warming. For this reason, we actively limit emissions which contribute to the rise in surface temperature of the earth. We are committed to carrying out more efficient business operations and reducing carbon emissions in each of our business activities, in accordance with PGN's Environmental

Transformation Roadmap. Among significant air emissions, for example are greenhouse gas (GHG) emissions, Nitrogen oxides (NOx) and Sulfur oxides (SOx).

Since 2012, PGN has implemented carbon footprint calculations using a Carbon Calculator to calculate:

- Greenhouse gas emissions from electricity consumption in buildings and stations
- Greenhouse gas emissions from fuel use for generators
- Greenhouse gas emissions from fuel use for motor vehicles
- Greenhouse gas emissions from gas usage for chillers and compressor turbines
- Greenhouse gas emissions from natural gas distribution activities
- Greenhouse gas emissions from business trip by plane.

Following are reports on PGN's Carbon Emissions for Scope 1 (direct scope), Scope 2 (indirect scope), and Scope 3 (other indirect scope).

**TABLE OF GREENHOUSE GAS EMISSION SCOPE 1 (TON CO<sub>2</sub>EQ) [GRI 305-1]**

Type of Activities	2019	2018	2017	Calculation Method
Venting	4,417.57	5,413.46	2,505.56	The calculated m <sup>3</sup> gas data is multiplied by emission factors based on the 2006 IPCC Guideline
Instrumentation	4,116.95	3,459.32	3,204.98	The calculated m <sup>3</sup> gas data is multiplied by emission factors based on the 2006 IPCC Guideline
Blowdown	1,068.80	823.85	631.03	The calculated m <sup>3</sup> gas data is multiplied by emission factors based on the 2006 IPCC Guideline
Gas leak	6,633.65	20,259.01	31,673.15	The calculated m <sup>3</sup> gas data is multiplied by emission factors based on the 2006 IPCC Guideline
Fuel gas	43,548.58	34,623.80	36,208.25	The m <sup>3</sup> gas data from measurements is multiplied with emission factors based on the 2006 IPCC Guideline
Genset Oil Fuel	329.98	318.04	95.24	The m <sup>3</sup> gas data from measurements is multiplied with emission factors based on the 2006 IPCC Guideline
Vehicle Oil Fuel	1,407.16	1,469.67	1,949.09	Fuel liter data is calculated from distance data then multiplied by emission factors based on the 2006 IPCC Guideline
Vehicle Gas Fuel	25.06	1,057.84	0,00	The m <sup>3</sup> data from recordings is multiplied by emission factors based on the 2006 IPCC Guideline
Chiller Gas Fuel	1,218.61	1,168.07	1,247.50	The m <sup>3</sup> gas data from PGN billing is multiplied by emission factors based on the 2006 IPCC Guideline
<b>TOTAL</b>	<b>62,766.36</b>	<b>68,593.06</b>	<b>77,514.80</b>	

Emissions calculated are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O

**TABLE OF GREENHOUSE GAS EMISSION SCOPE 2 (TON CO<sub>2</sub>EQ) [GRI 305-2]**

Type of Activities	2019	2018	2017	Calculation Method
Electricity	13,086.05	13,319.93	9,072.98	KWh data from PLN billing is multiplied by emission factors based on data from the Directorate General EMR Electricity

Emissions calculated are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O
**TABLE OF GREENHOUSE GAS EMISSION SCOPE 3 (TON CO<sub>2</sub>EQ) [GRI 305-3]**

Type of Activities	2019	2018	2017	Calculation Method
Business trips (Flights)	672.26	699.64	511.46	Every business trip by plane is recorded then multiplied by total passengers CO <sub>2</sub> /journey based on ICAO

Emissions calculated are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O
**Emission Intensity**

The intensity of GHG emissions reveals the amount of GHG emissions per production volume. That is, to produce 1,474.38 MMSCFD of natural gas during 2019, how much emission is discharged into the air. The emission intensity ratio is one of the Company's environmental performance parameters. We try to reduce the amount of emissions discharged into the air in the production process every year through various efforts to reduce emissions.

**TABLE OF GHG EMISSION INTENSITY [GRI 305-4]**

	2019	2018	2017
Total Greenhouse Gas Emissions (ton CO <sub>2</sub> eq)	76,524.67	82,612.63	87,099.24
Production Volume (MMSCFD)	1,474.38	1,445.89	1,265.06
GHG Emission Intensity (ton CO <sub>2</sub> eq/MMSCFD)	51.90	57.14	68.85

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

### Emission Reduction [GRI 305-5]

The efforts to reduce emissions undertaken by PGN refer to the Occupational Safety and Health, Safety and Environmental Management and Energy Policies which were passed on October 15, 2018, which is aimed to protect the environment through the management of GHG emissions.

#### TABLE OF EMISSION REDUCTION

	2019	2018	2017
Emission reduction (ton CO <sub>2</sub> eq)	78,847.44	61,774.15	67,077.20

The scope included in the calculation of emission reductions is Scope 1. The source of emission factors and the value of the potential for global warming (GWP) used is the IPCC Guideline 2006. Calculation of emission reductions is done by comparing emissions before the program is conducted and after the program. The base year used is the year when the modifications were made.

### Air Quality Monitoring

PGN also monitors air quality in chimneys from sources of combustion emissions, namely gas turbines, gas engine generators, and diesel engine generators. The monitoring is carried out periodically in accordance with Minister of Environment Regulation No. 13/2009 concerning Emission Quality Standards for Immovable Sources for Oil and Gas Businesses and/or Activities. Monitoring results in 2019 show that emissions from chimneys meet applicable quality standards.

#### NOX, SOX, AND OTHER SIGNIFICANT AIR EMISSIONS [GRI 305-7]

Parameter	Denomination	Quality standards	2019													
			Test Result						Quality standards	Test Result				Quality standards	Test Result	
			Gas Turbine A		Gas Turbine B		Gas Turbine C			GEG *)	GEG A		GEG B		DEG *)	DEG
			Mar-19	Aug-19	Mar-19	Aug-19	Mar-19	Aug-19	Mar-19		Aug-19	Mar-19	Aug-19	Mar-19		Aug-19
Carbon Monoxide (CO)	mg/Nm <sup>3</sup>	-	**)	**)	**)	**)	**)	**)	500	462	37	455	75	600	475	178
Sulphur Dioxide (SO <sub>2</sub> )	mg/Nm <sup>3</sup>	150	<1	15	<1	13	4	1	150	2	18	2	10	-	**)	**)
Nitrogen Dioxide (NO <sub>2</sub> )	mg/Nm <sup>3</sup>	320	30	<1	29	<1	34	31	400	204	356	208	169	1000	639	326
Total Particulates	mg/Nm <sup>3</sup>	50	10	10	5	12	35	28	50	2	10	10	5	-	**)	**)

\*) Minister of Environment Regulation No. 13/2009 concerning Emission Quality Standards for Immovable Sources for Oil and Gas Businesses and/or Activities and the Governor of South Sumatra Regulation No. 6/2012 concerning Quality Standards for Emissions from Immovable Sources and Thresholds for Motor Vehicle Exhaust Emissions

\*\*\*) Not required to be measured

### Emissions of Ozone-Depleting Substances (ODS) [GRI 305-6]

In our operations, we use ODS as an AC refrigerant. In the production process, there are ODS emissions of 0 (in metric tons equivalent to FCF-11).

## WASTE

PGN's strategy related to waste management is reducing waste from source. That imparts that we have been putting our best endeavors to reduce the amount of waste through planning to minimize the impacts caused by waste disposal. For example, we gradually replaced lamps that use mercury with Light-Emitting Diode (LED) lamps, thereby reducing the accumulation of hazardous waste.

There are three types of waste that we will report in this report, namely:

1. Hazardous Waste
2. Non-Hazardous Waste
3. Wastewater.

### Hazardous Waste

In its operational activities, PGN produces several Hazardous wastes including:

- Used lubricating oil
- Used rags
- Used filters
- Used batteries
- TL lights
- Used packaging of hazardous material.

In 2019, the amount of the hazardous waste generated by PGN was 13.760261 tons, an increase of 39% compared to the previous year of 9.892260. The following is the amount of the hazardous waste generated during 2019 per work unit:

**TABLE OF HAZARDOUS WASTE PER WORK UNIT (TON)**

Work Unit	2019	2018	2017
Gas Transmission Management (GTM)	10.991745	7.385090	9.973305
Gas Distribution Management Regional I (GDMR I)	0.808791	0.475670	0.953480
Gas Distribution Management Regional II (GDMR II)	0.503585	0.431860	0.407915
Gas Distribution Management Regional III (GDMR III)	0.847340	1.275440	0.346400
Office space	0.608800	0.324200	0.381850
Total	13.760261	9.892260	12.062950

### Hazardous Waste Disposal and Transport Method

As for the mechanism of treatment and final disposal of the hazardous waste, PGN does not have its own treatment or disposal unit. PGN uses the services of hazardous waste management contractors, which are third parties that have hazardous waste management permits, whether for transportation, collection, utilization, processing, and landfilling permits in accordance with applicable regulations.

**TABLE OF HAZARDOUS WASTE BY DISPOSAL TYPE AND METHOD (TON) [GRI 306-2]**

Disposal Method	2019	2018	2017
Recycle	5.967946	4.416920	7.802468
Landfill	5.936172	5.179250	4.030088
Other (stabilization)	1.856143	0.296090	0.230394
Total	13.760261	9.892260	12.062950

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

All of the aforesaid methods are carried out by third parties who have hazardous waste management permits. The hazardous waste is temporarily stored in PGN's Temporary Storage (TPS) according to the permitted shelf life, to be transported and processed outside PGN's operational area by a third party, PT Prasadha Pamunah Limbah Industri. When entering the Temporary Storage, the hazardous waste is weighed and recorded. Following are the hazardous and transported according to our records in 2019:

**TABLE OF HAZARDOUS WASTE TRANSPORTATION [GRI 306-4]**

Category	Weight (Ton)
The hazardous waste transported	13.760261
The hazardous waste imported	0
The hazardous waste exported	0
The hazardous waste processed	0

### Non-Hazardous Waste

The non-hazardous waste generated by PGN includes paper, plastic, scrap, food scraps, and leaves.

### Non-Hazardous Waste Disposal Method

**TABLE OF NON-HAZARDOUS WASTE BY DISPOSAL TYPE AND METHOD (TON) [GRI 306-2]**

Disposal Method	2019	2018	2017
Reused	5.1	5.3	3.2
Managed by third party	221.5	297.0	233.7
Total	226.6	302.3	236.9

The method of management and disposal of non-hazardous waste is first sorted and collected based on the type of waste. For paper waste, newly used on one side can be used again on the reverse side. Furthermore, paper waste that can no longer be used and other Non-Hazardous waste that has been sorted and collected by type of waste is transported to the Temporary Disposal Site and then to the Final Disposal Site in cooperation with the Regional Sanitation Office. The non-hazardous waste contractor is the local Regional Sanitation Office or a partner appointed by the Regional Government.

### Wastewater

Production process activities do not use water so the production processes do not produce wastewater. For maintenance activities, a small amount of water for cleaning pipes, machinery, and so on is used. Wastewater from this maintenance activity is treated in the API Separator unit before being released to a water body. To ensure wastewater quality, an accredited laboratory samples and analyzes wastewater every month. Monitoring results show that the quality of wastewater meets the quality standards based on South Sumatra Governor Regulation No. 8/2012 concerning Wastewater Quality Standards for Industrial, Hotels, Hospitals, Domestic and Coal Mining Activities. The measurement methodology refers to SNI (Indonesian National Standard).



The following is wastewater from maintenance activities that have been treated in the API Separator unit before being released to the water body:

**WATER DISCHARGE BY QUALITY AND DESTINATION [GRI 306-1]**

The Destination of Water Released	Volume	Water Quality & Treatment Method	Is Water Reused By Other Organizations?
Pematang Kemiri River	Undetermined	Water quality is in accordance with quality standards The method of separating water from oil uses the API Separator unit	No

**WATER BODIES AFFECTED BY WATER DISCHARGES AND/OR RUNOFF [GRI 306-5]**

Size of Water Bodies & Related Habitats	Is the Water Body Designated as a National Protected Area?	The Total Number of Protected Species
Unmeasurable	No	There are no protected species

During 2019, we recorded no significant spills [GRI 306-3].

**ENVIRONMENTAL PROGRAM**

In accordance with our commitment to be responsible for meeting the needs of present and future generations while maintaining environmental sustainability, we have undertaken excellent Corporate Social Responsibility (CSR) programs as discussed more fully in the CSR section in this Report.

Related to nature conservation efforts, PGN has a greening program that aims to reduce GHGs and preserve ecosystems. PGN planted 70,035 trees in 2019. The trees planted are mangrove, rubber tree, and local plants. The presence of these trees absorbs the concentration of CO<sub>2</sub> gas in the atmosphere and replaces it with O<sub>2</sub> gas which is beneficial for the habitat and the surrounding environment.

The following are data on tree planting for the past four years:



Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

In implementing environmental conservation programs, PGN has issued a budget of Rp17,505,307,854 with the following details:

Activities	2019	2018	2017
Preparation of AMDAL/UKL-UPL documents and the management of environmental permits	1,369,600,000	1,475,209,411	1,357,150,089
Environmental monitoring	6,883,000,000	6,148,093,800	5,437,588,290
Environmental campaign	69,383,356	15,000,000	39,906,400
Hazardous waste management	2,616,453,000	2,154,599,000	2,390,782,205
Environmental management related to PROPER	3,783,520,000	1,329,900,000	1,595,442,248
Environmental training	790,802,223	138,606,741	37,451,295
Energy monitoring system and carbon calculator	166,650,000	1,572,451,067	1,353,279,840
Energy efficiency program	1,205,600,000	552,000,000	1,318,962,500
Facilities for hazardous waste Temporary Disposal sites	292,000,000	450,000,000	626,561,805
Environmental reporting	7,248,800	10,982,500	18,407,475
Environmental management system	321,050,474	129,866,950	166,990,439
Construction of Hazardous Waste Temporary Disposal Areas	-	420,596,000	1,959,836,208
Making secondary containment	-	214,946,306	-
Construction of domestic wastewater treatment	-	2,398,409,000	-
Total	17,505,307,854	17,010,660,784	16,302,358,794



The background of the page features a blue metal gate with the word 'ADDAOPRETUM' in large, silver, raised letters. To the left, a chain-link fence is visible. In the foreground, a woman in a white long-sleeved shirt and dark skirt, wearing a white hard hat, is high-fiving a young boy in a red and white school uniform. Another boy in a similar uniform is walking away in the background. The overall scene is bright and outdoors.

# 05

## MAINTAINING PROSPERITY OF THE COUNTRY

PGN consistently invests in community empowerment and development. We strive to improve the living standard of the community and the skills of the fostered partners through the CSR program.

# PGN STASIUN GAS PAGAR DEW





➤ **Our commitment is to build PGN as a company that concerns about the sustainable development principles while still continuing to generate company profitability in the midst of dynamic business conditions as a tangible embodiment in maintaining country's prosperity.**

## CSR POLICY AND SUPPORT IN ACHIEVING SDGs

As a business entity that have an active role to contribute government programs, PGN fully supports the Government's efforts to achieve the Sustainable Development Goals (SDGs). Indonesia with 192 other countries are bound by a global commitment to achieve 17 sustainable development goals that include 169 targets with details of 230 indicators, with a period of up to 10 years or until 2030. The existence of PGN for almost 55 years has become an evidence to contribute to Indonesia's development as a realization to our commitment for the country.

One of form of PGN's real work related to efforts to achieve SDGs is: Corporate Social Responsibility (CSR) policies and programs conducted by CSR Division. PGN is involved in developing villages around the operational area to become independently developed villages that later they are able to fully support the sustainable development in Indonesia.

PGN continues to create programs that are able to give benefits to the community and the company. The impacts obtained from the PGN Fostered Village Program include:

1. Improve the independence and welfare of the local community,
2. Creating employment opportunities and reducing unemployment in the area,
3. Increase health awareness and quality of local community,
4. Increase local income,
5. Enhancing harmonic relationship between PGN, community, and local government,
6. Reducing operational disruptions for companies caused by social aspects,
7. Reducing community dependence towards the company existence, so that the funds can be allocated to other sector in other places,

8. Become a platform for PGN employee to involve in corporate social activities.
9. To socialize the role of SOE and PGN in supporting community welfare.

The seven pillars of PGN's CSR are:

1. Assistance for victims of natural disasters
2. Educational and / or training assistance
3. Health improvement assistance
4. Assistance with the development of infrastructure and / or facilities public
5. Assistance in worship facilities
6. Assistance for nature conservation
7. Social assistance in the context of poverty alleviation and community economic empowerment

Various programs carried out in coverage the seven pillars of CSR are corporate investments for the community (community investment) in the form of commercial, in kind, and pro bono.

The Implementation of the Fostered Villages Program is in 4 offtake stations (PGN gas stations) which are national vital objects, namely Bojonegara Station, Serang, Banten; Pagardewa Station, Muara Enim, Palembang, South Sumatra; Maruhani Labuhan Station, Lampung; Panaran Station, Batam. These gas stations have a strategic role in maintaining the stability of clean and affordable energy supplies in Indonesia. In this context, PGN has contributed to one of the challenges of sustainable development in the energy sector, namely ensuring the availability of clean and efficient cooking fuel. **[GRI 203-1]**

The existence of PGN's offtake station in Indonesia is the answer to around three billion people of the world with the problem of cooking in inefficient and polluting conditions. This strategic function of PGN is distributed to the people where the offtake station is located. This active role is expected to be able to realize the operational reliability of the company in accelerating efforts to reduce inequalities in the community around the offtake station by creating an inclusive and sustainable economic growth. **[GRI 103-1]**

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

The Fostered Village Program is carried out through several stages, namely: stakeholder and social mapping, Program Planning, Program Implementation, Program Monitoring and Evaluation, and program submission to community groups (Exit Strategy). The whole phase involves the community and local government, so the programs so the program created is a mutual agreement between PGN and Society. In order to achieve village independence, every village was encouraged to establish development community in the form of Village-Owned Enterprises (BUMDes) and other institutions, with various business units the people under it.

**[GRI 103-2], [GRI 103-2]**

PGN also continues to strive to involve various parties, such as the local community, community leaders, local governments, academics and non governmental organizations in planning, implementing and evaluate various activities in which the program created is truly

needed by the beneficiaries. In addition, PGN also optimizes the management and distribution of PKBL program funds so distribution and equity of development welfare can be realized.

The Social and Environmental Responsibility policy refers to ISO 26000 on Social Responsibility; it is a guide issued by the International Standardisation Organisation (ISO) and covers 7 aspects, namely: **[GRI 103-2]**

1. Organizational Governance
2. Human Rights
3. Employment (Labor Practices)
4. Environment
5. Fair Operating Procedures
6. Consumer Issues
7. Community Involvement and Development.





## 1. Governance

Governance has been an impetus for the successful implementation of CSR and its integration with the six other outlooks in ISO 26000. PGN employs every function of the Company's organs under statutory provisions and prepares corporate governance guidelines based on Good Corporate Governance Guidelines P-003/0.20 dated on October 29, 2019, whose objectives include spurring on the management of PGN in a professional, efficient and effective manner, as well as increasing PGN's contribution to the economy and improving the Company's image.

We keep upgrading a variety of guidelines, operating procedures, and manuals that apply in the Company under laws and regulations, which are then followed by targeted dissemination and application. In all planning and decisions, PGN engages in integrating the principles and practices of sustainability, elevating five pivotal aspects: people, planet, prosperity, peace, and partnership.

PGN is immersed in the principles of Good Corporate Governance in managing the Company, including CSR management. We further ensure that the implementation and promotion of CSR in the areas of our operating environment encourages GCG principles. Our concern for CSR and environmental sustainability is realised by the establishment of a particular department that handles CSR manifested by the formation of a special department that handles CSR with running programs that are sustainable for the beneficiaries, especially the community".

Concerning politics, PGN is detached and does not contribute to any political interests. Moreover, PGS puts the principle of integrity first through the use of officially licensed software.

## 2. Human Rights

PGN respects and vouches for the Human Rights around the Company's operations its relations with each stakeholder. In terms of employee relations, we manage to watch over the employees' rights to get proper remuneration and to have an

opportunity to join into an association. We uphold the principle of equality that leads to zero incidents of discrimination during the reporting year. On top of that, PGN holds human rights socialisation among workers and security officers to ensure that the implementation of human rights is very well-maintained. Concerning the community, PGN cares about the human rights of the communities in which it operates and implements its CSR program. Program implementation and assistance are afforded by involving the community as subjects to enhance their independence and welfare.

## 3. Employment

There are five aspects of employment, namely environmental conditions, social dialogue, occupational health and safety, and human resource development. PGN always strives to create a safe and comfortable work environment while providing opportunities that will explore the potential of every employee. This conducive work environment is attested by the low turnover rate of workers, the high level of safe working hours, and the improvement in the quality of workers according to the results of competency assessments. We also promote dialogue and care for the voices of our workers. Through the Employee satisfaction survey, the workers have the opportunity to express their judgment regarding working conditions. Suggestions coming from the workers are used to adjust and ameliorate multiple strategic policies in human resource management.

## 4. Environment

It has been a serious commitment of PGN to be concerned about the environment, for we are striving to hand on green and sustainable world to the next generation. We pay attention to four environmental aspects, namely (a) pollution prevention; (b) continuous use of resources; (c) adaptation to and mitigation of climate change; and (d) protection of the environment, biodiversity and restoration of natural habitats. PGN prepares a comprehensive environmental policy which includes the application of an environmental management system, environmental monitoring, resource savings, environmental mitigation efforts, and building employee awareness of environmental preservation.

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

These policies and programs refer to the ISO 14001: 2015 Environmental Management System. Also, PGN involves an independent external party in environmental monitoring related to PGN.

### 5. Fair Operational Practices

PGN implements fair operational practices in every aspect of PGN's operations along with each PGN stakeholder. We nurture compatible cooperations based on a code of conduct and fairness with suppliers, governments, consumers, and other organisations. PGN applies a competitive remuneration and promotion system at every level of office, regardless of background or gender, and is rather based on the performance of each employee. We open up opportunities for every credible supplier, support fair competition, and promote anti-corruption principles.

### 6. Customer Issue

PGN is committed to providing customer services at their best, not only by various customer satisfaction programs but by our prominent products. We tend to make sure that every customer has a positive experience with PGN from the very beginning. To that end, PGN prioritises the health and safety of our customers through our compliance with applicable regulations, unequivocal quality checks, and maintaining quality in accordance with regulations and standards. For the convenience of customers, PGN provides a complaint and information centre as well as a "contact centre" that operates 24 hours a day and 7 days a week.

### 7. Community Involvement and Development

The community is a vital element for the progress of PGN, as the community's existence and support helps us evolve. In this manner, PGN is investing in the community in the form of CSR programs, such as: assistance for victims of natural disasters, educational assistance, health improvement assistance, development of infrastructure and / or public facilities, assistance for Worship Facility, Nature Conservation and poverty alleviation. Every planning program for community development involving various elements of the community and local government officials, so that the resulting programs were an agreement between PGN and the community.

The implementation of ISO 26000 in organising corporate social responsibility activities provides various merits, such as:

1. Knowing how the programs will be implemented favorably predisposes the ecosystems, in turn contributing towards sustainable development.
2. Being able to identify, to feel involved, and to respect the expectations of relevant stakeholders.
3. Being able to elucidate relevant and significant issues to enable the preparation of programs based on priorities.
4. Enabling the fulfilment of internal and domestic regulations in the preparation and implementation of programs; at the same time, however, following universal norms.
5. Integrating program accountability and proportional interrelations with the surrounding community.

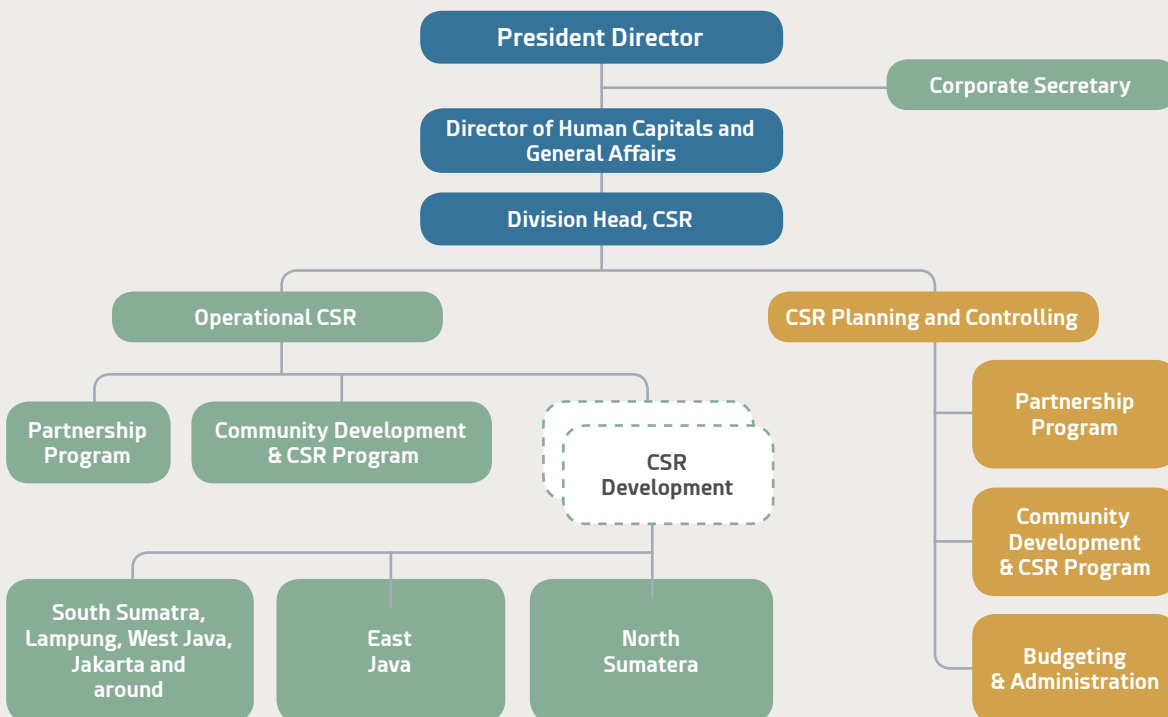
# pgnshare

**Motto**

**5 Leading Commitments within Implementation:**

- > Contributing to improvement of community PROSPERITY;
- > Creating HARMONY relationships with stakeholders;
- > Being a trustworthy administrator of CSR;
- > Being RESPONSIVE for social and environmental issues;
- > EMPATHY on social and environmental issues.

**CSR ORGANISATIONAL STRUCTURE**



Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

In its implementation, PGN seeks to have a promising impact in the communities around PGN's operational areas. Our CSR Programs not only into donations, but also PGN prepares a CSR Roadmap that guides the Company in performing CSR that is effective, efficient, and lucrative to the community.

The implementation of our CSR programs consists of:

1. Supporting the existing business interests of the Company,
2. Supporting the Company's business development activities,
3. Maintaining the security of the Company's assets,
4. Providing benefits to stakeholders, and
5. Supporting government programs.

## PARTNERSHIP PROGRAM

The Partnership Program is a program organised by PGN to enhance the SMME abilities to be strong and independent. In 2015, PGN temporarily suspended the distribution of Partnership Program funds until 2019. In 2019, accordance with directives from the Ministry of SOEs, PGN distributed its Partnership Program funds through an appointed SOE that had been determined to distribute SOE Partnership Program funds, namely PT Permodalan Nasional Madani (Persero). PGN has been consistent in maintaining the process of returning receivables running by monitoring the operation of SOE synergies and intensively returning the fostered partners.

On the other hand, PGN monitors the sustainability of fostered partner businesses. PGN seeks to encourage the economy of the community in all operational areas and its surroundings through the Community Development Program to reduce economic disparities in economic development. This program is a process in which community members take joint actions and find solutions to solve common problems.

## COMMUNITY DEVELOPMENT PROGRAM [GRI 203-2]

### 1. Victims of Natural Disaster

Victims of natural disasters are still and will continue be the focus and attention of PKBL activities PGN. This is a form of PGN's concern for the problems that potentially affect economic condition of the area and citizens affected by the disaster. Report in 2019 The United Nations (UN) records the value of direct economic disadvantage disasters nature in various parts of the world throughout 1998 - 2017. It is estimated to reach nearly USD 3 trillion and 1.3 million lives. This figure shows increase trends caused by climate change and weather.

In the domestic context, the National Disaster Management Agency (BNPB) reports the number of natural disasters caused by hydrometeorological and geological factors in Indonesia at 3,721 natural disasters. The types of disasters that occur are forest and land fires, floods, landslides, droughts, earthquakes, tidal waves, volcanic eruptions, and by destructive whirlwinds. Based on the diversity of these types of disasters, PGN performs policy to provide assistance to victims of natural disasters not only to one but several types of natural disasters, including:

- a. Repair of whirlwind victims' houses in Kampung Lebak Sari, Bogor
- b. Assistance North Maluku Earthquake victims
- c. Ambon Earthquake Disaster Response.

## PGN ASSISTS IN THE FOREST AND LAND FIRES IN RIAU

Forest and land fires are one of the natural disasters deserving attention of multifarious parties both at the national and regional levels. On the basis of the National Disaster Management Agency (BNPB) data, from a total of 328,724 hectares of forest and burned land throughout Indonesia during January to August 2019, 49,266 hectares or almost 15% occurred in Riau.

As a form of responsibility and care for the forest and land fire disaster, PGN provided assistance in the form of 4,500 room masks, 1,800 N95 dust masks, 3M half facepiece reusable respirator masks, 6,200 (medium size) 30 sets, MTM particulate filter 7093 P100 60 EA/case 37 sets, and temple drops of 150 bottle. Assistance was provided in three areas in Riau that were affected by the disaster, namely Perawang City, East Dumai District, and the Natural Resources Conservation Center (BKSDA) of Riau Province.

The assistance was handed over directly by representatives of the PGN Pekanbaru area to the beneficiary representatives, namely the Sebatang Barat Village Health Center, Jayamukti Health Center and the Riau KSDA Center. The Head of the Riau BKSDA Center, Suharyono, said that his group was very grateful for the assistance that would be used by BKSDA officers given that they were the frontline in the handling of the fires.

## 2. Assistance for Education

The quality of education is a challenge for sustainable development that requires particular attention and help from all parties to handle it. These hindrances are the number of illiterate people, the paucity of infrastructure and facilities to provide an effective learning environment, and the dearth of capacity-building support for teachers. This propels PGN to focus its CSR activities through the distribution of educational facilities and infrastructure as well as innovative programs for students.

The assistances include:

- a. Renovating the Language Laboratory of the DEL Institute of Technology
 

One of PGN's assistance programs in the education sector is the renovation of the Del Institute of Technology language laboratory in North Sumatra. The renovation is expected to be useful as it should be. It tends to develop contentment in the

teaching and learning activities of students at the Del institute of technology.

- b. Renovation of the Canteen MBA Building at SBM ITB
 

PGN's assistance in other education sectors is the renovation or improvement of the canteen building which is a place for MBA students to interact with modern campus facilities and atmosphere. It is supported by a strong wireless internet network that can improve the quality of the learning process of ITB MBA students.
- c. Siswa Mengenal Nusantara (SMN)
 

The Siswa Mengenal Nusantara Program (SMN) is a series of the SOEs for the Nation (BUMN Hadir Untuk Negeri) program which aims to have a sense of pride and love for the country early on for high school/vocational/high school students.

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report



### SISWA MENGENAL NUSANTARA PROGRAM (SMN)

The purpose of the Siswa Mengenal Nusantara Program (SMN) is to have a sense of pride and love for the motherland from an early age to high school/vocational/special high school students. The diversity of the Archipelago's wealth and regional potential is introduced through direct interaction of students with the Government and community components in the provinces visited. Participants in Student Activities are grade XI high school/vocational/special high school students in a number of regencies and cities in these provinces. This year, SMN participants were 851 students in all provinces and sent to other regions for one week in the second or third week of August 2019.

PGN runs the program in the Province of Bali with 25 students from 9 districts. The participants from Bali visited the Province of West Kalimantan.

- d. Leadership and Innovation Camp Program
- e. SOEs Goes to Campus: UNIKA Santo Thomas
- f. PGN Teaches SMAN 6 Yogyakarta.

### 3. Health Development

Health is one of the focuses of attention in the Sustainable Development Goals, particularly in Goal

3, which is to ensure a healthy life and to prioritise health at all ages. Among the challenges that require a helping hand from all parties, PGN deems that health facilities and infrastructure assistance are the ones that need the focus of CSR assistance. Based on the United Nations data for 2013 - 2018, there are at least 40% of countries in the world that have not been able to afford 10 doctors per 10,000 population and more than 55% of countries in the world have less than 40 sisters and midwives per 10,000 population.

Thus, PGN provides health assistance in the form of:

- a. Health services through Healthy Cars in PGN's operational areas

To improve public health, PGN participates by providing health services through healthy cars, especially in PGN's operational areas. These health services include health counselling, free medical treatment and medical examinations for poor people.

- b. Blood Donation Program by PGN workers in Jakarta, Medan, Pekanbaru
- c. Assistance from the village health centre in the PGN Guided Villages
- d. Ambulance Procurement

An ambulance is a basic need that must be owned by institutions, legal entities, or foundations where an ambulance can enhance and support activities in handling emergency conditions. Therefore, PGN participates in distributing its assistance for the procurement of ambulances in several areas.

#### 4. Infrastructure and Public Facilities Development

The availability of infrastructure and public facilities is a precondition for creating a conducive economy and a minimum quality of life. Indonesia's increasing economy over the past two decades has not necessarily been accompanied by augmented access to clean water. The National Statistics Agency (BPS) noted that 33.4 million people in Indonesia experienced a shortage of clean water and 99.7 million people lacked access to good sanitation facilities. This achievement is estimated to reach 72.6% while the SDG's target is set at 100%. For this reason, the provision of clean water facilities has become one of the focuses of PGN's CSR aid in addition to several other facilities, such as:

- a. Clean Water Facilities Assistance

To meet the needs of clean water for people in need, PGN also helps in the provision or distribution of clean water in several areas, for example in several villages in Tangerang, Banten and in Gunungkidul, Special Region of Yogyakarta.

- b. Provision of Mobile SKCK Service Car Assistance to the Metro Jaya Regional Police

- c. Factory Development and Cibogo Pellet Machine Assistance, Bandung

PGN assists the Cibogo village community by building a cow manure pelletization facility with a capacity of 400 kg/hour. This program is also a work program to meet Societal Needs Orientation (SNO) in Lembang District. If this factory gives a promising results and benefits for community in Cibogo, then it hopefully can be developed for areas outside Cibogo.

#### 5. Place of Worship

Spiritual needs are part of good mental health, revealed in the achievement target of Goal 3 which is to ensure a healthy life and to support welfare for all ages. The World Health Organization (WHO) defines mental health as "when a person feels healthy and blithe, able to face life's challenges and be able to accept others as they should and have a positive attitude towards themselves and others". To support this achievement, PGN held several activities to improve worship facilities and other assistance related to spiritual health. This is expected to have an impact on the mental health of the community through the distribution of assistances including:



Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

- a. Renovation of Facilities for Worship in Mosques, Churches, and Temples  
As a form of PGN's concern in community religious activities, PGN has assisted in the construction or improvement of religious facilities to support community worship activities including renovation of mosques, churches and temples in several areas.
- b. Providing donations for orphans on the commemoration of Nuzulul Qur'an  
PGN also helped orphans and their operational assistance.
- c. Religious Holidays  
PGN's assistance in the worship facilities sector includes the celebration of religious holidays, for examples the assistance of sacrificial animals around PGN operational areas, Christmas celebrations for several churches, and Saraswati celebrations in Bali.

## 6. Nature Conservation

The environment is one of the four pillars supporting the achievement of the Sustainable Development Goals in Indonesia. Included in this pillar are Goal 6 (Clean Water and Appropriate Sanitation), Goal 11 (Sustainable Cities and Settlements), Goal 12 (Responsible Consumption and Production), Goal 13 (Handling Climate Change), Goal 14 (Ocean Ecosystems) and Objective 15 (Mainland Ecosystems). The following are some forms of PGN's assistance encapsulating efforts to achieve these six goals of sustainable development in the Environmental pillar:

- a. The utilisation of vacant land on the banks of the Ciliwung river  
This assistance is aimed at helping the utilisation of vacant land along the Ciliwung River along with the Battalion Commander 811 Kopassus Unit; thus, the land becomes productive land to support the main tasks of the unit and help the surrounding environment.
- b. Biodiversity Assistance in Bedegung, Estuary Enim, South Sumatra
- c. Making Arboretum in Pagardewa, Estuary Enim, South Sumatra
- d. Revitalising the Mangrove Forest Canal of Sriminosari Village, Lampung
- e. Development of Family Medicinal Plants in Tembesi Village, Panaran.

## 7. Poverty Alleviation

Poverty is a major global challenge that includes ensuring social protection, increasing access to basic services, and building resilience to the effects of natural disasters that can cause severe damage to people's resources and livelihoods. The broad dimensions of realisation include not only the economy but also health, education, livelihood access, and so forth. In Indonesia, poverty alleviation is still a challenge considering the number of poor people as of September 2019 reached 24.79 million people. Although it has decreased by 0.88 million compared to September 2019, this achievement is not a basis for PGN to continue to carry out various poverty reduction assistance programs. This is reflected in the following activities:

- a. Low Cost Food Program  
PGN's contribution to poverty alleviation in the community is through the Low Cost Food program implemented in several areas, including; Meulaboh (2,500 Beneficiaries), Pangandaran (3,000 Beneficiaries), Jombang (1,000 Beneficiaries), Bekasi (2,000 Beneficiaries), Bangli, Gianyar and Denpasar (2,000 Beneficiaries). This low cost food was accessed by approximately 10,500 beneficiaries.



b. Fostered Village Program

PGN is committed to maintaining the harmony of the community around the PGN Offtake Station area so that it can create superior and competitive communities with the Fostered Village Program, it is hoped that the communities in the village can be competitive and can improve their economy. PGN's Fostered Village include Panaran and Tambesi fostered villages in Batam, Pagardewa fostered villages in Muara Enim, Bojonegara fostered villages, Serang and Labuan Maringgai fostered villages in East Lampung.

## COST ARE EXPENDED FOR ACTIVITIES

In an effort to achieve development goals in the SDG's, PGN fully committed to supporting the realization of various PKBL activities by providing adequate funding in accordance with applicable regulations. PGN also continues to strive to improve the quality of its management and distribution, so that all activities carried out can run effectively, efficiently, and provide optimal benefits for the recipients of assistance.

Funds for the Community Development Program and CSR were obtained from the company's budget with a total aid amounting to Rp89,330,935,565 (eighty nine billion three hundred thirty million nine hundred thirty-five thousand five hundred sixty-five rupiah) the details as follows:

Sector	Realization		
	CSR	Community Development	Total
Natural Disasters	108,283,786	1,727,372,906	1,835,656,692
Education Facilities	2,158,069,557	16,354,505,684	18,512,575,241
Health Improvement	22,588,783,127	3,482,565,634	26,071,348,761
Development infrastructure and/or public facilities	2,718,930,196	7,703,967,446	10,422,897,642
Worship Facility	8,592,262,489	12,265,971,940	20,858,054,429
Nature Conservation	394,163,691	779,887,720	1,174,051,411
Social Community in the Poverty Alleviation	539,879,421	9,916,471,968	10,456,351,389
Total	37,100,372,267	52,230,563,298	89,330,935,565

PGN's commitment and performance in organizing community and environmental programs is evidenced by the appreciation we received throughout 2019, such as:

1. Best of the Best Balkondes Awards 2019,
2. Platinum Rank (Asian Level) Asia Sustainability Reporting Rating,

3. ESDM Disaster Preparedness Award,
4. CECT Sustainability Award 2019 Category Based on ISO 26000 (CSR Guidance), Project-Based CSR & Business Sustainability, and Based on Overall Sustainability Performance,
5. Green PROPER award at the Offtake station Pagardewa

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

# 06

## MAINTAINING THE QUALITY OF PGN EMPLOYEES

Having acknowledged that every individual of PGN has been a prominent thrust of the Company, PGN has a concern with the convenience, the safety of the work environment, as well as the advancement of professionalism and the potential of each employee.





**In realizing the vision of PGN 2020 to become a world-class energy company in the gas sector, PGN strives to create a competitive, safe, and comfortable work environment that is able to encourage every PGN employee to continue working and innovating under all conditions. A conducive work environment is characterised by low employee turnover rates, high levels of safe working hours and improved quality of workmanship according to the results of the competency assessment.**

## STRATEGY AND POLICY DEVELOPMENT OF PGN'S EMPLOYEES

Working as an activator and innovator is one of the benchmarks of progress, stability, and productivity in a company. Human beings have the capacity and capability to bring about transformation, revitalisation, and deliberation, and to realize concepts that have been planned, systematically and thoroughly. On the basis of the aforementioned perspective, PGN has a strong commitment to continue extending operational activities through cooperation or equal employment opportunities with individuals who have keen competitiveness and determination to overcome challenges and hindrances.

With the Employee Engagement Survey (EES), they have the right to express their opinions and to submit their assessments regarding work situations. The Company utilizes workers' suggestions and criticisms as triggers for continuous improvement in various strategic policies in Human Resource management. The Employee Engagement Survey (EES) is conducted regularly, once a year, and this year, three main views were obtained from the employees, namely the opportunity to develop a career, fair remuneration, and guaranteed welfare.

PGN deems that education and training are the strategic policies in improving the quality of employees which will ultimately benefit the progress of the Company. Consequently, PGN regularly organizes professional training and certification, thus increasing employee motivation. On top of that, the existence of a competency improvement program is expected to increase employee satisfaction with, and loyalty to the Company. PGN provides the opportunity for all PGN employees to continue their education, to gain promotion, to develop their careers, and to acquire other rights listed in the Collective Labour Agreement, in accordance with applicable laws and regulations.

## PROFILE OF PGN'S EMPLOYEES

### [GRI 102-8]

In 2019, PGN had 1,375 employees throughout Indonesia, an increase of 6.18% compared to the preceding year. This increase was due to the implementation of recruitment in 2019. In addition, in 2019, a number of employees entered retirement. In general, employee profiles compiled from Human Capital Management division data are as follows:

### TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACTS (PERMANENT AND TEMPORARY), BY GENDER

	2019		2018		2017	
	Male	Female	Male	Female	Male	Female
Permanent Employees	1,024	351	974	316	1,012	327
Temporary Employees	0	0	0	0	0	0
	1,024	351	974	316	1,012	327
Total	1,375		1,290		1,339	

Remarks

Maintain  
sustainabilityMaintaining  
the National  
EconomyMaintain Sustainable  
EnvironmentMaintaining  
Prosperity of  
the CountryMaintaining the  
Quality of Pgn  
EmployeesMaintaining  
Occupational Health  
and SafetyMaintaining the  
Customer Health and  
SafetyGovernance  
SustainabilityAbout the  
Report

**Total Number of Employees By Employment Contracts (Permanent and Temporary), By Region**

Data for the number of employees by region in 2019, 2018, and 2017 are not separated by region. This is in line with the implementation of the transformation of the Company which revamped several systems and mechanisms for recording employee data. All employees are currently registered and reported as being at Head Office, Jakarta.

**EMPLOYEES BY EMPLOYMENT CONTRACTS AND GENDER**

	2019		2018		2017	
	Male	Female	Male	Female	Male	Female
Full-Time Worker	1,024	351	974	316	1,012	327
Part-Time Worker	0	0	0	0	0	0
Total	1,375		1,290		1,339	

**New Hires and Employee Turnover [GRI 401-1]**

**Selection and Appointment Policy for New Employees**

In order to support the achievement of corporate targets, PGN recruits and appoints new employees. PGN's Got Talent 2019 is a process for the recruitment of new employees at entry level, undertaken centrally, to fill positions in PGN Holding and Subsidiaries (PGN Group) in 2019.

PGN also participates in the Joint Recruitment of the Ministry of SOEs conducted simultaneously to recruit the best workers in Indonesia. PGN welcomes enthusiastic persons with disabilities to participate in the recruitment process. Providing employment opportunities for persons with disabilities is PGN's commitment to providing opportunities for all people throughout the country.

**SELECTION STAGES**



**32,461 Applicants**

**Administration Selection**

**Top 40 per formation (Total participant= 5,200)**

GPA, Accreditation (University and Major), Qualification Matched

**Selection Test (Elimination selection)**

**Top 3 per formation (Total participant= 390)**

Aptitude Test, English Test, Psychological Test, LGD

**Management Interview**

**Top 1 or 2 per formation (Total participant= 260)**

Behavioral Interview (User and HC)

**Medical Check Up**

**158 trainees**

After completing a rigorous selection process, new PGN employee candidates are invited to take part in the On-boarding Program, which is a structured program to select the best candidates to be appointed as PGN Employees. This program includes in- class training, on- the- job training, and Project Assignment and Business Presentation which are packaged into a blended program.



During 2019, PGN did not experience significant employee turnover. Turnover that occurs within the PGN work environment is largely due to employee retirement. In 2019, PGN recruited a total of 120 employees through the 2019 PGN's Got Talent Program and the SOE Joint Recruitment Program.

PGN recruits through announcements in national print media and on the Company's website. PGN also involves independent competent parties to support the recruitment activities carried out. PGN recruits workers from around its operational areas to demonstrate the Company's sincerity in supporting the independence, prosperity, and advancement of the local community.

**RECRUITMENT OF EMPLOYEES BY GENDER**

	2019	%	2018	%	2017	%
Male	82	68%	0	0%	8	80%
Female	38	32%	0	0%	2	20%
Total	120	100%	0	0%	10	100%

**RECRUITMENT OF EMPLOYEE BY AGE**

	2019	%	2018	%	2017	%
Under 30 years of age	114	95%	0	0%	10	100%
30-50 years of age	6	5%	0	0%	0	0%
Above 50 years of age	0	0%	0	0%	0	0%
Total	120	100%	0	0%	10	100%

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of Pgn Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

### RECRUITMENT OF EMPLOYEES BY REGION

	2019	%	2018	%	2017	%
Jakarta and surrounding areas	83	69%	0	0%	10	100%
Yogyakarta and surrounding areas	14	12%	0	0%	0	0%
Surabaya and surrounding areas	18	15%	0	0%	0	0%
Medan and surrounding areas	5	4%	0	0%	0	0%
Total	120	100%	0	0%	10	100%

Employee turnover provides an opportunity for potential employees to join PGN. In 2019, employee turnover was 0.44%, with 6 employees resigning out of a total of 1,375. The main reason for the resignation of female employees was to abide by the wishes of their husbands. PGN maintains a good working relationship, creating a healthy, safe, and pleasant work atmosphere so that the employee turnover rate is very low. The following table shows employee turnover rates:

### EMPLOYEE TURNOVER RATES BY GENDER

	2019	%	2018	%	2017	%
Male	43	83%	38	77%	64	65%
Female	9	17%	11	23%	34	35%
Total	52	100%	49	100%	98	100%

### EMPLOYEE TURNOVER RATES BY AGE

	2019	%	2018	%	2017	%
Under 30 years of age	2	4%	3	6%	4	4%
30-50 years of age	3	6%	10	20%	24	25%
Above 50 years of age	47	90%	36	74%	70	71%
Total	52	100%	49	100%	98	100%

### EMPLOYEE TURNOVER RATES BY REGION

	2019	%	2018	%	2017	%
Jakarta and surrounding areas	50	96%	43	88%	73	75%
Yogyakarta and surrounding areas	1	2%	3	6%	8	8%
Surabaya and surrounding areas	1	2%	3	6%	17	17%
Medan and surrounding areas	52	100%	49	100%	98	100%

### EMPLOYEE TERMINATION

	2019		2018		2017	
	Male	Female	Male	Female	Male	Female
Personal request	3	3	2	3	4	7
Disciplinary punishment	0	0	2	0	0	0
Deceased	0	2	4	1	1	0
Retirement	40	4	26	7	30	14
Early retirement	0	0	4	0	29	13
Other	0	0	0	0	0	0
Total	52		49		98	



## WELFARE OF PGN'S PEOPLE

PGN realises that remuneration is one of the most pivotal matters that determines the quality of life of PGN's people. Consequently, the Company is committed to implementing competitive remuneration rates at every level of position, including entry level. The minimum wage in PGN's operational areas ranges from Rp 2,969,824 (in North Sumatra) to Rp 3,940,973 (in DKI Jakarta). The lowest entry level wage of PGN employees is above minimum wage in Indonesia. The following is the ratio of PGN's basic wage compared to the minimum wage in operating areas. PGN makes no distinction between male and female employees.

### RATIOS OF STANDARD ENTRY LEVEL WAGE [GRI 202-1]

Operational Areas	Province/Regency Minimum Wage Amount. (Rp)	Basic Salary of the lowest paid employee (new employee) (Rp)	Regional Minimum Wage Ratio Compared to Basic Salary (Rp)
Head Office /Holding	3,940,973	4,840,000	1.23
Jakarta and Surrounding Areas	3,940,973	4,840,000	1.23
Surabaya and Surrounding Areas	3,871,052	4,840,000	1.25
Medan and Surrounding Areas	2,969,824	4,840,000	1.63
Program Management Office	3,940,973	4,840,000	1.23
Subsidiaries	3,940,973	4,840,000	1.23

### Allowances [GRI 401-2]

The total amount of the employee welfare fund in 2019 was Rp556,835,681,713 allocated for employee salaries and allowances, covering leave, religious holidays, medication, overtime, old age allowance, and pensions. This fund aims to ensure that workers receive the best compensation for their dedication to the Company.

Consequently, all employees are eager to demonstrate their work responsibilities and commitment to the Company. In addition, a competitive welfare package is implemented to ensure that PGN is able to attract the best talents. This allowance is given to workers at all PGN operating locations, as follows:

### ALLOWANCES GIVEN TO PERMANENT AND TEMPORARY EMPLOYEES

	Permanent Employees	Non-Permanent Employees*
Salary	✓	N/A
Allowance	✓	N/A
Disability & Work Accident Insurance	✓	N/A
Death insurance due to work	✓	N/A
Disability and Accident Insurance Outside Work Accidents	✓	N/A
Death Insurance out of work	✓	N/A
Health Insurance for Employees	✓	N/A
Health Insurance for Employees' Spouses	✓	N/A
Health Insurance for Employees' Children	✓	N/A
Maternity leave	✓	N/A
Menstruation leave	✓	N/A
Leave for religious pilgrimage	✓	N/A
Holiday allowance	✓	N/A
Pension fund	✓	N/A
Severance pay	✓	N/A

\* PGN not engage workers temporary or part time

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of Pgn Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

### MATERNITY LEAVE [GRI 401-3]

	Employees Entitled to Maternity Leave	Employees Taking Maternity Leave	Employees Returning to Work After Maternity Leave	Employees Proceeding to Work 1 Year After Finishing Maternity Leave	Rate of Employees Taking Maternity Leave and Returning to Work (%)
Male	0	0	0	0	0
Female	25	25	25	25	100%
Total	25	25	25	25	100%

On the basis of PGN's Collective Labour Agreement for 2017-2019, Article 33 regulates the provisions of the Leave Permit in paragraph 2, where the employee obtains a permit to not work while still receiving the Basic Wage for Childbirth as follows:

- Female workers are given maternity leave of 1.5 months before giving birth and 1.5 months after giving birth.

In accordance with PGN's Collective Labour Agreement for 2019-2021, Article 33 regulates similar provisions as follows:

- Female employees are given maternity leave of 1.5 months prior to giving birth, according to the doctor's or midwife's childbirth calculations and 2.5 months after giving birth.

## DEVELOPING DIVERSITY AND EQUALITY

PGN upholds the principles of diversity, equality, and non-discrimination. The Company does not distinguish between gender, race, religion, ethnicity and class, at all levels and positions of employees and management, in recruitment, remuneration, and placement of employees. However, the nature of the work, the geographical location and character of PGN's business make male employees more dominant. In operational areas, the majority of female employees work at Head Office, Business Unit Gas Products, and Program Management Office. During 2019, there were no incidents of discrimination in PGN.

[GRI 202-2, GRI 406-1]

The majority of PGN employees are at the productive age of 30-50 years of age, namely 961 people or 69.9% of all employees. Employees with undergraduate and postgraduate education levels constitute the largest number with 837 people or 60.87% of all employees. The following data refer to the diversity of governance bodies and employees.

### DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES [GRI 405-1]

Position	2019			2018			2017		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Top Management	79 (84.04%)	15 (15.96%)	94 (6.8%)	76 (82.61%)	16 (17.39%)	92 (7.13%)	72 (81.82%)	16 (18.18%)	88 (6.57%)
Middle Management	152 (75.25%)	50 (24.75%)	202 (14.7%)	159 (77.18%)	47 (22.82%)	206 (15.97%)	128 (76.19%)	40 (23.81%)	168 (12.55%)
Basic Management	537 (74.90%)	180 (25.10%)	717 (52.1%)	549 (74.90%)	184 (25.10%)	733 (56.82%)	531 (74.89%)	178 (25.11%)	709 (52.95%)
Staff	256 (70.72%)	106 (29.28%)	362 (26.3%)	190 (73.36%)	69 (26.64%)	259 (20.08%)	281 (75.13%)	93 (24.87%)	374 (27.93%)
Total	1,024 (74.47%)	351 (25.53%)	1,375	974 (75.50%)	316 (24.50%)	1,290	1,012 (75.57%)	327 (24.42%)	1,339

## DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES [GRI 405-1]

Position	2019				2018				2017			
	<30th	30-50th	>50th	Total	<30th	30-50th	>50th	Total	<30th	30-50th	>50th	Total
Top Management	0 (0.00%)	77 (5.60%)	17 (1.24%)	94	0 (0.00%)	64 (4.65%)	28 (2.04%)	92	0 (0.00%)	56 (4.07%)	32 (2.33%)	88
Middle Management	0 (0.00%)	168 (12.22%)	34 (2.47%)	202	0 (0.00%)	176 (12.80%)	30 (2.18%)	206	0 (0.00%)	136 (9.89%)	32 (2.33%)	168
Basic Management	40 (2.91%)	599 (43.56%)	78 (5.67%)	717	84 (6.11%)	575 (41.82%)	74 (5.38%)	733	47 (3.42%)	592 (43.05%)	70 (5.09%)	709
Staff	180 (13.09%)	117 (8.51%)	65 (4.73%)	362	70 (5.09%)	116 (8.44%)	73 (5.31%)	259	103 (7.49%)	196 (14.25%)	75 (5.45%)	374
Total	220 (16.00%)	961 (69.89%)	194 (14.11%)	1,375	154 (11.20%)	931 (67.71%)	205 (14.91%)	1,290	150 (10.91%)	980 (71.27%)	209 (15.20%)	1,339

## EMPLOYEE DATA BY EDUCATION LEVEL

Level of Education	2019	2018	2017
Doctorate	1 (0.07%)	1 (0.08%)	1 (0.07%)
Masters	197 (14.33%)	169 (13.10%)	131 (9.78%)
Bachelors	639 (46.47%)	577 (44.73%)	621 (46.38%)
Diploma	377 (27.42%)	368 (28.53%)	398 (29.72%)
High School/Equivalent	161 (11.71%)	175 (13.57%)	188 (14.04%)
Total	1,375	1,290	1,339

## Salary and Remuneration Ratio of Female Compared to Male Employees [GRI 405-2]

The principle of equality is applied by giving equal treatment to every PGN employee without differentiating gender. The remuneration system in PGN is based on level, competency, and performance assessment,

and not determined by gender. There is no disparity in remuneration for men and women for all positions. Health insurance is treated in the same way, where the dependents of female employees are treated the same as those of male employees.

The table below shows the average ratio of remuneration in PGN.

## REMUNERATION RATIO

Position	2019		2018		2017	
	Male	Female	Male	Female	Male	Female
Top Management	1.01	1.00	1.02	1.00	1.00	1.02
Middle Management	1.00	1.03	1.00	1.02	1.00	1.06
Basic Management	1.00	1.12	1.00	1.13	1.00	1.15
Staff	1.04	1.00	1.08	1.00	1.15	1.00

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of Pgn Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report



## FULFILLING HUMAN RIGHTS OF EMPLOYEES

Being a part of a global citizen, PGN aims to ensure that the Company considers every basic right of its employees. Human Rights are basic rights and freedoms that are possessed by every human being in this world. These rights are based on the principles of equality, justice and respect. On July 16, 2019, PGN received an Award as a Public Company in Indonesia with the Best Human Rights Honor Performance from the Foundation For International Human Rights Reporting Standard (FIHRRST), an award given for implementation of respect for human rights in the company's business activities, especially worker's rights, workers of the company's business partners, customers and other stakeholders. PGN upholds the application of human rights in the company, in the form of:

### 1. No Underage Employees or Forced Employment

PGN pays attention to the minimum age limit for employees to ensure that there are no underage employees in the Company. In addition, the Company applies a policy prohibiting forced labour, i.e. all work or services that are forced on any one with threat of punishment due to the person being unwilling to do the work.

### 2. Human Rights Socialization Among Employees and Security Officers [GRI 410-1]

It has been the Company's commitment that every PGN employee is capable of respecting the rights of others and of treating everyone fairly and respectfully. For this reason, the Company trains not only security personnel, but also the employees. For the security officers, the Company conducts training under the guidance of the police. In 2019, all security officers, both from PGN and outsourcing providers, have been given information and training on human rights.

### 3. Freedom To Join Union

The Workers Union of PT Perusahaan Gas Negara (Persero) Tbk., abbreviated as SP – PGN, was officially registered at the West Jakarta Manpower Agency with Registration Number: 387/II/P/IX/2009, on September 19, 2009. The PGN Workers Union supports three principles of work partnership, namely: partner in profit, partner in responsibility, and partner in production.

#### 4. Collective Labor Agreement

In 2019 the Collective Labor Agreement Negotiation Team for the period 2019-2021 consisting of PGN Management Representatives and PGN Workers Union Representatives completed the Collective Labour Agreement negotiations. The outcome of the negotiations was marked by the signing of the Collective Labour Agreement on December 9, 2019 by both parties, namely the Management and the Workers Unions. Consequently, PGN has a new Collective Labour Agreement, valid for 2 years, namely the 2019-2021 period.

#### 5. Employee Social Security System

The Company has included all employees in the government BPJS Employment and Health programs that aim to provide protection and social welfare for everyone. As a business entity, PGN is obliged to register its employees.

## DEVELOPMENT OF PGN'S EMPLOYEES

PGN is committed to improving the quality of human resources and to providing opportunities for PGN employees to meet their potential for the safeguarding

and progress of the Company. Planned, focused, and systematic employee advancement through executive and management development programs has been a supporting factor in increasing the capacity and credibility of PGN employees throughout 2018 and 2019.

In 2019, basic management level employees, who have participated in development programs, and have received a postgraduate scholarship, as well as fulfilling career requirements, have taken middle management and top management positions at PGN and at Subsidiaries and Affiliates. An increase of 8% or 15 employees in middle management positions and 25% or 19 employees in top management positions demonstrates an improvement in the quality of PGN's human resources and contributes to PGN's long-term business development.

#### 1. Performance Assessment

In an effort to create a culture of good performance, PGN conducts annual performance evaluations for every employee at all levels. This assessment is used in strategic planning for career development of employees as well as to monitor and control Company performance. Performance assessment is conducted once a year.

### PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS [GRI 404-3]

	2019	2018
Male	1,024 (74 %)	974 (76%)
Female	351 (26 %)	316 (24%)

	2019	2018
Top Management	94 (6.8%)	92 (7.1%)
Middle Management	202 (14.7%)	206 (16.0%)
Basic Management	717 (52.1%)	733 (56.8%)
Staff	362 (26.3%)	259 (20.1%)

#### 2. Succession and Promotion Planning

PGN provides opportunities for employees who have the potential to continue to develop themselves and to have careers that are in line with Company growth. For this reason, PGN has designed a program of promotion for employees who meet the criteria, after first conducting an objective assessment. Succession and promotion planning are tailored to the needs of the Company, competency assessment, and work experience. In accordance with the results of the performance assessment, in 2019, 220 workers were promoted to new position levels, with details in the table below:

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of Pgn Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

## JOB PROMOTION PERCENTAGE

Position Level	Male	Female	Total
Top Management	18 (94.74%)	1 (5.26%)	19
Middle Management	10 (76.92%)	3 (23.08%)	13
Basic Management	135 (81.82%)	30 (18.18%)	165
Staff	9 (39.13%)	14 (60.87%)	23
Total	172 (78.18%)	48 (21.82%)	220

### 3. Programs for Upgrading Employee Skills and Transition Assistance Programs [GRI 404-2]

In accordance with the stages of the Company's Long-Term Plan and the SOE's Gas & Oil Holding initiative, PGN continues to improve employee development programs, comprehensively and consistently, along with in-house education and training programs, as well as public training, certification, knowledge sharing, and courses. These programs are designed in accordance with the Company's business development so that each PGN employee shows competence and is able to work professionally according to his field and position.

PGN allocates an average of six days of training to each employee in order to support employee development to fill the competency gap of employees. PGN also provides online management learning system facilities to improve services in implementing education, training and knowledge sharing programs.

#### A. Domestic Undergraduate and Postgraduate Scholarship and Self-Management Program

During 2019, PGN provided full tuition scholarships for 28 employees who were the 26 best participants of the 2019 MDP program and for the 2 best participants of the 2018 EDP program to attend "Masters of Management" education program at leading business education institutions and universities in Indonesia. PGN also provides opportunities for all PGN Group employees who show initiative in improving competence by continuing education to undergraduate and graduate levels in the form of self-managed education programs.

In 2019, PGN assisted 18 employees to continue their education to masters level in Indonesia,

where 7 employees continued their education to Bachelor degree on a regular self-managed basis, and 11 employees continued their education to Bachelor degree as self-managed talent SOE's. This scholarship program aims to add global insight and expand networks to support the achievement of the Company's vision.

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

With well-integrated and comprehensive planning, PGN designed the STAR program to prepare the Company's team of future leaders. The talent management program consists of three programs, namely the Executive Development Program (EDP), Management Development Program (MDP) and First Line Development Program (FLDP).

PGN provides various training programs as an expansive step by the Company in developing employees' competencies and skills. Not only are the training programs useful for the progress of the Company, but are also beneficial to the employees should they resign before retirement or stop working at PGN. The programs include:

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

The Executive Development Program (EDP) is a leadership program for Middle Management level employees that focuses on preparing future PGN leaders, enhancing competencies in the form of interpersonal skills, leadership abilities and business abilities. The development method is carried out through a structured integrated learning process with three modules namely Navigating Uncertainty, Managing Stakeholders and

Creating the Future. At the end of the program, participants get a project assignment that is useful for improvement of the development of the Company's business. This program involves PGN's Top Management as a mentor in projects undertaken by EDP participants. In 2019, out of 21 employees who participated in and completed the EDP program, 5 of the best EDP participants in 2018 received a retention program, namely 2 employees were rewarded with the Master of Management postgraduate program (MM) in one of the leading business education institutions and 3 employees enrolled in a short courses program at the Global Business School.

2. Management Development Program (MDP)  
In preparing for sustainable leadership succession, PGN has developed an integrated Management Development Program (MDP) with mixed in-class programs, online English training, leader camps, project assignments, coaching and mentoring from related Subject Matter Experts (SME) and leadership sharing sessions from domestic and foreign CEOs. The program is organized into four modules, namely: Fundamentals of Business Leadership, Decision Making and Innovation, Managing Business, and Leading with Strategic Management. In 2019, 87 workers who fulfilled the requirements to join the MDP program and 40 of the best participants from the program are currently receiving scholarships to join the Postgraduate Masters in Management (MM) program and 11 participants received education assistance in talent self-management program in one of the leading business education institutions in Indonesia.
3. First Line Leadership Development Program (FLDP)  
PGN has also designed a development program for staff level employees to improve their leadership skills and to provide managerial competence to the next career path with

the First Line Development Program (FLDP). Participants who take part in this program are those who meet STAR criteria.

### C. Knowledge Management

Human capital management is undertaken through knowledge management. With a series of activities designed and developed to identify, create, expound, and disseminate the knowledge gained, PGN has developed the i-Know program, Gas Talk, Knowledge Harvesting, KMOnline, Knowledge Credit Point, e-Library, and Innovation Award.

The i-Know program is a learning program in the form of a knowledge quiz in order to improve employee knowledge and understanding of the functions of operating procedures and work processes within PGN.

The Gas Talk program is a form of knowledge sharing that is carried out by involving PGN workers as resource persons. With this program, PGN employees can add insight into various matters related to the Company's business so that PGN employees have a more comprehensive knowledge of the Company's position in the development of its industrial business.

Knowledge Harvesting is the activity of documenting knowledge that is still inherent in each individual in the form of documents with the aim of capturing, maintaining and developing knowledge within PGN into the PGN Knowledge Guide Book.

The Knowledge Credit Point Program features reward points for employees who participate in sharing knowledge by writing articles, sharing knowledge after attending training, or being a speaker at domestic, regional and international forums.

The KM Online (KMO) program is a PGN internal knowledge portal that includes important knowledge for PGN employees.

E-Library is an online library that provides an extensive collection of books and literature to support employees learning's through library collections. The application of knowledge management, directly or indirectly, has a positive influence on the Company by building a culture of learning so as to make it easier for every employee to take advantage of the existing knowledge in the company environment. In this way, employees are able to increase competence, creativity and innovation.

The Innovation Award Program is one of the recognition programs for employees who have displayed extraordinary effort in the way they work that enhances the Company's capabilities through creative ideas and innovations. The aim of the Innovation Award Program is to increase creativity and innovative thinking, create an environment for employees to explore business opportunities for the sustainability of the Company, and to increase their involvement through recognition of their innovations.

#### **D. In-House and Public Training**

PGN has a technical and managerial competency development program, conducted through in-house and public training and certification programs. With an average allocation of six man-days, PGN has conducted 27 managerial competency training programs attended by 526 participants, 1 leadership management training program in a Business School in Australia attended by 3 participants, and 351 technical competency training programs, attended by 3,575 participants.

With the need to increase the expertise and professionalism of employees in the core and supporting fields, PGN has escalated certification

programs to take on business opportunities that can improve the quality of service and performance of the Company. During 2019, PGN employees participated in 34 technical certification programs, participated in by 107 employees and 13 non-technical certification programs participated in by 53 employees. Thus, more and more PGN employees are certified as professionals in their respective fields.

In 2019 a new program was conducted to support commercial performance, namely "Achieving The Challenging Sales Target - Changing Your Mindset & Way of Working". This in-house training program is structured with a comprehensive module for PGN frontliners (Sales Area, Customer Management and Sales Administration) which consists of 3 learning modules. In the last module, participants presented their performance achievements in 2019 and the planned 2020 target achievement based on material obtained during Module 1 (Market Analysis), Module 2 (Managing Customers), Module 3 (final presentation - Performance Review of 2019 and Tactic Plan for 2020).

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

PGN has developed an online application, namely Learning Management System. With this system, employees are able to access training information, such as annual corporate education and training program plans, syllabuses and training modules, and learning schedules, so that they can swiftly adjust training plans..

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

In terms of enhancing the ability of employees to communicate in English, the Company provides independent English language training facilities for them. In this program, the employees can choose from several predetermined providers with training schedules that are tailored to the schedules of the employees.



### AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE [GRI 404-1]

	2019
Male	53 hours
Female	53 hours
	2019
Top Management	44 hours
Middle Management	60 hours
Basic Management	70 hours
Staff	24 hours

#### 4. Counseling and Seminar

PGN provides assistance programs for employees in the form of counseling and short seminars with external counselors or the Employee Assistance Program (EAP). Beginning in 2013, this program is very helpful for employees to gain motivation, encouragement and practical knowledge in the fields they need. A total of 334 participants have attended the EAP counseling and seminar held by PGN.

#### Cost Incurred

During 2019, PGN organised a variety of employee development and management programs and internships at a total cost of Rp53 billion including: undergraduate and graduate scholarship programs, talent (STAR) programs, knowledge management, education and training, e-learning management systems, English language training, and supporting Ministry internship program in the Company.

## RETIREMENT WELFARE PROGRAM

#### 1. Retirement Planning Program [GRI 404-2]

We highly appreciate employees who have dedicated themselves to PGN. Accordingly, we hold training programs for those employees who will retire within three years. The retirement age in PGN is 56 years of age. The program's purpose is to help retiring

employees understand various matters that will help them after retirement, especially the following:

- Financial management after retirement
- Business opportunities after retirement
- Mental and behavioural preparation as well as mindset shift before retirement
- Motivation and encouragement

#### 2. Retirement Fund and Insurance Programs

##### [GRI 201-3]

In order to assure the welfare of retired employees, we have prepared a pension fund since 2009 by way of a defined contribution plan. Under this plan, every employee is able to choose their desired retirement fund and investment portfolio. In addition, we provide:

- Social Security Program from BPJS Ketenagakerjaan and BPJS Kesehatan
- In-patient and out-patient allowance for the employees and their dependents
- Personal accident insurance
- Occupational accident protection
- Death benefit and funeral fund

#### 3. Old Age Health Program

PGN's concern for retired workers is reflected by helping them meet their health care needs. Health funds for this program are obtained from both Company and employee contributions. In collaboration with SP-PGN, PGN management, through the Old Age Health Program, provides health care insurance for 1,498 former employees and their spouses. Through the medical treatment card, they can get health services throughout Indonesia.

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of Pgn Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report



# 07

## MAINTAINING OCCUPATIONAL HEALTH AND SAFETY

An earnest appreciation over the achievement of having zero lost time injury has become a real indication of PGN's concern towards Occupational Safety and Health. A safe work environment boosts enthusiasm and productivity.





Along with the Company's Vision, To be World Leading National Gas Company for a Sustainable Future and National Energy Sovereignty, the Company has a special focus on implementing Occupational Health and Safety throughout the Company's business processes. The Company has implemented the Occupational Health and Safety, Security, Environmental and Energy Management System (SMK3P2L-E) in order to diminish or eliminate all possibilities that can cause work accidents, work-related diseases, security disturbances to assets, and environmental pollution.

## OCCUPATIONAL HEALTH AND SAFETY POLICY AND PROGRAM

### KEBIJAKAN KESELAMATAN & KESEHATAN KERJA, PENGAMANAN, DAN PENGELOLAAN LINGKUNGAN SERTA ENERGI

PT Perusahaan Gas Negara Tbk. ("PGN") adalah perusahaan energi yang bergerak dalam kegiatan pemanfaatan gas bumi. Kami bertekad menciptakan lingkungan kerja yang sehat, selamat, aman, dan ramah lingkungan di seluruh wilayah pengelolaan usaha perusahaan, termasuk Entitas Anak / Joint Ventures di bawah kendali operasional PGN dan Penyedia Barang/Jasa yang bekerja atas nama PGN, melalui upaya :

1. Melakukan tindakan proaktif dan preventif agar tercapai lingkungan kerja yang sehat, selamat, aman, ramah lingkungan dan efisien dalam pemanfaatan energi;
2. Melakukan upaya pengelolaan risiko terkait penyakit akibat kerja, kecelakaan kerja, gangguan keamanan terhadap aset, dan pencemaran lingkungan;
3. Mematuhi ketentuan hukum dan persyaratan lain yang berlaku di bidang keselamatan & kesehatan kerja, pengamanan, dan pengelolaan lingkungan serta energi;
4. Melibatkan pekerja melalui kegiatan komunikasi dan konsultasi serta melaksanakan pembinaan kepada pekerja untuk meningkatkan kesadaran dan kompetensi bidang keselamatan & kesehatan kerja, pengamanan, dan pengelolaan lingkungan serta energi;
5. Melakukan upaya perlindungan lingkungan melalui penggunaan sumber daya yang berkelanjutan, konservasi energi untuk mencapai efisiensi, pengelolaan emisi Gas Rumah Kaca (GRK), serta perlindungan keanekaragaman hayati;
6. Melibatkan komunitas di wilayah operasional perusahaan sebagai instrumen pengamanan dan pengelolaan lingkungan;
7. Mengevaluasi Sistem Manajemen Keselamatan & Kesehatan Kerja, Pengamanan, dan Pengelolaan Lingkungan serta Energi secara reguler guna perbaikan yang berkesinambungan.

Jakarta, 15 Oktober 2018

Gigih Prakoso  
Direktur Utama

To ensure successful implementation of SMK3P2L-E, PGN sets policies and targets as guidelines and objectives for the Company to achieve. The HSE target is made as a joint commitment of the management; thus, each unit has a shared concern in achieving the target, and the risk of work accidents and occupational diseases can be avoided or minimised.

As a follow-up to PGN in handling and reducing the risk of natural gas processing and distribution, PGN is committed to developing policies and actualising occupational health and safety (OHS) management systems with optimal standards. This policy is applied to all PGN work units so that the risk of work accidents and occupational diseases can be evaded or decreased. Should occupational health and safety be well-maintained, the results would be as follows:

- Increased welfare of employees and their families
- Increased comfort and self-confidence in professional activity
- Effectiveness and efficiency in operational costs
- Reduced compensation cost for accident and illness
- Reduced recovery cost
- PGN's positive image is maintained.

In relation to occupational health and safety, we adhere to the following applicable regulations:

- Law No. 1 of 1970 on Occupational Safety
- Law No. 13 of 2003 on Manpower
- Law No. 3 of 1969 on Agreement of International Labour Organisation Convention No. 120 on Hygiene in Commerce and Offices

Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

- Law No. 22 of 2001 on Petroleum and Natural Gas
- Law No. 40 of 2004 on National Social Security System
- Law No. 36 of 2009 on Health
- Law No. 24 of 2011 on Social Security Provider Body
- Government Regulation No. 50 of 2012 on Implementation of Occupational Health and Safety Management System
- ISO 45001: 2018 is an international standard for the implementation of occupational health and safety management systems
- Their derivatives.

PGN always maintains stability and consistency in the implementation of OHS management in all work and operational activities by practicing the principles of Plan, Do, Check, and Action. PGN cares about the safety and health of every employee since only with safe and healthy employees can PGN achieve its goals.

## OHS IN COLLECTIVE LABOUR AGREEMENT

A vital linkage between PGN management and employees, the Collective Labour Agreement is an agreement in which the rights and obligations of management and employee are explained for the sake of maintaining harmonious industrial relations within the Company. Articles related to OHS are seen as having a vital role so their presence is needed. The rules regarding OHS are specifically contained in the Collective Labour Agreement, which is drafted jointly between the employee's representatives who are members of the PGN Workers Union (SP-PGN) and PGN management representatives. Around 80,4% of PGN'S employee became a member of PGN Workers Union. **[GRI 403-1]**

Of the 96 articles written in the Collective Labour Agreement, there are 19 articles that cover the topics of health and safety, or around 20%. The topics are as follows: **[GRI 403-4]**

### CHAPTER V. WORKING DAYS, DAY OFF, AND WORKING OVERTIME

- Article 26. Regular Working Days
- Article 27. Rotating Working Days
- Article 30. Working Overtime
- Article 31. Working Overtime Facilities

### CHAPTER IX. HEALTHCARE INSURANCE

- Article 46. Outpatient and Treatment
- Article 47. Inpatient
- Article 50. Medic Rehabilitation
- Article 51. Periodic Medical Checks
- Article 52. Special Medical Checks
- Article 53. Refuse Medical Checks/ Treatment

### CHAPTER X. OCCUPATIONAL HEALTH AND SAFETY

- Article 58. General
- Article 59. Occupational Safety
- Article 60. Employees Social Security System Body
- Article 61. Work Accident
- Article 62. Grief Assistance

### CHAPTER XI. INSURANCE

- Article 63 Work Accident Insurance

### CHAPTER XIII. DISCIPLINE AND SANCTIONS OF DISCIPLINE VIOLATIONS

- Article 69. Types of Actions and Sanctions of Violations

### CHAPTER XIV. TEMPORARY EXEMPATION FROM THE DUTY

- Article 70. General
- Article 71. Implementation of Temporary Exemption from the Duty

Besides being included in the CLA, OHS aspects are also applied as part of the Key Performance Indicators (KPI), which are part of the performance evaluation of each employee. It is expected that through this evaluation, OHS practices can be entrenched in every employee.

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

With reference to Law No. 1 of 1970 concerning Occupational Safety and Law No. 13 of 2003 concerning Manpower, Article 86 paragraph 2, which confirms the Company's obligation to carry out occupational health and safety efforts for its employee, PGN builds an OHS

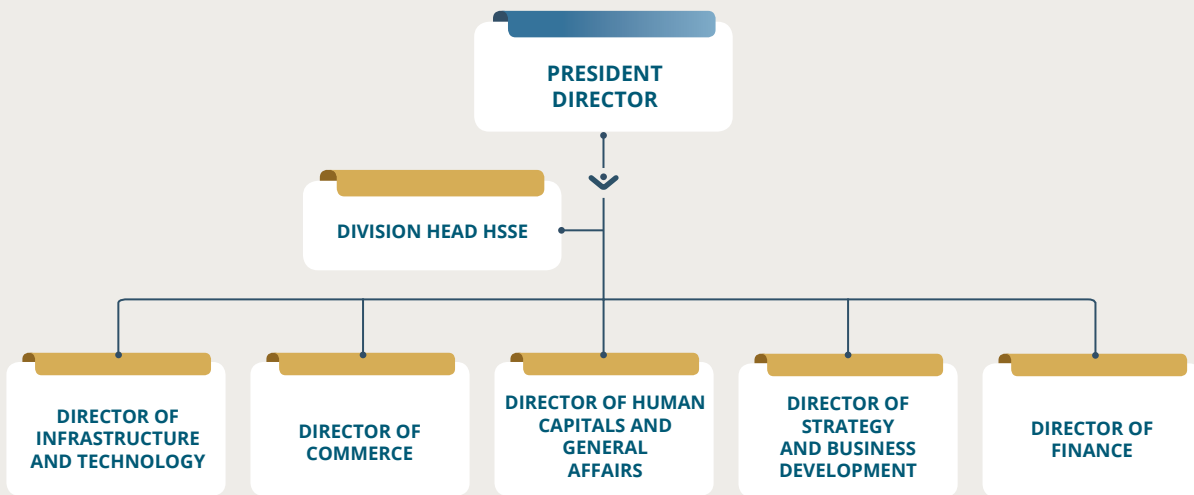
management system structured from senior management to grassroots employees.

Management of the OHS program is under the supervision of Health, Safety, Security and Environment Division (HSSE Division), which structurally reports directly to the President Director. The HSSE Division comprises 13 people, or 1% of all PGN employees. In addition, in involving 100% of employees throughout the PGN region in the discussion of improving OHS performance, PGN formed OHS committee that representing management and employees in multilevel starting from corporate to unit, **[GRI 403-1]** namely:

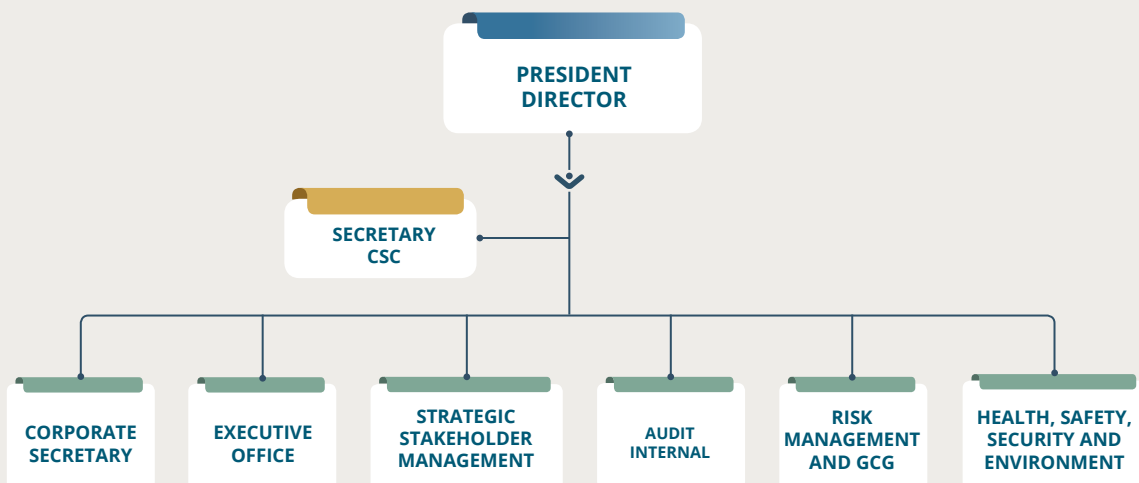
- Executive Central Safety Committee (ECSC) at the Board of Directors level
- Central Safety Committee (CSC) at the directorate level
- Business units
- Projects as well as the subsidiaries.

The role of CSC as a javelin of OHS activities is significant for PGN's success in having OHS culture developed in each of PGN's people. Various strategic policies and activities related to OHS continue to be conducted on an on-going basis.

### EXECUTIVE CENTRAL SAFETY COMMITTEE (ECSC)



### PRESIDENT DIRECTORATE CENTRAL SAFETY COMMITTEE



Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

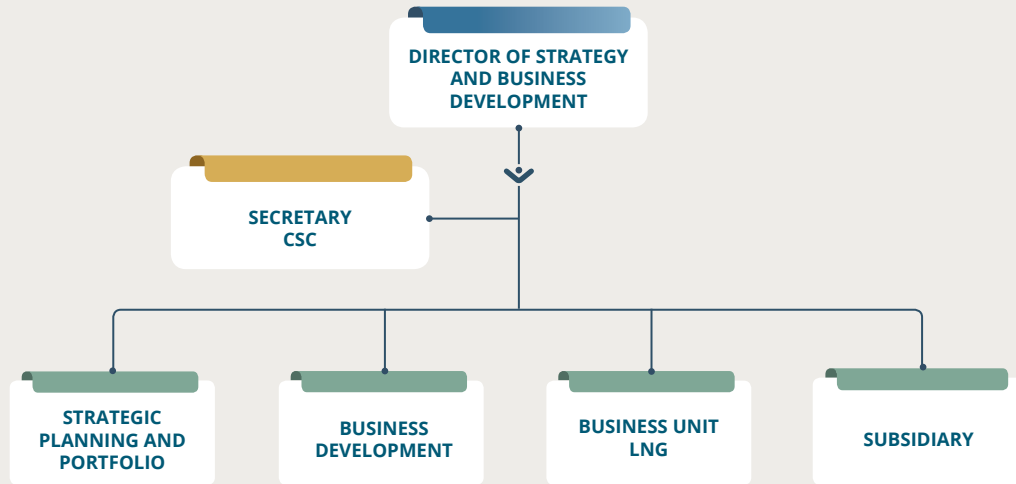
Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

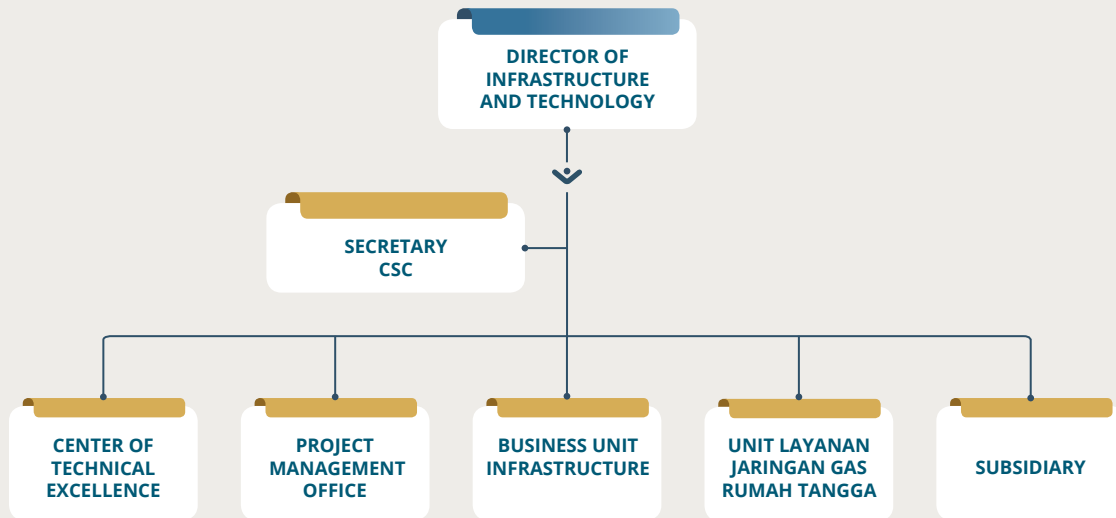
Governance Sustainability

About the Report

### STRATEGY AND BUSINESS DEVELOPMENT DIRECTORATE CSC

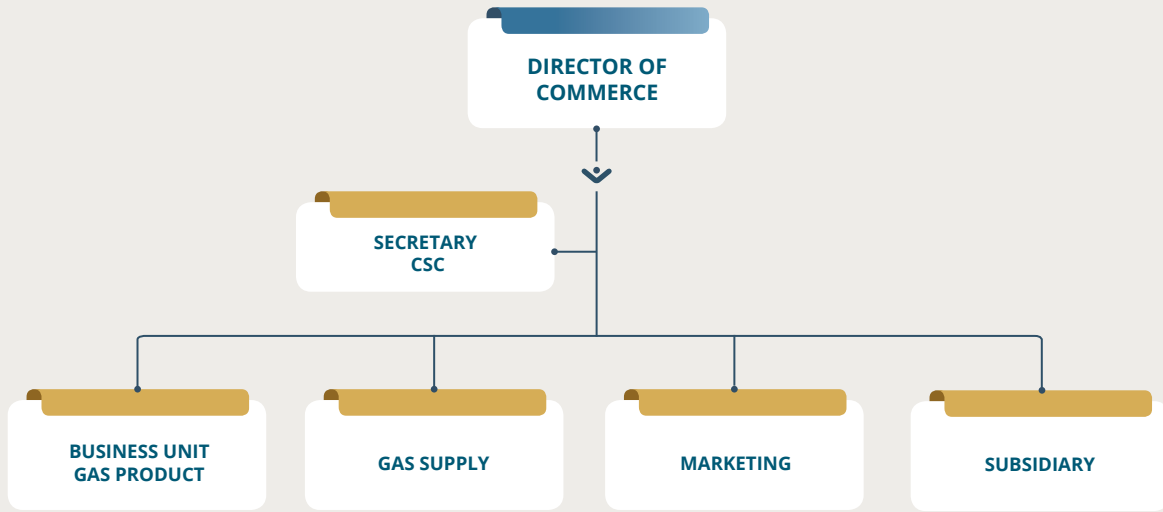


### INFRASTRUCTURE AND TECHNOLOGY DIRECTORATE CSC

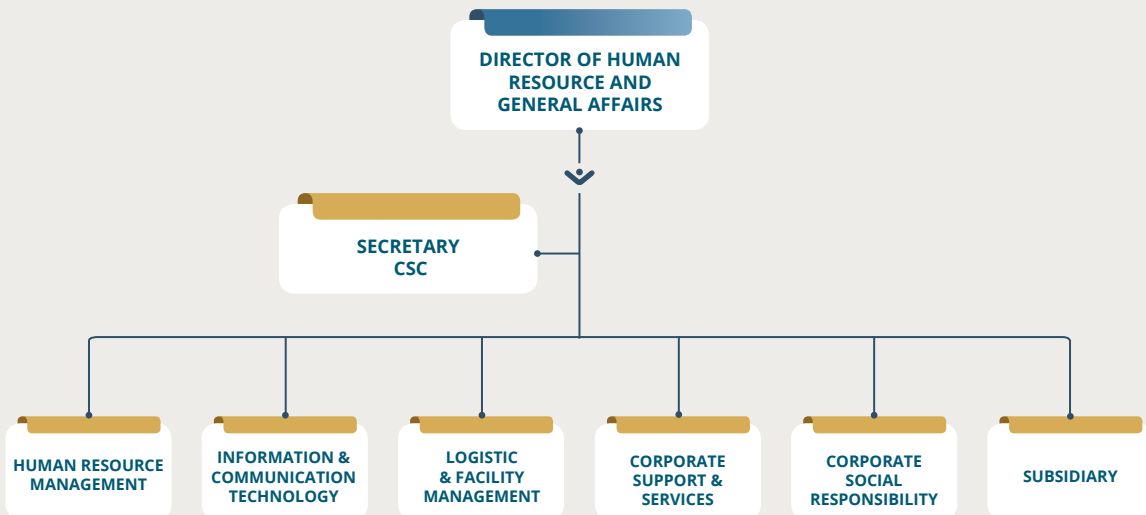




## COMMERCE DIRECTORATE CSC



## HUMAN RESOURCE AND GENERAL AFFAIRS DIRECTORATE CSC



Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

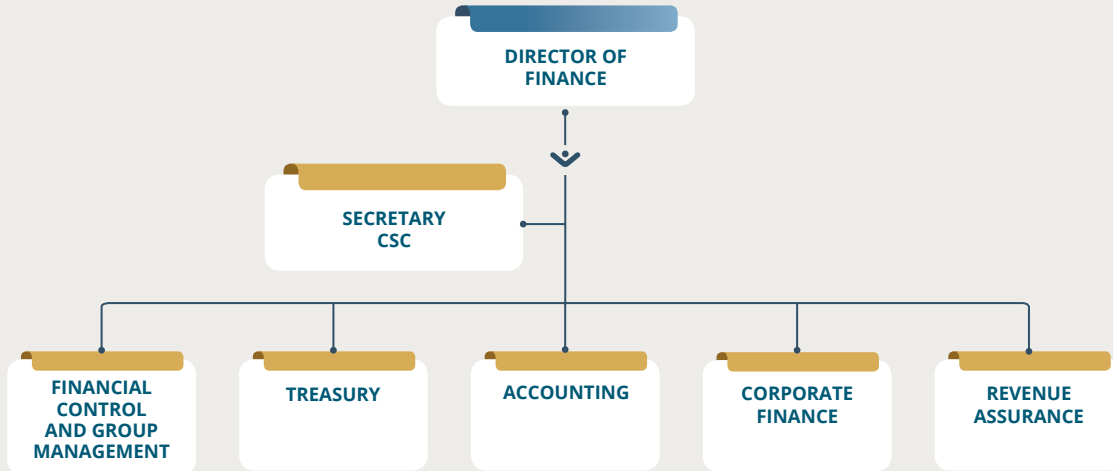
Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

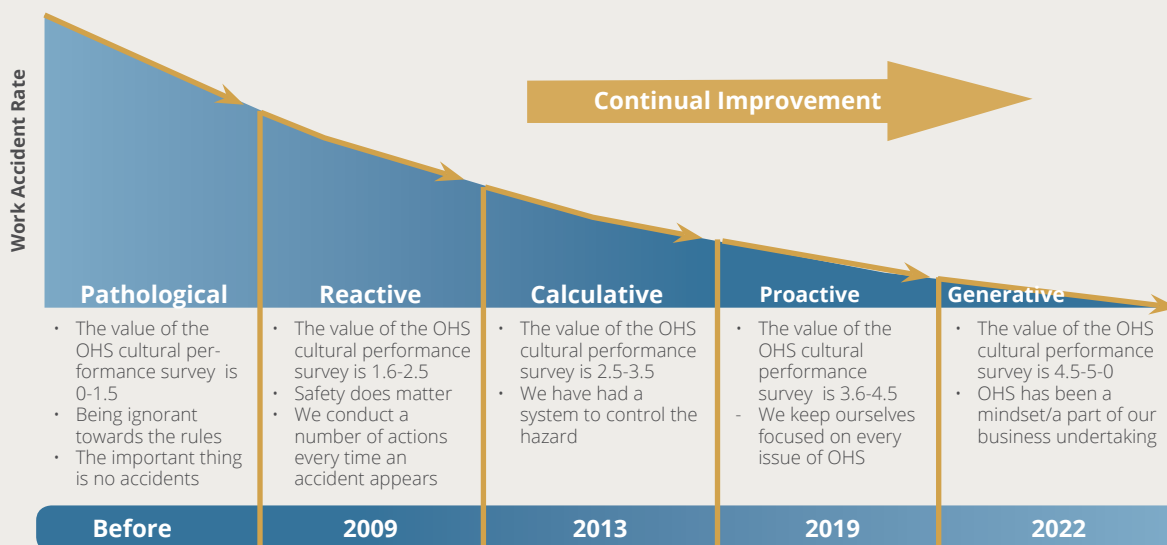
### FINANCE DIRECTORATE CSC



## OCCUPATIONAL SAFETY ROAD MAP IMPLEMENTATION

Strategically, PGN has designed a road map for OHS as a guide to bring PGN to achieve its OHS target. The “Safety Excellence Program” road map was designed in 2009 with the aim to bring every PGN employee to understand OHS issues and realize the importance of risk mitigation. Audit results show that the Safety Excellence Program has brought excellent results, namely the reduction in workplace incidents and accidents, as well as the development of a culture of OHS awareness as measured by the transformation of PGN employees from “reactive” to “generative” as illustrated in the chart below:

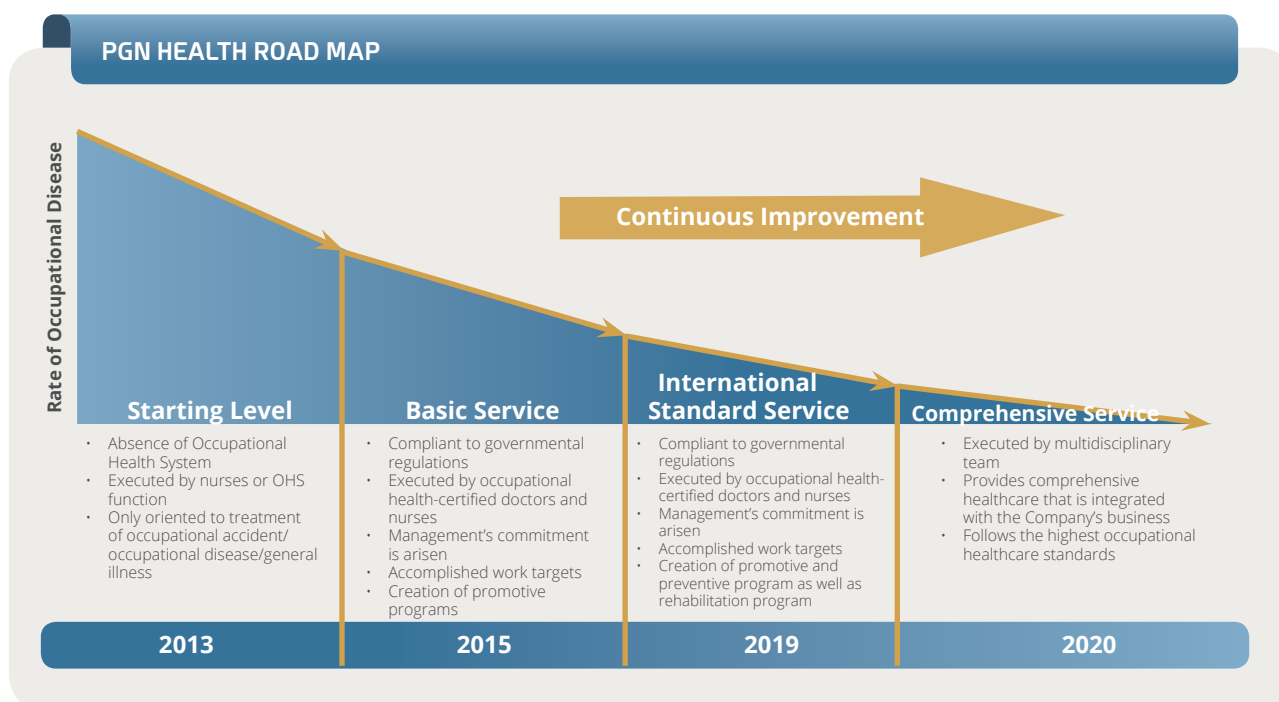
### PGN OCCUPATIONAL SAFETY ROAD MAP



## OCCUPATIONAL HEALTH ROAD MAP IMPLEMENTATION

PGN recognizes that employee health is of particular concern to the Company, for only healthy employees can provide good performance for the Company. PGN organises various programs to improve employee health. These programs are tailored to the level of risk of employees in their respective fields.

In addition, the Work Reference Document compiled by PGN serves as the legal basis of the rules for managing employees' health. The following is the PGN Health Road Map:



## OHS PROGRAM

In 2019, we conducted the OHS programs as follows:

### 1. Management Visit

Management conducts regular visits which will encourage and motivate employees in each work unit to carry out the OHS program as well as possible. In these visits, management also provides an example, in addition to conducting direct interaction to obtain feedback related to the implementation of OHS in the field. This feedback is very useful in efforts to improve and promote the implementation of OHS in PGN.

### 2. Management Review (MR)

PGN continuously holds the Management Review (MR) of SMK3P2L-E, which is the peak cycle in the process of improving the management system of SMK3P2L-E continuously. In MR, a report on the SMK3P2L-E performance was submitted and discussion regarding

issues in SMK3P2L-E implementation was carried out in order to continuously improve the OHS management system. In 2019, MR discuss various issues as below:

- The status of actions from MR 2018
- Evaluation of the implementation of the Occupational Health and Safety, Security, Environmental and Energy Management System
- Evaluation of HSSE Targets
- Evaluation of HSSE Performance
- Monitoring the status of incident investigations, corrective and preventive actions
- Submission of Lessons Learned from the 2019 Incident
- Evaluation the of Communication, Participation and Consultation
- Evaluation of resources

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

- Evaluation of changes that occurred (Management of Change)
- Evaluation of recommendations for continuous improvement
- Evaluation of laws and regulations

### 3. HSSE Award for Employees and Work Partners 2019 As a Reference of HSSE Implementation Evaluation

The HSEE Award is a fun event but still educates and inspires all PGN employees to apply HSSE in each activity of their respective work units. This competition is held regularly every year, and in 2019 the HSSE Award was held 2 (two) times during the National Occupational Health and Safety Month (January 12 - February 12 2019) and during the 54<sup>th</sup> PGN Anniversary. The competition was responded with high enthusiasm by the employees including the company's business partners. This competition also serves as a benchmark for the knowledge and application of HSSE for PGN employees and work partners, as well as a form of appreciation for their dedication in implementing HSSE in their respective work environments.

### 4. Certification of SMK3 and Upgrading of OHSAS 18001:2007 to ISO 45001:2018

PGN considers it imperative to comply with regulations and laws and the implementation of internationally recognized standards in the field of OHS management. Efforts were carried out in addition to increasing the credibility of PGN, also to ensure the safety and health of every PGN employee. Therefore, PGN certifies the required fields, such as SMK3 certification referring to Government Regulation No. 50 of 2012 and OHSAS 18001: 2007, then upgraded to ISO 45001: 2018 in 2019.

### 5. OHS Campaign

PGN considers that it is imperative that OHS must be routinely promoted to increase employees awareness and commitment to OHS, so that OHS issues are always main concerns in carrying out each employees activities, so that work can be done safely and employees remain in a healthy and safe condition until they reach home every day. The variously designed campaigns carried out consisted ergonomic video and OHS education, installation of posters, banners and desktop wallpapers of computer equipment as well as routine OHS education programs conducted at each company office location each semester.

### 6. HSSE Online System and Indicator Performance Center

Along with the change of the industrial revolution 4.0, PGN is challenged to be able to follow the development of information technology, including its application in HSSE. It is required that HSSE information is presented in a precise, fast, accurate and easily accessible manner to all stakeholders. Since 2016, PGN has continued to develop web-based applications under the name of HSSE Online System and Indicator Performance Centre (HOLISTIC) which can be used by PGN and PGN Group employees. The Holistic application is believed to increase the effectiveness of getting accurate data/information in a fast time, making it easier for management to compile strategic and tactical steps in order to achieve operational excellence.

### 7. OHS Training

In accordance with the Occupational Health and Safety, Security, Environmental and Energy Management System Policy, in order to create a healthy, safe, and environmentally friendly work environment, PGN is committed to providing guidance to employees in order to increase employee awareness and competence, so that employees can take proactive and preventive actions to prevent occupational diseases and work accidents. The following table is the OHS training given in 2019.

## OHS TRAINING

No	Name of Training	Period	Number of Participants	Number of Days	Mandays
1	ISRS Modern Safety Management Batch 1	18 Feb 2019 to 22 Feb 2019	24	5	120
2	ISRS Modern Safety Management Batch 2	11 Mar 2019 to 15 Mar 2019	24	5	120
3	International Sustainability Rating System (ISRS) Assessor Workshop	22 Jul 2019 to 26 Jul 2019	22	5	110
4	ISRS Leadership for Senior Managers (CSC Infrastructure and Technology Directorate)	7 August 2019	28	1	28
5	ISRS Leadership for Senior Managers (CSC Commerce Directorate)	7 August 2019	12	1	12
6	ISRS Leadership for Senior Managers (CSC President Directorate)	7 August 2019	14	1	14
7	ISRS Leadership for Senior Managers (CSC Strategy and Business Development Directorate)	7 August 2019	6	1	6
8	Systematic Cause Analysis Technique (SCAT)	16 Sept 2019 to 18 Sept 2019	25	3	75
9	Plant Manager/Incident Commander-Initial Response	25 Feb 2019 to 27 Feb 2019	4	3	12
10	Awareness OHS Management System (ISO 45001:2018) and Environment Management System (ISO 14001:2015) Batch 1	25 Mar 2019 to 26 Mar 2019	17	2	34
11	Awareness OHS Management System (ISO 45001:2018) and Environment Management System (ISO 14001:2015) Batch 2	04 Apr 2019 to 05 Apr 2019	28	2	56
12	Internal Auditor OHS Management System (ISO 45001:2018) and Environment Management System (ISO 14001:2015)	10 Apr 2019 to 12 Apr 2019	21	3	63
13	Basic Sea Survival	16 Jul 2019 to 18 Jul 2019	3	3	9
14	Tropical Basic Offshore Safety Induction & Emergency	26 August 2019	1	1	1

## 8. Health and Safety Reporting

PGN submits routine Health and Safety Reports to the Ministry of Manpower every three months and to the Directorate General of Oil and Gas (Dirjen Migas) of the Ministry of Energy and Mineral Resources every month.

## OHS PERFORMANCE 2019

The measurement of OHS performance is an important part of Company OHS management, as the parameters resulting are useful in evaluating the efficiency and effectiveness of OHS implementation. Such measurements provide feedback on how the OHSMS has

been implemented, areas that require repair, and how to further motivate field employees in OHS implementation, also delivering a basis for continuous improvement. PGN's OHS performance reporting is detailed as follows:

### Safety Metric

The Safety Metric is an OHS implementation performance indicator for the Head Office, business units, projects and subsidiaries. On a monthly basis, the Safety Metric aims to monitor and assess, as well as determine steps to improve PGN's OHS performance. OHS incident reports following applicable government OHS regulations are as follows. [\[GRI 403-2\]](#)

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

## SAFE WORKING HOURS

	2019	2018	2017	2016	2015
Safe Working Hours	104,672,458	94,407,387	83,009,070	89,263,642	71,501,132

## TYPES OF WORK INCIDENTS BY GENDER

	Nearmiss	FAC	MTC	RWDC	LWDC	Fatality	Total
Male	49	14	1	0	0	0	64
Female	3	0	0	0	0	0	3
Total	52	14	1	0	0	0	67

## TYPES OF WORK INCIDENTS BY REGION

	Nearmiss	FAC	MTC	RWDC	LWDC	Fatality	Total
Head Office	7	2	0	0	0	0	9
GDM 1	20	1	1	0	0	0	22
GDM 2	3	1	0	0	0	0	4
GDM 3	4	2	0	0	0	0	6
GTM	14	2	0	0	0	0	16
PMO	4	6	0	0	0	0	10
UL Jargas	0	0	0	0	0	0	0
Total	52	14	1	0	0	0	67

## Description:

- Nearmiss is an event that could have caused, but did not cause, injury and/or damage (loss) to assets, environment or third parties.
- First Aid Case (FAC) is an injury that does not require further treatment (limited to first aid) and does not result in Lost Work Days or days with restricted work.
- Medical Treatment Case (MTC) is an injury that requires further treatment under the supervision of a medical person but does not cause a Lost Work Day or a day with restricted work.
- Restricted Work Day Case (RWDC) is an Occupational Accident which results in the employee being able to work the day after the incident, but can not perform all routine work tasks or obligations, effectively.
- Lost Work Day Case (LWDC) is a Work Accident that results in employees temporarily being unable to work again on the next day or shift according to the work schedule.
- Fatality is a work accident that results in death without taking into account the deadline between the occurrence of an accident and the death of the victim.

## INJURY RATE (IR) BY GENDER

	2019	2018	2017
Male	0.10	0	0.62
Female	0	0	0.09
Total	0.10	0	0.71

TRIR (Total Recordable Injury Rate) by Gender = Total Recordable Injury Male/Female/ Total Safe Working Hours x 1,000,000

## INJURY RATE (IR) BY REGION

	2019	2018	2017
Head Office	0.00	0	0.00
GDM 1	0.33	0	0.00
GDM 2	0.00	0	1.43
GDM 3	0.00	0	1.08
GTM	0.00	0	0.81
PMO	0.00	0	1.56
UL Jargas	0.00	0	0.00
TRIR Overall	0.10	0	0.71

TRIR (Total Recordable Injury Rate) by Region = Region Recordable Injury/Region Safe Work Hours x 1,000,000  
 TRIR (Total Recordable Injury Rate) Overall = Total Recordable Injury/Total Safe Work Hours x 1,000,000

## LOST DAY RATE (LDR) BY GENDER

	2019	2018	2017
Male	0	0	0.35
Female	0	0	0
Total	0	0	0.35

## LOST DAY RATE (LDR) BY REGION

	2019	2018	2017
Head Office	0	0	0
GDM 1	0	0	0
GDM 2	0	0	0
GDM 3	0	0	0
GTM	0	0	0
PMO	0	0	0.35
UL Jargas	0	0	0
Total	0	0	0.35

## OCCUPATIONAL DISEASE RATE (ODR) BY GENDER

	2019	2018	2017
Male	0	0	0
Female	0	0	0
Total	0	0	0

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

## OCCUPATIONAL DISEASE RATE (ODR) BY REGION

	2019	2018	2017
Head Office	0	0	0
GDM 1	0	0	0
GDM 2	0	0	0
GDM 3	0	0	0
GTM	0	0	0
PMO	0	0	0
UL Jargas	0	-	-
Total	0	0	0

## TOTAL SICKNESS ABSENCE FREQUENCY (TSAF) BY REGION

	2019	2018	2017
Head Office	0.31	0.34	0.42
GDM 1	0.09	0.13	0.11
GDM 2	0.06	0.09	0.09
GDM 3	0.10	0.07	0.10
GTM	0.16	0.11	0.12
PMO	0.04	0.02	0.04
UL Jargas	0	-	-
TSAF Overall	0.14	0.14	0.17

## WORK-RELATED FATALITIES BY GENDER

	2019	2018	2017
Male	0	0	4
Female	0	0	0
Total	0	0	4

## WORK-RELATED FATALITIES BY REGION

	2019	2018	2017
Head Office	0	0	0
GDM 1	0	0	0
GDM 2	0	0	0
GDM 3	0	0	0
GTM	0	0	0
PMO	0	0	4
UL Jargas	0	-	-
Total	0	0	4





**PERHATIAN**  
KAWASAH TERDILARANG MASUK

### Employees with Occupational Accidents or Diseases Risks [GRI 403-3]

PGN is aware that every business process has the risk of occupational accidents and/or occupational diseases. Therefore, PGN monitors and calculates work risks through a Health Risk Assessment and Hazard Identification and Risk Assessment of all aspects of work. Some of the risks identified are as follows:

- Ergonomics: Risk of work accidents or illness due to incorrect body position in doing work such as: working at the computer, lifting equipment, opening the valve box cover and so on
- Physics: Risk of work accidents or occupational diseases due to physical causes include the potential for hearing loss for employees who work in the metering station or compressor area
- Chemical: The risk of work accidents or occupational diseases that can arise due to chemical aspects include Nitrogen gas poisoning during N<sub>2</sub> purging work.

Based on the risks identified, PGN carries out hazard control by referring to the hazard control hierarchy, namely elimination, substitution, engineering, administrative control and the use of personal protective equipment. Some of the hazards controls that have been performed are as follows:

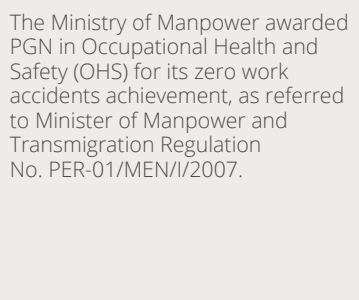
- Ergonomics: The use of a pulley to lift the valve box cover as a substitution to lifting the valve box cover manually, the ergonomic video playback embedded in the employees computer is an administrative control process for employees who often work in front of the computer to stretch and refresh the body position.

- Physics: Control of noise hazards in the metering areas of stations and compressors, beginning with comprehensive noise monitoring, which is followed by the installation of noise silencer, safety signs and the use of Personal Protective Equipment (PPE) in the form of ear plugs or ear muffs.
- Chemical: Risks of Nitrogen gas poisoning can be controlled by monitoring work through a Work Permit, where work can only be done if it has obtained a permit in advance. Control is also carried out through routine gas testing with a gas detector during the N<sub>2</sub> purging work.

In undertaking a monitoring and management program for employees health, PGN prioritizes preventive and promotive health services, but does not ignore curative and rehabilitative services. Promotive activities are carried out routinely by conducting health education and workplace inspections by health experts every semester. Health education is also carried out through health bulletins every month. Other services, in the form of monitoring the health of employees through medical check-up starting from pre-employee, periodically once a year, special health checks and before retirement. PGN also provides clinics that are equipped with medical personnel in the Ketapang Office and Manhattan Offices, while in every other location there are employee representatives who are appointed and equipped with first aid competencies.

# OHS AWARDS

For our OHS performance in 2019, PGN received forms of appreciation and awards from independent parties. The awards in OHS are listed below:



The Ministry of Manpower awarded PGN in Occupational Health and Safety (OHS) for its zero work accidents achievement, as referred to Minister of Manpower and Transmigration Regulation No. PER-01/MEN/1/2007.



Award from the Ministry of Energy and Mineral Resources for reaching safe work hours without lost work day due to accident as referred to the Minister of Mining and Energy Regulation No. 516.K/38/M.PE/1989.



An award from the Minister of Energy and Mineral Resources for the achievement of fostering safety in oil and gas based on Minister of Mining and Energy Regulation No. 516.K/38/M.PE/1989.

An award for HIV & AIDS Prevention and Management Program in the workplace in the Platinum category from the Minister of Manpower of the Republic of Indonesia.

- Remarks
- Maintain sustainability
- Maintaining the National Economy
- Maintain Sustainable Environment
- Maintaining Prosperity of the Country
- Maintaining the Quality of PGN Employees
- Maintaining Occupational Health and Safety
- Maintaining the Customer Health and Safety
- Governance Sustainability
- About the Report

The background of the slide is a photograph of an industrial facility. In the foreground, there are large, cylindrical metal components, possibly parts of a turbine or engine, wrapped in white protective material. A worker wearing a yellow hard hat and a light blue short-sleeved shirt is looking down at one of these components. In the background, there are complex metal structures, including ladders and walkways, illuminated by industrial lights.

# 08

## **MAINTAINING THE CUSTOMER SAFETY AND HEALTH**

Our focal objectives are to provide affordable, effective, and safe energy. PGN sets standards and accuracy at its very best to ensure the quality and safety of the products.





**The provision of excellent quality products is the foremost requirement that we employ in sustaining the health and safety of customers.**

Our policy declares that all of PGN products are delivered to the public after having a thorough examination that includes testing all materials within the products. It is necessary for the Company to comply with the safety regulations covered under the Material Safety Data Sheet (MSDS) and to provide MSDS to customers and prospective customers so that they have an understanding of the chemical content and safety issues of the product.

## QUALITY ASSURANCE

The mechanism for PGN's gas distribution process is systematically carried out based on standard operating procedures. PGN takes samples at the production point, commingle pipelines, and customer channel input points to check the quality of the gas supplied. The Company proceeds to ensure the quality of methane gas, as the main component, as well as the quality of ethane, propane, butane, and other gases as part of the standardisation of distribution activities.

To meet the relevant terms and conditions, PGN verifies every operational point, i.e., the point of production and the point before entering the transmission network to ensure these points do not reveal above standard levels of impurities, such as carbon dioxide, nitrogen, mercury gas, or hydrogen sulphide. Consequently, the safety of gas distribution can be managed and the customers' gas equipment remains well-maintained.

Furthermore, PGN checks the natural gas pressure in the pipeline to comply with agreements and with safety aspects. This assessment is undertaken on all (100%) PGN products. To meet the requirements, PGN frequently distributes the recorded pressure results with the gas distribution bill file. These precise inspections aim to control the quality of the product for the customers

while the records as well are beneficial to give open and accountable information to the customers. In the reporting year, there were no incidents of non-compliance affecting the health from the products and services.

**[GRI 416-1, GRI 416-2]**

## PRODUCT INFORMATION **[GRI 417-1]**

Based on the product standard, all products (100%) have information for customers who purchase gas products. The Company provides a MSDS containing:

1. Product information of: product name, manufacturer, telephone number of the manufacturer.
2. General information about the material, including product composition.
3. Hazardous component information.
4. Material reactivity.
5. Flammable properties.
6. Physical properties.
7. Chemical properties.
8. Health impacts.
9. First aid.
10. Storage.

## PRIORITY FOR CUSTOMER SAFETY

As a matter of promoting service quality, PGN constantly monitors that each operational activity has been carried out under the relevant Standard Operating Procedures (SOPs). In other respects, PGN has increased the competency of its human resources functioning in the customer service division. To support such competency development, PGN applies a minimum service standard policy and enforces service quality stipulations as part of the Company's performance evaluation (Key Performance Indicator/KPI). Over and above all this, PGN continued to improve the work system in the year 2019, so that the achievements below can be seen: **[GRI 417-2, GRI 417-3]**

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

- There was no infringement within the terms of gas sales contracts;
- There was no violation in the form of breach of customer identity according to any contract;
- There was no deficiency of customer data registered in the PGN customer identification system;
- There was no violation in the advertising media, promotion programs, or sponsoring ;
- There was no incident of non-compliance with information and labelling of products and services;
- There was no incident of non-compliance with marketing communications leading to claims or payment of fines.

## DELIVERING QUALITY ACCORDING TO REGULATION AND STANDARDS

PGN demonstrates its consistency in terms of keeping up quality and standards by implementing the certified quality management standard ISO 9001:2015. PGN takes various strategic measures to sustain quality, particularly before entering into contracts with suppliers, such as:

- Inspecting the gas availability
- Ensuring the propriety of production equipment
- Ensuring gas quality from suppliers
- Checking gas samples from the transmission pipeline entry point
- Conducting sample tests by involving competent independent institutions
- Checking the volume of gas supplied.

As an optimal form of service and of PGN's contribution to customers, the Company keeps providing customers with reliable information in a prompt effect should there be any significant changes in the amount and quality of gas supplied as well as delivering information and notification about circumstances that might interfere with gas delivery to customers. Hence, the customers have an option to use other fuels to maintain their operations, steadily.

To maintain the quality and pressure of gas flowing through the transmission and/or distribution pipes, PGN installed filters and scrubbers at the Offtake Station and filters at the Metering and Regulating Station at the customer's location. These devices serve to reduce impurities by filtering out dust particles, condensates, and other non-gas particles that can cause corrosion to the customer's gas equipment. This process makes it easier for the PGN team to greatly reduce the chance of customer complaints regarding the gas quality and pressure.

## PROVIDING SERVICE AT ITS BEST

In addition to PGN providing information, the Company has a Contact Center to handle complaints and comments as a means to demonstrate the Company's exposure to criticism and suggestions from all stakeholders. The PGN Contact Center can be reached at 1500645, with further access for customers via e-mail at [contact.center@pgn.co.id](mailto:contact.center@pgn.co.id). All inquiries, complaints, or input from customers and other stakeholders relating to PGN's products and services will be served by these channels at short notice. The PGN Contact Center operates 24 hours a day and 7 days a week to make it easy for customers. All questions and complaints will be responded within 24 hours after the statements have been received by the Contact Center agent.

In order to improve the quality of Contact Center services, PGN has centralised the Contact Center at the Head Office and has had walk-in agent to follow up on every customer complaint and question in each Sales Area since 2015. The walk-in agent can provide consulting services directly to customers, prospective customers, and other stakeholders. Moreover, each walk-in agent can promptly follow up on customer complaints by coordinating with related functions in the Sales Area.





## CUSTOMER INTERACTION

Customer gatherings are an opportunity for PGN to be able to directly listen to complaints and input from customers. This activity helps establish cooperative relationships and maintain open two-way communication. Customer gatherings has become a means of delivering criticism and suggestions from customers and has been a significant success for PGN to educate the market, to organise the promotion of the use of PGN products and services, and to bridge the understanding between PGN and customers so that the gap between customers' desires and PGN's capabilities can be narrowed. Throughout 2019, PGN has carried out customer gatherings, either with household customers, small customers, or commercial industries in multiple cities.

PGN further visits customers and prospective customers through Customer Management and Sales activities, engaging in dialogue and establishing relationships with customers and prospective customers. Sales activities previously held by Account Executives are now handled by two parties, namely Customer Management and Sales. Customer Management is in charge of serving existing customers while Sales focuses on finding new customers. The acts have enhanced service quality and total sales while racing up the subscription process for new customers. In their visits, Customer Management and Sales provide input to customers/prospective customers regarding the ways to improve the efficient use of natural gas. This visit also provides an opportunity

Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

for PGN to better understand the business situation of its customers and prospective customers so that PGN receives input in order to help formulate strategic policies for the development of PGN's products and services.

## ASSURING CUSTOMER SATISFACTION

PGN makes periodic improvements and revitalisations, if necessary, within its quality of services. To that end, PGN conducts regular customer satisfaction surveys to obtain input for improving service quality towards Service Excellence. In 2019, PGN measured the level of customer satisfaction in all Sales Areas involving multiple customer segments, namely the household, small customer, and industrial commercial segments.

Measurement results are collated in the form of a Customer Satisfaction Index (CSI) matrix, Customer Loyalty Index (CLI), Customer Referral Index (CRI), and Net Promoter Score (NPS). From the results, in 2019, the total CSI score = 5.44 (from the Likert scale 1-6), CLI = 5.54 (from the Likert scale 1-6), and the NPS 41.44%. The figures all approach the upper limit, and thus it can be said that PGN's customers are satisfied with the services provided.

To maintain customer satisfaction, PGN ensures the reliability of gas distribution and maintains supply availability by employing the Floating Storage Regasification Unit (FSRU) facility in Lampung. FSRU is an offshore installation that is used as a place for storing natural gas. Moreover, the Lampung FSRU functions as supporting infrastructure for PGN natural gas sales.

PGN has plans to build storage facilities in areas close to major customers, namely industrial and commercial customers. Should the gas supply from producers drop, PGN can substitute the shortfall with gas supply from its wells, other suppliers, FSRU, Compressed Natural Gas (CNG) facilities, and LNG Receiving Terminals.

One of the customer complaints that PGN mostly receives is related to the PGN pipeline network and customer installation pipes. For this reason, PGN, along with its Subsidiaries, PGASOL (PT PGAS Solution), is engaged in handling the operation and maintenance of PGN's infrastructure network as well as helping customers with their installation pipe maintenance.

## CUSTOMER CARD

PGN appreciates household customers by giving them a customer card. This customer card, which is renewed every two years, functions as a customer's identity card and contains information about the PGN area code, customer identification number, PGN Contact Center number, and the nearest PGN office address. With this card, customers will find it easy to interact with PGN.

## LATEST TECHNOLOGY

PGN also harnesses the latest technology to facilitate service to customers by launching the PGN Mobile application. The application provides broad information about PGN, PGN's products and services, ways to become a PGN customer, the privileges of using natural gas, and how to detect and to mitigate gas leaks. Also, the application easily accesses information about gas usage bills. Through this application, customers can find out the locations of Natural Gas Refuelling Stations (SPBG). PGN Mobile can be downloaded on the Google Play Store by Android users as well as on the App Store by iOS users.

## NETWORK EXPANSION

For some areas that do not have pipelines, PGN has launched 125 GasLink units managed by a subsidiary, named PT Gagah Energi Indonesia (GEI) performed in 2019. The launch of GasLink, which is also fueled by gas, is a form of PGN's earnestness in meeting customer needs and enhancing their satisfaction.



09

## **SUSTAINABILITY GOVERNANCE**

PGN employs good governance and uprightness to achieve the Company's purposes and to maintain the trust of the entire stakeholders.

IG SAHAM





**PGN makes the Corporate Governance and the principles of transparency, accountability, responsibility, independency and fairness as a basis for improving performance. We are also fully committed to continuing to provide compliance with all applicable laws and regulations.**

## BASIC IMPLEMENTATION OF GCG

Not only does the basic GCG serve as one of the determining factors in the success of a company, but it meets the regulatory requirements and builds strong fundamentals as the foundation for every companies' business activities. As a manifestation of GCG, PGN has had Good Corporate Governance Guidelines under No. P-003/0.20 which was validated on October 22, 2018 with 7 objectives:

1. Optimizing the value of PGN so that it has strong competitiveness, both nationally and internationally; thus, it is able to maintain its presence and achieve Company goals and objectives;
2. Encouraging PGN to be managed in a professional, efficient, and effective manner, empowering functions, and increasing the independence of the Company's organs;
3. Encouraging the Company's organs in making decisions and carrying out actions based on high moral values and compliance with laws and regulations, as well as awareness of PGN's social responsibility towards stakeholders and awareness of environmental sustainability around PGN;
4. Increasing PGN's contribution to the national economy;
5. Increasing accountability to stakeholders;
6. Improving a conducive climate to the development of national investment;
7. Improving the Company's image.

The implementation of good corporate governance in public companies is based upon:

1. Financial Services Authority Regulation No. 21/POJK.04/2015 regarding the Implementation of Guidelines for Public Company Governance, which came into force on November 16, 2015.

2. Financial Services Authority Circular Letter No. 34/SEOJK.04/2015 regarding Guidelines for Public Company Governance, which took effect on November 17, 2015.

The Guidelines for Public Company Governance cover 5 aspects, 8 principles of good corporate governance, and 25 recommendations for applying GCG aspects and principles of GCG. The five aspects of Corporate Governance are:

1. Public Company relations with shareholders in guaranteeing the rights of shareholders;
2. The function and role of the Board of Commissioners;
3. The function and role of the Board of Directors;
4. Stakeholder participation;
5. Information disclosure.

PGN is committed to upholding compliance with all applicable laws and regulations in the field of corporate governance. To that end, the Company continues to update various guidelines, operating procedures, manuals that apply within the Company in accordance with laws and regulations, which are then followed by targeted socialization and application. In every planning and decision made, PGN also strives to integrate the principles and practices of sustainability, taking into account three imperative aspects: people, planet, and profit.

Good corporate governance in PGN is regularly evaluated to ensure appropriate implementation. The result of the GCG evaluation in 2019 was 95.094, an increase from the previous year, which was 94.68, with a VERY GOOD rating.

### GCG SCORE

2019	2018	2017	2016
95.09	94.68	94.61	93.94

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

## OBJECTIVES OF GCG IMPLEMENTATION

PGN has been committed to applying GCG principles in each of its business activities. PGN considers that GCG will be the impetus in achieving sustainable performance of the Company. The following are the objectives of GCG implementation within PGN:

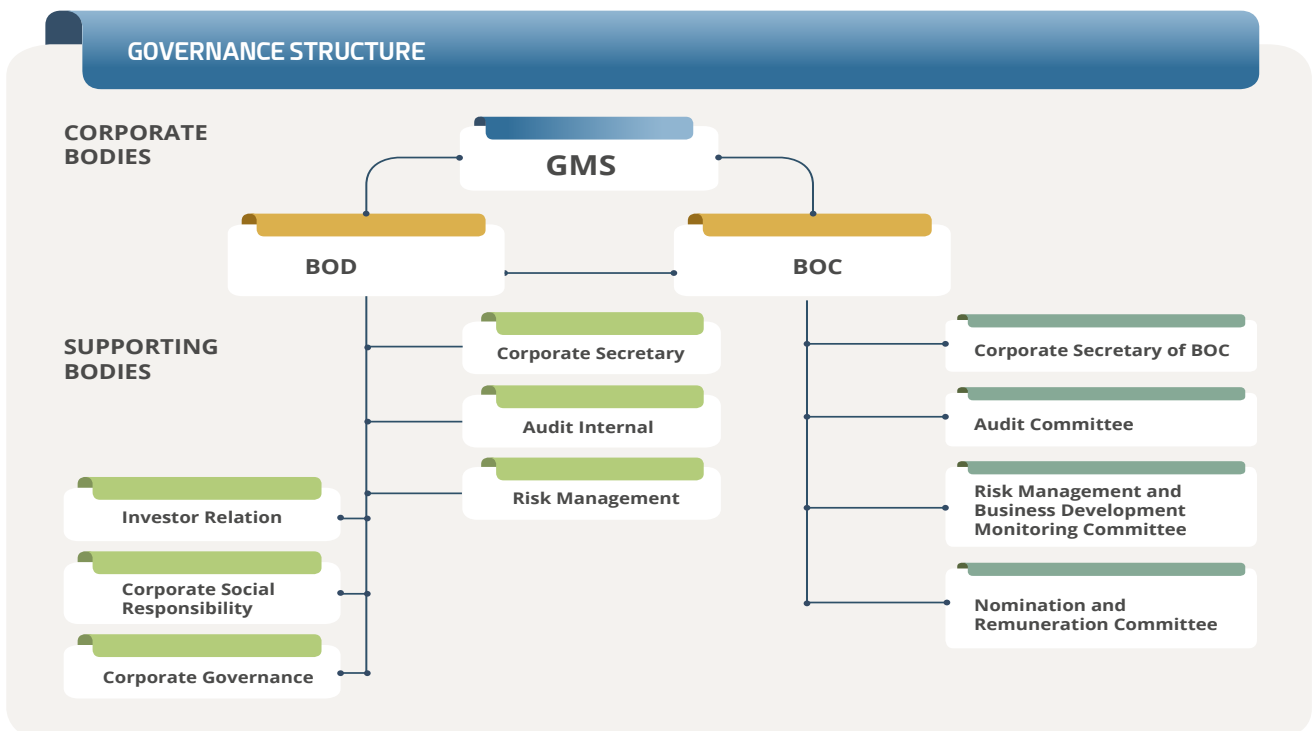
1. Encouraging the creation of a proper and prudence management decision mechanism through a check and balance mechanism in accordance with the functions of each Company's Organ;
2. Maximizing the value of the Company in the form of high performance and a good corporate image.
3. Encouraging the management of the Company in a professional, transparent, and efficient manner, empowering functions, and enhancing the independence of the Company's Organs.
4. Encouraging Company Organs in making decisions and taking actions based on high ethical/moral values and compliance with applicable laws and regulations as well as awareness of the Company's social responsibility towards stakeholders.
5. Encouraging the management of Company resources and risks to be more efficient and effective.
6. Reducing the potential for conflicts of interests of Company's Organs and employees in performing the Company's business.
7. Creating a business environment that is conducive to achieving the Company's goals.

## GOVERNANCE STRUCTURE [GRI 102-18]

In accordance with Law No. 40 of 2007 concerning Limited Liability Companies, the PGN's Organ consists of three parts:

1. General Meeting of Shareholders (GMS) which is the highest authority in a Limited Liability Company and holders of all authorities that are not submitted to the Boards of Commissioners and Directors within the limits determined by the Law and/or Articles of Association.
2. Board of Commissioners, which is a board that has the duty to conduct supervision in general and/or specifically in accordance with the Articles of Association, and provide advice to the Board of Directors.
3. The Board of Directors is the Company's organ that carries out management actions to achieve the Company's vision and mission in the best interests of the Company. The Board of Directors are also responsible for representing the Company both inside and outside the court in accordance with the provisions of the Company's Articles of Association.

The people of the Company conduct their functions in accordance with statutory provisions, the Articles of Association and other provisions based on the principle that each division carries out its duties, functions, and responsibilities independently for the benefit of the Company.





### General Meeting Of Shareholders

General Meeting of Shareholders (GMS) is the highest authority in a Limited Liability Company and the holder of all authorities that are not left to the Boards of Commissioners and Directors within the limits determined by the Law and/or Articles of Association. In its concrete form, the GMS is a forum where shareholders have the authority to acquire information about the Company, both from the Board of Directors and the Board of Commissioners. In accordance with Law No. 40 of 2007 concerning Limited Liability Companies, the holding of a GMS consists of an Annual GMS which is held once a year and an Extraordinary GMS, which can be held at any time at the request of one of the Company's Organs. In 2019, PGN held 2 (two) GMS, consisting of 1 (one) Annual GMS and 1 (one) Extraordinary GMS, at:

- a. Annual General Meeting of Shareholders on April 26, 2019
- b. Extraordinary General Meeting of Shareholders on August 30, 2019.

In these grand corporate event, several vital GMS decisions were taken, including:

1. Changes in Management of the Company.
2. Ratification of the Consolidated Financial Statements and Partnerships and Community Development Program Financial Statements.
3. Delegation of GMS authority approval regarding the establishment of a substitute Public Accounting Firm for it can not complete the audit of the Company's Financial Statements and the Financial Statements of the Implementation of the Company's Partnerships and Community Development Program for Fiscal Year 2019 to the Board of Commissioners on condition that it has received written approval from the Dwiwarna Series A shareholder.
4. Stipulation of tantiem for Directors and Commissioners of Fiscal Year 2018 and salary/honorarium along with facilities and benefits for Fiscal Year 2019.
5. Approval of the determination of the Company's Profit for Fiscal Year 2018 amounting to USD 304,991,574.

### Board of Commisisoners

The duties of the Board of Commissioners are to conduct general and/or specific supervision in accordance with the Articles of Association and to provide advice to the Board of Directors. In conducting the duties, the Board

of Commissioners deems aspects of sustainability, namely the economic, social, and environmental fields. In this reporting period, the membership of the Board of Commissioners was 6 people. The Board of Commissioners is led by a President Commissioner, there are 3 (three) Independent Commissioners and the Board is assisted by a Secretary of the Board of Commissioners and 3 (three) Committees: Audit Committee, Risk Management and Business Development Monitoring Committee and Nomination and Remuneration Committee. An exegesis of the functions and duties of each committee can be seen in the 2019 PGN Annual Report. PGN forbids family relations, financial relations, or concurrent positions between members of the Board of Commissioners and members of the Board of Directors.

### Board of Directors

The PGN Board of Directors consists of 6 (six) Directors led by a President Director. The duty of the President Director is to coordinate the activities of the Board of Directors. The Board of Directors has full authority and responsibility for the management of the Company and represents PGN both inside and outside the court in accordance with the Articles of Association. The Board of Directors has collegial duties and responsibilities, although they can act and make decisions according to the division of tasks and authority, including in economic, environmental, and social aspects. PGN disallows family relations, financial relations or concurrent positions between Commissioners and Directors.

Regarding the Company's risk management, the duties and responsibilities of the Board of Directors are in accordance with the Implementation of Risk Management in PGN that refers to Minister of State-Owned Enterprises Regulation No. PER-01/MBU/2011 concerning the Implementation of Good Corporate Governance in State Owned Enterprises is amended by Minister of State Owned Enterprises Regulation No. PER-09/MBU/2012. Article 25 of the regulation describes the duties and responsibilities of the Board of Directors in Risk Management as follows:

1. The Board of Directors, in every decision/action, must consider business risks.
2. The Board of Directors must establish and implement an integrated corporate risk management program that is part of the implementation of the GCG program.

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

3. Implementation of a risk management program can be performed in two ways:
  - a. Forming a separate work unit under the Board of Directors.
  - b. Giving assignments to existing and relevant work units to carry out risk management functions.
4. The Board of Directors must submit a risk management profile report and its handling together with the Company's regular reports.

#### Delegating Authority Of Directors [GRI 102-19]

In relation to sustainability policies and strategies, the Board of Directors delegates the authority to design policies and strategies in each division related to economic, environmental and social matters.

At this moment, there is no specific executive position responsible for economic, environmental, and social topics. [GRI 102-20]

Consultation on economic, environmental, and social topics is conveyed by means of the relevant divisions with the results given to the Board of Commissioners through various reports. [GRI 102-21]

#### Composition of the Boards Of Commissioners and Directors, and Committees of the Board of Commisisoners [GRI 102-22]

The membership characteristics of the Board of Commissioners and Board of Directors have been well-designed in order to ensure that the implementation of the duties of the two Company's organs can run, effectively and efficiently. Thus, the Company can actualize its performance targets. In 2019, the composition of the Boards of Commissioners and Directors is as follows:

Name	Year of Appointment	Position	Terms of Office	Gender
<b>BOARD OF DIRECTORS</b>				
Gigih Prakoso	10 September 2018	President Director	1 Year and 4 Months	Male
Dilo Seno Widagdo	8 April 2016	Director	3 Years and 8 Months	Male
Desima E. Siahaan	24 May 2017	Director of Human Resource and General Affairs	2 Years and 7 Months	Female
Syahrial Mukhtar	26 April 2019	Director of Strategy and Business Development	8 Months	Male
Redy Ferryanto	30 August 2019	Director of Infrastructure and Technology	4 Months	Male
Arie Nobelta Kaban	30 August 2019	Director of Finance	4 Months	Male
<b>BOARD OF COMMISSIONERS</b>				
IGN Wiratmaja Pura	26 April 2018	President Commissioner	1 Year and 8 Months	Male
Paiman Raharjo	6 April 2015	Independent Commissioner	4 Years and 8 Months	Male
Kiswodarmawan	8 April 2016	Independent Commissioner	3 Years and 8 Months	Male
Christian H. Siboro	30 August 2019	Independent Commissioner	4 Months	Male
Luky Alfirman	26 April 2019	Commissioner	8 Months	Male
Mas'ud Khamid	26 April 2019	Commissioner	8 Months	Male

#### President Commissioner [GRI 102-23]

The Chairman of the highest governance body in the ranks of PGN, that is the President Commissioner, does not have concurrent positions as executive officer in the organization. Other positions held by the Chairman of the Board of Commissioners do not conflict with SOE Ministerial Regulation No. PER-02/MBU/02/2015. Thus, there is no potential for this conflict of interest with multiple positions.

## Nominating and Selecting The Board of Commissioners and Board of Directors [GRI 102-24]

In accordance with the provisions of the Articles of Association (Deed No. 23 on April 6, 2015), members of the Boards of Commissioners and Directors are appointed and dismissed by the General Meeting of Shareholders (GMS), where the GMS must be attended and the decision approved by the Dwiwarna Series A shareholder. The appointment of the members of the Boards of Commissioners and Directors by the GMS is taken from candidates nominated by Dwiwarna Series A shareholder.

### Board Of Commissioners

PER-02/MBU/02/2015 concerning Requirements and Procedures for Appointment and Dismissal of Members of the Board of Commissioners and the Supervisory Board of State-Owned Enterprises, the source of prospective candidates for the Board of Commissioners comes from:

1. Former Directors of SOEs;
2. Board of Commissioners/Supervisory Board of SOEs;
3. Structural Officers and Functional Officers of Government;
4. Other Sources.

Candidates who will be determined as nominees for the Board of Commissioners must meet the formal requirements, material requirements, and other requirements stipulated within PER-02/MBU/02/2015. The candidates who will be recommended to the GMS are evaluated by a team formed by the Minister of SOEs involving the President Commissioner or Chair of the Nomination Committee of the Board of Commissioners.

Referring to PER-02/MBU/02/2015 concerning Requirements and Procedures for Appointment and Dismissal of Commissioners and Supervisory Boards of State-Owned Enterprises, the requirements of the Board of Commissioners consist of:

1. Formal Requirements
  - a. An independent individual;
  - b. Being capable of performing legal actions;
  - c. S/he has not been declared bankrupt within 5 (five) years prior to nomination;
  - d. S/he has not been a member of the Board of Directors or a Board of Commissioners/Supervisory Board found guilty of causing a Company/Public Corporation to be declared

bankrupt within 5 (five) years prior to nomination; and

- e. S/he has not been convicted of a criminal offense that is detrimental to the state's finances and/or related to the financial sector within 5 (five) years prior to nomination.
2. Material Requirements
    - a. Integrity;
    - b. Dedication;
    - c. Understanding the Company's management issues related to one management function;
    - d. Having sufficient cognizant in the business field of the Company where the person concerned is nominated; and
    - e. Being able to render adequate time to carry out the duties.
  3. Other Requirements
    - a. S/he is not a manager of a Political Party and/or a candidate for legislative member and/or legislative member. Candidates for legislative members or legislative members consist of candidates/members of the DPR, DPD, Level I DPRD, and Level II DPRD;
    - b. S/he is not a candidate for Head/Deputy Regional Head and/or Head/Deputy Regional Head;
    - c. S/he does not serve as a member of the Board of Commissioners/Supervisory Board of the relevant SOE for 2 (two) consecutive periods;
    - d. S/he has physical and spiritual health (not suffering from an illness that can hamper the implementation of duties as a member of the Board of Commissioners/Supervisory Board), as evidenced by a health certificate from a Doctor;
    - e. For prospective candidates from the Technical Ministry or other Government Agencies, it must be based on a proposal letter from the relevant agency.

### Directors

PER-03/MBU/02/2015 concerning Requirements, Procedures for Appointment and Dismissal of Directors of State-Owned Enterprises, sources of prospective candidates for Directors come from:

1. Directors of SOEs;
2. Boards of Commissioners/Supervisory Board of SOEs;

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

3. The SOEs talent proposed through the Board of Commissioners, consists of:
  - a. Officials who are one level below the Board of Directors or officials who have particular achievements;
  - b. Directors of SOEs subsidiaries/SOEs joint ventures;
4. Ministry of SOE talent;
5. Other sources consisting of:
  - a. Other SOEs officials; and
  - b. Other Sources.

Candidates who will be determined as nominees for the Board of Directors must meet the formal requirements and other requirements set forth in PER-03/MBU/02/2015 and have passed the Feasibility and Compliance Test conducted by professional institutions. Candidates who will be submitted at the GMS are evaluated by a team formed by the Minister of SOEs involving the President Commissioner or Chair of the Nomination Committee of the Board of Commissioners.

Referring to PER-03/MBU/02/2015 concerning Requirements, Procedures for Appointment, and Dismissal of Directors of State-Owned Enterprises, the requirements of Directors of SOEs include:

1. Formal Requirement
  - a. An independent individual;
  - b. Being capable of performing legal actions;
  - c. S/he has not been declared bankrupt within 5 (five) years prior to nomination;
  - d. S/he has not been a member of the Board of Directors or a Board of Commissioners/Supervisory Board found guilty of causing a Company/Public Corporation to be declared bankrupt within 5 (five) years prior to nomination; and
  - e. S/he has not been convicted of a criminal offense that is detrimental to the state's finances and/or related to the financial sector within 5 (five) years prior to nomination.
2. Material Requirements
  - a. Expertise;
  - b. Integrity;
  - c. Leadership;
  - d. Experience;
  - e. Candor;

- f. Good behavior; and
- g. High dedication to advance and develop the Company.

### 3. Other Requirements

- a. S/he is not a manager of a Political Party and/or a candidate for legislative member and/or legislative member. Candidates for legislative members or legislative members consist of candidates/members of the DPR, DPD, Level I DPRD, and Level II DPRD;
- b. S/he is not a candidate for Head/Deputy Regional Head and/or Head/Deputy Regional Head;
- c. S/he does not serve as a member of the Board of Commissioners/Supervisory Board of the relevant SOE for 2 (two) consecutive periods;
- d. S/he has dedication and provides full time to do the work; and
- e. S/he is physical and spiritual health (not suffering from an illness that can hamper the implementation of duties as a member of the Board of Commissioners/Supervisory Board), as evidenced by a health certificate from a Doctor;

### Criteria for Determining Independent Commissioners

An Independent Commissioner is member of the Board of Commissioners who comes from outside the Company and fulfills the requirements as Independent Commissioners in accordance with Financial Services Authority Regulation No. 33/POJK.04/2014 concerning Directors and Commissioners of Issuers or Public Companies, namely:

- a. S/he is not a person who works or has the authority and responsibility to plan, lead, control, or supervise the activities of the Company within the last 6 (six) months;
- b. S/he does not have shares in the Company;
- c. S/he has no affiliation with the Company, Commissioners, Directors, or major shareholder of the Company;
- d. S/he does not have a business relationship related to the Company's business activities.

In the period of January 1-April 26, 2019, there were 5 (five) members of the Company's Board of Commissioners, of which 2 (two) were Independent Commissioners. In

the period 26 April - 30 August 2019, there were 6 (six) Commissioners of the Company, of which 2 (two) were Independent Commissioners. In the period 30 August - 31 December 2019, there were 6 (six) members of the Board of Commissioners, of which 3 (three) were Independent Commissioners.

The number of Independent Commissioners has fulfilled the provisions of Financial Services Authority Regulation No. 33/POJK.04/2014 concerning Directors and Commissioners of Issuers or Public Companies, where each public company must have an Independent Commissioner of at least 30% of the total members of the Board of Commissioners.

### Role Of Board Of Directors In Setting Purpose, Values, And Strategy [GRI 102-26]

The stipulation of the vision, values, and strategies of a Company is an imperative issue for the vision provides a picture of the company's future, the values provide the basis for the behavior of every individual of the Company and the strategy states how to achieve goals. To that end,

the Boards of Commissioners and Directors are involved in the formation of these three matters, both related to economic, environmental, and social topics.

PGN's commitment to become a Company that prioritizes sustainability issues has been clearly stated through the Company's vision, namely: "To be World Leading National Gas Company for a Sustainable Future and National Energy Sovereignty." In addition, in PGN's values, the Company emphasizes sustainability issues, such as the SAFETY value system, namely "Prioritizing Occupational Safety and Health and Care for the Social and Natural Environment."

### Training And Development Of Directors [GRI 102-27]

The concern of the Boards of Commissioners and Directors regarding company development and sustainability issues is expressed through participation in various seminars concerning economic, environmental and social topics as follows:

## Company's Key Management Competence Development Program

### BOARD OF COMMISSIONERS

Name	Position	Date	Training	City	Country
IGN Wiratmaja Puja	President Commissioner	December 8—13, 2019	High Impact Leadership	New York	USA
Paiman Raharjo	Commissioner	March 26—27, 2019	Auditing Conduct Risk and Auditing Strategy	United Kingdom	United Kingdom
Kiswodarmawan	Commissioner	September 17—19, 2019	Gas Technology Conference & Exhibition 2019	Houston	USA
Christian H Siboro	Commissioner	October 22—23, 2019	The Epicenter of Workforce Revolution	Paris	France

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

## BOARD OF DIRECTORS

Name	Position	Date	Training	City	Country
Gigih Prakoso	President Director	November 27, 2019	Speaker: Petromindo - Indonesia Oil & Gas 2020 Outlook Conference 2019	Kartika Expo Center, Balai Kartini	Indonesia
Gigih Prakoso	President Director	November 20, 2019	Speaker: Speaker in Pertamina Bazma National Scholarship Gathering, theme " Our Steps "	Floor 21 Main Pertamina Tower	Indonesia
Gigih Prakoso	President Director	October 22, 2019	Workshop: Business Development LNG PGN Group 2019-2026	Hotel Padma - Bandung	Indonesia
Gigih Prakoso	President Director	October 14, 2019	Speaker: The 11th CG Conference & Award 2019 with the theme "Empowering BOC and Its Committees to Ensure GCG Implementation"	Thamrin Ballroom, Pullman Hotel - Jakarta	Indonesia
Gigih Prakoso	President Director	October 10, 2019	Speaker: The 6th Indonesia-Japan Energy Forum (IJEF 6)	The Patra Bali Resort and Villas - Bali	Indonesia
Gigih Prakoso	President Director	October 4, 2019	Panelists: PwC Leadership Series - SOE Travels in the Country with the Theme "Holding SOE - Unleashing Value Through Parent and Subsidiary Synergy"	PwC Indonesia. Gd. WTC 3, Floor 42 - Sudirman Avenue Kav. 29-31	Indonesia
Gigih Prakoso	President Director	September 27, 2019	Speaker: Oil and Gas Downstream Seminar Expo 2019 (Development of National Natural Gas Infrastructure)	Assembly Hall - JCC Senayan	Indonesia
Gigih Prakoso	President Director	September 26, 2019	Speaker: the 8th LNG Producer Consumer Conference	International Convention Center "Pamir", Grand Prince Hotel New, Takanawa 3 13 1Takanawa, Minato ku, Tokyo	Japan
Gigih Prakoso	President Director	August 8, 2019	Speaker: The PR program titled "Coffee SOE" (Morning Talk Around SOEs)	Pelataran Sinergi Building 8, KBUMN Complex	Indonesia
Gigih Prakoso	President Director	August 7, 2019	Workshop: Leadership Workshop with DNV	Board of Directors Meeting Room - PGN Ketapang	Indonesia
Gigih Prakoso	President Director	July 31, 2019	Speaker: Gas Indonesia Summit Conference 2019	JCC - Senayan	Indonesia
Gigih Prakoso	President Director	July 8—9, 2019	Speaker: Indonesia-China Energy Forum (ICEF) 6	Beijing	China
Gigih Prakoso	President Director	June 16, 2019	Speaker: G20 Ministerial Meeting on Energy	Karuizawa	Japan
Gigih Prakoso	President Director	March 14, 2019	Speaker: Seminar Nasional with the topic " Gas Supply to Support the Sustainability of the Ceramic Industry "	Keramika Conference Room, JCC	Indonesia

Name	Position	Date	Training	City	Country
Gigih Prakoso	President Director	February 25-26, 2019	Conference: CGS-CIMB Asia Pacific	New York, USA	USA
Gigih Prakoso	President Director	January 31, 2019	Conference: INDOGAS 2019	JCC - Senayan	Indonesia
Desima E. Siahaan	Director of Human Capital and General Affairs	February 21-23, 2019	PT Pertamina (Persero) Holding Migas Workshop	Hong Kong	China
Desima E. Siahaan	Director of Human Resource and General Affairs	March 4-8, 2019	Attend RSA Conference 2019	San Francisco	USA
Desima E. Siahaan	Director of Human Resource and General Affairs	March 26-27, 2019	Great Leader Camp Batch II	Megamendung	Indonesia
Desima E. Siahaan	Director of Human Resource and General Affairs	May 20-24, 2019	International Conference & Exposition 2019	Washington DC	USA
Desima E. Siahaan	Director of Human Resource and General Affairs	July 12-14, 2019	Pacific Exposition 2019	Selandia Baru	New Zealand
Desima E. Siahaan	Director of Human Resource and General Affairs	August 28, 2019	Activity CIIP-ID (Symposium on Critical Infrastructure Protection) Cyber Security	Bali	Indonesia
Desima E. Siahaan	Director of Human Resource and General Affairs	September 18-19, 2019	HR Summit	Bali	Indonesia
Desima E. Siahaan	Director of Human Resource and General Affairs	October, 22-23, 2019	HR Tech (Workshop)	Paris	France
Desima E. Siahaan	Director of Human Resource and General Affairs	November 3-7, 2019	Gartner IT Symposium/Xpo (Workshop)	Barcelona	Spain
Desima E. Siahaan	Director of Human Resource and General Affairs	December 6-7, 2019	BoC Work through BOC PT Pgas Telekomunikasi Nusantara	Yogyakarta	Indonesia
Danny Praditya	Former Director of Commerce	July 25-26, 2019	(Conference) Attend An Invitation Sales Force	San Francisco	USA

### Evaluating The Performance Of Boards of Commissioners And Directors [GRI 102-28]

The performance evaluation of the Boards of Commissioners and Directors is regulated in the Board of Commissioners and Board of Directors Work Guidelines (Board Manual), which expound key performance indicators (Key Performance Indicators) as certain criteria that are targets to be achieved by the Boards of Commissioners and Directors in supervision and management of the Company.

### Criteria Procedure For Assessment Of The Board Of Commissioners

The criteria for evaluating the performance of the Board of Commissioners is the successful implementation of the duties and responsibilities of the Board of Commissioners in supervising policies and the management of the tasks carried through by the Board of Directors for the interests and objectives of the Company, as well as the implementation of tasks that are specifically given to him according to the Articles of Association and/or based on the resolution of the GMS in the corridor of applicable laws and regulations.

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

### Procedure for Assessing the Performance of the Board of Commissioners

The performance evaluation of the Board of Commissioners through the Key Performance Indicator (KPI) using the Excellent Performance Assessment Criteria/Kriteria Penilaian Kinerja Unggul (KPKU) system is determined by the Ministry of SOEs. The procedure for conducting performance assessment is as follows:

1. The Board of Commissioners submits the KPI of the Board of Commissioners to the Ministry of SOEs;
2. The Board of Commissioners implements and evaluates the KPI achievements of the Board of Commissioners;
3. The Board of Commissioners reports the realization of the KPI of the Board of Commissioners to the Ministry of SOEs.

### Criteria for Assessment Directors' Performance

Performance criteria and indicators used to measure the performance of the Directors and the Company in 2019 include:

1. Implementation of the duties and responsibilities of each member of the Board of Directors in accordance with the Company's Articles of Association;
2. Implementation of the results of the Annual General Meeting of Shareholders in 2019;
3. Realization of Directors and Company KPI achievements in 2019 based on KPKU which includes 5 KPKU Perspectives and additional perspective of Development Agencies to strengthen the role of companies as development agents in encouraging the realization of national strategic programs, which include performance indicators:
  - a. Financial and Market Perspectives;
  - b. Customer Perspective;
  - c. Product and Process Perspectives;
  - d. Labor Perspective;
  - e. Leadership and Governance Perspectives;
  - f. Development Agency.

### Procedure for Implementing the Assessment towards the Directors' Performance

The performance assessment of the Directors and the Company is performed under a Key Performance Indicator (KPI) system based on the State-Owned Enterprises (SOE) Excellent Performance Assessment Criteria (KPKU) referring to the Ministry of SOE Letter Number S-08/S.MBU/2013 on January 16, 2013, concerning Submission of

KPI Determination Guidelines and Excellent Performance Assessment Criteria to SOEs that were adapted from Malcolm Baldrige system.

The Directors and the Company's KPI in 2019 were approved by the Directors together with the Commissioners to be carried out by the Directors and evaluated regularly for the achievement of targets by the Commissioners.

Evaluation and assessment of the overall performance of the Directors and the Company are carried out by Commissioners and the Ministry of SOEs c.q. PT Pertamina (Persero).

## IDENTIFYING AND MANAGING ECONOMIC, ENVIRONMENTAL, AND SOCIAL IMPACTS [GRI 102-29]

The Board of Commissioners has the obligation to monitor and provide advice to the Board of Directors on a regular basis regarding the effectiveness of the application of risk management. To get an accurate picture on economic, environmental and social issues, the Boards of Commissioners and Directors get input and feedback from stakeholders in the form of periodic reports.

## REVIEW OF ECONOMIC, ENVIRONMENTAL, AND SOCIAL TOPICS

Evaluation of PGN's sustainability performance is reported by each division to the Boards of Commissioners and Directors in the form of periodic reports every year related to the Company's development. [GRI 102-31]

In preparing this Sustainability Report, the Board of Directors delegates the responsibility of preparing a report to the Corporate Secretary to ensure that all material topics are covered in the report. In turn, the Board of Directors examines the report carefully and gives approval before the report is published. [GRI 102-32]

## RISK MANAGEMENT

In particular, PGN has a division that runs a risk management process, namely the Risk Management & GCG (RMG) Division. In 2003, PGN implemented a risk





management system based on the Australian Standard (US)/New Zealand Standard (NZS) 4360: 1999. Risk management in PGN is applied for the achievement of the overall Company's goals; therefore, PGN applies the Enterprise-wide Risk Management (ERM) framework in PGN's Risk Management Guidelines based on Board of Directors Decision No. 024000.K/SM.02/UT/2009. The change in the PGN risk management framework in 2018 to ISO 31000: 2018 adjusts to PGN's parent, Pertamina after the enactment of Government Regulation No. 6 of 2018 concerning Addition of the Republic of Indonesia's State Capital Investment in the Stock Company of PT Pertamina.

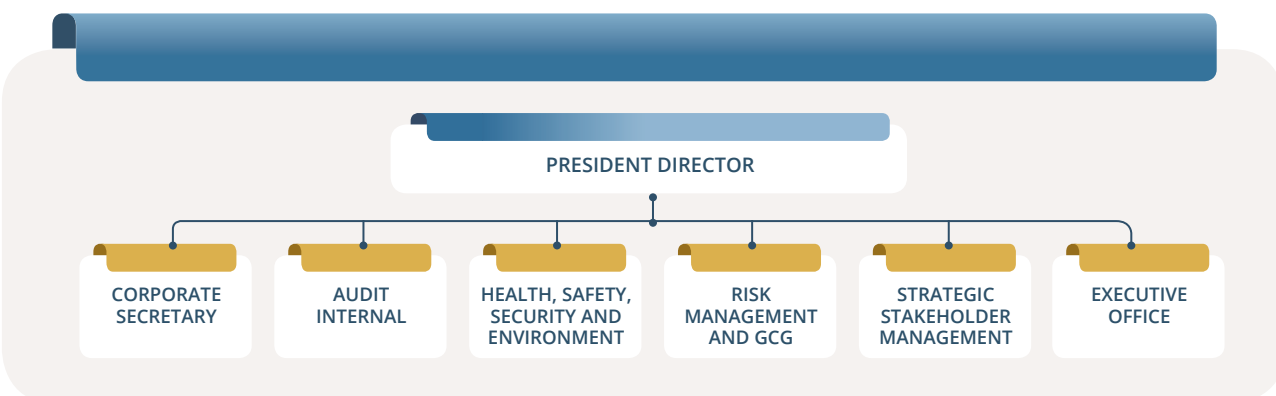
**Communicating Critical Concerns [GRI 102-33]**

Discussion on strategic or critical matters relating to the development of the Company's business processes is

performed through a joint meeting mechanism of the Boards of Commissioners and Directors every month. Should there be matters that need following up, these will be handled through a mechanism for submitting letters of response, suggestions, guidance from the Board of Commissioners to the Board of Directors, which are then responded to by the Board of Directors through a response letter to the Board of Commissioners. The Boards of Commissioners and Directors continue to meet regularly to discuss the development of the Company

**Governance Structure of Risk Management**

In accordance with the Decision of the Board of Directors of PT Perusahaan Gas Negara Tbk., No. 033700.K/OT.00/PDO/2019 on August 20, 2019, Concerning the Main Directorate Organizational Structure, the structure of PGN's risk management governance is as follows:



- Remarks
- Maintain sustainability
- Maintaining the National Economy
- Maintain Sustainable Environment
- Maintaining Prosperity of the Country
- Maintaining the Quality of PGN Employees
- Maintaining Occupational Health and Safety
- Maintaining the Customer Health and Safety
- Governance Sustainability
- About the Report

In 2019, PGN has identified risks in all work units, business units, subsidiaries, and affiliates; the identification found 450 active risks. The results of this identification process are reported to management in the form of a Corporate Risk Profile, to be followed up. This report is the basis for management to act proactively in reducing potential risks, and is useful in developing strategies and continuously improving risk management processes.

### Vision, Mission, Of The Company's Risk Management

Based on the Board of Directors Decision on PGN's Risk Management Guidelines, Vision and Mission of Risk Management are established as:

#### VISION OF RISK MANAGEMENT

Being a Company that sustainable in risk management implementation; thus, each management process can be performed, effectively, efficiently, and accountably.

#### MISSION OF RISK MANAGEMENT

- Providing optimal contribution to the achievement of the Company's goals;
- Steering the Company clear from unexpected and unexpected events;
- Providing adequate confidence that the Company's risks have been well-anticipated and calculated.

### Duties of Risk Management

The duties of the Risk Management & GCG Division (RMG Division) related to the Company's risk management function as outlined in Board of Directors Decision No. 034101.K/OT.00/PDO/2019 concerning the Main Directorate Work Procedures are:

1. Managing the preparation and evaluation of policies, corporate risk management strategy, risk management tools, and investment risk management in the PGN Group;
2. Managing Corporate risk assessments and formulate the top risks of the PGN Group;
3. Monitoring the implementation of risk treatment in accordance with the acceptable residual risk level of the PGN Group;
4. Managing investment risk management in the PGN Group;
5. Managing the implementation of calculations, compilation, and cascading and proposing a Risk Limit for Work Units and Subsidiaries/Affiliates;
6. Managing the level of risk management maturity including the PGN Group's risk awareness culture program;

7. Aligning policies for implementing risk management with Oil and Gas Holding;
8. Monitoring and evaluating investment risk management studies as a condition for the issuance of Final Investment Decision (FID).

### Function of RCT

The risk owner is assisted by the Risk Management Champion Team (RCT) in carrying out the risk management process. RCTs are personnel who work based on PGN's management decision to undertake the risk management process in each work unit and subsidiary/affiliate.

### Duties of RCT

The duties of the RCT include the following:

1. Performing the risk management function by coordinating and facilitating risk management activities (identification, analysis, evaluation, evaluation, handling, control activities, communication, and monitoring) undertaken by the risk owner;
2. Monitoring the amount of risk control costs (cost of risk) required by the work unit or subsidiaries/affiliates and establishing methods for measuring the efficiency and cost effectiveness of risk control compared to the results achieved;

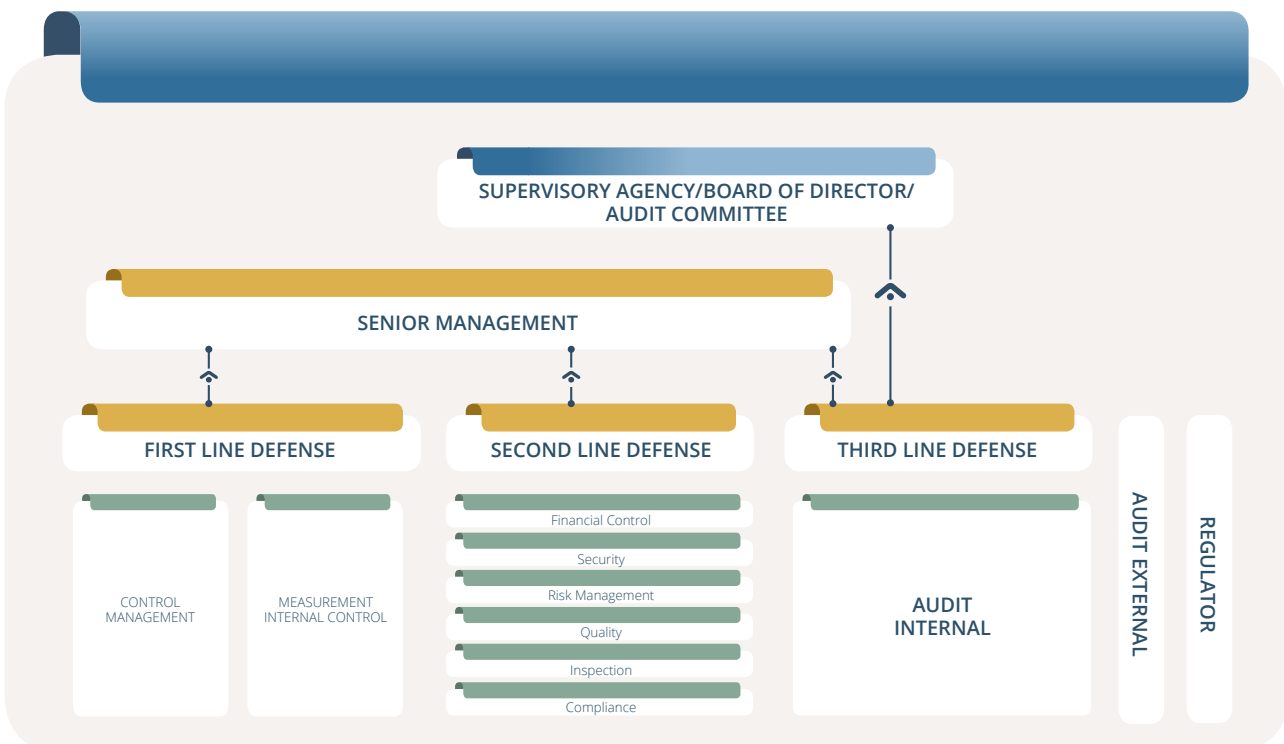
3. With the approval of the risk owner, report the implementation of risk management in the work unit and its subsidiaries/affiliates by utilizing the Risk Management Information System (SIMR) application to the RMG Division periodically and at any time;
4. Reporting on the implementation of risk management in work units and subsidiaries/affiliates, regularly. For monitoring the implementation of risk management under the category 'Low' and 'Low to Moderate', monitoring is carried out through routine procedures while for the category 'Moderate', 'Moderate to High' and 'High' monitoring is done once every month.

**Three Lines Of Defense Model**

The implementation of the Three Lines of Defense Model is implemented by the Company to coordinate various functions, so that specific tasks and authorities that have the potential to overlap amongst work units can be managed, efficiently and effectively. This application is also expected to strongly increase Company resilience against the risks faced. The explanation of the model is as follows:

- a. First Line of Defense  
Management at the operational level is the risk owner (risk owner), so that the responsibilities and obligations to assess, control and mitigate risk while maintaining effective internal control.

- b. Second Line of Defense  
The controller function is performed by the risk management, compliance, and other similar functions facilitating and monitoring the effectiveness of the implementation of risk management implemented by management at the operational level while helping the risk owner to adequately report all information related to the risk both to the level above or below the Company.
- c. Third Line of Defense  
The internal audit function, through a risk-based approach, provides guarantees for the effectiveness of governance, risk management, and internal control to the management functions in the organization. Management is responsible for how the first-line and second-line defenses are implemented. The responsibility for providing assurance covers all risk management frameworks owned by the Company.
- d. External audit and regulatory body  
Rules and regulations are outside the scope of the organizational structure and have a role in the overall governance and structure of the Company.



- Remarks
- Maintain sustainability
- Maintaining the National Economy
- Maintain Sustainable Environment
- Maintaining Prosperity of the Country
- Maintaining the Quality of PGN Employees
- Maintaining Occupational Health and Safety
- Maintaining the Customer Health and Safety
- Governance Sustainability
- About the Report

**Revision on Risk Management Guidelines**

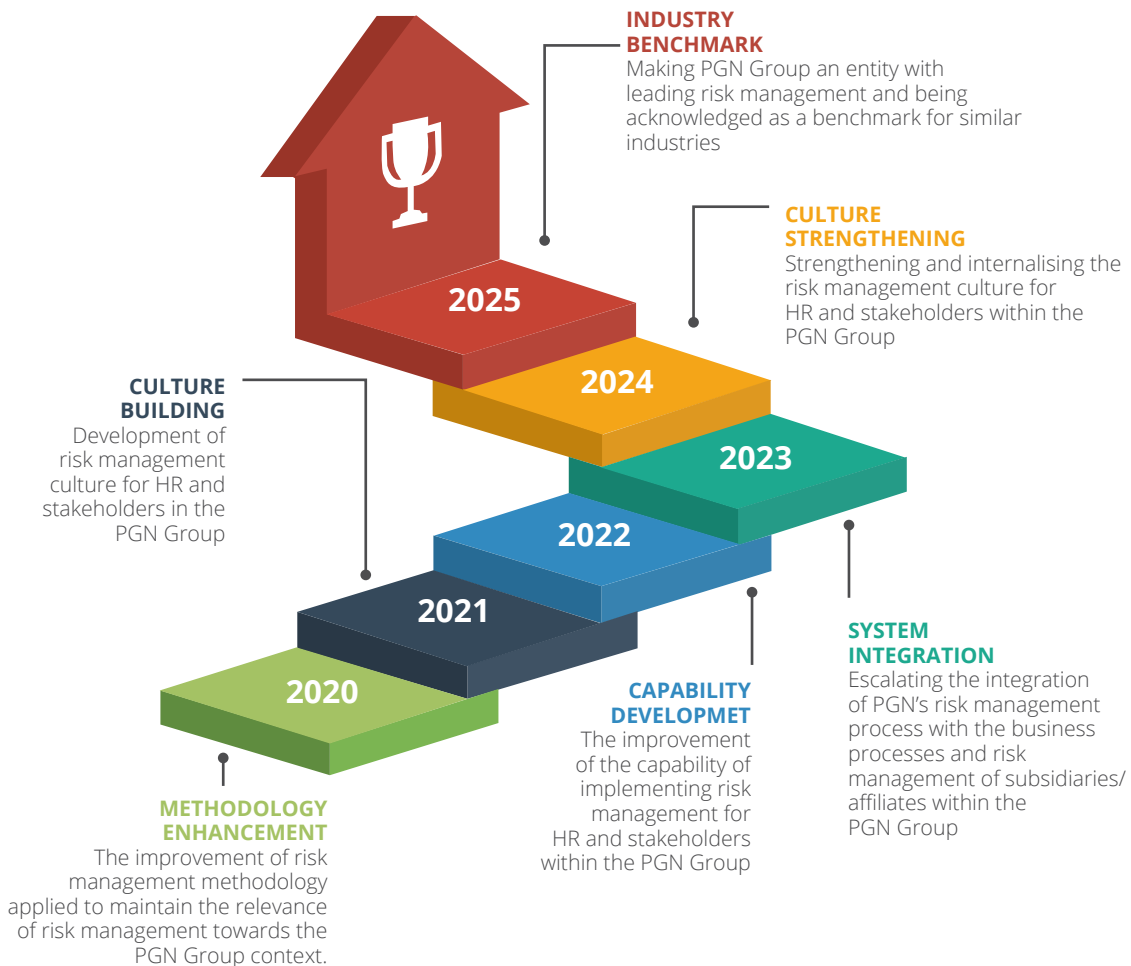
On October 19, 2019, the RMG Division updated and revised PGN's Risk Management Guidelines under No. P-005/0.20, by generally making adjustments and changes as follows:

- a. The framework from COSO becomes ISO 31000: 2018.
- b. Risk assessment criteria which include:
  - Risk impact criteria
  - Risk probability criteria
  - Risk level criteria
  - Priority level of risk treatment

- c. Principles of Risk Management Work Unit.
- d. Related to matters that need implementing within Enterprise Risk Management.

**Roadmap**

Integration and implementation of risk management policies in the Company are expected to reach optimal levels. This cannot be done in the short-term, but requires a fairly long period of time, especially with Pertamina as the Oil and Gas Holding. The RMG Division has established a roadmap to ensure that the goals and work programs can be achieved as fully as possible.



**Personnel Certification**

- a. RMG Division provides debriefing to the risk management team of subsidiaries/affiliates to improve competence in managing risk;
- b. Developing periodic monitoring activities on the application of risk management processes to ensure that the risk management processes are being effectively carried out in accordance with management's requirements in accordance with the direction of the RMG Division; and
- c. RMG Division develops SIMR which can provide integrated information on risks in a timely manner.

In performing risk profile preparation and monitoring activities, it is necessary to have the availability of human resources who comprehend the process of risk management commencing from the identification stage to optimally managing risks. At this moment, the Company has several personnel who have risk management certifications, including:

Name	Position	Certification
Ivanna Laksmi Devi	Division Head, Risk Management & GCG	Certified Risk Professional ® by LSP-PPM
Rezki Anindhito	Advisor, Risk Management	
Nanny Atika	Sr. Analyst, Risk Management	
Armynas Handyas	Analyst, Risk Management	
Heru Setiawan	Jr. Analyst, Risk Management	
Puji Arman	Analyst, Risk Management	
Romario Drajad	Analyst, Risk Management	
M Alfiannor	Sr. Analyst, Risk Management	Certified Risk Analyst™ by Asia Risk Management Institute

### Risk Faced by the Company and Its Treatments

During 2019, the RMG Division has identified several risks with low to extreme levels of impact. At the end of 2019, there are risks with the following details and elaborations:

Based on the Heat Map	Total
Low	183
Low to Moderate	54
Moderate	158
Moderate to High	40
High	15

Based on the Directorate/Subsidiary	Total
President Directorate	76
Directorate of Human Resource & General Affairs	51
Directorate of Finance	33
Directorate of Infrastructure and Technology	36
Directorate of Commerce	16
Directorate of Strategy and Business	8
Subsidiaries	230

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

**Based on Risk Category****Total**

Based on Risk Category	Total
Operations	206
Strategy & Planning	73
Finance	69
Compliance	42
Governance	37
Reporting	23

**Effectiveness of Risk Management [GRI 102-30]**

In every business, there are risks that can be predicted in advance and risks that are not known. To that end, the Company establishes risk management for the process of identifying, analyzing, evaluating, controlling, and attempting to avoid, to minimize, or even to eliminate unacceptable risks. Within the PGN structure, risk management is carried out from the highest level of the corporate governance body, namely the Risk Management and Business Development Monitoring Committee (PMRPU) the organ supporting the Board of Commissioners.

The task of the Risk Management and Business Development Monitoring Committee (PMRPU) is to provide oversight, input, and recommendations on the application of corporate governance, and identify matters that require the attention of the Board of Commissioners, particularly in terms of general supervision and adherence to applicable laws and regulations. In the environmental and social sector, the Risk Management and Business Development Monitoring Committee (PMRPU) provides input in the form of review results to the Board of Commissioners. This input is useful for determining the company's strategy, especially in the area of sustainability.

Other input was obtained from the Internal Supervisory Unit which is located under the President Director, whose task is to provide suggestions for improvements and objective information about the activities examined at all levels of management for the conditions, causes and consequences arising from weaknesses in internal control and risk management.

An Oversight Implementation Report is submitted to the President Director and Audit Committee for follow up.

**PRECAUTIONARY PRINCIPLE OR APPROACH [GRI 102-11]**

The 1992 Rio Declaration mentions a precautionary approach to protecting the environment. Through this principle of prevention, the Company is expected to pay attention to and to avoid negative impacts on the environment when carrying out their operational activities. PGN always considers environmental factors in every planning, project implementation and operational activities. By prioritizing compliance with the law, PGN ensures that each new project can be undertaken after having acquired an environmental permit from the competent authority by first conducting an environmental impact assessment, such as an Analisis Mengenai Dampak Lingkungan (AMDAL).

**Corruption Prevention**

Corruption, bribery, graft, and fraud have a negative impact on the Company for damaging healthy business practices. Internally, corruption prevention socialization for the downstream oil and gas business sector has been socialized on May 22-23, 2019, to representatives of work units and Subsidiaries/Affiliates.

Besides this, PGN has designed and implemented a comprehensive approach to corruption prevention in the form of internal rules and strict supervision. PGN established a Conflict of Interest Policy and Gratuity Control in accordance with Directors Decision

No. 018401.K/OT.03/UT/2014 on October 1, 2014, as a basis for implementing gratuity controls to encourage the implementation of business ethics and work ethics, preventing conflicts of interest and preventing fraud. Gratuity Management centers currently on Internal Audit, where there is a team of Gratuity Control Unit/Unit Pengendalian Gratifikasi (UPG) established under the Letter of Assignment No. 0030000.ST/PW/IAU/2018 on April 2, 2018, to perform Conflict of Interest and Gratuity Control Policy tasks as contained in the Conflict of Interest and Gratuity Control Policy Company. PGN's efforts to prevent corruption, bribery, gratuity and fraud are:

### Communication and Training About Anti-Corruption [GRI 205-2]

PGN has not conducted anti-corruption training, but disseminated corruption prevention activities in the downstream on May 22-23, 2019 to work unit representatives and AP/Affiliates.

### Anti-Corruption Communication for Business Partners [GRI 205-2]

Anti-corruption policies and procedures are also disseminated to all suppliers and business partners. All contract or labor agreements the company are equipped with Integrity Pact statements to be signed by suppliers and other business partners.

### Conflicts Of Interest [GRI 102-25]

PGN defines a conflict of interest as a situation or condition faced by Company personnel who due to their position, has the authority that can potentially be misused, intentionally or unintentionally, for other interests so that it can affect the quality of decision-making, as well as the performance of the results of the decision which can be detrimental to the Company. The people of the Company must comply with the provisions regarding Conflicts of Interest compiled by the Company.

PGN has a policy governing Conflict of Interest and Gratuity Control where the purpose of this policy is to provide direction and reference for all PGN Personnel including Commissioners and Directors regarding Conflict of Interest, acceptance, rejection, granting, and requesting gratuities in the PGN environment to be in accordance

with the principles of Good Corporate Governance (GCG). The Company hopes that this reference can encourage the implementation of business ethics and work ethics, prevention of Conflict of Interest, prevention of fraud and corruption, and other deviations of behavior.

The scope of the Conflict of Interest and Gratuity Control policy regulates the precautionary principle relating to Conflict of Interest, ethics in the acceptance, rejection, granting, and request for gratuity and its reporting mechanism within PGN. In the event of a conflict of interest and acceptance/gratuity, anyone can report this to the PGN Gratuity Control Unit Team in coordination with Corruption Eradication Commission.

The Board of Commissioners, Board of Directors, and employees may be allowed to conduct other activities outside the stipulated working hours, provided that these activities do not have a conflict of interest with PGN's interests and/or activities that have been mandated to them. Involvement in other activities may not reduce independence and objectivity in making decisions or affect the effectiveness and timeliness of the completion of the work of the employee concerned.

### Whistleblowing System

PGN implements policy settings and improves the quality of supervision through a whistleblowing system. Every PGN stakeholder can report acts of corruption or activities that have the potential/lead to corruption. PGN guarantees the protection and confidentiality of the reporter's identity; thus, the system runs, effectively. Implementation of this violation reporting system refers to several provisions:

- Ministerial Decision No. Kep 117/M-MBU/2002 concerning the Implementation of GCG Practices;
- Whistleblowing System Guidelines approved through the Directors' decision letter No : 024700.k/PW.04/PDO/2019 date June 25<sup>th</sup> 2019;

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

- Conflict of Interest Policy and Gratuity Control as outlined in Board of Directors Decision No. 0184001.K/OT/03/UT/2014 on October 1, 2014.

Whistleblowing is facilitated through e-mail and postal letters that are followed up in a professional and proportional manner. Should it be attested, the person committing corruption will be processed in accordance with the applicable laws and regulations. In the context of evaluating corruption risks, to execute an evaluation process of compliance, efficiency, and effectiveness in the implementation of the internal control system, PGN has a dedicated Internal Audit Division (IAD). The IAD personnel are competent in their field and have gained a professional certificate in the field of internal audit and risk management both from national and international institutions, among them:

- Certified Internal Auditor (CIA) and Certification in Risk Management Assurance (CRMA) issued by The Institute of Internal Auditors
- Certified Fraud Examiner (CFE) from the Association of Certified Fraud Examiners
- Qualified Internal Auditor (QIA) issued by the Internal Audit Education Foundation
- Certified Risk Management Professional (CRMP) issued by the Institute of Risk Management Professional Certification (LSPMR).

In addition, PGN applies Internal Audit Guidelines and Internal Audit Operating Procedures that refer to the audit standards of the Institute of Internal Audit compiled in order to comply with OJK Regulation No. 56/POJK.04/2015 on December 23, 2015.

The investigation of the internal audit carried out by the risk-based audit approach, with emphasis on units and activities prone to fraud and corruption. The Internal Audit Division also actively provides consultation to other work units where needed.

During the reporting period, we have not conducted an assessment related to corruption in each work unit.

#### [GRI 205-1]

During the reporting period, there were no incidents of corruption or legal cases related to corruption.

#### [GRI 205-3]

## ETHICS AND INTEGRITY [GRI 102-16]

Every PGN employee is expected to adopt ethics and a culture of integrity for the realization of dignified workers. Not only comply with applicable law, every PGN employee is required to follow international business norms. This ethics and culture of integrity play a vital role in developing the Company for the long term. PGN develops five values called the "ProCISE" culture (Professionalism, Continuous Improvement, Integrity, Safety, & Excellent Service). This culture is socialized by Directors at face-to-face meetings with employees, counseling in in-house training and the publication of a pocket book that contains rules of behavior.

ProCISE is elaborated in the Business Ethics and Work Ethics Guidelines which also cover economic, environmental and social aspects. ProCISE, which is the 10 Main Behaviors of the Company, is also spelled out in the Code of Business Ethics and Work Ethics that apply to every PGN Personnel including the Board of Commissioners, Board of Directors and workers. The Code of Work Ethics outlines contains:

- Code of conduct of PGN Personnel in their daily work activities
- Procedures regarding relations with stakeholders
- Practical guidelines governing conflicts of interest, corruption, bribery, and gratuities
- Information management.

The Business Ethics Code and Work Ethics Codes have been published and must be obeyed by all PGN personnel.

### Integrity Pact

Further, PGN implements an Integrity Pact that must be signed by every party involved in the procurement of goods and services. The purpose of this Integrity Pact is to prevent fraud and discrepancies in the process of procuring goods and services.

PGN's commitment in promoting integrity is also proven by the Company's involvement in providing views before the Indonesian House of Representatives and making public policies regarding policies to meet the demand for natural gas for domestic consumption needs.



The procurement of goods and services in PGN is regulated by the Guidelines for Procurement of Goods/Services No. P-001/0.37 on February 12, 2018, which replaces Board of Directors Decision No. 010300.K/LG.01/PDO/2016 on August 1, 2016, concerning Guidelines for Procurement of Goods/Services to accommodate changes in legislation related to increasing domestic products in procurement and SOEs cooperation, so that they can support the implementation of goods/services procurement, quickly, efficiently, and effectively.

As a form of the Company's commitment to the implementation of good corporate governance, all goods/services providers and the service function of goods/services procurement are required to sign an Integrity Pact containing commitments in the form of the following practices:

- Undertake the procurement of goods/services based on the principles of good faith, with high accuracy and in a free, independent or not under pressure or influence from other parties (independence);
- Take decisions with care (duty of care and loyalty);
- S/he does not make decisions for personal or affiliated parties' interests and as such does not have conflict of interest (conflict of interest rule);
- Carry through the procurement process with an adequate understanding of various regulations and other normative obligations related to and fulfilling all the provisions and legislation, including considering best practices that are deemed necessary, important, and critical in this procurement process (duty abiding the laws).

### **Mechanisms for Advice and Concerns About Ethics [GRI 102-17]**

The Company's Whistleblowing System Guideline which was approved through Board of Directors Decision No. 024700.K/PW.04/PDO/2019 on June 25, 2019, is a system that can be used as a medium for reporting witnesses to submit information regarding violations that are indicated occurs within a company that cannot be resolved through normal company procedures.

Reporting obtained from the mechanism of Reporting Violations (whistleblowing) requires attention and follow-up, including the imposition of appropriate penalties so that it can provide a deterrent effect for violators and also those who intend to do so. The objectives of the Company's Whistleblowing System are as follows:

1. As a basis or implementation guidelines in handling reporting violations from stakeholders;
2. As a channel for reporting matters that cannot be resolved through normal organizational procedures;
3. Ensuring the implementation of an effective mechanism for reporting violations in an adequate period of time by stakeholders;
4. Evading destructive publicity for the Company;
5. Supporting the principle of equality (fairness) in the relationship between the Company and stakeholders as business actors and partners of the Company;
6. As an effort to disclose various tribulations within the Company that are not in accordance with the ethical standards that apply in the Company.

The Company does not yet have a specific internal and external mechanism regarding the submission of suggestions regarding ethical behavior and organizational integrity. However, violations that cannot be resolved through the Company's normal channels can be submitted through the Company's Whistleblowing System (WBS). Reports to the WBS team can be submitted via email: etik@pgn.co.id, through the website or coming directly to the team in the Internal Audit Division.

The Company has a department that is responsible for the operant mechanism. The WBS organs consist of the Ethics Committee and the Ethics Board.

**The Ethics Committee** team is currently in the Internal Audit Division, determined by Group Head Internal Audit Division which consists of the Report Recipient Team and the Investigation Team.

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

**Ethics Board:**

- The Ethics Board I, consisting of 3 (three) Directors whose duties are to decide the termination of an investigation or order to conduct an investigation, recommending the status of reporting violations, providing sanctions and monitoring the follow-up of reporting violations involving employees and Directors.
- The Ethics Board II consists of the President Commissioner, the President Director and 1 (one) Director, whose duties are to decide the termination of the investigation or order to conduct an investigation, recommending the status of reporting violations, providing sanctions and monitoring the follow-up to reporting violations involving the President Director and the Commissioners.

In contexts where violation reporting exists, it will be processed through the Report Recipient Team. The Report Receiver Team will verify the initial evidence and report the results to the Ethics Board. Should from the initial evidence of the report it be stated that there are indications of violations, then the process will proceed to the investigation.

As a note, anonymity is maintained and the report will still be processed even if the reporter does not complete identification.

**Collective Labour Agreements (CLA) [GRI 102-41]**

In daily work activities sometimes issues arise between workers and company leaders that need to be resolved. For this reason, CLA was formed as a guideline for cooperation between workers and companies in helping both parties to solve problems / disputes at work. PGN has formed a Collective Labour Agreements which has been agreed and appointed with workers and company leaders as at 31 December 2017, valid until 30 December 2019. Various items of agreement and obligations are balanced outlined in it, among others: certainty of the rights and obligations of PGN and workers, terms of employment, company rules, cooperation between PGN and workers, fair resolution of dissent through deliberation to reach an agreement CLA provides protection for all permanent employees of PGN. The CLA also regulates notifications and grace periods when there are changes important and fundamental in the

company's structure, such as when there is an acquisition, merger or restructuring. Notifications are given at least one month before changes are made.

**INTERNATIONAL INITIATIVES AND MEMBERSHIP OF ASSOCIATIONS****[GRI 102-12, GRI 102-13]**

PGN's concern for environmental issues and its commitment to sustainable development is expressed by PGN's participation in international initiatives, such as:

- ISO 26000 for guidelines for Corporate Social Responsibility activities,
- OHSAS 18001: 2007 for the OHS Management System,
- ISO 14001: 2015 for Environmental Management Systems,
- ISO 9001: 2015 for Quality Management Systems,
- ISO 27001: 2013 for Information Security Management Systems.

In addition, PGN is registered as a member in various national and international organizations that are useful for broadening horizons, increasing knowledge, and expanding networks. These organizations include:

**1. Legal Forum for State-Owned Enterprises**

This State-Owned Enterprises Legal Forum was formed on August 31, 2012, with the aim of enriching and strengthening SOEs in legal matters. This Communication Forum of SOE is open to the Legal Heads of the SOEs Legal Bureau in Indonesia. The Communication Forum is expected to be able to contribute to making suggestions so that the rules of the game in SOE businesses are getting better from a legal perspective. In addition, the SOE Legal Forum conducts education or holds/informs seminars both domestically and abroad that are related to SOE activities, especially in the legal field.

**2. Indonesian Gas Association (IGA)**

IGA was formed in 1980 and became a member of the Indonesian Chamber of Commerce (KADIN) in 2006. The mission of the IGA is to promote the natural gas industry for economic development and prosperity. More than 46 companies are now members of the IGA.

### 3. Asia Pacific Natural Gas Vehicles Association (ANGVA)

ANGVA has been established since 2002 with a vision to lead and promote the use of natural gas as fuel for transportation towards sustainable growth. ANGVA is also determined to build a natural gas industry with high technology and safety, and to build a market for gas companies in the Asia Pacific.

### 4. Indonesian Human Capital Forum (FHCI)

The Indonesian Human Capital Forum (FHCI) is a communication forum for the Managing Director of Human Resources and observers of the HR field that aims to provide strategic thinking and policy in the form of suggestions, studies, input, opinions, and recommendations related to the development of Human Capital to the Ministry of State Enterprises and each SOE.

### 5. The Institute of Internal Auditors Indonesia

All PGN Internal Audit personnel are members of The Institute of Internal Auditors Indonesia. By joining this organization, internal auditors can find out the latest audit standards and also provide input related to audit standards.

### 6. Internal Audit Communication Forum (FKSPI) both Central FKSPI and FKSPI Ministry of Energy and Mineral Resources (ESDM)

The Internal Audit Communication Forum is a forum where organizations can learn about the latest developments and exchange experiences. The Central FKSPI is composed of SOEs in Indonesia, while the ESDM FKSPI is composed of SOEs in the ESDM sector.

## STAKEHOLDERS' INVOLVEMENT

Stakeholders receive pivotal attention for they affect the course of the Company's operations or are affected by the Company. Strategically, stakeholders have helped develop the Company and influence PGN's performance. Therefore, we always try to build congruent relationships with stakeholders. The following table elucidates the relationships and interactions with stakeholders:



Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

Stakeholders [GRI 102-40]	Basis of Determination [GRI 102-42]	Involvement/ Communication Method [GRI 102-43]	Meeting Frequency [GRI 102-43]	Topics [GRI 102-44]
Shareholders and investors	<ul style="list-style-type: none"> <li>Representative</li> <li>Influence</li> </ul>	<ul style="list-style-type: none"> <li>Company Visit</li> <li>Conference call</li> <li>Field trip</li> <li>Analyst Meeting</li> <li>Roadshow Non-deal</li> <li>Investor Summit</li> <li>GMS</li> <li>Public Expose</li> </ul>	<ul style="list-style-type: none"> <li>At least 12 times/quarter</li> <li>Minimum 3 times/year</li> <li>At least 1 time/year</li> <li>At least 1 time/year</li> <li>At least 4 times/year</li> <li>At least 1 time/year</li> <li>At least 1 time/year</li> <li>At least 1 time/year</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining and increasing the value of investment through improving the Company's performance</li> <li>Obtaining dividends every operational year</li> <li>Accountability and accuracy of financial statements</li> <li>Transparency and accuracy of operational condition reports</li> <li>Respect for the rights of shareholders in accordance with Laws, Regulations and Articles of Association (AD)/ Household (RT)</li> </ul>
Worker	<ul style="list-style-type: none"> <li>Dependency</li> <li>Influence</li> </ul>	<ul style="list-style-type: none"> <li>Through SP-PGN: Workers Union PT Perusahaan Gas Negara Tbk.,</li> <li>Management and employee communication forum</li> </ul>	Meeting accordingly needs	<ul style="list-style-type: none"> <li>Equality</li> <li>Well-being</li> <li>A clear career path</li> <li>There is no discriminatory practice</li> <li>A conducive and safe working atmosphere</li> </ul>
Government and Regulator	<ul style="list-style-type: none"> <li>Representative</li> <li>Influence</li> </ul>	<ul style="list-style-type: none"> <li>Bipartite meetings</li> <li>Hearing with the House of Representatives</li> </ul>	As needed at least 2 times per year	<ul style="list-style-type: none"> <li>Implementation of operational activities well and optimally</li> <li>Efforts to establish harmonious and constructive relations with regulators</li> <li>PGN and all its employees are subject to and obey the laws and regulations</li> </ul>
Business Partner (vendor, supplier, agent, reseller, installer)	Dependency	<ul style="list-style-type: none"> <li>Implementation of service contracts and procurement of goods</li> <li>Performance evaluation of suppliers and partners</li> </ul>	As needed at least 1 time a year	<ul style="list-style-type: none"> <li>The procurement process is fair and transparent</li> <li>Objective selection and evaluation in partner selection</li> <li>Mutually beneficial relationships</li> </ul>

## CRITICAL CONCERNS [GRI 102-34]

As of December 31, 2019, there were 2 (two) cases or material value lawsuits against PT Perusahaan Gas Negara Tbk., The case is a further situation or has not

been decided and/or has not permanent legal force in the previous year. As for the case, namely:

## PT KALIMANTAN JAWA GAS (KJG)

**Declaration of Force Majeure in the Kepodang Tambak Lorok Gas Transport Agreement by PCML**

Institution	International Chamber of Commerce (ICC) Hong Kong
The parties	KJG (as Plaintiff) Petronas Carigali Muriah Limited (PCML) (as Defendant)
Types of Case	Civil
Principal Case	The inability of PCML to fulfill the gas volume commitments agreed upon in the Kalija I Gas Transportation Agreement (GTA) between KJG and PCML and PT PLN (Persero) for the transportation of gas from Kepodang Field to the PT PLN (Persero) Power Plant in Tambak Lorok, resulting in the emergence of ship-or-pay obligations for PCML. In accordance with GTA, since the beginning of 2017, KJG has undertaken deliberations with PCML and mediation involving BPH Migas, but PCML has not shown good faith. On May 11, 2018, KJG submitted a letter to PCML regarding the notice of Arbitration Settlement. After it could not be resolved through deliberation or mediation by BPH Migas, finally on 29 August 2018 KJG submitted an arbitration suit to the ICC.
Case Settlement Status	In 2019, KJG is in the process of preparing statements of claims which are planned to be submitted in February 2020.
Impact on Company Conditions	Ship-or-pay payments from PCML will affect the Company's consolidated income.

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

## BUT SAKA INDONESIA PANGKAH LIMITED (BUT SIPL)

**Correction of The Tax Base (DPP) of Income from Transfer of Participating Interest**

Institution	Supreme Court of the Republic of Indonesia
The parties	Directorate General of Tax (as Petitioner for Reconsideration) BUT SIPL (as Respondent for Review)
Types of Case	Tax
Principal Case	The Directorate General of Taxes has determined the Tax Base (DPP) of Income from the Transfer of Participating Interest (PI) indirectly for the transfer of share ownership of SIPL BUT to SEI in the amount of USD25,509,816.08 and the transfer of receivables owned by HOGHI to SEI in the amount of USD537,333,333.33 so that the total DPP ownership is USD562,843,149.41. With regard to the stipulation of the DPP, BUT SIPL has submitted an appeal and the Tax Court granted all appeal requests submitted by BUT SIPL, so that the tax that must be paid by BUT SIPL is 0 (zero). However, on the verdict of the appeal level, the Directorate General of Taxes filed a legal review through the Indonesian Supreme Court. For the Legal Efforts, the Indonesian Supreme Court granted the Directorate General of Tax's request in its decision No.4003/B/PK/Pjk/2019 which decided: <ol style="list-style-type: none"> <li>Granting the request for reconsideration from the reconsideration request</li> <li>Cancelling the tax court ruling No.PUT-112654.35/2014/PP/M.IB on November 28, 2018.</li> </ol>
Case Settlement Status	Based on this decision, BUT SIPL is currently conducting an assessment of legal remedies that can be undertaken.
Impact on Company Conditions	On the verdict of the Supreme Court, BUT SIPL is required to pay, which may affect the Company's consolidated income.

## REMUNERATION POLICIES [GRI 102-35]

The Remuneration Policy of the Board of Commissioners and Directors refers to the Regulation of the Minister of State-Owned Enterprises No: PER-04 / MBU / 2014 concerning Guidelines for Determining the Income of Directors, the Board of Commissioners and the Supervisory Board of State-Owned Enterprises as last amended in the Minister of State-Owned Enterprises Regulation Number: PER-01 / MBU / 05/2019 concerning the Fourth Amendment to the Regulation of the Minister of State-Owned Enterprises concerning Guidelines for Determining the Income of the Directors, the Board of Commissioners, and the Supervisory Board of the State-Owned Enterprises on May 31, 2019 (SOE Ministerial Regulation concerning the Guidelines for Determining the Income of Directors).

This remuneration policy is determined by considering the performance of the Board of Commissioners and Board of Directors in achieving the Company's goals, including objectives related to economic, environmental, and social topics.

### Remuneration Structure of the Board of Commissioners

Based on SOE Ministerial Regulation No. PER-04/MBU/2014 concerning Guidelines for Determination of Income of Directors, Commissioners and Supervisory Board of State-Owned The Board of Commissioners and the Supervisory Board of SOE Enterprises as last amended by SOE Ministerial Regulation Number: PER-01 / MBU / 05/2019 concerning the Fourth Amendment to the ministerial Regulation SOE's Enterprises regarding Guidelines for Determining the Income of Directors, Board of Commissioners, and Board of Trustees of State-Owned Enterprises on May 31, 2019 (Ministerial of SOE Regulation on Guidelines for Determining the Income of Directors), components of the Board of Commissioners' income consist of:

#### 1. Honorarium

Honorarium for members of the Board of Commissioners is determined by the composition of Position Factors as follows:

- President Commissioner at 45% of the salary of the President Director.
- Commissioners' are 90% of the President Commissioners'.

#### 2. Board of Commissioners Allowances

- a. Religious holiday allowance  
Religious holiday allowance is given for 1 (one) time Honorarium.
- b. Transportation Allowance  
Transportation allowance is given at 20% of the Honorarium of each Commissioner.
- c. Post-Service Insurance
  - Post-Service Insurance is given during his tenure (from being appointed to ceasing).
  - Premiums borne by the Company are at most 25% of the Honorarium in one year.

#### 3. Facilities

- a. Medical facility
  - Health facilities are provided in the form of health insurance or reimbursement of medical expenses.
  - Health facilities are given to Commissioners along with a wife/husband and a maximum of 3 (three) children who have not reached the age of 25 years. If the child who is not yet 25 years old has been married or has worked then the person concerned is not entitled to health facilities.
  - Health facilities provided in the form of:
    - >> Outpatient and medication;
    - >> Inpatient and medication; and
    - >> Medical check-up.
  - In the case of a treating doctor providing referrals for treatment abroad, the provision of health facilities can be given in full or in part by taking into account the Company's financial capabilities.
  - Medical check-ups are provided with the following conditions:
    - >> Medical check-ups are given 1 (one) time each year;
    - >> Medical check-ups are carried out domestically.
  - In the case of a person serving as a Commissioner of more than one SOEs and/ or a subsidiary/joint venture, only one health facility is given to the person concerned.
- b. Legal Assistance Facility  
The Legal Assistance Facility is provided in the event of an action/ deed occurring for and on behalf its position related to the aims and objectives and the Company's business activity.

## 4. Performance bonus/incentives

- a. The granting of bonuses/performance incentives (Tantiem/IK) to the Board of Commissioners based on the determination of the GMS/Minister in the ratification of the Annual Report if:
  - Opinions issued by auditors are at least Fair with Exceptions;
  - Realization of the lowest health level with a value of 70;
  - Achievement of KPIs as low as 80%;
  - The condition of the Company is not getting worse than the previous year for the company at a loss, or the Company is not at a loss from the previous condition at a profit. The loss does not take into account factors outside the Board of Directors' control.
- b. Tantiem/IK is the cost of the related fiscal year and therefore must be budgeted specifically in the Work Plan and Budget of that year, so that the granting of Tantiem/IK must not exceed the Tantiem/IK budget stipulated in the Work Plan and Budget.
- c. The granting of Tantiem/IK is given proportionally based on the achievements of the KPI in the year concerned and must consider the criteria for the achievement of the implementation of tasks as a development agent to be determined by the

Minister separately, by containing the following elements:

- Synergy amongst SOEs;
  - Downstream and local content;
  - Integrated regional economic development;
  - Financial independence and value creation;
  - Government assignments.
- d. The composition of the amount of Tantiem/IK is determined as follows:
    - President Commissioner at 45% of Tantiem of President Director;
    - Commissioners are 90% of Tantiem of President Commissioner.

In Tantiem, additional terms can be given in the form of Long Term Incentives (LTI).

The granting of remuneration to each Commissioner has been carried out based on the Resolution of the Annual GMS for Fiscal Year 2018 April 26, 2019 and the President Commissioner's Letter to the President Director of the Company No. 32/D-KOM/2019 on May 31, 2019, with reference to the Minister of SOE No. SR-466/MBU/D3/05/2019 on May 31, 2019 concerning Submission of Remuneration Determination of the Directors and Commissioners of PT Pertamina (Persero) and PT Perusahaan Gas Negara Tbk., in 2019, and Letter of PT Pertamina (Persero) No. R-120/C00000/2019-SO on May 31, 2019.

## BOARD OF COMMISSIONERS REMUNERATION STRUCTURE IN 2019

Component	Provision	
	President Commissioner	Commissioner
Honorarium	45% of the President Director's Honorarium	90% of the President Commissioner's Honorarium
Allowance:		
- Religious Holiday Allowance		1x Honorarium
- Post-Service Insurance	The premium paid by the Company is at most 25% of the Honorarium within 1 year	
- Transportation Allowance	20% of Honorarium of each member of the Board of Commissioners	
Facilities:		
- Healthcare Facility	<ul style="list-style-type: none"> <li>- Provided in the form of health insurance or medication reimbursement</li> <li>- Provided to members of the Board of Commissioners along with a wife/husband and a maximum of 3 (three) children who have not reached 25 years with the provision of if the child who is not yet 25 years old has been married or has worked then the person concerned is not entitled to health facilities.</li> </ul>	
- Legal Assistance Facility	Granted in the event of deeds/actions occurring for and on behalf of his position relating to the intent and purpose and business activities of the Company.	
Tantiem	45% of the President Director's Tantiem	90% of the President Commissioner's Tantiem

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

### ACTUAL REMUNERATION FOR THE BOARD OF COMMISSIONERS IN 2019 (Rp)

Description	President Commissioner	Commissioner
Honorarium	1,431,000,000	6,006,622,500
Allowance (nett):		
- Religious Holiday Allowance	119,250,000	536,625,000
- Post-Service Insurance	357,750,000	1,372,199,879
- Transportation Allowance	286,200,000	1,204,786,597
TOTAL	2,194,200,000	9,120,233,976
Tantiem for 2018 Fiscal Year	9,033,708,270	25,288,224,684
Other Facilities	at cost as PER-04/MBU/2014 jo. PER-01/MBU/06/2017 jo. PER-06/MBU/06/2018 jo PER-01/MBU/05/2019	

### Remuneration Structure of Directors

#### [GRI 102-38] [GRI 102-39]

Based on the Regulation of the Minister of State-Owned Enterprises No: PER-04 / MBU / 2014 concerning Guidelines for Determining the Income of Directors, the Board of Commissioners and the Supervisory Board of State-Owned Enterprises as last amended in the Regulation of the Minister of State-Owned Enterprises No: PER 01 / MBU / 05 / 2019 concerning the Fourth Amendment to the Regulation of the Minister of State-Owned Enterprises concerning Guidelines for Determining the Income of the Directors, the Board of Commissioners, and the Supervisory Board of the State-Owned Enterprises dated May 31, 2019 (the Minister of SOE Regulation concerning the Guidelines for Determining the Income of the Directors), the principle of determining the income of the Directors is determined by the GMS. Components of Directors' income consist of:

#### 1. Salary

- a. Salary of the President Director is determined using internal guidelines established by the Minister of State-Owned Enterprises.
- b. The salaries of other members of the Board of Directors are determined by the composition position factor as follow:
  - Director in charge of human resources: 90% of the salary of the President Director ;
  - Other members of the Board of Directors : 85% of the salary of President Directors
- c. For existing Directors, in case based on the Position Factor composition as referred to in letter b, the salary received will be less than the salary

received in the previous financial year, then the salary of the existing Directors uses the salary received in the previous financial year.

- d. GMS/Minister of State-Owned Enterprises can determine the amount of Position Factor that is different from the provisions referred to in letter b, if it can better reflect the appropriateness and fairness in carrying out the duties and responsibilities of each Director and the ability of the Company.

#### 2. Directors' Allowances

- a. Religious Holiday Allowance  
Religious holiday allowance is given for 1 (one) salary.
- b. Housing Allowances  
Housing allowances, including utility costs, are given monthly at a rate of 40% of Salary, with the maximum provisions of:
  - Rp27,500,000 (twenty-seven million five hundred thousand rupiah) for the State Capital region.
  - Rp25,000,000 (twenty-five million rupiah) for the Provincial Capital Region.
  - Rp22,500,000 (twenty-two million five hundred thousand rupiah) for the Regency and City areas.
- c. Post-Service Insurance
  - Post-Service Insurance is given during his tenure (from being appointed to stopping).
  - Premiums borne by the Company are at most 25% of salary in one year.



- Program selection for post-service insurance is determined by each Director.
  - Providing premiums, contributions or other relevant terms for post-service insurance, including premiums for accident and death insurance.
3. Facilities
- a. Vehicle Facilities
- Directors are only entitled to 1 (one) Vehicle Facility from the Company.
  - Vehicle facilities including maintenance and operational costs are provided with due regard to the Company's financial condition.
  - The specifications and types of vehicles are regulated by the Board of Commissioners.
  - In the event that a Director is no longer in office, then no later than 30 (thirty) days after not serving, he must return the vehicle to the relevant SOE.
  - In the event that a Director concurrently serves as a commissioner of a subsidiary/joint venture, and the person concerned chooses to use the Vehicle Facilities/Transportation Allowances of the subsidiary/joint venture (if any), then the relevant vehicle and allowances are not provided from the SOE concerned.
- b. Medical facility
- Health facilities are provided in the form of health insurance or reimbursement of medical costs (at cost).
  - Health facilities are given to Directors along with a wife/husband and a maximum of 3 (three) children who have not reached the age of 25 years in accordance with applicable regulations.
  - Facilities provided in the form of outpatient and medication, inpatient and medication as well as medical check-ups.
  - Medical check-up is provided with the following conditions:
    - >> Medical check-up is given 1 (one) time every year;
    - >> Medical check-ups are carried out, domestically.
- In the event that the Director concurrently serves as a member of the Board of Commissioners of a subsidiary/joint venture, then the person concerned is only given one Health Facility.
- c. Legal Assistance Facility
- Legal Assistance Facilities are provided in the event of an action/deed occurring for and on behalf of his position related to the aims and objectives and the Company's business activities.
  - Directors who will use the Legal Assistance Facility, are required to make a statement on sufficiently stamped paper.
- d. Tantiem / Performance Incentives
- The granting of bonuses / performance incentives (bonuses / IK) to members of the Board of Directors based on the determination of the GMS / Minister in the ratification of the Annual Report if:
- opinions issued by the auditor are at least Fair With Exceptions (WDP);
  - realization of the lowest level of health with a value of 70 (seventy). This achievement does not take into account the burden / profit due to the actions of the previous Directors;
  - KPI achievement is the lowest of 80% (eighty percent). This achievement does not take into account external factors Board of Directors control;
  - the condition of the company is not getting worse than the previous year for the company at a loss, or the company is not at a loss from the previous profit. The loss does not take into account factors outside the Board of Directors' control.

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

## DIRECTORS REMUNERATION STRUCTURE IN 2019

Component	Provision		
	President Director	Director of HC & General Affairs	Other Directors
Salary	Rp 265,000,000	90% of the President Director's Salary	85% of the President Director's Salary
Allowance:			
- Religious Holiday Allowance		1x Salary	
- Post-Service Insurance	The premium paid by the Company is at most 25% of salary within 1 year		
- Transportation Allowance		Rp27,500,000	
Facilities:			
- Transportation Facility	- 1 (one) vehicle unit along with maintenance costs and operational costs, by considering the Company's financial condition		
- Healthcare Facility	- Provided in the form of health insurance or medication reimbursement - Provided to members of the Board of Directors along with a wife/husband and a maximum of 3 (three) children who have not reached 25 years with the provision of if the child who is not yet 25 years old has been married or has worked then the person concerned is not entitled to health facilities.		
- Legal Assistance Facility	Granted in the event of deeds/actions occurring for and on behalf of his position relating to the intent and purpose and business activities of the Company.		
Tantiem	100%	90% of the President Director's Tantiem	85% of the President Director's Tantiem

## ACTUAL REMUNERATION FOR DIRECTORS IN 2019 (Rp)

Description	President Director	Directors
Salary	3,180,000,000	12,765,491,667
Allowance (nett):		
- Religious Holiday Allowance	265,000,000	1,139,500,000
- Post-Service Insurance	795,000,000	2,993,802,756
- Transportation Allowance	330,000,000	1,539,083,333
TOTAL	4,570,000,000	18,437,877,756
Tantiem for 2018 Fiscal Year	15,610,015,238	53,074,051,808
Other Facilities	at cost as PER-04 jo. PER-01/MBU/06/2017 jo. PER-06/MBU/06/2018 jo PER-01/MBU/05/2019	

## Process for Determining Remuneration

### [GRI 102-36]

Determination of remuneration for the Board of Commissioners refers to SOE Ministerial Regulation No. PER-04/MBU/2014 concerning Guidelines for Determining the Income of Directors, Commissioners and Supervisory Board of State-Owned Enterprises, as last amended by SOE Ministerial Regulation No. PER-01/MBU/05/2019 concerning the Fourth Amendment to SOE Ministerial Regulation No. PER-04/MBU/2014 concerning Guidelines for Determining the Income of Directors, Commissioners, and SOE Supervisory Boards. The procedure for determining the remuneration of the Board of Commissioners is as follows:

- The Nomination and Remuneration Committee requests an independent consultant to conduct a remuneration review for Directors and Commissioners.
- The Nomination and Remuneration Committee prepares remuneration recommendations for Directors and Commissioners.
- The Nomination and Remuneration Committee submits to the Board of Commissioners the proposed remuneration for Directors and Commissioners.
- The Board of Commissioners discussed the proposal of the Nomination and Remuneration Committee.

- The Board of Commissioners proposes remuneration for Directors and Commissioners to the Minister of SOE as the Dwiwarna Series A shareholder.
- The SOE Minister as Dwiwarna Series A shareholder determines remuneration for Directors and Commissioners.

The remuneration given to each member of the Board of Commissioners and Directors has been implemented based on the Resolution of the Annual GMS for Fiscal Year 2018 April 26, 2019 and the President Commissioner's Letter to the President Director of the Company Number: 32 / D-KOM / 2019 date May 31, 2019, with reference to the Minister of SOE Letter Number: SR-466 / MBU / D3 / 05/2019 date May 31, 2019 concerning Submission of Earnings Determination of Directors and Board of Commissioners of PT Pertamina (Persero) and PT Perusahaan Gas Negara Tbk in 2019, and Letter of PT Pertamina (Persero) Number: R- 120 / C00000 / 2019-S0 dated May 31, 2019. [GRI 102-38]

### Stakeholder Involvement in Remuneration

In setting remuneration, the stakeholders (represented at the GMS) also gave approval and determined the remuneration of the Board of Commissioners and Directors. The remuneration proposal is submitted at the GMS to obtain shareholder approval. [GRI 102-37]



Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

## IMPORTANT EVENTS

**17 January**  
Batam Government and PGN  
Inaugurated Taman Buah Melayu Batam



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

**25 Januari**  
PGN has Reactivates the Cepu Oil  
and Gas Hospital



The groundbreaking which marked the construction of the Hospital was witnessed by the local government, and was attended by the Deputy Minister of Energy and Mineral Resources and the Board of Directors of PGN and Pertamina.

The reactivation of the Cepu Oil and Gas Hospital was initiated by a collaboration between Pertamina IHC and one of PGN's subsidiaries, namely PT Permata Graha Nusantara (PGN MAS). The presence of PGN MAS and Pertamina through the Cepu Oil and Gas Hospital is expected to be of great benefit to the Cepu community and its surroundings.

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



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

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



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

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



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

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



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

**23 April**  
**PGN takes SOE's Goes to Campus in Unika Santo Thomas Medan**



BUMN Goes to Campus activity on April 23, 2019 organized by PGN on the campus of the Catholic University of Santo Thomas Medan ("Unika Santo Thomas") is a series of celebrations of the Ministry of SOE's Anniversary. This activity was attended by around 3,000 participants with a festive and millennial atmosphere. In this activity, PGN distributed assistance in the form of: renovation assistance for Unika Santo Thomas Computer Laboratory worth almost Rp 1.1 billion and Educational Scholarship assistance for 10 Unika Santo Thomas students totaling Rp 50 million.

**26 April**  
**General Meeting of Shareholders (GMS)**



Appointment Bapak Syahril Mukhtar that previously served as Corporate Secretary PT Pertamina (Persero) as Directors Strategy and Business development PGN and Bapak Mas'ud Khamid Marketing Directors Retail of PT Pertamina (Persero) as commissioner PGN in the annual PGN's RUPS for 2018 fiscal year. With the appointment of the two officials, it is expected to be able to harmonize the steps of PGN as a subholding gas with PT Pertamina as a holding oil and gas SOE's.

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

**28 Mei**  
**PGN Poured Rp 250 million for**  
**the Development of Tiara Nirwana**  
**Library School**



PGN gives assistance amount Rp 250 million for interest of library development Tiara Nirwana School that intended for building development, and providing some equipment such as tables, chairs, and computers. These efforts as investment in civilization and social catalyst for a better life in the future.

**31 Mei**  
**PGN departs 4.070 Homecomers to**  
**Hometown**



PGN dispatched 100 bus fleets from nine departure points on 29-31 May 2019. On the first day, departed as much five buses from the Cijantung Kopassus Complex. The next day, May 30, 2019, the departure of homecoming participants took place at the Bung Karno Stadium which coincided with the Joint Homecoming Program of the Ministry of SOEs. While on the last day, the rest of the buses departed simultaneously from the Cilandak Marine Corps (78 buses), Jakarta Proclamation Park (1 bus), PT Torabika Office (1 bus), Bekasi Area PGN Office (3 buses), and Jakarta MEMR Office Bandung as well as Bandung.

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



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

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

**26 June**  
**PGN and DPP REI Sign MoU**



PGN and DPP REI to build a long-term strategic partnership, by utilizing their respective competencies. Moreover, this cooperation will create more value for the community in the long run. The scope of the cooperation includes cooperation in the implementation of the use and construction of the gas network in property projects belonging to the Indonesian Real Estate Company Association (REI). In addition, the agreement points also contain cooperation opportunities that utilize the resources owned by each of the respective parties.

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



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

**2 Agustus  
PGN Supports PRCT and Development  
of National Bicycle Racing**



PGN remains to support the development of national sports, particularly for bicycle racing through the existence of the PGN Road Cycling Team (PRCT) in 2019. PGN has done founding from the beginning of 2016 and the founding leads PRCT to advance to the professional level by following the national bicycle racing championship and international touring. In 2019, PRCT was registered with the UCI Continental Team, an International Bike Race Competition that entered the Division 3 level. This was a prestigious achievement for only three teams from Indonesia were registered at UCI, one of which was PRCT. This support is also a tangible manifestation of PGN's alignments towards the development and treat of athletes, especially for national bicycle racing sports that are in line with the government's goal of supporting the langit biru (clean air) program.

**18 July  
Celebrating the 54<sup>th</sup> Anniversary,  
PGN Focuses on the role of  
Sub-holding in Gas**



This anniversary celebration takes the title Gemilang Semarak PGN and has the theme of "Tiada Henti Menyatukan dan Menyalurkan Energi Baik untuk Indonesia". In this celebration 54th anniversary, PGN held a cultural parade. This cultural parade has a message of diversity that symbolizes the role of PGN as Subholding Gas which is the backbone of the country to become an agent of development in Indonesia to serve the community with good energy from natural gas.

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



Currently, the petrochemical industry is one of top five large industrial segments that use natural gas needs. PGN, which currently plays its role as a gas subholding, is a natural gas distribution and transmission business entity that manages the majority of infrastructure throughout Indonesia, including the Petrochemical industry sector. The scope of HOA cooperation includes the distribution of natural gas buying and selling to meet the energy needs of TPP's natural gas located in Tuban, East Java.

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

**23 September**  
**The PGN Journalistic Competition (KJPGN) 2019 was held to Strengthen the National Media Industry**



Journalistic Competition of PT Perusahaan Gas Negara Tbk 2019 (KJPGN 2019), which is an annual activity of PGN to improve the quality of journalistic products in Indonesia, was held for the sixth time. PGN's consistency in holding KJPGN 2019 is part of the company's commitment to encourage the quality of journalistic products and the press industry in Indonesia.

This year, there are five categories contested which include; Print Hard News Categories, Online Hard News Categories, Feature News Categories, Print Photo Categories, and Online Photo Categories.

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



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

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



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

**15 October**  
**PGN establishes a Rubber Cooperative in Pagardewa Village**



The cooperatives of PT Perusahaan Gas Negara Tbk (PGN) collaborate with PT Kirana Megatara Tbk to absorb the results of rubber plantations in the Pagardewa Village area, Lubai Ulu District, Muara Enim Regency, South Sumatra. This program is the first collaboration program in Indonesia between forested cooperatives CSR companies and producers directly. At the beginning of this collaboration, PGN fostered cooperative called Koperasi Padetra Arto Mulyo sold rubber plantation products directly with a target of 1 ton per month.



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



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

**20 November**  
**Dumai City Gas Network has been Completed, 4,743 Connections Households Can Have Natural Gas**



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

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



This joint socialization event for BPJS Employment was intended as a Protection Program for the Employment BPJS Program which was given to 1,000 Bajaj Drivers in the DKI Jakarta Region, represented by Kobagas.

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

**20 Desember**  
**PGN with HR People with Disabilities**



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

Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

# AWARDS AND CERTIFICATIONS

## AWARDS

In 2019, PGN and Subsidiaries, as well as Affiliate, managed to obtain several awards from national and international with the following details:

**4 February 2019 (PGN)  
Pertamina EP Consumer Awards**



PT Perusahaan Gas Negara Tbk obtain award from PT Pertamina EP as The Best Gas Customer 2018 Platinum Award in the evening's event appreciation achievement of lifting oil and gas 2018. The award is received directly by the Commercial Director PGN'S, Danny Parditya in Intercontinental Hotel, Bandung , West Java.

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



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

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

**11 April 2019 (PGN)  
HR Excellence Award 2019**



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

**22 April 2019 (PGN Group)  
2013 National K3 Award**



In the 2019 National K3 award event organized by the Ministry of Manpower, PGN successfully received a P2HIV award in the Platinum category. In addition, PGN also received Zero Incident Award for PGN Head Office, GDMR III, GTM, and PMO. Several PGN Group companies also received Zero Incident Award obtained by PT PGAS Solution, PT PGAS Telekomunikasi Nusantara, PT Gagas Energi Indonesia, PT Nusantara Regas, and PT Permata Graha Nusantara.

**11 June 2019 (PGN)  
Business News Awards**



From around 400 BUMN, BUMD , private company national and governances / institutions assessed in Business News Award in 2019, PGN success obtained two awards namely The Best Growth Strategy in Energy Industry and The Best Human Capital Management in Energy Industry.

**16 July 2019 (PGN)  
Award for the Performance of the Best Human Rights (HAM) of the Foundation for International Human Rights Reporting Standards (FIHRST)**



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

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

**24 Juli 2019 (PGN)  
LACP Award**



LACP's Annual Report Competition, 2018 Vision Awards are a form of international recognition and appreciation for quality and annual reports that have advantages from around the world. This award is not the first time and is a repeat of achievement for PGN. PGN won awards as, Most Improved Report Worldwide, Top 10 Reports Indonesia, Most Improved Report Asia Pacific Region, and Top 50 Reports Asia.

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

**14 August 2019 (PGN)  
IDX Award**



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

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

**22 August 2019 (PGN)  
Top Governance Risk & Compliance Summit 2019**



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

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

Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

#### 11 September 2019 (PGN) The Best Contact Center



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

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

#### 14 October 2019 (PGN) IICD Award



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

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

#### 17 October 2019 (PGN Group) ARC Awards International XXXIII



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

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

#### 19 October 2019 (PGN) Stevie Awards



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

In 2008 PGN won two categories from Human Resources (HR) or Human Capital Management (HCM) and Annual Report. This year, PGN won a Bronze Stevie Winner in the category of Best Annual Report - Publicly-Held Corporations.

**28 October 2019 (PGN)  
BUMN Award**



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

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

**6 November 2019 (PGN)  
BUMN Branding and Marketing Award**



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

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

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

**11 November 2019 (PGN)  
Marcom Awards**



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

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

**13 November 2019 (PGN)  
CECT Sustainability Awards 2019**



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

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

Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

### 18 November 2019 (PGN) Anugerah Perusahaan Tbk



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

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

### 27 November 2019 (PGN Group) Penganugerahan Penghargaan Keselamatan Migas



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

PGN received these following awards:

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

While PGN's Subsidiaries received these following awards:

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

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



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

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

**8 Desember 2019 (PGN)  
Sustainability Report Awards 2018**



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

**10 December 2019 (PGN)  
LHKPN from KPK Awards**



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

**16 Desember 2019 (PGN Group)  
PROPER (Environment Management Performance Assessment and Rating Program) Year 2018-2019**



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

Remarks

Maintain Sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

## CERTIFICATION

ISO 27001: 2013 Information Security Management System  
BSI



ISO 9001:2015 Quality Management System  
Lloyd's Register



OHSAS 18001: 2007 OHS Management System  
Lloyd's Register



ISO 14001: 2015 Environmental Management System  
Lloyd's Register





**Occupational Safety and Health Management System  
Minister of Manpower of the Republic of Indonesia**



**Security Management System  
Chief of Police Force of the Republic of Indonesia**



Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

**Governance Sustainability**

About the Report



# 10

## ABOUT THIS REPORT

The commitment of PGN to implementing the principles of sustainability is represented by our consistency in launching the sustainability reports for 11 consecutive years.





**Our Sustainability Report is part of the responsibilities of PGN to stakeholders and has been a medium to put our performance on display regarding economic, environmental, and social matters.**

It has been 11 consecutive years since PGN has brought public attention to sustainability reporting. We believe that this report is not a decorative addition, but imperative for stakeholders and for the Company itself. Our commitment to the environment and society is showcased to the public, transparently. Thus, we wish to get some support from the public in building PGN up as a sustainable enterprise.

### PERIOD, SCOPE, AND REPORT CYCLE

This annual sustainability report contains of data and information for period January 1<sup>st</sup> 2019 until December 31<sup>th</sup> 2019, including sustainability performance of PGN and its subsidiaries that presented on page 20. Financial data that contained in chapter Maintaining the National Economy is a consolidated data with subsidiaries, while data in other chapter is contains parent entity. The business units of subsidiaries and affiliates are presented on the page 38 to 39. The previous report was published on April 2019. [\[GRI 102-50\]](#) [\[GRI 102-51\]](#) [\[GRI 102-52\]](#)

There were no significant changes within the material topics and topic boundaries from the preceding report nor changes in the Company: the structure, the supply chain, or other significant changes. There are no any significant restatement of the information or the data given in the previous report. [\[GRI 102-10\]](#) [\[GRI 102-48\]](#) [\[GRI 102-49\]](#)

This report has been prepared in compliance with GRI Standards: Comprehensive option with written disclosures in each relevant section and complete index on page 197. [\[GRI 102-54\]](#)

### EXTERNAL ASSURANCE

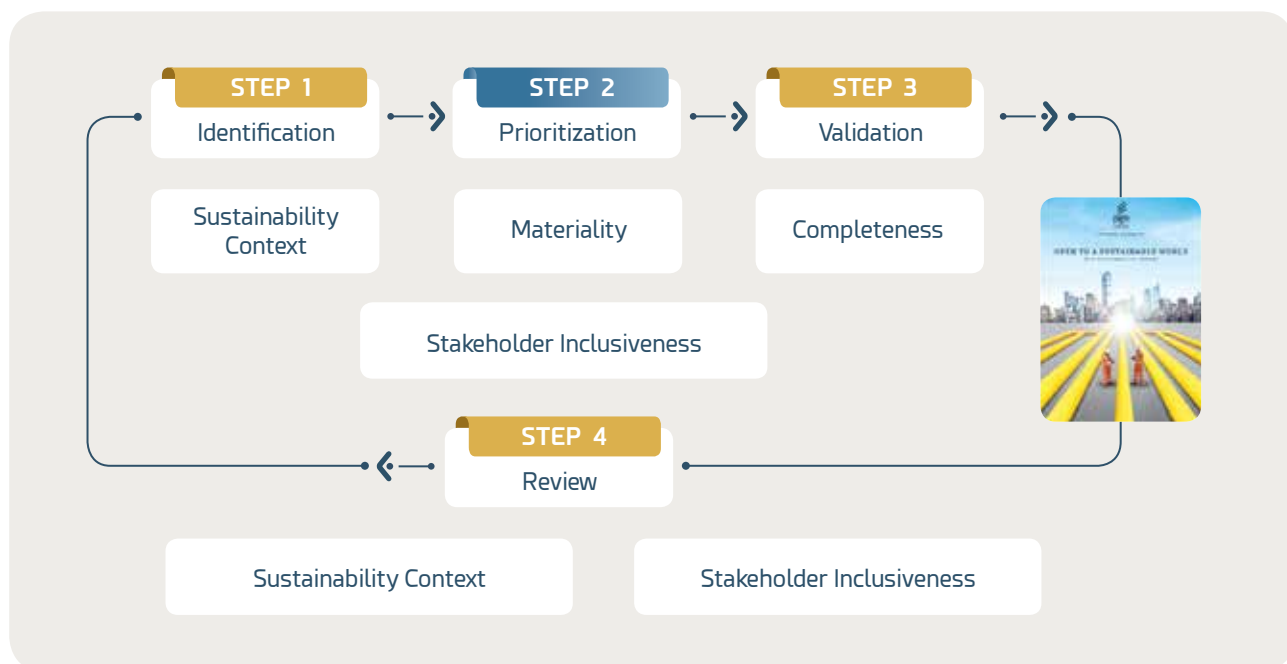
[\[GRI 102-45\]](#) [\[GRI 102-56\]](#)

To set up the credibility of the report, we harness the services of an independent assurer, Moores Rowland, who was chosen through the approval of the Board of Directors represented by the Corporate Secretary. As to meeting GRI standards, we take the National Center for Sustainability Reporting (NCSR) into account providing a statement on page 184.

### DEFINING REPORT CONTENT AND TOPIC BOUNDARIES [\[GRI 102-46\]](#)

We perform the process of determining the contents of the Report by applying the following 4 (four) grades:

1. Identification Stage: Identifying material aspects along with their limitations.
2. Priority Stage: Prioritising the details that have been identified in the aforesaid step.
3. Validation Stage: Validating material aspects.
4. Review Phase: Conducting a review of the Report after publication in order to upgrade the quality of the next year's Report.



- Remarks
- Maintain sustainability
- Maintaining the National Economy
- Maintain Sustainable Environment
- Maintaining Prosperity of the Country
- Maintaining the Quality of PGN Employees
- Maintaining Occupational Health and Safety
- Maintaining the Customer Health and Safety
- Governance Sustainability
- About the Report

In organising the report, we conform to four principles of sustainability reporting, that is:

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

**IDENTIFICATION.** In this stage, we choose issues related to the context of sustainability, that is economics, environment, and social-affairs.

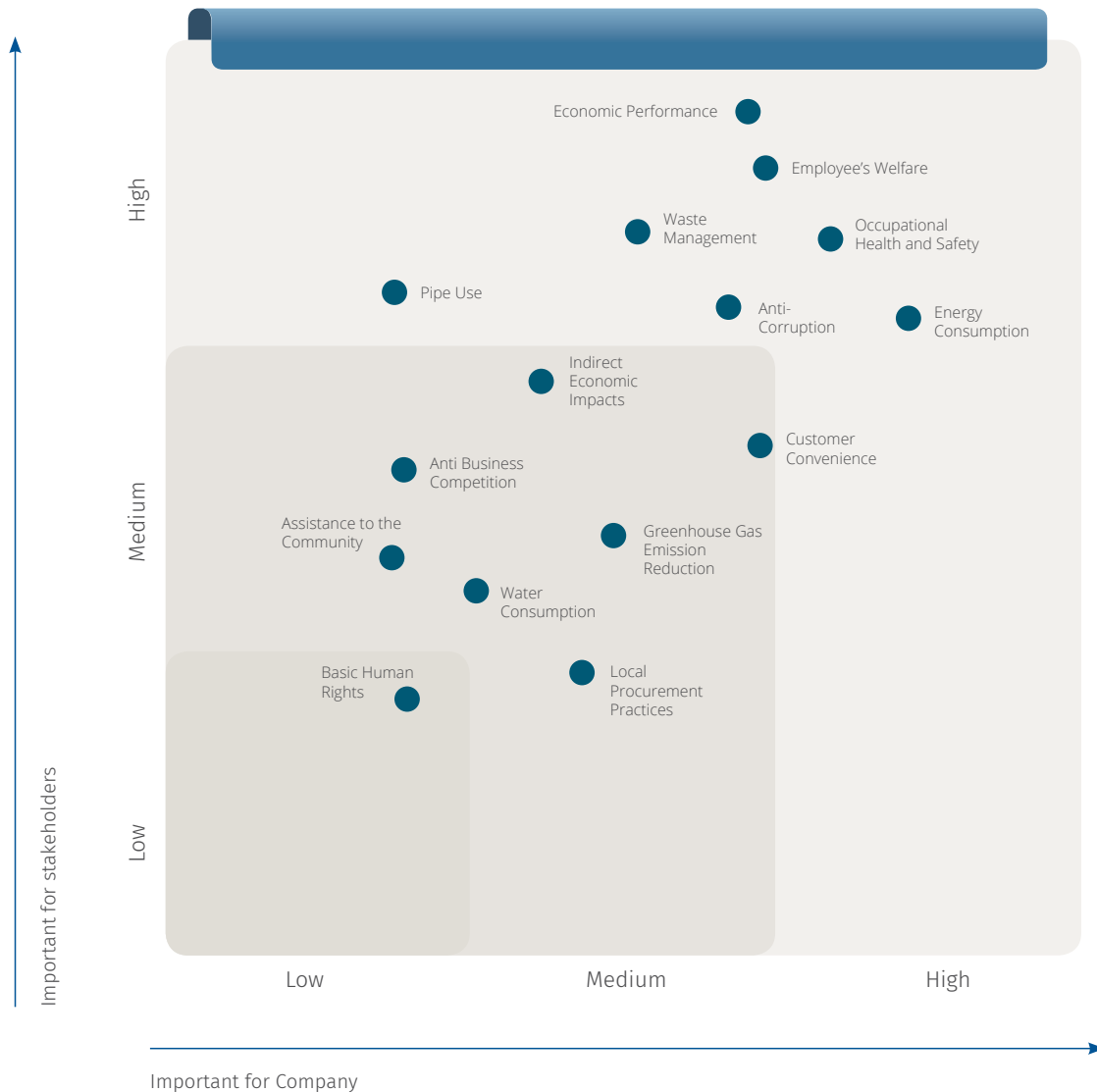
**PRIORITY.** By means of a materiality test, we initiate significant sustainability issues and topics which predispose stakeholder assessments and decisions.

**VALIDATION.** We set the seal on the manner of us having scrutinised the scope, boundary, and time aspects of the sustainability topics by implementing the principle of completeness.

**REVIEW.** By involving the stakeholders, we ensure that the contents of the report are suited to the expectations and equitable interests of the stakeholders. We use a questionnaire to get input from stakeholders.

### DETERMINING MATERIALITY LEVEL

In arranging the report, we have looked over the topics relevant to our stakeholders, specifically those who influence or are significantly affected by PGN's operational activities. To obtain input, we surveyed our various stakeholders and the results were then developed in a materiality distribution chart as follows:



## MATERIAL TOPICS LIST

On the basis of the aforementioned approach, the whole process of determining the report content focussed on the pivotal topics, the boundaries, and the disclosures in the GRI Standards as follows:

Material Topics [GRI 102-47]	Reasons the Topic is Material [GRI 103-1]	Disclosure Number	Boundaries	
			PGN	Outside PGN
Significantly affect to:				
<b>ECONOMY</b>				
Economic Performance	Stakeholders	201-1, 201-2, 201-3, 201-4	√	
Market Presence	Stakeholders	202-1, 202-2	√	
Indirect Economic Impacts	Stakeholders	203-1, 203-2	√	
Procurement Practices	Development	204-1	√	
Anti-Corruption	Development	205-1, 205-2, 205-3	√	
<b>ENVIRONMENT</b>				
Material	Sustainability	301-1, 301-2, 301-3	√	√
Energy	Sustainability	302-1, 302-2, 302-3, 302-4, 302-5	√	√
Water	Sustainability	303-1, 303-2, 303-3	√	
Emission	Sustainability	305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7	√	√
Waste	Sustainability	306-1, 306-2	√	
Environmental Compliance	Sustainability	307-1	√	
<b>SOCIAL</b>				
Employment	Compliance with laws and regulations	401-1, 401-2, 401-3	√	
Occupational Health and Safety	Employee	403-1, 403-2, 403-3, 403-4	√	
Training and Education	Employee	404-1, 404-2, 404-3	√	
Diversity and Equality	Employee and society	405-1, 405-2	√	
Non-Discrimination	Employee and society	406-1	√	
Security Practices	Compliance with laws and regulations	410-1	√	
Customer Health and Safety	Customer	416-1, 416-2		√
Marketing and Labelling	Customer	417-1, 417-2, 417-3		√

## PERSONAL CONTACT [GRI 102-53]

To enhance the quality of our reports from year to year, we invite readers and all stakeholders to come up with advice, opinions, criticisms, or inquiries over the sustainability report to:

### Corporate Secretary

#### PT Perusahaan Gas Negara Tbk

Jl. K.H. Zainul Arifin No. 20  
Jakarta, 11140, Indonesia  
T +6221 633 4838, F +6221 638 54917  
Contact Center  
T. 1500 645  
E. [contact.center@pgn.co.id](mailto:contact.center@pgn.co.id)  
[www.pgn.co.id](http://www.pgn.co.id)

Remarks

Maintain  
sustainabilityMaintaining  
the National  
EconomyMaintain Sustainable  
EnvironmentMaintaining  
Prosperity of  
the CountryMaintaining the  
Quality of PGN  
EmployeesMaintaining  
Occupational Health  
and SafetyMaintaining the  
Customer Health and  
SafetyGovernance  
SustainabilityAbout the  
Report

## Independent Assurance Statement

Report No. 0320/BD/0008/JK

### To the management of PT Perusahaan Gas Negara, Tbk

We were engaged by PT Perusahaan Gas Negara, Tbk ('PGN') to provide assurance in respect to its Sustainability Report 2019 ('the Report'). The assurance engagement was carried out by our highly experienced assurance team whose diverse and complementary skills ensure a high level of competence in carrying out their duties.

### Independence

We carried out all assurance undertakings with independence and autonomy having not been involved in the preparation of any key part of the Report. Nor did we provide any services to PGN during 2019 that could conflict with the independence of the assurance engagement.

### Assurance Standards

Our work was carried out 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, the work was also planned and carried out to conform to AA1000AS (2008) 'AA1000 Assurance Standards (2008)', issued by AccountAbility.

### Level of assurance and criteria used

By designing our evidence-gathering procedures to obtain a limited level of assurance based on ISAE3000 and a moderate level of assurance engagement as set out in AA1000AS (2008) readers of the report can be confident that all risks or errors have been reduced to a very low level, although not necessarily to zero. Moreover, the Report was also evaluated in accordance with the criteria of AA1000 AccountAbility Principles (2018) of Inclusivity, Materiality, Responsiveness and Impact.

### Scope of Assurance

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

- 1) assessment of PGN's adherence to the AA1000 AccountAbility Principles (2018); and

- 2) assessment of the accuracy and quality of the 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 the preparation of the Report and all information and claims therein, which include established sustainability management targets, performance management, data collection, etc. In performing this engagement, meanwhile, our responsibility to the management of PGN is solely for the purpose of verifying the statements it has made in relation to its sustainability performance, specifically as described in the agreed scope, and expressing our opinion on the conclusions reached.

### Methodology

In order to assess 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 them, the following methods were employed during the engagement process:

- Review of report, internal policies, documentation, management and information systems
- Interview of relevant staff involved in sustainability-related management and reporting
- Following data trails to the initial aggregated source, to check 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, Responsiveness and Impact 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.

Demonstration of PGN's strong commitment to stakeholder inclusivity included the conduct of needs assessment surveys and materiality level survey of the key stakeholder groups. Thus our overall assessment was that PGN has set in place an effective system that enables key stakeholders to participate in the development of the organization's response in the context of sustainability.

In order to maintain and strengthen the effectiveness of this inclusivity, however, we recommend that PGN carries out regular monitoring of its systems and procedures, plus implements improvements where necessary.

### ▪ **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.

PGN's strong commitment to meet stakeholder needs in this field was evidenced by the provision of adequately reported and balanced information on key material issues. Nevertheless, as demands for information continue to increase, we recommend that PGN conducts materiality tests on a regular basis for inclusion in future reports.

### ▪ **Responsiveness**

It is increasingly important to respond in meeting stakeholder expectations and an assessment was carried out to determine the degree to which PGN demonstrates its accountability in this area.

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 a key and we recommend that PGN conducts regular monitoring and improves stakeholder engagement procedures where necessary in future reports.

### ▪ **Impact**

An assessment was made on whether PGN has monitored, measured and is accountable for how its actions affect their broader ecosystems.

PGN has integrated identified impacts into key management processes, for example, the materiality assessment process and organisational strategy, governance, goal-setting and operations.

In order to strengthen the effectiveness of assessment and disclosure of impacts, however, we recommend that PGN provides the necessary competencies and resources to measure, evaluate and manage the impacts and conducts regular monitoring of its systems and procedures, plus implements improvements where necessary.

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe 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 30, 2020



**James Kallman**

Chief Executive Officer

*Moores Rowland is an international organization specializing in audit, accounting, tax, legal and advisory services. Moores Rowland is a member of Praxity AISBL, the world's largest Alliance of independent and unaffiliated audit and consultancy companies. Praxity is served by Moores Rowland in Indonesia, one of the leading sustainability assurance providers.*



NATIONAL  
CENTER FOR  
SUSTAINABILITY  
REPORTING

### Statement GRI Standards in Accordance Check

The National Center for Sustainability Reporting (NCSR) has conducted a GRI Standards in Accordance Check on PT Perusahaan Gas Negara Tbk Sustainability Report 2019 (“Report”). The check communicates the extent to which the GRI Standards 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 - Comprehensive option.



Jakarta, 22 April 2020

**National Center for Sustainability Reporting**

A handwritten signature in black ink, consisting of a stylized 'D' followed by a horizontal line and a vertical line, representing the name Dewi Fitriyasari.

**Dewi Fitriyasari, Ph.D., CSRA, CMA**  
Director

## SDG'S LINK IN THE GRI STANDARD

SDG's	Business Theme	Relevance of GRI Standard	Disclosure	Title Indicator	Pages
<b>1</b> NO POVERTY  	Income, salary, and benefits	GRI 201: Economic Performance	201-3	Defined Benefit Plan Obligations and Other Retirement Plans	103
		GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	95
			202-2	Proportion of senior management hired from the local community	96
		GRI 401: Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	95
	Economic development in areas of high poverty	GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	77
			203-2	Significant indirect economic impacts	82
<b>2</b> NO HUNGER  	Economic development in areas of high poverty	GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	77
			203-2	Significant indirect economic impacts	82
	Economic Performance	GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	47

End poverty in all its forms everywhere.

End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country


Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

SDG's	Business Theme	Relevance of GRI Standard	Disclosure	Title Indicator	Pages
<b>3</b> GOOD HEALTH 	Water quality	GRI 303: Water	303-1	Water withdrawal by source	63-64
			303-2	Water sources significantly affected by withdrawal of water	63
			303-3	Water recycled and reused	64
	Air quality	GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	66
			305-2	Energy indirect (Scope 2) GHG emissions	67
			305-3	Other indirect (Scope 3) GHG emissions	67
			305-4	GHG emissions intensity	67
			305-5	Reduction of GHG emissions	68
			305-6	Emissions of ozone-depleting substances (ODS)	68
			305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	68
	Occupational Health and Safety	GRI 403: Occupational Health and Safety	403-1	Workers representation in formal joint management-worker health and safety committees	108-109
			403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	115
			403-3	Workers with high incidence or high risk of diseases related to their occupation	120
			403-4	Health and safety topics covered in formal agreements with trade unions	108
	Customer Safety	GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	125

Ensure healthy lives and promote wellbeing for all at all ages.

SDG's	Business Theme	Relevance of GRI Standard	Disclosure	Title Indicator	Pages
			416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	125
		GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling	125
			417- 2	Incidents of non-compliance concerning product and service information and labeling	125
			417-3	Incidents of non-compliance concerning marketing communications	125
	Waste	GRI 306: Air Effluents and Waste	306-1	Water discharge by quality and destination	71
			306-2	Waste by type and disposal method	69
			306-3	Significant spills	71
			306-4	Transport of hazardous waste	70
			306-5	Water bodies affected by water discharges and/or runoff	71
	Compliance to regulations	GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	60
4 QUALITY EDUCATION	Training and Education	GRI 404: Training and Education	404-1	Average hours of training per year per employee	103



Ensure inclusive and quality education for all and promote lifelong learning

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country



Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

SDG's	Business Theme	Relevance of GRI Standard	Disclosure	Title Indicator	Pages		
<b>5 GENDER EQUALITY</b>  <p>Achieve gender equality and empower all women and girls.</p>	Equal remuneration for women and men	GRI 202: Market Presence	404-2	Programs for upgrading employee skills and transition assistance programs	100, 103		
			404-3	Percentage of employees receiving regular performance and career development reviews	99		
		GRI 401: Employment	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	95		
			401-3	Parental leave	96		
			GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	96-97	
				405-2	Ratio of basic salary and remuneration of women to men	97	
			GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	96	
			<b>6 CLEAN WATER AND SANITATION</b>  <p>Ensure access to water and sanitation sustainable for all.</p>	Water Waste	GRI 303: Water	303-1	Water withdrawal by source
		303-2				Water sources significantly affected by withdrawal of water	63
		303-3				Water recycled and reused	64
GRI 306: Air Effluents and Waste	306-1	Water discharge by quality and destination			71		
	306-3	Significant spills			71		
	306-5	Water bodies affected by water discharges and/or runoff			71		

SDG's	Business Theme	Relevance of GRI Standard	Disclosure	Title Indicator	Pages					
<b>7 RENEWABLE ENERGY</b> 	Energy Efficiency	GRI 302: Energy	302-1	Energy consumption within the organization	64					
			302-2	Energy consumption outside of the organization	64					
			302-3	Energy intensity	65					
			302-4	Reduction of energy consumption	65					
			302-5	Reductions in energy requirements of products and services	66					
			Ensure access to affordable, reliable, sustainable and modern energy for all.							
<b>8 GOOD JOBS AND ECONOMIC GROWTH</b> 	Freedom of association	GRI 102: General Disclosure	102-41	Collective bargaining agreements	152					
	Income, salary and benefits	GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	95					
			202-2	Proportion of senior management hired from the local community	96					
			GRI 201: Economic Performance	201-3	Defined benefit plan obligations and other retirement plans	103				
	Equality	GRI 202: Market Presence	GRI 405: Diversity and Equal Opportunity	202-2	Proportion of senior management hired from the local community	96				
							GRI 406: Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	96
	Employment	GRI 401: Employment	401-1	401-2	Benefits Provided to Full-Time Employees That are Not Provided to Temporary or Part-Time Employees	95				
							401-3	Parental Leave	96	

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

SDG's	Business Theme	Relevance of GRI Standard	Disclosure	Title Indicator	Pages
	Occupational Health and Safety	GRI 403: Occupational Health and Safety	403-1	Workers representation in formal joint management-worker health and safety committees	108-109
			403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	115
			403-3	Workers with high incidence or high risk of diseases related to their occupation	120
			403-4	Health and safety topics covered in formal agreements with trade unions	108
	Training and Education	GRI 404: Training and Education	404-1	Average hours of training per year per employee	103
			404-2	Programs for upgrading employee skills and transition assistance programs	100, 103
			404-3	Percentage of employees receiving regular performance and career development reviews	99
		GRI 410: Security Practices	410-1	Security personnel trained in human rights policies or procedures	98
	Sustainability Governance	GRI 205: Anti-Corruption	205-1	Operations assessed for risks related to corruption	150
			205-2	Communication and training about anti-corruption policies and procedures	149
			205-3	Confirmed incidents of corruption and actions taken	150



SDG's	Business Theme	Relevance of GRI Standard	Disclosure	Title Indicator	Pages
 <p>9 INNOVATION AND INFRASTRUCTURE</p>	Economic development in areas of high poverty	GRI 203: Indirect Economic Impact	203-1	Infrastructure investments and services supported	77
			203-2	Significant indirect economic impacts	82
 <p>10 REDUCED INEQUALITIES</p>	Economic development in areas of high poverty	GRI 203: Indirect Economic Impact	203-1	Infrastructure investments and services supported	77
			203-2	Significant indirect economic impacts	82
	Equality	GRI 202: Market Presence	202-2	Proportion of senior management hired from the local community	96
			GRI 405: Diversity and Equal Opportunity	405-2	Ratio of basic salary and remuneration of women to men
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	Infrastructure investments	GRI 203: Indirect Economic Impact	203-1	Infrastructure investments and services supported	77
			203-2	Significant indirect economic impacts	82

Build resilient infrastructure, promote sustainable industrialization and foster innovation.

Reduce inequality within and among countries.

Make cities inclusive, safe, resilient and sustainable.

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

SDG's	Business Theme	Relevance of GRI Standard	Disclosure	Title Indicator	Pages
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Ensure sustainable consumption and production patterns.</p>	Procurement Practices	GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	52
	Material	GRI 301: Material	301-1	Materials used by weight or volume	61-62
			301-2	Recycled input materials used	61
			301-3	Reclaimed products and their packaging materials	61
	Energy Efficiency	GRI 302: Energy	302-1	Energy consumption within the organization	64
			302-2	Energy consumption outside of the organization	64
			302-3	Energy intensity	65
			302-4	Reduction of energy consumption	65
			302-5	Reductions in energy requirements of products and services	66
	Water Efficiency	GRI 303: Water	303-1	Water withdrawal by source	63-64
			303-2	Water sources significantly affected by withdrawal of water	63
			303-3	Water recycled and reused	64
	Air Quality	GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	66
			305-2	Energy indirect (Scope 2) GHG emissions	67
			305-3	Other indirect (Scope 3) GHG emissions	67
			305-4	GHG emissions intensity	67
			305-5	Reduction of GHG emissions	68
			305-6	Emissions of ozone-depleting substances (ODS)	68
			305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	68
	Waste	GRI 306: Effluents and Waste	306-1	Water discharge by quality and destination	71

SDG's	Business Theme	Relevance of GRI Standard	Disclosure	Title Indicator	Pages	
<b>13</b> CLIMATE ACTION  <p>Take urgent action to combat climate change and its impacts.</p>			306-2	Waste by type and disposal method	69	
			306-3	Significant spills	71	
			306-4	Transport of hazardous waste	70	
			306-5	Water bodies affected by water discharges and/or runoff	71	
			Information and Labeling Product and service	GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling
			417-2	Incidents of non-compliance concerning product and service information and labeling	125	
			417-3	Incidents of non-compliance concerning marketing communications	125	
	13 CLIMATE ACTION	Energy Efficiency	GRI 302: Energy	302-1	Energy consumption within the organization	64
				302-2	Energy consumption outside of the organization	64
				302-3	Energy intensity	65
			302-4	Reduction of energy consumption	65	
			302-5	Reductions in energy requirements of products and services	66	
	Air quality	GRI 305: Emmissions	305-1	Direct (Scope 1) GHG emissions	66	
			305-2	Energy indirect (Scope 2) GHG emissions	67	
			305-3	Other indirect (Scope 3) GHG emissions	67	
			305-4	GHG emissions intensity	67	
			305-5	Reduction of GHG emissions	68	
			305-6	Emissions of ozone-depleting substances (ODS)	68	
			305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	68	

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country



Maintaining the Quality of PGN Employees


Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

SDG's	Business Theme	Relevance of GRI Standard	Disclosure	Title Indicator	Pages	
	Implications of Climate change	GRI 201: Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	55	
	Compliance	GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	60	
<b>14</b> LIFE BELOW WATER  <p>Conserve and using ocean, oceans and resources the sea in a sustainable way for development sustainable.</p>	Water	GRI 303: Water	303-1	Water withdrawal by source	63-64	
			303-2	Water sources significantly affected by withdrawal of water	63	
			303-3	Water recycled and reused	64	
	Waste	GRI 306: Effluents and Waste	306-1	Water discharge by quality and destination	71	
			306-2	Waste by type and disposal method	69	
			306-3	Significant spills	71	
			306-4	Transport of hazardous waste	70	
			306-5	Water bodies affected by water discharges and/or runoff	71	
	<b>15</b> LIFE ON LAND  <p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.</p>	Waste	GRI 306: Effluents and Waste	306-1	Water discharge by quality and destination	71
				306-2	Waste by type and disposal method	69
306-3				Significant spills	71	
306-4				Transport of hazardous waste	70	
306-5				Water bodies affected by water discharges and/or runoff	71	

SDG's	Business Theme	Relevance of GRI Standard	Disclosure	Title Indicator	Pages
16 PEACE AND JUSTICE 	Anti-Corruption	GRI 205: Anti-Corruption	205-2	Communication and training about anti-corruption policies and procedures	149
			205-3	Confirmed incidents of corruption and actions taken	150
	Equality	GRI 405: Diversity and Equal Opportunity	405-1	Average hours of training per year per employee	96-97
			405-2	Programs for upgrading employee skills and transition assistance programs	97
			406-1	Incidents of discrimination and corrective actions taken	96
	Security Practices	GRI 410: Security Practices	410-1	New Employee Hires and Employee Turnover	98
			Ethical and Legal Behavior	GRI 102: General Disclosure	102-16
	102-17	Mechanisms for advice and concerns about ethics			151
	102-25	Conflicts of interest			149
	102-35	Remuneration policies			156
	102-36	Process for determining remuneration			161
	Inclusive Decision Making	GRI 102: General Disclosure	102-37	Stakeholders' involvement in remuneration	161
			102-18	Governance structure	134
			102-40	List of stakeholder groups	154
				102-41	Collective bargaining agreements

Promote peaceful and inclusive communities for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels.

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

SDG's	Business Theme	Relevance of GRI Standard	Disclosure	Title Indicator	Pages
			102-42	Identifying and selecting stakeholders	154
			102-43	Approach to stakeholder engagement	154
			102-44	Key topics and concerns raised	154
17. PARTNERSHIP FOR THE GOALS	External Initiative	GRI 102: General Disclosure	102-12	External initiatives	152



Strengthen the means of implementation and revitalize the global partnership for sustainable development.

# GRI STANDARD INDEX - COMPREHENSIVE OPTION [GRI 102-55]

GRI Standard	No	Disclosure Title	Pages
<b>GENERAL DISCLOSURE</b>			
<b>ORGANIZATIONAL PROFILE</b>			
GRI 102: General Disclosure 2016	102-1	Organization name	21
	102-2	Activities, brands, products, and services	21
	102-3	Location of headquarters	21
	102-4	Location of operations	22
	102-5	Ownership and legal form	21
	102-6	Markets served	29
	102-7	Scale of the organization	24
	102-8	Information on employees and other workers	91
	102-9	Supply chain	50
	102-10	Significant changes to the organization and its supply chain	179
	102-11	Precautionary Principle or approach	148
	102-12	External initiatives	152
	102-13	Membership of associations	152
<b>STRATEGY</b>			
	102-14	Statement from senior decision-make	8, 12
	102-15	Key impacts, risks, and opportunities	52-53
<b>ETHICS AND INTEGRITY</b>			
	102-16	Values, principles, standards, and norms of behavior	32, 150
	102-17	Mechanisms for advice and concerns about ethics	151
<b>GOVERNANCE</b>			
	102-18	Governance structure	134
	102-19	Delegating authority	136
	102-20	Executive-level responsibility for economic, environmental, and social topics	136
	102-21	Consulting stakeholders on economic, environmental, and social topics	136
	102-22	Composition of the highest governance body and its committees	136
	102-23	Chair of the highest governance body	136
	102-24	Nominating and selecting the highest governance body	137
	102-25	Conflicts of interest	149
	102-26	Role of highest governance body in setting purpose, values, and strategy	139
	102-27	Collective knowledge of highest governance body	139
	102-28	Evaluating the highest governance body's performance	141

Remarks

Maintain  
sustainabilityMaintaining  
the National  
EconomyMaintain Sustainable  
EnvironmentMaintaining  
Prosperity of  
the CountryMaintaining the  
Quality of PGN  
EmployeesMaintaining  
Occupational Health  
and SafetyMaintaining the  
Customer Health and  
SafetyGovernance  
SustainabilityAbout the  
Report

GRI Standard	No	Disclosure	Pages
		Title	
	102-29	Identifying and managing economic, environmental, and social impacts	142
	102-30	Effectiveness of risk management processes	148
	102-31	Review of economic, environmental, and social topics	142
	102-32	Highest governance body's role in sustainability reporting	142
	102-33	Communicating critical concerns	143
	102-34	Nature and total number of critical concerns	154
	102-35	Remuneration policies	156
	102-36	Process for determining remuneration	161
	102-37	Stakeholders' involvement in remuneration	161
	102-38	Annual total compensation ratio	158, 161
	102-39	Percentage increase in annual total compensation ratio	158
<b>STAKEHOLDER ENGAGEMENT</b>			
	102-40	List of stakeholder groups	154
	102-41	Collective bargaining agreements	152
	102-42	Identifying and selecting stakeholders	154
	102-43	Approach to stakeholder engagement	154
	102-44	Key topics and concerns raised	154
<b>REPORTING PRACTICE</b>			
	102-45	Entities included in the consolidated financial statements	179
	102-46	Defining report content and topic Boundaries	179
	102-47	List of material topics	181
	102-48	Restatements of information	179
	102-49	Changes in reporting	179
	102-50	Reporting period	179
	102-51	Date of most recent report	179
	102-52	Reporting cycle	179
	102-53	Contact point for questions regarding the report	181
	102-54	Claims of reporting in accordance with the GRI Standards	179
	102-55	GRI content index	197
	102-56	External assurance	179, 182
<b>SPECIFIC TOPIC DISCLOSURE</b>			
<b>ECONOMIC PERFORMANCE</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	181
	103-2	The management approach and its components	47, 48, 55, 103
	103-3	Evaluation of the management approach	47, 48, 55, 103



GRI Standard	No	Disclosure		Pages
		Title		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed		47
	201-2	Financial implications and other risks and opportunities due to climate change		55
	201-3	Defined benefit plan obligations and other retirement plans		103
	201-4	Financial assistance received from government		48
<b>MARKET PRESENCE</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		181
	103-2	The management approach and its components		95-96
	103-3	Evaluation of the management approach		95-96
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		95
	202-2	Proportion of senior management hired from the local community		96
<b>INDIRECT ECONOMIC IMPACTS</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		181
	103-2	The management approach and its components		77, 82
	103-3	Evaluation of the management approach		77,82
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported		77
	203-2	Significant indirect economic impacts		82
<b>PROCUREMENT PRACTICES</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		181
	103-2	The management approach and its components		52
	103-3	Evaluation of the management approach		52
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers		52
<b>ANTI-CORRUPTION</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		181
	103-2	The management approach and its components		149-150
	103-3	Evaluation of the management approach		149-150
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption		150
	205-2	Communication and training about anti-corruption policies and procedures		149
	205-3	Confirmed incidents of corruption and actions taken		150
<b>MATERIAL</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		181
	103-2	The management approach and its components		61-62
	103-3	Evaluation of the management approach		61-62

Remarks

Maintain  
sustainabilityMaintaining  
the National  
EconomyMaintain Sustainable  
EnvironmentMaintaining  
Prosperity of  
the CountryMaintaining the  
Quality of PGN  
EmployeesMaintaining  
Occupational Health  
and SafetyMaintaining the  
Customer Health and  
SafetyGovernance  
SustainabilityAbout the  
Report

GRI Standard	No	Disclosure		Pages
		Title		
GRI 301: Material 2016	301-1	Materials used by weight or volume		61-62
	301-2	Recycled input materials used		61
	301-3	Reclaimed products and their packaging materials		61
<b>ENERGY</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		181
	103-2	The management approach and its components		64-66
	103-3	Evaluation of the management approach		64-66
GRI 302: Energy 2016	302-1	Energy consumption within the organization		64
	302-2	Energy consumption outside of the organization		64
	302-3	Energy intensity		65
	302-4	Reduction of energy consumption		65
	302-5	Reductions in energy requirements of products and services		66
<b>WATER</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		181
	103-2	The management approach and its components		63-64
	103-3	Evaluation of the management approach		63-64
GRI 303: Water 2016	303-1	Water withdrawal by source		63-64
	303-2	Water sources significantly affected by withdrawal of water		63
	303-3	Water recycled and reused		64
<b>EMMISSIONS</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		181
	103-2	The management approach and its components		66-68
	103-3	Evaluation of the management approach		66-68
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GRK emissions		66
	305-2	Indirect (Scope 2) GRK emissions		67
	305-3	Other indirect (Scope 3) GHG emissions		67
	305-4	GRK Emissions Intensity		67
	305-5	Reduction of GRK emissions		68
	305-6	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		68
	305-7	Direct (Scope 1) GRK emissions		68
<b>EFFLUENTS AND WASTE</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		181
	103-2	The management approach and its components		69-71
	103-3	Evaluation of the management approach		69-71

GRI Standard	No	Disclosure		Pages
		Title		
GRI 306: Effluents and Waste 2016	306-1	Water discharge by quality and destination		71
	306-2	Waste by type and disposal method		69
	306-3	Significant spills		71
	306-4	Transport of hazardous waste		70
	306-5	Water bodies affected by water discharges and/or runoff		71
<b>ENVIRONMENTAL COMPLIANCE</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		181
	103-2	The management approach and its components		60
	103-3	Evaluation of the management approach		60
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations		60
<b>EMPLOYMENT</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		181
	103-2	The management approach and its components		92-96
	103-3	Evaluation of the management approach		92-96
GRI 401: Employment 2016	401-1	New employee hires and employee turnover		92
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		95
	401-3	Parental leave		96
<b>OCCUPATIONAL HEALTH AND SAFETY</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		181
	103-2	The management approach and its components		108-120
	103-3	Evaluation of the management approach		108-120
GRI 403: Occupational Health and Safety 2016	403-1	Workers Representation in Formal Joint Management-Worker Health and Safety Committees		108-109
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		115
	403-3	Workers with high incidence or high risk of diseases related to their occupation		120
	403-4	Health and safety topics covered in formal agreements with trade unions		108
<b>TRAINING AND EDUCATION</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		181
	103-2	The management approach and its components		99-103
	103-3	Evaluation of the management approach		99-103
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee		103
	404-2	Programs for upgrading employee skills and transition assistance programs		100, 103
	404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews		99

Remarks

Maintain sustainability

Maintaining the National Economy

Maintain Sustainable Environment

Maintaining Prosperity of the Country

Maintaining the Quality of PGN Employees

Maintaining Occupational Health and Safety

Maintaining the Customer Health and Safety

Governance Sustainability

About the Report

GRI Standard	No	Disclosure Title	Pages
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	181
	103-2	The management approach and its components	96-97
	103-3	Evaluation of the management approach	96-97
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	96-97
	405-2	Ratio of basic salary and remuneration of women to men	97
<b>NON-DISCRIMINATION</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	181
	103-2	The management approach and its components	96
	103-3	Evaluation of the management approach	96
GRI 406: Non- discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	96
<b>SECURITY PRACTICES</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	181
	103-2	The management approach and its components	98
	103-3	Evaluation of the management approach	98
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	98
<b>CUSTOMER HEALTH AND SAFETY</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	181
	103-2	The management approach and its components	125
	103-3	Evaluation of the management approach	125
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	125
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	125
<b>MARKETING AND LABELING</b>			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	181
	103-2	The management approach and its components	125
	103-3	Evaluation of the management approach	125
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	125
	417-2	Incidents of non-compliance concerning product and service information and labeling	125
	417-3	Incidents of non-compliance concerning marketing communications	125





**PT Perusahaan Gas Negara Tbk**

Jl. K.H. Zainul Arifin No. 20  
Jakarta 11140, Indonesia  
T +6221 633 4838  
F +6221 633 3080  
[www.pgn.co.id](http://www.pgn.co.id)

Contact Center  
T 1500 645  
E [contact.center@pgn.co.id](mailto:contact.center@pgn.co.id)  
Jl. K.H. Zainul Arifin No. 20  
Jakarta 11140, Indonesia