



**SUSTAINING SYNERGY,
SPREADING ENERGY**

THEMES

SUSTAINING SYNERGY, SPREADING ENERGY

PT Pertamina (Persero) has a vital responsibility to fulfill the demand of energy in Indonesia. In fact, the demand of energy, both fuel oil and gas, continues to increase in line with the increasing population and vehicles in this country. In order to perform such responsibility as outstandingly as possible, the Company is committed to strengthen and maintain the synergy that has been built, either the synergy amongst its units, subsidiaries, and amongst SOEs.

Strengthening synergy has become increasingly meaningful considering the vast areas Pertamina must serve, some of which are difficult to reach because they are in the 3T (frontier, outermost and least developed) regions and remote areas. Specifically for these regions, Pertamina has been assigned to distribute fuel through the One-Price Fuel Program. As a responsible corporation, the Company is strongly committed to making the assignment successful. Until the end of 2018, Pertamina has achieved the target set by the government so that the distribution of energy is more evenly distributed and reaches out to all corners of the country.



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SUSTAINABILITY PERFORMANCE HIGHLIGHTS

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No.	Indicator	Unit	Value/Volume/Total	
			2018	2017
Economic Performance				
1	Consolidated Sales and Revenues	USD Million	57,934	46,001*
2	Net Income (Loss)	USD Million	2,636	2,553*
3	Consolidated Additional Reserves (P1)	MMBOE	426	314
4	Total Contributions to the State (Taxes and Dividends)	Trillion Rupiah	88,48	88,02
Environmental Performance**				
1	Energy Saving	Billion Giga Joule	1,710	1,515
2	Emission Reduction	Thousand Tons	45,141	36,191
3	Hazardous and Toxic Waste Reduction	Thousand Tons	17	26
4	Water Consumption Saving	Thousand Tons	17,747	15,457
5	Biodiversity Conservation	Programs	139	54
Social Performance				
1	Total Social Investment	USD Million	29	32
2	Employees Receiving Training and Education (Holding Company)	%	59	54
3	Occupational Accident Fatalities	Case	7	4

* Restated

** Data on energy saving, emission reduction, hazardous and toxic waste reduction, and water consumption saving is produced from data conservation until June 2018 multiplied by two.

BOARD OF DIRECTORS' REPORT [102-14]



Nicke Widyawati
President Director

Dear distinguished Shareholder and Stakeholders,

All the praises and gratitude be to Allah for His blessings that have enabled PT Pertamina (Persero) to go through the dynamic year 2018 with an encouraging performance. Through this PT Pertamina (Persero) Sustainability Report 2018, we communicate achievement of the performance comprising economic performance, environmental performance, and social performance, along with their impacts in 2018.

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Pertamina and Sustainability

As a business entity engaging in the energy sector, Pertamina fully supports sustainable development, which was defined in Brundtland Report in October 1987 as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

To realize sustainability, the Company carries out its business by always adhering to the Triple Bottom Line, which means that Pertamina pursues profit in doing business with due observance of social care (people) and environmental preservation (planet). By implementing this concept, Pertamina is committed to building a harmony and balance amongst the three.

In an effort to gain profit, Pertamina will carefully analyze the various opportunities that exist and formulate the best strategy to achieve the predetermined business targets. To embody social care, through careful process and planning including by engaging stakeholders, the Company implements various social responsibility programs, among others in the social sector. While the commitment to environmental preservation is not only manifested by Pertamina through the implementation of social responsibility program in the environmental field, but also through eco-friendly office operations and the development of new energy products that are cleaner and do not pollute the environment.

Opportunities and Strategies

The use of oil and gas is an important necessity for all humans. In fact, the use of oil and gas shows an upward trend year by year. Given the huge market demand, Pertamina's has ample business opportunity to continue growing. Along with its journey, the Company not only develops business in the oil and gas sector. The development of electric vehicles in Indonesia has made the opportunity for the Company to provide electric vehicle batteries wide open. An opportunity that is equally attractive to Pertamina is the opening of the market for new and renewable energy-based power generation and the utilization of biodiesel fuel.

To achieve the various opportunities that exist to strengthen business performance in 2018, the Company has formulated various strategic policies. To expand its market share, Pertamina makes innovations in the downstream sector by expanding petroleum sales through Pertashop as a facility to sell fuel, LPG and small-scale lubricants, with a capacity of 5 kiloliters. This step is effective for meeting fuel demand in villages. Meanwhile, to increase production, Pertamina maintains the oil and gas production of the Mahakam Block by developing Tunu Shallow Field Phase 4, Handil Field Phase 5, and Tambora Field Phase 5. In addition, the Company also seeks to increase Banyu Urip Field production, reduce decline rates by drilling 108 wells, well service, field reactivation programs, and so on. Moreover, the Company also continues to carry out exploration to increase oil and gas reserves and production.

Pertamina's strategic measures to welcome the era of electric vehicles include the collaboration with WIMA, Pindad, LEN and Garansindo in an effort to prepare batteries for electric motors. Other strategic policies are pursued through Green Energy Station, which includes EV Charging Station facilities for electric vehicles and PLTS facilities to make efficient the use of electricity in Fuel Filling Stations (SPBU).

Target and Achievement

During 2018, Pertamina made the best efforts to realize the predetermined targets. The Company's targets and achievements in 2018 are as follows:

Upstream Sector:

1. Pertamina's total oil and gas production was 921 MBOEPD, 33% higher than the production in 2017. Oil production in 2018 was 393 MBOPD, a 15% increase compared to the previous year. While gas production was 3,059 MMSCFD, a 50% increase compared to the previous year. The largest contributor to the oil and gas production was PEP, followed by PHI, PHE, PIEP, and PEPC. Production of terminated Working areas as much as 58 MBOEPD or 3% of Pertamina's production was listed in PHE and PHI. When compared with last year, in general, the oil and gas production increased. Overseas Working Areas contributed 16.6% to Pertamina's total production, which comes from the Working Areas in Algeria, Iraq and Malaysia.
2. With regard to the Refinery Sector in 2018, consolidated total intake was higher 3.8% than the realization of the same period in 2017. Yield of refinery output (the ratio of total refinery output to total intake) in 2018 decreased compared to the previous year, from 94.69% in 2017 to 94.44% in 2018. The decrease was due to adjustments to downstream optimization and some operating unit constraints.
3. Marketing Sector. Pertamina products are marketed through two main functions, namely Retail Marketing and Corporate Marketing. Retail marketing activities are carried out directly or through dealers (dealership system). Pertamina markets retail petroleum for the transportation sector, households and fishermen through Public Petroleum Filling Station (SPBU) spread throughout Indonesia. By end of 2018, the number of Pertamina distribution agencies was 7,146 spread throughout Indonesia, both Regular SPBU, mini gas stations, modular, and SPBU for Fishermen.

While Corporate Marketing sells petroleum products in various industrial sectors, aviation, and shipping, and other non-petroleum products such as asphalt and petrochemicals for the industrial sector.

The achievement in 2018 is as follows:

- a. Avtur: Until the end of 2018, Pertamina's aircraft refueling network has penetrated Europe, Australia, East Asia, Southeast Asia, South Asia and the Middle East.
- b. Petrochemicals: In 2018 Pertamina conducted market development by penetrating the export markets to, among others, Malaysia, China, India, and Europe. The main product sold to the export markets was Green Coke Slack Wax, EXDO-4 with sales volume of 275 thousand MT.
- c. Petroleum for Industry and Marine: In marketing fuel to the industrial and marine sectors, Pertamina has various advantages. Pertamina guarantees the availability of fuel supplies supported by seven domestic refineries, more than 115 fuel terminals, complete land and sea transportation facilities spread throughout Indonesia.
- d. Gas: in the downstream gas business, the gas sales volume in 2018 rose 36% compared to the previous year. While transportation volume rose 55% compared to the previous year.

Economic, Environmental and Social Sustainability

The year 2018 to Pertamina is a year filled with challenges. The global economy is still characterized by uncertainty, global economic growth is stagnant at 3.7% according to the International Monetary Fund, and oil prices are difficult to predict: in an upward trend until October 2018, and then sharply corrected since November 2018, and the rupiah exchange rate is under pressure. Such conditions have influenced the achievement of Pertamina's economic performance.

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In 2018, sales and other operating revenues amounted to USD 57,934 million or 25.94% higher as compared to that of 2017 amounting to USD 46,001 million. While the cost of goods sold and other direct expenses amounted to USD 48,714 million or up 29.47% as compared with the 2017 realization of USD 37,625 million. Operating income in 2018 rose by 20.42%, where operating income in 2018 was USD 6,247 million and operating income in 2017 was USD 5,187 million.

In environmental management, Pertamina maintains a golden tradition in its participation in the Program Penilaian Peringkat Kinerja Perusahaan (PROPER) by the Ministry of Environment and Forestry. In 2018, PT Pertamina (Persero) succeeded in garnering 82 Gold and Green PROPER awards comprising 13 Operation/Field Units with Gold PROPER and 69 Operation/Field Units with Green PROPER.

In line with the spirit of protecting the environment, Pertamina has established GHG emission reduction policy and undertaken the policy consistently in three directorates: Upstream Directorate, Refinery Directorate, and Marketing Directorate. In general, Pertamina has succeeded in increasing the number of GHG emission reduction, such as CO₂, SO_x and NO_x emissions. In terms of social performance, all of the Company's people have endeavored to realize zero accident and zero fatality. However, these efforts have not yet been reached optimally because during the reporting year there were still 7 (seven) fatalities. With regard to this incident, the Company has taken corrective steps so that similar cases will not occur again in the future.

The measures taken are as follows:

1. Improving HSSE management system;
2. Disseminating, implementing and monitoring the ongoing Corporate Life Saving Rules (CLSR). CLSR is an area/type of work that statistically has a

potential (contributory factor) for fatality incidents and risk control measures must be taken to reduce the potential for fatality incident. With risk control, the work can be carried out safely and in a safe work environment.

3. Making the Learning From Event a culture in the organization, namely a sharing session to learn from incidents in order to mitigate similar risks in the workplace.
4. Enhancing competencies in HSSE aspect through HSSE induction for new work partners and workers, Gas Safety Inspectors/ Safety Inspector/Engineers training and certification, and Contractor Safety Management System (CSMS) training.
5. Strengthening CSMS monitoring
6. Applying reward & consequences in HSSE aspect

Pertamina's commitment to bring qualified human resources is realized by conducting various education and training programs. During 2018, annual average learning hours has reached 78.3 hours. The achievement is not only through classroom training but also through e-learning, both provided in web-based intra-Pertamina or through the Ruang Kerja application in collaboration with Ruang Guru.

As for social care through the implementation of the Company's Social and Environmental Responsibility (TJSL) through the Partnership and Community Development Program (PKBL) and CSR, the Company has channeled funds amounting to Rp 745 billion. Of this amount, Rp. 265 billion is an assistance for the Partnership Program. The Partnership Program has been going on since 1993. Up to now, 60,338 MSMEs have joined as Pertamina's fostered partners with a total distribution of Partnership Program Fund of Rp3.37 trillion.

Our Appreciation

Pertamina's success to go through 2018 with a positive performance is attributable to the support and cooperation of various parties. For this reason, to the Board of Commissioners who always provides direction, conducts supervision, and gives full trust to the Board of Directors to execute our duties, we would like to express our appreciation and gratitude.

We also extend the same expression to the Shareholders, who give us the trust to continue the management of Pertamina.

To all employees, we are grateful for the hard work, dedication and loyalty demonstrated in realizing the Company's predetermined targets. We should not be complacent with the 2018 Achievement. Improvements for business sustainability must be continuously made with due regard to Occupational Health and Safety. We hope that this support and cooperation will continue in the coming years, as it is an important capital for the Company to continue progressing and developing.

Above all, Pertamina's success is inseparable from the help of Almighty God. Therefore, we should express our gratitude to Him, hoping that the Company's performance will continue to increase in the coming years.

Jakarta, May 2019

On behalf of the Board of Directors



Nicke Widyawati

President Director

ABOUT THIS SUSTAINABILITY REPORT

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This Sustainability Report is intended to provide information on Governance, Social and Environmental performance to stakeholders both in country and overseas. More specifically, this report presents our efforts to support Indonesia's Energy Security, manage the Environment and Climate Change, as well as carry out Sustainable Development through social investment and social and environmental responsibility participation

Pertamina publishes its Sustainability Report annually to complement its Annual Report. This report reflects the activities conducted within the period of January 1 until December 31, 2018. The previous Sustainability Report was published in June 2018. [\[102-50, 102-51, 102-52\]](#)

Report Parameter

This Sustainability Report covers activities conducted by PT Pertamina (Persero) and its subsidiaries. A Public Accountant Firm has audited the financial data and information presented in this report, while the non-financial information presented in the report has passed the external assurance procedure conducted by an independent party.

Scopes

Data and information in this Sustainability Report cover the sustainable performance of PT Pertamina (Persero) and its subsidiaries in upstream, gas and new and renewable energy sectors in Indonesia. Details on the performance of other subsidiaries of Pertamina Group can be seen in the Pertamina' Annual Report 2018.

[102-45]

Restatement of Information

In this report there are restatements as corrective information for the previous year's report. The restatements are marked with: * restated. [102-48]

Report Reference

This report has been prepared in accordance with the Global Reporting Initiatives (GRI) Standards: Core Option. This report also contains GRI's Oil and Gas Sector Disclosures (OGSD) on the material aspects and has been prepared following the sustainability report guidelines from 'The Oil and Gas Industry Guidance on Voluntary Sustainability Reporting' 3rd edition, published by the International Petroleum Industry Environmental Conservation Association (IPIECA) together with the American Petroleum Institute (API) and the International Association of Oil & Gas Producers (IOGP). [102-54]

This report also provides references to the FSA Regulation No. 51 Year 2017 on the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Public Companies, despite of the fact that Pertamina is neither a public company nor an issuer. Conformity of the report to this regulation can be seen on pages 155.

[102-55]

External Assurance

Pertamina conducts external assurance through an independent third party in regard to the information presented in this report. The results of external assurance can be seen on pages 152. [102-56]

This Sustainability Report also presents the report's conformity with the requirements of SGX-ST Listing Rules, Practice Note 7.6 – Sustainability Reporting Guide, as a form of Pertamina's compliance as a Global Bond Issuer on the Singapore Stock Exchange.

For ease of presentation, the terms of 'Pertamina', 'Company', or 'Us' are used to represent PT Pertamina (Persero). In certain parts, we also use abbreviations of the subsidiaries.

Contact Center Related to Sustainability Report

We highly appreciate suggestions, feedback, and questions from the readers of the data and information presented in this Report. You can convey your suggestions, feedback, and questions by completing the feedback form on page 167 or directly contact the Company at the address below: [102-53]

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PROCESS TO DEFINE REPORT TOPICS [102-46]

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In this Report, Pertamina presents topics of discussion that are important for the sustainability of the Company and the Stakeholders. Topic selection is conducted by identifying, prioritizing and reviewing all sustainability issues facing the Company throughout 2018.

Identification

Pertamina identifies topics relevant to the Economic, Social and Environmental impacts resulting from the Company's activities, products and services. The identification refers to material topics in the Consolidated Set of GRI Sustainability Reporting Standards 2016 issued by the Global Sustainability Standards Board (GSSB). The identification process was conducted in a Focus Group Discussion (FGD) on November 12-13, 2018 and produced topics relevant to Pertamina's sustainability as follows:

1. Economic Performance
2. Market Existence
3. Indirect Economic Impacts
4. Anti-corruption
5. Anti-competitive behavior
6. Materials
7. Energy
8. Biodiversity
9. Emissions
10. Effluent and Waste
11. Environmental Compliance
12. Supplier Environmental Assessment
13. Employment
14. Labor/Management Relations
15. Occupational Health and Safety
16. Training and Education
17. Diversity and Equal Opportunity
18. Non-discrimination
19. Freedom of Association and Collective Bargaining
20. Forced or compulsory employment
21. Local Communities
22. Supplier Social Assessment
23. Customer Health and Safety
24. Marketing and Labeling
25. Socioeconomic Compliance

Prioritizing

We prioritize the relevant topics in materiality matrix to select the material topics based on the following criteria:

1. Level of Importance of certain topics to the sustainability of Pertamina
2. Impact of certain topics on stakeholders

Each relevant topic above is then tested through a materiality test survey to the Company's internal and external stakeholders. Respondents are asked to rate the importance of each topic by giving a score ranging from 1 to 5 with the following guidelines:

1. Very insignificant
2. Insignificant
3. Fairly significant
4. Significant
5. Very significant

Material topics are topics included in the "Significant and Very Significant" category or at least get a score of 4 in the Materiality Matrix, both from internal and external stakeholders. The materiality test results are then reviewed by Management.

Review

Material topics from the materiality test survey are further discussed by Management to obtain input, evaluation and approval. Based on the management review results, there are 10 topics included in the "Significant and Very Significant" category or get a "High Score", namely: [102-47]

Economic Topics

1. Economic Performance
3. Indirect Economic Impacts
4. Anti-corruption

Environmental Topics

7. Energy
8. Biodiversity
9. Emissions

Social Topics

- 13. Employment
- 21. Local Communities
- 23. Customer Health and Safety
- 24. Marketing and Labeling

While other topics are categorized into "Fairly Significant" with a score of 3-4 or "Medium Score". In the survey of materiality test, there is no topic getting a score of 2 or 1.

The following topics are categorized into "Fairly Significant" or "Medium Score":

Economic Topics

- 2. Market Existence
- 5. Anti-competitive behavior

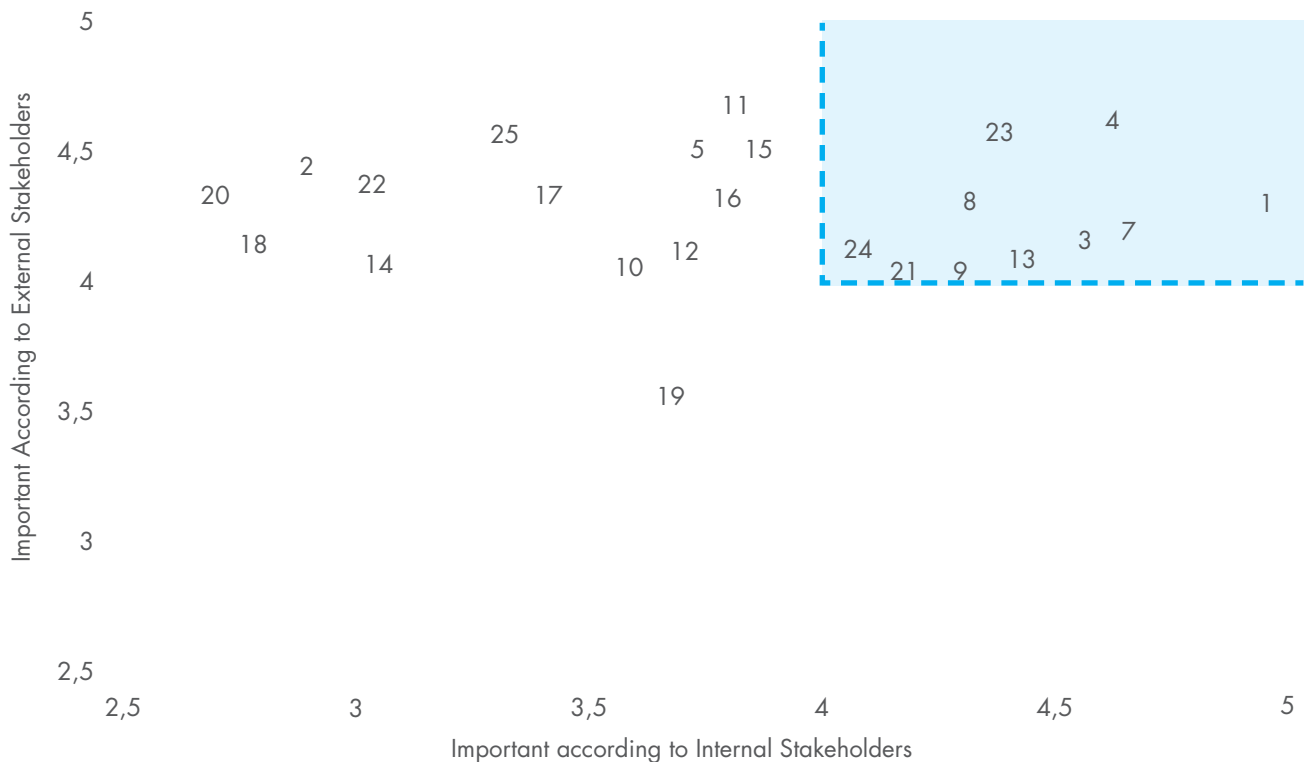
Environmental Topics

- 6. Material
- 10. Effluent and Waste
- 11. Environmental Compliance
- 12. Supplier Environmental Assessment

Social Topics

- 14. Labor/Management Relation
- 15. Occupational Health and Safety
- 16. Training and Education
- 17. Diversity and Equal Opportunity
- 18. Non-discrimination
- 19. Freedom of Association/Collective Bargaining
- 20. Forced or Compulsory Employment
- 22. Supplier Social Assessment
- 25. Socioeconomic Compliance

Material Topics of Pertamina SR 2018



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Implementation of Reporting Principles

The following reporting principles in accordance with the GRI Standards are implemented during the planning, preparation and evaluation phases of Sustainability Report.

- Stakeholder Inclusiveness Principle and Sustainability Context Principle are implemented in the identification process of sustainability topics that are relevant to Pertamina’s business process and significant issues of interests to our stakeholders.
- Materiality Principle is implemented in the Identification Process to determine the material topics
- Completeness Principle is implemented in the preparation of data and information in this report so as to be consistent with the scope of this Sustainability Report.

Material Topics [102-47]	Description on Materiality [103-1]	Disclosure	Impact Boundary [102-46]			Discussion in This Report
			In the Company		Outside the Company	
			Parent Company	Subsidiaries		
Economic Performance	Describing the achievements and performance of the Company during the reporting year	201-1, 201-4	√	√	<ul style="list-style-type: none"> • Shareholders through the SOE Ministry, Finance Ministry, and Energy and Mineral Resources Ministry • Investors 	Supporting Energy Self-reliance for the Nation Chapter
Indirect Economic Impact	Describing the benefits of the Company's existence to the community	203-1, 203-2	√	√	<ul style="list-style-type: none"> • Customers and Public 	Building and Empowering Communities Chapter
Anti-Corruption	Describing the Company's commitment to conduct company operations in a clean, honest and transparent manner	205-1, 205-2	√	√	<ul style="list-style-type: none"> • Shareholders • Regulator & Legislative • Contractor • Corruption Eradication Commission 	Anticorruption (Supporting Energy Self-reliance for the Nation Sub-Chapter)
Energy	Describing the Company's awareness for management of energy that is increasingly limited	302-1, 302-4	√	√	<ul style="list-style-type: none"> • The State through the Energy and Mineral Resources Ministry 	Energy Consumption in Organization (Caring for the Earth Sub-Chapter)
Biodiversity	Describing the Company's commitment to the conservation and biodiversity to ensure its sustainability	304-1, 304-2, 304-3, 304-4	√	√	<ul style="list-style-type: none"> • Government through the Environment and Forestry Ministry • Activist/Observer of environmental issues • Conservation sites surrounding community 	Biodiversity (Caring for the Earth Sub-Chapter)

Material Topics [102-47]	Description on Materiality [103-1]	Disclosure	Impact Boundary [102-46]		Discussion in This Report	
			In the Company			Outside the Company
			Parent Company	Subsidiaries		
Emission	Describing the Company's awareness for greenhouse gas emissions that have a major impact on climate change	305-1, 305-4, 305-5, 305-6, 307-7	√	√	<ul style="list-style-type: none"> Government through the Environment and Forestry Ministry Public Emission (Caring for the Earth Sub-Chapter)	
Employment	Describing the Company's commitment to the importance of Human Capital management	401-1	√	√	<ul style="list-style-type: none"> The State through the Manpower and Transmigration Ministry Job seekers Education and Training Provider Institutions Advancing with Qualified Human Resources Sub-Chapter	
Local Communities	Describing the Company's commitment to the importance of local community engagement, including providing grievance channels for the community	413-1, 413-2	√	√	<ul style="list-style-type: none"> The Community especially those surrounding the Company's operational area Harmony with the Society Chapter	
Customer Health and Safety	Describing the Company's commitment in providing the best services and products so that customers can safely use the Company's products	416-1, 416-2	√	√	<ul style="list-style-type: none"> The State through the Ministry of Industry Consumer Consumer protection agencies, such as YLKI Customer Safety First Chapter (Harmony with the Society Sub-Chapter)	
Marketing and Labeling	Describing the Company's commitment to presenting accurate information and marketing communications that are fair and responsible to customers	417-1	√	√	<ul style="list-style-type: none"> The State through the Ministry of Trade Consumer Consumer protection agencies, such as YLKI Marketing and Labeling (Harmony with the Society Sub-Chapter)	

Changes to Reporting Boundary [102-49]

In this 2018 Sustainability Report, there were changes made in Material Topics and Topic Boundary compared to 2017. This Report presents 10 Material Topics, while the 2017 Sustainability Report contains 12 Material Topics as follows:

Topics relevant to Pertamina's sustainability:

1. Economic Performance
2. Production and Reserves

3. Indirect Economic Impacts
4. Anti Corruption
5. Local Communities
6. Emission
7. Environmental Compliance
8. Energy
9. Occupational Health and Safety
10. Asset Integrity and Process Safety
11. Education and Training
12. Substitute of Fossil Fuel

STAKEHOLDERS ENGAGEMENT [102]

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Stakeholders are those groups of individuals or individuals that directly affect or have a great impact on Pertamina’s business activities.

Recognizing such a strategic position, the Company is committed to build harmonious relationship with all stakeholders, and seeks to involve them in accordance with their respective competencies. Interaction with stakeholders is a process that takes place at all times as part of implementing good corporate governance.

Pertamina's commitment to stakeholders is clearly stated in Pertamina's Code of Conduct, which is a reference for all Pertamina’s people in engaging with stakeholders in accordance with their goals and capacity in order to achieve a harmonious balance. In managing stakeholders, the Stakeholder Relations and Corporate Secretary and their staff in the Operating Units/ Areas/ Subsidiaries play a role as the Company's liaison with the relevant stakeholders.

Pertamina identifies stakeholders by referring to AA1000 Stakeholder Engagement Standard (SES) 2015 issued by AccountAbility, which identifies stakeholder groups by considering 5 attributes of stakeholders such as the following

1. Dependency (D)
If the Company has dependency on a group of individuals or individuals, or vice versa.
2. Responsibility (R)
If the Company has legal, commercial, operational, or ethical/moral responsibilities to individuals or groups.
3. Tension (T)
If individuals or groups need immediate attention from the Company with regard to financial, wider economic, social or environmental issues
4. Influence (I)
If individuals or groups have an impact on the Company’s or other stakeholder’s strategic or operational decision-making.
5. Diverse Perspective (DP)
If individuals or groups have different views that may influence the situation and encourage actions that do not exist before.

After making a mapping, Pertamina’s stakeholders are as follows:

No	Name of Stakeholders (102-40)	Basis of Stipulation (102-42)	Method of Engagement and its Frequency (102-43)	Related Issues (102-44)
1	Shareholders	<ul style="list-style-type: none"> • Dependency • Responsibility • Influence • Diverse Perspective 	<ul style="list-style-type: none"> • Annual General Meeting of Shareholders (AGMS) 1-3 times per year • Extraordinary GMS if required 	<ul style="list-style-type: none"> • Company Performance • Corporate Governance Implementation • Company Sustainability
2	Customers	<ul style="list-style-type: none"> • Dependency • Responsibility • Tension • Influence • Diverse Perspective 	<ul style="list-style-type: none"> • Customer surveys 1-2 times per year • 24/7 Customer Service through Contact Pertamina • Interaction with customers through certain events 	<ul style="list-style-type: none"> • Information on Products and Services • Quality of Products and Services • Customer Service

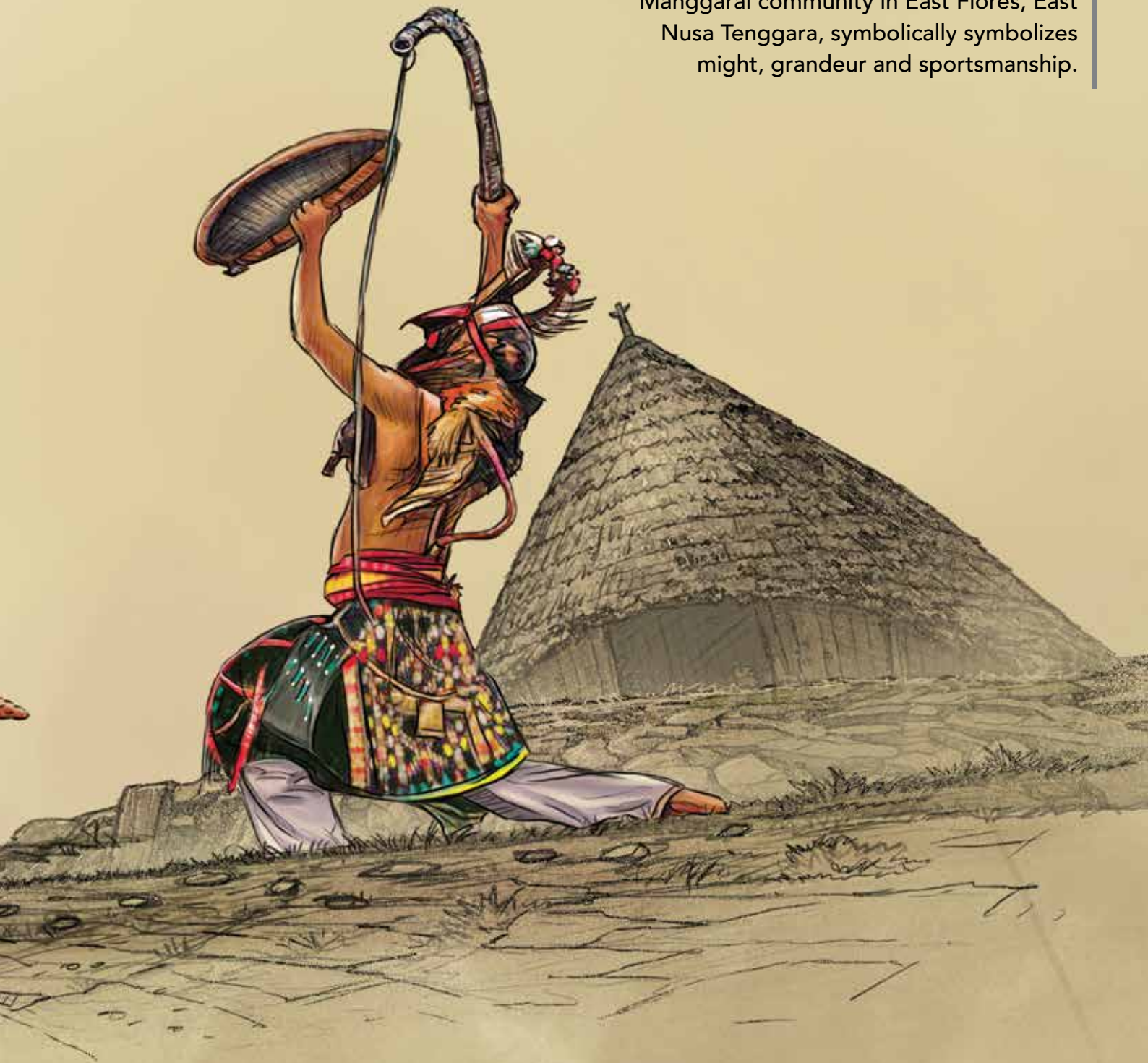
No	Name of Stakeholders (102-40)	Basis of Stipulation (102-42)	Method of Engagement and its Frequency (102-43)	Related Issues (102-44)
3	Employees	<ul style="list-style-type: none"> • Dependency • Responsibility • Tension • Influence • Diverse Perspective 	<ul style="list-style-type: none"> • Employee Survey 1-2 times per year • Broadcast publication every month • Continuous Employee OHS Program • Town Hall Meeting 1-3 times per year • Pertamina's Social Activities through certain events 	<ul style="list-style-type: none"> • Career Development • Occupational Health and Safety • Education and Training • Industrial Relations • Comfortable Workspace • Welfare
4	Investors	<ul style="list-style-type: none"> • Dependency • Responsibility • Tension • Influence • Diverse Perspective 	<ul style="list-style-type: none"> • Roadshow 1-2 times per year • Annual Public Expose and at certain times 1-4 times per year 	<ul style="list-style-type: none"> • Company Performance • Corporate Governance Implementation • Company Sustainability
5	Surrounding Community at the Company's operational area	<ul style="list-style-type: none"> • Dependency • Responsibility • Tension • Influence • Diverse Perspective 	<ul style="list-style-type: none"> • Public Consultation at the beginning of a significant activity • Development Planning Deliberation every year • Dissemination and Disaster Management Cooperation every year • Sustainable implementation of CSR and SMEPP Programs 	<ul style="list-style-type: none"> • Compliance with the Impact Management at the surrounding • Benefits to the community • Implementation of environmental and social responsibility programs
6	Contractor	<ul style="list-style-type: none"> • Dependency • Responsibility • Influence • Diverse Perspective 	<ul style="list-style-type: none"> • Cooperation meetings and programs are based on activity schedules 1-2 times per year • Sustainable Contractor OHS program 	<ul style="list-style-type: none"> • Sustainable cooperation • Ethics and Governance including Anti Corruption • Occupational Health and Safety
7	Regulator and Legislative	<ul style="list-style-type: none"> • Dependency • Responsibility • Tension • Influence • Diverse Perspective 	<ul style="list-style-type: none"> • Program 1-2 times per year • Reports to relevant agencies every semester • As the Speaker at Seminars/Other Events • Consultation, Working Visits and Hearings 1-4 times per year • Cooperation Program based on activity plan 	<ul style="list-style-type: none"> • Company Performance • Corporate Governance • Compliance • Reporting implementation
8	Mass Media	<ul style="list-style-type: none"> • Responsibility • Influence • Diverse Perspective 	<ul style="list-style-type: none"> • Press Release at anytime required • Media Briefing • Press Conference • Media Gathering • Media Roadshow & Press Tour • 24/7 Customer Service through Contact Pertamina • Interaction with the Public Relations Section in each Region at any time 	<ul style="list-style-type: none"> • Fast, accurate and precise information disclosure
9	Research Institutes and Universities	<ul style="list-style-type: none"> • Responsibility • Tension • Influence • Diverse Perspective 	<ul style="list-style-type: none"> • Research and Development Cooperation based on activity plan 	<ul style="list-style-type: none"> • Research and development with universities
10	Community Social Institutions/ NGOs	<ul style="list-style-type: none"> • Responsibility • Tension • Influence • Diverse Perspective 	<ul style="list-style-type: none"> • Community dialogue 2-3 times per year • Collaboration through MoUs with related institutions • Cooperation Program based on activity plan 	<ul style="list-style-type: none"> • Company Performance • Corporate Governance Implementation • Company Sustainability • Information disclosure • Information on Products and Services • Quality of Products and Services

COMPANY PROFILE



// In 2018, Pertamina acquires the management rights of Rokan Block from the Indonesian Government and will fully become the operator in 2021. With one more giant block and the handover of Mahakam Block to Pertamina since 2017, Pertamina's production is projected to increase.

Two men are fighting, each equipped with a whip, shield, parry and head covering. The white trousers and sarung songket they wear are to protect from opponent lashes. Caci dance, Manggarai originated from Manggarai community in East Flores, East Nusa Tenggara, symbolically symbolizes might, grandeur and sportsmanship.



ABOUT PERTAMINA

Introduction

► **Company Profile**

Corporate Governance

Economic Performance

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Social Performance



PT Pertamina (Persero) has now journeyed with over six decades of experience in the energy industry. Pertamina continues to work hard in building the nation through strengthening its commitment in the fields of New and Renewable Energy and Business Diversification. This commitment is demonstrated through the provision of more quality products to meet the demands of consumers for superior products. It is now time for Pertamina to strengthen its steps, in order to face a variety of challenges with optimism so as to create sustainable business growth for the Company through investment and business optimization in order to continue growth in line with the expectations of all stakeholders.

The Milestones of Pertamina has started in the 1950s, the Government of the Republic of Indonesia appointed the Army, which later established PT Eksploitasi Tambang Minyak Sumatera Utara to manage oil fields in Sumatra. On December 10, 1957, the company

adopted a new name PT Perusahaan Minyak Nasional, abbreviated to PERMINA. This date is celebrated as the birth of Pertamina to this day. In 1960, PT Permina changed its status to a State Enterprise (PN) Permina. Later, PN Permina joined PN Pertamina to become PN Pertambangan Minyak dan Gas Bumi Negara (Pertamina) on August 20, 1968.

Afterwards, the government regulated the role of Pertamina so as to produce and process oil and gas from oil fields as well to provide for the fuel and gas demands in Indonesia through Law No.8 Year 1971. Furthermore, by virtue of Law No.22 Year 2001, the government has changed the position of Pertamina so that the implementation of Public Service Obligation (PSO) can be conducted through its business activities.

Based on Government Regulation No. 31 Year 2003 dated June 18, 2003, Perusahaan Pertambangan Minyak dan Gas Bumi Negara changed its name

to PT Pertamina (Persero) which engaged in oil and gas business activities from the Upstream Sector to the Downstream Sector. PT Pertamina (Persero) was established on September 17, 2003 based on Notarial Deed No.20 of 2003. On December 10, 2005, Pertamina transformed the seahorse logo into arrows with green, blue, and red base colors that reflect the dynamic elements and environmental awareness. PT Pertamina (Persero) transformed the Company's business and fundamentals on July 20, 2006. PT Pertamina (Persero) changed the Company's vision to "Becoming a World-Class National Oil Company" on December 10, 2007. In 2011, Pertamina improved its vision, to "Becoming a World-Class National Energy Company". Through the EGM dated July 19, 2012, Pertamina increased its issued/paid-up capital as well as expanded its business activities.

On December 14, 2015, the SOE Minister as the General Meeting of Shareholders approved the amendment to Pertamina's Articles of Association in optimizing the utilization of resources, increasing on the issued and subscribed capital by the state as well as the Board of Directors' actions that require written approval from the Board of Commissioners. This amendment has been stated in Deed No.10 dated January 11, 2016, Notary Lenny Janis Ishak, SH.

In 2017, one of the real steps to realize the vision of becoming a world-class national energy company was to successfully complete the acquisition of French oil and gas company Maurel et Prom (M&P). Effective from February 01, 2017 through a subsidiary, PT Pertamina International EP, Pertamina became the majority shareholder of M&P with 72.65% of shares. Through its majority shareholding in M&P, Pertamina has access to operations in 12 countries spread over 4 continents. In the future, Pertamina aims to produce 650 thousand BOEPD (Barrels of Oil Equivalent Per Day) by 2025 from its international operations, as part of Pertamina's production target of 1.9 million BOEPD by 2025, in a determined effort towards establishing Indonesia's energy resilience and self-reliance.

In 2018, Pertamina's main focus is to achieve the ideals of national energy resilience and self reliance amid energy needs that also continue to increase. The massive infrastructure development carried out by the government will ultimately encourage an increase in energy needs. This is a special challenge for Pertamina, namely how energy supplies must be secured to be able to keep pace with population, economic, infrastructure and energy demand growth.

To answer this challenge, Pertamina invites all stakeholders to create synergies in order to provide solutions for the national interest. Pertamina believes the assets available in Indonesia's natural resources can be optimized as an energy source.

In 2018, Pertamina obtains the rights to manage the Rokan Block from the Government of Indonesia and will fully become the operator in 2021. With the additional giant block and the Mahakam Block that has been handed over to Pertamina since 2017, Pertamina's production is projected to increase. In 2018, it also marked the development of Pertamina's gas trading by joining PT Perusahaan Gas Negara Tbk. Pertamina is the owner of the longest gas pipeline in Southeast Asia with a total of more than 9,600 km.

In supporting national resilience, Pertamina has projected further business development that is able to optimize Indonesia's natural resources starting with the study of Green Refinery development in Indonesia. The Green Refinery will play a role in processing local vegetation such as oil palm, sugar cane, and other crops into biofuels. This will support the Government of Indonesia's program to reduce fuel imports by increasing B20 production.

CORPORATE IDENTITY

Introduction

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Name of Company (102-1)

PT Pertamina (Persero)



Type of Company (102-5)

Limited Liability Company, State-Owned Enterprise (SOE)



Date of Establishment

- December 10, 1957, named PT Permina
- July 01, 1961, PT Permina became PN Permina
- August 20, 1968, PN Permina and PN Pertamina incorporated into PN Pertamina
- December 15, 1971, PN Pertamina became a State-Owned Oil and Natural Gas Mining Company
- September 17, 2003, the State-Owned Oil and Natural Gas Mining Company became PT Pertamina (Persero)



Line of Business (102-2)

Energy



Paid-up Capital

USD 16,191,204 thousand



Most Recent Amendment to Notarial Deed

Deed of Statement of Shareholders' Resolutions on the Amendment to PT Pertamina (Persero) Articles of Association No. 29 dated April 13, 2018, passed before Notary Aulia Taufani, SH. In accordance with the Law and Human Rights Ministerial Decree Number AHU-0008395. AH.01.02. Year 2018 on the Approval of Amendments to PT Pertamina (Persero)'s Articles of Association dated April 13, 2018. Pertamina tanggal 13 April 2018.



Total Assets

USD 64,718,452 thousand



Authorized Capital

Rp 600,000,000,000,000 (six hundred trillion Rupiah), consisting of 600,000,000 (six hundred million) shares with a nominal value of Rp1,000,000 (one million Rupiah) per share



Shareholder

100% owned by the Government of Republic of Indonesia. The Company's shares are not to be traded



Notarial Deed of Establishment

- Notarial Deed No.22 dated December 10, 1957, Meester Raden Pranowo Soewandy, Substitute Notary of Raden Meester Soewandy
- Government Regulation No. 198 Year 1961 on the Establishment of the State Company in the National Oil Mining or Perusahaan Negara Pertambangan Minyak Nasional (PN Permina)
- Government Regulation No. 27 Year 1968 on the Establishment of the State Company in the State Oil and Natural Gas Mining
- Law No. 8 Year 1971 on the State Company in Oil and Natural Gas Mining Company
- Government Regulation No. 19 Year 2003 on the Change of Status of the Perusahaan Pertambangan Minyak dan Gas Bumi Negara (Pertamina) to a Limited Liability Company (Persero)
- Law No. 19 Year 2003 on State Owned Enterprises
- Notarial Deed No. 20, dated September 17, 2003, passed before Notary Lenny Janis Ishak, SH
- State Gazette of the Republic of Indonesia dated November 21, 2003 No. 93 Supplement No. 11620



Legal Grounds

Government Regulation No. 31 Year 2003 on the Change of Status of the Perusahaan Pertambangan Minyak dan Gas Bumi Negara (Pertamina) to become Limited Liability Company (Persero)



Head Office (102-3)

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PERTAMINA GLIMPSE IN TIME

Introduction

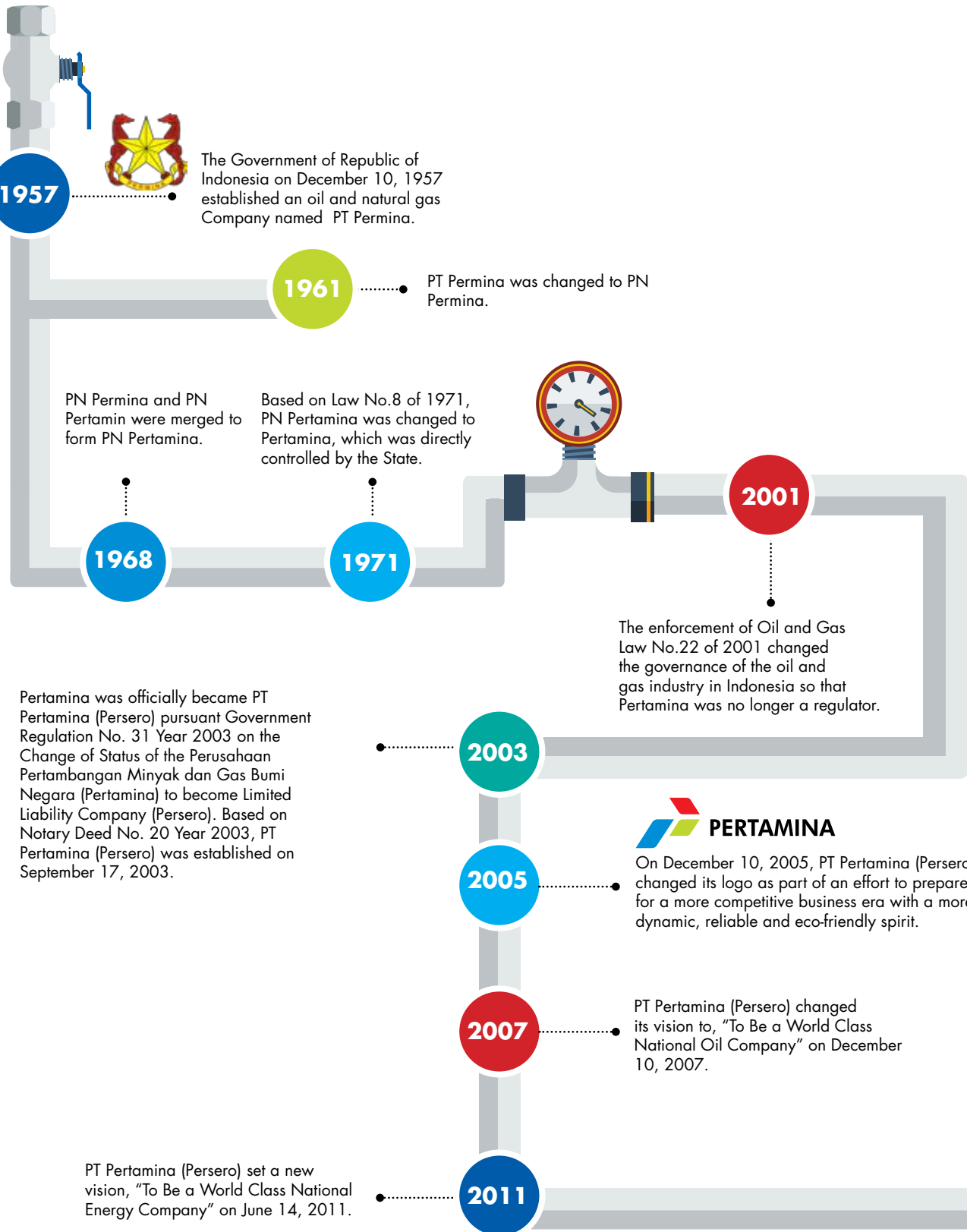
► Company Profile

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On December 10, 2005, PT Pertamina (Persero) changed its logo as part of an effort to prepare for a more competitive business era with a more dynamic, reliable and eco-friendly spirit.

PT Pertamina (Persero) changed its vision to, "To Be a World Class National Oil Company" on December 10, 2007.

PT Pertamina (Persero) set a new vision, "To Be a World Class National Energy Company" on June 14, 2011.



2012

The Extraordinary General Meeting of Shareholder (EGMS) dated July 19, 2012, approved Amendment to Pertamina's Articles of Association with regards to the Company's business areas in energy as well as new and renewable energy operations.

2014

PT Pertamina (Persero) implemented the 5 (five) priorities of business strategy towards a better Pertamina, namely "Expansion in Upstream", "Enterprise-Wide Efficiency", "Increased Refinery and Petrochemical Capacity", "Development of Infrastructure & Marketing", and "Prudent Financial".

2015

On December 14, 2015, SOE Minister as GMS approved the Amendment of Pertamina's Articles of Association included:

- Addition to the paid up capital from the capitalization of retained earning of amounting to Rp50 trillion;
- Addition to new business activities related to the industry area, asset optimization and new activities for the Company as detailed in Article 3 of Articles Association;
- Organization approval authority which requires Board of Commissioners' approval, initially was 2 (two) levels below Board of Directors become 1 (one) level below Board of Directors;
- Loan to Subsidiaries, which initially must obtain Board of Commissioners' approval become only to be reported to Board of Commissioners.

2016

- In August 2016, for the 1st time Pertamina has successfully completed the acquisition process for 24.53% of shares in Establishment Maurel & Prom SA (M&P), a French-based multinational oil and gas company listed on the Paris Stock Exchange (Euronext Paris). M&P has exploration and production assets in Africa, Europe and America.
- The acquisition of M&P's shares has added to Pertamina's investment portfolio of overseas assets, enlarging reserves for national energy security, and drives Pertamina's upstream business development in the global arena.

2017

- In February 2017, Pertamina through its subsidiary, PT Pertamina International Exploration and Production (PIEP), completed the acquisition of Maurel et Prom (M&P), a French oil and gas company with share ownership of 72.65%.
- The subsidiary of PT Pertamina (Persero), PT Pertamina Hulu Indonesia (PHI) officially replaced Total E&P Indonesia (TEPI) as the manager of the Mahakam Block after the TEPI contract expired on December 31, 2017.

2018

- January 1, 2018, Pertamina starts operating the Mahakam Block, the largest gas block in Indonesia
- April 11, 2018, Pertamina officially became the SOE holding company of Oil & Gas (MIGAS) with the Deed signing of the State-Owned Series B Transfer of Shares of 56.96% in PGN to PT Pertamina (Persero).
- In August 2018, Pertamina obtained management rights over the Rokan Block from the Indonesian government. The Rokan Block is the largest oil block in Indonesia. Full management will begin in 2021.
- In 2018 Pertamina started to fully manage the 8 Working Areas of termination entrusted by the Government of Indonesia.
- December 2018, Integration of PGN's gas business with Pertamina with the signing of the Pertagas Sales Purchase Agreement (SPA). After the integration process is complete, Pertamina as the SOE Holding of Oil and Gas directs PGN as the Subholding of gas to integratedly manage gas business in Indonesia.

VISION, MISSION AND CORPORATE VALUE (102-16)

Introduction

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Pertamina has established a long-term oriented Vision, Mission, Goals and Corporate Culture. The Company's Vision and Mission have been discussed and approved by the Board of Commissioners, the Board of Directors and Shareholders on June 14, 2011

at the Extraordinary General Meeting of Shareholders (EGM), while the Company's Goals have been updated together with the implementation of the 2011-2015 Long Term Plan (RJPP). The Company's Vision, Mission and Goals are as follows:

VISION

To be World Class National Energy Company

MISSION

To Carry Out Integrated Core Business in Oil, Gas, New and Renewable Energy Based on Strong Commercial Principles

Company's Goals

- » Implementing and supporting Government's policies and programs in Economic and National Development in general particularly in the Organization of Oil and Gas Business both domestic and overseas as well as other activities which are related to or support business activities in the oil and gas sectors, and Development on the resource optimization owned by the Company to produce high-quality goods and/or services and strong competitive as well as to pursue profit in order to improve Company's value by applying the Limited Liability Company principles.



CORPORATE CULTURE

Pertamina holds certain values as a foundation to guide the Company towards realizing the vision and mission based on global standards and the implementation of Good Corporate Governance. The values are represented by the 6C, consisting of Clean, Competitive, Confident, Customer-focused, Commercial and Capable, which must be acknowledged and perceived as behavioural guidelines for all employees in their daily activities.

The understanding and implementation of the 6C Values will shape the behaviors, which then develop as a culture, creating a distinctive feature of Pertamina from among other companies. Each individual worker in Pertamina must ensure that he or she behaves in accordance with the 6C Values.



CLEAN
(BERSIH)

Professionally managed, avoid conflict of interest, never tolerate bribery, respect trust and integrity based on good corporate governance principles.



COMPETITIVE
(KOMPETITIF)

Able to compete both regionally and internationally, support growth through investment, build a cost effective and performance oriented culture.



CONFIDENT
(PERCAYA DIRI)

Involvement in national economic development, as a pioneer in State-Owned Enterprise reform, and to build national pride.



CUSTOMER FOCUS
(FOKUS PADA PELANGGAN)

Focus on customers and commit to give the best services to customers.



COMMERCIAL
(KOMERSIAL)

Create added value based on commercial orientation and make decisions based on fair business principles.



CAPABLE
(BERKEMAMPUAN)

Managed by professional, skilled, and highly qualified leaders and workers, committed to building research and development capabilities.

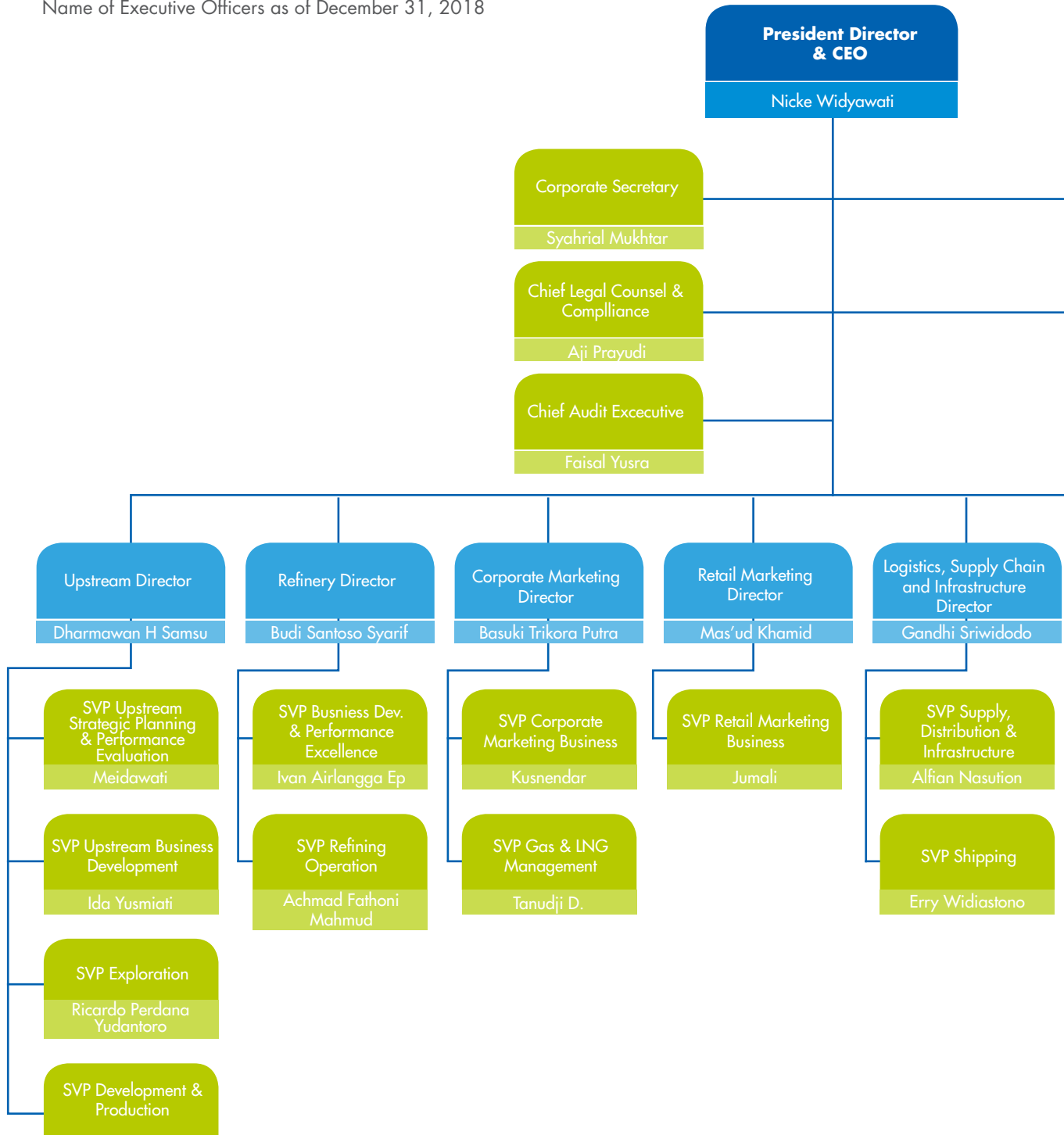
ORGANIZATION STRUCTURE

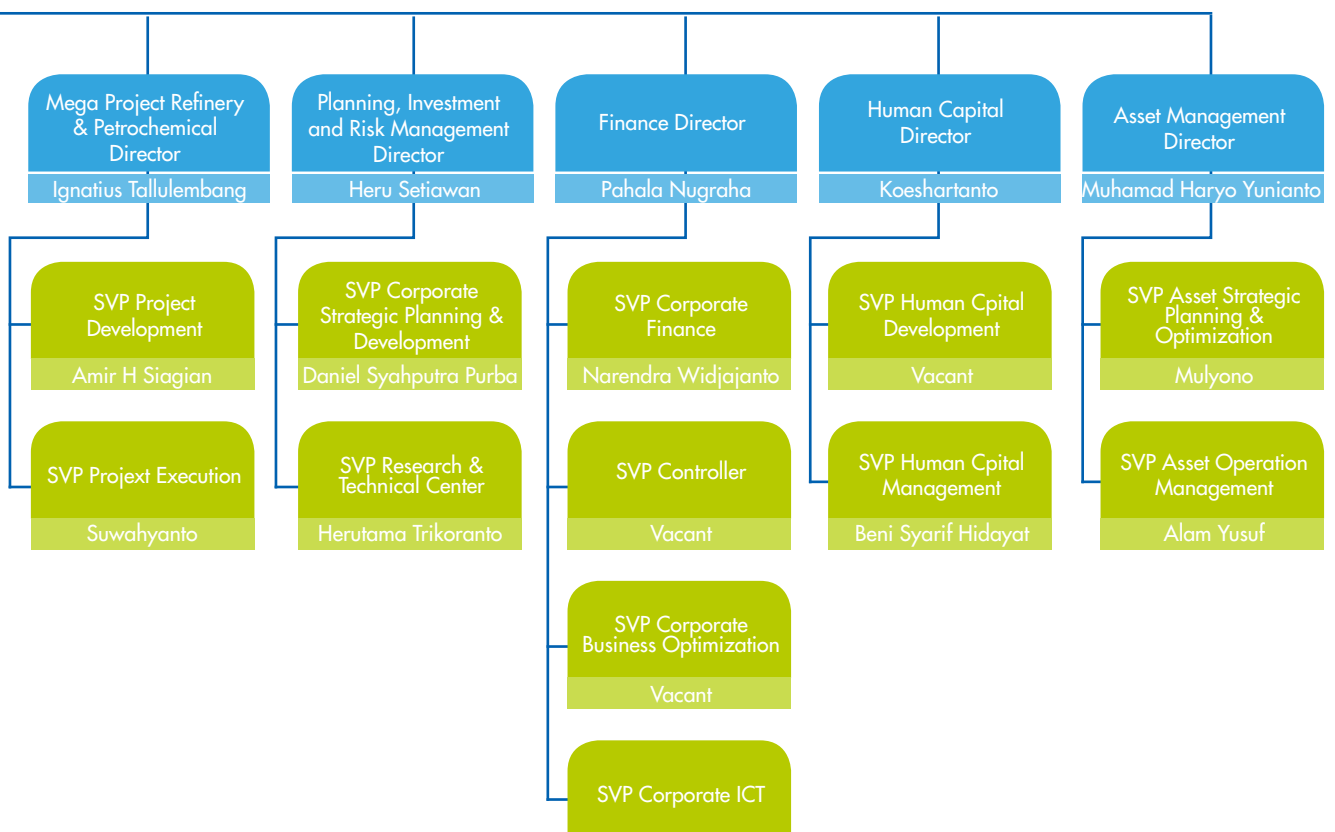
- Introduction
- ▶ **Company Profile**
- Corporate Governance

- Economic Performance
- Environmental Performance
- Social Performance

Basis:
Board of Directors Decree No. Kpts-20/C00000/2018-S0
dated July 4, 2018

Name of Executive Officers as of December 31, 2018





LINE OF BUSINESS (102-2)

Introduction

► **Company Profile**

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In accordance with Decree of Minister of SOE as GMS dated November 24, 2016 on Changes to the Articles of Association of PT Pertamina (Persero) as stated in Notary Deed No. 27 dated December 19, 2016, the Company's business activities are business activities in the field of energy operation organization, such as oil and gas, new and renewable energy, as well as other activities relevant to or supports business activities in energy sector, such as oil and gas, new and renewable energy optimization of the Company's resources.



Based on the Articles of Association, the Company may carry out main business, among others to carry out:

1. Oil and gas exploration;
2. Oil and gas exploitation;
3. Activities in electric energy sector including but not limited to exploration and exploitation of geothermal, geothermal power plant, gas fired power plant and electric energy generated by Company;
4. Processing activities which generates Fuel, Special Fuel, Non Fuel, Petrochemical, Gas Fuel, LNG, GTL and other result/production both final products or semi-finished products;
5. Biofuel material supply, processing, transportation, storage and commercial activities;
6. Transportation activities of oil, fuel, gas fuel and/or results/ other products through ground, water and/or air including gas transportation through pipelines;
7. Storage activities (receiving, collecting and dispensing) of oil, fuel, gas fuel and/or other results/products to locations above and/or below ground surface and/or water surface;
8. Commercial activities (purchasing, selling, exporting, importing) of oil, fuel, gas fuel and/or other results/products, including electrical energy commercial;
9. Development, exploration, production and commercial activities on new and renewable energy

In addition to the main business activities as mentioned hereinabove, Company can carry out business activities for optimization of the resource utilization owned for:

1. Trading house, real estate, warehousing, tourism, sport and recreation, rest area, hospital, education, research, telecommunication infrastructure, rental service and operation of facilities and infrastructures owned by the Company, toll road and mall;
2. Management of special economic estates;
3. Management of industrial estate;

4. Business activities in order to carry out other business activities which support and related to the main business activities.

a. Upstream Sector

Pertamina's upstream sector's activities include exploration, development and production of oil and natural gas. Other business activities in this sector are upstream technology services, drilling services, well maintenance services, development of geothermal energy and coal bed methane (CBM) and shale gas.

b. Refinery Sector

In this sector, Pertamina carries out business activities in the country which include refinery and petrochemical refinery management.

c. Gas and New Renewable Energy Sector

In Gas and New Renewable Energy Sector (GEBT), Pertamina has conducted a variety of research and approaches related to the renewable energy development for power generation and unconventional bio-fuels, including to conduct feasibility studies for biogas power plants and solar power plants, and the development of bio-fuels in the form of green diesel and bio LNG. The sector is also in charge of gas infrastructure projects such as construction of LNG regasification facilities, gas pipelines, and gas refueling stations.

d. Marketing Sector

In marketing sector, Pertamina carries out marketing, trading and distribution of a number of products such as fuel, lubricants, LPG, petrochemical products and other non-fuel products to domestic and overseas markets.

e. Refinery and Petrochemical Mega Project Sector

The refinery and petrochemical mega project sector provides support to the refinery business sector through the increase in refinery capabilities and competitiveness.

PRODUCTS AND SERVICES (102-2)

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Products

Subsidized Fuel Products for Households

- Kerosene

Subsidized Fuel Products/Assignment for Motorized Vehicles

- Solar/Biosolar
- Premium

Non-Subsidized Fuel Products for Motorized Vehicles

- Peralite
- Pertamina
- Pertamina Turbo
- Pertamina Racing
- Dexlite
- Pertamina Dex

Fuel Products for Industry

Fuel Products for Marine/Ship

Fuel Products for Aviation

- Avtur

Non-fuel products

- Domestic Gas
- LPG 3 kg (subsidized)
- Elpiji 12 Kg
- Bright Gas
- Musicool (refrigerant)
- Vi-gas (for automotive vehicles)
- Petrochemicals
- Bitumen
- Envogas (for automotive vehicles)
- Lubricants for automotive vehicles
- Lubricants for industry

Services

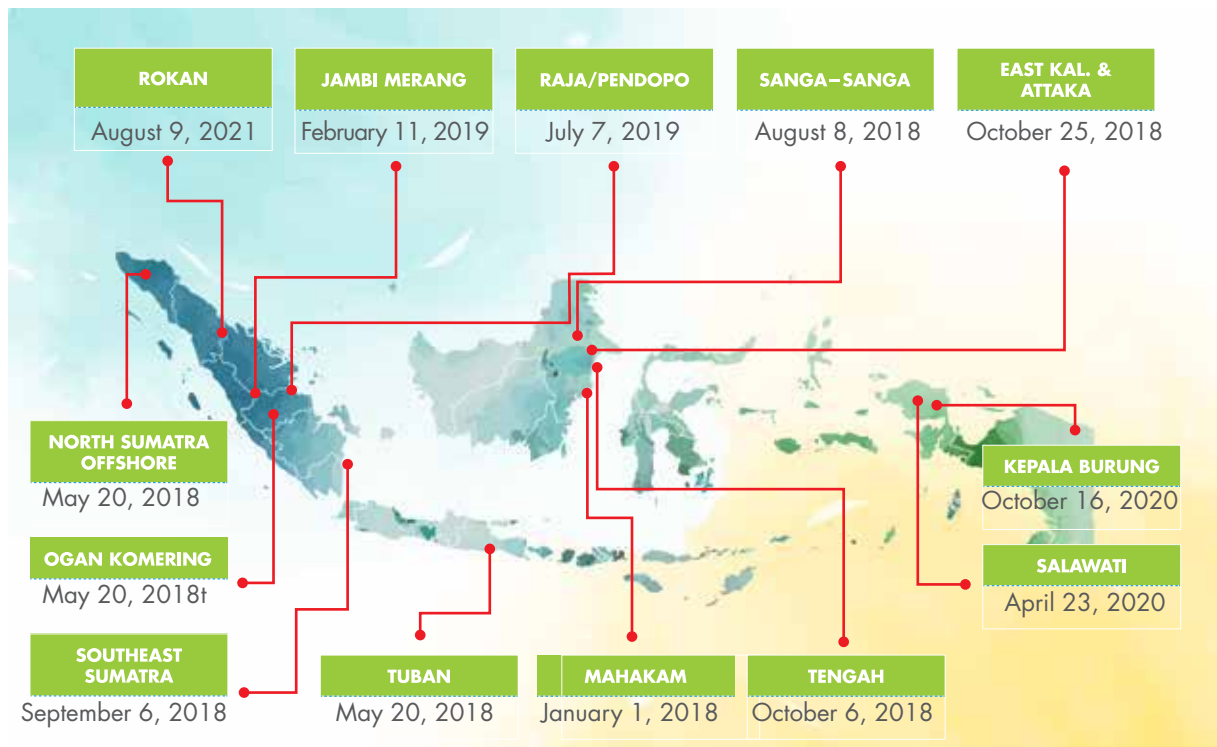
1. Internal Customer Crude, Intermedia, Fuel & Non Fuel Product Sea Transportation Service
2. External Customer Sea Transportation Service (Charter Out)
3. Floating Storage & Offloading Service
4. Vetting Service
5. Marine Services: Underwater Engineering, Docking, Agency and Mooring Master
6. Offshore Support Vessel, Port and Jetty Services
7. Commercial, transportation, distribution, processing and other business services related to natural gas and derivative products
8. Human Capital development services, assessment and management system consulting
9. Hotel/motel services, offices and property/hotel rentals
10. Loss insurance services related to oil and gas and marine hull industry operations
11. Health services and hospitals in Jakarta and surrounding areas, Cirebon, Balikpapan, Tanjung, and Prabumulih
12. Air transportation services, airplane rentals and scheduled (regular) flights, hold other businesses related to or supporting business activities

LOCATION/OPERATION NETWORK AREA (102-4)

Pertamina has operating areas or working areas in all regions of Indonesia. In 2018 Pertamina has succeeded in acquiring operatorship rights to 13 exterminated working areas with contract periods end in 2018–2021. The number of working areas effectively operated by Pertamina in 2018 was 8 working areas, namely Ogan Komering, Tuban, Sanga-Sanga, South East Sumatera, North Sumatera Offshore, Tengah (included in Mahakam Working Areas), Attaka and East Kalimantan. There are 2 working areas will be effectibe in 2019, namely Raja Working Areas and Jambi Merang Working Area. While Kepala Burung Working Areas and Salawati Working Area will be

effective in 2020. One working area will be effective in 2021, namely Rokan Working Area, the largest national oil producer, where currently Pertamina and the Government is preparing the related cooperation contract under gross split scheme. Since January 1, 2018 Pertamina has also commenced the operation of Mahakam Working Area, which has been handed over to Pertamina in 2015.

The Government has also appointed Pertamina as the winner of the bidding for Oil and Gas Exploration Working Area of Maratua Working Area.



Transfer of Working Area Operatorship for 2018-2021 period to Pertamina

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Meanwhile, as of December 31, 2018, Pertamina has six refinery operations namely Refinery Unit (RU) II Dumai, RU III Plaju, RU IV Cilacap, RU V Balikpapan, RU VI Balongan, and RU VII Kasim. The total installed processing capacity of the refineries reaches 1,031 MBOPD, or about 90% of the processing capacity in Indonesia. The operations of the refineries are as follows:

1. Fuel Refinery Operations, consisting of RU II Refineries to RU VII which produce fuel and non-fuel as well as other products.
2. Petrochemical Refinery Operations, consisting of RU IV Cilacap Paraxylene Refinery which produces Paraxylene and Benzene and other products, RU III Plaju Polypropylene Refinery which produces Polytam (Polypropylene Pertamina) and OCU (Olefin Conversion Unit) in RU VI Balongan producing Propylene
3. Lube Base Refinery Operation in RU IV Cilacap which produces Lube Base HVI-60, HVI-95, HVI-160, HVI650, Paraffinic, Slack Wax, Minarex and Asphalt.



SPECIFICATION OF PERTAMINA REFINERY UNITS

Specification	RU II Dumai	RU III Plaju	RU IV Cilacap	RU V Balikpapan	RU VI Balongan	RU VII Kasim		
Capacity	170 MBOPD	118 MBOPD	348 MBOPD	260 MBOPD	125 MBOPD	10 MBOPD		
NCI	7.5	3.1	6	3.3	11.9	2.4		

PERTAMINA'S REFINERY DEVELOPMENT PROJECT AND NEW REFINERY BUILDING PROJECT

Specification	RDMP RU II Dumai		RDMP RU IV Cilacap	RDMP RU V Balikpapan	RDMP RU VI Balongan		NGRR Tuban	NGRR Bontang
Capacity	300 MBOPD		400 MBOPD	360 MBOPD	269 MBOPD		300 MBOPD	300 MBOPD
NCI	9		9	9	11.9		9	9

MARKET SERVED (102-6)

Pertamina runs its business in two segments that have very different characteristics, namely the retail segment and the corporate segment. Therefore, Pertamina products are marketed through two main functions, namely Retail Marketing and Corporate Marketing. Retail Marketing sells petroleum products in the transportation sector, lubricant and LPG for households and non-households, both subsidized products and non-subsidized products. Meanwhile, Corporate Marketing sells petroleum products in various industrial sectors, aviation, and shipping, and other non-petroleum products such as asphalt and petrochemicals for the industrial sector. The two main functions are supported by reliable infrastructure ranging from Petroleum tank trucks, skid tanks, depots, ports and ships, so that the energy can be distributed throughout Indonesia smoothly.

Retail marketing activities are carried out directly or through dealers (dealership system). Pertamina markets retail petroleum for the transportation sector, households and fishermen through gas station (SPBU) spread throughout Indonesia. Up to 2018, the number of Pertamina channeling institutions was 7,146 spread throughout Indonesia, both Regular SPBU, mini gas stations, modular, and SPBU for Fishermen.

Pertamina is assigned by the Government to realize One Price Fuel in Indonesia. Until the end of 2018, nationwide Pertamina has realized the One Price Fuel operation and operation trial in One Price Fuel Distribution Agencies at

125 points (55 points in 2017 and 70 points in 2018) in the 3T (Frontier, Outermost and Remote) areas. With the existence of this SPBUs, now the people in these areas can buy Premium Gasoline and Solar Fuel at the same price as people in other regions who have enjoyed prices according to Presidential Regulation No. 191 Year 2014, where Premium is Rp 6,450/liter, and Solar is Rp5,150/liter.

In addition to serve Indonesia's market share, Pertamina also markets its products abroad (exports). One of non-petroleum products marketed by Pertamina is Petrochemical. Products marketed include Bitumen, Paraxylene, Benzene, Propylene & Polypropylene, and other non-petroleum products such as Sulfur, Solvent, Rubber Processing Oil, Smooth Fluids, Petroleum Coke, and Agricultural Chemicals.

In 2018, Pertamina conducted market development by exploring export markets, including Malaysia, China, India to Europe. The main product sold to the export market is Green Coke Slack Wax, EXDO-4 with volumes reaching 275 thousand MT. In addition to this, Petrochemical Trading also focuses on designing the development of supply point infrastructure for Bitumen products, and market penetration of Smooth Fluid, and non-carcinogenic products EXDO-4 which are more eco-friendly to the domestic market.

Company Scale (102-7)

Indicator	Unit	2018	2017	2016
Total Employees*	Employee	13,660	13,406	13,602
Income	USD million	57,934	46,001**	39,812**
Total Assets :				
Total Liabilities	USD million	35,108	30,426**	28,731**
Total Equity	USD million	29,610	27,013**	25,244**
Production :				
Oil	MMBO	144	125	114
Gas	BSCF	1,117	743	718
Geothermal	GWh	4,182	3,900	3,043

*Permanent Employee of parent company

**represented

INFORMATION ON EMPLOYEES (102-8)

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Until the end of 2018, the total number of employees of the Company was 15,296 employees, up from 2017 with a total of 15,242 employees. This amount consists of Permanent Employees and Non-Permanent Employees (PWT). In 2018, the number of Permanent Employees was recorded at 13,660 employees, an increase by 1.89% compared to 2017 with the number of Permanent Employees of 13,406

employees. This figure is in line with the Company's operational activities and business development needs. In collecting employee data, Pertamina uses a method by withdrawing data using SAP with an Adhoc Query mechanism and collaborating with look up data from standard reports that have been issued by SAP. The complete composition of employees is presented in the following tables:

Employee Composition by Status and Gender

Gender	Employee Status								
	Permanent Employee (PWTT)			Non-Permanent Employee (PWT)			Supporting Services Worker		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Male (employee)	12,021	11,792	12,004	1,542	1,750	2,007	19,291	20,017	20,532
Female (employee)	1,639	1,614	1,598	94	86	86			
Total	13,660	13,406	13,602	1,636	1,836	2,093	19,291	20,017	20,532

Remarks :

- Permanent employees (Unspecified time employees/PWTT) are Employees who work in the Company based on an unspecified time employment agreement (PKWTT) which is not limited by time or work period, except as stipulated in Company Regulations or Collective Labor Agreements or other work agreements.
- Non-permanent employees (Fixed Term Employment Contract/PWT) are employees who work in the company based on a fixed term employment contract (PKWT) and/or to conduct work completed within a certain time.
- Supporting Services Workers (TKJP) are workers who have a working relationship with a Supporting Services/PJP Company and are employed at Pertamina's work site.

Employee Composition by Status and Working Area

Gender	Employee Status								
	Permanent Employee (PWTT)			Non-Permanent Employee (PWT)			Supporting Services Worker		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Head Office	3,077	3,128	3,053	1,436	1,274	1,541	19,291	20,017	20,053
Regional Office	10,583	10,278	10,549	200	562	552			
Total	13,660	13,406	13,602	1,636	1,836	2,093	19,291	20,017	20,532

Employee Composition by Directorate

Directorate	2018		2017		2016	
	Male	Female	Male	Female	Male	Female
Upstream	170	50	52	10	160	43
Refinery	4,878	140	4,902	154	5,311	184
Refinery and Petrochemical Megaproject	162	12				
Corporate Marketing	145	47	3,360	309	3,276	287
Retail Marketing	2,563	165				
Logistic, Supply Chain & Infrastructure	885	107				
Subsidiaries	1,532	260	1,574	264	1,598	265
Others	1,686	858	1,904	877	1,659	819

Employee Composition by Organization Level

Level	Total Employees		
	2018	2017	2016
L1 (SVP & Equivalent)	42	33	21
L2 (VP & Equivalent)	203	114	97
L3 (Manager & Equivalent)	954	573	541
L4 and others	12,461	12,686	12,943
Total	13,660	13,406	13,602

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Employee Composition by Education

Education	2018		2017		2016	
	Male	Female	Male	Female	Male	Female
Master Degree	1,048	213	1,071	199	1,072	185
Bachelor Degree	4,507	1,159	4,338	1,122	4,312	1,102
Diploma	3,999	213	3,837	229	3,794	230
Senior Highschool	2,454	46	2,531	61	2,801	78
Junior Highschool	13	7	13	3	20	3
Elementary	-	1	2	-	5	-
Total	12,021	1,639	11,792	1,614	12,004	1,598

Employee Composition by Age

Age	Total Employee		
	2018	2017	2016
< 26 years old	2,034	1,499	1,376
26 - 35 years old	5,804	5,752	5,603
36 - 45 years old	2,518	2,176	2,046
46 - 55 years old	3,270	3,914	4,494
> 55 years old	34	65	83
Total	13,660	13,406	13,602

COLLECTIVE BARGAINING AGREEMENT (102-41)

Pertamina gives workers the rights to freedom of assembly and association in trade unions. There are 19 registered trade unions within Pertamina joining in the Federasi Serikat Pekerja Pertamina Bersatu (FSPPB). One of the main roles of FSPPB in representing and protecting the interests of employees is the implementation of Collective Labor Agreement (CLA). On May 24, 2017, the 2017-2019 CLA was agreed to be the 6th CLA. The CLA has been through a negotiation process between the Company and FSPPB and the signing was witnessed by the Minister of Manpower and Transmigration. The CLA is testament to open, transparent and communicative

industrial relations aimed at regulating and serving as a guideline in fulfilling the rights and obligations of employers, trade unions and workers and strengthening harmonious industrial relations in the Company. CLA regulates the working conditions for workers that are not yet regulated in laws and regulations, resolving industrial relations disputes the best possible in order to maintain, improve and develop cooperation and harmonious working relations between employers and workers. All Non-Permanent Workers (PWTT) of Pertamina's business group (100%) have been included in the 2017-2019 CLA.

SUPPLY CHAIN (102-9)

Procurement of goods and services in Pertamina is conducted transparently and can be accounted for by involving suppliers who have good reputation and work records/achievements in accordance with the Company's provisions. The procurement of goods and services in Pertamina is the responsibility of the Integrated Supply Chain (ISC) Function.

In the procurement of goods and services, Pertamina is trying its best to find national suppliers, namely suppliers who are geographically located in Indonesia. In addition to absorbing national supplier products and services, the collaboration will also be able to empower and drive their economy. International suppliers which are geographically outside Indonesia will be coupled if national suppliers are unable to fulfill the goods and services needed by Pertamina.

The number of suppliers based on complete geography is presented in the following table:

Total Suppliers of Goods

Description	Total Suppliers	
	2018	2017
National	1,543	1,899
Overseas	82	59
Total	1,625	1,958

Total Suppliers of Services

Description	Total Suppliers	
	2018	2017
National	4,652	5,625
Overseas	181	224
Total	4,833	5,849

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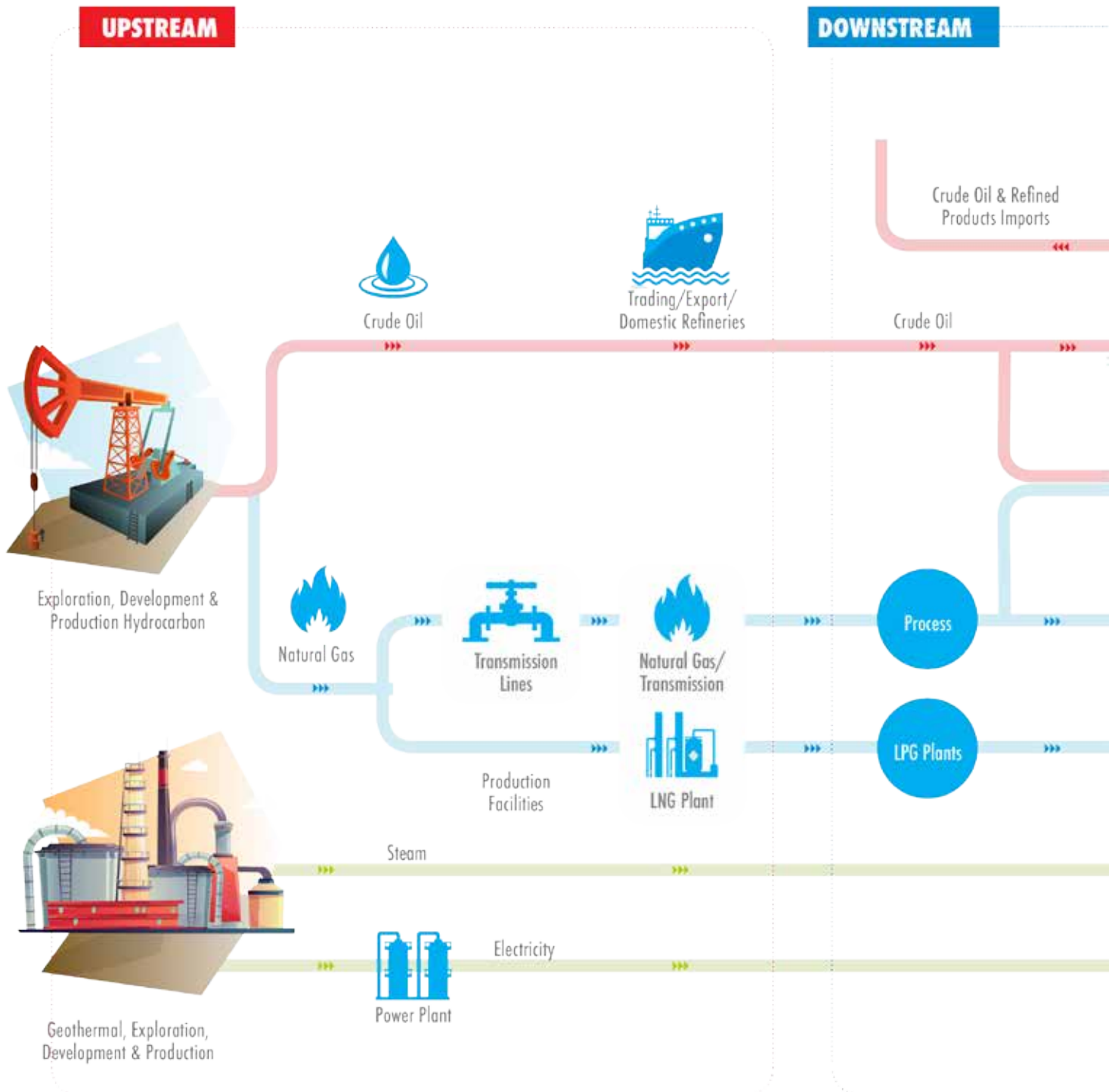
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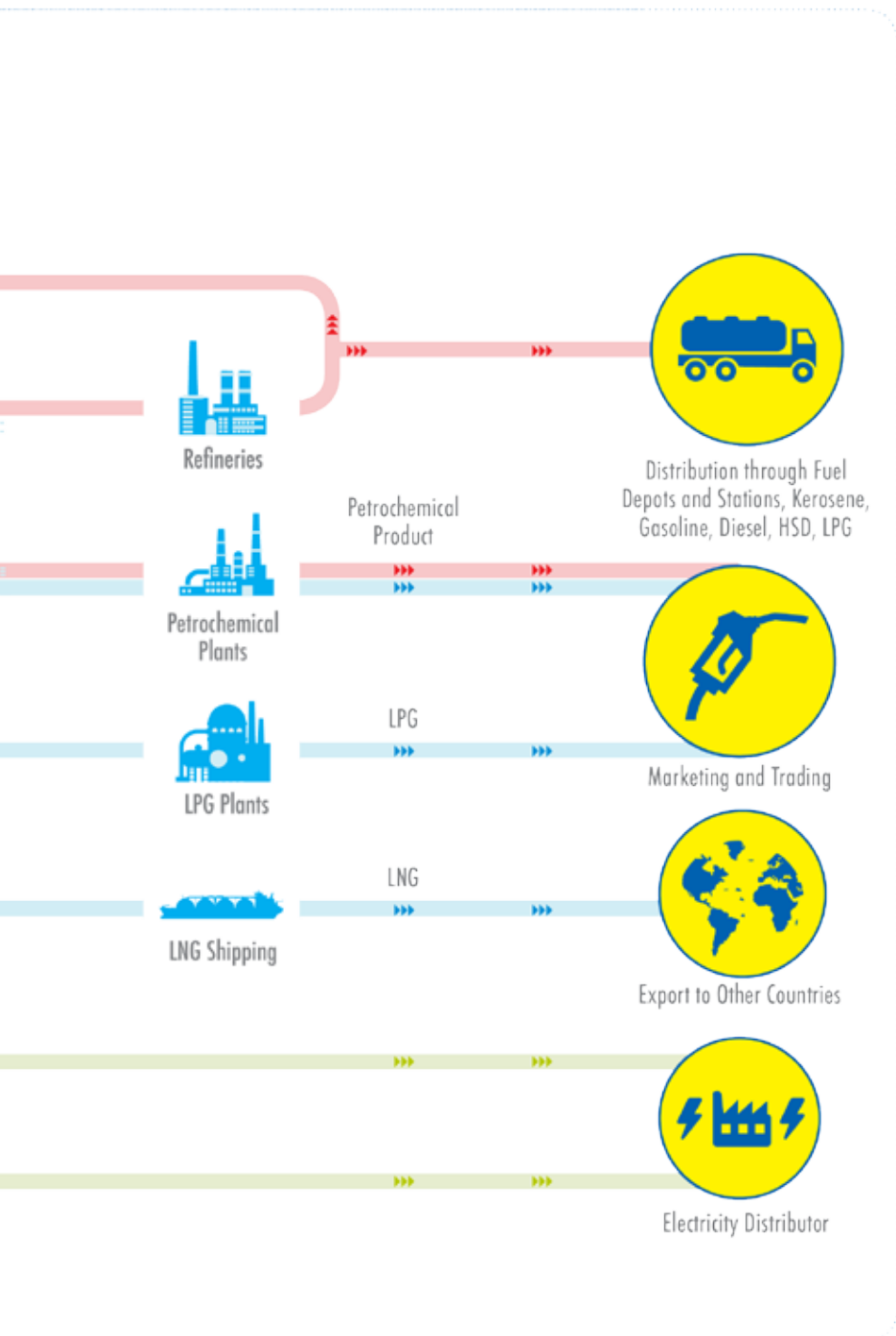
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Activities of Integrated Supply Chain Pertamina





Key Operating Companies*

UPSTREAM

- PT Pertamina EP
- PT Pertamina EP Cepu
- PT Pertamina Drilling Services Indonesia
- PT Pertamina EP Cepu ADK
- PT Pertamina Hulu Energi
- PT Pertamina Geothermal Energy
- PT Pertamina International Exploration & Production
- PT Pertamina Hulu Indonesia
- PT Elnusa Tbk

Downstream

- PT Pertamina Patra Niaga
- PT Pertamina Trans Kontinental
- PT Pertamina Retail
- PT Pertamina Lubricants
- PT Pertamina International Shipping
- Pertamina International Timor S.A.**
- PT Kilang Pertamina Internasional
- PT Perusahaan Gas Negara Tbk.
- PT Pertamina Power Indonesia
- PT Nusantara Regas

SIGNIFICANT CHANGE IN ORGANIZATION AND SUPPLY CHAIN (102-10)

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During the reporting year, there were significant changes in Pertamina, among others, the Company succeeded in obtaining 13 Working Areas Termination which ended its contract period in 2018-2021. Meanwhile, changes in the supply chain occurred with the decline in the number of suppliers of goods and services in 2018 compared to the previous year, namely 7,807 suppliers in 2017 to 6,458 suppliers.

The total suppliers listed in the Registered Certificate (SKT) as of December 31, 2018 were 15,243, an increase of 161 suppliers compared to 2017, which recorded at 15,082 suppliers. From the number of suppliers registered, Pertamina imposes sanction of black list on 136 suppliers, increasing two compared to the previous year, which recorded 134 suppliers.

EXTERNAL INITIATIVES (102-12)

Pertamina is committed to provide the best products and services for customers/consumers. To that end, the company seeks to obey and comply with various regulations from the government and certify the quality standards that apply according to Pertamina's business

sector, both standards that apply in Indonesia and international. Pertamina's compliance with various regulations and certifications received appreciation from various parties, among others, in the form of awards.

List of Certification in 2018

Operational Unit/ Business Unit	Area	Certification	Validity Date	Certification Body
Head Office – Marketing Directorate	Shipping Head Office	ISO 9001:2015	03/12/2018	Lloyd's
	Petrochem Head Office	ISO 9001:2015	19/06/2018	BSI
		ISO 14001:2015	19/06/2018	BSI
		ISO 45001:2018	19/06/2018	BSI
Marketing Operation Region I – North Sumatera Region	Fuel Terminal Medan (except Belawan)	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Tj. Uban	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal P. Sambu	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Teluk Kabung	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Dumai	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Sei Siak	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Sibolga	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Lhoksemawe	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Krueng Raya	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Kisaran	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Pematang Siantar	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Meulaboh	ISO 9001:2015	14/09/2018	BSI
	Pangkalan Susu	ISO 14001:2015	27/12/2018	BSI
		ISO 45001:2018	27/12/2018	BSI
Marketing Operation Region II – South Sumatera Region	Panjang	ISO 9001:2015	10/08/2018	BSI

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Operational Unit/ Business Unit	Area	Certification	Validity Date	Certification Body
Marketing Operation Region III – West Java Region	Depot LPG Tanjung Priok	ISO 14001:2015	01/09/2018	Llyod's
		ISO 45001:2018	01/09/2018	Llyod's
	Fuel Terminal Cikampek	ISO 14001:2015	14/09/2018	BSI
		ISO 45001:2018	29/11/2018	BSI
		ISO 9001:2015	14/09/2018	BSI
	Depot LPG Balongan	ISO 45001:2018	02/06/2018	AJA
	Fuel Terminal Jakarta Group	ISO 9001:2015	14/09/2018	Llyod's
		ISO 14001:2015	14/09/2018	Llyod's
	Fuel Terminal Tasikmalaya	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal T. T - Tjg. Gerem	ISO 9001:2015	15/09/2018	DNV
Fuel Terminal Balongan	ISO 9001:2015	14/09/2018	BSI	
Marketing Operation Region IV – Central Java Region	Fuel Terminal Cilacap	ISO 14001:2015	14/09/2018	BSI
		ISO 45001:2018	31/08/2018	BSI
		ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Maos	ISO 9001:2015	14/09/2018	BSI
		ISO 14001:2015	14/09/2018	BSI
Marketing Operation Region IV – East Java Region	Fuel Terminal Pengapon	ISO 9001:2015	14/09/2018	BSI
		ISO 14001:2015	14/09/2018	BSI
		SMP	5/24/2018	Sucofindo dan Dir. Bimas Mabes Polri
		ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Boyolali	ISO 14001:2015	14/09/2018	BSI
	Fuel Terminal Rewulu	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Tegal	ISO 9001:2015	14/09/2018	BSI
		ISO 14001:2015	14/09/2018	BSI
Fuel Terminal Lomanis	ISO 14001:2015	14/09/2018	BSI	

Operational Unit/ Business Unit	Area	Certification	Validity Date	Certification Body
Marketing Operation Region V – East Java, Bali and Nusa Tenggara	Tj. Perak	ISO 9001:2015	14/09/2018	BSI
		ISO 14001:2015	14/09/2018	BSI
	Manggis	ISO 9001:2015	14/09/2018	BSI
		ISO 14001:2015	14/09/2018	BSI
	Fuel Terminal Surabaya Group	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Tuban	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Tj. Wangi	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Malang	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Madiun	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Camplong	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Manggis	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Sanggaran	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Ampenan	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Badas	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Bima	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Tenau	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Maumere	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Atapupu	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Kalabahi	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Waingapu	ISO 9001:2015	14/09/2018	BSI
Fuel Terminal Reo	ISO 9001:2015	14/09/2018	BSI	
Fuel Terminal Ende	ISO 9001:2015	14/09/2018	BSI	
Marketing Operation Region VI – Kalimantan	Depot LPG Balikpapan	ISO 9001:2015	14/09/2018	BSI
	Fuel Terminal Balikpapan	ISO 45001:2018	17/11/2018	BSI
	Fuel Terminal Samarinda	ISO 45001:2018	17/11/2018	BSI
Marketing Operation Region VII – Sulawesi	Depot LPG Makassar	ISO 45001:2018	17/01/2018	BSI
	Fuel Terminal Pare2	ISO 45001:2018	11/11/2018	BSI
Marketing Operation Region VIII – Papua	Fuel Terminal Wayame	ISO 9001:2015	14/09/2018	BSI
		ISO 45001:2018	14/09/2018	BSI
	Fuel Terminal Jayapura	ISO 9001:2015	14/09/2018	BSI
		ISO 45001:2018	14/09/2018	BSI
	Fuel Terminal Sorong	ISO 9001:2015	14/09/2018	BSI
		ISO 45001:2018	14/09/2018	BSI
	Fuel Terminal Biak	ISO 9001:2015	14/09/2018	BSI
ISO 45001:2018		14/09/2018	BSI	

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Operational Unit/ Business Unit	Area	Certification	Validity Date	Certification Body
PT PGE	Kamojang	ISO 9001:2015	06/06/2018	TUV Nord
		ISO 14001:2015	06/06/2018	TUV Nord
		ISO 45001:2018	06/06/2018	TUV
	Lahendong	ISO 14001:2015	14/09/2018	BSI
	Technical Document Management PHE ONWJ	ISO 9001:2015	14/09/2018	TUV Nord
PT PHE	PHE ONWJ Project Quality Management Services, Certifications and Permits (QA-QC Dept. Project)	ISO 9001:2015	17/02/2018	TUV Nord
	PHE ONWJ Provision of Fabrication, Installation & Maintenance Services (Dept. E&I)	ISO 9001:2015	17/02/2018	TUV Nord
		ISO 9001:2015	02/09/2018	TUV Nord
	Gas Production and Condensate/ Jakarta Office & Field JOB Pertamina Talisman Jambi Merang	ISO 14001:2015	13/11/2018	TUV Nord
		ISO 45001:2018	13/11/2018	TUV Nord
PT PEP	Production of Crude Oil & Gas JOB Pertamina Petrochina East Java	ISO 14001:2015	14/09/2018	TUV Nord
		IEC 17025:2008	17 Juni 2018	KAN
Refinery Unit II – Dumai	All	ISO 9001:2015	14/09/2018	TUV Nord
		ISO 14001:2015	14/09/2018	TUV Nord
Refinery Unit III – Plaju	All	SMP	25/05/2018	Sucofindo

Operational Unit/ Business Unit	Area	Certification	Validity Date	Certification Body
Refinery Unit IV – Cilacap	All	ISO 9001:2015	14/09/2018	TUV Nord
		ISO 14001:2015	14/09/2018	TUV Nord
Refinery Unit VI – Balongan	All	ISO 45001:2018	26/3/2018	SGS
	All	SMP	10/09/2018	Sucofindo

List of Awards 2018

No	Date	Name of Award	Rating and Category	Awarded By
1	January 17, 2018	Lifetime Achievement Award		Management Institutions of Economic and Business Faculty, University of Indonesia (LM FEB UI)
2	February 24, 2018	Sustainability Reporting Award (SRA)	Winner of Best SR for Oil and Gas Category	National Center Sustainability Reporting (NCSR)
3	March 8, 2018	WOW Brand Festive Day 2018	Gold Champion in the field of resources and energy for the category of Non- Subsidized Fuel - Pertamina brand	MarkPlus.Inc
4	March 29, 2018	Public Relations Indonesian Award (PRIA) 2018	Silver for the Corporate PR Program Category for the corporate communication program of the Tuntong Laut and Javan gibbon Biodiversity Conservation	PR Indonesia
5	April 6, 2018	Award from the Governor of South Sulawesi	For the Category of Contribution to South Sulawesi Development in Environmental Management	The Governor of South Sulawesi
6	March 29, 2018	PR Indonesia Awards 2018	Gold for Sustainability Report Category	PR Indonesia
7	April 26, 2018	WIPO Awards 2018	Intellectual Property (IP) Enterprise Trophy Category	World Intellectual Property Organization (WIPO)
8	April 26, 2018	SOE Award	Most Number of Patents in Indonesia	SOE Ministry
9	May 31, 2018	Brand Finance TOP 100 Most Valuable Indonesian Brands 2018	Most Valuable Indonesian Brands 2018 with USD 2.028 million Brand Values & AA- Brand Rating	SWA in collaboration with Brand Finance

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No	Date	Name of Award	Rating and Category	Awarded By
10	June, 29 2018	The Peer Awards	The Asian Regional category for the Environmental Education Program for Children or Program Pendidikan Lingkungan untuk Anak (PELITA titled "Green Education for Children-Nature Based Preschool" in the category of "Corporate Responsibility" sub-category "Educating Community".	Informatology Ltd, Inggris.
11	July, 11 2018	Indonesia Green Company Achievement 2018	3 Best Companies awarded the Indonesia Green Company Achievement 2018	SWA Magazine and Kehati Foundation
12	August 3, 2018	The Best Contact Center Indonesia 2018	Platinum Accurate Team (mens double)	Indonesia Contact Center Association (ICCA)
13	August 10, 2018	Anugerah IPTEK 2018	2nd place in the 2018 Anugerah IPTEK for the category of Abyudaya	Ministry of Research, Technology and Higher Education
14	August 29, 2018	Anugerah Indonesia's Best Corporate Social Initiatives 2018	Indonesia's Best Business Practices Category with Pertamina New and Renewable Energy Program	Mix MarComm Magazine, SWA Media Group
15	August 29, 2018	Anugerah Indonesia's Best Corporate Social Initiatives 2018	Indonesia's Best Corporate Philanthropy Category with CSR Program "Sekolah Tapal Batas Sebatik"	Magazine Mix MarComm SWA Media Group
16	September 28, 2018	Subroto Award 2018	Special Innovation in Industry Category	Ministry of Energy and Mineral Resources (ESDM)
17	October 31, 2018	11th APCCAL Expo 2018	Recognition of Performance Excellence	Asia Pasific Contact Centre Association Leaders (APCCAL)
18	October 29, 2018	ASEAN Energy award 2018	Winner for the Category of Special Submission Energy Management in Industry	The 36th ASEAN Ministers on Energy Meeting (aMEM)
19	December 6, 2018	Marketeers Editor's Choice Award 2018	The Breakthrough Application Of The Year Category	MECA 2018
20	December 6-9, 2018	Seoul International Invention Fair (SIIF) 2018	Gold Medal and Special Award	Korea Invention Promotion Association (KIPA) supported by Korea Intellectual Property Organization (KIPO), World Intellectual Property Organization (WIPO), and International Federation of Inventors Association (IFIA).
21	December 14, 2018	Indonesia Most Admired CEO (IMAC) 2018	PT Pertamina (Persero) President Director Nicke Widyawati was named the Most Admired CEO 2018 for the category of Excellent Leadership for Information Communication Technology (ICT) Optimization	

MEMBERSHIP OF ASSOCIATION (102-13)

Pertamina participates in various organizations or associations in accordance with the business sector conducted by the Company. One of them, the Company participates in the Extractive Industry Transparency Initiative (EITI), which is a global standard to encourage transparency regarding revenue or state revenues from extractive industry sectors (petroleum, natural gas, minerals and coal).

EITI in Indonesia is based on Presidential Regulation Number 26 of 2010 concerning Transparency of State Revenues and Regional Revenues Obtained

from Extractive Industries. This Presidential Regulation stipulates that EITI Indonesia is implemented by a Transparency Team consisting of the Directing Team and the Implementation Team.

Pertamina is one of the members of EITI Implementation Team who consistently performs its obligations in EITI reporting and activities.

Besides EITI, Pertamina also joins and participates in the following associations:

No	Name of Organization	Nature of Organization
1.	International Air Transport Association (IATA)	Strategic Partner
2.	Aspelindo	Member
3.	Green Building Council Indonesia (GBCI)	Member
4.	Indonesia Business Council for Sustainable Development (IBCSD)	Member
5.	International Energy Agency (IEA)	Member
6.	International Gas Union (IEU)	Member
7.	ARTDO International	Member
8.	World LPG Association (WLPGA)	Member
9.	Joint Inspection Group (JIG)	Member
10.	Asia Pacific Natural Gas Vehicle Association (ANGVA)	Member
11.	Society of Tribologists and Lubrication Engineers (STLE)	Member

A group of female dancers in traditional costume of Sumbawa, West Nusa Tenggara, are performing a rhythmic and beautiful movement. The Nguri dance, the culture of the Sumbawa people, contains life values such as politeness, gentleness, friendliness and a form of support and respect for the king who has led and created prosperity.





CORPORATE GOVERNANCE

For Pertamina, the implementation of GCG is not only about conducting obligations but is a necessity in maintaining transparency and accountability in the Company's management to all stakeholders.



COMMITMENT TO GOVERNANCE IMPLEMENTATION

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Good Corporate Governance (GCG) is a mechanism or system that directs and controls the Company in accordance with the expectations of stakeholders based on the principles of GCG (Transparency, Accountability, Responsibility, Independence, Fairness). The GCG principles are the basis for improving the Company's performance. Consistent and sustainable implementation of GCG has a positive influence on achieving the Company's objectives, monitoring and evaluating business risks, maximizing performance and developing a work culture within the Company.

For Pertamina, the implementation of GCG is not only about conducting obligations, but is a necessity in maintaining transparency and accountability in managing the Company to all stakeholders. Pertamina continues to develop GCG in line with best practices to maximize the Company's value; conduct effective and efficient business activities; professional and

independent company management; creating decision making by all company organs based on moral values and compliance with the applicable laws and regulations; provide protection and fair treatment to shareholders and other stakeholders maximally; and empowering energy for a sustainable innovation.

Pertamina is optimistic that with commitment and compliance with the implementation of all GCG principles, it may guarantee business growth in the long term, which in turn increases the trust of shareholders and other stakeholders towards the Company. Throughout 2018, Pertamina's GCG implementation that has been conducted includes:

1. Implementing a GCG Soft Structure consisting of:
 - a. Code of Corporate Governance
 - b. Board Manual (commitment between the Board of Directors and Board of Commissioners)
 - c. Code of Conduct

- d. Conflict of Interest Guidelines
 - e. Organizational Work Procedure (TKO) of Whistleblowing System
 - f. Guidelines of Gratification
2. Evaluating and submitting recommendations on the 2017 GCG assessment results of Pertamina to related functions and related Company Organ.
 3. Conducting assessment of GCG implementation in Pertamina
 4. Managing an optimal Whistle Blowing System accompanied by follow up through initial review of incoming reports.
 5. Managing State Official Assets Report for officials who are obligated to report at Pertamina.
 6. Conveying broadcasts and campaigns related to GCG within Pertamina, internally and externally.
 7. Conducting dissemination and internalization of GCG tools and work programs related to GCG and Compliance.
 8. Implementing risk management and internal control system.
 9. Conducting business activities and other supporting activities in accordance with a clear and transparent Standard Operating Procedure.

Basis of Corporate Governance Implementation

In its implementation, Pertamina refers to policies, SOE regulations including SOE Minister Regulation No. PER-01/MBU/2011 jo. No. PER-09/MBU/2012 concerning the Implementation of Good Corporate Governance in SOE, as well as the Decree of SOE Ministry Secretary No. SK-16/S.MBU/2012 concerning Indicators/Parameters for Assessment and Evaluation of Good Corporate Governance Implementation in SOEs, as a step for Pertamina to implement Article 44 of SOE Minister Regulation No. PER-01/MBU/2011 in measuring (assessment and evaluation) the implementation of GCG in Pertamina.

Principles of Corporate Governance

As an SOE, Pertamina is committed to strengthen the framework of good corporate governance (GCG). The principles of GCG are applied to all company work systems that must be adhered to by all Pertamina employees. GCG implementation in Pertamina is no longer something mandatory but has become a culture and need to conduct daily business activities ranging from top management to workers in the field.

Pertamina's commitment to be a clean and corruption-free company as a series of Clean SOE Road Map is summarized in a series of Compliance work programs such as: (i) implementation of Whistle Blowing System (WBS) and follow-up and evaluation, (ii) Report on Assets of State Officials (LHKPN), (iii) Gratification Control Unit and other educational programs such as (i) GCG socialization/internalization for prospective new employees, new management including Pertamina's subsidiaries and affiliated companies that newly established/joined with Pertamina Group, creating broadcast and GCG campaign as a reminder of the importance of working behavior with integrity in accordance with GCG principles.

Pertamina also became a pilot project in various activities initiated by the Corruption Eradication Commission (KPK) such as the development of Professionals with Integrity (Profesional Berintegritas - PROFIT) and the Coordination of Energy Sector Management Supervision.

GOVERNANCE STRUCTURE (102-18)

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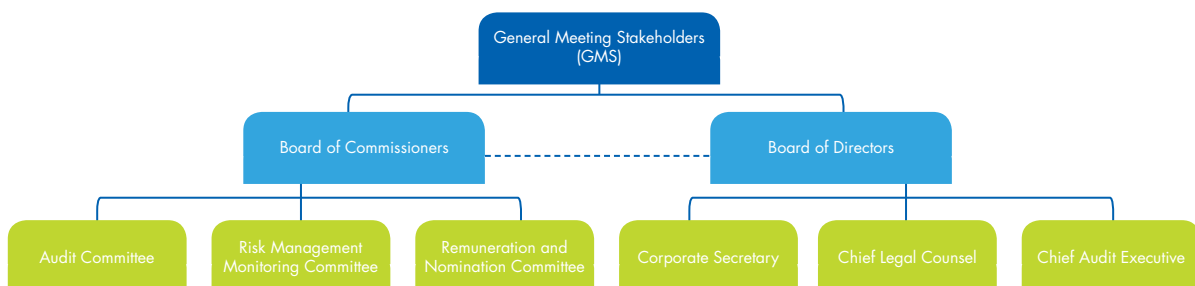
Social Performance



Corporate governance structure in Pertamina consists of the General Meeting of Shareholders (GMS), Board of Commissioners and Board of Directors in accordance with the provisions of Limited Liability Company Law Number 40 of 2007. In addition, Pertamina forms a supporting organ consisting of the Audit Committee, Nomination and Remuneration Committee and Risk Management Monitoring Committee, Corporate Secretary, Compliance Function, and Internal Audit Unit. All corporate governance organs conduct their duties, functions and responsibilities in accordance with statutory provisions, Articles of Association and

other provisions for the Company's benefit. Until the end of 2018, the Company still did not have a special committee responsible for making decisions on economic, environmental and social topics. Decision making on these topics is carried out by functions within the Company's organizational structure in accordance with relevant topics.

Detailed information on Corporate Governance Structure is presented in Pertamina's Annual Report 2018 on Corporate Governance Chapter pages 142-186.



GCG Assessment

As part of GCG implementation sustainable process, the Company conducts an assessment focusing on the GCG implementation from year to year in order to obtain an overview of the effectiveness of GCG implementation regarding the best practices within Pertamina. With one of its main aims to encourage the management of SOE's professionally, efficiently and effectively, and to empower the operations and improve the Company's independency.

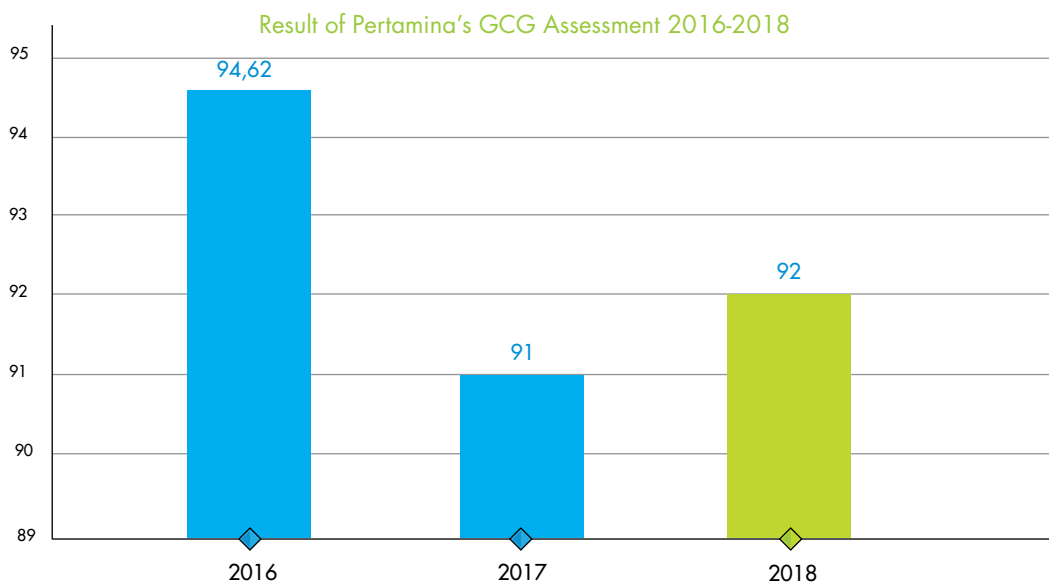
The GCG assessment in Pertamina refers to the parameters set forth in the Decree of the Secretary of the Ministry of SOEs. SK-16/S.MBU/2012 dated June 06, 2012, regarding the Indicators/Parameters of Assessment and Evaluation concerning

the Implementation of Good Corporate Governance in SOEs. The criteria used include (i) Commitment to the Implementation of Sustainable Governance; (ii) Shareholders and GMS; (iii) Board of Commissioners; (iv) Board of Directors; (v) Disclosure of Information and Transparency; (vi) including various other aspects.

GCG performance assessment in Pertamina is conducted by an Assessor/Independent Consultant. In 2018, Pertamina's GCG performance assessment was conducted by PT RSM Indonesia Konsultan.

GCG Assessment results for Pertamina in 2018 achieved a score of 92% while the previous year was recorded at 91%.

No	Assessment Aspect/Indicator/Parameter	Weight	Achievement (%)	Achievement Category
1	Commitment to Sustainable Implementation of Good Corporate Governance	7,000	96	
2	Shareholders and GMS	9,000	95	
3	Board of Commissioners	35,000	92	
4	Board of Directors	35,000	91	
5	Information Disclosure and Transparency	9,000	90	
6	Other aspects	5,000	100	
Overall Achievement Score			92	Very Good



CODE OF CONDUCT (102-16)

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Principles

Pertamina's ethical code or ethical guidance is reflected in the new Code of Conduct passed in 2017. The Code of Conduct is an improvement on the previous Code of Conduct and consists of provisions related the Vision, Mission, Values, Good Corporate Governance principles and Behavioural Models, which are as follows:

1. Operations that meet Health, Safety, Security and Environment
2. Human Capital includes integrity in working, professional work attitude, equal career opportunities, and avoidance of discrimination.
3. Commitment to partners and customers includes fair business competition; gifts, banquets and entertainment; money laundering crime; as well as commitment to customers.
4. Commitments to shareholders and stakeholders include commitments to the Government as shareholders; commitment to stakeholders; social and environmental responsibility; political activities and professional organizations; and public information disclosure.
5. Protection to the Company's assets, with the basic provisions in order to protect the Company's assets; confidentiality of data and information; intellectual property rights; and the whistleblowing system.

This COC book can be downloaded through www.pertamina.com

Enactment of the Code of Conduct to All Organizational Levels

Pertamina's Code of Conduct is binding and applicable to all members of the organization spanning every level of position in Pertamina. This Code of Conduct was signed by the President Director and the President Commissioner of the Company and is enforced under the Decree of the President Director No.Kpts-42/C00000/2017-S0 on June 22, 2017. These guidelines serve as guidelines for Pertamina's employees to always act in accordance with the predetermined standards of the Company based on the values and principles of GCG.

Socialization and Dissemination

Socialization and dissemination of the Code of Conduct is performed thoroughly across all functions and directorates of Pertamina through the Compliance Online System portal, face to face socialization and the formation of the GCG champion.

ANTI GRATIFICATION POLICY

Pertamina realizes that through the regular implementation of business activities, relations and interactions of various parties, both internally and externally, establishing cooperation, harmonious and sustainable relationships can not be avoided. In this cooperation, the existence of gratification from one party to the other party is also an inevitably.

Therefore, Pertamina always maintains the integrity of the Company through the commitment to apply the principles of anti-gratification. The Anti-Gratification Initiation is socialized to all of Pertamina's employees in order to uphold the values and culture of the Company. Pertamina's anti-gratification policy is contained in Gratification, Rejection, Acceptance, Gifts and Entertainment No.A-002/N00010/2012-S0. Regularly, Pertamina also actively participates in a series of activities organized by the Corruption Eradication Commission (KPK) in commemoration of the International Anti-Corruption Day (HAKORDIA).

REPORT ON ASSETS OF STATE OFFICIALS (LHKPN)

The stipulation in regards to Report on Assets of State Officials (LHKPN) in Pertamina refers to Law No. 28/1999 regarding Clean State Organizations and Freedom from Corruption, Collusion and Nepotism. According to SK No.70/C00000/2017-S0 dated November 30, 2017, the President Director of Pertamina has stipulated that the stakeholders within PT Pertamina (Persero) and Subsidiaries are mandated to submit the LHKPN, including:

1. Board of Commissioners in both Pertamina and its subsidiaries
2. Board of Directors in both Pertamina and its subsidiaries
3. Senior Vice President/equivalent
4. Vice President/equivalent in both Pertamina and its subsidiaries
5. Manager/equivalent in both Pertamina and its subsidiaries
6. Area/Unit/Region Manager
7. Commissioner of Subsidiary who is not as a Supporting Duty Official

In 2018, Compulsory Reporters within PT Pertamina (Persero) and Subsidiaries that have fulfilled the obligation of LHKPN are 1,646 officials out of a total of 2,038 Compulsory Reporters (LHKPN compliance rate of 81%).

WHISTLE BLOWING SYSTEM

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Whistle Blowing System (WBS) is a system that provides a means of recording complaints to the stakeholders regarding alleged violations that occur in the Company. To avoid any potential conflicts of interests, management of the WBS in Pertamina is conducted in cooperation with an Independent Consultant.

The WBS in Pertamina can be accessed by all stakeholders including the public through various complaint channels, which are as follows:

Phone : 021-381 5909/5910/5911
 SMS and Whatsapp : 0811 861 5000
 Facsimile : (021) 381 5912
 Site : <https://pertaminaclean.tipoffs.info>
 Email : pertaminaclean@tipoffs.com.sg
 Post : P.O.Box 2600 JKP 10026

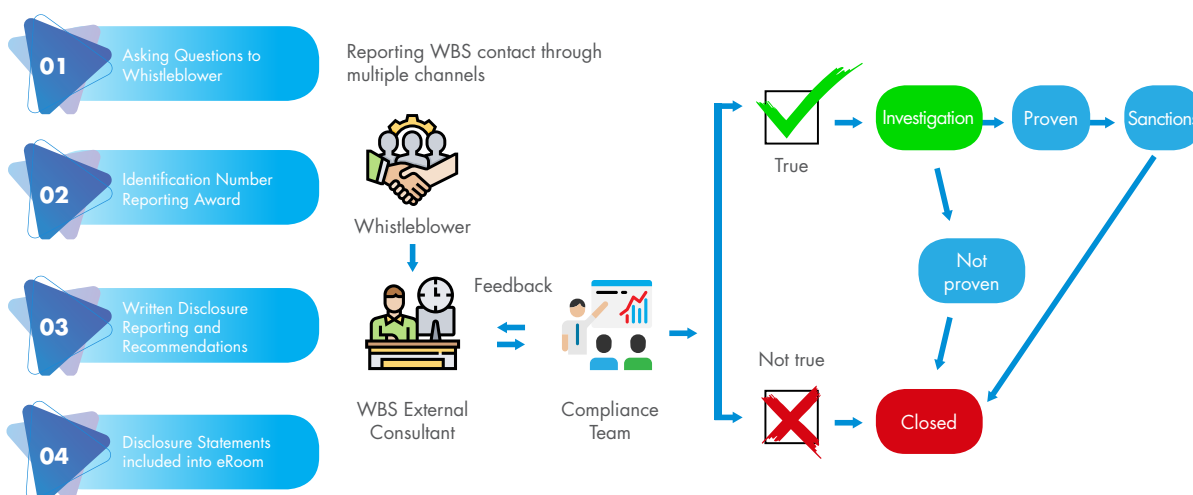
Whistleblower Protection System

The Company provides protection to the whistleblower as stated in the Collective Labour Agreement governing the guarantee of confidentiality of the whistleblowers identity and the matters reported; legal protection against the consequences of reporting; protection against disturbance/physical threat to the whistleblower and assurance of non-discrimination including potential barriers in career development, transfer or demotion. The Company also threatens to lay off superiors who impose sanctions on the whistleblower.

WBS Manager

Pertamina's WBS is managed by professional and internationally reputable consultants.

Mechanism of WBS Complaint Report



Mechanism of WBS Complaint Report

The Mechanism of Handling and Following Up the WBS Report Management of the WBS is conducted with the principle of confidentiality, anonymity and independence. Each incoming complaint is received by the independent consultant, who will analyse and ask for more details from the whistleblower, which will then be conveyed to Pertamina. The mechanism of handling the WBS report is conducted based on the Organization's Working Procedures related to the Whistle Blowing System No.B-001/M00000/2018-S0 Fifth Revision effective as of April 02, 2018.

Once the report is received from the independent consultant, the Compliance Function will conduct a preliminary review to be sure whether the WBS report is right and proper for investigation. The process of investigation will be performed by the Internal Audit Function. Following up concerning the handling of the WBS report will be performed with synergy between the Legal Counsel & Compliance, Security, Bunker & Operation Compliance (BOC) and Internal Audit.

Number of WBS Reports and Sanctions Imposed

Throughout 2018 there were 95 WBS reports, with the number of reports being completed at 25 reports and in the follow-up process at 70 reports. Sanctions for violations committed were imposed in accordance with applicable regulations.

Table of WBS Category Details (September)

No	Category	Total
1.	Corruption	11
2.	Bribery	3
3.	Conflict of interest	10
4.	Theft	22
5.	Fraud	12
6.	Violations of Laws and Regulations	37
7.	Others	0
Total in 2018		95

Table of Total Complaints

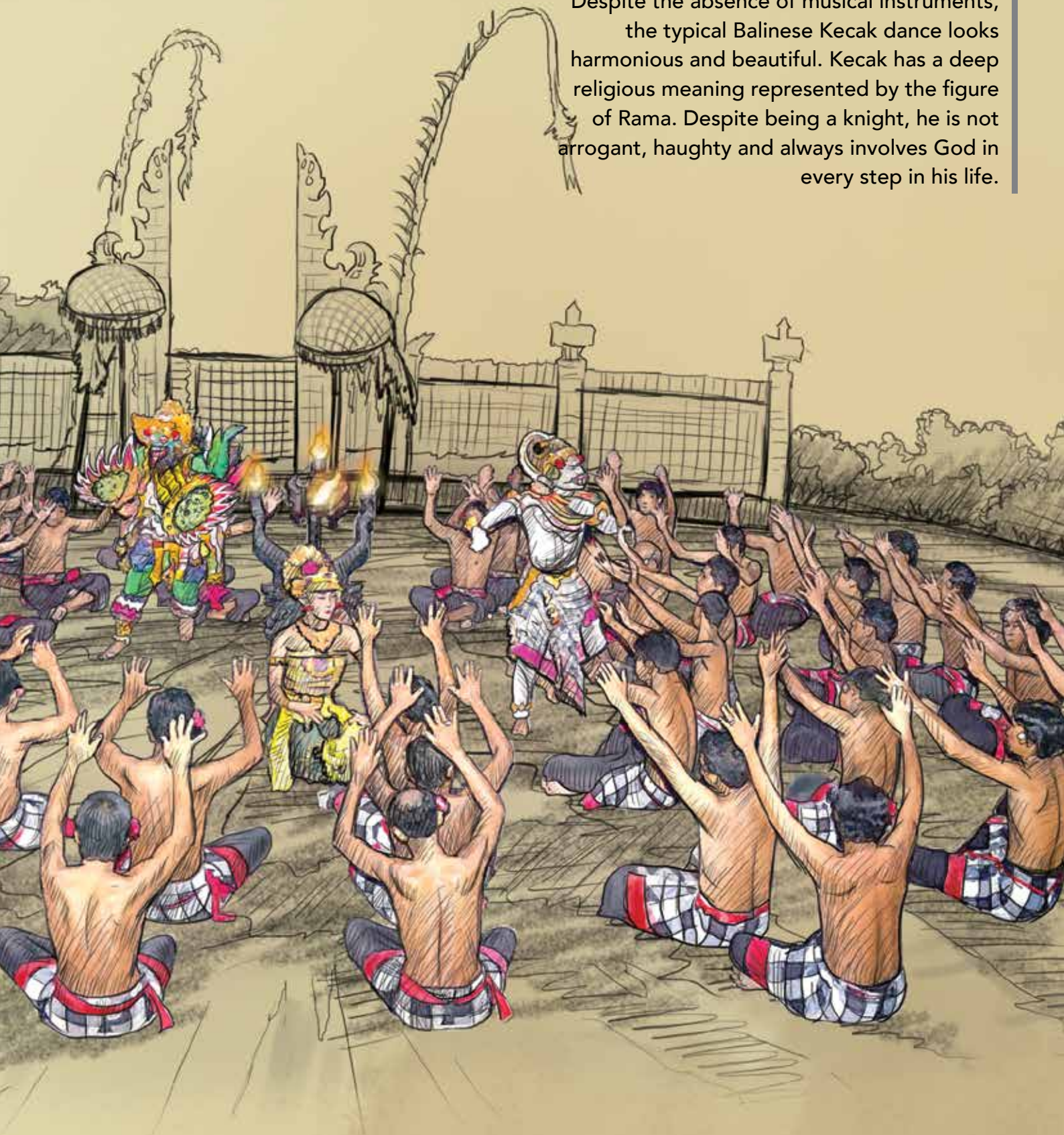
Year	Total WBS Complaints	Resolved
2018	95	25
2017	75	27
2016	69	34



ECONOMIC PERFORMANCE

// In 2018, Pertamina's oil and gas production in the country is recorded at 768 thousand barrels of oil equivalent per day (MBOEPD) or 42 percent higher than the realization of oil and gas production in 2017 which was recorded at 542 MBOEPD.

Dozens of male dancers in a sitting position and lined up neatly in a circle are raising their hands while shouting the word "cak cak cak" Meanwhile, in the circle of other dancers who plays the characters of Ramayana. Despite the absence of musical instruments, the typical Balinese Kecak dance looks harmonious and beautiful. Kecak has a deep religious meaning represented by the figure of Rama. Despite being a knight, he is not arrogant, haughty and always involves God in every step in his life.



DIRECT ECONOMIC IMPACT

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SUPPORTING ENERGY SELF RELIANCE FOR THE NATION

Global and National Economic Review

The global economy in 2018 has not shown improvement compared to the previous year. According to the projection of international monetary fund (IMF), global economic growth in 2018 is 3.7%, the same as 2017. The figure of 3.7% is the result of a revision conducted by the international financial institutions taking into account a number of factors. Previously, the IMF predicted that world economic growth would reach 3.9%. However, the prediction was revised after looking at economic developments after April, where economic growth in some major countries appeared to be unsustainable in the long run. Therefore, the IMF considers that the forecast of global economic growth of 3.9% is too optimistic so that it is reduced to 3.7%. According to Bank Indonesia in the 2018 Indonesian



Economic Report, the 2018 global economy is characterized by the increasing of uncertainty. This was triggered by three unfavorable developments. First, world economic growth slowed from 3.8% in 2017 to 3.7% in 2018. Slowing economic growth then reduced the growth of world trade volume and global commodity prices. Second, the Federal Funds Rate (FFR) rises faster and is higher than the previous year's response, thus triggering the risk of reversing capital flows from developing countries. Third, uncertainty in the global financial market has increased due to several factors, such as increasing trade tensions between the United States (US) and China and other countries, geopolitical risks such as Brexit negotiations and crises in developing countries such as Argentina and Turkey.

These three factors then encourage global investors to withdraw their funds and threaten the external stability of developing countries. The currencies of various countries sharply weakened against the US dollar and caused vulnerability to macroeconomic and financial system instability.

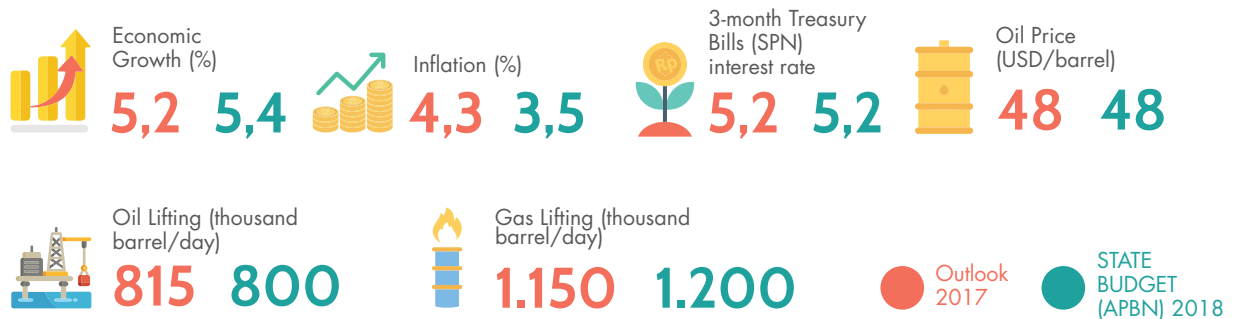
external risk. Most developing countries take strict monetary policy in response to tightening global monetary policy which triggers capital outflows. On the other hand, fiscal policy continues to be balanced to safeguard economic growth while maintaining fiscal sustainability.

The uncertainty of global economy has driven various responses from various countries by optimizing the interaction of monetary and fiscal policies. In developed countries, some developed countries of non-US take loose bias monetary policies to maintain growth momentum. Meanwhile, the fiscal consolidation of developed countries has been slow, except for the US which has carried out large amounts of fiscal stimulus.

In the midst of a global economy characterized by uncertainty, Indonesia is still able to record economic growth. The Central Bureau of Statistics stated that Indonesia's economic growth in 2018 reached 5.17%, higher than in 2017, which was recorded at 5.07%. This figure is still below the target set by the government in the 2018 State Budget (APBN) of 5.4%. However, Indonesia's achievement remains positive. Economic growth is a sign that the direction of Indonesia's economic development is on the right track. In fact, the figure of 5.17% is the highest achievement since 2014.

As for developing countries, the biggest challenge in economic policy in 2018 is to optimize the monetary and fiscal policy mix to respond to an increase in

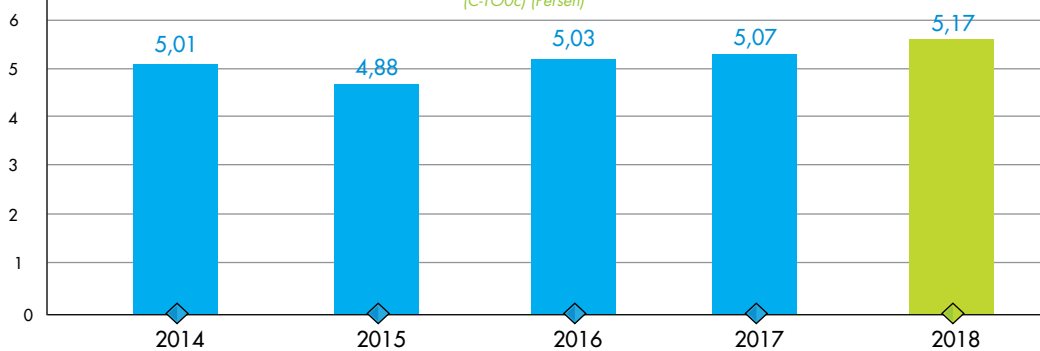
Base Assumption of State Budget (APBN) Macro Economic 2018



Source: State Budget (APBN) information, Directorate General of Budget, Ministry of Finance

Gross Domestic Product Growth (GDP) 2014-2018

(C-TO0c) (Persen)



Source: BPS

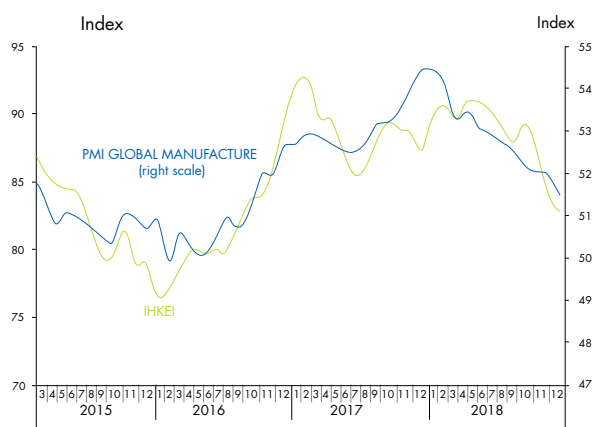
World Oil Price Fluctuations

Stagnant world economic growth has given pressure to the world trade activities. The world trade volume in 2018 grew slower at 3.7% from the previous year's growth of 4.7%. The decline in world trade volume growth was mainly seen in the imports of developed countries.

The decline in trading activity was also in line with the decline in the purchasing manager index (PMI) in various major world countries, indicating a decline in economic activities in these countries.

The decline in global economic activity in 2018 contributed to the decline in most of the world commodity prices. The decline also occurred in the prices of Indonesia's main export commodities (Indonesia export commodity price index/IHKEI) which moved in line with the slowdown in world manufacturing activity.

Indonesia Export Commodity Price Index and PMI Index



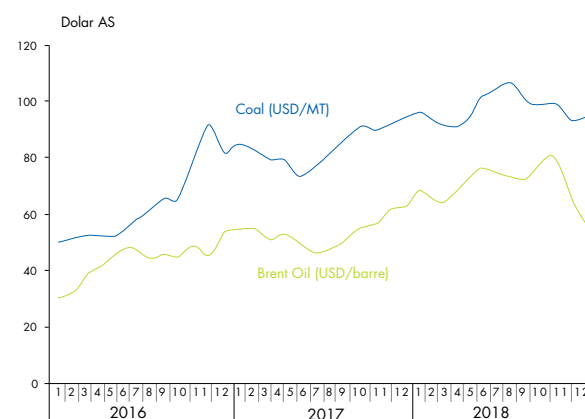
Source: Indonesia Economic Reports 2018, Bank of Indonesia

In spite of the downward trend in the prices of various commodities, some commodities experienced a different trend, for example the prices of crude oil and coal. The two commodities experienced price increase. For crude oil commodities, the price increase was generally due to a range of production disruptions amid

an agreement to reduce production of OPEC+ countries consisting of OPEC members and 10 countries of non-OPEC member which contributed 55% to total world oil production. In addition, the increase in prices was also caused by a limited increase in US production.

The average world oil price increased until October 2018, before then continued to decline, even to a level lower than the price at the end of 2017. The average Brent oil price in 2018 was recorded at 71 US dollars per barrel, increasing compared to the average price in 2017 of 54 US dollars per barrel.

Graphic of Oil and Coal Prices



Source: Bloomberg, quoted by Indonesia Economic Report 2018, Bank of Indonesia

OPEC + responded to the increase in oil prices by agreeing to increase oil production in June 2018. This effort was carried out at the same time to anticipate a decrease in supply due to oil export sanctions imposed on Iran by the United States government. Although it was decided in June, the increase in OPEC + production could only be realized in October 2018 when disruption of Libyan production eased and US oil production increased unexpectedly before. The impact of decline in supply from Iranian sanctions was also lower than expected because the US finally gave an exception to eight countries to continue to import Iranian oil.



The policy response taken by OPEC + has succeeded in reducing world oil prices. However, despite these factors, oil prices were also depressed due to slowing demand in line with the decline in global economic activity. These various factors caused the price of Brent oil to fall sharply from November 2018 to as low as 53 dollars per barrel, lower than the oil price at the end of 2017 of 55 US dollars per barrel.

Anticipating the development of world oil prices, the Government of Indonesia has issued various policies related to oil and gas which have an impact on Pertamina's operations and performance. The policy was taken to release pressure on Indonesia's trade balance, especially from imports of oil and gas, maintain the country's foreign exchange reserves and maintain public purchasing power.

Referring to Regulation of Energy and Mineral Resources Minister No. 41 Year 2018 on the Provision and Use of Biodiesel in the Financing Framework by the Palm Oil Plantation Fund Management Agency.

This regulation is the basis that requires Pertamina as a Petroleum business entity to distribute petroleum with biodiesel content, both for retail and industrial markets.

In the Regulation of Energy and Mineral Resources Minister No. 42 of 2018 concerning Oil Utilization Priorities to Meet Domestic Needs, there is an obligation for the Company to prioritize the absorption of crude oil and domestic condensate to be processed in the Company's refineries. While the contractor is obliged to offer part of the cargo to the Company before being sold/exported by another party. The government also issued Regulation No. 43 Year 2018 which replaces Presidential Regulation No.191 of 2014, which allows the Energy and Mineral Resources Ministry, based on certain conditions, to determine the retail selling price of certain fuel products (subsidies and fuel assignments) in contrast to the calculation of formulas.

PERTAMINA'S COMMITMENT FOR ENERGY AVAILABILITY (103-2)

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In 2018, Pertamina's oil and gas production in the country is recorded at 768 thousand barrels of oil equivalent per day (MBOEPD) or 42 percent higher than the realization of oil and gas production in 2017 which was recorded at 542 MBOEPD. In detail, Pertamina's oil production in 2018 reached 291 thousand barrels per day (MBOPD), an increase of 22 percent compared to the 2017 realization of 238 MBOPD. While Pertamina's gas production in 2018 was recorded at 2,763 million cubic feet per day (MMSCFD) or jumped 57 percent from 2017 which was 1,760 MMSCFD. This increase in production resulted from a combination of the success of efforts to increase production and stifle the rate of decline in production from existing assets.

In addition to the above achievements, several termination Working Areas transferred to Pertamina have been entered into Pertamina's production system, including Working Areas Mahakam, Working Areas Sanga-Sanga, Working Areas East Kalimantan, and Working Areas OSES (Offshore South East Sumatra).

Pertamina's assets abroad which are managed through Pertamina International subsidiary EP (PIEP) have recorded production performance in 2018 totaling to 102 MBOPD and 299 MMSCFD produced from three main assets in Algeria, Iraq, Malaysia and 9 other countries.

In addition to oil and gas, Pertamina's geothermal performance in 2018 also increased significantly. In 2018, Pertamina's geothermal production reached 4,182 GWh, an increase of 6 percent compared to 2017 which was recorded at 3,900 GWh. With such achievements, Pertamina's upstream

performance shows a positive trend. The company will maintain these achievements as proof of Pertamina as a national energy company conducting the mandate of the Government to support the fulfillment of national energy needs. To provide the best performance, in 2019, Pertamina will take a number of business unusual approaches to the operation of upstream assets. The approach included efforts to increase production through optimization of pressure drops at the wellhead, drilling programs doubled from last year's number by applying non-traditional techniques, and accelerating and synergizing the EOR program. (Enhanced Oil Recovery).

The focus of the approach in 2019 is also directed at minimizing production loss by maintaining the integrity of production facilities, increasing operational cost effectiveness, and developing technological innovations that are in line with the field needs. As a state-owned enterprise and state asset manager, Pertamina will continue to strengthen the production baseline to ensure we will maximize recovery factors in all Pertamina's oil and gas fields and with an economical and effective approach.

As for geothermal, in 2019 Pertamina targets geothermal production of 4,551 GWh. The focus of geothermal activities in 2019 is the operation of Lumut Balai in the first quarter of 2019, ensuring the project of Hulu Lais Unit 1 is 55 MW, accelerating exploration activities in the Working Areas Seulawah of 1x55 MW, and optimizing the existing field with binary cycle technology.



PERTAMINA'S PERFORMANCE 2018 (103-3)

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UPSTREAM SECTOR

Pertamina's upstream business activity is managed by the Upstream Directorate, which include exploration, drilling, development, and production of oil and gas and geothermal, provision of technology services and drilling services both within and outside the country. In order to achieve upstream growth as one of Pertamina's 8 Priority Pillars, the business strategy in the Upstream sector is to increase production and add new oil and gas reserves, both organically through Improved Oil Recovery (IOR) and Enhanced Oil Recovery (EOR) activities on existing assets, as well as inorganically by exercising merger and acquisition (M & A) strategy of oil and gas blocks both at home and outside the country.

The above activities are carried out by the Company through its Upstream Subsidiary Entities (APH) acting as strategic arm/length of the Company in the upstream sector, namely:

- PT Pertamina EP (PEP)
- PT Pertamina Hulu Energi (PHE)
- PT Pertamina EP Cepu (PEPC)
- PT Pertamina EP Cepu Alas Dara Kemuning (PEPC ADK)
- PT Pertamina International Explorasi Produksi (PIEP)
- PT Pertamina Geothermal Energy (PGE)
- PT Pertamina Drilling Services Indonesia (PDSI)
- PT Pertamina Hulu Indonesia (PHI)
- PT Elnusa Tbk.

Performance of Upstream Sector in 2018

In 2018 Pertamina's total oil and gas production was 921 MBOEPD, 33% higher than the production in 2017. Oil production in 2018 was 393 MBOPD, a 15% increase compared to the previous year. While gas production was 3,059 MMSCFD, a 50% increase compared to the previous year. The largest contributor to the oil and gas production was PEP, followed by PHI, PHE, PIEP, and PEPC. Production of terminated Working areas as much as 58 MBOEPD or 3% of Pertamina's production was listed in PHE and PHI. When compared with last year, in general, the oil and gas production increased. Overseas Working Areas contributed 16.6% to Pertamina's total production, which comes from the Working Areas in Asia Asset, Middle East Asset, and Africa Asset.

Geothermal is produced by PT Pertamina Geothermal Energy (PGE), which manages a total of 14 geothermal Working Areas with a total installed capacity of

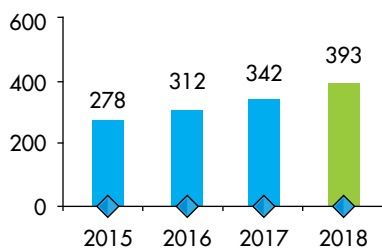
1,822 MW, consisting of 617 MW of own operation Working Areas and 1,205 MW of joint operation Working Areas. Own operation Working Areas consist of:

Kamojang area (235 MW capacity and electricity equivalent production YTD December 2018 of 1,871 GWh), Ulubelu (220 MW capacity and electricity equivalent production YTD December 2018 of 1,410 GWh), Lahendong (120 MW capacity and electricity equivalent production YTD December 2018 of 725 GWh) and Karaha (30 MW capacity and electricity equivalent production YTD December 2018 of 176 GWh). Sibayak (12 MW capacity, currently is not producing due to damage to the third party's PLTP)

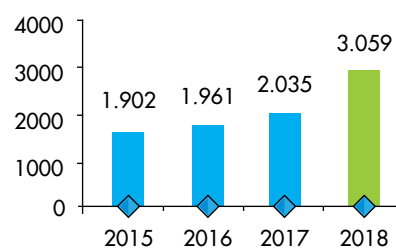
Total realization of PGE's electricity equivalent production from its own operation area in 2018 was 4,182 GWh. This achievement was 7% higher than that in the previous year.

Daily Oil and Gas Production

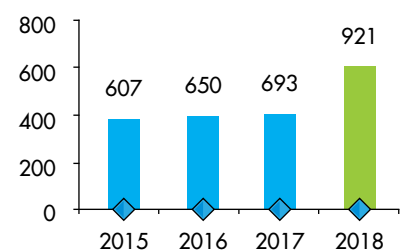
Crude Oil (MBOPD)



Natural Gas (MMSCFD)

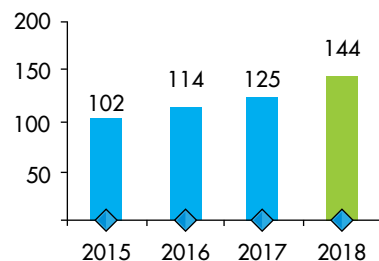


Oil and Gas (MBOEPD)

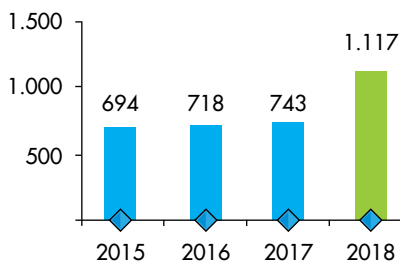


Oil and Gas Production in One Year

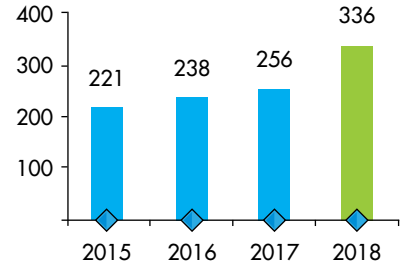
Crude Oil (MMBO)

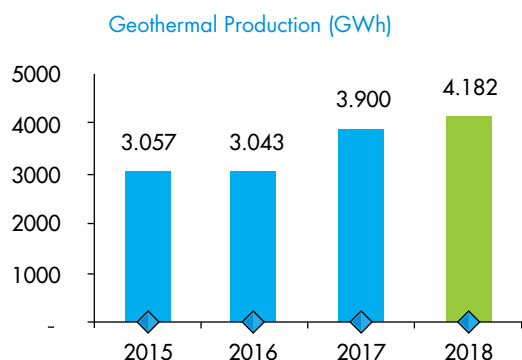


Natural Gas (BSCF)



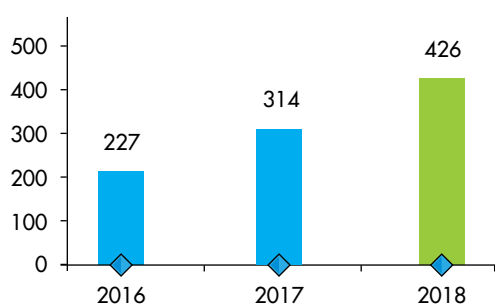
Oil and Gas (MMBOE)





Additional P1 oil and gas reserves recorded in 2018 was 426.25 MMBOE. This figure was 36% higher than the P1 oil and gas reserves in 2017. Reserve Replacement Ratio (RRR) for oil and gas was 137.81%. This 2018 RRR was lower than the 2017 RRR of 143%. The additional oil and gas reserves in 2018 mostly came from inorganic activities through the operatorship of domestic oil and gas Working areas of which the operatorship contracts have expired, such as Mahakam, Sanga-Sanga, Attaka, and East Kalimantan Working Areas.

Additional Proven (P1) Oil and Gas Reserves (MMBOE)



Pertamina Hulu Mahakam (PHM) in 2018 completed 58 drilling wells, 73 well Workovers, and 6,671 well services. PHM's crude oil production until December 2018 was 35.2 MBOPD and natural gas production was 879 MMSCFD. The acquisition of Mahakam Block contributed additional 2C oil resources of 51.33

MMBO and 2C gas resources of 1265.01 BSCF or a total of 2C oil and gas resources equivalent to 269.67 MMBOE. In addition, it also added P1 oil reserves of 22.77 MMBO & P1 gas reserves of 794.58 BSCF or a total of additional P1 oil and gas reserves equivalent to 159.91 MMBOE. The challenge facing PHM was the highly declining production rate of 57%. This figure was 8% above the Corporate Budget Plan assumption. This was because some existing wells experienced significant water breakthrough and pressure declining.

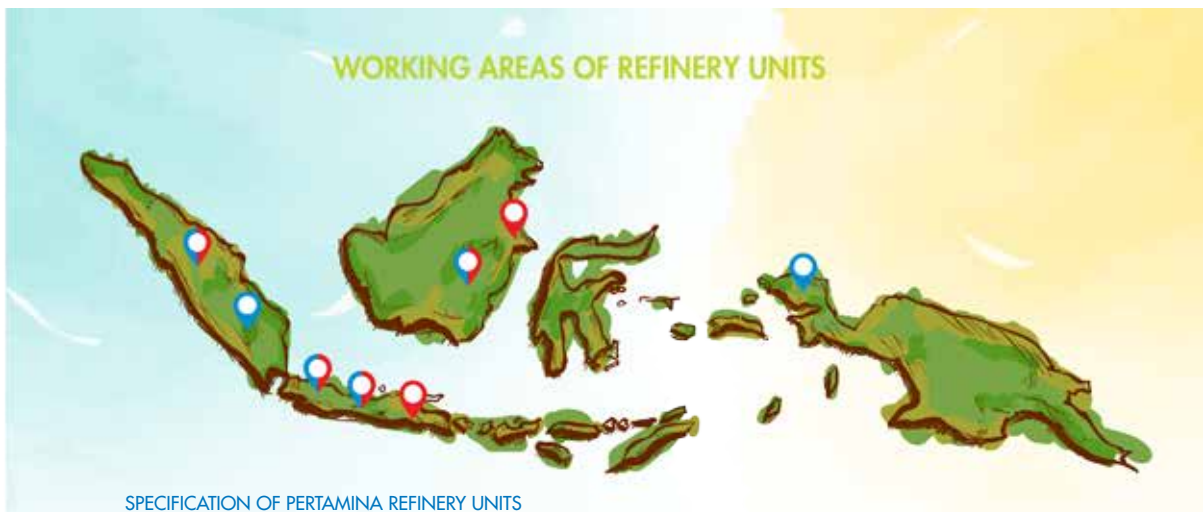
REFINERY SECTOR AND REFINERY DEVELOPMENT

Performance and Refinery Highlight

At present Pertamina owns 6 Refinery units consisting of Refinery Unit (RU) II Dumai, RU III Plaju, RU IV Cilacap, RU V Balikpapan, RU VI Balongan, and RU VII Kasim with total installed refinery capacity of 1,031 MBOPD, or approximately 90% of the existing refinery capacity in Indonesia.

The operations of these refineries are as follows:

- Operation of Petroleum Refinery, consisting of the Refinery RU II R to RU VII, which produces Petroleum, Non-Petroleum, and other products.
- Petrochemical Refinery Operation, consisting of the Paraxylene Refinery at RU IV Cilacap producing Paraxylene and Benzene and other products, the Polypropylene Refinery in RU III Plaju producing Polytam (Polypropylene Pertamina), and the OCU (Olefin Conversion Unit) in RU VI Balongan producing Propylene
- Operation of the Lube Base Refinery in RU IV Cilacap producing Lube Base HVI-60, HVI-95, HVI-160, HVI650, Paraffinic, Slack Wax, Minarex and Asphalt.



SPECIFICATION OF PERTAMINA REFINERY UNITS

Specification	RU II Dumai	RU III Plaju	RU IV Cilacap	RU V Balikpapan	RU VI Balongan	RU VII Kasim		
Capacity	170 MBOPD	118 MBOPD	348 MBOPD	260 MBOPD	125 MBOPD	10 MBOPD		
NCI	7.5	3.1	6	3.3	11.9	2.4		

PERTAMINA'S REFINERY DEVELOPMENT AND NEW GRASS ROOT REFINERY PROJECTS

Specification	RDMP RU II Dumai		RDMP RU IV Cilacap	RDMP RU V Balikpapan	RDMP RU VI Balongan		NGRR Tuban	NGRR Bontang
Capacity	300 MBOPD		400 MBOPD	360 MBOPD	269 MBOPD		300 MBOPD	300 MBOPD
NCI	9		9	9	11.9		9	9

In line with the aspiration of realizing national energy security, Pertamina is obliged to secure the supply and fulfill the demand for domestic fuel. To realize this aspiration, Pertamina has taken a number of strategic efforts, including optimizing the Residual Fluid Catalytic Cracking (RFCC) units in RU IV Cilacap and optimizing the Residue Catalytic Cracking (RCC) units in RU VI Balongan. Pertamina has also operated the Trans Pacific Petrochemical Indotama (TPPI) refinery in Tuban. Another effort to improve performance is by revamping and upgrading the existing RU and continuously seeking new refineries in line with the Company's plans.

In 2018, Pertamina launched a strategic work plan called the 8 Pillars of Pertamina's Strategic Priorities program with one of the focuses is towards the world class refinery through 5 aspects, namely Safety & Environmental, Reliability, Profitability, Quality and Sustainability. This work program is a reference for all Refinery Units in carrying out their business processes.

2018 Performance

In 2018, realization of the consolidated processing (total intake) was 3.8% or higher than realization in the same period of 2017.

Table: Realization of Refinery Operations in 2018 compared to the 2018 Target and 2016-2017 Realization

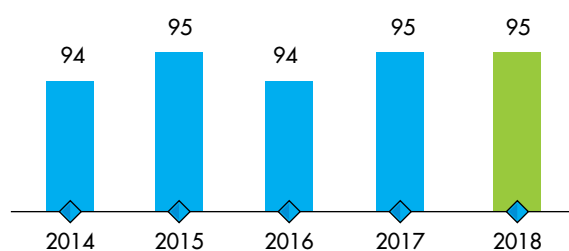
Refinery Processing	Unit	2018	2017	2016
Crude Oil, Gas & Intermedia Processing	MMbbl	337	324	328
Fuel Production Volume (10 MMbbl Main Products)	MMbbl	279	263	255
Non-Fuel Production Volume (Petrochemical, Solvent and NBBM)	MMbbl	29	29	20

Yield of refinery output (the ratio of total refinery output to total intake) in 2018 decreased compared to the previous year, from 94.69% in 2017 to 94.44% in 2018. The decrease was due to adjustments to downstream optimization and some operating unit constraints.

Data on the percentage of comparison between refinery inputs and outputs in the last 5 years is presented in the following diagram:

Table & Chart: Percentage of Refinery Output - Input (in Percentage)

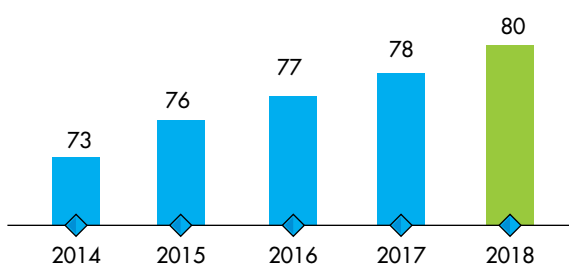
Million BBL	2018	2017	2016	2015	2014
% Total Yield	95	95	94	95	94



Meanwhile, yield of valuable products in 2018 was 79.57% or higher than that in 2017 as much as 78.13%. Valuable Products consist of Premium, Peralite, Pertamina, Pertamina Plus/Pertamax Turbo, Kerosene, Avtur, Solar, Dextrite, Pertadex, Paraxylene and Benzene.

Tables & Charts: Percentage of Valuable Product - Refinery Input (in Percentage)

Million BBL	2018	2017	2016	2015	2014
% Valuable Products Yield	80	78	77	76	73

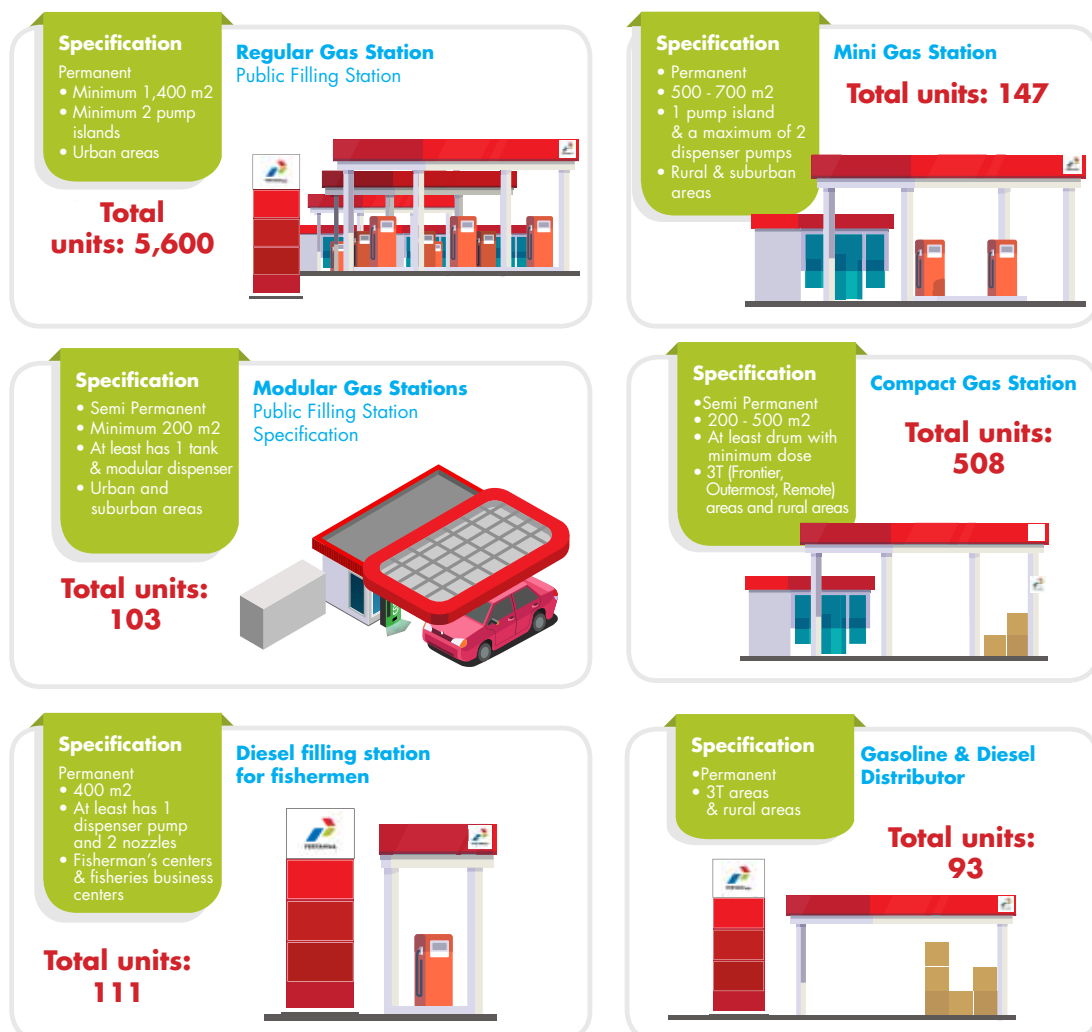


MARKETING SECTOR

Pertamina runs its business in two segments that have very different characteristics, namely the retail segment and the corporate segment. Therefore, Pertamina products are marketed through two main functions, namely Retail Marketing and Corporate Marketing. Retail Marketing sells petroleum products in the transportation sector, lubricant and LPG for households and non-households, both subsidized products and non-subsidized products. Meanwhile, Corporate Marketing sells petroleum products in various industrial sectors, aviation, and shipping, and other non-petroleum products such as asphalt and petrochemicals for the industrial sector. The two main functions are supported

by reliable infrastructure ranging from Petroleum tank trucks, skid tanks, depots, ports and ships. Thus, energy is distributed throughout Indonesia smoothly.


Retail marketing activities are carried out directly or through dealers (dealership system). Pertamina markets retail petroleum for the transportation sector, households and fishermen through Public Petroleum Filling Station (SPBU) spread throughout Indonesia. Until 2019, the number of Pertamina channeling institutions was 7,146 spread throughout Indonesia, both Regular SPBU, mini gas stations, modular, and SPBU for Fishermen.



Specification

- Permanent
- Fisherman's centers & fisheries business centers

Gas station for public & fishermen



Total units: 382

Specification

- Distributed to base
- Regions that have not been converted to LPG

Subsidized Kerosene Agent



Total units: 406

Besides petroleum products, Pertamina also markets domestic gas products. Since 1968, Pertamina has committed to serving all Indonesian people by providing LPG and Gas Products as raw materials and fuels for household, transportation, commercial and industrial purposes. LPG is increasingly recognized by the public with the Government's conversion program of Kerosene to LPG which is more economical, efficient and eco-friendly.

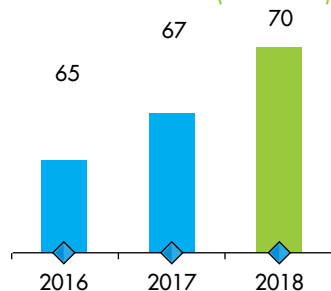
Going further, Pertamina has continued developing domestic gas product variants to improve services and meet the demand of today's society. Pertamina's domestic gas products currently include LPG products for household cooking needs, namely ELPIJI 12 kg, Bright Gas 5.5 kg, Bright Gas 12 kg, LPG products for

commercial include ELPIJI 50 kg, and ELPIJI Bulk, other LPG derivative gas products including Bright Gas Can (canned LPG packaging), HAP (Hydrocarbon Aerosol Propellant) products, Musicool (refrigerant), and Vi-Gas LPG fuel for vehicles.

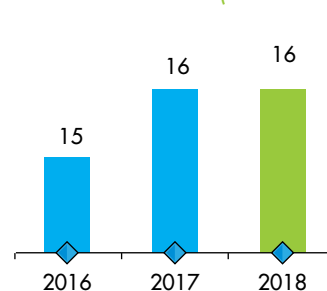
In terms of marketing, in 2018 Pertamina still remained at a strong position in the domestic market with a market share of over 70% in the industrial and marine fuel sectors. Pertamina's customer satisfaction is measured every year through a survey to find out the Customer Satisfaction Index (CSI) and Customer Loyalty Index (CLI), where the 2018 survey results showed a score of 4.0 in Likert scale.

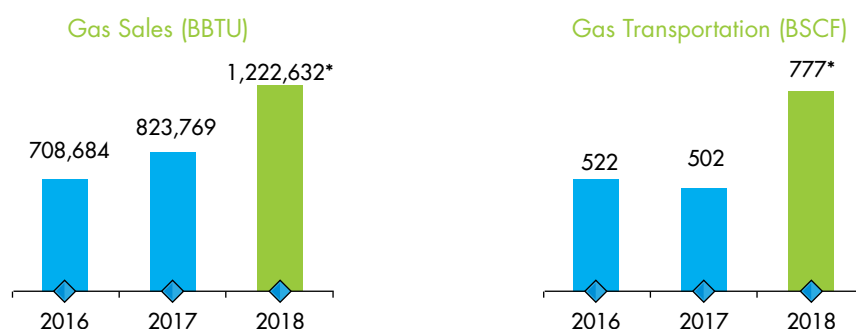
Graph - Marketing Performance

Sales of Fuel Products (Million KL)



Non-Fuel Product Sales (Million KL)





*Include PT Perusahaan Gas Negara (PGN) Tbk.

PERFORMANCE ACHIEVEMENT HIGHLIGHTS 2018

Upstream Performance

Description	Unit	2018	2017	2016	2015	2014
Oil production	MBOPD	393	342	312	278	270
Gas production	MMSCFD	3,059	2,035	1,961	1,902	1,613
Oil and gas production	MBOEPD	921	693	650	607	549
Additional Reserves Proven (P1)	MMBOE	426	314	227	79	282

Refinery Processing and Development Performance

Description	Unit	2018	2017	2016	2015	2014
Crude Oil, Gas & Intermedia Processing	MMbbl	337	324	328	306	314
Fuel Production	MMbbl	279	263	266	241	241
Non-Fuel Production	MMbbl	29	29	26	23	22

Marketing Performance

Description	Unit	2018	2017	2016	2015	2014
Fuel Sales	Million Kilo Liters	70	67	65	62	65
Non-Fuel Sales	Million Kilo Liters	16	16	15	14	14
Gas Sales Volume	BBTU	1,122,623*	823,769	708,684	705,729	701,724
Gas Transportation Volume	BSCF	777*	502	522	531	508

*Include PGN

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PERTAMINA AROUND THE WORLD



Description:



PERTAMAX TURBO

- Italy



UPSTREAM PRODUCTION

- Malaysia
- Iraq
- Algeria
- Nigeria
- Tanzania
- Gabon



UPSTREAM EXPLORATION

- Colombia
- Namibia
- Italy
- France
- Venezuela
- Canada



DOWNSTREAM LUBRICANTS

- Australia (Branch office)
- Timor Leste
- Singapore
- Philippines
- Malaysia
- Cambodia
- Myanmar
- Vietnam
- Thailand (Plant)
- Bangladesh
- Nepal
- Yemen
- Japan
- Italy
- Nigeria
- South Africa
- China



DOWNSTREAM AVIATION FUEL

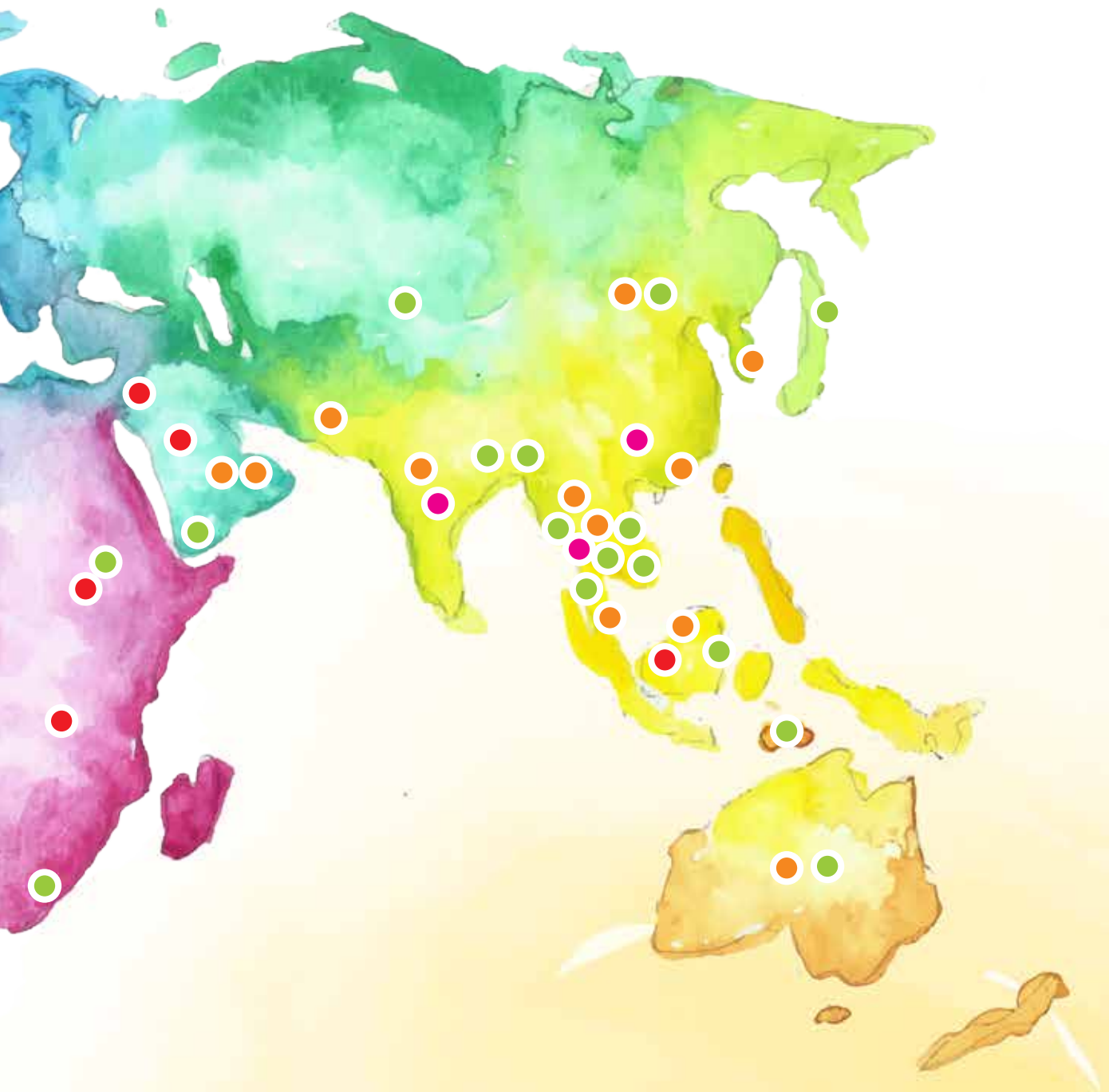
- Netherlands
- Saudi Arabia
- United Arab Emirates - China
- Hong Kong
- South Korea
- Cambodia
- Malaysia
- Thailand
- Australia
- Singapore
- South Asia



DOWNSTREAM PETROCHEMICALS

- Malaysia
- Cina
- India
- Europe





Pertamina's performance

Description	Unit	2018	2017	2016
Additional Reserves of Oil and Gas (P1):				
• Crude Oil	MMBO	146	218	202
• Natural Gas	BSCF	1,625	555	447
Production :				
• Crude Oil	MBOPD	393	342	312
• Natural Gas	MMSCFD	3,059	2,035	1,961
• Geothermal (Electricity Equivalent Steam)	GWh	4,182	3,900	3,043
Refinery :				
• Crude Oil, Gas, and Intermediate Product Refinery	Million Barrel	337	324	328
• Fuel Production	Million Barrel	279	263	255
• Non-Fuel Production	Million Barrel	29	29	20
Sales :				
• Fuel	Million KL	70	67	65
• Non-Fuel Sales	Million KL	16	16	15
• Gas Sales Volume	BBTU	1,122,623*	823,769	708,684
• Gas Transportation Volume	BSCF	777*	502	522

*Include PGN

DISTRIBUTION OF ECONOMIC BENEFITS (201-1)

Description	Unit	2018	2017*	2016*
Direct Economic Value Generated				
• Revenues	USD Million	58,191	46,234	40,149
• Reimbursement of subsidy costs from the Government	USD Million	5,632	3,572	2,569
Economic Value Distributed				
Operating Expenses	USD Million	46,524	35,859	28,628
Employee Liabilities	USD Million	2,157	2,119	1,761
Payment to Investors	USD Million	581	564	531
Payment to the Government (Taxes, Dividends, etc.)	USD Million	4,597	4,729	4,815
Social Investment (CSR + SMEPP)	USD Million	29	32	36
Economic Value Retained	USD Million	4,303	2,931	4,379

*Restated, due to the consolidation of PT Perusahaan Gas Negara Tbk ("PGN") and the reclassification of certain accounts

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

In addition to marketing products to the public, Pertamina gets assignments from the government to provide and distribute petroleum from the government. The most recent regulation is Presidential Regulation No. 43 Year 2018 on Amendment to Presidential Regulation No. 191 Year 2014 on Provision of Distribution and Retail Selling Prices. With this policy, the Government must reimburse the cost of subsidized fuel distribution, assignment premium, and One Price Fuel or “BBM Satu Harga”. (103-2)

Besides the distribution cost reimbursement, during the reporting year, Pertamina received financial assistance from the government in the form of exemption from Article 22 Income Tax collection and Article 23

Income Tax withholding. This exemption is granted by the Director General of Taxes (DGT) to PT Pertamina (Persero) in connection with Pertamina's written request with reference to PER-21/ PJ /2014 Article 1 paragraph 1C.

The policy contains a clause providing that in the event a taxpayer can prove not having income tax payable due to greater income tax paid than the tax liability, then the taxpayer may submit a request for exemption from income tax collection and/or withholding by other party to the DGT.

Subsequently, the DGT has accepted Pertamina's explanation and approved Pertamina's request. (103-3)

Financial Assistance Received from Government (201-4)

Description	Unit	2018	2017	2016
Tax relief and tax credit	USD Million			-
Tax Relief Tax Exemption Letter (Surat Keterangan Bebas/SKB) During the 2017 - 2018 tax year, the Company received exemption from Article 22 Income Tax collection and Article 23 Income Tax withholding. As for the 2016 tax year, the Company did not get such tax exemptions because there was no potential overpayment of taxes.		Tax Exemption Letter Article 22 on Import pursuant to Letter of Tax Service Office (KPP) LTO3 No. KET-00004/IMPOR/WPJ.19/KP.03/2018 dated 25 May 2018 Tax Exemption Letter Article 22 on Non-Import pursuant to Letter of Tax Service Office (KPP) LTO3 No. KET-00011/POTPUT/WPJ.19/KP.03/2018 dated June 22, 2018 Tax Exemption Letter Article 23 pursuant to Letter of Tax Service Office (KPP) LTO3 No. KET-00012/POTPUT/WPJ.19/KP.03/2018 dated June 22, 2018	Tax Exemption Letter Article 22 on Import pursuant to Letter of Tax Service Office (KPP) LTO3 No. KET-00006/IMPOR/WPJ.19/KP.03/2017 dated August 21, 2017 Tax Exemption Letter Article 23 on Non-Import pursuant to Letter of Tax Service Office (KPP) LTO3 No. KET-00032/POTPUT/WPJ.19/KP.03/2017 dated November 3, 2017 Tax Exemption Letter Article 23 pursuant to Letter of Tax Service Office (KPP) LTO3 No. KET-00031/POTPUT/WPJ.19/KP.03/2017 dated October 13, 2017	
Tax Holiday During the 2016-2018 tax year, the Company received no Tax Holiday.				
Subsidy	USD Million	5,632	3,572	2,569



CONTRIBUTIONS TO THE GOVERNMENT (DIVIDENDS AND TAXES)

Dividend Policy

Pertamina's policy on the dividend to the government refers to the General Meeting of Shareholders (GMS) resolution with due regard to the needs of financing for the Company's development.

The GMS on May 2, 2018 decided Pertamina's obligation to pay dividends for the 2017 performance of Rp 8.5 trillion with a 25% dividend payout ratio. The obligation has been fully paid to the government.

The GMS on March 16, 2017 decided Pertamina's obligation to pay dividends for the 2016 performance of Rp 12.1 trillion with a 29% dividend payout ratio. The obligation has been fully paid to the government.

In 2016, dividends for 2015 net income were determined in the AGM on May 31, 2016 amounting to Rp6.8 trillion with a dividend payout ratio of 36%, which has been fully paid to the government.

Table of Pertamina Dividend Payments FY2015-2017

In million Rupiah

Description	Based on the GMS					
	2017	Payment Date	2016	Payment Date	2015	Payment Date
Dividen Payout Ratio	25%		29%		36%	
Amount of Dividend According to the GMS (Rp. Million)	8,569,790		12,103,431		6,800,000	
Number of Share	171,227,044		133,090,697		133,090,697	
Dividends per Share (Rp)	50,049		90,941		51,093	
Realized Amount (Rp million)	8,569,790		12,103,431		6,800,000	
Payment of Interim Dividends			500,000	12/06/2016		
Payment I	2,142,447.5	31/05/2018	3,025,858	13/04/2017	1,700,000	29/06/2016
Payment II	1,285,468.5	02/08/2018	1,715,515	16/05/2017	1,700,000	29/07/2016
Payment III	1,285,468.5	03/09/2018	1,715,515	14/07/2017	1,700,000	31/08/2016
Payment IV	1,285,468.5	02/10/2018	1,715,515	15/09/2017	1,700,000	30/09/2016
Payment V	2,570,937	02/11/2018	1,715,515	16/10/2017		
Payment VI			1,715,515	16/11/2017		
Unrealized Amount	-		-		-	

Obedience as a Taxpayer

One form of Pertamina's contribution to the state is embodied through the fulfillment of the Company's obligations as a taxpayer and as a tax collector. As a taxpayer, the Company is always obedient in fulfilling the Corporate Income Tax (PPh) obligations. Whereas, as a tax withholder and tax collector, the Company plays an active role in withholding and collecting on each taxable object.

Amount of Taxes Paid

Payment of Pertamina's taxes consisting of PPh for being withheld, Prepaid Taxes, Output VAT, Customs Import duties, and Regional Taxes, with total transactions up to December 2018 amounted to Rp79.91 trillion. When compared to the same period in 2017 of Rp75.92 trillion, there was an increase of 5.26%.

Statement of Compliance with Timely Tax Payments

Pertamina has paid taxes including Withholding/Collection Income Tax, VAT, Land and Building Tax, and other regional taxes within the period according to the applicable tax provisions. In addition, Pertamina has also submitted tax return documents such as the Income Tax Return, and VAT Return, Annual Corporate Income Tax Return and other tax liability documents to the taxation authority pursuant to the prevailing tax provisions.

ANTI-CORRUPTION

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Pertamina fully supports the government's stance to eradicate corruption on all fronts. The support is due to Pertamina's commitment to being a clean and corruption-free company as a series of Clean SOE Roadmap. The Company's anti-corruption policies refer to Law No. 20 Year 2001 concerning Amendment to Law No. 31 Year 1999 on Eradication of Criminal Acts of Corruption. In Pertamina, anti-corruption regulations and policies are contained in the Corruption Control Unit Guidelines. (103-2)

In addition, to prevent the occurrence of corruption, Pertamina has conducted risk assessment throughout the Company. Specifically in term of fraud risk, Pertamina has conducted fraud risk assessment in the business processes for the procurement of goods and services (investments) in the Refinery & Petrochemical Megaproject Directorate and the Logistics, Supply Chain & Infrastructure Directorate. This is in line with Pertamina's fraud awareness survey results in 2017 representing that the process of procurement of goods and services has a high fraud risk.

Based on the fraud risk assessment results, a mitigation plan has been established in the form of a reward & punishment commitment for related workers and internal control enhancement through the revision of the Governance System (STK). (205-1)

In an effort to strengthen its anti-corruption commitment, Pertamina is routinely active in taking part in a series of activities organized by the Corruption Eradication Commission or Komisi Pemberantasan Korupsi (KPK) in commemoration of the World Anti-Corruption Day. In addition, Pertamina has also become a pilot project in various activities initiated by KPK such as the establishment of a culture of Integrity Professionals or Professional Berintegritas (PROFIT) and Energy Sector Management Supervision Coordination. In the reporting year, the Company's employees also participated in anti-corruption training, including the National Anti Fraud Conference (NAFC), GCG Champion Upskilling and GCG Socialization. (205-2)

In addition to participating in anti-corruption training, each Pertamina employee participates in the Value Based Development Program Training. This training is mandatory for every Pertamina employee and is part of the organization's KPI assessment.

This training aims to internalize Corporate Values, i.e. 6C (Clean, Competitive, Confident, Customer Focus, Commercial, and Capable). Dissemination of the first value, "Clean," was about the behavior that Pertamina employees must have, i.e.: perform work professionally, avoid conflict of interest, never tolerate bribery, respect trust and integrity based on GCG principles.

This training is organized by Pertamina by means of e-learning through the application "ruangkerja" owned by the Company. In this training, some steps the participants

shall pass are pre-test, watching socialization video, reading material summaries, and post-tests, and the participants shall also pass the passing-grade to get an e-learning certificate.

With the training, all Pertamina employees (100%) have participated in programs that are in line with anti-corruption policy with its various aspects. [103-3, 205-2]

As mentioned in the Whistleblowing System discussion in this Report's Corporate Governance Chapter, in 2018 there were 11 reports of alleged corruption. In connection with the reporting, Pertamina has followed up and imposed sanctions in accordance with the applicable provisions.



INDIRECT ECONOMIC IMPACT

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DEVELOPING AND EMPOWERING COMMUNITIES



Pertamina has existed for more than 60 years. Year by year, Pertamina grows, develops, and makes extraordinary progresses as a national energy company. Pertamina realizes that these progresses could not be realized on its own, but through good synergy with various elements of the society. Through its business, Pertamina is not only committed to creating added value for the Company but also for the wider community. This added value is not only in the form of natural resource energy enjoyed by many people but also other positive "energies", such as access to better education, economic self-reliance, and environmental preservation, which ultimately leads to a better life, according to the vision of Pertamina's corporate social responsibility (CSR). (103-2) CSR implementation in Pertamina is the implementation of Law Number 40 Year 2007 on Limited Liability Companies, which among others regulates Social and Environmental Responsibility. According to this law,

Social and Environmental Responsibility is the Company's commitment to participating in sustainable economic development in order to improve the quality of life and environment that is beneficial for the Company, local communities, and the community at large. In addition to the Limited Liability Company Law, the implementation of CSR in Pertamina as one of the State-Owned Enterprises is also a manifestation of SOE Ministerial Regulation No. PER-09/MBU/07/2015 jo PER-03/MBU/12/2016 jo PER-02/MBU/7/2017 on Partnership and Community Development Program in SOEs. (103-2) Concretely, Pertamina's CSR mission includes the following:

1. Implement corporate commitments on Social and Environmental Responsibility (TJSL) which will provide added value to all stakeholders to support the company's growth
2. Carry out corporate responsibility and social care for sustainable community development

Pertamina's CSR principles refer to ISO 26000, namely:

1. Consistent with sustainable development and community welfare
2. Consider the expectations of all stakeholders
3. Comply with laws and regulations and be consistent with international norms
4. Integrated into business
3. Prioritized on the affected and surrounding communities
4. Green energy development and aligned with PROPER-LH
5. Effective dissemination and publication

In terms of integrating CSR programs into corporate business activities, Pertamina is committed to:

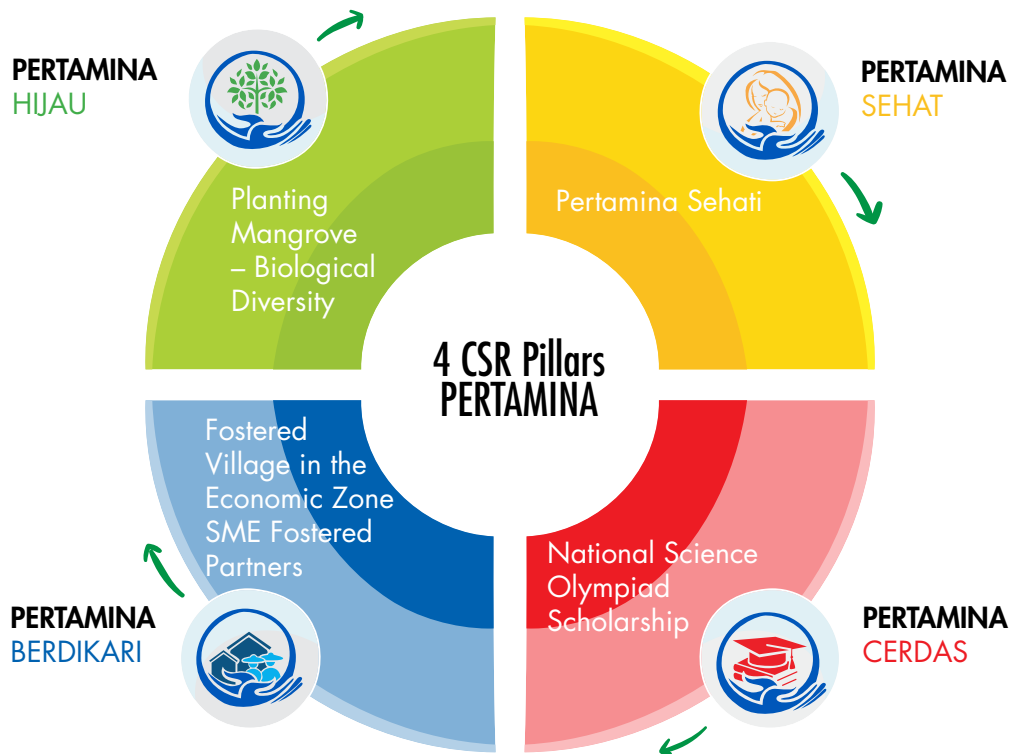
1. Overcoming the negative impact of the Company's operations through compliance with regulations and creating better new values for the community and the environment.
2. Providing social, economic and environmental benefits to the communities, especially those surrounding the Company's areas of operation.
3. Improving company regulation, efficiency, business growth, and implementing business risk mitigation.

In implementing CSR, Pertamina is based on the following grand strategies as follows:

1. Mutual benefit
2. Sustainable

Given a vast operating area and business spectrum as well as diverse stakeholders with diverse characteristics and conditions, Pertamina implements CSR by referring to 3 CSR concepts: CSR as corporate philanthropy, CSR as risk management, and CSR as value creation.

Pertamina groups CSR programs and the Partnership and Community Development Program (Program Kemitraan dan Bina Lingkungan/PKBL) into 4 (four) pillars, namely Pertamina Pintar which covers programs in the field of education; Pertamina Berdikari which serves as an umbrella for economic empowerment programs for local communities; Pertamina Hijau, an umbrella for environmental conservation programs; and Pertamina Sehat which covers programs in the health sector, specifically maternal and child health.



"SHARING SYNERGY" (203-1, 203-2)

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Pertamina believes that synergy will produce a more positive work process. Synergy not only accelerates the achievement of goals, but also produces greater and wider positive impacts. In 2018, Pertamina implemented CSR programs by strengthening synergies with various parties both external stakeholders and with subsidiaries and affiliates.

Synergy with the community has always been a top priority in the implementation of Pertamina's CSR programs. As external stakeholders who directly receive benefits from the CSR Program implemented, the synergy between the community and Pertamina is the key to the program's success. The forms of synergy developed between Pertamina and the communities are within the scope of community empowerment which then will create self-reliance of the communities.

Fostered Village Program and Community Economic Zone that have currently been implemented and spread throughout the territory of Indonesia are real embodiment of the community empowerment and self-reliance synergy.

Pertamina in implementing CSR programs not only synergizes with the community, but also with other parties including with other SOEs. The SOEs synergy in CSR Program implementation is embodied in, among others, a program to provide mini libraries called "Program 100 Taman Bacaan". Synergizing with PT Balai Pustaka and PT Pos Indonesia, the program has been running since 2016. Another example of the SOEs synergy is the construction of earthquake-friendly houses in Lombok resulted from the synergy between PT PERTAMINA (Persero) and PT Adi Karya.

For earthquake victims in Lombok, Pertamina has handed over aid in the form of 250 earthquake resistant housing units that were built in two locations, which is Karang Montong Hamlet and Tanah Ampar Hamlet. Each house unit was inhabited by two households so that there are around 500 households that live the

house. In addition to earthquake resistant houses, in the same location, Pertamina also built religious facilities, health facilities and educational facilities, such as elementary, junior high, high school, and boarding schools.

Homes for Them to Shelter

PT Pertamina (Persero) provided assistance in the form of 250 earthquake-resistant housing units for North Lombok residents who lost their homes due to the earthquake that hit the area in early August 2018. The housing units are located in two dusun (sub-villages): Dusun Karang Montong and Dusun Tanah Ampar. Each housing unit is inhabited by two families so that there are around 500 families inhabiting the housing units.

The assistance was symbolically handed over by PT Pertamina (Persero) President Director Nicke Widyawati together with Persatuan Wanita Patra (PWP) in Dusun Terengan, Pemenang Timur Village, Pemenang Subdistrict, North Lombok District, on Tuesday (9/18/2018).

"We will immediately complete the construction of these 250 housing units so that the people who lost their homes due to the earthquake can stay there. Before the rainy season comes, all the people must have occupied the transitional houses," said Nicke accompanied by Corporate Secretary Syahril Mukhtar and Vice President CSR & SMEPP Agus Mashud. "All drainage is also done together to make an arrangement so that there is no puddle during the rainy season," Nicke continued.

In addition to building earthquake-resistant transitional houses, Pertamina also built worship facilities, health facilities and educational facilities, such as elementary school, junior high school, senior high school, and Islamic boarding school buildings, which will soon be able to function. Logistics supply is still being distributed to three Pertamina posts.

Not just houses, Pertamina also built temporary school buildings which could also be used as places for worship. The Company also built elementary to high school buildings, and madrasa. "We will provide all in phases. The Puskesmas community health center will also be completed. Then we also have discussed how mosques and Islamic boarding school (pesantren) can function," said Nicke.

One of the residents, Sukron Amin, could not stop thanking for all the assistance Pertamina has given since the beginning of the disaster. "We are here very grateful for Pertamina's assistance, most notably the housing units. Now we have a home to live in, we do not have to shelter in tents anymore," Sukron said. *

Besides in Lombok, the synergy that produces greater and wider positive impacts is also evident from the results of the synergy of PT Pertamina (Persero) with one of its subsidiaries, PT Pertamina Lubricants. The results of synergy in Enduro Student Program has been successful implemented as part of CSR Program and will be developed further as a Creating Shared Value (CSV) program.

The development of CSV program is a higher level than the CSR programs implemented, where social aspect is one of the emphasized factors in developing the Company's business strategy.

PERTAMINA CERDAS (203-1, 203-2)

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It has become a commonly-believed understanding that the progress of a nation and a state is very much determined by the education of its people. For this reason, education is fundamental in the development of a society. Pertamina through Pertamina Cerdas pillar seeks to contribute to improving the quality of education for the younger generation.

One of Pertamina Cerdas' flagship programs is the Sobat Bumi Scholarship. Pertamina's Sobat Bumi Scholarship can be distinguished from other scholarship programs by the wider outreach of scholarship

recipients: not only outstanding students, but also athletes as an appreciation for their achievements. In addition, there is also a social framework in channeling Sobat Bumi Scholarships to persons with disabilities and children of parents experiencing workplace accidents. Moreover, the Sobat Bumi Scholarship also targets recipients in Eastern Indonesia. In 2018, Pertamina managed the Sobat Bumi Scholarship fund for 405 recipients. Until 2018, the total number of the Sobat Bumi Scholarship recipients reached 1,157 persons.

PERTAMINA SEHAT (203-1, 203-2)



In addition to education, physical health is one of the important factors in building the society. Pertamina believes that health quality of a nation's generation must begin since in the mothers' wombs. This belief is the foundation of one of Pertamina Sehat pilar's flagship programs named Pertamina Sehati. Pertamina Sehati targets pregnant and breastfeeding women, as well as babies and children under five years old. Pertamina Sehati program covers revitalization of Posyandu (integrated health service posts), capacity building of Posyandu cadres, raising awareness and active participation of mothers in particular and the community in general, as well as designing and implementing the basics of self-reliance for the Posyandu under Pertamina Sehati program.



Farida, the Icon of Posyandu Pelawi

Located 7 km from the center of Aceh Tamiang District, we will find a clean village area with 6 (six) villages are named "Aceh Province's Best Villages" in the Village Contest 2018. Thanks to Farida, a female fighter who is only a junior high school graduate yet has a strong determination to make changes.

Farida's journey began in 2009 as a cadre of the Clean and Healthy Behavior or Program Perilaku Hidup Bersih dan Sehat (PHBS), with a mission to encourage residents of Kampung Sukajadi, Rantau, Aceh Tamiang, Nangroe Aceh Darussalam, to shift to a clean lifestyle. As a result, in 2010 Kampung Sukajadi won the 2nd National Champion in the PHBS Competition. Now, together with PT Pertamina EP Rantau Field, Farida is developing Pelawi Posyandu which has become a reference for other Posyandu, most notably in Aceh Tamiang District. For all her dedication, Farida was awarded the Pertamina Local Hero 2018.

In line with one of the Sustainable Development Goals, i.e. good health and well-being, and also with the nawacita program initiated by the Government of the Republic of Indonesia, Pertamina Sehati has targeted maternal mortality ratio of 0.08% in 2020. Pertamina Sehati is aimed at the surrounding areas of Pertamina's operational units and subsidiaries as well as remote areas and the outermost, frontier and disadvantaged

(3T) areas so as to facilitate and improve access to health that has been difficult to get in these areas, by involving local communities to participate in reducing maternal mortality and improving child health. In 2018, Pertamina Sehati program was implemented in no less than 29 Posyandu out of the total Posyandu that implemented the program until 2018.

PERTAMINA HIJAU (203-1, 203-2)

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As a company engaging in extractive industries, Pertamina has a great concern to provide benefits to the nature. Pertamina realizes how nature contributes to sustainable business. Through synergy with various elements of society, Pertamina creates and implements environmental conservation programs

The two major programs carried out by Pertamina in the framework of giving back to nature are the Mangrove Planting and Biodiversity program. Throughout 2018, Pertamina planted 52,000 mangroves. Mangroves are trees that can grow in coastal areas. This is the reason why Pertamina choose this type of tree to be developed, considering that most of Pertamina's operational areas are also on the edge of the sea or large rivers.

In addition, mangrove trees also provide many domino effects on increasing biodiversity in the region, such as mangrove crabs, various types of fish, insects, as well as animals that consume mangrove seeds or fruit. Meanwhile, the well-established mangrove area can be used as a source of livelihood for local residents, not only from the processing of mangrove tree products in the form of culinary and handicraft products, but also by making the area an agrotourism area. Karangsong Mangrove Forest is one of the success stories of the mangrove planting program.

Rehabilitation of Mangrove, the Hero Plant

“Mangrove forest stores about five times more carbon dioxide (CO₂) compared to land forest.”

As a type of plant living in coastal waters, Mangroves (Rhizophora) have an important function in maintaining the ecosystem. Mangroves can help maintain the population, while strengthening the coastal soil structure to create natural buffer zones along the shore in order to prevent beach erosion or abrasion due to wave action.

Data from the Ministry of Environment and Forestry reveals that in 2017, Indonesia's mangrove forest area reached 3.5 million hectares, the largest in the world. This shows how important Indonesia is, most notably in supporting the global climate change agenda through the existence of mangrove forests.

In order for the mangrove forest rehabilitation program to work properly, the involvement of coastal community surrounding the forest is a decisive factor. Mangrove forest maintenance and preservation by the surrounding community will guarantee coastal ecosystem sustainability.

One example is the efforts made by the residents of Desa Muara, a village in Teluk Naga Sub-District, Tangerang, Banten, to whom we should give our appreciation for their success in utilizing mangrove plants and spurring the economy. Economic potential of the mangrove forest is managed from upstream to downstream, such as the sale of mangrove seedlings, recreational fishing, culinary, tourist boats, and raw materials for the textile industry. The mangrove ecotourism in Desa Muara has been inaugurated since 2012.

Our support for Desa Muara residents is not only through the provision of mangrove seedlings, but also by educating the locals about mangrove nursery techniques. We are collaborating with the Bogor Agricultural University (IPB) as a facilitator to share with Desa Muara residents the knowledge about mangrove forest management.



Likewise, the residents of Desa Karangsong, a village in Indramayu, West Java, have also succeeded in developing the Mangrove Ecotourism in their area. Located at the mouth of the Praja Gumiwang River or often called Muara Song, residents of this Desa Karangsong have joined in a group name "Pantai Lestari" and started to plant mangroves since 2008. A year later, Desa Karangsong issued a Village Regulation to protect the mangrove area. The existence of this regulation is testament to the residents' concern for the environment.

With the support of the Pertamina Refinery Unit RU VI Balongan, this mangrove forest rehabilitation program continues to be escalated, until finally Desa Karangsong was designated as a Mangrove Center in the Western Indonesia and Edupark for visitors.

The residents have successfully developed some mangrove products such as powder and scrubs for cosmetics, and food products such as soy sauce, syrup, tea, coffee, dodol, and rempeyek. In addition, Karangsong Village also has a policy of integrating Mangrove knowledge into the elementary school education curriculum in Indramayu. The goal is to encourage students to love the environment, especially mangroves.

Mangrove planting is not only done in the 2 locations, but also in several other regions in Indonesia such as Sei Siak, Dumai, Teluk Kabung and Pariaman, Medan, Balikpapan, Balang Island, Tarakan, Muara Gembong, Krueng Raya, and Jenu Beach, in Tuban, East Java.**

Other program promoted is the Biodiversity program.

In general, the program aims to preserve endemic native flora and fauna of Indonesia. Through operating units spread throughout Indonesia, Pertamina realizes that every region of Indonesia has endemic native animals or plants that are rare, very rare, or even on the verge of extinction. Therefore, Pertamina implements the Biodiversity program as an effort to preserve or even increase the native natural wealth of Indonesia. Approximately 25 species of flora and fauna have been targeted by this program.

In 2018 alone, there were 25 Biodiversity Programs carried out, including the conservation of sea eagles in the Thousand Islands, tuntong laut in Aceh Tamiang, and yaki hitam in Bitung.



PERTAMINA BERDIKARI (203-1, 203-2)

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Pertamina believes that a sustainable business is a business where the profits generated by the company must contribute to creating a "domino effect" for the economy of the surrounding community. Through CSR, Pertamina has created many programs that support the realization of an independent local community economy. Pertamina has nurtured more than 100 Fostered Villages and Community Economic Zones in 2018. This program is a community development program based on local potential.

Pertamina as a SOE supports the improvement of MSME quality through "Rumah Kreatif BUMN (RKB)" program. Until 2018, Pertamina has nurtured 15 RKBs.

Rumah Kreatif BUMN (RKB) is a shared home to gather, learn and foster SMEs to enhance their capabilities, and serve as a forum for SOEs to collaborate in establishing Digital Economy Ecosystem by encouraging SMEs to enhance their capacity and capability.

RKB functions as data and information center and a center for education, development and digitalization of SMEs in Indonesia. RKB assists and encourages MSME actors in responding to the main challenges of MSME business development in terms of:

1. Increasing Competence
2. Improving Marketing Access
3. Increasing the ease of access to capital

Pertamina's support for MSMEs is also realized through soft loans as working capital for MSMEs from the Partnership Program funds. This program is in line with SOE Ministerial Regulation PER-02-MBU/7/2017 dated July 20, 2017 on the Partnership Program of State-Owned Enterprises with Small Businesses and Community Development Program.

Encourage Creativity Through Rumah Kreatif BUMN

One of the government and SOE joint efforts to encourage Small and Medium Enterprises (SMEs) that can be elaborated with digital world development is carried out through the launch of the "Rumah Kreatif BUMN (RKB)" or SOE Creative House program. This program is a shared home to gather, learn and foster SMEs to enhance their capabilities, and serve as a forum for SOEs to collaborate in establishing Digital Economy Ecosystem by encouraging SMEs to enhance their capacity and capability.

Specifically, RKB functions as data and information center and a center for education, development and digitalization of SMEs in Indonesia.

Since its launch in 2016, the number of RKB programs managed by Pertamina has reached 3,814, spreading across Sumatra, Java, Kalimantan, Sulawesi and West Nusa Tenggara. In 2020, Pertamina's RKB is planned to become a center for sales and training of SMEs or fostered partners in their respective regions. In addition, Pertamina's RKB is expected to optimize the sale of SME products through e-commerce channels.

Rumah Kreatif Solutions for SMEs in Indonesia

- Increasing Competence
- Improving Marketing Access
- Increasing the ease of access to capital

The Partnership Program fund is sourced from the provision of net income after tax stipulated in the GMS on Enactment of the Annual Report of the Fostering SOE, which is at the maximum amount of 4% of the previous fiscal year's income after tax.

The Partnership Program is intended to improve the economic activities of small businesses and social empowerment of the community in order to be resilient and independent. In implementing the Partnership Program, Pertamina also cooperates with other SOEs and other relevant institutions.

In the program, Pertamina provides revolving partnership loans to Individual Fostered Partners either in a cluster system or in a group as working capital for Micro, Small and Medium businesses.

Coaching is also provided to the Fostered Partners through national and international exhibition, training, export import workshop, and other activities.

Pertamina has implemented the partnership program since 1993. To date, a total of 60,338 MSMEs have joined as Pertamina's fostered partners with fund distribution effectiveness level of 31.46%.

Realization of CSR Funds Distribution (103-3)

Sector	Realization of CSR Funds Distribution (% of total realization)
Education	25.9
Health	9.1
Environment	12.2
Empowerment	52.8
Total	100.0

Realization of Partnership Program Funds Distribution (103-3)

Type of Business	Number of Fostered Partners	Realization of Partnership Program Fund Distribution (% of total Partnership Program Fund)
Industrial Sector	253	5.8
Trade Sector	609	11.1
Agriculture Sector	103	2.2
Livestock Sector	164	4.3
Plantation Sector	5	58.9
Fisheries Sector	520	15.2
Service Sector	120	2.4
Other Sectors	4	0.1
Grant		4.4
Total		100.0

Realization of
 Community Development Funds Distribution (103-3)

Type of Assistance	Realization of BL Funds Distribution (% of total realization)
Natural Disaster Assistance	4.0
Education & Training Assistance	24.3
Public Health Assistance	10.9
Public Infrastructure Assistance	34.9
Worship Facilities Assistance	19.1
Nature Conservation Assistance	1.9
Poverty Alleviation Social Assistance	4.9
Total	100.0



ONE PRICE FUEL FOR ALL

In the quest of realizing energy equality in all regions of Indonesia, the Indonesian government has launched One Price Fuel (BBM) policy. The ground of this policy is the high fuel prices in several regions, especially in Eastern Indonesia. Frontier, outermost, and disadvantaged regions (3T) areas have become the Government's focus in implementing the One Price Fuel program.

To support this policy, the Ministry of Energy and Mineral Resources has set the Energy and Mineral Resources Ministerial Regulation No. 36 Year 2016 on the Acceleration of Enforcement of One Price for Specific Fuel Type and Specific Fuel Type of National Assignment. This regulation mandates BBM Distributor Business Entities to establish distributor agency in certain locations, i.e. the locations where there is no distributor of Specific Fuel Type and Specific Fuel Type of National Assignment, so that people can buy fuel at retail prices set by the government. One Price Fuel Policy targets to form around 150 distributor agencies until 2019.

The government is confident that the One Price Fuel policy can help boost the economy and improve welfare. The reason is that the transportation and logistics costs will be cheaper so that prices can also be lowered. Reflecting on the magnitude of the benefits gained, the One Price Fuel policy should be supported by various parties.

Pertamina is assigned by the Government to realize One Price Fuel. The Company distributes One Price Fuel through various modes of transportation such as tank cars, vessels, boats, and Air Tractor Aircraft specifically

for transport of fuel. The Company strives to distribute BBM to the 3T area continuously as an embodiment of the SOEs Present for the Nation commitment so that all corners of the country can get BBM at the same price as in other regions. (103-2)

One Price Fuel has boosted economic activity in the 3T area regions due to people's easier access to BBM. The prices of fuel on each island, which previously were higher in the range Rp7,000 to Rp100,000 per liter, has been significantly lowered to Rp6,450 (premium gasoline) and Rp5,150 (diesel oil). Previous fuel prices in Sumatra and Kalimantan were in the range of Rp8,000 to Rp 40.0 per liter, in Maluku ranging from Rp8,000 to Rp. 17,000, Sulawesi from Rp 8,000 to Rp25,000, Nusa Tenggara from Rp8,000 to Rp9,500 and the highest were in Papuan from Rp15,000 to Rp 100,000.

As of December 31, 2018, nationwide, Pertamina has realized the operation and operations test on One Price Fuel Agencies at 125 points (55 points in 2017 and 70 points in 2018) in the 3T areas. With the existence of these gas stations, now people in the 3T areas can buy Premium Gasoline and Diesel Oil at the same price as people in other regions who have enjoyed the prices according to Presidential Regulation No. 191 Year 2014 providing the price of Premium Gasoline at Rp 6,450/liter and Diesel Oil at Rp5,150/liter. (203-2)

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KALIMANTAN ISLAND

East Kalimantan Province

- Desa Tabalar, Berau
- Desa Sekaduyun Taka, Nunukan Regency
- Desa Lempakke, Berau

North Kalimantan Province

- Sungai Boh, Malinau
- Lumbis Sub District, Nunukan
- Desa Long layu, Nunukan
- Desa Long Ampung, Kayan Selatan Sub District, Malinau

West Kalimantan Province

- Pintas Keladan, Sintang
- Nanga Sekan, Melawi
- Nyayun, Landak

Central Kalimantan Province

- Belantikan Raya, Lamandau
- Kamipang Sub District, Katingan
- Katingan Kuala Sub District, Katingan
- Gunung Purei Sub District, Barito Utara
- Tewel Timur Sub District, Barito Utara

South Kalimantan Province

- Desa Bajayau Kecamatan Deba Barat, Hulu Sungai Selatan
- Desa Malinau Kecamatan Loksada, Hulu Sungai Selatan



SULAWESI ISLAND

Southeast Sulawesi Province

- Desa Waslunu, Wakatobi Regency
- Kelurahan Matahora, Wakatobi
- Jl. poros Langara-Lampeapi, Konawe Islands

Central Sulawesi Province

- Jalan Poros desa Wakai, Toja una2
- Desa Liang, Bangkep
- Desa Timbang Mominit, Banggai Tengah, Banggai Laut

Gorontalo Province

- Desa Talite Jaya, Gorontalo Utara

North Sulawesi Province

- Desa Melonguane Timur Melonguane Sub District, Talaud Regency
- Desa Kordakel, Kabaruan Sub District, Talaud Islands
- Kampung Barangka, Pulau Pulau Tagukandang, Sitaro Islands
- Miangas - Sub District Pangkalan An. Yopie Lupa, Talaud Islands
- Jl. Trans Essang - Gemeh Pulau Karakelang, Talaud Islands
- Desa Marampit - Pangkalan An. Yosua Batunan, Talaud Islands



PAPUA ISLAND

Papua Province

- Wamena, Jayawijaya
- Yasakor, Asmat
- Balakme, Jayawijaya Regency, Jayawijaya
- Abenaha, Yalimo
- Kampung Yukate, Maybrat

West Papua Province

- Manimeri, Teluk Bintuni
- Kumurkek, Maybrat Regency, Maybrat
- Waigama Misool District, Raja Ampat



ENVIRONMENTAL PERFORMANCE

“ Pertamina’s participation in the climate change control is realized through various policies, including by managing the use of energy, water, emissions, and waste properly, as well as carrying out various activities that support biodiversity.

Two dancers are dancing in pair beautifully.

They sometimes move gracefully and sometimes stomp along with the rhythm of the drums. Jaipong dance is a typical traditional dance of the people in Bandung,

West Java, a picture of the people's condition and culture and even serves as a medium to convey aspirations that may be hard to described by words.



CARE FOR THE EARTH

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Climate change is a global issue and its negative impacts are becoming more evident nowadays, including in Indonesia. To name a few, the occurrence of extreme weather, hotter air temperature, more intense rainy season, and more unpredictable time of rainy season. On the contrary, the drought is longer than usual, triggering crop failure, and so on. It is difficult to deny that climate change not only gives rise to environmental disasters, but also has adversely impacted the lives of humans and other living things.

Scientists believe that climate change is caused by human behavior. For example, the use of electricity, the use of fossil fuels for industry and transportation, deforestation, and others. In fact, a recent study published in the PLOS ONE journal, as reported by Kompas (Wednesday, 08/01/2018), reveals that the use of plastic is also a factor in global warming. This happens because the

plastic emits methane and ethylene when exposed to sunlight and damaged.

The impact of the plastic use as one of the contributors to climate change is a big issue in Indonesia. The reason is that the use of plastic in this country is massive, leading to massive plastic waste disposal, including to the sea. According to data from the Indonesian Olefin & Plastic Industry Association (Inaplas) and the Indonesian Statistics (BPS), plastic waste in Indonesia reached 64 million tons/year, 3.2 million tons of which were plastic waste disposed into the sea.

To minimize the impacts of climate change, 171 countries have signed the Paris Agreement, including Indonesia. The Paris Agreement is a global agreement to address climate change. The purposes of Paris Agreement formation are contained in article 2, namely:

1. Keeping a global temperature rise well below 2 degrees Celsius above pre-industrial levels, and pursuing efforts to limit the temperature increase even further to 1.5 degrees Celsius, recognizing that this would significantly reduce the risks and impacts of climate change;
2. Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production;
3. Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

Pertamina as one of the State-Owned Enterprises (SOEs) fully supports the government's commitment through the Paris Agreement, as stated in Law No. 16 Year 2016 on Enactment of the Paris Agreement to the United Nations Framework Convention on Climate Change. Greenhouse Gas (GHG) Emission Reduction Target is by 29% by 2030. Pursuant to the Paris Agreement, Indonesia has submitted its Nationally Determined Contribution (NDC) to reduce its Greenhouse Gas (GHG) emissions by 29 percent by 2030 against a business-as-usual baseline scenario, and up to 41 percent subject to international assistance and financial support. This Contribution will be realized by the government through, among others, the forestry sector, the energy sector including transportation, waste, industrial processes, and use of products, and through the agriculture sector. Pertamina as the leading sector in GHG emission reduction fully supports the national efforts by mitigating and adapting to climate change. [103-2]

Pertamina's participation in controlling climate change in order to prevent the occurrence of worsening environmental and humanitarian disasters is realized through various policies. To name a few: properly managing consumption of energy and water, properly managing emissions, effluents and waste, as well as carrying out various activities that support biodiversity through Pertamina Hijau. [103-2]

In this report, Pertamina delivers data on energy efficiency, emission reduction, 3R (Reduce, Reuse, Recycle) of hazardous and toxic waste and non-hazardous and toxic waste, water efficiency and biodiversity. The data presented does not cover the overall operations of the Company, but is limited to the operating areas selected as the candidate for GREEN PROPER 2018.

The graphs in this report are not a comparison from year to year, but the result of initiative program calculation conducted by Pertamina every year.

In the energy efficiency graph, for example, the initiative taken by Pertamina is replacing TL lamps with LED lamps that are more energy efficient. With this initiative, the total energy consumption will decrease, while energy savings will increase.



Energy Consumption in Organization

The Company has calculated the total energy consumption with the coverage of Pertamina's holding per Directorate. Field data on energy consumption shows the energy consumption for production process and energy consumption for supporting facilities, comprising electricity, steam, gas, diesel and fuel consumption. In addition to energy consumption, the Company has calculated results of energy efficiency with the same coverage (Pertamina's holding company per directorate).

As part of the energy conservation program, Pertamina's efforts to cut energy consumption in its operational activities and supporting activities are also carried out by applying technology and equipment with low energy consumption. In addition, the Company also makes improvements to achieve most efficient and optimal consumption of energy and increase the energy-saving culture in all elements. Energy saving is also carried out through efficient use of energy where the same benefits are obtained by using less energy, or by reducing energy consumption and energy-consuming activities. Energy saving can lead to reduced costs, increased efficiency and increased environmental value and convenience.

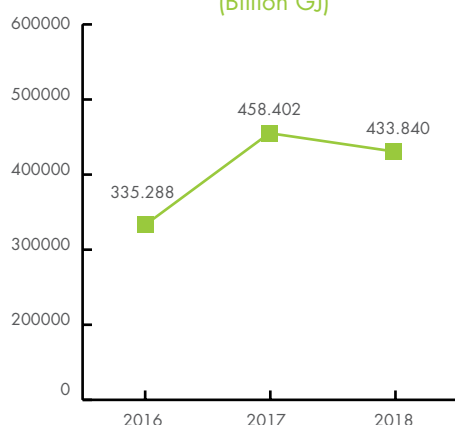
Some of the initiatives carried out by Pertamina in the context of energy efficiency are as follows: [103-3, 302-4]

1. Changing pump loading system and installing VSD at TBBM Bandung Group.
2. Clustering fuel distribution in TBBM Rewulu.
3. Installing Airator Nozzle at TBBM Surabaya Group.
4. Breaking the deposit in the orifice hole of the RCC chamber unit of RU VI Balongan
5. Refractory Modification in RU II Sei Pakning Refinery.
6. Conservation of OBP Condensate Piping System at PT Pertamina EP Asset 2 Prabumulih Field.

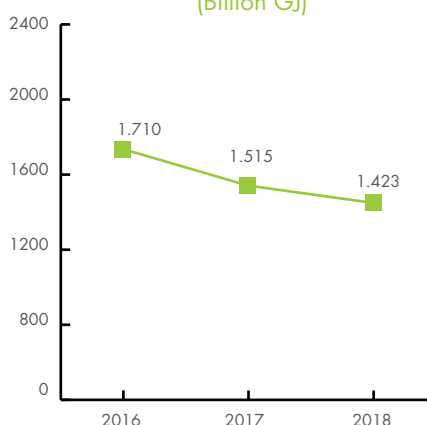
7. Utilization of Gas Sweat for Power Plant Prabumulih Field at PT Pertamina EP Asset 4 Field Sukowati.
8. Utilization of the gravity system on Brine distribution at PT Pertamina Geothermal Energy Area Ulubelu.

With the various initiatives as mentioned above, recapitulation of energy consumption and results of Pertamina's energy saving in the reporting year are as follows: [103-3, 302-1, 302-4]

Energy Consumption 2016-2018
 (Billion GJ)



Energy Saving 2016-2018
 (Billion GJ)



Emission



The climate change issue is closely related to greenhouse gas emissions. Therefore, Pertamina focuses on developing and implementing greenhouse gas (GHG) emission reduction program. With regard to GHG emissions, Pertamina refers to the following legislation: [103-2]

1. Environment Ministerial Regulation No. 13 Year 2009 on Quality Standards for Emission of Immovable Sources for Oil and Gas Businesses and/or Activities - Article 6 and 7: obligation to identify, inventory, manage, monitor, and calculate emissions, and to report results of emission monitoring.
2. Energy and Mineral Resources Ministerial Regulation No. 31 Year 2012 on Flaring of Flare Gas in Oil and Gas Business Activities.
3. Environment Ministerial Regulation No. 12 Year 2012 on Guidelines for Calculating the Emission of Oil and Gas Industry Activities.
4. Environment Ministerial Regulation No. 3 Year 2014 on PROPER
5. Presidential Regulation No. 61 Year 2011 on the National Action Plan for Greenhouse Gas Emission Reduction with GHG reduction target of 26% by 2020.

6. Law No. 16 Year 2016 concerning Enactment of the Paris Agreement to the United Nations Framework Convention on Climate Change: GHG reduction target of 29% (2030).

Direct GHG Emission (Scope 1) and Indirect GHG Emission (Scope 2)

The main source of GHG emissions is fuel combustion where the source of fuel combustion is grouped into 2 (two) categories, i.e: movable sources (operational vehicles) and stationary sources (power generators). The main types of GHG from fuel combustion are carbon dioxide (CO₂), Methane (CH₄) and N₂O.

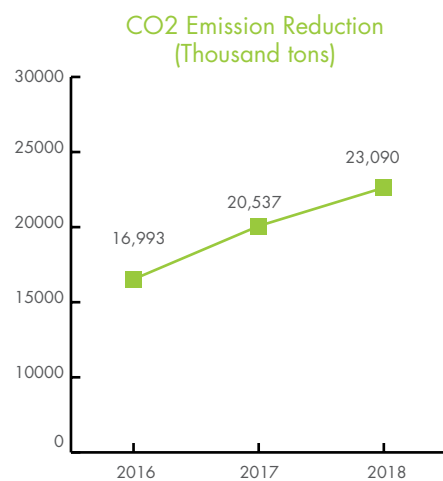
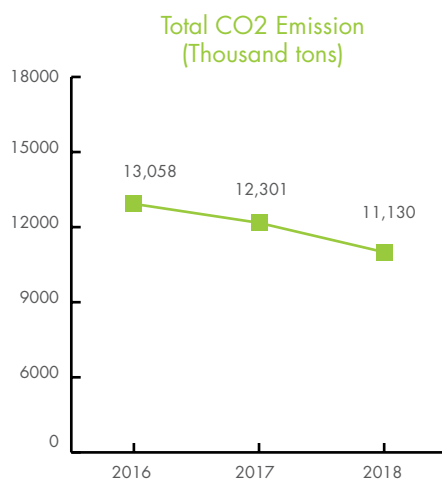
Meanwhile, the source of indirect GHG emissions (coverage 2) originating from outside energy is the amount of electricity consumption (in kWh) per year.

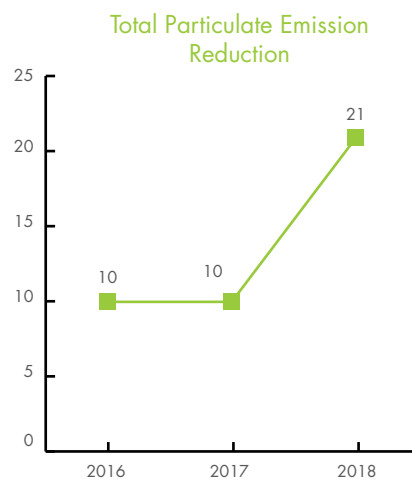
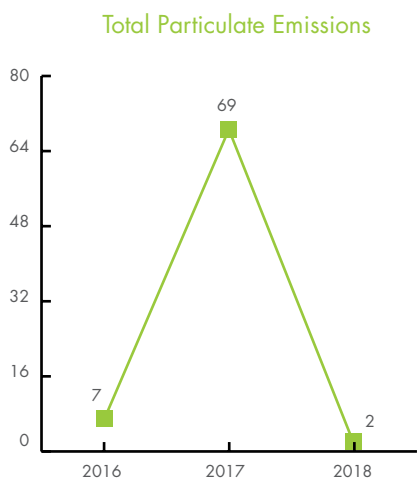
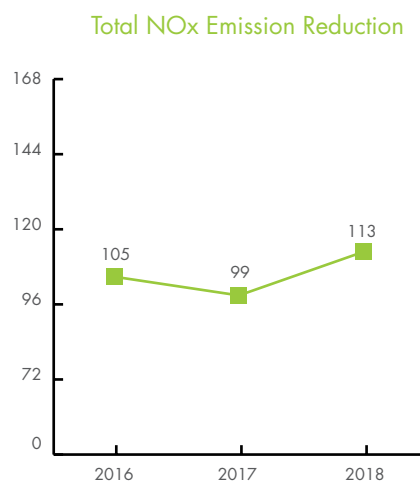
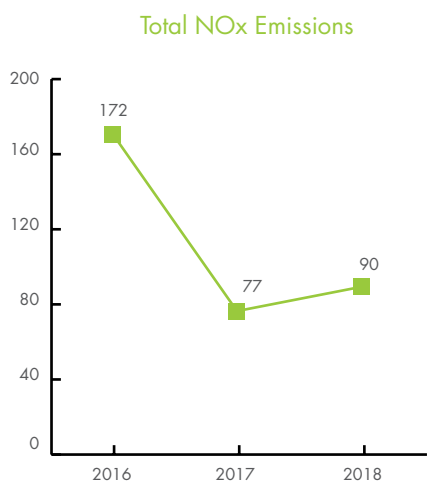
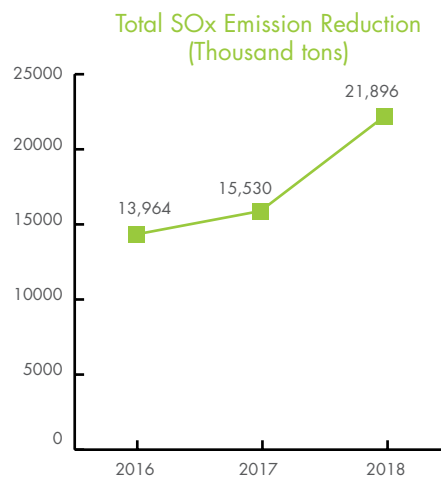
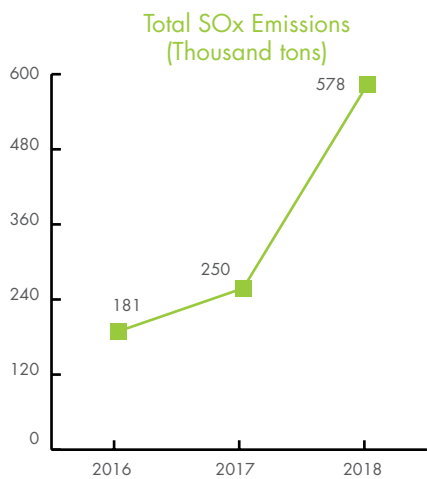
The Company is aware of the impact of new climate change GHG emissions. Therefore, Pertamina took the initiative to control GHG emissions, which began with an inventory of sources of emissions with the 2010 base year, calculation and reporting of the burden of greenhouse gas emissions on a regular basis. Efforts to reduce GHG emissions are carried out through energy efficiency, fuel flaring, fuel conversion, the use of energy-saving and low emission equipment and optimization and modification of equipment grouped into 2

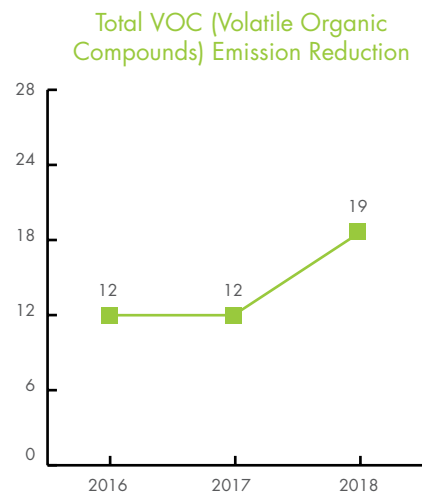
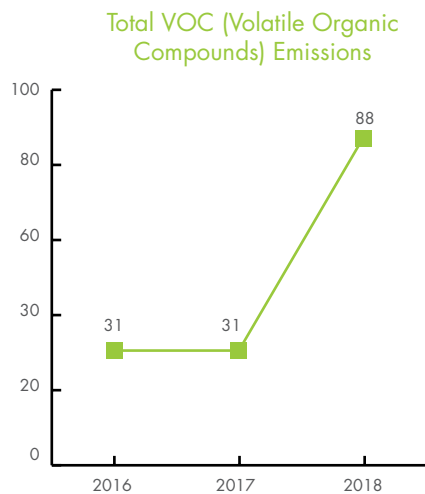
(two) categories, i.e: movable sources (operational vehicles) and immovable/stationary sources (power generators). The main types of GHG from fuel combustion are carbon dioxide (CO₂), Methane (CH₄) and N₂O. Some of the flagship programs carried out in the context of GHG emission reduction are as follows:

1. Electrification using geothermal electricity sources
2. Replacement of zero flaring, sour gas utilization
3. Utilization of flare gas to become fuel gas heater
4. Reduction of RCC Offgas in refineries
5. New Gantry System in TBBM
6. Implementation of a tera house in TBBM

With those various efforts, in the reporting year, total greenhouse gas emissions covering CO₂ (carbon dioxide), N₂O (nitrous oxide) and CH₄ (methane) produced by the Company were recorded at 11.13 million Ton CO₂-eq with a total emission reduction of 23.09 million TonCO₂-eq. While the total air emissions produced by the Company consisting of SO_x (Sulfur), NO_x (Nitrogen Oxide), Particulate Materials and volatile organic compounds (VOC) were 758.22 thousand Tons, with a total emissions reduction of 22.05 million Tons. While the total emissions intensity of the production process was recorded at 0.081 TonCO₂-eq/Ton and the total emissions intensity of the production process and supporting facilities was 0.086 TonCO₂-eq/Ton. The data is the result of data conversion until June 2018 multiplied by two in order to obtain data for one year. [103-3, 305-1, 305-4, 305-5, 305-7]







Based on the above graph, we can see that some of the total emissions generated have decreased and some have increased. However, the increase in emissions was followed by an increase in the number of emission reduction. This shows the Company's commitment to reducing emission is fruitful.

In addition to the compounds of greenhouse gas emissions mentioned above, Pertamina also produces emissions of other greenhouse gas compounds, but the amount is relatively small so it is not included in the Report. These compounds include N₂O (nitrous oxide) and CH₄ (methane).

Emissions of Ozone-Depleting Substances

Emissions of ozone-depleting substances (ODS) are sources of climate change. ODS is a chemical compound that can potentially react with ozone molecules in the stratosphere. ODS is usually found in air-conditioning (AC) machines, refrigerators, and fire extinguishers. There are at least 23 chemical compounds categorized as ODS, namely CC-14, CH-3, CC-13, CH₃BR, CFC-11, CFC-12, CFC-113, CFC-114, CFC-115, CFC-13, CFC-111, CFC-217, CFC-216, CFC-215, CFC-214, CFC-213, CFC-212, CFC-211, Halon-1211, Halon-1301, Halon-2402, R-500, R- 502.

The use of ODS will cause depletion of the ozone layer which gives rise to environmental degradation, limited source of clean water, damage to the marine food chain, decreased agricultural production, and so on.

Considering the negative effects caused by the use of ODS, Pertamina fully supports government policies to tighten the use of BPO. [103-2]

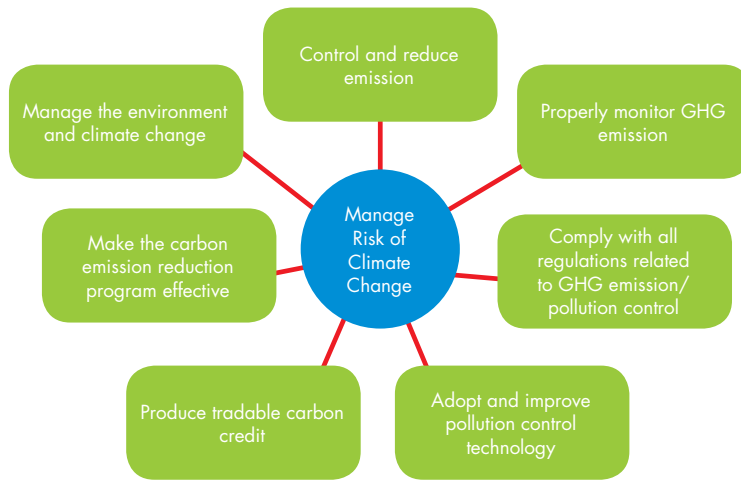
One of the efforts made by the Company to reduce ozone depleting emissions is to use eco-friendly refrigerants for air conditioners machines and refrigerators. However, the number of air conditioners and refrigerators with eco-friendly refrigerants in the Company's environment cannot be presented in this report, and will be presented in the next report. [103-3, 305-6]

GHG Emission Reduction

Pertamina's initiative to reduce emissions is realized through, among others, the subsidiary PT Pertamina Geothermal Energy (PGE), which actively involves as one of the main players in the development of the geothermal power plant industry. As a renewable energy source, geothermal energy is expected to become the future's main source of energy. [103-2]

Besides developing geothermal energy, the support for the Government's GHG emission reduction program is also realized through Clean Development Mechanism (CDM), development of biofuel that have lower GHG emission, and the implementation of sustainable production and consumption carried out by upstream business unit, refinery, marketing, and all Company offices. [103-3]

At the strategic level, Pertamina addresses the climate challenge by setting targets and plans towards clean operations with low GCG emission. In addition, Pertamina includes climate change as one of the important risks that must be managed carefully. This risk has been included in the Risk Intelligence Map (RIM). On the other hand, in the context of business in the energy industry, Pertamina has the opportunity to develop geothermal energy and other new and renewable energy.



In an effort to reduce emissions, Pertamina has also established the Greenhouse Gas Reduction Roadmap 2020 in response to Indonesia's commitment to reduce GHG emission by 26%. The target for reducing GHG emissions from the Company's activities is 6.48 million tons of CO₂e from the 2010 baseline.

Pertamina's initiative to control GHG emissions began with an inventory of sources of emissions with 2010 as a base year and the calculation and reporting of greenhouse gas emissions on a regular basis.

Furthermore, each of relevant Operating Unit and Subsidiaries makes efforts to reduce greenhouse gas emissions. Efforts to reduce GHG emissions are carried out through energy efficiency, fuel flaring, fuel conversion, use of energy-saving and low emission equipment, and optimization and modification of equipment.

2010

Pertamina conducted identification and inventory of GHG emission sources and calculates GHG emissions from Upstream and Downstream activities, preparing Guidelines no. A-001/100200/2010-S0 on Calculation of Emission from Oil and Gas Activities pursuant to to API Compendium 2009, OGP Report no. 197, US EPA AP-42 2000 and has received approval from KLH.

2011

Pertamina developed software to calculate greenhouse gas emissions from its operations in accordance with the Energy Study Center of Gadjah Mada University.

2012

KLH issued Environmental Regulation No 12 Year 2012 on Guidelines for Calculating the Emission Load of Oil and Gas Industry Activities, which is in line with Pertamina's guidelines.

Clean Development Mechanism

The Clean Development Mechanism (CDM) is applied to PGE geothermal units. Until 2018, PGE has had seven CDM projects in various PGE Geothermal Power Plant (PLTP) units and obtained Certified Emission Reduction (CER), which is equivalent to a reduction in emissions of 2,583,641 tons of CO₂e per year. The measurement, monitoring and reporting of GHG emissions currently carried out used the method of the UNFCCC, namely ACM0002: Grid-connected electricity generation from renewable sources, which is an international standard. These measurements include Scope-1 and 2, but do not include Scope-3.

Of the seven CDM projects, five units have achieved Gold Standard (GS) since 2014 based on the benchmark from Gold Carbon Standard. GS is carbon credit standard recognized by more than 80 Non-Governmental Organizations throughout the world, and carbon credits that have been upgraded to GS have the potential to have a premium selling value. These projects are the first CDM Gold Standard initiatives in Indonesia with a total potential of GHG emission reduction from five GS projects reaching 2,058,690 million tons of CO₂e per year.

Pertamina's CDM initiative is not without risks, especially after the end of the Kyoto Protocol. The biggest challenge for the CDM project is the difficulty of the CDM project registration process. CDM preparation itself has been running since 2009 in collaboration with CDM consultants and PT Perusahaan Listrik Negara (PLN). CDM Consultants also act as buyers on the basis of a 3-time seven-year ERPA (Emission Reduction Purchase Agreement) contract.

Pertamina's CDM project is a manifestation of its commitment to sustainable development, especially in responding to climate change challenges, and in line with the Company's vision of becoming a World-Class Energy Company.

Water consumption



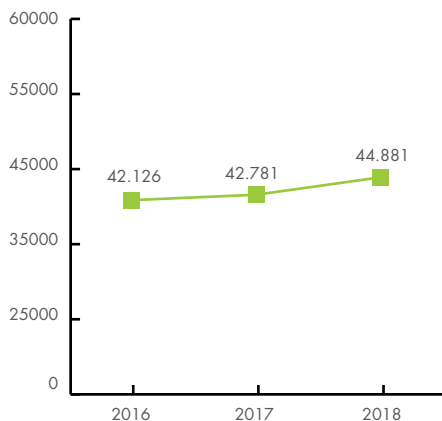
Water is one of the basic needs in Pertamina's daily operations. This is because the availability of clean water is increasingly limited, so that the Company strives to use it wisely. Not only through an appeal to save water consumption, Pertamina has also conducted several initiatives to make water consumption more efficient, to name a few:

1. Water conservation through the Batch drilling system
2. Conservation of ground water with biopore infiltration technology
3. Recycling drainage wastewater as a make-up water compressor

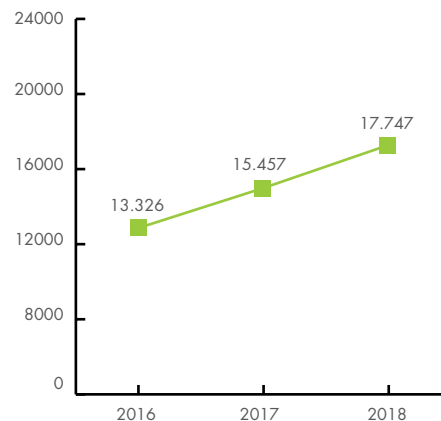
4. Utilization of rainwater and AC water for domestic needs
5. Improving performance of the system in clean water distribution pipes

Based on these efforts, recapitulation of the water consumption and water consumption efficiency per directorate in Pertamina holding company during the reporting year are as follows:

Total Water Consumption (Thousand Tons)



Water Efficiency (Thousand Tons)



Based on the above graph, there is an increase in water consumption. However, this increase was followed by an increase in the efficiency of water consumption as an evidence of the success of the Company's policy so that the Company's people would save on water use.

Waste



To support environmental preservation, Pertamina continuously strives to reduce Hazardous and Toxic waste and non-Hazardous and Toxic waste generated from operational and office activities. This effort is carried out by reducing waste from its source and then recycling or reusing if possible as an effort to reduce the impact on the environment.

Every waste to be discharged will be managed and treated according to existing environmental regulation. Meanwhile, Hazardous and Toxic Waste is prioritized by implementing 3R (Reuse, Reduce, Recycle) aimed at reducing Hazardous and Toxic waste that must be destroyed.

In the end, it will reduce the processing costs of Hazardous and Toxic waste and certainly be better for the environment.

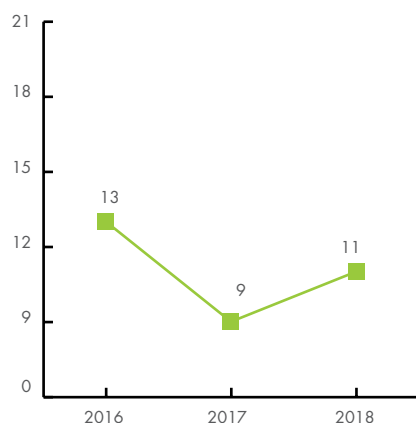
Non-Hazardous and Toxic Waste

In business operations, non-hazardous and toxic solid waste generated by the Company includes: Used print paper, organic waste, inorganic waste, used iron clean water, used packaging cartons, used wood and grass. Some initiatives to reduce non-hazardous and toxic solid waste include:

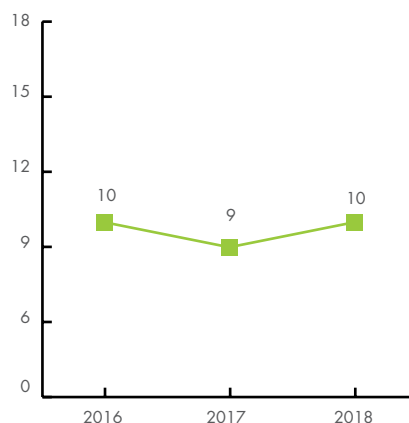
- e-correspondence to reduce paper use
- Recycling used paper
- Managing organic waste for compost
- Controlling plastic waste
- Adding the age of tank car tires by utilizing the Lifting Up Thru Axle technology

Based on those efforts, the recapitulation of the volume of non-hazardous and toxic waste used in accordance with the 3R principle and the volume of Pertamina waste reduction in the reporting year are as follows

Total non-hazardous and toxic waste used according to 3R principle (Thousand Tons)



Reduction of non-hazardous and toxic Waste (Thousand Tons)



Hazardous and Toxic Waste

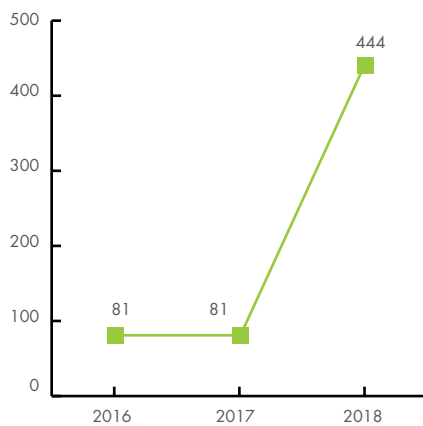
In its business operations, Pertamina produces solid hazardous and toxic waste including used hazardous and toxic waste packaging, expired medicine, used gloves & rags, drill cuttings, used filters, used lamps, used accumulators/batteries, and used absorbents. While liquid hazardous and toxic waste includes used lubricants, sludge oil and laboratory analyses waste.

To reduce hazardous and toxic waste, the Company has taken the following initiatives:

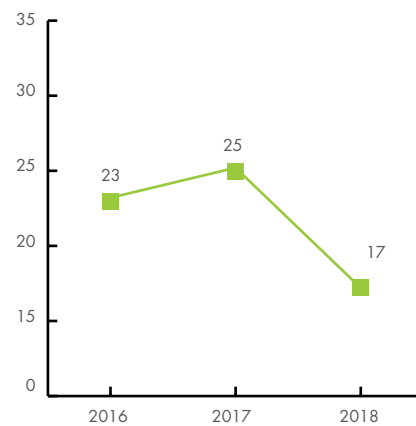
- Utilization of used lubricants as synthetic fuel mixers
- Utilization of sludge oil as an alternative fuel for the cement kiln
- Manufacture of sorbent pad and sorbent boom with organic material from Bintaro fruit
- Sustainable Packaging
- Utilization of oil sorbent instead of sand, sawdust to overcome fuel spills

Based on these efforts, the recapitulation of hazardous and toxic waste volume used in accordance with the 3R principle and the volume of Pertamina waste reduction in the reporting year is as follows:

Total hazardous and toxic waste used according to 3R principle (Thousand Tons)



Reduction of hazardous and toxic waste (Thousand Tons)



Spill Case



Every facility that has the potential occurrence of spill into the sea or coast is required to comply with the ISPS Code, IMO and applicable standards. The application of pollution prevention due to sea spills is implemented by developing emergency response system that is tested with certificates from the Government, providing facilities for handling oil spills, training and establishing oil spill emergency response team, and community-based emergency response training.

In addition, the Company coordinates and cooperates with relevant stakeholders in the region to improve supervision and anticipate oil spills. This includes security forces, Directorate General of Sea Transportation, and Pertamina contractors.

Prompt Response Since Day One

Saturday, March 31, 2018 was the day Balikpapan City and Pertamina were hit by a disaster. Pertamina's underwater pipeline that distributes crude oil from the Single Point Mooring (SPM) Lawe-Lawe Terminal to CDU IV Pertamina Refinery RU V Balikpapan was broken.

As a result, crude oil also spilled and rose to the surface of Balikpapan Bay.

Knowing the broken pipe situation, while the cause of the broken pipe was being investigated, Pertamina immediately took quick actions to deal with the emergencies, starting from stopping the transfers of crude oil across the bay through the pipelines to mapping the affected locations.

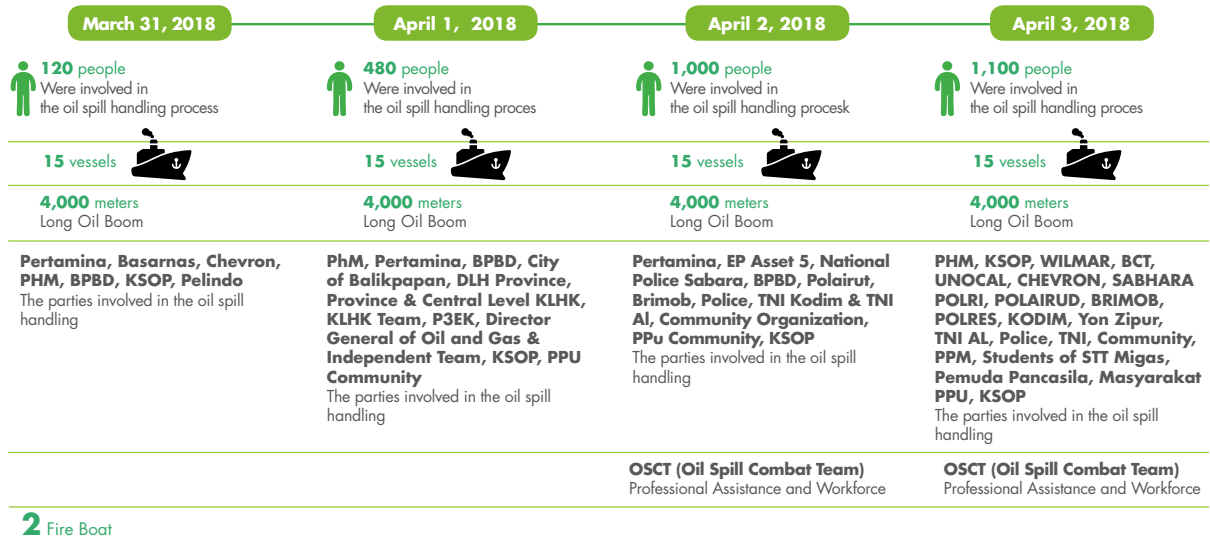
Investigation results showed that Pertamina's underwater pipe was broken for being hit and dragged by an anchor of another party's ship. Still, however, Pertamina's first priority in an emergency situation was not to look for whose fault it was, but to avoid the spread of broader negative impacts. All efforts to save the environment had been made by Pertamina since the first day of the disaster, including cleaning offshore with oil skimmers and tug boats, spraying oil spill dispersants, cleaning oil spills using vacuum trucks equipped with oil booms and oil skimmers, and coastal clean-up. Even when the critical period already passed, Pertamina continued to monitor the environment in the affected areas to ensure that the environment was completely safe from oil spills.



*All infographics for handling oil spills in Balikpapan Bay are redrawn from the infographics of May 2018 Edition 'Energi Magazine'.

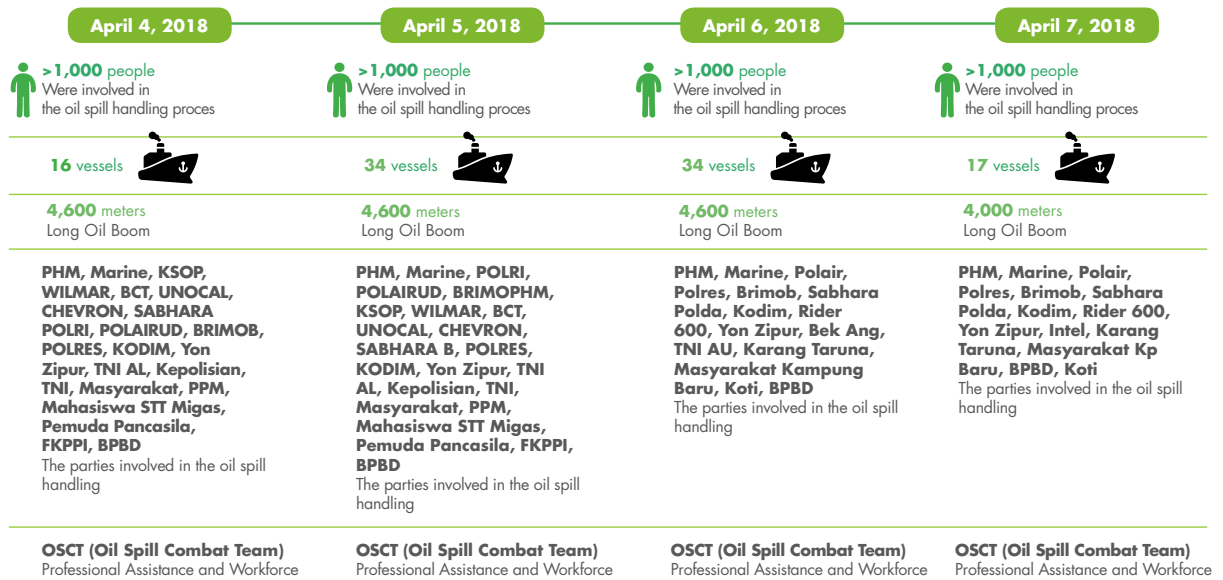
Zone I	Zone II	Zone III	Zone IV
<ul style="list-style-type: none"> • Kelurahan Baru Tengah • Kelurahan Baru Ulu • Kelurahan Kariangau • Kelurahan Margasari • Kelurahan Margo Mulyo 	<ul style="list-style-type: none"> • Kelurahan Prapatan • Kelurahan Klandasan Utara • Kelurahan Klandasan Ilir • Kelurahan Damai 	<ul style="list-style-type: none"> • Kelurahan Damai Bahagia • Kelurahan Damai Baru • Kelurahan Gunung Bahagia • Kelurahan Sepinggan 	<ul style="list-style-type: none"> • Kelurahan Penajam

PERTAMINA OIL SPILL HANDLING



2 Fire Boat

PERTAMINA OIL SPILL HANDLING





Biodiversity



Indonesia is the world's second largest biodiversity owner after Brazil, with more than 5 million species of biodiversity or 15.3% of the world's biodiversity. Pertamina has initiated the preservation of local plants, conservation of biodiversity in mangrove forests, and rehabilitation of national park areas. The preservation of fauna includes the captivity of rare butterflies, Javan eagle breeding, and sea turtle breeding. In this field, Pertamina cooperates with conservation organizations to conserve biodiversity in each endemic area of flora and fauna in Indonesia. Conservation activities are also coupled with biodiversity education for school students. [103-2]

For Pertamina, biodiversity management is a form of commitment to make HSE Beyond Culture, where all operating units and subsidiaries make the commitment to environmental management performance and community empowerment performance corporate culture values beyond obligations/ compliance with applicable laws and regulations. In this regard, the PROPER program is leverage for companies to go towards a sustainable green company and realize business sustainability. In the PROPER program, three main components are taken into account, i.e: the environmental management system, the utilization of resources including biodiversity and community development. [103-2]

Pertamina continuously strives to integrate the considerations of biodiversity conservation in every environmental and social aspect decision, in accordance with the management policy on continuous improvement for better environmental quality, dated September 9, 2011. For this reason, we continue to maintain biodiversity by minimizing the impact of operations specifically on the sensitive areas, prevention,

minimization and mitigation of risks to biodiversity throughout the Company's business cycle, responsibility for land use as well as planning and modifying design, construction and operating practices to protect certain flora and fauna species and sensitive habitats associated with Pertamina's areas of operations. [103-2]

Biodiversity protection and preservation activities by Pertamina are carried out through, among others, Animal Conservation Program which mainly have CN (critically endangered) status and endangered/rare endemic plants. In the past 6 years, biodiversity conservation has been carried out in the operating units, including a conservation program of ± 87 endemic species, most of which are included in the CN status and conservation of ± 52 endemic species, most of which are endangered or rare. [103-3, 304-3, 304-4]

Until the end of 2018, there are as many as 2 Pertamina operational locations adjacent to protected areas or areas with high biodiversity outside protected forest areas, such as MOR VIII Jayapura TBBM which is adjacent to the Cycloop Nature Reserve and PT Pertamina Geothermal Energy Area Kamojang which is adjacent to the Kamojang forest. [304-1]

At the locations adjacent to the nature reserve and forest areas, Pertamina has carried out the reforestation of Kamojang Forest with rare plants and indigenous Kamojang plants, and planting 1,111 tree seeds in the Cycloop Nature Reserve including Soang/Sowang trees, endemic and threatened with extinction species as many as 111 tree seeds, as well as pigeons breeding. [103-2, 103-3, 304-2, 304-4]

Pertamina's Fauna and Flora Conservation in 2018 and Conformity with the IUCN Red List Categories

Critically Endangered (CR)

No.	Fauna Name	No.	Flora Name
1	Sumatran Tiger (<i>Panthera tigris sondaica</i>)	1	Meranti (<i>Shorea mecistopteryx</i>)
2	Kakatua Bird (<i>Cacatua galerita</i>)	2	Merawan (<i>Hopea spp</i>)
3	Rangkong (<i>Bucerotidae</i>)		
4	Sumatran Elephant (<i>Elephas maximus sumatranus</i>)		
5	Pariaman Sea Turtle (<i>Chelonia mydas</i> ; <i>Lepidochelys olivacea</i> ; <i>Eretmochelys imbricata</i> -)		
6	Bali Myna (<i>Leucopsar rothschildi</i>)		
7	Yaki Monkey (<i>Macaca nigra</i>)		
8	Sea Tuntong (<i>Batagur borneoensis</i>)		
9	Tortoise (<i>Batagur borneoensis</i>)		

Endangered (EN)

No.	Fauna Name	No.	Flora Name
1	Javanese Owa (<i>Hylobatidae</i>)	-	-
2	Bekantan (<i>Nasalis larvatus</i>)		
3	Arwana (<i>Scleropages formosus</i>)		
4	Banggai (<i>Cardinal Fish</i>)		
5	Maleo (<i>Macrocephalon maleo</i>)		

Endangered (EN)

No.	Fauna Name	No.	Flora Name
6	Owa Ungko (<i>Hylobates agilis</i>)		
7	Pariaman Sea Turtle (<i>Chelonia mydas</i> ; <i>Lepidochelys olivacea</i> ; <i>Eretmochelys imbricata</i> -)		
8	Javanese Sparrow or Gelatik Jawa (<i>Podda oryzifora</i>)		
9	Turtle (<i>Chelonia mydas</i>)		
10	Javan Hawk-Eagle or Elang Jawa (<i>Spizaetus bartelsi</i>)		

Vulnerable (VU)

No.	Fauna Name	No.	Flora Name
1	Mambruk (<i>Goura spp.</i>)	1	Bulian (<i>Eusideroxylon zwageri</i>)
2	Sambar Deer or Rusa Sambar (<i>Cervus unicolor</i>)	2	Cendana (<i>Santalum album</i>)
3	Senyulong (<i>Tomistoma schlegelii</i>)	3	Merbau (<i>Intsia spp</i>)
4	Pariaman Turtle or Penyu Pariaman (<i>Chelonia mydas</i> ; <i>Lepidochelys olivacea</i> ; <i>Eretmochelys imbricata</i> -)	4	Petanang (<i>Dryobalanops oblongifolia</i> Dyer)
5	Surili (<i>Presbytis natunae</i>)	5	Damar (<i>Agathis spp</i>)
6	Javan Lutung or Lutung Jawa (<i>Trachypithecus auratus</i>)	6	Kemiri Sunan (<i>Aleurites sp.</i>)
7	Javanese Deer or Rusa Jawa (<i>Cervus Timorensis Russa</i>)	7	Kantong Semar (<i>Nephentes sp</i>)
8	Timor Deer or Rusa Timor (<i>Cervus timorensis</i>)	8	Ulin (<i>Intsia bijuga</i>)

Near Threatened (NT)

No.	Fauna Name	No.	Flora Name
1	Punai or Burung Punai (<i>Treron capellei</i>)	1	Keruing (<i>Dipterocarpus turbinatus</i>).
2	Belida Fish or Ikan Belida (<i>Notopterus spp.</i>)	2	Kopal Keruling (<i>Agathis labillardieri</i>)
3	Gray Lutung or Lutung Kelabu (<i>Trachypithecus cristatus</i>)		

Least Concern (LC)

No.	Fauna Name	No.	Flora Name
1	Black-capped Lorry or Nuri Kepala Hitam (<i>Lorius lory</i>)	1	Jelutung (<i>Dyera costulata</i>)
2	White-Bellied Sea Eagle or Elang Laut Perut Putih (<i>Haliaeetus leucogaster</i>)	2	Pule (<i>Alstonia scholaris</i>)
3	Kamojang Eagle or Elang Kamojang (<i>Accipiter trivirgatus</i>)	3	Seru (<i>Schima wallichii</i>)
4	Saburai Goat or Kambing Saburai	4	Laban (<i>Vitex pinnata</i>)
5	Single-wattled Cassowary or Kasuari Gelambir Tunggal (<i>Casuaris unappendiculatus</i>)	5	Black Orchid or Anggrek Hitam (<i>Coelogyne pandurata</i>)
6	Owl or Burung Hantu (<i>Tyto alba</i>)	6	Larat Orchid (<i>Dendrobium phalaenopsis</i>)
7	Barn Owl or Serak Jawa (<i>Tyto alba</i>)	7	Stuberi Orchid (<i>Dendrobium lasianthera</i>)
8	Spotted Deer or Rusa Totol (<i>Axis axis</i>)	8	Coelogyne Fragrant Orchid (<i>Fragrant Coelogyne</i>)
9	Turkey or Ayam Kalkun (<i>Meleagris gallopavo</i>)	9	Bulbophyllum Orchid (<i>Bulbophyllum gracillimum</i>)
10	Bekisar Chicken (<i>Gallus varius</i>)	10	Cempaka (<i>Capaka Giraci</i>)
11	Eclectus Parrot or Burung Nuri (<i>Eclectus roratus</i>)	11	Rubber (<i>Hevea brasiliensis</i>)
12	Takifugu Fish (<i>Takifugu orbimaculatus</i>)	12	Pulai Gading (<i>Alstonia scholaris (L) R Br.</i>)
13	Bald Eagle or Elang Bondol (<i>Haliastur indus</i>)	13	Tembesu (<i>Fragraea racemosa</i>)
14	Olive-backed Sunbird or Burung Madu Sriganti (<i>Nectarinia jugularis</i>)	14	Jelutung (<i>Dyera costulata</i>)
15	Monarch Butterfly or Kupu-kupu Raja (<i>Danaus plexippus</i>)	15	Kiara (<i>Ficus Benjamina L</i>)
16	Proboscis Monkey or Kera Kalimantan (<i>Nasalis larvatus</i>)	16	Ki Hujan (<i>Albizia saman (Jacq.)</i>)

Least Concern (LC)

No.	Fauna Name	No.	Flora Name
17	Reticulated Python or Ular Sanca Kembang (<i>Python reticulatus</i>)	17	Kondang (<i>Ficus variegata</i> Blume.)
18	Owl or Burung Hantu (<i>Tyto alba</i>)	18	Pohon Leban (<i>vitex pinnata</i> L)
19	Love Bird (<i>Agapornis</i>)	19	Pidada Merah (<i>Sonneratia Caseolaris</i>)
20	Canary or Burung Kenari (<i>Serinus Canaria</i>)	20	Juwet (<i>Syzygium cumini</i>)
21	Comet Fish or Ikan Komet (<i>Carassius auratus</i>)	21	Jamblang (<i>Syzygium cumini</i>)
22	Red Tilapia or Ikan Nila Merah (<i>Oreochromis niloticus</i>)	22	Cemara Laut (<i>Casuarina equisetifolia</i>)
		23	Ketapang Kencana (<i>Terminalia mantaly</i>)
		24	Cemara Udang (<i>Casuarina equisetifolia</i>)

Not on the IUCN Redlist

No.	Fauna Name	No.	Flora Name
1	Jalang Irian	1	Red Areca or Pinang Merah (<i>Cyrtostachys renda</i>)
2	Ikan Nilai Air Payau	2	Ki Tambleg (<i>Adansonia Digitata</i>)
3	Ikan Air Tawar Bintang	3	Kawista (<i>Limonia acidissima</i>)
4	Laughing Chicken or Ayam Ketawa	4	Kulo and Ririh Chrysanthemum (<i>Chrysanthemum indicum</i> L)
5	Sea Horse or Kuda Laut (<i>Hippocampus</i>)	5	Perindang
6	Mud Crab or Kepiting Bakau (<i>Scylla serrata</i>)	6	Kepel (<i>Stelechocarpus burahol</i>)
7	Kelok Chicken or Ayam Kekok	7	Munggur (<i>Albizia saman</i>)
		8	Jenetri (<i>ganitrus</i>)
		9	Cabe Puyang (<i>Piper retrofractum</i> Vahl)
		10	Bodhi Tree (<i>Ficus religiosa</i> L)
		11	Red-fleshed Durian or Durian Merah (<i>Durio Graviolens</i>)
		12	Soang/Sowang Tree (<i>Xanthosthemon novaguineense</i> valetan)

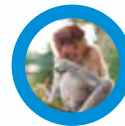
Biodiversity Conservation Initiatives



Rantau
 Tuntong Laut
Pangkalan Susu
 Mangrove
Lirik
 Sumatran Tiger Habitat
Jambi
 Mangrove



Subang
 Javan Gibbon
Tambun
 Kehati Park
Cepu
 Java Deer Animals



Donggala
 Maleo Bird Conservation
Bitung
 Yaki Monkey Conservation



KSO Meruap
 Kehati Park
KSO Tanjung Lontar
 Mangrove



Lampung
 Botanical Forest Conservation of
 Belung Mountain
Kamojang
 Javan Hawk Eagle
 Conservation Center



Papua
 Conservation of Orchids and
 Rare Kopal Keruling Plants
 (Agathis Labillardieri)



Compliance

Pertamina's policy in environmental management is to ensure compliance with laws and regulations. If specific regulations are not available, Pertamina applies the precautionary principle to minimize adverse impacts on the environment and society. The precautionary principle is applied by coordinating with relevant parties on cases that have not been regulated by environmental regulations in Indonesia.

Environmental management begins before a project is carried out by conducting an environmental impact analysis in accordance with the scale and nature of impact of the activities to be carried out. Environmental management and monitoring plans are prepared based on potential impacts to prevent pollution and maximize benefits for the community.

Environmental planning documents agreed with stakeholders and approved by the Government are the basis for implementing environmental management and relations with communities around the areas of operations. Each unit and Subsidiary conducts management and monitoring activities in accordance with the plan and reports the results to the relevant agencies every semester.

The compliance level of the Operating Unit and Subsidiaries can be seen from the achievement of the PROPER rating examined by the Ministry of Environment and Forestry. In the assessment for the past 4 years, there is no Operating Unit or Subsidiary that gets the Red or Black rating. All activities participating in PROPER are assigned Blue, Green and Gold Ratings, indicating compliance with environmental regulations.

SOCIAL PERFORMANCE

HR competency development is the key to success in encouraging technological innovation and finding new methods that are more up-to-date in order to support the implementation of more effective and efficient business activities.



Two dancers in pair are demonstrating their dexterity in playing Mandau weapons, the war weapons of the Dayak Tribe, Central Kalimantan, in the form of an attractive dance. This Mandau dance is a symbol of the spirit of Dayak tribe's struggle in defending their dignity and honor as well as functions as the performing arts in the people's lives.



ADVANCING WITH QUALIFIED HUMAN RESOURCES

- Introduction
- Company Profile
- Corporate Governance

- Economic Performance
- Environmental Performance
- ▶ Social Performance

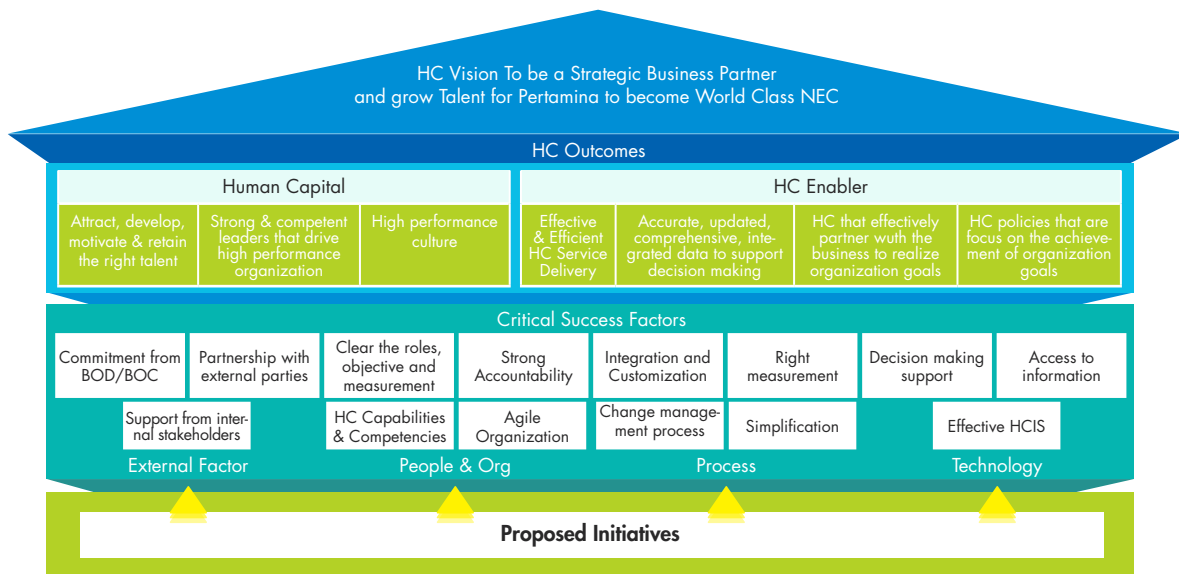


The dynamics in the oil and gas industry in recent years require stakeholders to adapt. This dynamic was also felt by Pertamina with 3 (three) issues become the Company's challenges. First, the latest developments in information technology from operational technology and the right business model. Second, efficiency in a crisis. Third, the global oil and gas industry investment competition map.

To deal with the dynamics that exist, Pertamina realizes that Human Resource is one of the factors that support business survival in this era. HR competency development is the key to success in encouraging technological innovation and finding new methods that are more up-to-date in order to support the

implementation of more effective and efficient business activities. Therefore, the HR Directorate is expected to be more optimal in carrying out its role in managing integrated HR to increase the Company's value by enhancing worker capabilities, accelerating the process of worker services, and further developing innovation culture in the future. (103-2)

To support Pertamina in achieving its vision, HC strategy house was developed to reflect HC vision and strategy in line with the business demand. Thus, it is expected that human resource management will run in a structured and effective manner so that each individual is able to provide the best contribution according to his/her competence.



In the Human Capital and Talent Management Principle, the success of a business activity is highly dependent on the availability of qualified/professional employees. A good talent (qualified and good-performing workers) will result in better business outcomes. These are deliverables resulted from the implementation of

Talent Management & Succession Planning. With the successful implementation of Talent Management and Succession Planning, it is expected that the HR Function can be able to support HR vision "To be strategic business partners and grow talent for Pertamina to become a World Class National Energy Company".

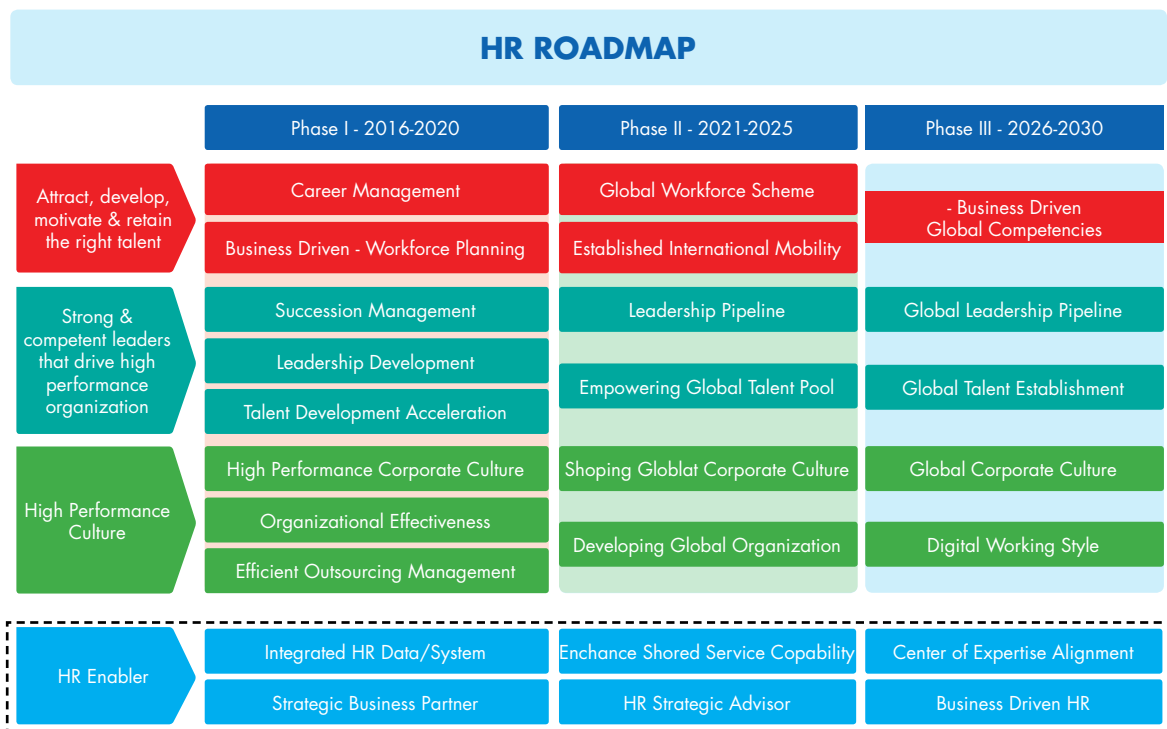
HUMAN RESOURCES ROADMAP [103-2]

Pertamina has compiled Human Resource Roadmap towards 2016-2030, which is part of the Company's transformation commencing in 2007.

The HR Roadmap is aligned with the efforts to achieve Pertamina's vision of becoming "World Class National Energy Company", where the HR Function also sets the World Class HR and HR management strategy roadmap to be focused on the implementation in each phase of development. Along the journey, human resource management will be adapted with the needs and

dynamics of change, in line with Pertamina's Strategic Priorities.

This roadmap is Pertamina's response to the global and domestic energy challenges facing and to respond to the challenges of a sustainable journey in the future. The HR Roadmap consists of 3 achievement phases for 4 development areas. Now the Company is entering the Phase-I 2016-2020 focusing on the foundation of qualified human resource management.



STRATEGIC PERFORMANCE ACHIEVEMENT

OF HR DIRECTORATE [103-3]

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Talent Sourcing Planning and Management

Pertamina (Persero) makes strategic workforce planning by considering a number of aspects comprehensively including productivity, financial performance, business strategy, organizational change plans, employee turnover, and the number of employees entering retirement age. Results of the strategic workforce planning are translated into 6 (six) job fulfillment strategies, namely:

1. Buy, conduct external recruitment according to the needs of the Company, both fresh graduates and experienced hire, with permanent and non-permanent status.
2. Borrow, optimizing the Subsidiaries' resources through the mechanism of secondment to PT Pertamina (Persero).
3. Transform, using new methods of completing work through reorganization, use of technology, and digital transformation.
4. Regroup, through changes in business strategy and business process re-engineering.
5. Build, develop employee capabilities in accordance with the demands of the business to ensure the availability of successors at every level of position.
6. Bind, maintaining top talent through development programs that can increase added value to the Company.

Realized implementation of each strategy in 2018 is as follows:

No	Strategy	% of Contribution to Vacancy Rate Reduction	Realization
1	Buy	31%	Total employees recruited : 1,323 employees, consisting of: Fresh Graduate : 1,286 employees Experienced Hire (PWTT) : 4 employees Experienced Hire (PWT) : 33 employees
2	Borrow	1%	The number of seconded staff from subsidiaries to PT Pertamina (Persero) increased by 150% compared to the previous year (November 2018). (Previously 30 persons in December 2017 and became 75 persons in November 2018).
3	Transform	67%	Job enlargement in Refinery Directorate, HR Directorate, Ex-Gas Directorate
4	Regroup	1%	Implementation of Shared Service Center as follows: Tower Finance – Wave 1 Tower Human Capital – Quick Win Tower Corporate ICT – On Progress Tower Procurement – On Progress Tower Asset Management – On Progress
5	Build	*	Implementation of blended learning for employees through in-class training, mobile learning, Breakthrough Project (BTP), Continuous Improvement Program (CIP), job assignment, etc.
6	Bind	*	Implementation of Catalyser Program for 120 selected employees

*The build and bind strategy does not have a direct impact on a decrease in vacancy rate

In order to improve the effectiveness of Performance Management System (PMS) that is aligned with the Employee coaching program, it is necessary to simplify and strengthen PMS activities in the 2018 People Review.

Determination of employee target is realized in the Key Performance Indicator (KPI) for the Manager level and above for actively providing a positive impact (value added) on their environment. For example, employees can report their involvement in sports organizations, religious organizations, trade unions, culture change agents, professional organizations, and other volunteerism activities, and Individual Goal for employees occupying positions under Manager/equivalent level. Both KPI and Individual Goal are aimed at increasing accountability for recording individual contributions, which will later be considered in the performance review.

Individual Goal is an agreement on work targets between Employees and Their superiors through a two-way dialogue. Determination of Individual Goal is 4 to 10 priority work targets consisting of 4 (four) aspects of work targets, namely:

- a. Cascading Business KPI
Contain tasks, projects, and programs/work targets directly or indirectly related to the achievement of KPI Manager (KPI Group and KPI Division).
- b. HSSE Objectives
HSSE Individual Objectives are a series of individual contribution activities in improving HSSE aspect in the work environment and the types of activities according to the technical guidelines for the HSSE KPI Participation in 2018.
- c. Development Commitment
This aspect is a commitment to increasing the knowledge /competencies /skills related to work targeted to be mastered in the current year. Development activities can be in the form of training or non-training (self learning, coaching, mentoring, development feedback, assignments, assignments as temporary officials, etc.) contained in the employee development plan.

- d. Community Involvement

This aspect aims to make every employee involve or look for a space to collaborate.

Talent Mobility Support of Pertamina (Group)

Efforts to optimize the performance of Pertamina Group require the support of integrated and comprehensive HR management through HR Corporation Management. This is manifested in the form of, one of them, a program of talent mobility through the secondment of employees from/outside the Company within the scope of Pertamina Group. As a basis for joint commitment in the movement of employees within the scope of the Pertamina Group, in 2018 Pertamina (Persero) and its Subsidiaries entered into a Cooperation Agreement.

This Cooperation Agreement aims to execute cooperation between Pertamina and its Subsidiaries with regard to secondment, utilization and development of human resources from the origin company to the user company and/or vice versa. The signing of this Cooperation Agreement is intended to achieve engagement and synergy within the Pertamina Group.

The Board of Directors supports the assignment/secondment agreement in the form of assignment agreement/secondment agreement (between the holding company and its subsidiaries) and the secondee agreement (between employees and the Company) agreed upon by both parties and supported by commitment from all workers and Leaders.

Secondment Agreements are signed between Pertamina HR Director and HR Directors of its Subsidiaries as follows:

1. Elnusa
2. Pertamina Geothermal Energy
3. PGN
4. Pertagas
5. Pertamina EP
6. Pertamina Hulu Energi
7. PHI

- 8. PIEP
- 9. PEPC
- 10. PEPC ADK
- 11. PDSI
- 12. PTK
- 13. Pertamina Lubricants
- 14. Pertamina International Shipping
- 15. Pertamina Retail
- 16. PPI
- 17. Patra Jasa

Pertamina Culture and Employee Engagement

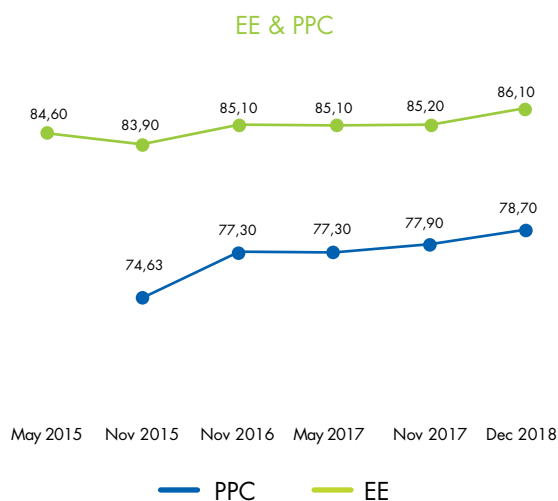
Pertamina builds a high-performance corporate culture based on effective work behavior based on 6C Values (Clean, Competitive, Confident, Customer Focus, Commercial and Capable) and is supported by a conducive work climate based on employee engagement involvement.

To increase Strong Values and reduce Limited Values, increase Employee Engagement (EE) and consistency in the implementation of Professional Practices (Practice Pulse Check/PPC) within PT Pertamina (Persero), surveys are routinely conducted. One of the surveys is Theme O Meter survey, which is a survey that measures the factors inhibiting the actualization of positive corporate values, employee engagement, and consistency in the implementation of Professional Practices (Practice Pulse Check or PPC) within the environment of PT Pertamina (Persero). The number of respondents for the Theme O Meter survey increased from 9,042 employees in 2017 to 10,395 employees in 2018. The increase in the number of respondents shows the increasing concern of employees for the Company's culture.

Results of the Theme-O-Meter Survey generally show an upward trend in recent years where the highest index was reached in 2018, with the following details:

[103-3]

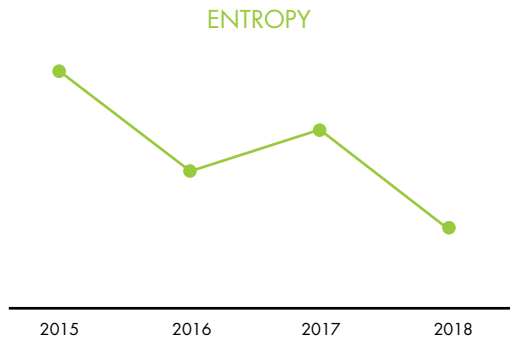
1. Employee Engagement (EE): 86.1% and Practice Pulse Check (PPC): 78.7%. The following is the trend of EE and PPC index movements:



The EE and PPC survey results from the past five years show a tendency of a decrease in gap between EE and PPC. This reflects an increase in employee engagement and management practices. However, there are several aspects that still need to be improved, which are related to performance management, career management, innovation and excellent execution.

Result of the survey of all EE dimensions has reached the target of 85%, starting from the dimensions of aspirations, accountabilities, collaboration, recognition, and people manager interaction. While result of all PPC dimensions that is above 77% include people performance management, employee engagement, close leadership gap, sense of urgency for change, motivation with career/opportunity and values, and execution excellence.

2. Cultural Entropy decreased by 0.46% from 13.24% in 2017 to 12.78% in 2018 (the lower the Cultural Entropy index, the healthier a company). Cultural Entropy score in 2018 was closer to the Excellent/Healthy category. Following is the trend in the movement of the Cultural Entropy index.



In 2018, the Company implemented a Specific Culture Program in all Functions/Directorates within PT Pertamina (Persero). The implementation of the Specific Culture Program has generally led to a decline in the Cultural Entropy Index in 2018.

Some of the efforts made to increase EE, PPC and reduce Limited Values (Cultural Entropy) are as follows: [103-3]

- a. Establishment of Culture Change Agent (CCA) which involves all lines, starting from the level of Directors, SVP/VP, Managers, to working levels in each Function/Directorate. There was an increase in the number of CCA from 4.97% to 5.88% of the working population
- b. Creating Culture Programs specifically for Directorate/Function as the 6C internalization media, increasing employee engagement, improving the performance of Functions by strengthening/enhancing strong values of the Directorate/Function and controlling/reducing Limited Values.

- c. Monitoring and evaluating the Specific Culture Program to determine the the cultural program effectiveness and obtain input for continuous improvement.
- d. Creating a positive reinforcement program to strengthen the Leaders' commitment to the formation of high performance culture by implementing the Best Role Model and The Best CCA Programs.
- e. Developing Values Based Development Program (VBDP) mobile learning module for all levels of position, as a means of internalizing values and characteristics of values so that the values are inherent in each employee.
- f. Developing and implementing a change management program for significant changes in HR policies and/or in organizational policies (such as mobile learning, Shared Service Center (SSC), organizational changes in HR Directorate, and gas subholding) in an effort to increase the successful implementation of change.
- g. Optimizing the utilization of Peraline as a tool to amplify, encourage and measure the internalization and externalization of the 6C values within PT Pertamina (Persero) in general, as well as in HR Directorate, Finance Directorate, and PIMR Directorate in particular.
- h. Increasing synergy and collaboration and volunteerism between functions through the formation of cross-functional teams in the implementation of activities/events of the Company such as Pertamina Digital Day, Youth Pledge (Sumpah Pemuda), Pertamina Energi Negeri, Bazar Energi Negeri, and others.

Recruitment and Turnover

Pertamina conducts recruitment from external and internal sources of the Company to get candidates in accordance with HR planning and business needs. The recruitment process is carried out with the principles of transparency, fairness and equality, with the quality and competency of prospective employee candidates being the main consideration. [103-2]

Employee candidates are recruited through mass media (advertisements); Company website; collaboration with universities, labor procurement services

agencies, executive search firms/agencies and/or labor exchanges; collaboration with military, police, other government agencies and certain professional organizations; and talent scouting.

In 2018, the holding company PT Pertamina (Persero) recruited 963 employees, both fresh graduates and pro-hire, to fill various positions according to the needs of the organization. The composition of new recruits in the reporting year recruitment is as follows: [401-1]

New Employee Recruitment (persons)

Category	2018		2017		2016	
	Male	Female	Male	Female	Male	Female
<30 years old	867	61	775	116	90	
30-50 years old	31	4	111	33	6	1
>50 years old	0	0	119	5	3	2
Total	898	65	1005	154	99	3

Despite the addition from new employee recruitment, the number of workers decreased due to employee leaving the Company (turnover). Employees leaving the Company due to resignation or due to employment termination are all decided by Pertamina pursuant to the applicable labor provisions. For instance, an

employee intending to resign must submit his/her application in writing no later than 30 days before the date of resignation. [103-2]

The turnover composition in 2018 is as follows: [401-1]

Turnover (persons)*

	2018		2017		2016	
	Male	Female	Male	Female	Male	Female
<30 years old	1	7	4	5	11	11
30-50 years old	1	4	2	12	16	8
>50 years old	30	5	0	0	5	-
Total	32	16	6	17	32	19

*Turnover is employee resignation and layoff, not including natural layoffs.



Employee Benefits

Based on their status, employees in the Company fall into three main categories, namely permanent employees, temporary employees, and support service workers. The difference in status affects the benefits received by employees as a component of wages. The Labor Law No. 13 Year 2003 states the wage component consists of basic wages and fixed benefits

with the amount of wages principal at least 75% (seventy-five percent) of the total base wage and fixed benefits.

In detail, the benefits received by employees based on their status are as follows:

Type of Benefits Received Based on Employee Status

Type of Benefit	Permanent Employee	Non-Permanent Employee	Support Service Worker
Religious Holiday Allowance	√	√	√
Positional Allowance	√	√	-
Regional Allowance	√	√	-
Attendance Incentive	-	-	√
Pension Benefit (BPJS)	√	√	√
Health Program (BPJS)	√	√	√
Annual Break Facility Compensation	√	√	-
Maternity leave, Miscarriage Leave	√	√	√

Maternity leave

Pertamina's maternity leave policy for PWTT employees and PWT employees refers to the provisions in Law No. 13 Year 2003 providing that pregnant female workers are entitled to rest for 1.5 months before delivery and 1.5 months after delivery. Specifically for PWTT, maternity leave provisions are also regulated in the Collective Labor Agreement. Meanwhile, male workers whose wives give birth are given the right to leave for 5 (five) days. Pertamina has never prevented female workers from taking maternity leave and giving birth, and male workers taking leave due to their wives' giving birth.

In Pertamina, female workers whose maternity leaves have ended occupy the same or equivalent position before her maternity leave. With this policy, workers do not feel disadvantaged after taking maternity leave.

TALENT MANAGEMENT

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Within the framework of Talent Management, Pertamina has carried out a series of Succession Planning activities at Manager level and above with the following activities: determination of talent pool criteria (consisting of assessment values and performance values), talent pool identification, determination of long list successors with job matching principles that consider Career Success Factor and determination of successor short list through Talent Review Meeting.

The effectiveness of this succession planning is measured by KPI Pipeline Utilization as KPI of HR Director. KPI Pipeline Utilization measures from the placement of Managers to the top level, how many Officials meet the talent pool/short list successor criteria. With a target of 90% in 2018, the realization of KPI Pipeline Utilization up to TW IV was 92%. Thus, the Company is expected to have the availability of candidates for leadership in accordance with the Company's Leadership standards.

Furthermore, to develop the potential and prepare for successors to be ready to occupy a certain position, especially for Manager-level successors, the Company implements the Mid Level Talent Development Program (TDA) on an ongoing basis. Meanwhile, to prepare the VP/Equivalent level and above in the next 3 (three) to 5 (five) years, the Company implements the Top Talent Development Program (TTDP).

The Importance of “Education and Training” for Employee Development

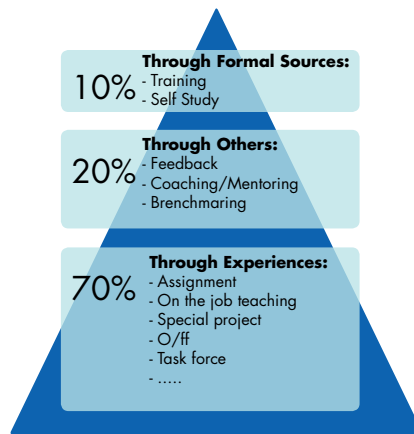
Pertamina conducts a comprehensive Education and Training program as an effort to ensure smooth, effective, efficient, and sustainable operations of the Company. Training and education are provided to the Employees based on the demand of position in order to support the Company's operational activities and to become future leaders.

The approach of education and training (employee development) is through blended learning by combining several learning methods. While the proportion is formal learning by 10% (in classroom training) and other forms of learning by 20% (such as internal or external coaching, mentoring, benchmarking, and feedback), and learning through Experience Based Training by 70% (for instance assignment/ special project, exposure berupa on the job teaching/ training, and task Force). The learning approaches are done face to face or on-line using communication media such as email, chat, e-learning, and other applications.

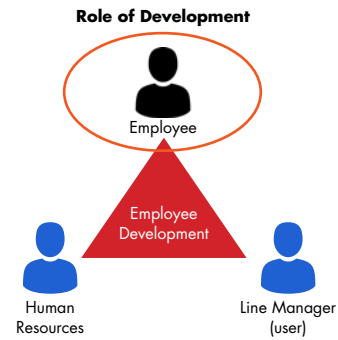
In Pertamina, there are 3 parties with significant role in employee development, namely: Business Leaders in Business Lines, Human Capital Function, and the employees.

Human Capital will have more roles as business partners in facilitating the learning process required by the Business Line and the respective employees.

BLENDING LEARNING APPROACH AS A TOOL OF DEVELOPMENT



Source: Assignments - Other People-Coursework: Comparison Six Lesson of Experience Studies by Cynthia McCauley, Center for Creative Leadership-2013



Employees have a significant role in development



Commitment and Policy on Employee Education and Training

In term of employee development, Pertamina attempts to optimize internal resources both at the Company and its Subsidiaries. Learning facilities founded to support this purpose is Pertamina Corporate University, HSE Training Center, Maritime Training Center, and other operating facilities. In 2018, the KPI for HR Director also includes the commitment on achieving the target of the average Learning Hours per employee per year of 40 hours. Realization of this target was 40 hours.

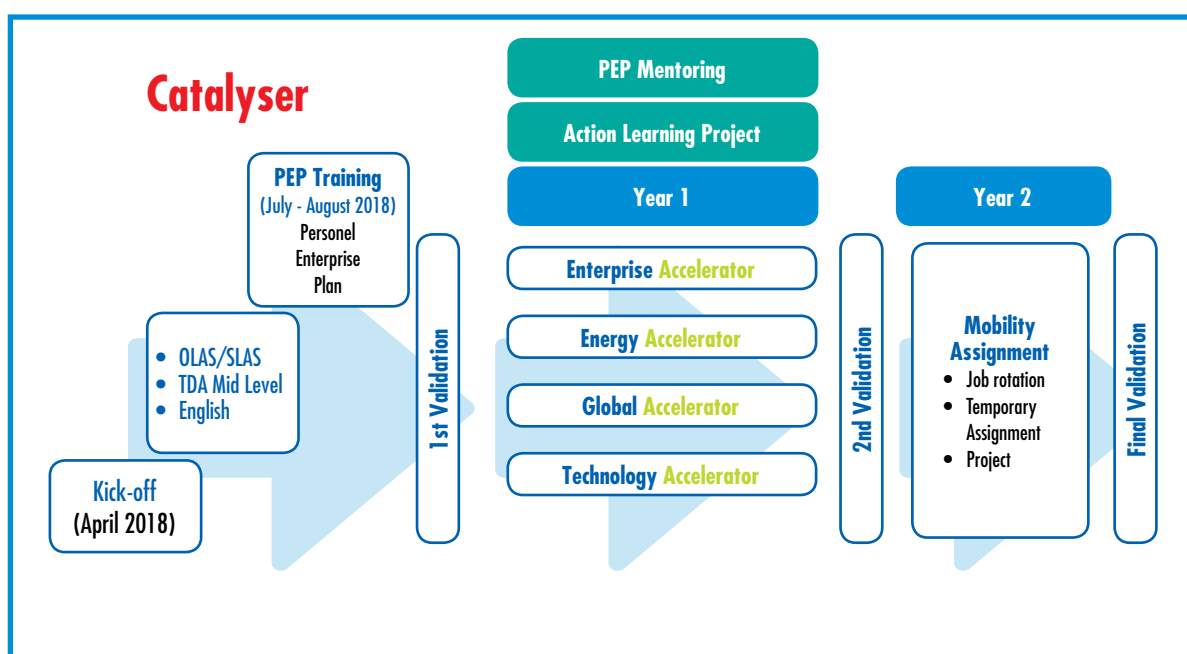
In 2018, Pertamina made investment in employee education and training of Rp646 billion, an increase by 34.7% compared with Rp480 billion achieved in the previous year. This increase was due to the addition of Leadership and Pre-employment Training. Moreover, total participants increased by 437% compared to 2017. While the percentage of employee education and training in the holding company in 2018 was 59%, an increase compared to 54% in the previous year.

The Company's Strategic Measure on Employee Education and Training in 2018

Additionally, in 2018, in the quest of preparing future leaders, Pertamina devised employee development program to accelerate the Leaders' readiness as well as capacity and competence enhancement for the Key Leadership Positions in the next 3-5 years. This program is called Top Talent Development Program (TTDP), hereinafter referred to as Catalyser. TTDP is a leadership capability development program as a preparation to fill in 2 (two) positional levels above from potential talents at the Assistant Manager equivalent level with maximum age of 45 years old. This program is divided into 4 types: Catalyser Enterprise, Catalyser Energy, Catalyser Global, and Catalyser Technology. The Future Leaders as Catalyzers are expected to be able and ready to work at the national level, i.e. amongst SOEs, and at the world class level.

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Achievement and Evaluation of Employee Education and Training Program in 2018

The achievement of average Learning Hours per employee per year based on QIV/2018 data was 78.3 hours. This was achieved through classroom training and e-learning provided in web-based inter-Pertamina and through "Ruang Kerja" application in collaboration with Ruang Guru.

Strategic Leaders and Directors of Subsidiaries; Leaders Forum; Advance Leadership Program; Directorship Program (Expand Leadership Program). The results of these programs are the achievement of the Leadership Competency Index in the 2018 KPI, which is 2.89 out of the target of 2.7.

For the Leadership Competency Index improvement up to TW IV 2018 the following program has been implemented: Pertamina Leadership Development Program (PLDP) in the Mid Level TDA series (batches 13-18); Business Leader for Great Performance Program for

REALIZING ZERO ACCIDENT

The Health Safety Security Environment (HSSE) aspect is one of Pertamina's focuses. This aspect is one of the main aspects of Pertamina's business processes. Management has determined HSSE & Sustainability as the corporate strategy 2019-2026 foundation with the main mandate to implement HSSE Excellence culture in all operational aspects. [103-2]

At Pertamina, employees, shareholders, and all stakeholders must commit to making the HSEE aspect an integral part of making Pertamina a world-class energy company. With this commitment, the Company is optimistic that there will be more changes in HSSE practices. In this case, Pertamina no longer tolerates actions that will threaten the security and safety of the Company and its employees.

The Company's HSSE policy, signed by the President Director, contains the following commitments: [103-2]

1. Prioritizing the Company's HSSE aspects the company's business management;
2. Complying with HSSE regulations and using appropriate technology in accordance with national and international standards;
3. Reducing risk as low as possible to prevent incidents of personnel, assets, information and the environment;
4. Intervening in conditions and actions that are considered unsafe;
5. Ensuring the understanding and implementation of Corporate Life Saving Rules (CLSR) for employees and work partners;
6. Increasing awareness and competence of employees and work partners so that they can carry out work correctly, safely and eco-friendly;
7. Reporting all incidents transparently and conducting investigations to prevent similar incidents;
8. Including the performance of the personnel HSSE, assets, data and information in the assessment and appreciation of all employees.



The HSSE is one of the main aspects of Pertamina's business processes. Management has determined HSSE & Sustainability as the foundation of the Corporate Strategy 2019 - 2026, with the main mandate to implement the HSSE Excellence culture in all operational aspects.

VISION				
To become a world-class national company				
Company Growth-Grow Pertamina sustainability by optimizing the business portfolio to grow according to our Shareholder's expectations ROIC: 12-14% Revenue: 3-5% Debt:2,5-3,4 R/P rasion: 15 years Fuel Market Share: 95%				
03 Value-driven UPSTREAM	04 Intentional in growing GAS	05 Customer-focus MARKETING	06 Adaptable REFINING & PETCHEM	07 Extend ENERGY BUSINESS
Rebalancing upstream portfolio (value driven) Unit cast reduction	Accelerated growth in the gas business (such as: city gas, power, industrial LNG, etc.)	Logistics and infrastructure development for excellence operational and market development	RDMP and GRR integrated executions integrated and comprehensive manner while maintaining a good financial position	Development of Solar Business Potential, battery storage and 1.5-2G biofuel through partnership and ownership investments.
Strategic partnership development	Development of Integrated Gas Infrastructure	Development of non-fuel retail business potential	Improvement of Operational and financial performance of existing refineries, (yield, GRM, etc)	Business and technology development based on domestic energy sources (i.e. coal, palm, plantation, combined cycle Optimization of opportunities/geothermal, etc.)
Optimization of Opportunity/Potential of Block Gas M&A	Business Development of global trading & overseas marketing			
Development Optimization of Geothermal existing Working Areas	Optimizing collaborative business opportunities with key consumers (e.g: PLN)	Capability enhancement of petchem business through trading activities Business product enhancement of Petchem selectively from drive		Development business NRE through the venture capital business model
Long-term supply optimization (crude oil and refinery products)				
01 HSSE & Sustainability	Implementation of excellence HSSE culture in all operational aspects			
Technology/Innovation	Technology development for the Company's business sustainability			
Digital Transformation	Implementation of digital transformation and shared services centers (SSC) across all of the Company's business lines, and ICT excellence			
02 Human Capital Dev.	High performance culture (HR excellence). Focus on closing the gap on current employee demographics			
Asset Management	Operational efficiency, APU Optimization, Ownership & control of owned lands			
Subsidiary Management	AP restructuring (strategic holding concept), AP as an independent and profitable business portfolio entity			

Throughout 2018, Pertamina has carried out various programs related to Occupational Health and Safety including the following: [\[103-3\]](#)

- Preparation of SUPREME (Pertamina Expectations for HSSE Management Excellence Sustainability), towards one Pertamina HSSE Management System with a risk-based approach, adheres to the principle of continuous improvement and PDCA, and gradually replacement of the ISRS, SMP, Fit to Work protocols.
 - SUPREME is a Management System to integrate the best/world-class HSSE practices in a structured and systematic manner at the Corporate, Directorate, Operational Unit, and Pertamina Subsidiary levels, and ensure that the HSSE practices contribute to overall business sustainability.
 - SUPREME is risk management-based PERTAMINA HSSE MS which becomes a starting point for the standardization of HSSE Management System approaches, Business Processes, as well as HSSE programs and administration system throughout PERTAMINA since in the Corporate, Directorate, Operations Unit and Subsidiaries, so that SUPREME supports PERTAMINA's expectations of the effectiveness and efficiency of HSSE accident hazard and risk management in a systematic and measured manner, considering that PERTAMINA Operations are very high risk, capital intensive and have high exposure of technological aspects.

2. Corporate Life Saving Rules Campaign, which is a statistical evaluation in PERTAMINA and bench-marking of the main hazards in the management and operation of the oil and gas business (IOGP) as well as sources of renewable energy that have the potential to cause accidents resulting in death (FATALITY). There are 12 elements of Corporate Life Saving Rules.

1



TOOLS & EQUIPMENT

Make sure the equipment and supplies are proper to use, well-maintained and fit to the work performed.

2



SAFE ZONE POSITION

Make sure you work in a safe area and position.

3



PERMIT TO WORK

Every job must have a work permit in accordance with the risks.

4



ISOLATION

Make sure the energy has been isolated before doing work, with the rules of Log Out, Tag Out and Discharge Test.

5



CONFINED SPACE

Make sure you have a valid authorization and work permit before entering a confined space

6



LIFTING OPERATION

Make sure that the lifting operation is properly planned, appropriately supervised and carried out by competent person.



7

FIT TO WORK

Make sure you meet medical requirements and are fit to work on the job.



8

WORKING AT HEIGHT

Make sure there is a fall-prevention tool while working at height



9

PERSONAL FLOATATION DEVICE

Make sure the buoy is used when working in areas that have the potential for danger of sinking.



10

SYSTEM OVERRIDE

Make sure to get permission and authorization before overriding/bypassing or disabling safety critical equipment.



11

ASSET INTEGRITY

Make sure that facilities have been inspected, tested and maintained in accordance with procedures and regulations.



12

DRIVING SAFETY

Make sure that the driver, passengers and vehicle conditions are in compliance with risk management and in compliance with applicable driving safety regulations.

3. Implement Reward & Consequences on HSSE performance and include HSSE weights in fit proper tests, fit interview of officials and blast learning from events (LFE)
4. Conduct crisis management exercises and emergency drills routinely to train preparedness when facing actual/crisis conditions

5. Issue Corporate Life Saving Rules combined with Demo Room to improve worker competencies, especially the outsourced employee
6. Implement PROPER and audit of Pertamina Environment Regulation Compliance Assurance (PERCA) as a baseline for UO/Location/AP environmental management not included in PROPER assessment.

- a. PROPER is a Company Performance Rating Assessment Program in Environmental Management that is given annually by the Ministry of Environment and Forestry to companies consisting of Gold, Green, Blue, Red and Black ratings.
- b. GOLD PROPER is given to companies that have consistently demonstrated environmental excellence in the production and/or service process, conduct business that is ethical and responsible to the community.
- c. Operating Units/Subsidiaries that have succeeded in receiving Gold PROPER ratings are 13 locations or 65% of the total National Gold PROPER recipients, namely:
 - PT Pertamina EP Asset 1 Rantau Field
 - PT Pertamina EP Asset 3 Subang Field
 - PT Pertamina EP Asset 3 Tambun Field
 - PT Pertamina EP Asset 5 Tarakan Field
 - PT Pertamina Hulu Energi Offshore North West Java
 - JOB Pertamina Talisman Jambi Merang
 - PT PGE Area Kamojang
 - Refinery Unit II - Sei Pakning
 - Refinery Unit VI - Balongan
 - Marketing Operation Region III - TBBM Bandung Group
 - Marketing Operation Region IV - TBBM Rewulu
 - Marketing Operation Region IV - Boyolali TBBM
 - Marketing Operation Region V - TBBM Surabaya Group
 - Operating Units/Subsidiaries that have successfully obtained Green PROPER ratings are 69 locations or 45% of the total National Green PROPER recipients.

7. Implementation of cross & internal directorate management walkthrough (MWT) as a direct learning forum from leaders to frontliners.
8. Integrated HSSE Audits in 74 locations of operating units/fields consisting of ISRS protocol-based HSSE Management System audit, Security Management audit, and Culture Survey.
9. Culture Survey with an average score of 3.72 (proactive culture level).
10. HSSE performance assessment and assessment of the Pertamina Patra Adikriya Bhumi HSSE awards conducted by operating units/subsidiaries chaired by General Managers or equivalents, and held for 66 operating units/subsidiaries.
11. Based on the assessment of Patra Adikriya Bhumi Assessment Team, there were 11 (eleven) operating units/subsidiaries entitled for the awards with ranks as follows:

Rank of Awards	Operating units/subsidiaries received the awards
Patra Adikriya Bhumi UTAMA	1). Refinery Unit VI Balongan 2). PT PHE Offshore North West Java 3). Refinery Unit IV Cilacap
Patra Adikriya Bhumi MADYA	1). Refinery Unit III Plaju 2). PT Pertamina Hulu Mahakam 3). PT PHE West Madura Offshore 4). JOB Pertamina Talisman Jambi Merang 5). Marketing Operation Region IV Semarang
Patra Adikriya Bhumi PRATAMA	1). Refinery Unit II Dumai 2). Marketing Operation Region II Palembang 3). Marketing Operation Region VII Sulawesi

12. ISRS Protocol Based HSSE Management System Assessment

In the pursuit of HSSE Excellent, Pertamina has conducted a corporate assessment of HSSE MS implementation with ISRS since 2015 based on the Memorandum of Pertamina President Director No. 008/C00000/2014-S0 dated March 18, 2014 on Pertamina's Road Map Towards HSSE Excellent providing that the effort to achieve HSSE Excellent performance shall be made by preparing HSSE Excellent Criteria through International Sustainability Rating System (ISRS) Protocol Based HSSE Management System Assessment with excellent level achievement.

In 2018, 76 Operating Units/Subsidiaries conducted external and internal assessments. The Operating Units/Subsidiaries with excellent level achievement. Based on the ISRS Protocol Based HSSE Management System Assessment in 2018 were 37 locations.

13. Security Management System Audit Program 2018

Security Management System is implemented by involving management element, workforce, conditions, and work environment that are professionally integrated to prevent and minimize losses resulting from threats, disturbances, and disasters, as well as to create a secure, efficient, and productive workplace.

Based on the Result of Security Management System Audit in 2018, there were 42 Operating Units/Subsidiaries achieving Gold rating.

14. Fit To Work Level Assessment

With a view to increase the Fit To Work implementation in Pertamina's work locations, since 2018 Fit to Work audit has been done as baseline data to realize OH-IH excellent.

The number of Operating Units/Subsidiaries with Assessment Result of Fit To Work Level ≥ 3.0 was 18 locations.

EMPLOYEE REPRESENTATIVES IN THE MANAGEMENT EMPLOYEES JOINT COMMITTEE FOR OSH

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To improve HSEE effectiveness, Pertamina has formed OSH Committee. The Comiittee comprises members from Management level and report its activities to the highest level of the location. [103-2]

HSSE Management in 2018

Occupational Safety

In order to increase the level of care of each individual, Pertamina holds campaigns on HSSE Golden Rules to employees and contractors. HSSE Golden Rules shall be comprehended and obeyed by anyone entering Pertamina's work locations and strengthened with Corporate Life Saving Rules. [103-2]

Corporate Life Saving Rules are basic rules that shall be obeyed by all people working in Pertamina's scope of operations. HSSE Golden Rules covers 3 basic obligations, namely: to comply with legislation, to intervene should there be a behavior that is unsafe or has no concern on the surrounding environment.

A system has also been developed with regard to the implementation of HSSE Golden Rules, which is Occupational Safety Observation, i.e. results of observation on unsafe conditions or behavior surrounding the workplaces. This observation can be reported off line and online.

Understanding and care are also enhanced by the Safety Stand Down (SSD) initiative to all employees to pay attention to certain incidents so that they can take necessary precautionary actions at their respective workplaces.



An incident is an accident at work that is not expected to occur. Immediately after the incident occurs, an investigation will be conducted by a team of investigators appointed by the highest leadership according to the incident level hierarchy. Results of the initial investigation will be compiled into a safety alert material that is distributed to all operating units or field as material to carry out SSDs with the aim that the operating units or the fields carry out similar risk mitigation in order to prevent the occurrence of the same accident in their work locations.

Occupational Health

Pertamina guarantees that all workers can work in a healthy and productive manner. For this reason, efforts are made to manage a healthy work environment and a healthy lifestyle so that workers can maintain and improve their health status.

The goal of occupational health management is to prevent occupational diseases and create a healthy work climate so that workers can work productively without any health problems caused by work. Routine occupational health programs include work health examinations, development of occupational health implementations and occupational health training.

The new HSSE policy provides that ensuring health condition of workers and work partners that are fit to work has become one of the policies that must be carried out by management in all operating units and subsidiaries. All workers are required to carry out Medical Check Up (MCU) once a year; while work partners are required to conduct an MCU/health check at the beginning of the work contract. In addition, workers and partners who carry out work of high risk category must carry out daily health checks before work.

Type and Level of Occupational Accident

Occupational illness

Pertamina, which engages in the energy business from upstream to downstream, always prioritizes HSSE (Health, Safety, Security and Environment) aspect. The health aspect focusing on personnel has the main goal of maintaining productivity and health of workers or work partners at optimal health conditions and fit to work, and preventing work-related diseases.

Occupational disease is a disease related to work or work environment. Therefore, Pertamina carries out various efforts to prevent Occupational disease. Some of the efforts made are as follows:

- Conducting occupational health, industrial hygiene and environmental health programs based on the identification of health hazards through risk assessment;
- Controlling and mitigating health hazards to a level that is accepted by Pertamina standards and Indonesian regulations;
- Educating workers/work partners on conditions and hazards that can arise at workplace;
- Providing security and protective equipment that must be available at workplace
- Providing self-protection equipment for executing work

- Preparing safe work procedures to prevent work accidents and occupational disease;
- Requiring workers/workpartners to carry out MCU (Medical Check Up) as an effort to routinely monitor their health level
- And various other efforts

The list of occupational diseases in Pertamina refers to Presidential Decree No. 22 Year 1993 on the Diseases Arising from Employment Relations.

Prevention of occupational diseases is carried out by cross directorates, and involves HR and line management functions.

Workers who work in a work environment with a potential hazard are recommended to conduct an MCU examination of the potential risk. If a potential risk of occupational disease is discovered, it will be reported to the Occupational Disease Medical Report and discussed in a health examiner team session, which will then be evaluated together by the HR, HSSE and line management functions. Based on the data for the last 3 years, there is no case of occupational disease recorded in Pertamina.

All Pertamina's people are committed to realizing zero accident.. However, based on evaluation and available data, in the reporting year there were still work accidents recorded, as shown in the following table:

[103-3, 403-1]

Occupational Health and Safety of Permanent Employees & Contractors

Incident Category	2017	2018	
		L	P
Fatality (<i>Kejadian Fatal</i>)	4	6	1
LTI/ DAFW (<i>Hari Kerja Hilang</i>)	13	19	0
Restricted Work (<i>Terbatas pada pekerjaan kantor</i>)	6	9	0
Medical Treatment (<i>Perawatan medis</i>)	39	32	0
Total Number of Recordable incident Cases	62	66	1

Incident Rate	2017	2018
Fatal Accident Rate (FAR) – per 100,000,000 work hour	0.97	1.63
Lost Time Incident Rate (LTIR) – per 1,000,000 work hour	0.04	0.06
Total Recordable Incident Rate (TRIR) – per 1,000,000 work hour	0.15	0.16

The incident recording and reporting system at Pertamina refers to several international references, namely: OSHA (Occupational Safety and Health Administration), IPIECA (International Petroleum Industry Environmental Conservation Association), IOGP (International Association of Oil & Gas Producers) and other references according to government regulations. The system is approved in the guidelines for recording and reporting incidents at PT Pertamina (Persero).

Worker Health Check

Worker health check is conducted at least once a year and mandatory for each Worker. For Workers who are exposed to potential hazards, an additional inspection is carried out in accordance with the exposure to potential hazards in their workplace, under the following considerations: [103-2]

- If in previous the health checks (periodically or publicly) it is known/suspected that there is disorder/abnormalities due to exposure to potential hazards in the workplace.
- Exposure to potential hazards in the workplace has exceeded the specified threshold value (NAV).
- Assessed by the occupational health supervisory team that there is a high exposure to potential hazards, although it has not been proven by monitoring the work environment.
- There are general disease conditions that require close overall monitoring. Based on the results of periodic inspections in 2018, there were no records of workers exposed to danger resulting in illnesses due to the work they have performed. [103-3, 403-2]
- Contractor Safety
A safe work culture is not only for workers, but also for all parties involved in the Company's operations. Based on the analysis, 90-95% of occupational accidents in the Pertamina environment occur at work partners. The HSSE policy firmly specifies that each employee and partner is responsible for managing HSSE.

Pertamina implements the Contractor Safety Management System (CSMS) phases in the management of partners working at Pertamina's work premises. There are 3 levels of contractor classification, namely: contractors who are able to manage high risk work, contractors who manage medium risk work; and contractors who manage low risk work. Only work partners who have fulfilled the CSMS requirements and certified can work at Pertamina's work premises.

CSMS is a mandate/obligation that must be carried out by every vendor/contractor working with Pertamina. This mandate is clearly written in the HSSE policy of PT Pertamina (Persero), where each employee and work partner under the control of PT Pertamina (Persero) and its Subsidiaries are responsible for complying with and implementing the HSSE policy.

All vendor/contractors/third parties must reduce risk as low as possible to prevent incidents of personnel, assets, information and the environment, as well as increase awareness and competence of workers and work partners in order to carry out work correctly, safely and environmentally friendly.

The application of CSMS to contract works in all Pertamina's Operating Units and Subsidiaries is affirmed by:

- a. Board of Directors Decree No. Kpts-43/C00000/2015-S0 on the System & Work Procedures for Procurement of Goods/Services
- b. Board of Directors Decree No. Kpts-34/C00000/2015-S0 on CSMS Application.

BUILDING AND EMPOWERING COMMUNITIES CHAPTER

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- Economic Performance
- Environmental Performance
- ▶ Social Performance

The community is one of Pertamina's main stakeholders. Therefore, the Company strives to establish relationships and build communication channels with the community so that Pertamina can find out their views, needs and hopes. With these efforts, Pertamina is optimistic to live side by side and in harmony with the community, which will enable smooth operations of the Company.

- Local Community Engagement
Pertamina realizes that its business operations have social and environmental impacts or risks on the community. Therefore, the Company seeks to engage the local community. Engagement type and method are adjusted to the needs of the community and the Company. [103-2]

One form of community engagement related to social and environmental impacts conducted by Pertamina in each operating unit is to ensure compliance with environmental permit requirements, including conducting Environmental Impact Analysis (AMDAL) as well as Environmental Management and Environmental Monitoring Efforts (UKL-UPL) pursuant to the scope of activities based on applicable regulations. The AMDAL and UKL-UPL include conducting social and environmental studies prior to the implementation as well as the environmental and social management and monitoring planning of the said activities. The implementation of AMDAL and UKL-UPL is also the application of the precautionary principle in managing environmental and social impacts that arise or have the potential to arise from an activity. [103-3, 413-1]

The AMDAL and UKL-UPL have been carried out in all activities in Pertamina's areas of operations (100%) spread in Indonesia in accordance with laws and regulations. Results of the assessment then become the forerunner of the development programs for communities potentially affected by the Company's operations as stated in the Indirect Economic Impacts in this Report. [103-3]

- Providing the Best Solution for Every Grievance
Pertamina is always open and ready to respond to public grievances due to social and environmental impacts caused by its internal operations. Pertamina's Communication and CSR Department will process the grievances and resolve the grievances received from the community in less than 7 days.

- The mechanism for reporting and resolving public grievances is as follows: [103-3]
- a. The person intending to report a grievance comes directly to the security post and fills out the grievance form.
 - b. The grievance form is forwarded to the Public Relations & HSE Department to be coordinated with the relevant departments.
 - c. The Public Relations Team then communicates with the community on the grievance together with the relevant department to maintain a favorable situation in the community. The Team also conducts observation and assessment to determine the follow-up that needed to be done.

During 2018, the traffic of Pertamina's Contact was as follows: [103-3, 413-2]

Table of Comparison of Total Traffic 2017 and 2018 based on Five Main Channels, which increased by 145% Interactions

No.	Type of Contact	2018	2017
1	Phone	92,381	50,574
2	E-mail	94,901	38,598
3	Facebook	29,001	3,460
4	Twitter	14,659	2,781
5	Instagram	5,590	1,005
Total		236,532	96,418

While Pertamina's Contact Performance in 2018 is as follows:

Description	2018	2017
First Contact Resolution	98.20%	98.10%
Customer Service	91.30%	93.00%

Pertamina Gave Aid to Residents Affected by Oil Spills [103-3]

The fracture of Pertamina's underwater pipeline caused by an external parties in the waters of Balikpapan, East Kalimantan, on March 31, 2018, had an impact on the environment, community, and the operation of the Pertamina Refinery RU V Balikpapan. Despite being one of the victims in terms of the operational and financial aspects, Pertamina realized that the environmental and social aspects were the priority to come first. For this reason, Pertamina nimbly conducted early handling of the environmental aspect to anticipate the widespread adverse effects of the incident. Pertamina immediately carried out environmental restoration using various methods and regularly monitored the affected locations.

To clean up oil spills, Pertamina used various techniques. On the beach or shore areas, Pertamina used vacuum truck to suction oil and then store the oil in a septic tank. While the films in the middle of the sea were sprayed with oil spill dispersant (OSD).

In addition to immediately addressing the impact on the environment, Pertamina also showed empathy and social care for the victims' families by giving aid. Pertamina distributed the aid directly to the victims' families directly exposed to the impact of the incident. Whereas for the victims' families who were not directly exposed to the impact of the incident, Pertamina conducted survey and verification procedures in distributing the aid

Until the end of 2018, Pertamina has distributed the aid to more than 50 percent of the total affected residents. The rest, Pertamina is still conducting verification in the hope that in 2019 the aid will be distributed by 100%. **

CUSTOMERS SAFETY FIRST

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Pertamina's business in oil and gas sector has a high risk. For this reason, a careful risk mapping is carried out by the Company to anticipate the occurrence of these risks. In addition to risk mitigation to prevent workers from having occupational accident, the Company is also committed to creating safety for the public, including consumers. [103-2]

Public safety is one of the guarantees of safety stipulated in the oil and gas law. The law regulates the protection for the safety of the general public so as to avoid accidents caused by oil and gas business activities.

To prevent and mitigate public safety, Pertamina conducts counseling on oil and gas hazards, installs warning signs or prohibitions, ensures feasibility certificates for installations and equipment, and ensures product safety marks, and so on. If there is an occurrence of incident that affects the community, Pertamina has an Emergency Crisis Center that is on alert and operated according to the scale of the emergency response.

[103-3]

Emergency drills are carried out routinely in all lines of operations, both independently and with external parties. Pertamina is also active in the OHS Migas forum, and has entered into a MoU with the Indonesian National (POLRI) and the Indonesian National Armed Forces (TNI), MARPOLEX activities, and MoU with Firefighter.

One of the emergency simulations was conducted by the Pertamina Marketing Operation Region (MOR) V Surabaya on November 4, 2018 entitled Major Emergency Drill Level I. The activity was carried out with a simulation of handling earthquake and tsunami emergencies in the Bali region which affected the Pertamina's areas of operation in the related premises,

including the Fuel Oil Terminal (TBBM) Manggis, TBBM Sanggaran, Manggis LPG Depot, and the Ngurah Rai Aircraft Filling Depot (DPPU). In the simulation, Pertamina not only engaged with the Company's employees, but also the elements from the Indonesian National Armed Forces (TNI), the Indonesian National (POLRI), and the local community. [103-3, 416-1]

Besides emergency condition handling simulation, Pertamina has also installed a number of warning signs to prevent incidents that could threaten customer safety. For example, there are "No Smoking in the Gas Station Area" signs displayed at the Gas Station Areas. For Bright Gas consumers, the Company also issues safety guidelines for using the product.



Through the above diverse efforts, during the reporting year, there were no incidents of non-compliance with regulations concerning the health and safety impacts of products and services offered by Pertamina. This is evidenced by the absence of warnings, fines or penalties received by the Company from the official authority governing the health and safety of customers, namely the Ministry of Industry. [103-3, 416-2]

MARKETING AND LABELING

As a company engaging in the energy sector, Pertamina has a variety of products that are sold or marketed to the public, and each type of product has different uses. To that end, the Company has a policy to label each product so that consumers get clear information about the contents, uses, instructions for use, and so on. [103-2]

In addition to product information and labeling, Pertamina always adheres to the rules of good marketing communication. Pursuant to the principles of fair and responsible marketing, the Company avoids all fraudulent and dishonest claims. The Company also has no intention to take advantage of consumers' lack of knowledge about Pertamina's products. [103-2]

Pertamina's product labeling rules refer to the Republic of Indonesia Trade Minister Regulation No. 67/M-DAG / PER.11 / 2013 on the Obligations of Goods Labeling in Indonesian language, and the Republic of Indonesia Trade Minister Regulation 73/M-DAG/ PER/ 9/2015 on the Obligations of Goods Labeling in Indonesian language.

As a responsible corporation, Pertamina makes every effort to implement product labeling policy. Clear information about products is not only beneficial for consumers, but also for the growth of consumer confidence in Pertamina. The Company's commitment to product labeling has a positive impact in the absence of reports of non-compliance with regulations on product labeling and information. Thus, Pertamina does not get sanctions or fines for violating these regulations.

In addition, Pertamina did not receive any warning, sanction or fine concerning non-compliance in marketing communications during the reporting year. [103-3, 417-1, 417-2, 417-3]

ASSURANCE AND INDEX

“ Pertamina is fully supportive to the efforts to achieve national energy security and self-reliance. The organizational improvement and enhancement made are concrete steps to achieve these goals.



A group of dancers wearing traditional clothing in Surakarta, Central Java, are performing soft, simultaneous dance moves, along with slow tempo music, making the dance a special attraction. Gambyong Dance, Surakarta's traditional art, symbolically means a sacred relationship in human life and a series of movements related to spiritualism, which can achieve the union of souls with the One.



INDEPENDENT ASSURANCE OPINION STATEMENT

Statement No.: SRA-ID-3059006

PT Pertamina (Persero) Sustainability Report 2018

The British Standards Institution is independent to PT Pertamina (Persero) (hereafter referred to as "Pertamina" in this statement) and has no financial interest in the operation of Pertamina other than for the assessment and assurance of this report.

This independent assurance opinion statement has been prepared for Pertamina only for the purposes of assuring its statements relating to its sustainability report, more particularly described in the Scope, below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read. This statement is intended to be used by stakeholders & management of Pertamina.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Pertamina. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Pertamina only.

Scope

The scope of engagement agreed upon with Pertamina includes the following:

1. The assurance covers the whole Sustainability Report 2018 of Pertamina prepared "In accordance" with GRI Sustainability Reporting Standards ("GRI Standards") 2016 – Core option, and focuses on systems and activities of Pertamina and its subsidiaries in Indonesia during the period from 1st January 2018 to 31st December 2018.
2. The AA1000 Assurance Standard, AA1000AS2008 with 2018 Addendum/ Type 1 Moderate Level of Assurance evaluates the nature and extent of Pertamina's adherence to all four AA1000 AccountAbility Principles: Inclusivity, Materiality, Responsiveness and Impact. The specified sustainability performance information/data disclosed in the report has been evaluated.

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By Royal Charter

Opinion Statement

Our work was carried out by a team of sustainability report assurors in accordance with the AA1000 Assurance standard, AA1000AS2008 with 2018 Addendum and GRI Standards 2016. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Pertamina's description of their self-declaration of compliance with the GRI Standards were fairly stated.

We conclude that the Pertamina Sustainability Report 2018 review provides a fair view of the Pertamina CSR programmes and performances during 2018. We believe that the 2018 economic, environment and social performance indicators are fairly represented. The sustainability performance indicators disclosed in the report demonstrate Pertamina's efforts recognized by its stakeholders.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- A top level review of issues raised by external parties that could be relevant to Pertamina's policies to provide a check on the appropriateness of statements made in the report.
- Discussion with senior executives on Pertamina's approach to stakeholder engagement. We had no direct contact with external stakeholders.
- Interview with staff involved in sustainability management, report preparation and provision of report information were carried out.
- Review of key organizational developments.
- Review of supporting evidence for claims made in the reports.
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness, and Impact as described in the AA1000 AccountAbility Principles Standard (2018).

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Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards 2016 is set out below:

Inclusivity

This report has reflected the fact that Pertamina has continually made commitment to its stakeholders, as the participation of stakeholders has been conducted in developing engagement and achieving an accountable and strategic response to sustainability. There are fair reporting and this report covers the stakeholder issue together with fair reporting and disclosures for economic, environmental and social (including health and safety) and information. In our professional opinion, the report covers the Pertamina inclusivity issues. However, the future report should be further enhanced to how organization's strategic plans response to identified stakeholder needs and expectations such as:

- a. Indonesian energy outlook with portion of renewable and non-renewable energy production.
- b. Public demand on electric transportation.

Materiality

PT Pertamina (Persero) publishes sustainability information that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion the report covers reporting organization's material issues by using PT. Pertamina (Persero)'s materiality matrix and boundary mapping.

Responsiveness

PT Pertamina (Persero) has implemented the practice to respond to the expectations and perceptions of its stakeholders. It includes client survey and different feedback mechanisms to external stakeholders and internal stakeholders. In our professional opinion the report covers PT Pertamina (Persero)'s responsiveness issues. Our view of area for improvement for the report was adopted by PT Pertamina (Persero) before issue of this opinion statement.

Impact

PT Pertamina (Persero) has implemented the practice to identify, measure, monitor, and be accountable for how their actions affect their broader ecosystems including Environmental, Economic and Social aspect. In our professional opinion the report covers PT Pertamina (Persero)'s impact issues. Our view of area for improvement for the report was adopted by PT Pertamina (Persero) before issue of this opinion statement.

For and on behalf of BSI



Erna Damayanty
Managing Director,
BSI Indonesia
Jakarta, 12th August 2019



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By Royal Charter

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103-2	Management approach and its components		146	
103-3	Evaluation of the Management Approach		146	
413-1	Operations with local community		146	
413-2	Operations with significant actual and potential negative impacts on local communities		146	
Disclosures	HEALTH AND SAFETY OF CUSTOMERS			
103-1	Explanation of the material topics and boundaries		17	
103-2	Management approach and its components		148	
103-3	Evaluation of the Management Approach		148	
416-1	Assessment of the health and safety impacts of product and service categories		148	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		148	
Disclosures	MARKETING AND LABELING			
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103-3	Evaluation of the Management Approach		149	
417-1	Requirements for product and service information and labeling		149	
417-2	Incidents of non-compliance concerning product and service information and labeling		149	
417-3	Incidents of non-compliance concerning marketing communications		149	




PERTAMINA AND GLOBAL GOALS


As a national energy company, Pertamina contributes to the global development agenda through operational activities and the implementation of social and environmental responsibility. In September 2015 the world leaders formulated 17 Sustainable Development Goals (SDGs) or the 2030 Agenda for Sustainable Development.

The Government of Indonesia has adapted the 17 Global Goals in development planning which includes three dimensions of sustainable development: environmental, social and economic.

Pertamina's contribution in achieving the Global Goals is made directly or indirectly as well as in the form of support for development programs launched by the Government.

The Company's support for the Global Goals has been explicitly stated in Pertamina's CSR Goals, i.e: To support the Government of Indonesia to improve the Human Development Index through the implementation of programs that help achieve the Global Goals.

Global Goals	Description	The topics in this report	Page
 <p>1 NO POVERTY</p>	<p>End Poverty</p>	<ul style="list-style-type: none"> • Employee benefits • Pertamina Berdikari • Partnership Program • Environmental Development Program and CSR 	<p>91</p> <p>94</p> <p>86</p> <p>86</p>
 <p>2 ZERO HUNGER</p>	<p>Achieve Food Security</p>	<ul style="list-style-type: none"> • Community Development Program and CSR 	<p>86</p>
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Ensure Health and Well-being</p>	<ul style="list-style-type: none"> • Pertamina Sehati • Community Development Program and CSR 	<p>91</p> <p>86</p>

Global Goals	Description	The topics in this report	Page
4 QUALITY EDUCATION 	Ensure inclusive and Equitable Quality Education	<ul style="list-style-type: none"> Talent Management Pertamina Cerdas Community Development Program and CSR 	124, 132 90 86
5 GENDER EQUALITY 	Ensure Availability of Water and Sanitation	<ul style="list-style-type: none"> Pertamina Sehati Employment 	91 38, 124
6 CLEAN WATER AND SANITATION 	Menjamin Ketersediaan Air Bersih dan Sanitasi	<ul style="list-style-type: none"> Pertamina Sehati Community Development Program and CSR Water consumption 	91 86 109
7 AFFORDABLE AND CLEAN ENERGY 	Ensure Access to Affordable and Clean Energy	<ul style="list-style-type: none"> Energy consumption 	103
8 DECENT WORK AND ECONOMIC GROWTH 	Decent work and Economic Growth	<ul style="list-style-type: none"> Financial contributions 	64

Global Goals	Description	The topics in this report	Page
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>Promote industry, innovation, and infrastructure</p>	<ul style="list-style-type: none"> • Community Development Program and CSR 	86
 <p>10 REDUCED INEQUALITIES</p>	<p>Reduce inequality</p>	<ul style="list-style-type: none"> • Partnership Program 	86
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>Sustainable Cities and Communities</p>	<ul style="list-style-type: none"> • Pertamina Cerdas • Community Development Program and CSR 	90 86
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Responsible Consumption and Production Environmental Management</p>	<ul style="list-style-type: none"> • Climate change 	102
 <p>13 CLIMATE ACTION</p>	<p>Emission Energy Consumption</p>	<ul style="list-style-type: none"> • Energy Consumption • Emission • Water Consumption • Waste • Biodiversity 	103 104 109 110 115

Global Goals	Description	The topics in this report	Page
 <p>14 LIFE BELOW WATER</p>	Ocean Ecosystem	<ul style="list-style-type: none"> • Pertamina Hijau • Biodiversity • Oil Spill Handling 	<p>92</p> <p>102, 115</p> <p>111</p>
 <p>15 LIFE ON LAND</p>	Land Ecosystem	<ul style="list-style-type: none"> • Pertamina Hijau • Biodiversity 	<p>92</p> <p>102, 115</p>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Peace, justice and strong institutions	<ul style="list-style-type: none"> • Manage Stakeholders 	18
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	Partnership in Achievement of Goals	<ul style="list-style-type: none"> • Manage Stakeholders 	18

INDEKS SGX-ST LISTING RULES PRACTICE NOTE 7.6

SUSTAINABILITY REPORTING GUIDE

Pertamina is one of the companies that issues Global Bonds on the Singapore Stock Exchange (SGX), and therefore complies with the SGX provisions including in the reporting. Based on the provisions in the guidelines for listing of securities concerning obligations that must be continuously carried out, SGX has issued new provisions of Rules 711A and 711B. This regulation shall come into force for the financial year ending 31 December 2018.

	Description	Implementation	Page Reference
Rules 711A	Every listed issuer should prepare a sustainability report for its financial year	Complied	Pertamina has prepared sustainability report based on its financial year.
Rules 711B	Every listed issuer must explain sustainability practices based on the following main components:		
	(i) <i>Material ESG factors</i>	Complied	16-17
	(ii) Policies, practices and performance	Complied	Explained in every chapter
	(iii) Targets	Complied	Explained in every chapter
	(iv) Sustainability reporting/framework	Complied	12-17
	(v) Board statement	Complied	7-11

POJK NO.51/POJK.03/2017 INDEX

Introduction

Company Profile

Corporate Governance

Economic Performance

Environmental Performance

▶ Social Performance

Pertamina is a State-Owned Enterprise engaging in the Energy Sector and not an issuer on the Indonesia Stock Exchange. The references below are presented only to indicate information disclosure based on the Annex-II of the Financial Services Authority Regulation No. 51 on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies for relevant matters, not as an obligation to fulfill the said regulation.

No.	Description	Page
1	Explanation of Sustainability Strategy	8
2	Overview of the sustainability performance aspect	
	a. Economic Aspect:	
	1. Quantity of production or services sold;	
	2. Revenue or sales;	
	3. Net profit or loss;	6
	4. Environmentally friendly products; and	
	5. Engagement of local parties related to the Sustainable Finance business process.	
	b. Environmental Aspect:	
	1. Use of energy use (including electricity and water);	
	2. Reduction of emissions (for LJK, Issuers, and Public Companies whose business processes are directly related to the Environment);	
	3. Reduction in waste and effluent (waste that has entered the environment) (for LJK, Issuers, and	6
	4. Public Companies whose business processes are directly related to the Environment); or Biodiversity preservation (for Financial Services Institutions, Issuers, and Public Companies whose business processes are directly related to the Environment)	
	c. Social Aspect:	
	Description of the positive and negative impacts of Sustainable Finance for the community and the environment (including people, regions and funds).	6
3	Company Brief Profile:	
	a. Sustainability vision, mission, and values	28
	b. Name, address, telephone number, facsimile number, e-mail address, and website/web, as well as branch offices and/or representative offices	25
	c. Business scale:	
	1. total assets or asset capitalization, and total liabilities (in millions of rupiah);	37
	2. number of employees based on gender, position, age, education, and employment status;	38
	3. percentage of share ownership (public and government); and	25
	4. operating areas.	35
	d. brief description of the products, services, and business activities carried out;	32,34
	e. membership in associations;	51
	f. significant changes, including those related to branch closures or opening, and ownership structure.	44

4	Description of the Board of Directors	
	a. Policies to respond to challenges in meeting sustainability strategies, at least include:	
	1. explanation about the Company's sustainability values	7-11
	2. explanation about the Company's response to issues related to the implementation of Sustainable Finance;	7-11
	3. explanation about the commitment of Company's leaders to achieving the implementation of Sustainable Finance;	7-11
	4. achievement about the performance of Sustainable Finance implementation; and	7-11
	5. challenges in achieving performance of Sustainable Finance implementation	7-11
	b. Implementation of Sustainable Finance:	
	1. achievement of performance in Sustainable Finance implementation (economic, social and environmental) compared to the target; and	7-11
	2. explanation about achievement and challenges including important events during the reporting period (for Financial Service Institutions that are required to prepare Sustainable Financial Action Plan).	irrelevant
	c. Target achievement strategy:	
	1. risk management for the implementation of Sustainable Finance related to economic, social and environmental aspects;	7-11
	2. use of opportunities and business prospects; and	7-11
	3. explanation about external economic, social and environmental situations that have the potential to affect the Company's sustainability	7-11
5	Sustainable Governance contains:	
	a. Description of the duties for the Board of Directors and the Board of Commissioners, employees, officials and/or working units who are responsible for implementing Sustainable Finance	56
	b. Competency development for the Board of Directors, Board of Commissioners, employees, officials and/or work units who are responsible for implementing Sustainable Finance.	56
	c. Description of the Company's procedures for identifying, measuring, monitoring, and controlling risk of implementing Sustainable Finance risks related to economic, social and environmental aspects, including the role of the Board of Directors and the Board of Commissioners in managing, conducting periodic reviews and reviewing the Company's risk management process effectiveness.	56
	d. Description of stakeholders which covers:	
	1. stakeholder inclusiveness based on management assessment results.	18-19
	2. approach used by the Company in engaging stakeholders in Sustainable Finance	18-19
	e. Problems facing, developments, and impact on of Sustainable Finance.	18-19
6	Sustainability performance:	
	a. Description of activities to build a sustainability culture in the Company	Not yet Reported
	b. Description of economic performance:	
	1. Comparison between target and production performance, portfolio, financing targets, or investments, income and profit and loss	62-83
	2. Comparison between target and portfolio performance, financing targets, or investments in financial instruments or projects that are in line with Sustainable Finance.	irrelevant

c. Social performance:	
1. Company's commitment to provide equitable services on equivalent products and/or services to consumers.	148,149
2. Employment:	
I. Equal employment opportunity and the presence or absence of forced labor and child labor;	38-40
II. Percentage of employee remuneration below the lowest regional minimum wages level;	Not yet Reported
III. Decent and safe working environment; and	135-145
IV. Employee capability training and development.	132-134
3. Community:	
I. information on activities or operating areas that give positive and negative impacts on the community, including financial literacy and inclusion;	18-19
II. community grievances mechanism and number of community grievances received and followed up; and	18-19
III. Social and Environmental Responsibility which can be linked to support for sustainable development goals covering the types and achievements of community empowerment program activities	86-99
d. Environmental Performance:	
1. environmental costs incurred;	Not yet Reported
2. description on the use of environmentally friendly materials, for example the use of recycled material types; and	Not yet Reported
3. description on the use of energy use, at which at least contains:	
I. the amount and intensity of energy used; and	103
II. efforts and achievement for energy efficiency carried out including the use of renewable energy sources;	103
e. Environmental Performance for Companies whose business processes are directly related to the environment:	
1. performance as referred to in letter d;	115
2. information on activities or operational areas that produce positive and negative impacts on the surrounding environment, especially efforts to increase the carrying capacity of ecosystems;	115
3. biodiversity, at least containing:	
I. the impact of operations near or in conservation or biodiversity areas; and	115-120
II. biodiversity conservation efforts carried out, including protection of flora or fauna species;	
4. emissions, at least containing:	
I. the amount and intensity of emissions produced by type; and	105-107
II. efforts and achievement of emissions reductions carried out;	105-107
5. waste and effluent, at least containing:	
I. amount of waste and effluent produced by type;	110-111
II. the mechanism for waste and effluent management; and	110-111
III. spills that occur (if any); and	111-114
6. the number and subjects of environmental grievances received and resolved	121
f. Responsibility for developing Sustainable Financial products and/or services:	
1. innovations and development of Sustainable Financial products and/or services;	23
2. the number and percentage of products and services that have been tested to be safe for customers;	Not yet Reported
3. positive and negative impacts arising from Sustainable Financial products and/or services and distribution processes, as well as efforts carried out to mitigate negative impacts;	75-76
4. number of products being recalled and the reason for it; or	Not yet Reported
5. customer satisfaction surveys for Sustainable Financial products and/or services	76
7	
Written verification from an independent party, if any .	152-155

FEEDBACK FORM

Thank you for reading PT Pertamina (Persero) 2018 Sustainability Report. To further improve the content of PT Pertamina (Persero Sustainability Reports and to deliver the best to the stakeholders, we would like the stakeholders to give feedback after reading this Sustainability Report.

1. This report has described information on the Company's material aspects

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

2. This report has described positive and negative information about the Company

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

3. This report has fulfilled your information needs

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

4. This report is easy to understand:

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

5. This report is interesting:

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

Kindly send this feedback form to:

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Phone : (021) 3815752, 3815048
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E-mail : Pertamina_IR@pertamina.com
Contact Pertamina 1500 000

ASSESSMENT OF PT PERTAMINA (PERSERO)'S SUSTAINABILITY MANAGEMENT ACTIVITIES

1. What topics are most important to you?
(Please give from score 1 = most important to 5 = least important)

-
-
-
-
-
-

2. Please provide your suggestions/comments on this report

.....
.....
.....
.....
.....

YOUR PROFILE

Full name :

Occupation :

Name of Institution/Company :

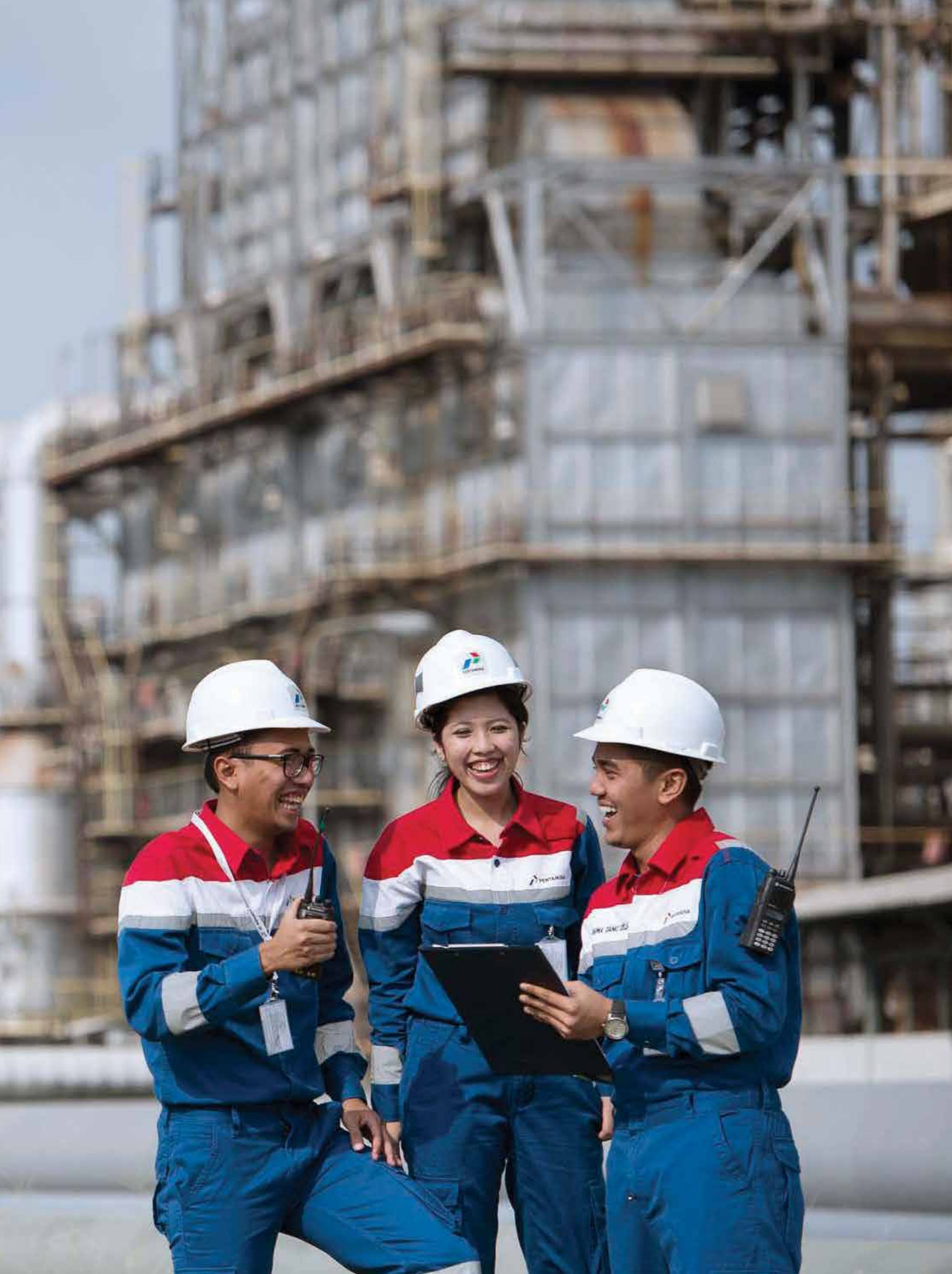
Type of Institution/Company :

Government Public

Industry Education

Media Etc

LSM



Sustainability Report

2018



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