

ENERGIZING OUR NATION

ANNUAL REPORT 2019
PT PERTAMINA (PERSERO)

ENERGIZING OUR NATION

"Energizing Our Nation" describes Pertamina's commitment to building and preserving national energy self-sufficiency and resilience based on 5 (five) main principles of 4A and 1S, namely availability, accessibility, affordability, acceptability, and sustainability. In order to realize such commitment, Pertamina has endeavoured in various business lines. In upstream sector, aside from achieving oil and gas production target, Pertamina is continuously active seeking new sources of reserves through exploration wells drilling.

In downstream sector, through refinery innovations and optimization Pertamina self-fulfils the needs of certain type of fuel as well as makes the most of domestic crude oil purchases. Furthermore, to increase the fuel production volume, Pertamina also develops and builds the refinery infrastructure, by operating new production unit in Cilacap Refinery and continuing the Refinery Development Master Plan (RDMP) and Grass Root Refinery (GRR) projects.

Adhering to the company's attention to environment, Pertamina strives to achieve the Government vision in providing more environmentally-friendly and sustainable energy. Pertamina implements B30 ahead of the schedule and establishes green refinery in Plaju Refinery. Moreover, Pertamina continue to develop new energy renewable energy (EBT), such as geothermal, solar, wind, and hydro energy.

Pertamina continues to live up to their commitment to reinforcing supply reliability and guaranteeing the fulfilment of energy needs that are affordable for communities across Indonesia through infrastructure and oil and gas distribution network developments. Additionally, One Price Fuel and One Village One Outlet are some contributions of Pertamina in attaining equitable economy with the main focus to increase equal distribution, availability, as well as accessibility of energy needed by the community.





CONTINUITY OF THEMES



2015

Reenergizing Spirit, Strengthening Commitments

The declining world crude oil prices since the beginning 2015 encouraged Pertamina to stabilize businesses through five strategic priorities program, namely developments in upstream, efficiency in all lines, refinery and petrochemicals capacity increase, infrastructure and marketing developments, as well as financial structure improvements. Through various initiatives of breakthrough projects across these five aspects, Pertamina was able to achieve satisfactory performance. The crisis did not deter the enthusiasm, instead it made Pertamina more determined to strengthen their common commitments in ensuring energy self-sufficiency in Indonesia.



2016

Embracing Change, Leveraging Challenges

Pertamina interprets every challenge as business dynamics that lead to many opportunities to be more resilient, agile and efficient in facing changes. In upstream, Pertamina seeks opportunities of expansion by acquiring international oil and gas blocks to secure crude oil supply as an effort to sustain the national energy resilience amidst the low oil prices worldwide. Pertamina also performed refinery revitalization to produce quality products with the most efficient production cost. Amid the global challenges, Pertamina recorded financial performance that surpassed expectations by applying efficiency and added value increase through breakthrough project initiatives. This steadied the steps taken by Pertamina in reaching the vision to be a world-class national energy company.



2017

Moving. Further.

The year 2017 marked Pertamina's 60-year anniversary as oil and gas mining company, which has now transformed to be the leading energy company. With accurate strategies, Pertamina managed to achieve sound performance amidst the global challenges faced by oil and gas industry and the world oil price volatility. Braced with experiences and skills forged for six years, Pertamina will keep achieving many success and milestones leading the people and nation to a better welfare.



2018

Strengthening Commitment, Securing Energy


Pertamina further strengthened the commitment to securing the energy supply in order to balance the population growth and national economy. With the experiences and capacity owned by the company, Pertamina encouraged all stakeholders to synergize and contribute to national interest. Pertamina believes the natural resources available on the land of Indonesia could be an optimally-beneficial energy source.

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Disclaimer

This Annual Report consists of forward-looking statement showing expectations and imminent projections. Despite having undergone experienced considerations, Pertamina cannot guarantee they could be realized in the future due to many risks and challenges faced.

Pertamina Around The World



DESCRIPTION:

1 PERTAMAX TURBO
Italy

2 UPSTREAM PRODUCTION
• Malaysia
• Iraq
• Algeria
• Nigeria
• Tanzania
• Gabon

3 UPSTREAM EXPLORATION
• Angola
• Colombia
• Namibia
• Italy
• France
• Venezuela
• Canada

4 DOWNSTREAM LUBRICANTS
• Australia
• Timor Leste
• Singapore
• Philippines
• Malaysia
• Cambodia
• Vietnam
• Thailand
• Bangladesh
• Nepal
• Yemen
• Japan
• India
• Italy
• Nigeria
• South Africa
• China

5 DOWNSTREAM AVIATION FUEL
• Netherlands
• Saudi Arabia
• United Arab Emirates
• Hong Kong
• South Korea
• Cambodia
• Malaysia
• Thailand
• Australia
• Singapore
• South Asia

6 DOWNSTREAM PETROCHEMICALS
• Malaysia
• China
• India
• Europe





Financial Performance Highlights

Description (in million USD)	2019	2018	2017*	2016*	2015**
Sales and Other Operating Revenues	54,585	57,934	46,001	39,812	45,241
Cost of Sales and Other Direct Costs	49,687	51,687	40,814	33,113	40,696
Operating Expenses					
• Sale and Marketing Expenses	1,625	1,643	1,590	1,340	1,189
• General and Administration Expenses	1,554	1,330	1,599	1,509	1,251
Operating Income	4,898	6,247	5,186	6,699	4,545
Profit for the Year Before Effect of Merging Entities' Lost Adjustment	2,618	2,636	2,553	3,163	1,442
Total Profit for the Year Before Effect of Merging Entities' Lost Adjustment Attributable to:	2,529	2,527	2,540	3,147	1,420
• Owners of the parent entity	89	109	13	16	22
• Non-controlling interests					
Total Comprehensive Income Attributable to:					
• Owners of the parent entity	1,989	2,536	2,363	3,082	1,154
• Non-controlling interests	427	123	44	17	(10)
EBITDA	7,908	9,204	7,256	8,471	5,130
Total Assets	67,086	64,718	57,439	53,976	51,930
Total Liabilities	35,867	35,108	30,426	28,731	29,432
Total Equity	31,219	29,610	27,013	25,245	22,498

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

** Excluding the consolidation with PT Perusahaan Gas Negara Tbk (PGN)

Financial Ratio and Currency Highlights

The following calculation of financial ratio was based on SOE Ministerial Decree Number KEP-100/MBU/2002 on the Assessment on SOEs Soundness Rating.

Description	Unit	2019	2018	2017	2016	2015
Return on Equity (ROE)	%	12.84	13.21	14.87	22.24	11.71
Return on Investment (ROI)	%	13.06	15.66	13.80	17.44	12.90
Cash Ratio	%	58.77	66.83	67.69	77.05	38.19
Current Ratio	%	189.76	165.71	194.74	207.28	167.67
Collection Period	Day	68	50	38	43	42
Inventory Turnover	Day	39	40	48	44	38
Total Asset Turnover (TATO)	%	92.81	99.23	88.57	83.13	106.18
Owner's Equity to Total Asset	%	40.66	40.31	41.14	40.37	40.50

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

**Excluding the consolidation with PT Perusahaan Gas Negara Tbk ("PGN")

Exchange Rates (Rupiah Against US Dollar)

Description	Unit	2019	2018	2017	2016	2015
Rupiah to US Dollar at the End of the Year	Rp/USD	13,901.00	14,481.00	13,548.00	13,436.00	13,795.00
Average Rupiah to US Dollar	Rp/USD	14,146.33	14,246.43	13,384.13	13,307.38	13,391.97

Upstream Operations Performance Highlights

Description	Unit	2019	2018	2017	2016	2015
Oil Production	MBOPD	413.68	393	342	312	278
Gas Production	MMSCFD	2,822.46	3,059	2,035	1,961	1,902
Oil and Gas Production	MBOEPD	900.84	921	693	650	607
Additional Proven Reserves	MMBOE	309.28	426.25	313.70	227.33	78.73



Refinery Operations Performance Highlights

Description	Unit	2019	2018	2017	2016	2015
Crude Oil, Gas & Intermediate Processing	MMBBL	351.29	336.54	324.35	327.79	305.95
Fuel Production	MMBBL	275.54	278.86	262.76	265.78	241.07
Non-Fuel Production	MMBBL	29.05	28.96	29.03	26.14	23.41
Other Products	MMBL	27.20	10.00	15.35	16.98	25.74

Marketing Performance Highlights

Description	Unit	2019	2018	2017	2016	2015
Fuel Sales	Million KL	71	70	67	65	62
Non-Fuel Sales	Million KL	17	16	16	15	14

Ikhtisar Kinerja Operasi Gas

Description	Unit	2019*	2018*	2017	2016	2015
Volume of Gas Sales	BBTU	915,667	1,122,623	823,769	708,684	705,729
Volume of Gas Transportation	BSCF	779	777	502	522	531

* Including PGN

Bonds Highlights

Pertamina has issued Global Bond throughout 2011-2014 and 2018-2019, listed on Singapore Exchange (SGX). As of the end of 2019, the principal amount of Pertamina Global Bond was USD10,761.85 million. During the years of 2015-2019, Pertamina made a buyback on some senior bonds worth USD238.2 million.

Description	Pertamina Global Bond 2011 PTM 2021	Pertamina Global Bond 2011 PTM 2041	Pertamina Global Bond 2012 PTM 2022	Pertamina Global Bond 2012 PTM 2042	Pertamina Global Bond 2013 PTM 2023	Pertamina Global Bond 2013 PTM 2043	Pertamina Global Bond 2014 PTM 2044	Pertamina Global Bond 2018 PTM 2048	Pertamina Global Bond 2019 PTM 2029	Pertamina Global Bond 2019 PTM 2049
Issuance Date	23 May 2011	27 May 2011	3 May 2012	3 May 2012	20 May 2013	20 May 2013	30 May 2014	07 Nov 2018	30 July 2019	30 July 2019
Due Date	23 May 2021	27 May 2041	3 May 2022	3 May 2042	20 May 2023	20 May 2043	30 May 2044	07 Nov 2048	30 July 2029	30 July 2049
Tenor	10 Years	30 Years	10 Years	30 Years	10 Years	30 Years	30 Years	30 Years	10 Years	30 Years
Amount of Outstanding Bonds	USD1.000 Million	USD500 Million	USD1.242 Million	USD1.221,6 Million	USD1.615 Million	USD1.433,3 Million	USD1.500 Million	USD750 Million	USD750 Million	USD750 Million
Coupon	5.250%	6.500%	4.875%	6.000%	4.300%	5.625%	6.450%	6.500%	3.65%	4.70%
Issue Price	98.09%	98.38%	99.41%	98.63%	100%	100%	100%	98.06%	100%	100%
Rating Upon Issuance:										
S&P	BB+ (Positive)	BB+ (Positive)	BB+ (Positive)	BB+ (Positive)	BB+ (Positive)	BB+ (Positive)	BB+ (Positive)	BBB- (Stable)	-	-
Fitch	BB+ (Positive)	BB+ (Positive)	BBB- (Stable)	BBB- (Stable)	BBB- (Stable)	BBB- (Stable)	BBB- (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)
Moody's	Ba1 (Stable)	Ba1 (Stable)	Baa3 (Stable)	Baa3 (Stable)	Baa3 (Stable)	Baa3 (Stable)	Baa3 (Stable)	Baa2 (Stable)	Baa2 (Stable)	Baa2 (Stable)



Description	Pertamina Global Bond 2011 PTM 2021	Pertamina Global Bond 2011 PTM 2041	Pertamina Global Bond 2012 PTM 2022	Pertamina Global Bond 2012 PTM 2042	Pertamina Global Bond 2013 PTM 2023	Pertamina Global Bond 2013 PTM 2043	Pertamina Global Bond 2014 PTM 2044	Pertamina Global Bond 2018 PTM 2048	Pertamina Global Bond 2019 PTM 2029	Pertamina Global Bond 2019 PTM 2049
Latest Rating:										
S&P	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)	-	-
Fitch	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)
Moody's	Baa2 (Stable)	Baa2 (Stable)	Baa2 (Stable)	Baa2 (Stable)	Baa2 (Stable)	Baa2 (Stable)	Baa2 (Stable)	Baa2 (Stable)	Baa2 (Stable)	Baa2 (Stable)

Capital Market Supporting Professions

Public Accountant

Purwantono, Sungkoro and Surja

(A Member firm of Ernst & Young Global Network)

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Rating Agencies

Moody's Investors Service Singapore Pte. Ltd.

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#23-06 Singapore Land Tower

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Tel : (65) 6398 8300

Website : www.moodys.com

Fitch Ratings Singapore Pte. Ltd.

One Raffles Quay

South Tower #22-11

Singapore 048583

Tel : (65) 6796 7200

Website : www.fitchratings.com

Information on Price Share

As of the end of 2019, Pertamina has not listed and issued its shares on Indonesia Stock Exchange for open trade.

Thus, this Annual Report does not contain any information on issued shares, shares registered, market capitalization, share price and trading volume in stock exchange market. This report also does not contain information about corporate actions related to shares.

Awards

No	Date	Awards Name	Rating and Category	Award Giving Bodies
1	January 7, 2019	Sustainable Business Awards (SBA) Indonesia 2018	Best Energy Management and UNSustainable Development Goals	Global Initiatives
2	February 14, 2019	Top Brand Award 2019	Fastron Lubricants for 4 Wheel Engine Lubricants category	Top Brand



No	Date	Awards Name	Rating and Category	Award Giving Bodies
3	February 15, 2019	MURI Records	Mangrove School: The First Environmental Thematic Education on Mangrove in Indonesia	Indonesian World Record Museum (MURI)
4	March 6, 2019	Asia Sustainability Report Award 2018	Highly Recommended Asia's Best Carbon Disclosure	CSR Works International
5	March 13, 2019	Taxpayer Award 2019	Large taxpayers who abide to their obligations in paying taxes	Ministry of Finance of the Republic of Indonesia
6	March 14, 2019	Indonesia WOW Brand Festive Day 2019	A number of awards for several brands and products as well as corporate communication campaign	MarkPlus, Inc
7	March 27, 2019	Indonesia Green Awards (IGA) 2019	A number of awards for the implementation of various CSR programs in the company's operational area	La Tofi School of CSR
8	March 28, 2019	Public Relations Indonesia Awards (PRIA) 2019	Platinum, Gold, Silver awards for CSR publication and programs category	PR Indonesia
9	March 28, 2019	BUMN Award 2019	Several best rankings for corporate management	BUMN Track Magazine
10	April 23, 2019	Appreciation to Friends	Pertamina EP Group as the second largest tax contributor in oil and gas sector in 2018	Ministry of Finance of the Republic of Indonesia
11	April 24, 2019	BUMN Marketeers Award 2019	Achieved a corporate management award in branding, marketing, and business	Ministry of SOEs of the Republic of Indonesia
12	June 21, 2019	Recognition on Operational Performance Excellence	A Role Model for Dangerous Goods-Transporting (B3) Companies that implemented SMK (Safety Management System for Public Transportations)	Ministry of Transportation of the Republic of Indonesia
13	June 26, 2019	HSE Award	The second best in the category of Occupational Safety Performance	Special Task Force for Upstream Oil and Gas (SKK Migas)
14	July 3, 2019	Award from the Ministry of Religious Affairs of the Republic of Indonesia	Contributed to religious, community activities, and advancements for Aceh	Ministry of Religious Affairs of the Republic of Indonesia
15	July 15, 2019	International Anti-Narcotic Day	Pertagas actively synergizing with National Narcotics Board (BNNP) of West Java Province to manage drugs misuse in West Java	Local Government of West Java Province
16	July 19, 2019	Homeward-Bound Journeys Information Management 2019 Award	The category of Informative, Innovative, Responsive	Presidential Staff Office of Indonesia, Ministry of Communication and Information Technology, as well as Central Information Commission
17	July 22, 2019	Fortune Global 500	Ranked 175	Fortune Magazine
18	July 23, 2019	Climate Village Program (Proklim) Award	An award in environment for South Sumatera Province.	Governor of South Sumatera
19	September 6, 2019	Indonesia SDG's Award (ISDA)	Platinum and Gold awards for several Pertamina CSR programs in various regions	Corporate Forum for Community Development (CFCD)
20	September 10, 2019	The Best Contact Center Indonesia	Award for Pertamina contact service as the 6 th of The Best Contact Center in Indonesia	Indonesia Contact Center Association (ICCA)
21	September 18, 2019	Nusantara CSR Award 2019	A number of awards for implementing various CSR programs in the company's operational areas.	School of CSR La Tofi
22	September 18-19, 2019	Patent Right Certificate	Obtained Patent Right for several innovations developed by Pertamina employees	Ministry of Law and Human Rights of the Republic of Indonesia
23	September 19, 2019	2nd Revolusi Mental Awards BUMN 2019	<ul style="list-style-type: none"> Gold Winner in the category of Independent Indonesia CEO for Mental Revolution of Mutual Work THE BEST CEO FOR MENTAL REVOLUTION OF MUTUAL WORK 	BUMN Track
24	September 27, 2019	Downstream Oil and gas Expo 2019	An appreciation given by Regulatory Agency for Upstream Oil and Gas (BPH Migas) to reward Pertamina as the largest contributor for fuel-oriented business entity dues	Regulatory Agency for Upstream Oil and Gas
25	September 27, 2019	Subroto Award 2019	An award for Human Capital (HC) development, Oil and Gas Occupational Safety, the largest PNBPN contributor, and national energy efficiency	Ministry of Energy and Mineral Resources of the Republic of Indonesia



No	Date	Awards Name	Rating and Category	Award Giving Bodies
26	October 2, 2019	Proklim Lestari 2019 (Climate Village Program)	The commitment of Pertagas fostered village, Sidomulyo Village, Muara Enim, endeavouring adaptation and mitigation to climate change	Ministry of Environment and Forestry of the Republic of Indonesia
27	October 22, 2019	Appreciation Night for IPB Scholarship Donors and Partners	Awarded for actively involved as donors for IPB underprivileged students	IPB University
28	October 25, 2019	Anugerah Media Humas (AMH) 2019	The best SOE in the category of Energia publication as owned media	Ministry of Communication and Information
29	October 25, 2019	MURI Records	Broke MURI record for successfully installing non-subsidized LPG installation in 55 Islamic boarding school in Boyolali Regency	Indonesian World Record Museum (MURI)
30	October 25, 2019	Infobank Sharia Awards 2019.	One of the 7 sharia business units general insurance performed satisfactorily in 2018 of the total 24 sharia business units general insurance rated by Infobank	INFOBANK Magazine
31	October 29, 2019	Indonesia Best Companies in Creating Leaders from Within 2019 Award	Natural Resources Companies category	SWA Magazine
32	November 5, 2019	Padmamitra+ Awards 2019	<ul style="list-style-type: none"> The Stunting Treatment category through Nutrition Program by Pertamina Sehati Empowerment and Abandonment Reduction with Street Children Empowerment through Creative Economy 5R++ 	Local Government of DKI Jakarta Province and CSR Forum of DKI Jakarta
33	November 5, 2019	BUMN Track Branding & Marketing Awards 2019	Marketing the Innovation category	Ministry of SOEs of the Republic of Indonesia
34	November 7, 2019	CECT (The Centre for Entrepreneurship, Change and Third Sector) Sustainability Awards 2019.	An award in the category of Project-Based CSR & Sustainability on Employee Volunteering	Trisakti University
35	November 21, 2019	Indonesian Employers of Choice Award 2019	Pertamina was rewarded Employers of Choice Awards 2019, the most favoured company among Indonesian applicants	SWA Magazine
36	November 22, 2019	MURI Records	MURI Record for Pertamina's innovation in providing health services for its employees in the environment of Pertamina MOR IV through "MyDoctorPertamina" application	Indonesian World Record Museum (MURI)
37	November 23, 2019	Asia Sustainability Reporting Rating 2019 (ASRRAT)	<ul style="list-style-type: none"> Awarded for International Sustainability Reporting 	National Center for Sustainability Reporting (NCSR)
38	November 26, 2019	Patra Nirbhaya Karya	The oil and gas safety development category and zero accidents category	Ministry of Energy and Mineral Resources of the Republic of Indonesia
39	November 28, 2019	Outstanding Practice Award 2019	Best Practice category at the Global Corporate Sustainable Award (GCSA) 2019	Alliance for Sustainable Development Goals (ASDGs)
40	December 5, 2019	Asean Risk Award 2019	<ul style="list-style-type: none"> Winner of the Educator Risk category Runner-Up of the Public Risk category 	Enterprise Risk Management Academy (ERMA)
41	December 19, 2019	Indonesia GCG Award The Most Trusted Company 2018	Achieved an award for the category of "Trusted Company"	SWA Magazine and Indonesia Institute for Corporate Governance (IICG)



Certification

No	Certification	Line of Business	Number of Valid Certifications	Validity Date	Certification Body	Coverage of Certified Area
1	ISO 14001:2015	Environmental Management	126	2020 2021 2022	<ul style="list-style-type: none"> BSI SGS Sucofindo Bureau Veritas TUV NORD MS CERT & JAS-ANZ RINA PSC 	<ul style="list-style-type: none"> Marketing Directorate Head Office Marketing Operation Region (MOR) Refinery Unit (RU) Subsidiaries
2	ISO 9001:2015	Quality Management	100	2022	<ul style="list-style-type: none"> Lloyd's BSI Bureau Veritas DNV GL SGS TUV NORD NQA 	<ul style="list-style-type: none"> Head Office Marketing Directorate Marketing Operation Region (MOR) Refinery Unit (RU) Subsidiaries
3	ISO 45001:2018	Occupational Health and Safety	12	2022	<ul style="list-style-type: none"> Bureau Veritas BSI TUV Nord Sucofindo SGS PSC 	<ul style="list-style-type: none"> MOR III - Western of Java PT PGE PT PHE PT PTDSI PT Pertamina Lubricants Refinery Unit VI - Balongan
4	OHSAS 18001:2007	Occupational Health and Safety	110	2020 2021	<ul style="list-style-type: none"> BSI SGS Sucofindo Bureau Veritas AJA TUV SUD DNV-GL TUV NORD MS CERT & JAS-ANZ RINA PSC Surveyor Ind. 	<ul style="list-style-type: none"> Marketing Directorate Head Office Marketing Operation Region (MOR) Refinery Unit (RU) Subsidiaries
5	SMK3 PP.50/2012	Occupational Health and Safety	1	2021	Ministry of Manpower of the Republic of Indonesia	PHE ONWJ
6	ISO 17025:2008	Testing and Calibration Laboratories	11	2019 2024	KAN	PTPL, PGE
7	ISO 55001:2014	Assets Management	1	2021	SGS	PT Elnusa Tbk
8	ISO50001:2018	Energy Management	3	2020 2022 2024	NQA BSI KAN	<ul style="list-style-type: none"> PHE ONWJ MOR IV (Rewulu) PHE Jambi Merang
9	PAS 99:2012	Integrated Management System	2	2021, 2022	BSI	<ul style="list-style-type: none"> MOR II (Panjang) PGE Head Office



Event Highlights

January 11, 2019

Synergizing with Pertamina Trans Kontinental for the Efficiency of Pertamina Hulu Mahakam Operating Cost

PT Pertamina Hulu Mahakam (PHM), as the operator of Mahakam Work Area, synergized with PT Pertamina Trans Kontinental (PTK) which had consortium with PT Peteka Karya Samudera (PTS) through an offshore supporting logistic service provider cooperation in a contract signing event, located at PHM Head Office in Jakarta.

January 17, 2019

Pertamina Committed to Energy Needs Supply for the Ministry of Defense

Pertamina agreed to sign a cooperation with the Ministry of Defense. This three-year cooperation served as an umbrella agreement with TNI Operation Unit (UO) pertaining to fuel, gas, and lubricants sales contracts for meeting the operational needs of the Ministry Defense across Indonesia.

January 30, 2019

Pertamina - Eni Strengthened Cooperation in Green Refinery Development

Pertamina and Eni, an Italian oil and gas company, strengthened the cooperation established between them by signing three agreements on Wednesday in Rome, Italy.

February 6, 2019

Perta Arun Gas and PPT Energy Trading Singapore Pte. Ltd. Made an Agreement in Terminal Utilization in PLB LNG Lhokseumawe

PT Perta Arun Gas agreed to establish an agreement with PPT Energy Trading Singapore Pte. Ltd. The signing of this Head of Agreement (HoA) of Terminal Use was conducted by President Director of PAG, Arif Widodo, and Managing Director of PPT Energy Trading Singapore Pte. Ltd, Arif Basuki at Arun Regas Meeting Room, PAG Office in Jakarta.

February 18, 2019

Pertamina - Pelindo Synergy Eased Fuel Distribution Across Indonesia

Pertamina signed a master agreement on a synergy of business cooperation with PT Pelabuhan Indonesia (Pelindo) I, II, III, IV (Persero), at the Building of Ministry of State Owned Enterprises (SOEs), Jakarta.



March 6, 2019

SOEs Energy: Pertashop Pertamina Opened Energy Access for Village Community

Pertamina showed its commitment in SOEs synergy by signing Memorandum of Understanding between PT Pindad (Persero), PT Barata Indonesia (Persero), and PT Len Industri (Persero).

March 19, 2019

Pertamina Group 2019 Synergy Forum Agreed on 99 Business Synergy

Pertamina Group 2019 Synergy Forum, which was held at Hotel Patra Jasa, Bali, generated 2,207 work plans with a total value of USD1.32 billion. These work plans were a result of synergy among 9 Directorates, 3 functions, 27 Subsidiaries and Pertamina Group affiliations.

May 2, 2019

Perta Arun Gas and PLN Amplified Synergy

PT Perta Arun Gas re-established a cooperation with PT PLN through Power Purchase Agreement (PPA). This signing was held at customer gathering event by PT PLN Unit Induk Wilayah (UIW) Aceh.

June 17, 2019

Pertagas and PLN Synergized Expanding Gas Business in Maluku and Papua

For preserving equal energy distribution in Indonesia, especially in Eastern Indonesia, PT Pertamina Gas (Pertagas) and PT Perusahaan Listrik Nasional (PLN) signed a Memorandum of Understanding (MoU) on the synergy of providing gas supply and infrastructure in Maluku and Papua.

June 21, 2019

Pertamina Ensured Subsidized LPG Distribution in Sulawesi

Pertamina re-emphasized its commitment in ensuring subsidized 3kg-Cylinder LPG in Sulawesi.



July 2, 2019

Pertamina and Eximbank South Korea Agreed on USD1.5 Billion Framework Agreement

Pertamina and Eximbank South Korea agreed to sign a framework agreement (FA) worth USD1.5 billion to support Pertamina projects, among which were refinery modernization and development known as Refinery Development Master Plan (RDMP) and New Grass Root Refinery (NGRR),

July 15, 2019

Increasing Potentials & Efficiency, Pertamina Hulu Energi Synergized with 5 KKKS

Pertamina synergized with various parties in order to achieve many potentials and efficiency in running its business process. This was recognized in a Sharing Contract on "Provision of Integrated Sharing Logistic Support Base Facilities and Service", which was held at SKK Migas Jakarta Office.

July 15, 2019

Business Synergy Between Pertamina Subsidiaries and Affiliations Increased Competitive Value

There were eight Subsidiaries and 13 affiliations of Pertamina that signed the Business Synergy MoU with Retail Marketing Directorate.

July 17, 2019

The Signing of 10% Participating Interest Transfer of Mahakam Work Area

Pertamina signed a 10% participating interest (PI) of Mahakam Work Area with PT Migas Mandiri Pratama Kutai Mahakam (MMPKM), a local limited liability company assigned by the East Kalimantan provincial government.

July 23, 2019

Venezuela Endeavored for Cooperating with Pertamina

The Ambassador of Venezuela to Indonesia, Radames Jesus Gomez Azuaje, visited Pertamina Head Office. Azuaje was received by Upstream Director of Pertamina, Dharmawan H. Samsu, President Director of Pertamina Internasional EP (PIEP). Denie s. Tampubolon, as well as SVP of Upstream Business Development of Pertamina, Ida Yusmiati at the Executive Lounge Room, Pertamina Main Building.

August 12, 2019

Pertamina-TNI Established a Strategic Cooperation

Pertamina and Indonesian National Army (TNI) signed a Memorandum of Understanding (MoU) on Strengthening TNI Territorial Activities, Securing Strategic National Vital Objects and Other Objects, Data and Information Assistance, Law Enforcement on TNI Personnel, Training and Facilities Use, as well as Social and Environmental Responsibility Assistance for the Nation's Interest.



September 02, 2019

Pertamina and Bulog Optimized Our Food House (RPK) for Non-Subsidized LPG Distribution

As a form of synergy among SOEs, Pertamina Marketing Operation Region (MOR) IV of Central Java and DI Yogyakarta as well as Perum Bulog of Central Java Regional Division signed a memorandum of understanding (MoU) in order to optimize Our Food House (RPK) Program of Bulog and Non-Subsidized LPG outlet of Pertamina MOR IV.

September 16, 2019

Pertamina Provided Gas Station (SPBU) for Type A Terminal, owned by the Directorate General of Land Transportation

Pertamina committed to provide Gas Station (SPBU) in all Type A Terminal owned by the Directorate General of Land Transportation of the Ministry of Transportation.

September 18, 2019

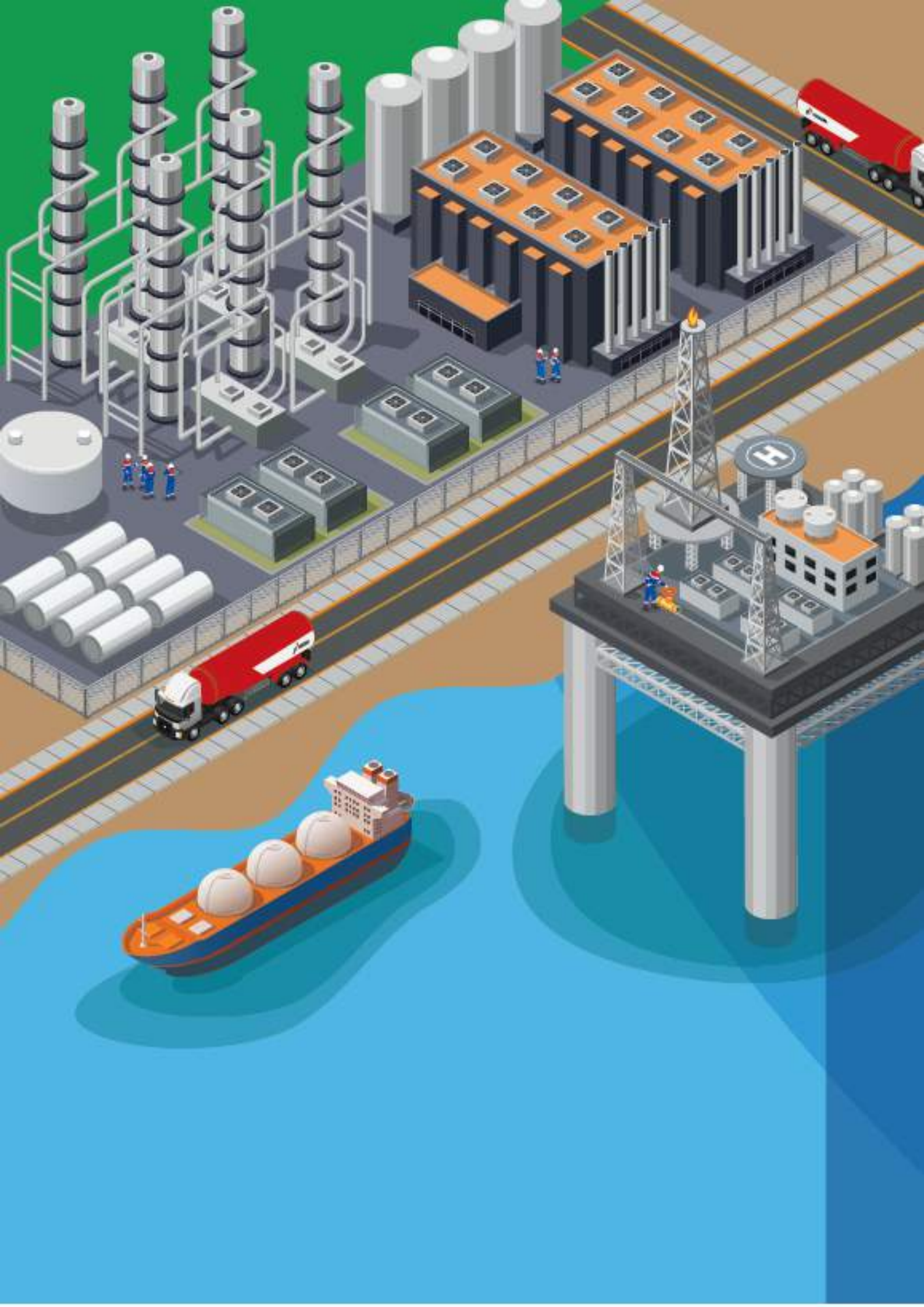
Optimizing the Refinery, Pertamina Cooperated with Four Global Manufacturers

Pertamina signed a cooperation contract or memorandum of understanding (MoU) with four original equipment manufacturers (OEM), which were Hitachi Industrial Product, LTD, PT Siemens Indonesia, PT Fuji Electric Indonesia, and Shin Nippon Machinery CO., LTD.

October 30, 2019

SOE Synergy, Pertamina Supplied Fuel for Pelindo II

Pertamina agreed to perform SOE synergy in providing fuel for Pelabuhan Indonesia II (Pelindo II).





MANAGEMENT REPORT

The Inclusive national energy supply strategy refers to five main principles, which are availability, accessibility, affordability, acceptability, and sustainability.



1

2

3

1

Ego Syahril
Commissioner

2

Budi Gunadi Sadikin
Vice President Commissioner

3

Basuki Tjahaja Purnama
President Commissioner/
Independent Commissioner



4

5

6

4

Alexander Lay
Independent Commissioner

5

Condro Kirono
Commissioner

6

Isa Rachmatarwata
Commissioner



1

2

3

4

5

6

1

Koeshartanto
Human Capital Director

2

Dharmawan H. Samsu
Upstream Director

3

Mulyono
Logistic, Supply Chain and
Infrastructure Director

4

Basuki Trikora Putra
Corporate Marketing Director

5

Mas'ud Khamid
Retail Marketing Director

6

Nicke Widyawati
President Director & CEO



7

8

9

10

11

7

Emma Martini
Finance Director

8

Ignatius Tallulembang
Mega Project Refinery and
Petrochemicals Director

9

M. Haryo Yudianto
Asset Management Director

10

Budi Santoso Syarif
Refinery Director

11

Heru Setiawan
Planning, Investment, & Risk
Management Director



Board of Commissioners' Report

“The Board of Commissioners supports the digitalization efforts on refineries and supply chain to increase efficiency and productivity.”



BASUKI TJAHAJA PURNAMA

President Commissioner/Independent Commissioner

Our respected Stakeholders,

Praise be to the presence of the Almighty God for all the blessings He had bestowed upon us all that Pertamina managed to go beyond the performance target planned in 2019.



Outlook on Economic Condition and Industry

Indonesia's 2019 economic condition was relatively stable with 5.02% growth, slightly decreasing from 5.17% in 2018. The economic growth was supported by infrastructure investment growth led by the government and private investment. The political dynamics in 2019 was of great influence to the government policies in creating economic stability. Such condition affected the unchanged oil and gas price stipulation throughout 2019.

During 2019, the Government did not increase Premium Fuel and Solar Fuel, and it controlled as well as withhold the price increase in non-subsidized products, Peralite and Dextrite. The contributions in downstream sector had the most dominance in the entire Pertamina's profit that the decline in ICP had an impact to the decreasing cost of goods sold, which led to the company's increasing profit in 2019.

Assessment on the Board of Directors' Performance

The Board of Commissioners appreciates the Board of Directors that has striven to perform its duties well in 2019, achieving USD2.53 billion higher in profit compared to the Work Plan & Budget (RKAP) 2019 target of USD1.5 billion. The average Indonesian Crude Price (ICP) increased in 2019 amounted to USD62.38/bbl, which was lower than the State Budget assumption, and Rupiah exchange rate to US Dollar also strengthened. This decrease in ICP led to the increasing financial performance in downstream sector, and conversely, reduced the upstream performance.

Pertamina continues to perform investment in order to increase oil and gas reserves and production, both through developments in oil and gas fields currently owned and land acquisitions. In 2019, Pertamina gained and added up participating interest in Koridor and Rokan Blocks. With new work areas included in the portfolio, it is expected to increase the oil and gas production, oil and gas reserves, help elevating the reserve replacement ratio value.

In downstream sector, Pertamina accomplished the TPI acquisition (Tuban Petrochemical Indonesia) by the end of 2019. This acquisition was aimed to strengthen Pertamina role in Indonesia's petrochemical business. The company successfully increased the yield valuable product on total intake to 78.13%. This efficiency enhancement stimulated Pertamina motivations to continue the refinery revitalization activities, among which through Refinery Development Master Plan (RDMP) project. The RDMP activity in RU V Balikpapan has already started and RU VI Cilacap will follow.

Pertamina also manages gas transportation and trading business, gas processing and purchasing. Today, Pertamina is a company with the longest open access network in Indonesia. Additionally, through Gas Directorate, Pertamina develops renewable energy, such as solar photovoltaic (solar cell), micro hydro, green diesel, bio LNG, and others.

In marketing sector, Pertamina managed to increase the sales volume in all product lines, yet the market share remained relatively stable. The performance merited appreciation, as even in a tough competition, Pertamina proved to have the capability to maintain its market share.

The overall performance of the Board of Directors was reflected in the achievements of good corporate governance implementation with the Company's Soundness Rating attaining 85.60, or AA (Healthy). The Ministry of SOEs as the shareholder determines management performance contract based on Assessment Criteria for Excellent Performance (KPKU) to assess the management success. The Board of Directors' performance based on the Management Contract reached 94.07%.

Supervision on the Implementation of Pertamina Strategy

We carry out supervision on business activities of Pertamina to ensure national energy supply strategy by adhering to five main principles, which are availability, accessibility, affordability, acceptability, and sustainability. The Board of Commissioners appreciates and encourages Pertamina strategy to synergize subsidiaries for efficiency increase and keeping fuel price remains affordable.

The Board of Commissioners oversees investment to encourage the priority of capital expenditure (capex) budget in productive projects with optimal return rate. The Board of Commissioners supports the proper investment policies to increase logistic efficiency, storage and distribution. The investment budget is also oriented towards refinery developments in Refinery Development Masterplan Program (RDMP) and new refinery establishment, New Grass Root Refinery (NGRR) in order to strengthen national energy resilience.

Digital technology was able to support efficiency enhancement and market share developments rapidly, so that it could uplift the Company's performance. The Board of Commissioners encouraged Pertamina to apply digitalization in the company's lines of business. The digitalization in downstream business made Pertamina more responsive in meeting the customer needs. The digitalization in refinery and supply chain will further



the company's efficiency and productivity. Integrated information system will connect all lines of business, which will ease the coordination and supervision. By monitoring all business processes through digital technology, Pertamina will be more responsive towards the market and generate optimum efficiency, which will result in the Company's increasing value.

Assessment on Business Prospects

The Board of Commissioners assesses Pertamina's business prospects by taking into account various external and internal aspects. Some of which are climate change issue that promotes clean energy use and global transformation aspect towards digitalization. On the other hand, the Board of Commissioners realizes the current role and responsibility held by Pertamina in providing inclusive and fossil-based energy for the community.

In a long term, the new renewable energy (EBT) will gain more opportunities as energy source in business prospects. The Board of Commissioners encourages Pertamina to take part in EBT developments and make progress with hydrocarbon-based business opportunities, such as petrochemicals. EBT will become the main energy in the future, hence Pertamina must continue to play the key role in its developments to maintain the existence as national energy company.

With regard to the digitalization, Pertamina has the convenience to increase efficiency and productivity, among which through digital refinery, marketing intelligence, end-to-end digital monitoring in supply chain, and cooperation with fintech in payment system.

Furthermore, the Board of Commissioners is aware of the necessity to point out several challenges in seizing business opportunities in years ahead. Some of which are human capital (HC) developments as well as changes in work culture that should be based on digitalization and rapid innovations. We also reiterate the importance of consistent implementation of GCG in facing potential changes in business.

Outlook on Corporate Governance Implementation

The Board of Commissioners assesses Pertamina's business prospects by taking into account various external and internal aspects. Some of which are climate change issue that promotes clean energy use and global transformation aspect towards digitalization. On the other hand, the Board of Commissioners realizes the current role and responsibility held by Pertamina in providing inclusive and fossil-based energy for the community.

The Board of Commissioners believes the Company has implemented the corporate governance principles in good

and consistent manners. This commitment in governance management was apparent in the company's regularity in performing GCG assessment to ensure all governance aspects were implemented well. The Company strives to apply GCG in every decision taken and to have it as the basis in all activities undertaken by the Company.

The Board of Commissioners also performs monitoring on the implementation of corporate social responsibility in environment and community. The Company carries out the social responsibility through corporate social responsibility (CSR) and partnership and environmental development program (PKBL). The CSR activities are put into practice to support Pertamina's operations and PROPER achievements from several operating units. The Environmental Development activity is focused on providing aid related to Education, natural disaster events, house of worship, sports, and community health improvements. The partnership program concentrates on the efforts of giving capital support as well as business counseling and market expansion for small entrepreneurs.

Giving Advice to the Board of Directors

The supervisory duty of the Board of Commissioners is conducted directly by the Board of Commissioners, or indirectly through Committees of the Board of Commissioners, such as Audit Committee, Nomination & Remuneration Committee, and Risk Management Monitoring Committee. The supervision is undertaken for operational and strategic aspects, which significantly contribute to the Company's performance.

The Board of Commissioners considers the supervisory function conducted by the Board of Commissioners in 2019 was performed well and in accordance with the board manual. The Board of Commissioners exercised its role in monitoring the course of the Company through 19 meetings and giving advice, guidance, which amounted to 93 letters, as per the authorities stated in the Company's Articles of Association. The Board of Commissioners submits a report on supervisory duty and assessment on the Board of Commissioners' performance achievement to the shareholders quarterly and annually.

The Committees of the Board of Commissioners have performed well in accordance with the good corporate governance (GCG) provisions. The Audit Committee monitors the performance of internal audit, external auditor, reviews the Company's reports to external parties, monitors the Company's internal controlling system and whistleblowing system. This committee also provides assistance to the Board of Commissioners' duties in giving approvals for assets disposal, monitors Subsidiaries and operations performance. The Risk Management Monitoring



Committee (PMR) monitors upstream, downstream, and investment performance, performs analysis and gives recommendations for strategic decisions in investment. The Nomination & Remuneration Committee (NR) helps ensuring excellent personnel for key positions in the Company, reviewing the remuneration formulation for the Board of Directors & Board of Commissioners as well as proposal for changes to the Board of Directors and Board of Commissioners in Pertamina's Subsidiaries.

The Committees have business partners with the Management, which manages the related business process. A good and harmonious partnership established with the Committee has created quality communication and coordination, easing the Board of Commissioners' duties in carrying out the supervisory function.

View on the Whistleblowing System Implementation/ Management

The Board of Commissioners guarantees the important role of whistleblowing system (WBS) in order to uphold the good corporate governance in Pertamina. The Board of Commissioners through the Audit Committee carries out WBS report monitoring and ensures the WBS report received undergoes a follow-up process up to a completion. In 2019, Pertamina WBS received 97 complaints, which resolutions were monitored by the Board of Commissioners. In addition to the WBS, the Board of Commissioners also follows up complaints filed directly by the community concerning the company management.

The Board of Commissioners appreciates the work of WBS Team, which has successfully established a transparent and responsive WBS system. However, the WBS performance in follow-up completion needs to be further improved. The Board of Commissioners supports a thorough completion of WBS report, as well as substantial and straightforward punishment for each violation to the Company's provisions, so that the trust given by the stakeholders towards Pertamina WBS could be elevated.

Changes in the Composition of Board of Commissioners' Members

Throughout 2019, there were three changes to the composition of the Board of Commissioners. First, on 29 April 2019 in which Gatot Trihargo was assigned as Commissioner, and Sahala Lumban Gaol and Ahmad Bambang were dismissed.

Second, on 22 November 2019, the appointment of Mr. Basuki Tjahaja Purnama as the President Commissioner/ Independent Commissioner, Mr. Budi Gunadi Sadikin as Vice President Commissioner, and Mr. Condro Kirono as Commissioner as well as respectfully dismissing Mr. Tanri Abeng as President Commissioner, Mr. Arcandra Tahar as Vice President Commissioner, and Mr. Gatot Trihargo as Commissioner. Third, on 23 December 2019, appointing Mr. Isa Rachmatarwata as Commissioner and respectfully dismissing Mr. Suahasil Nazara as Commissioner. The changes to the Chairman, Vice Chairman, and Members of the Board of Commissioners are expected to strengthen the Board of Commissioners in performing the supervision of Pertamina's activities and performance.

Closing

The Board of Commissioners would like to express the deepest gratitude to all Pertamina stakeholders for their continuous support of the Company. Thank you to all of our customers, suppliers, and business partners for the excellent Cooperation and cultivation of a mutually beneficial relationship. We express our appreciation and gratitude to the Government for the numerous assistance to Pertamina in performing its duty to secure fuel supply throughout the nation. Also, our sincere appreciation goes to all Pertamina personnel in all Pertamina work areas, from employees up to the Board of Directors for constantly providing Pertamina with their best capabilities. May Pertamina be able to continue achieving successes in developing the country and becoming the pride of Indonesia.

Jakarta, June 2020

Basuki Tjahaja Purnama

President Commissioner/Independent Commissioner



Board of Directors' Report

“ In 2019, Pertamina recorded 413.68 MBOPD for crude oil, showing an increase from 393 MBOPD in 2018 with operating revenues and operating income for the reporting period amounted to USD54,585 million and USD2,529 million respectively. ”



NICKE WIDYAWATI

President Director & CEO

Our respected Stakeholders,

Approaching the end of 2019, PT Pertamina (Persero) or “Pertamina” published the Annual Report for the period of 1 January up to 31 December 2019, themed “Energizing Our Nation”. The Annual Report presents performance in operations, finance and governance, as well as various challenges encountered and achievements obtained by Pertamina, as Indonesia’s inclusive energy provider. This Board of Directors’ Report serves as an introduction for the stakeholders prior to perusing the entire content of the Report.



Macro and Industry Condition in 2019

The 2019 issues were still dominated by the trade war between the United States and China even though the conflict had entered negotiation and compromise stage. The year 2019 was also marked by the turmoils in the Middle East, provoked by the uproar in Lebanon, conflicts between Turkey and Syria, and friction between Iran and the United States. In Latin America, political upheavals occurred due to several reasons, among which were economic collapse and dissatisfaction with Argentina and Bolivia's election result, as well as Chile's inequality issues.

As was with the global dynamic, the economic condition in 2019 was still under pressure. The global economy was still slow in 2019, which was predicted to reach the lowest point since the global financial crisis, and improve by 2020. The International Monetary Fund (IMF) estimated in 2020-2024 the economic growth of developed countries around 1.5-1.7 percent, whilst the developing countries would reach 4.6-4.8 percent. Although the economy is predicted to grow positively in the future, the potential uncertainty surrounding the global economy remains vast.

In years ahead, the global economic slowdown is believed will still encourage the declining energy demands. As a result, the world oil price is projected to be under pressure. In 2019, the world oil price was recorded at approximately USD60 per barrel. The oil price had a slight fluctuation due to the drone attack to Saudi Arabia's oil refinery, Aramco, reducing the global supply by five percent. However, the restoration process could be implemented immediately, and this could avoid the worsening oil price.

Domestically, the 2019 was a political year for Indonesia, in which the General Election and cabinet reshuffle were implemented well. In regard to the national economy, Indonesia's investing and international trade performance have not met the expectation. However, the economic fundamentals were still relatively well, with positive economic growth in 2019 despite showing a slowdown compared to the previous year. In that period, Indonesia recorded 4.97% for the 4th Quarter economic growth (year on year) with 4.45% investment growth (year on year).

Based on other macro indicators, the exchange rate of Rupiah to USD, or Bank Indonesia's exchange rates tended to strengthen at around Rp14,500 per USD, which was closed at the end of the year at Rp13,970 per USD as of 31 December 2019. Furthermore, the benchmark interest rate of Bank Indonesia held at 5-6% and experienced a downward trend at the end of 2019.

Company Performance Analysis of 2019

The performance analysis of 2019 shows Pertamina still achieved well in financial and operational performance even though there were still several aspects requiring improvements in the future.

In financial aspect, Pertamina's total operating revenue in 2019 was USD54,585 million. The 2019 profit for the year reached USD2,529 million, slightly higher than the 2018 profit, which was USD2,527 million. Moreover, in the same year EBITDA was recorded at USD7,908 million by Pertamina. The Company's assets also experienced a growth from USD64,718 million in 2018 to USD67,086 million in 2019. Similarly, the equity increased from USD29,610 million in 2018 to USD31,219 million in 2019, whereas Pertamina's liabilities slightly increased to USD35,867 million in 2019.

Regarding operational performance, in upstream sector, the 2019 crude oil production reached 413.68 MBOPD, increasing from 393 MBOPD in 2018. The gas production decreased from 3,059 MMSCFD in 2018 to 2,822.46 MMSCFD in 2019. Comparing to the 2019 target, the crude oil production has met the target, whereas the gas production attained 96% of the target. The gas production performance was triggered by disturbance in production due to the relatively high natural decline.

Specifically for renewable energy, Pertamina through the subsidiary, PT Pertamina Geothermal Energy (PGE) manages 14 geothermal working areas with the total installed capacity of 1,877 MW. Currently, Indonesia has 2,047 MW geothermal installed capacity, the second largest in the world, of which most of its production resulted from PGE working areas.

In downstream sector, specifically for refinery performance, the refinery's total intake reached 351 million barrels or 6% above the 2019 target. Additionally, the yield total output to the total intake reached 94.45%. This achievement was promoted by Pertamina's endeavors in maximizing the gas use in Refinery Unit (RU) II Dumai and the optimization of Secondary Unit, mainly in Residual Fluid Catalytic Cracker (RFCC) of RU IV Cilacap and Residu Catalytic Cracking (RCC) of RU VI Balongan.

Related to fuel and non-fuel sales, Pertamina recorded a total sale of 88 million kilo liters, or 101% of the 2019 target. The fuel sales attained 71 million kilo liters, increasing from 70 million kilo liters from the previous year. As for non-fuel, Pertamina recorded an increase in sale to 17 million kilo liters in 2019 from 16 million kilo liters in 2018.

In accordance with the Government's directive, in 2019, Pertamina distributed public service obligation or subsidized as



well as Non-PSO fuel and gas across the Archipelago. Precisely 16.7 million kilo liters of Certain Fuel Oil Types (JBT) and 11.6 million kilo liters of Types of Fuel for Special Assignment (JBKP) have been distributed by Pertamina to the community throughout the year. Pertamina's retail distribution channel in 2019 also distributed 24.17 million kilo liters of General Fuel Type (JBU). For PSO and Non-PSO LPG, Pertamina distributed 6.86 million MT and 877.28 thousand MT to the community throughout the Reporting period.

Generally, Pertamina's strategic strategy and policy are aimed to provide inclusive energy based on five main principles, which are availability, accessibility, affordability, acceptability, and sustainability. Having to provide affordable fuel for the community, Pertamina consistently performs One-price and One Village One Outlet policies.

In exercising its role as national energy safeguard, Pertamina continues to increase efficiency, such as reducing production cost, as well as building efficient and competitive infrastructure. Hence, Pertamina carries out operational and financial efficiency with various approaches, including supply optimization and synergy with the Subsidiaries.

In 2019, Pertamina decided on minimum 30% of the total procurement to be synergized with the Subsidiaries, such as the use of vessel from refinery to Fuel Terminal. By 2025, the synergy is expected to improve, reaching at least 50%. In supply chain, Pertamina also performed supply optimization and integration, as well as discontinued Solar, Pertadex, Avtur, and Pertamax Turbo imports. Not only this would encourage financial efficiency, but it would strengthen Pertamina's efforts towards national energy self-sufficiency.

Moreover, Pertamina has established investment strategy for the upcoming years. The main purpose of investment is reliable infrastructure development and efficiency improvement in logistics, storage and distribution, so that the production and operating cost will be more competitive among similar business entities in South East Asia.

One of the investment programs implemented was refinery capacity development and modernization through Refinery Development Masterplan Program (RDMP) and New Grass Root Refinery (NGRR) Programs. In 2019, Pertamina commenced to initiate Engineering, Procurement, and Construction (EPC) Project on Lawe-Lawe Facilities of RU V Balikpapan as part of RDMP.

Investments were also conducted by Pertamina related to new renewable energy developments, specifically geothermal energy. To enhance the new renewable energy potentials, Pertamina continues to perform efficiency, explore partnership and probed into new business model, such geothermal and other new renewable energy segments. Developments in

biorefinery, for example, has also been Pertamina's attention due to the potentials of processing oil palm into biodiesel. Furthermore, Pertamina embarked on another business opportunity related to EV (electric vehicle) with other State-Owned Enterprises (SOEs) and automotive industry.

In response to the currently-developing digital era, in 2019 Pertamina digitized 911 units of gas stations. This policy acts as a part of Pertamina's thorough digitalization in the upstream and downstream sectors. The digitalization is focused on the supply chain efficiency enhancement. Pertamina has launched digital dashboard as a supervisory and controlling mechanism for working unit. In the future, Pertamina will establish a joint operation dashboard, functioning as a management information system for supply chain and its progress. The predictive maintenance on refinery which is based on digitization is also enhanced to increase the refineries efficiency and productivity.

Aside from focusing on financial efficiency, as previously mentioned, the challenges faced by Pertamina in 2019 were also related to human capital (HC) development and the implementation of occupational health and safety (OHS) management, which need to be conducted consistently.

Pertamina has Human Capital Strategy House (HC Strategy House) as a form of commitment to develop the human capital, both in the short and long term. The HC Strategy House emphasizes on people management, organization and governance, as well as corporate culture.

In order to meet the HC needs that align with the company strategy, Pertamina continues to perform various education and training programs. Several of which are Pre-Employment Program, Advanced Education Program, Long- and Short-Term Education Program, as well as E-learning Program. On 31 December 2019, Pertamina realized 1,864,553 learning hours or equivalent to 157.93 hours per employee.

Along with the efforts in developing the HC, Pertamina is committed to maintaining the health and safety aspect of the employees as business partners at workplace. Pertamina consistently implements Health, Safety, Security, and Environment (HSSE) Policy, as well as international occupational health and safety (OHS) management system as an embodiment of a safe and convenient work environment.

In 2019, Pertamina encountered a number of incidents, one of which was the oil spill in YYA-1 Well in Offshore North West Java (ONWJ) Block off the coast of Karawang, West Java. With the commitment, capability and experience owned, Pertamina managed to overcome those various incidents well. As of the end of 2019, Pertamina keeps performing the recovery process that is estimated to continue up to 2021, involving the stakeholders.



Analysis on Business Prospect

Amidst the profound pressure towards the new and renewable energy, Pertamina is aware that national energy supply derived from fossil fuel still requires maintenance, so that the Government, industries and community are ready to fully utilize the new and renewable energy. Therefore, the analysis on Pertamina's business prospect is also a result of the Company's efforts in anticipating changes towards the new renewable energy, whilst continuously managing the current national energy supply.

Some efforts made by Pertamina in developing the new and renewable energy, among which were probing into opportunities in co-processing crude palm oil (CPO) and geothermal energy, as well as solar, biomass, and wind energy. It is projected that Pertamina will generate up to 1.1GW geothermal energy in 2026. Meanwhile, productions in solar and biomass energy are expected to reach 6 MW in the same year. As for the wind energy, the production is estimated to reach 75 MW in the same year.

Referring to business potentials, the declining projection on fuel demands due to shifting to the new renewable energy gives Pertamina more opportunities to increase petrochemical business services that are still required by the industries. Furthermore, the management of Rokan Block under Pertamina has the potentials of amplifying Pertamina's position in national crude production up to 60%, creating larger potential for Pertamina in the future among the nation's hydrocarbon-based national industry. The share acquisition of PT Tuban Petrochemical Industri (PT TPI) led by Pertamina in late 2019 was accomplished in order to strengthen the business plan in the future, as well as to anticipate dependency on current petrochemical import products.

Additionally, digitalization is also one of the challenges as well as an opportunity for Pertamina in the future. The Company has prepared Pertamina digitalization roadmap and starts to hold a piloting on digital refinery in 2020. In the upcoming year, digitalization in Procurement Excellence Centre (PEC) Function will be further developed, by emphasizing on market intelligence and business process in the supply chain service.

At the operational level, Pertamina targets to implement end-to-end digital monitoring in storage activities and fuel distribution. The use of sensory equipment to monitor vessels' motion and to build war room facility is a significant step for Pertamina in the future. Furthermore, digitalization will penetrate the upstream sector, targeting 5,518 units of gas stations will be digitized by 2020. Pertamina has cooperated and will continuously cooperate with fintech through digitization in order to support the payment system and fuel distribution.

In order to support future business services, Pertamina continues to enhance the ongoing synergy optimization with

the subsidiaries. The Shared Service Centre (SSC) Function that manages finance, information technology, human capital, procurement, and asset management will have its performance improved continuously. Pertamina also has its assets leveraged, so that it could manage the investments and debts owned for productivity. Monetizing the less-productive assets is necessary, so that it does not overburden Pertamina's statement of financial position. Hundreds of subsidiaries and their derivatives are being reviewed by Pertamina, and possibly there are several corporate actions that will be performed onto Pertamina's assets in 2020.

With the business prospects widely open, Pertamina comprehends the importance in preparing the human capital (HC). There is much knowledge that needs to be developed by Pertamina, so that investments in HC education, such as data analytics, predictive maintenance, artificial intelligence, and big data become mandatory. On the other hand, talent acquisition can be performed by Pertamina, but it requires prudential principles. The HC development will surely be supported by Pertamina's work behavior transformation that stresses on digitalization, cultural developments and new ways of working, as well as orients towards renewable energy developments.

Developments in the Implementation of Good Corporate Governance

Pertamina consistently performs its role to provide energy for the community and assist the Government of Indonesia in lowering fuel imports. In this case, Pertamina increases the operational efficiency and ensures the operations is implemented well. Hence, Pertamina follows up as well as corrects any actions conducted in the Company, which are not in line with the corporate governance principles and violate the laws.

Pertamina has realized and will keep realizing its commitments to be more transparent and accountable in managing the Company, including in decision making. Through the good corporate governance implementation, Pertamina became a world-class energy company, in which the community has put their trust, and makes efforts to maintain the trust given by the stakeholders.

Throughout 2019, Pertamina's good corporate governance implementation was performed thoroughly in accordance with the regulations' provisions and the widely-acceptable corporate governance principles. Pertamina has long upheld values and guidelines that promote the implementation of good corporate governance (GCG).

One of the main pillars of GCG implementation in Pertamina is Risk Management Unit that has accomplished its duties well in 2019. The risk management in Pertamina emphasizes



on capital expenditure and operational expenditure management. Currently, Pertamina's risk management also aligns with the standards of ISO 31000:2018 Risk Management, which implementation has been reviewed and certified by an independent party.

Along with the GCG implementation, Pertamina is also committed to perform social and environmental responsibility, encompassing Partnership and Environmental Development Program (PKBL) as per the Government's provisions. Precisely Rp65.9 billion has been realized by Pertamina in 2019 through four pillars of Pertamina's social and environmental responsibility, namely Pertamina Cerdas (Smart Pertamina), Pertamina Sehat (Healthy Pertamina), Pertamina Hijau (Green Pertamina), and Pertamina Berdikari (Independent Pertamina).

Changes in the Composition of the Board of Directors' Members

In 2019, there were changes in the composition of Pertamina's Board of Directors. The Ministry of SOEs as the major and controlling shareholder dismissed Gandhi Sriwidodo, who previously served as Logistics, Supply Chain and Infrastructure Director. Then, Pahala N Mansury resigned from his tenure as Finance Director due to being appointed as President Director for PT Bank Tabungan Negara (Persero) Tbk. On 22 November 2019, based on Decree Number 283/MBU/11/2019, Emma Sri Martini was appointed by the Ministry of SOEs as a successor to Pertamina's Finance Director.

Subsequently, the Ministry of SOEs appointed Mulyono as Logistics, Supply Chain and Infrastructure Director through SK-336/MBU/12/2019.

Referring to the changes, the composition of Pertamina's Board of Directors as of 31 December 2019 are as follows:

Nicke Widyawati	President Director & CEO
Dharmawan H Samsu	Upstream Director
Budi Santoso Syarif	Refinery Director
Basuki Trikora Putra	Corporate Marketing Director
Mas'ud Khamid	Retail Marketing Director
Emma Sri Martini	Finance Director
Mulyono	Logistics, Supply Chain, and Infrastructure Director
Ignatius Tallulembang	Mega Project Refinery and Petrochemical Director
Heru Setiawan	Planning, Investment, and Risk Management Director
Koeshartanto	Human Capital Director
M Haryo Yunianto	Asset Management Director

Closing

Concluding the Board of Directors' Report, we would like to appreciate members of the Board of Directors, management and employees, as well as business partners, who have contributed well to the Company's performance throughout 2019. Furthermore, we would like to extend our gratitude to the Government, as the majority and controlling shareholder, investors, community, media, and other stakeholders for the extraordinary supports and trust given to Pertamina.

We hope all parties could continuously work together for the common future with Pertamina, as an inclusive and sustainable energy provider.

Jakarta, June 2020,

Sincerely,

Nicke Widyawati

President Director & CEO



Statement of the Board of Commissioners' and Board of Directors' Responsibility on the Annual Report 2019 of PT Pertamina (Persero)

As per the good corporate governance principles and prevailing laws in Indonesia, PT Pertamina published the Annual Report 2019. The Annual Report 2019 of PT Pertamina (Persero) presents information on the Company's performance, good corporate governance implementation, corporate social responsibility, consolidated financial statement for the period of 1 January up to 31 December 2019, as well as other relevant and significant information to the stakeholders.

We, the Board of Commissioners and Board of Directors of PT Pertamina (Persero) who have signed below, have stated our responsibility for the validity of content of PT Pertamina's (Persero) Annual Report 2019. We certify that this statement is true to the best of our knowledge.

Jakarta, June 2020

Board of Commissioners of PT Pertamina (Persero)

Basuki Tjahaja Purnama

President Commissioner/Independent Commissioner

Budi Gunadi Sadikin

Vice President Commissioner

Alexander Lay

Independent Commissioner

Ego Syahril

Commissioner

Condro Kirono

Commissioner

Isa Rachmatarwata

Commissioner

Arcandra Tahar

Vice President Director
(Period of 1 January - 22 November 2019)

Tanri Abeng

President Commissioner/Independent Commissioner
(Period of 1 January - 22 November 2019)

Suahasil Nazara

Commissioner
(Period of 1 January - 23 December 2019)

Sahala Lumban Gaol

Commissioner
(Period of 1 January - 29 April 2019)

Ahmad Bambang

Commissioner
(Period of 1 January - 29 April 2019)

Gatot Trihargo

Commissioner
(Period of 30 April - 22 November 2019)



Board of Directors of PT Pertamina (Persero)

Nicke Widyawati
President Director & CEO

Dharmawan H. Samsu
Upstream Director

Budi Santoso Syarif
Refinery Director

Basuki Trikora Putra
Corporate Marketing Director

Mas'ud Khamid
Retail Marketing Director

Emma Sri Martni
Finance Director

Muhyono
Logistics, Supply Chain,
and Infrastructure Director

Ignatius Tallulembang
Mega Project Refinery
and Petrochemicals Director

Heru Setiawan
Planning, Investment,
and Risk Management Director

Koeshartanto
Human Capital Director

M. Haryo Yudianto
Asset Management Director

Pahala N. Mansury
Finance Director
(Period of 1 January - 22 November 2019)

Gandhi Sriwidodo
Logistics, Supply Chain,
and Infrastructure Director
(Period of 1 January - 26 December 2019)












COMPANY PROFILE

To fulfill national energy needs with the support of refinery development project and oil and gas distribution infrastructure, as well as existing oil and gas field development and new oil and gas field exploration.



Corporate Identity



	Name of Company	PT Pertamina (Persero)
	Company Type/Line of Business	Limited Liability Company (PT), State-Owned Enterprise (SOE)
	Date of Establishment	<ul style="list-style-type: none"> December 10, 1957, named PT Permina July 1, 1961, PT Permina became PN Permina August 20, 1968, PN Permina and PN Pertamina amalgamated 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	Energy
	Authorized Capital	Rp600,000,000,000,000.- (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
	Paid-Up Capital	USD16,191,204 thousand
	Shareholders	100% owned by the Government of the Republic of Indonesia The Company's shares are not to be traded



 Recent Changes to the Notarial Deed	<p>Deed of Shareholders' Resolution on the Changes in PT Pertamina's (Persero) Articles of Association Number 29 of April 13, 2018, Notary Aulia Taufani, SH. According to the Minister of Law and Human Rights Decree Number AHU-0008395.AH.01.02.YEAR 2018 on the Approval of Changes in PT Pertamina's (Persero) Articles of Association of April 13, 2018.</p>
 Total Assets	<p>USD67,086,408 thousand</p>
 Notarial Deed of Establishment	<ul style="list-style-type: none"> • Deed Number 22 of December 10, 1957, Meester Raden Pranowo Soewandi, Substitute Notary Meester Raden Soewandi • Government Regulation Number 198 of 1961 on the Establishment of the State-Owned National Oil Mining Company (PN Permina) • Government Regulation Number 27 of 1968 on the Establishment of the State-Owned Oil and Natural Gas Mining Company • Law Number 8 of 1971 on the State-Owned Oil and Natural Gas Mining Company • Government Regulation Number 31 of 2003 on the Change of Status of the State-Owned Oil and Natural Gas Mining Company to a Limited Liability Company (Persero) • Law Number 19 of 2003 on the State-Owned Enterprises • Notarial Deed Number 20 of September 17, 2003, Notary Lenny Janis Ishak, SH • State Gazette of the Republic of Indonesia of November 21, 2003 Number 93 Supplement Number 11620.
 Legal Basis of Establishment	<p>Government Regulation Number 31 of 2003 on the Change of Status of the State-Owned Oil and Natural Gas Mining Company (Pertamina) to a Limited Liability Company (Persero).</p>
 Head Office Address	<p>Jl. Medan Merdeka Timur 1A Jakarta 10110 Indonesia</p> <p> (62-21) 3815111, 3816111 1 500 000 (PSTN and Cellular Phone)</p> <p> (62-21) 3843882, 3846865</p> <p> pcc@pertamina.com</p> <p> https://www.pertamina.com</p> <p> @Pertamina</p> <p> @Pertamina</p> <p> @Pertamina</p>



Company History



PT Pertamina (Persero) has surpassed six decades in the energy industry. During those years, Pertamina has been consistently supporting the nation's energy resilience through business developments in the oil and gas sector, as well as new energy and business diversification. These endeavors, among which were identified with more qualified products in order to embrace any challenges in the horizon with full optimism for business growth and the realization of Pertamina's goals.

Pertamina's history began around the 1950s, where the Government of the Republic of Indonesia appointed the Indonesian Army, which established PT Eksplorasi Tambang Minyak Sumatera Utara to manage oil fields in Sumatera. On 10 December 1957, the company changed the name to PT Perusahaan Minyak Nasional, abbreviated as PERMINA. The date was commemorated as the beginning of Pertamina up to date. In 1960, PT Pertamina changed the status into a State-Owned (PN) Permina. Subsequently, PN Permina amalgamated with



PN Pertamina and became PN Pertambangan Minyak dan Gas Bumi Negara (Pertamina) on 20 August 1968.

In 2006, PT Pertamina (Persero) changed the Company's vision from "to be a world-class national oil company" to "to be a world-class national energy company" in 2011. Through EGMS of 19 July 2012, Pertamina added issued capital/paid-up capital, and expanded the Company's business activities.

In 2019, one of the substantial measures to realize the vision to be a world-class company hinged on the fulfillment of national energy needs coupled with the supports from refinery development project and oil and gas distribution infrastructure, as well as developments in the existing oil and gas field and new oil and gas field exploration.

Vision, Mission and Corporate Values

Pertamina holds a vision and mission that have been deliberated and agreed by the Board of Commissioners, Board of Directors, and Shareholders on June 14, 2011 through the Extraordinary General Meeting of Shareholders (EGMS) pertaining to the Company's Long-Term Plan (RJPP) of 2011-2015. On the other hand, the latest Company's Goals were ratified along with the RJPP of 2015-2019 on December 23, 2015.

VISION

To Be a World-Class
National Energy Company

MISSION

To Perform an Integrated Core
Business in Oil, Gas, New and
Renewable Energy based on
Solid Commercial Principles

Company Goals

- » To implement and support the Government's policies in economy and national development sectors in general, mainly in Oil and Gas Business Operations, both domestic and overseas, as well as other activities, which are related to or support business activities in the oil and gas sector; and,
- » To perform optimization development on resources owned by the Company to produce high quality goods and/or services with strong competitiveness, as well as to gain profits for increasing the Company's values by implementing the Limited Liability Company principles.

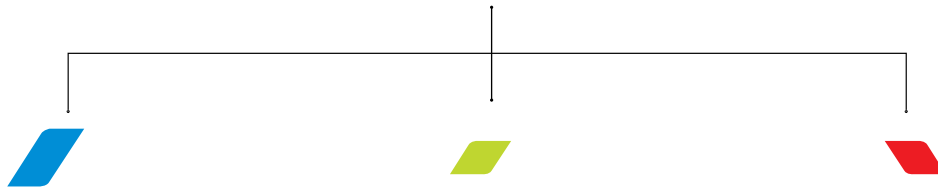
Pertamina's Culture

The characteristics of Pertamina's culture are reflected in the Company's values, which are recognized as 6C, Clean, Competitive, Confident, Customer Focus, Commercial and Capable. The implementation of 6C values is based on PT Pertamina's (Persero) President Director Decree Number Kpts-022/C00000/2013-S0 on the Implementation of 6C Values 01 Pertamina and Subsidiaries (Operational Holding). These values must be acknowledged by and serve as a guideline for all employees in performing their activity.



Logo and Tagline

Pertamina underwent a change in logo on 10 December 2005, from a seahorse to an arrow with green, blue, and red background colors, bearing the interpretation as follows:



The blue color refers to reliability, trustworthy and competent.

The green color refers to environmentally-friendly energy resources.

The color red refers to tenacity and rigor, as well as courage in confronting various challenges.

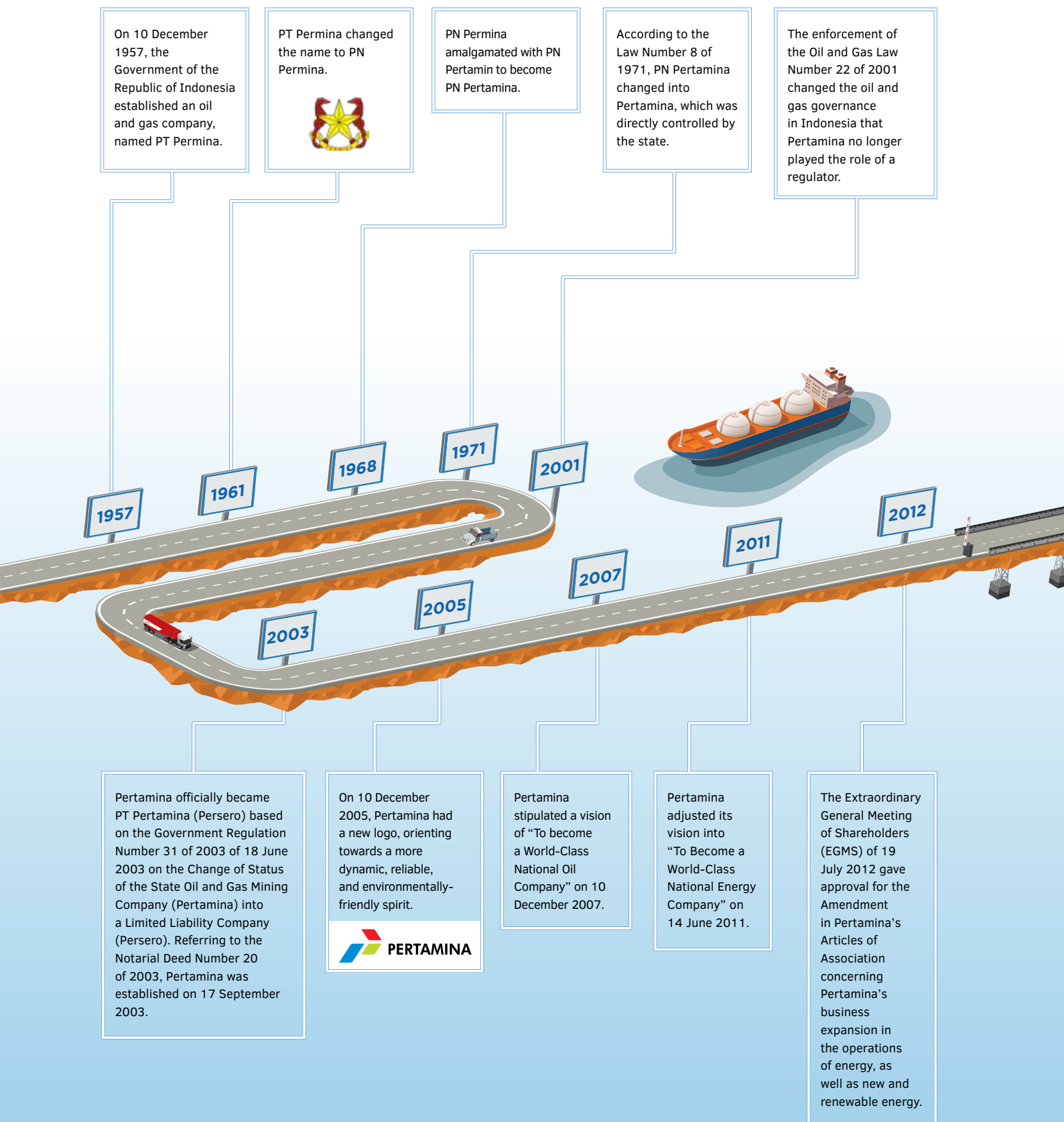
Meaning of the graphic symbols:

1. The shape of arrows depict the aspirations of Pertamina to continually move forward, to be advanced and to be progressive. This symbol also symbolizes the letter "P" which is the first letter of Pertamina.
2. Three-colored elements symbolize the islands with various sizes forming the shape of Indonesia.





Company's Milestones





Pertamina asserted 5 (five) pillars of business strategy for a better Pertamina, namely Developments in Upstream Sector, Enterprise-Wide Efficiency, Increased Capacity on Refinery and Petrochemicals, Infrastructure & Marketing Developments, and Financial Structure Improvements.

In August 2016, Pertamina acquired 24.53% shares of Etablissements Maurel & Prom SA (M&P), a France-based company listed on Paris Stock Exchange (Euronext Paris) with the production and exploration assets in Africa, Europe, Asia, and America.

In February 2017, Pertamina through its subsidiary, PT Pertamina Internasional Eksplorasi dan Produksi (PIEP) completed 72.65% shares acquisition of Etablissements Maurel & Prom SA (M&P). Another subsidiary of Pertamina, PT Pertamina Hulu Indonesia (PHI) officially substituted Total E&P Indonesia (TEPI) as Mahakam Block operator on 31 December 2017.

2014

2016

2017

2018

2019

On 1 January 2018, Pertamina started operating Mahakam Block, Indonesia's largest oil block. Then, on 11 April 2018 Pertamina officially became the holding company of a State-Owned Enterprise (SOE) of Oil & Gas (MIGAS) with the signing of the State-Owned B Series Shares Transfer Deed, amounting to 56.96% in PGN to Pertamina.

In August 2018, Pertamina obtained operatorship to the largest oil block in Indonesia, Rokan Block from the Government of the Republic of Indonesia.

In 2019, the RDMP Project of RU V Balikpapan started commencing the 14 work package of Engineering, Procurement, and Construction (EPC).

Seeing the balance in supply and demand in July and August 2019, Pertamina had managed to export Avtur with a value of 59.67 USD. The year 2019 marked Pertamina's first step in exporting 4,000 barrels of Smooth Fluid SF-05 to Algeria.

In 2019, several innovations were achieved, such as sales acceleration of a fuel type, Bio Solar B30, to support the Government's program and infrastructure groundwork for Low Sulfur Fuel Oil as per the IMO 2020 regulation.





Line of Business

The Company's Business Activities According to the Latest Articles of Association

Business activities performed by Pertamina are regulated in the Decree of Minister of SOEs as the General Meeting of Shareholders (GMS) of 24 November 2016 on the Amendment in the PT Pertamina's (Persero) Articles of Association, which were stated in the Notarial Deed Number 27 of 19 December 2016. No. 27 tanggal 19 Desember 2016.

The deed states that Pertamina performs activities in the energy business, which are:

- oil and gas,
- new and renewable energy,
- other activities, which are related to or support the energy business, such as the oil and gas, as well as new and renewable energy; and,
- developments in the resource optimization owned by the Company.

Based on its Articles of Association, Pertamina performs main business activities, which are as follows:

- oil and gas exploration;
- oil and gas exploitation;
- activities in electrical power industry include but not limited to geothermal exploration and exploitation, geothermal power plant, gas power plant, and electrical power generated by the Company;
- refinery activities, which generate fuel, special fuel, non-fuel, petrochemicals, diesel fuel, liquefied natural



gas (LNG), liquefied gas (GTL), and other intermediary products;

- biofuel material supply, processing, transportation, storage, and commercial activities;
- transportation activities, including transporting oil, gas, fuel, fuel gas, and/or other products for commercial purposes;
- storage activities, including receiving, collecting, storing, and releasing oil, fuel, fuel gas, and/or other products for commercial purposes;
- commercial activities, including purchasing, selling, exporting, importing oil, fuel, fuel gas, and/or other products, gas distribution through pipelines, such as commercial electricity generated by the Company;
- development, exploration, production, and commercial activities in new and renewable energy, coal bed methane (CBM), liquid coal, gasified coal, shale gas, shale oil, biofuel, solar energy, wind energy, and biomass.

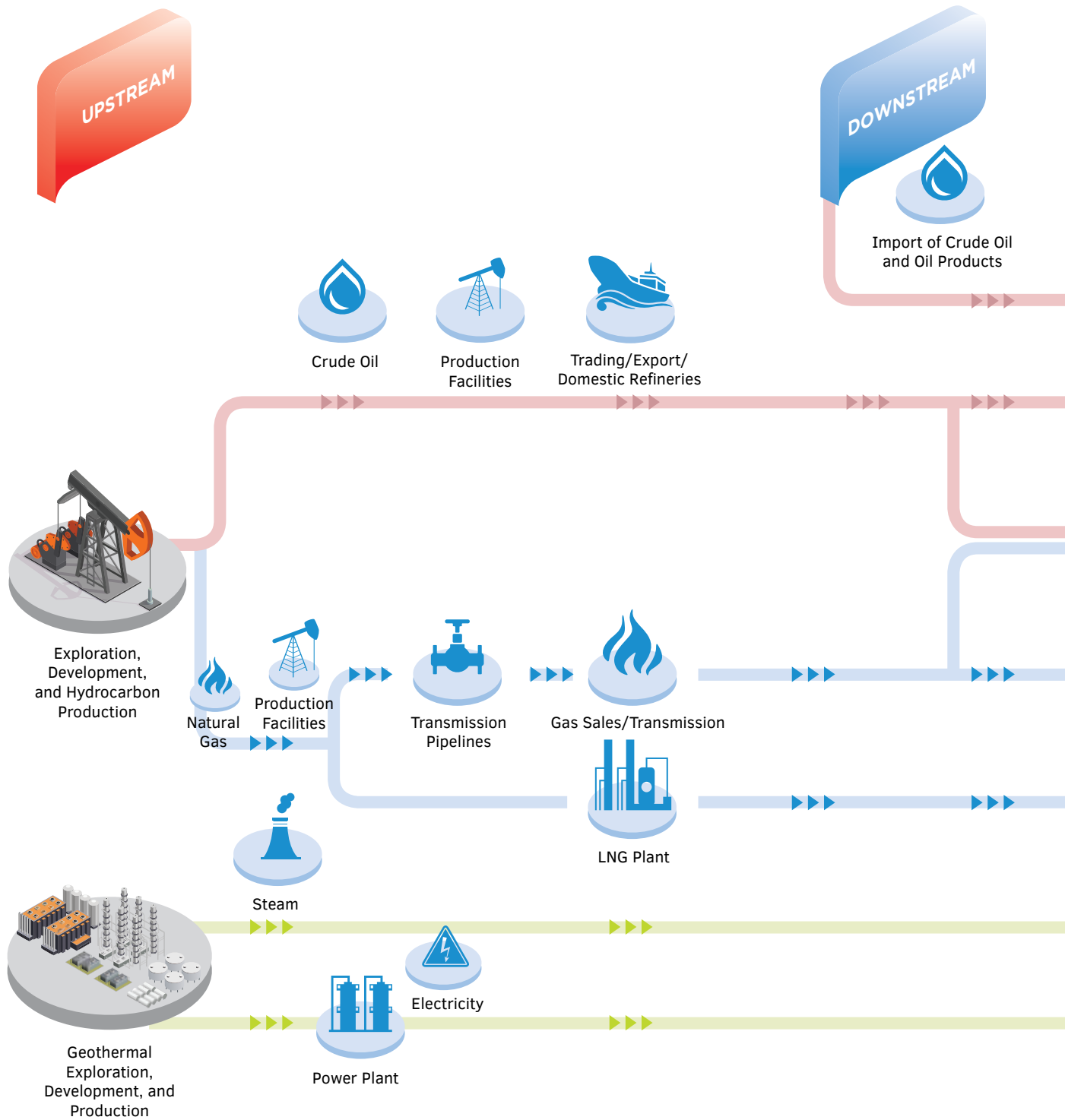


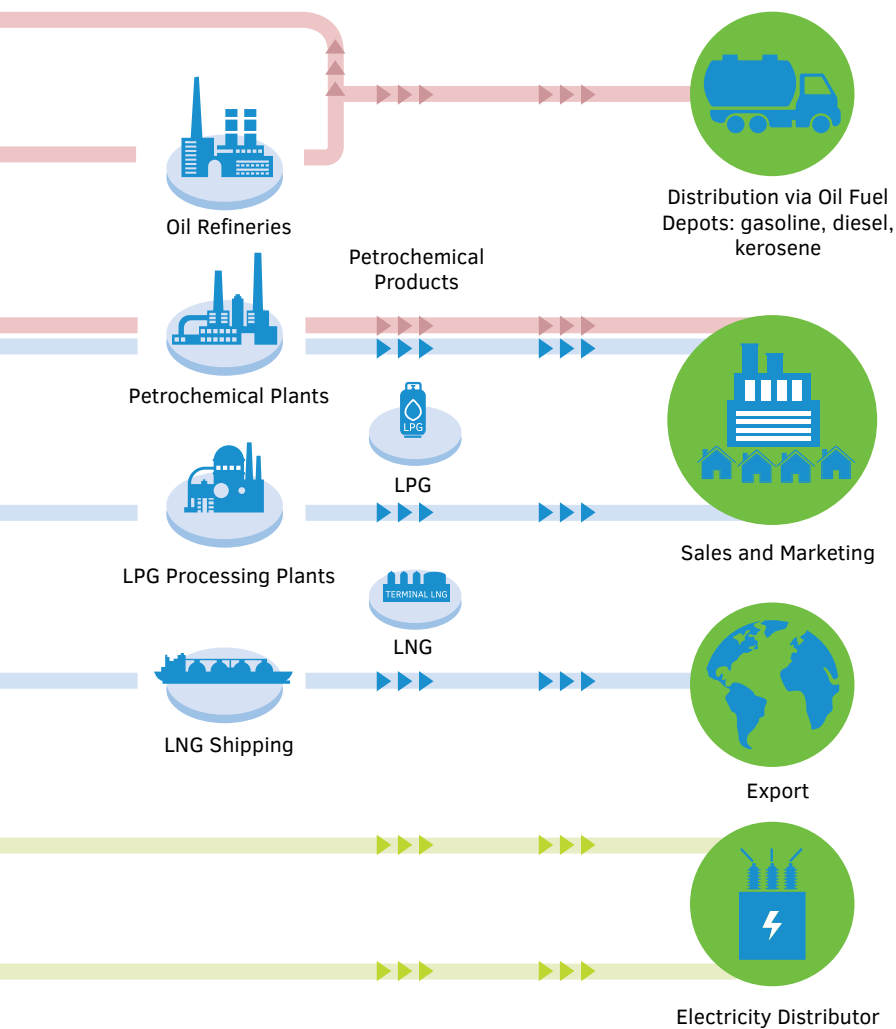
Line of Business Performed

In practice, Pertamina performs business activities that aim to optimize the use of resources owned for:

1. Trading house, real estate, warehousing, tourism, resort, sports and recreation, rest area, hospitals, education, research, telecommunication facilities, rental service, and operation of facilities and infrastructure owned by the company, toll road, and malls;
2. Special economic zone management;
3. Industrial area management;
4. Performing other business activities, supporting and relating to the main business activities.
 - a. Upstream Sector, consisting of oil and gas exploration, development, and production. Other business activities include upstream technological service, drilling service, well maintenance service, geothermal and coal bed methane developments, as well as shale gas.
 - b. Downstream Sector, consisting of business activities encompassing refinery and petrochemicals management, marketing, trading, distribution of various types of products, such as fuel, lubricants, LPG, petrochemical products, as well as other non-fuel products for domestic and foreign markets.
 - c. Gas, Energy, New and Renewable Energy, which cover various researches and approached related to the new and renewable energy developments for power plant and non-conventional biofuel, including performing feasibility study for biogas power plant and solar power plant, as well as biofuel development in the form of green diesel and bio LNG. This sector also oversees gas infrastructure projects, such as establishment of LNG regasification facilities, gas pipelines, and gas fuel station.
 - d. Refinery and Petrochemicals Mega Project Sector serves as a supporting entity for the refinery sector business with a target to increase the refineries capabilities and competitiveness.

Pertamina Integrated Business





- 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



- 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
- Pertamina International Marketing & Distribution, Pte., Ltd.

Subsidiary relevant to business operations*



Products and Services

Products

Subsidized Fuel Oil Products for Households	<ul style="list-style-type: none"> • Kerosene 	Petrochemical Products	<ul style="list-style-type: none"> • Bitumen/Asphalt • Green Coke • Paraffinic Oil • Aromatic Oil • Low Aromatic White Spirit (LAWS) • Special Boiling Point (SBP-XX) • Pertasol • Solphy-2 • Petroleum Rubber Disinfectant (TB 192) • Pesticide Wetting Agent (TENAC Sticker) • Smooth Fluids • Sulphur 		
Subsidized/Assignment Fuel Products for Vehicles	<ul style="list-style-type: none"> • Solar • Biosolar • Premium 		Lubricant Products for Vehicles and Small Engines	<ul style="list-style-type: none"> • Fastron • Prima XP • Mesran and Mesran Super • Enduro • 2T Enviro • Mesrania 	
Non-Subsidized Fuel Products for Vehicles	<ul style="list-style-type: none"> • Peralite • Pertamina • Pertamina Turbo • Pertamina Racing • Dexlite • Pertamina Dex 			Lubricant for Heavy Vehicles, Industry, and Marine	<ul style="list-style-type: none"> • Meditran • Fastron • Mesran B • Translik HD Series • Masri GR • Turalik • Turbolube • Kompen • NG Lube • Gandar • Sevana • Sevana P • Silinap • Medripal • Salyx • Meditran P • Meditran SMX • Diloka 448X
Non-Subsidized Gas for Vehicles Fuel	<ul style="list-style-type: none"> • Vi-gas • Envogas 		Other/Speciality Products		<ul style="list-style-type: none"> • Brake Fluid • Radiator Coolant
Industrial Fuel	<ul style="list-style-type: none"> • Solar Oil • Kerosene 				
Marine Fuel	<ul style="list-style-type: none"> • Marine Fuel Oil (MFO) • Marine Gas Oil – 5 • Fuel Oil 180cSt • Fuel Oil 380cSt 				
Aviation Fuel	<ul style="list-style-type: none"> • Avtur • Avgas 				
Gas Products	<ul style="list-style-type: none"> • Elpiji 3 kg (subsidized) • Elpiji 12 kg • Elpiji 50 kg • Elpiji Bulk • Bright Gas 220 gr • Bright Gas 5.5 kg • Bright Gas 12 kg • Musicool (refrigerant) 				



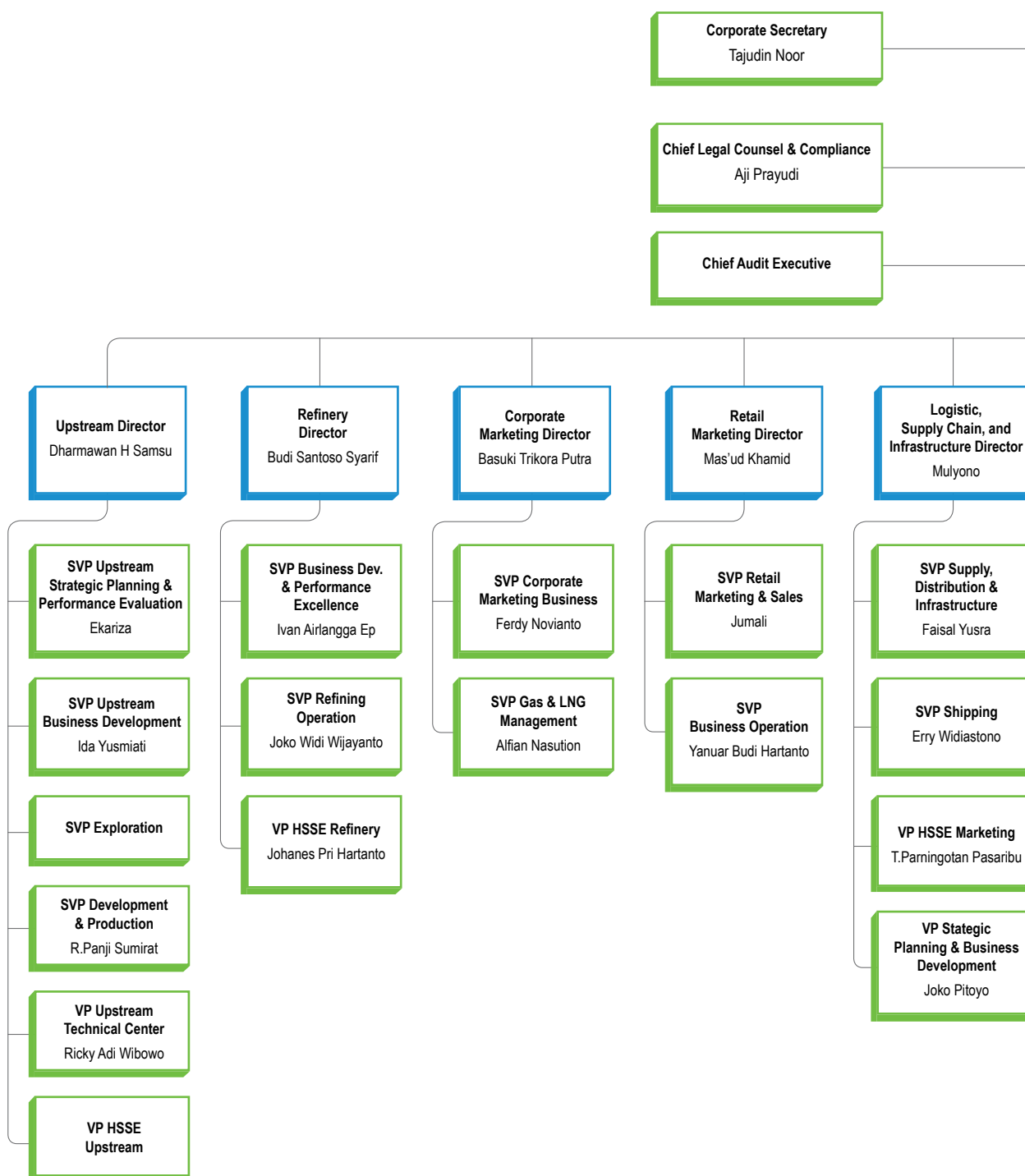
Services

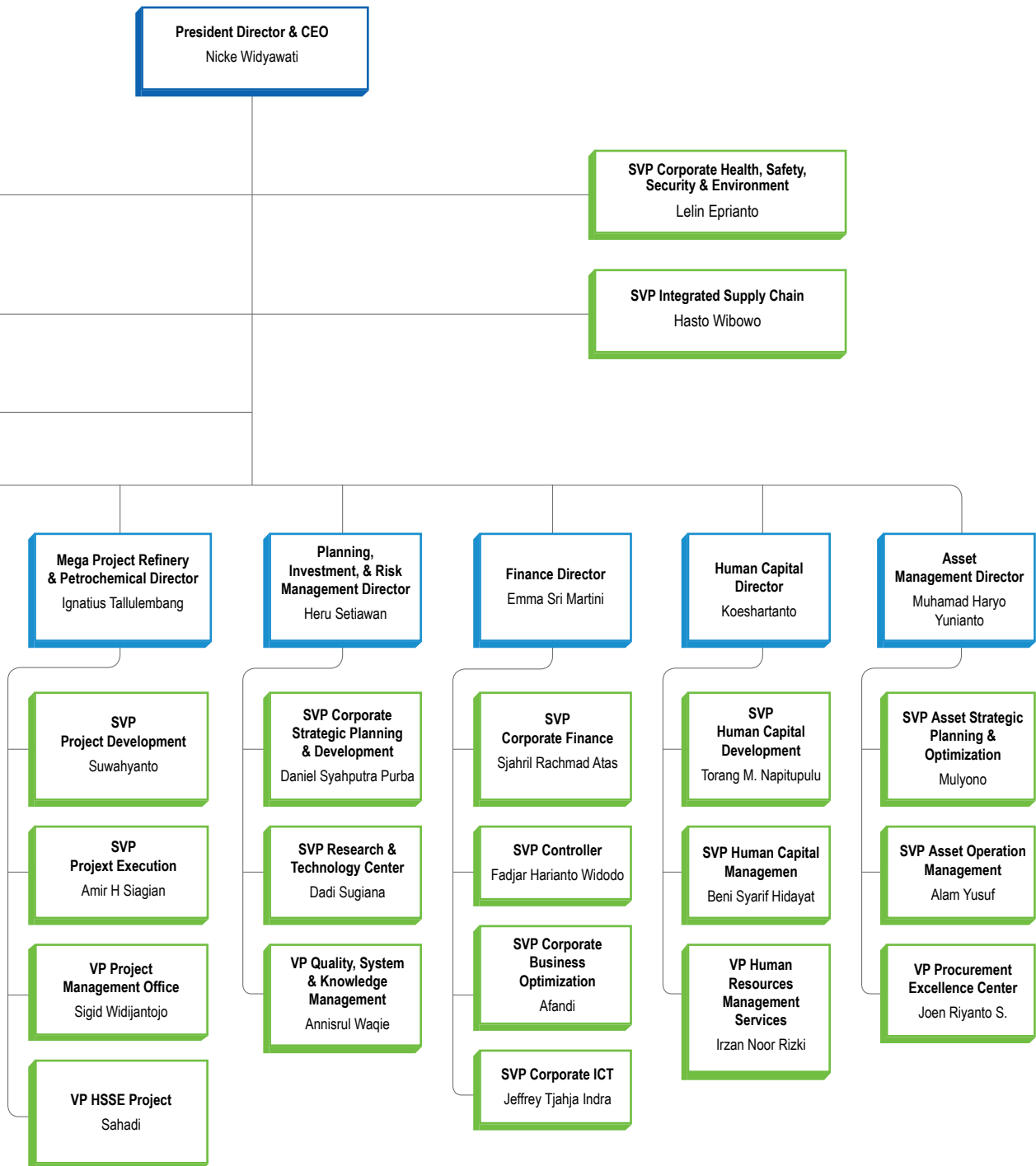
1. Sea transport service for internal customers to transport of crude oil, intermediate, fuel and non-fuel products.
2. Sea transport service for external customers (charter out).
3. Floating storage and offloading service.
4. Vetting service.
5. Marine services, which include underwater engineering, docking, agency, and mooring master.
6. Offshore support vessel, port, and jetty services.
7. Trading, transportation, distribution, processing, and other businesses in natural gas and its derivative products.
8. Human capital development services, management system assessment and consultation.
9. Hotel/motel service, office, and property/hotel rental.
10. General insurance for oil & gas industry and marine hull.
11. Healthcare and hospital service in Jakarta and surrounding areas, Cirebon, Balikpapan, Tanjung and Prabumulih.
12. Air transportation, air charter, and scheduled flight.
13. Other businesses which are relevant to business or support business activities.



Organizational Structure

Pertamina organizational structure as per 31 December 2019.







Profile of the Board of Commissioners



Currently, Pertamina has six members of the Board of Commissioners with two Independent Commissioners. There are no Independent Commissioners presently serving more than two terms. Thus this Annual Report does not present a statement of independence in the case that the Independent Commissioner has served more than two terms.

Basuki Tjahaja Purnama

President Commissioner/Independent Commissioner

Nationality : Indonesian
Age : 53 years old
Domicile : Jakarta, Indonesia

Educational Background

- Master of Management, Prasetya Mulia Business School, Jakarta, Indonesia (1994)
- Bachelor of Engineering, Geology Engineering, Trisakti University, Jakarta, Indonesia (1989)

Work Experience

- Governor of DKI Jakarta (2014 – 2017)
- Deputy Governor of DKI Jakarta (2012 – 2014)
- Member of the House of Representatives (2009 – 2012)
- Regent of East Belitung (2005 – 2006)
- Member of the Regional Representative Council of the East Belitung Regency (2004 – 2005)

Concurrent Positions

Concurrently holding the positions of Chairman and Member of the Audit Committee

Legal Basis for Appointment

The SOE Minister Decree as the PT Pertamina (Persero) General Meeting of Shareholders (GMS) No. SK329/MBU/12/2019 of 23 December 2019 as the President Commissioner/Independent Commissioner of PT Pertamina (Persero).



Budi Gunadi Sadikin

Vice President Commissioner

Nationality : Indonesian
Age : 55 years old
Domicile : Jakarta, Indonesia

Educational Background

- Chartered Financial Consultant (ChFC) and Chartered Life Underwriter (CLU) Certifications, Singapore Insurance Institute, Singapore (2004)
- Bachelor of Engineering, Nuclear Physics Major, Bandung Institute of Technology, Bandung, Indonesia (1988)

Work Experience

- SOE Deputy Minister (2019)
- President Director at PT Inalum (Persero) (2019)
- SOE Minister Special Staff (2016 – 2017)
- President Director at PT Bank Mandiri Tbk (2013 – 2016)
- Micro dan Retailing Banking Director at PT Bank Mandiri Tbk (2006-2013)

Concurrent Positions

Concurrently holding the positions of Chairman and Member of the Investment Committee, as well as the Deputy Minister I of SOE.

Legal Basis for Appointment

The SOE Minister Decree as the PT Pertamina (Persero) General Meeting of Shareholders (GMS) No. SK329/MBU/12/2019 of 23 December 2019 as the Vice President Commissioner of PT Pertamina (Persero).

Alexander Lay

Independent Commissioner

Nationality : Indonesian
Age : 46 years old
Domicile : Jakarta, Indonesia

Educational Background

- Master of Laws, University of Sydney, Australia (2006)
- Bachelor of Law, Atma Jaya University, Jakarta, Indonesia (2003)
- Bachelor of Petroleum Engineering, Bandung Institute of Technology, Bandung, Indonesia (1997)

Work Experience

- Commissioner at PT Asuransi Jasa Indonesia (Persero) (2016 – 2017)
- Legal Special Staff of the Cabinet Secretary of the Republic of Indonesia (2015)
- Founding Partner of the Lasut, Lay & Pane Law Firm (2009 – 2014)

Concurrent Positions

Concurrently holding the positions of Vice Chairman and Member of the Audit Committee, as well as Special Staff of the State Secretariat Ministry

Legal Basis for Appointment

Appointed as Independent Commissioner based on the SOE Minister Decree as the PT Pertamina (Persero) General Meeting of Shareholders (GMS) No.SK-142/MBU/05/2018 of 30 May 2018.



Ego Syahrial

Commissioner

Nationality : Indonesian
Age : 57 years old
Domicile : Jakarta, Indonesia

Educational Background

- Post-Doctoral (Research Associate), Petroleum Engineering, Imperial College of Science, Technology, and Medicine, University of London, UK (2004)
- Doctor of Philosophy, Petroleum Engineering, Imperial College of Science, Technology, and Medicine, University of London, Royal School of Mines, Department of Earth Resources Engineering, London, UK (1997)
- Master of Science in Petroleum Engineering, Imperial College of Science, Technology, and Medicine, University of London, Royal School of Mines, Department of Earth Resources Engineering, London, UK (1993)
- Bachelor of Engineering, Petroleum Engineering, Trisakti University, Jakarta, Indonesia (1988)

Work Experience

- Secretary General of the Ministry of Energy and Mineral Resources (2017 – now)
- Head of the Geology Department, Ministry of Energy and Mineral Resources (2016 – 2017)
- Head of the Planning Bureau, Ministry of Energy and Mineral Resources (2016)

Concurrent Positions

Concurrently holding the positions of Vice Chairman and Member of the Nomination & Remuneration Committee and as Secretary General of the Ministry of Energy and Mineral Resources

Legal Basis for Appointment

The SOE Minister Decree as the PT Pertamina (Persero) General Meeting of Shareholders (GMS) No.S-142/MBU/05/2018 of 30 May 2018 as the Commissioner of PT Pertamina (Persero)

Condro Kirono

Commissioner

Nationality : Indonesian
Age : 58 years old
Domicile : Jakarta, Indonesia

Educational Background

- Lemhanas, Jakarta, Indonesia (2012)
- Higher Officer Police School, Bandung, Indonesia (2007)
- National Police Leadership School, Bandung, Indonesia (1999)
- Police Science College, Jakarta, Indonesia (1991)
- Police Academy, Semarang, Indonesia (1984)

Work Experience

- Baharkam POLRI Core Policies Analysis (2019)
- Head of the POLRI Security Maintenance Agency (2019)
- Chief of the Central Java Regional Police (2016)
- Chief of the POLRI Traffic Corps (2014)
- Chief of the Riau Regional Police (2013)

Concurrent Positions

Concurrently holding the positions of Chairman and Member of the Nomination and Remuneration Committee

Legal Basis for Appointment

The SOE Minister Decree as the PT Pertamina (Persero) General Meeting of Shareholders (GMS) No. SK329/MBU/12/2019 of 23 December 2019 as the Commissioner of PT Pertamina (Persero).



Isa Rachmatarwata

Commissioner

Nationality : Indonesian
Age : 53 years old
Domicile : Jakarta, Indonesia

Educational Background

- Master of Mathematics, University of Waterloo, Canada (1994)
- Bachelor in Mathematics, Bandung Institute of Technology, Bandung, Indonesia (1990)

Work Experience

- Director General of State Assets, Ministry of Finance (2017 – now)
- Expert Staff in Financial Services and Capital Market Policies and Regulations, Ministry of Finance (2013 – 2017)
- High Official at the Fiscal Policy Agency, Fiscal Policy Agency (2013)
- Head of the Insurance Bureau, Capital Market and Financial Institution Supervisory Agency, Ministry of Finance (2006 – 2012)

Concurrent Positions

Concurrently holding the positions of Vice Chairman and Member of the Investment Committee, as well as the Director General of State Assets, Ministry of Finance of the Republic of Indonesia

Legal Basis for Appointment

The SOE Minister Decree as the PT Pertamina (Persero) General Meeting of Shareholders (GMS) No.SK-327/MBU/12/2019 of 23 December 2019 as the Commissioner of PT Pertamina (Persero).



Profile of the Board of Directors



As per 31 December 2019, Pertamina has eleven Board of Directors Members entirely working properly and professionally in accordance with their respective competencies.

Nicke Widyawati

President Director & CEO

Nationality : Indonesian
Age : 52 years old
Domicile : Jakarta, Indonesia

Educational Background

- Master of Laws, Business Law, Padjadjaran University, Bandung, Indonesia (2009)
- Bachelor of Engineering, Industrial Engineering, Bandung Institute of Technology, Bandung, Indonesia (1991)

Work Experience

- PT Pertamina (Persero), Director of Human Capital/ Acting President Director & CEO (2017 – 2018)
- PT PLN (Persero), Director of Strategic Sourcing and Renewable Energy (2017)
- PT PLN (Persero), Director of Corporate Planning and Renewable Energy (2016 – 2017)

Concurrent Positions

Does not hold concurrent positions whether as a member of the Board of Commissioners, member of the Board of Directors, or other positions at subsidiaries or other institutions.

Legal Basis for Appointment

State-Owned Enterprises Minister Decree No. SK-232/MBU/08/2018 of 28 August 2018 on the Dismissal and Appointment of Board of Directors Members of PT Pertamina (Persero).



Dharmawan H. Samsu

Upstream Director

Nationality : Indonesian
Age : 58 years old
Domicile : Jakarta, Indonesia

Educational Background

Bachelor of Engineering, Geophysical Engineering, University of Indonesia, Jakarta, Indonesia (1989)

Work Experience

- Upstream Director, PT Pertamina (Persero) (2018 – now)
- Head of Country, BP Indonesia, (2011 – 2018)
- Exploration & Renewal Manager, BP Indonesia, (2009 – 2011)
- Reservoir & Wells Manager of BP Offshore Northwest Java (ONWJ) and Subsurface & Wells Functional Manager, BP Berau Ltd. (2006 – 2008)
- Subsurface, Wells and PE Manager, BP Kangean Inc. (2003 – 2005)
- Exploration Team Leader, BP North America (2000 – 2003)
- Assignments in ARCO Indonesia Inc, ARCO Bali North Inc., ARCO Exploration and Production Technology, ARCO Africa and Middle East Exploration (1990 – 2000)

Concurrent Positions

Does not hold concurrent positions whether as a member of the Board of Commissioners, member of the Board of Directors, or other positions at subsidiaries or other institutions.

Legal Basis for Appointment

State-Owned Enterprises Minister Decree No. SK-232/MBU/08/2018 of 28 August 2018 on the Dismissal and Appointment of Board of Directors Members of PT Pertamina (Persero).

Budi Santoso Syarif

Refinery Director

Nationality : Indonesian
Age : 56 years old
Domicile : Jakarta, Indonesia

Educational Background

- Master of Engineering, Industrial Engineering, University of Indonesia, Jakarta, Indonesia (1999)
- Graduate Certificate of Industrial Engineering Management, Queensland University of Technology, Australia (1999)
- Bachelor of Engineering, Chemical Engineering, Gadjah Mada University, Yogyakarta, Indonesia (1989)

Work Experience

- VP Refining Technology (2014 – 2017)
- SVP Business Development & Performance Excellence (2017)
- SVP Refining Operation PT Pertamina (Persero) (2017 – 2018)

Concurrent Positions

- Non-Executive Director at Pertamina International Marketing and Distribution Pte Ltd (PIMD)
- Vice President Commissioner at PT Pertamina Rosneft Pengolahan dan Petrokimia (PRPP)

Note: In the process of position replacement.

Legal Basis for Appointment

State-Owned Enterprises Minister Decree No. SK-97/MBU/04/2018 of 20 April 2018 on the Dismissal and Appointment of Board of Directors Members of PT Pertamina (Persero).



Basuki Trikora Putra

Corporate Marketing Director

Nationality : Indonesian
Age : 58 years old
Domicile : Jakarta, Indonesia

Educational Background

Bachelor of Engineering, Mechanical Engineering, Trisakti University, Jakarta, Indonesia (1988)

Work Experience

- SVP Non Fuel Marketing, PT Pertamina (Persero) (2017 – 2018)
- President Commissioner at PT Pertamina EP (2018 – now)
- Chairman of the Pertamina Pension Fund Supervisory Board (2018 – now)

Concurrent Positions

Does not hold concurrent positions whether as a member of the Board of Commissioners, member of the Board of Directors, or other positions at subsidiaries or other institutions.

Legal Basis for Appointment

State-Owned Enterprises Minister Decree No. SK-97/MBU/04/2018 of 20 April 2018 on the Dismissal and Appointment of Board of Directors Members of PT Pertamina (Persero).

Mas'ud Khamid

Retail Marketing Director

Nationality : Indonesian
Age : 55 years old
Domicile : Jakarta, Indonesia

Educational Background

- Executive Education, Harvard Business School, Boston, United States of America (2015)
- Global Leadership Program, Kellogg School of Management, Northwestern University of Chicago, Chicago, United States of America (2009)
- Bachelor of Engineering, Physical Engineering, Sepuluh November Institute of Technology, Surabaya, Indonesia (1989)

Work Experience

- Director of Consumer Service PT Telkom (2017–2018)
- Chief of Commissioner PT. Telkom Akses (2017–2018)
- Chief of Commissioner PT. Sigma Citra Caraka (2015 – 2017)

Concurrent Positions

Does not hold concurrent positions whether as a member of the Board of Commissioners, member of the Board of Directors, or other positions at subsidiaries or other institutions.

Legal Basis for Appointment

State-Owned Enterprises Minister Decree No. SK-97/MBU/04/2018 of 20 April 2018 on the Dismissal and Appointment of Board of Directors Members of PT Pertamina (Persero).



Emma Sri Martini

Finance Director

Nationality : Indonesian
Age : 48 years old
Domicile : Jakarta, Indonesia

Educational Background

- Master, Market Infrastructure and Economics, Harvard Kennedy School Executive Education (2011)
- Bachelor of Engineering, Informatics Engineering, Bandung Institute of Technology, Bandung, Indonesia (1993)

Work Experience

- President Director of Telkomsel (2019)
- President Director of PT Sarana Multi Infrastruktur (Persero) (2009)
- Commissioner at PT Trans Pacific Petrochemical Indotama I (2004 – 2009)

Concurrent Positions

Does not hold concurrent positions whether as a member of the Board of Commissioners, member of the Board of Directors, or other positions at subsidiaries or other institutions.

Legal Basis for Appointment

State-Owned Enterprises Minister Decree No. 283/MBU/11/2019 of 22 November 2019 on the Dismissal and Appointment of Board of Directors Members of PT Pertamina (Persero).

Mulyono

Logistics, Supply Chain, and Infrastructure Director

Nationality : Indonesian
Age : 52 years old
Domicile : Jakarta, Indonesia

Educational Background

- Doctorate, Sea Transport Systems, Sepuluh Nopember Institute of Technology, Surabaya (2017)
- Graduate Certificate in Engineering Management (2000)
- Master, Industrial Engineering, University of Indonesia – QUT Australia (2000)
- Master of Management, Jakarta (1997)
- Bachelor of Engineering, Electrical Engineering, Sepuluh Nopember Institute of Technology, Surabaya (1990)

Work Experience

- President Commissioner at PT Kilang Pertamina Internasional (2019)
- SVP Asset Strategic Planning & Optimization (2018 – 2019)
- Technical Expert & Strategic Advisor Marketing Director (2017 – 2018)

Concurrent Positions

Does not hold concurrent positions whether as a member of the Board of Commissioners, member of the Board of Directors, or other positions at subsidiaries or other institutions.

Legal Basis for Appointment

State-Owned Enterprises Minister Decree No. SK-336/MBU/12/2019 of 26 December 2019 on the Dismissal and Appointment of Board of Directors Members of PT Pertamina (Persero).



Ignatius Tallulembang

Mega Project Refinery and Petrochemicals Director

Nationality : Indonesian
Age : 57 Tahun
Domicile : Jakarta, Indonesia

Educational Background

Bachelor of Engineering, Chemical Engineering, Gadjah Mada University, Yogyakarta, Indonesia (1988)

Work Experience

- Commissioner, PT Pertamina Power Indonesia (2018 – now)
- Commissioner, PT Pertamina Lubricant (2017 – 2018)
- SVP Project Execution, Processing and Petrochemical Megaprojects Directorate 1 (2017 – 2018)

Concurrent Positions

Does not hold concurrent positions whether as a member of the Board of Commissioners, member of the Board of Directors, or other positions at subsidiaries or other institutions.

Legal Basis for Appointment

State-Owned Enterprises Minister Decree No. 242/MBU/09/2018 of 13 September 2018 on the Dismissal and Appointment of Board of Directors Members of PT Pertamina (Persero).

Heru Setiawan

Planning, Investment, and Risk Management Director

Nationality : Indonesian
Age : 56 Tahun
Domicile : Jakarta, Indonesia

Educational Background

- Master of Business Administration, Energy Management, Universite de Montreal, Montreal, Canada (2001)
- Bachelor of Engineering, Mechanical Engineering, Bandung Institute of Technology, Bandung, Indonesia (1989)

Work Experience

- Processing and Petrochemical Megaprojects Director at PT Pertamina (Persero) (2018)
- SVP Corporate Business Optimization (2018)

Concurrent Positions

Does not hold concurrent positions whether as a member of the Board of Commissioners, member of the Board of Directors, or other positions at subsidiaries or other institutions.

Legal Basis for Appointment

State-Owned Enterprises Minister Decree No. 242/MBU/09/2018 of 13 September 2018 on the Dismissal and Appointment of Board of Directors Members of PT Pertamina (Persero).



Koeshartanto

Human Capital Director

Nationality : Indonesian
Age : 59 Tahun
Domicile : Jakarta, Indonesia

Educational Background

- Master of Business Administration, IPMI Business School Jakarta, Indonesia (2000)
- Bachelor of Economics, Diponegoro University, Semarang, Indonesia (1985)

Work Experience

- HC & General Director, PT Jasa Marga (Persero) Tbk. (2017 – 2018)
- President Director, KTalents Asia (2016 – 2017)
- Group Human Resources Director, Agung Podomoro Group (2010 – 2015)

Concurrent Positions

President Commissioner at PT Asuransi Tugu Pratama Indonesia Tbk (ATPI)

Note: In the process of position replacement.

Legal Basis for Appointment

State-Owned Enterprises Minister Decree No.SK-232/MBU/08/2018 of 28 August 2018 on the Dismissal and Appointment of Board of Directors Members of PT Pertamina (Persero).

M. Haryo Yunianto

Asset Management Director

Nationality : Indonesian
Age : 50 Tahun
Domicile : Jakarta, Indonesia

Educational Background

- Master of Management, Pembangunan Nasional University (UPN) Veteran, Jakarta, Indonesia (2001)
- Bachelor of Law, Indonesia Islamic University, Yogyakarta, Indonesia (1994)

Work Experience

- President Commissioner at PT Patra Niaga (2018 – now)
- President Director at PT Patra Jasa (2016 – 2018)
- Director at PT Jaya Ancol (2014 – 2015)

Concurrent Positions

Does not hold concurrent positions whether as a member of the Board of Commissioners, member of the Board of Directors, or other positions at subsidiaries or other institutions.

Legal Basis for Appointment

State-Owned Enterprises Minister Decree No.SK-97/MBU/04/2018 of 20 April 2018 on the Dismissal and Appointment of Board of Directors Members of PT Pertamina (Persero).



Subsidiaries and Associated Entities

The addresses of subsidiaries and associated entities can be viewed on the PT Pertamina (Persero) website on the page www.pertamina.com/id/anak-perusahaan.

No	Name of Subsidiary Entity	Shares Ownership Percentage	Date of Establishment
UPSTREAM			
1	PT Pertamina EP	PT Pertamina (Persero) 99,99% PT Pertamina Pedeve Indonesia 0,01%	September 13, 2005
2	PT Pertamina Hulu Energi	PT Pertamina (Persero) 98,72% PT Pertamina Pedeve Indonesia 1,28%	June 29, 2007
3	PT Pertamina Geothermal Energy	PT Pertamina (Persero) 91,09% PT Pertamina Pedeve Indonesia 8,91%	December 12, 2006
4	PT Pertamina EP Cepu	PT Pertamina (Persero) 99% PT Pertamina Pedeve Indonesia 1%	September 14, 2005
5	PT Pertamina EP Cepu Alas Dara & Kemuning	PT Pertamina (Persero) 99% PT Pertamina Pedeve Indonesia 1%	August 15, 2013
6	PT Pertamina Internasional Eksplorasi Dan Produksi	PT Pertamina (Persero) 99,999998% PT Pertamina Pedeve Indonesia 0,000002%	November 18, 2013
7	PT Pertamina Hulu Indonesia	PT Pertamina (Persero) 99,93% PT PT Pertamina Pedeve Indonesia 0,07%	December 28, 2015
8	PT Pertamina Drilling Services Indonesia	PT Pertamina (Persero) 99,89% PT Pertamina Pedeve Indonesia 0,11%	June 13, 2008
9	PT Elnusa Tbk	PT Pertamina (Persero) 41,10% Dana Pensiun Pertamina 14,90% Public < 5% 44,00%	September 9, 1969
10	PT Pertamina Hulu Rokan	PT Pertamina (Persero) 99,87% PT Pertamina Pedeve Indonesia 0,13%	December 20, 2018
11	PT Pertamina East Natuna	PT Pertamina (Persero) 99,9% PT Pertamina Pedeve Indonesia 0,1%	March 29, 2012
12	Pertamina E&P Libya Ltd	PT Pertamina (Persero) 100%	August 8, 2005
DOWNSTREAM			
13	PT Pertamina Patra Niaga	PT Pertamina (Persero) 99,91% PT Pertamina Trans Kontinental 0,09%	February 27, 1997
14	PT Pertamina Lubricants	PT Pertamina (Persero) 99,95% PT Pertamina Pedeve Indonesia 0,05%	September 23, 2013
15	PT Nusantara Regas	PT Pertamina (Persero) 60% PT Perusahaan Gas Negara Tbk 40%	April 14, 2010
16	PT Badak NGL	PT Pertamina (Persero) 55% Total E&P Indonesia 10% VICO Indonesia 20% PT Pertamina Pedeve Indonesia 15%	March 18, 1974
17	PPT Energy Trading Co Ltd	PT Pertamina (Persero) 50% Toyota Motor Corporation 13% Others 37%	May 15, 1965



Status	Line of Business
Active	Management of upstream oil and gas business which includes exploration, exploitation, and sales of oil and gas produced from the exploitation activities.
Active	Upstream oil and gas and energy business management both of which is conducted inside and outside the country. It also carries out related and/or supporting business activities in the field of oil and gas.
Active	Management and development of geothermal resources, which includes exploration and exploitation activities, the production of steam for electricity generation, consulting services, construction, operation and maintenance as well as technology development.
Active	Upstream oil and gas business management, including exploration, exploitation and production in the Cepu block.
Active	Upstream business management, including exploration, exploitation and production in Block Cepu Alas Dara & Kemuning.
Active	Management of upstream operations in the field of oil, gas and energy which includes exploration and production activities conducted overseas.
Active	Oil, natural gas and energy business, carrying out exploration and exploitation services as well as direct and indirect energy-related business activities. It has a participating equity interest in domestic operations and carries out services related to oil, natural gas and energy businesses and other business, which is directly or indirectly related to the businesses described above.
Active	Management and development of drilling services, including exploration and exploitation of oil and gas or geothermal resources.
Active	The management of oil and gas services which include, among others, seismic, drilling and oil field management services.
Active	Upstream business management, including exploration, exploitation and production in the Rokan block.
Non-Active	No Activities
Non-Active	No Activities
Active	Technology services, trade services for non-fuel and oil and gas mining industry.
Active	Management of production, trading, transportation, distribution, storage activities for lubricant and its derivatives.
Active	Operation and development of floating storage facilities and regasification terminals ("FSRT"), including, purchase of LNG and marketing of FSRT facilities products and other related business activities to optimizing PT Nusantara Regas' value to its shareholders
Active	Utilization, operate and maintenance of gas liquefaction plant and installation for land transportation, liquefaction, liquid storage and delivery of natural gas produced in Indonesia, especially East Kalimantan
Active Joint Venture	Oil and gas products trading



No	Name of Subsidiary Entity	Shares Ownership Percentage	Date of Establishment
18	PT Arun NGL	PT Pertamina (Persero) 55% PT PHE Arun 45%	November 26, 1974
19	Pertamina International Marketing & Distribution Pte Ltd	PT Pertamina (Persero) 100%	August 5, 2019
20	PT Pertamina Trans Kontinental	PT Pertamina (Persero) 99.999% PT Pertamina Pedeve Indonesia 0.001%	September 9, 1969
21	PT Pertamina International Shipping	PT Pertamina (Persero) 99.95% PT Pertamina Pedeve Indonesia 0.05%	Desember 21, 2016
22	PT Pertamina Retail	PT Pertamina (Persero) 99.9996% PT Pertamina Pedeve Indonesia 0.0004%	June 17, 1997
23	PT Perusahaan Gas Negara Tbk	Republic of Indonesia - 1 shares Series A Dwiwarna 0% PT Pertamina (Persero) - Series B 56.96% Public 43.04%	May 13, 1965
24	PT Kilang Pertamina Internasional	PT Pertamina (Persero) 99.90% PT Pertamina Pedeve Indonesia 0.10%	November 13, 2017
25	PT Tuban Petrochemical Industries (TuPI)	PT Pertamina (Persero) 51% Minister of Finance of the Republic of Indonesia 46.99% PT Silakencana Tirtalestari 2.01%	March 16, 2001
26	PT Pertamina Power Indonesia	PT Pertamina (Persero) 99.999031% PT Pertamina Pedeve Indonesia 0.000969%	October 26, 2016
27	Pertamina Energy Services Pte Ltd	PT Pertamina (Persero) 100%	January 1, 1992

FINANCE & SERVICES

28	PT Asuransi Tugu Pratama Indonesia Tbk	PT Pertamina (Persero) 58.50% UOB Kay Hian PTE LTD 15.75% Siti Taskiyah 10.935% Samsung Fire & Marine Insurance Co. Ltd. 5.294% Public 9.521%	November 25, 1981
29	PT Pertamina Pedeve Indonesia	PT Pertamina (Persero) 99.93% PT Pertamina Patra Niaga 0.07%	June 18, 2002
30	PT Seamless Pipe Indonesia Jaya	PT Pertamina (Persero) 10.36% Tenaris Global 77.45% PT Bakrie & Brother 10% PT Krakatau Steel 2.19%	January 17, 1985
31	PT Patra Jasa	PT Pertamina (Persero) 99.999% PT Pertamina Pedeve Indonesia 0.001%	July 17, 1975
32	PT Pelita Air Service	PT Pertamina (Persero) 99.99686% PT Patra Jasa 0.00314%	January 24, 1970
33	PT Pertamina Bina Medika	PT Pertamina (Persero) 99.98% PT Pertamina Pedeve Indonesia 0.02%	October 21, 1997
34	PT Pertamina Training & Consulting	PT Pertamina (Persero) 91% PT Pertamina Pedeve Indonesia 9%	February 19, 1999



Status	Line of Business
In Liquidation	No Activities
Active	Overseas marketing and trading
Active	Shipping operation services including supply vessels, tug boats, cargo vessels and agency.
Active	Business management in the field of shipping, with main business activity being the shipping of oil and gas commodities, and other supporting activities.
Active	Retail gas station business management as well as trade and transportation services for certain fuel products.
Active	Business management in the fields of commerce, transportation, distribution, processing and other business related to natural gas and its derivatives.
Active	Management of refinery in oil, natural gas and new and renewable energy, domestic and overseas, comprising activities in production, refinery and trading.
Active	General trading and services of petrochemical and refine oil and gas products
Active	Electricity generation, production, repair and trade of equipment for electricity generated from other energy sources such as natural gas hydro, geothermal, solar, and other resources.
In Liquidation	No Activities
Active	General insurance
Active	General trading
Active Joint Venture	Manufacturing and selling seamless steel pipes, including iron and steel pipe fitting and relevant products
Active	Hospitality, property, and catering services
Active	Aviation services
Active	Healthcare services
Active	Management consulting, manpower provider, training provide, and general trading & services

Company Information and Data Access

Pertamina provides access to information as extensively as possible to shareholders and other stakeholders on the performance of the Company following prevailing laws and regulations. The Company has also established the Public Information Services Management Guidelines as the standards for public services. Internal information access,

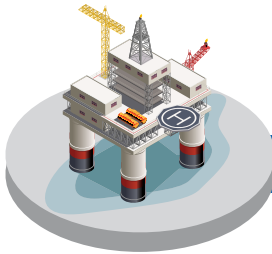
among which, is through email broadcast, running text, display at the lobby, digital advertisement board, public announcement, as well as the PT Pertamina (Persero) “Energia” magazine. External information access, among which, includes press releases, Company website, social media, ministry site, and Pertamina contact center.







Company Group Structure



UPSTREAM



DOWNSTREAM

 Pertamina 99,99% PeDeVe 0,01%	 Pertamina 98,72% PeDeVe 1,28%
 Pertamina 91,09% PeDeVe 8,91%	 Pertamina 99% PeDeVe 1%
 Pertamina 99% PeDeVe 1%	 Pertamina 99,999998% PeDeVe 0,000002%
 Pertamina 99,93% PeDeVe 0,07%	 Pertamina 99,89% PeDeVe 0,11%
 Pertamina 41,10% DP Pertamina 14,90% Public <5% 44,00%	 Pertamina 99,87% PeDeVe 0,13%
 Pertamina 99,90% PeDeVe 0,10% *Non-Active	 Pertamina 100% *Non-Active

 Pertamina 99,91% PTK 0,09%	 Pertamina 99,95% PeDeVe 0,05%
 Pertamina 60% PT PGN Tbk 40%	 Pertamina 55% Vico 20% PeDeVe 15% Total EP Ind 10%
 Pertamina 50% Toyota Motor Corp. 13% Others 37%	 Pertamina 55% PHE Arun 45%
 Pertamina 100%	
 Pertamina 99,999% PeDeVe 0,001%	 Pertamina 99,95% PeDeVe 0,05%


^{*)} Joint Venture



FINANCE & SERVICES




Pertamina 99,9996%
PeDeVe 0,0004%



Pertamina 56.96%
Public 43.04%
RI 0%
(1 Series A Dwiwarna share)



Pertamina 58.50%
UOB Kay Hian 15.75%
Siti Taskiyah 10.935%
Samsung Fire & Mar. Insr 5.294%
Masyarakat 9.521%



Pertamina 99,93%
Patra Niaga 0,07%



Pertamina 99,90%
PeDeVe 0,10%

PT TUBAN PETROCHEMICAL INDUSTRIES

Mentri
Keuangan RI 46,99%
Pertamina 51%
PT Sila Kencana 2,01%

PT Seamless Pipe Indonesia Jaya *

Pertamina 10,36%
Tenaris Global 77,45%
PT Bakrie & Brother 10%
PT Krakatau Steel 2,19%



Pertamina 99.999031%
PeDeVe 0.000969%



Pertamina Energy Services Pte. Ltd.
*(Dalam Likuidasi)

Pertamina 100%



Pertamina 99,999%
PeDeVe 0,001%



Pertamina 99,99686%
PeDeVe 0,00314%



Pertamina 99,98%
PeDeVe 0,02%



Pertamina 91%
PeDeVe 9%



Supporting Functions



Human Capital

The Role of Human Capital

Pertamina has the vision to be a world class national energy company, and therefore must have excellent, professional, and skilled human capital (HC). Furthermore, business competition in the 4.0 business era, technological advancements, and global business prompted the Company to make revamps in all aspects of activities and policies to harmonize with competitive changes in the business. For that purpose, HC holds the strategic position as a

business activity agent in the Company. The HC function is an excellent business partner to create strategies that are impactful on the business.

To support Pertamina in achieving its vision as well as address the Company's business challenges, the HC Strategy House was composed, reflecting HC vision and strategies which are in alignment with business needs. The HC Strategy House is as follows:

“Human Capital as Reliable Engage Business Strategy and Transformation to Create Business Impact”

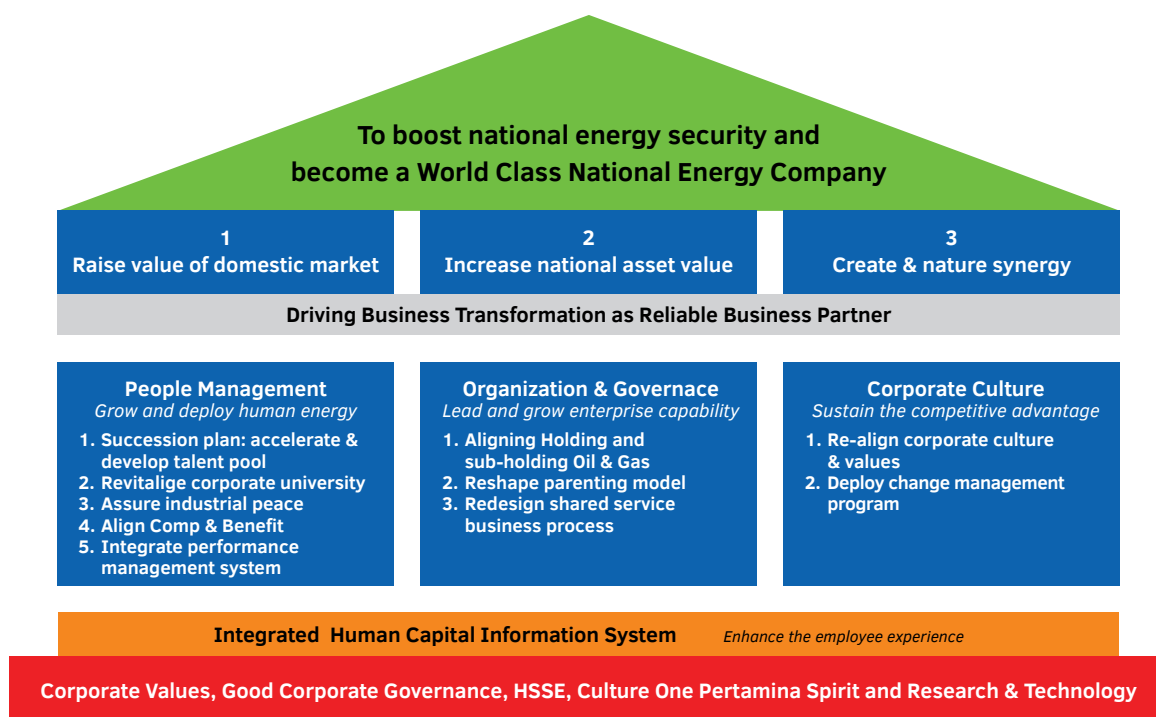


Diagram Human Capital Strategy House Pertamina

Moreover, in HC management, Pertamina has strategic objectives, which are:

1. The availability of world class employees (global business leaders & world class talents) to support the achievement of targets and the development of domestic and international business.
2. The availability of effective & efficient organization to meet the Company's business needs with a global competitive edge in its field (global corporation management enhancement).
3. The materialization of a Company culture that meets world class performance standards (world-class high-performance culture) supported by employee management and conducive industrial relations.
4. The availability of excellent and integrated HC service & information systems under corporate needs.

Talent Sourcing Planning and Management Policies

The strategic workforce planning at Pertamina comprehensively takes several aspects into account, which are productivity, financial performance, business strategy, plans of changes to the organization, internal movement, and the number of retiring employees. Results of the strategic workforce planning are then translated into 6 (six) job fulfillment strategies, which are:

1. **Buy**, conducting external recruitment following the needs of the company, whether of fresh graduates or experienced hires with PWTT (Permanent Employee) or PWT (Contract Employee) status.
2. **Borrow**, optimizing the resources of subsidiaries through the mechanism of assistance to PT Pertamina (Persero).
3. **Transform**, using new methods in completing work through reorganization, technology use, and digital transformation.



4. **Regroup**, making changes to the business strategy or business process re-engineering.
5. **Build**, developing employee capabilities under demands of the business to ensure the availability of successors on every position level.
6. **Bind**, retaining top talents through development programs that are capable of increasing added value for the Company.

The implementation of each aforementioned strategy in 2019 was as follows:

No.	Strategy	Realization
1	Build	Blended learning implementation for Employees via in-class training, mobile learning, job assignment, and others.
2	Borrow	The increase of Subsidiary Employees at PT Pertamina (Persero) from; 75 people in November 2018 to 173 people in November 2019 (a 131% increase compared to the previous year).
3	Buy	Realization of new Employee recruitment at PT Pertamina (Persero) of 297 people through the fresh graduate channel, while experienced hires are currently in the recruitment process.

Fulfillment of the recruitment needs of PT Pertamina (Persero) is conducted through the following programs:

- a. **SOE Joint Recruitment Program (PBB)**
SOE PBB is a program initiated by the Forum Human Capital Indonesia (FHCI) of the SOE Ministry to provide equal opportunity for job seekers from all over Indonesia, including those with disabilities and regional natives. In 2019, Pertamina Group has employed 31 (thirty-one) people with disabilities and 54 (fifty-four) Papua region natives to support several Company projects and operational activities.
- b. **Pertamina Regular Recruitment**
To maintain operational excellence and support the Company's future business development, PT Pertamina (Persero) also holds regular recruitment programs through the fresh graduate and experienced hire categories.

The Internship Program is a form of the Company's concern for fresh graduates to be able to build their competencies, expand their horizons, and gain real experience in the working world which is performed regularly. In 2019, 134 people participated in the internship program, originating from various State and Private Universities.

Aside from the Internship Program, Pertamina also holds the Certified University Student Internship Program

(PMMB), which is one part of the 5 SOE FHCI featured work programs, to give opportunities to university students to channel their potential and acquire experience in SOE (link and match between what is available at universities and the needs of the industry). In 2019, for 6 months, 318 university students from 50 State and Private Universities were introduced to the working world, including e-learning material on corporate insight at PT Pertamina (Persero).

Assure Industrial Peace

In 2019, programs relevant to improving industrial peace were conducted through the partnership/mutualism cooperative approach via 4 (four) methods:

- a. **The Availability of Regulations at the Company**
 - 1) Renewal of the Collective Labor Agreement (PKB) as well as PKB socialization to 20 (twenty) PT Pertamina (Persero) work locations together with the Federation of Pertamina United Labor Unions (FSPPB).
 - 2) Composition of the Governance System (STK) or as procedures/technical guidelines/derivative regulations from the 2019 – 2021 PKB (the prevailing PKB), consisting of 31 (thirty-one) STK.
 - 3) Composition of a Secondment Agreement with Subsidiaries.
 - 4) Performing a role as counsel in reviewing the Company Regulations composed by Subsidiaries.
- b. **Employee Relations and Communication Channel Empowerment**
Optimizing internal media, whether print or electronic (Energia, email broadcast, and others) to provide education and as refreshment for employees on HC policies, particularly ones relevant to industrial relations through the HC Corner.
- c. **Industrial Peace Monitoring**
Composition of the Quickwin II version Industrial Peace Dashboard (IPD) for case handling monitoring and database at Pertamina.
- d. **Industrial Relations Capability Building and Networking**
 - 1) Industrial Relations Mandatory Training (2 batches of Industrial Relations Officer Development Program/IRODP, 1 batch of Industrial Relations Senior Development Program/IRSDP, 2 batches of Industrial Relations (IR) for non-IR.
 - 2) IR class for employee sharing and awareness of the IR Function or other Functions in the internal HC Function regarding policies which oftentimes

intersect with IR, such as provision policies, policies on ship crew, work hours, break time, and other issues.

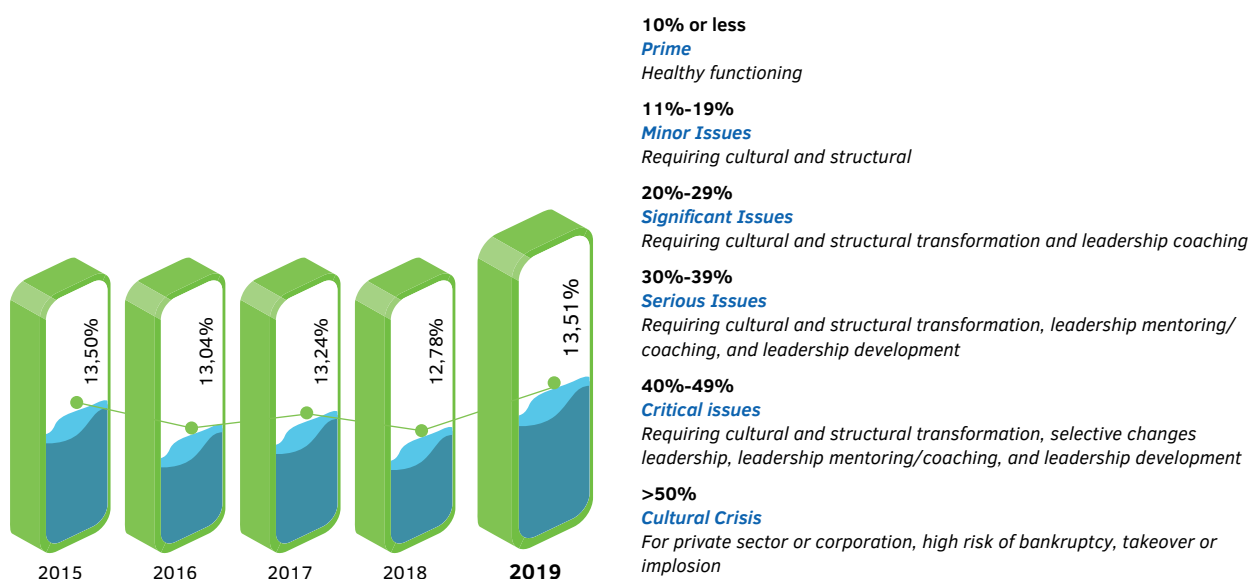
Corporate Culture

Pertamina cultivates a high-performance company culture based on effective working behavior, which is in turn based on the 6C Values and supported by a conducive working climate based on employee engagement. The understanding and implementation of 6C Values will shape behavior, which becomes culture, as a unique characteristic of Pertamina among other companies. Each Pertamina Employee individual must ensure they behave following 6C Values, which comprise Clean, Competitive, Confident, Customer Focused, Commercial, and Capable.

In 2019, Pertamina conducted the Organization and Leadership Effectiveness Survey (Quality of Management Leadership Index or QMLi), which was participated in by 99.8% of PT Pertamina employees, with positive results. As baseline, the Leadership effectiveness index in PT Pertamina as an organization was at a Good rating. This shows that Pertamina is collectively in line towards efficient, consistent, and optimal professional practices.

Meanwhile, on the aspect of culture soundness rating, in 2019 PT Pertamina (Persero) was at 13.51%. The survey was participated in by 68% of PT Pertamina (Persero) employees, and the result shows that Pertamina exhibits consistency as a sufficiently sound and productive Company.

Graph of the 2015-2019 Pertamina Culture Soundness Rating Survey Results



To continue maintaining and improving positive culture quality, the Company performs the following activities:

- Increasing digital working collaboration by rolling out Office 365 in M-Teams socialization in PT Pertamina (Persero).
- 6C Values internalization through the interior design of the new PT Pertamina (Persero) office working area at the Sopodel Building (in the forms of cultural posters and naming meeting rooms by specific behaviors) as well as meeting ethics socialization.
- Value Based Development Program (VBDP) modernization through cooperation with Ruang Guru. With the online learning application, the internalization process is expected to run more extensively and flexibly.
- Voluntary Programs, such as the Pertamina Energi Negeri (PEN), Bazaar Energi Negeri (BEN), blood donations, Sunda Strait and Palu Disaster Relief, Sharing Entropy Survey, Voluntary Days Donations, and others.
- Pertamina Group Speech Competition with the theme “Ignite Your Agility” to strengthen the confidence and English skills of Employees.



- f. Leaders Forum to strengthen the roles of Senior Leaders in Pertamina Group.
- g. Strengthening the digital mindset of Senior Leaders in Pertamina Group through the Pertamina Digital Mindset Think Shop.

The Company also conducts a recognition program to keep up the motivation of employees participating in the internalization of positive culture internalization at Pertamina, in the forms of the Top Five Influencers and The Best Culture Change Agent programs as positive reinforcement for Employees.

Human Capital Profile

Until the end of 2019, the number of Pertamina Employees was recorded at 13,738 Permanent Employees (PWTT). The number is in line with the needs of the Company's operational activities and business growth.

Table of the 2016-2019 Pertamina Employees Based on Position Level

Level	Number of Employees			
	2019	2018	2017	2016
L1 (SVP Equivalent)	30	42	33	21
L2 (VP Equivalent)	196	203	114	97
L3 (Manager Equivalent)	952	954	573	541
L4 and others	12,560	12,461	12,686	12,943
Total	13,738	13,660	13,406	13,602

Table of the 2016-2019 Pertamina Employees Based on Educational Level

Education	Number of Employees			
	2019	2018	2017	2016
Postgraduate	1,161	1,261	1,270	1,257
Bachelor's	5,649	5,666	5,460	5,414
Diploma	4,287	4,212	4,066	4,024
High School	2,625	2,500	2,592	2,879
Junior High School	15	20	16	23
Elementary School	1	1	2	5
Total	13,738	13,660	13,406	13,602

Table of the 2016-2018 Pertamina Employees Based on Employment Status

Employment Status	Number of Employees							
	2019		2018		2017		2016	
Permanent Employees (PWTT)	13,738	90%	13,660	89%	13,406	88%	13,602	87%
Contract Employees (PWT)	1,559	10%	1,636	11%	1,836	12%	2,093	13%
Total	15,297	100%	15,296	100%	15,242	100%	15,695	100%

Table of the 2016-2019 Pertamina Employees Based on Age

Age	Number of Employees			
	2019	2018	2017	2016
< 26 Years	2,392	2,034	1,499	1,376
26 - 35 Years	5,762	5,804	5,752	5,603
36 - 45 Years	2,821	2,518	2,176	2,046
46 - 55 Years	2,717	3,270	3,914	4,494
> 55 Years	46	34	65	83
Total	13,738	13,660	13,406	13,602



Employee Turnover Rate

The Employee turnover rate in 2019 was recorded at 35 people, while in 2018 it was 48 people. In detail, the Employee turnover rate in 2019 was as follows:

Table of the 2016-2019 Pertamina Employee Turnover Rate

Detail	Unit	2019		2018		2017		2016	
		Male	Female	Male	Female	Male	Female	Male	Female
< 30 Years	people	0	5	1	5	3	3	3	6
30 – 50 Years	people	8	10	1	5	1	7	11	9
> 50 Years	people	0	0	0	0	0	0	0	0
Total	people	8	15	2	10	4	10	14	15

As in the initial explanation, for the human capital management strategy to run in a structured and effective manner to enable each Employee to give the best contribution by their competencies, the HC strategy house becomes the main strategy as the point of reference in running the programs implemented in the current year. Details of the programs implemented in the HC Strategy House are as follows:

People Management

Succession Plan, Talent Pool Acceleration & Development

The availability of Employees with high competency is necessary to support the achievement of Company targets and a high performing organization. To accomplish that, several programs are implemented to develop Employee competencies by the Company's needs, among which through project assignment, functional training, leadership training, cross pollination, and talent mobility implementation at Pertamina Group.

In 2019, program implementation already began to take Employee aspirations into account and discussions with Superiors for approval at the beginning of last year were inputted, and monitored online via the Individual Development Plan (IDP) application. The IDP online application, implemented since 2019, is a tool to plan and monitor employee development, consisting of assignment, coaching, and training (non-mandatory) relevant with the current business needs of the Company and/or to fill the competency gap of the respective Employee, performed based on the current position competencies/requirements or by the skill group development/position level frame. 10,377 employees or 84% of the total PT Pertamina (Persero) employees have composed their competency development plan on the online ODP, the realization of which is monitored at mid-year and end of the year of 2019. Employee development program realization will be the

realization of Individual Goals (in the talent development item) of a superior in developing their subordinates.

Whereas the foci of the Employee development programs in 2019 were as follows:

- Sustainable programs, starting from entry level to top management
As the basis for the implementation of employee competency development programs, mapping of development needs is performed on every Employee level, whether technical certification, functional program, or leadership/managerial program.
- Collaborating with global institutions
The implementation of Employee competency development programs involves several capable global institutions and the implementation is adjusted to the needs and objectives of the Company.
- Involving business coach, where top management is also involved as well as retired employees with the mastery of relevant materials regarding the Company's business process.
- Creating expertise to be able to face changes in business conditions.
- Collaborating the 10:20:70 teaching-learning method (10% is education or formal teaching-learning/training, 20% is exposure or mentoring and coaching, and 70% is teaching-learning method using direct experience) through the design thinking learning method and by still implementing the blended learning method which was implemented in the previous year.

Moreover, to develop a sense of patriotic nationalism and optimize the contribution of Pertamina personnel towards the advancement of the Nation, in 2019 PT Pertamina (Persero) carried out the National Call Program pilot project. This program would be participated in by People Leader level Employees in batch 1, which would then be evaluated with the hopes of being implemented for all Employees on all levels in 2020.



At the end of 2019, the total Employee learning hours achievement reached 1,864,553 teaching-learning hours (an average of 157.93 hours of teaching-learning/Employee). Various teaching-learning media contributed to the achievement of the Employee teaching-learning hours, one of which was mobile learning with the Ruang Kerja application media. The cost for employee competency training and development realized in 2019 was Rp668 billion, a 3% increase compared to Rp646 billion in 2018.

Teaching-learning through the mobile learning media until the end of 2019 has been participated in by 27,322 Employees. As the advanced stage, aside from the mandatory training module, Pertamina Corporate University (PCU) created several awareness programs as follows:

- a. Basic Lubricant and Lubrication Class
- b. Lubricant and Lubrication for Automotive Class
- c. Pertamina Aviation Competence and Education (PACE) Class
- d. Basic HSSE for SPBU Class
- e. Basic HSSE Mandatory Class
- f. Product Knowledge Class
- g. Pertamina Upstream Development Way Class
- h. Pertamina Drilling Way Class
- i. Pertamina Upstream Production Way Class
- j. Pertamina Engineer Professional Project Management (EPPM) Class
- k. Pertamina Corporate Oil Flow (AMK) Fundamental Class
- l. Pertamina Pertamina Aviation Competence and Education (PACE) Class
- m. Pertamina Value Based Development Program Class
- n. Pertamina IR for Non-HR Class

Aside from the aforementioned teaching-learning programs, to improve the leadership challenge as well as accelerate Leader candidates to fill the Company's strategic positions, PT Pertamina (Persero) holds the Catalyser (Top Talent Development Program/TTDP) program. Catalyser/TTDP is an acceleration program for Company talents groomed to hold the positions of SVP/Equivalent and VP/Equivalent in the next 3-5 years, with participants being Employees of Assistant Manager talent level upwards of a particular maximum age established by the company, taking place for 2 (two) years.

The method for competency development used in the programs is blended learning, which includes:

- a. Classroom
Through the teaching-learning activities in the

classroom in cooperation with world-class teaching-learning partners with an excellent reputation.

- b. Coaching
Employee discussions in developing their competencies are not limited to Superiors or Coaches appointed by the Company, but Employees may also suggest/choose Coaches that may support Employees in developing their competencies.
- c. Assignment and immersion
Conducted through benchmarking with various organizations whether domestic or overseas or cross-function strategic projects.

The Catalyser program focuses on the development of leadership that is prepared to bring Pertamina to be a Global Energy Company, therefore this program was designed by implementing immersion with various Subject Matter Experts (SME) and organization Leaders from diverse fields, such as energy, business, technology, digital, financing, and innovation. The Catalyser Cohort 1 (batch 1) took place in four countries, which were Indonesia (Jakarta), China (Shanghai), United Arab Emirates (Abu Dhabi), and India (Bangalore). Hence, participants had the opportunity to gain direct exposure to a number of digital organizations and global companies, whether domestic or overseas. Results of the teaching-learning and mindset change are expected to be the participants' platform for innovation and supply of knowledge as future Pertamina leaders.

While the Catalyser/TTDP program was ongoing, there were 2 (two) validations of program participants by the system of elimination where the assessment met the established criteria, such as results of the previous teaching-learning, current assessment score, performance value, activeness in the programs, and other requirements.

Until December 2019, 2 cohorts (2 batches) of the Catalyser/TTDP have taken place, where 118 participants of Cohort 1 have undergone validation 2 with the result of 114 participants continuing to the second year and, as per October 2019, started undergoing the second year in the form of Mobility Opportunity Assignment phase consisting of projects, stretch assignments, rotations, promotions, and others. While for 4 people, the Catalyser implementation in the second year was postponed and they would continue the program together with Cohort 2. In December 2019, Catalyser/TTDP Cohort 2 Kick Off was underway with the number of participants of 158 people who would undertake validation 1 with the target of 120 participants.



Based on the aforementioned program description, it is expected that Employees' competencies can be in alignment with what is needed by the Company. Whereas the success indicators of the Employee programs in 2019 are as follows:

a. **Leadership Competency Index (LCI)**

LCI for the VP position upwards in 2019 showed an average assessment score of 2.90 (higher than the 2.83 targets). Out of all the VP level upwards employees who have been assessed, 82% had the score above the required minimum score.

b. **Technical Competency Index (TCI)**

TCI was targeted to achieve a minimum adjustment of 75% towards the technical competency of assessed employees. As part of the technical competency assessment phase of all Assistant Manager level and lower employees, the Technical Competency Dictionary and Position Competency Needs (KKJ) were updated in 2019 as technical competency assessment parameters. For the composed KKJ to be able to address challenges of the considerably dynamic organizational change, the Generic KKJ was then composed in 2019 using the Skill Group/Sub Skill Group approach, translated into every position. Presently, the composition of the Technical Competency Dictionary and Generic KKJ has completed evaluation. Assessment of technical competency has been conducted for 3 (three) Directorates, which are Upstream, Processing, and Corporate Marketing, with the following assessment results:

Directorate	Technical Competency Index
Upstream Group	144%
Refinery	72%
Corporate Marketing - Sales	115%

In 2020, TCI assessment will be continued for other Directorates/Functions with methods of self-assessment and a panel interview with the purpose of obtaining the latest data of the Employees' technical competency level.

Remuneration and Benefits System

PT Pertamina (Persero) continuously performs the development of the integrated remuneration system sustainably in order to increase the competitive value of the remuneration package that is able to bolster the Company in facing global business competition. The remuneration system is designed and developed by taking the following aspects into consideration:

- a. Ensuring a competitive remuneration program to be able to attract, retain, and motivate the best Employees to support the achievement of the Vision to be a world class energy company.

- b. Creating fairness for all Employees in Pertamina Group in accordance with industry reference based on company and individual performance.
- c. Remuneration program based on the 3P (People, Position, Performance) concept.
- d. The remuneration program is formulated in accordance with the company's performance achievement.
- e. Maintaining the remuneration program in accordance with the Company's capability to ensure the company's competitive level and that it is budgeted.

Aside from the remuneration package during the active term of office, Pertamina also has a competitive retirement benefits policy to represent an appreciation for the performance of Employees while productive at Pertamina.

Organization and Governance

Pertamina continues to develop the effective and efficient organization in accordance with business needs with global competitiveness in its field. In 2019, the efforts made to optimize the Company's organization were as follows:

- a. **Customer Based Marketing Organization**
Realizations of the Marketing Group organizational evaluation and implementation based on customer type in 2019 which had been approved were as follows:
- 1) Organizational Structure of the Retail Marketing Directorate of Manager level and lower (at Head Office).
 - 2) Organizational Structure of the Corporate Marketing Directorate of Manager level and lower (at Head Office).
 - 3) Organizational Structure of the LSCI of Manager level and lower (at Head Office).
 - 4) Organizational Structure of the Marketing Operation Region (MOR) of Manager level and lower.
- b. **Project Partnership**
Realizations of the organizational evaluation and implementation which had been approved in Mega Project execution were as follows:
- 1) Organizational Structure of PT Kilang Pertamina Indonesia (PT KPI) level 1 under the Board of Directors.
 - 2) Organizational Structure of PT Pertamina Rosneft Pengolahan & Petrokimia (PT PRP&P) overall.
 - 3) Organizational Structure of PT Kilang Pertamina Balikpapan overall.
- c. **SSC Multi Tower**
- 1) Implementation of the wave II SSC-HC organization and retained HC organization is under evaluation and planned to go live in April 2020 at PT Pertamina (Persero) and 3 Subsidiaries (PGE, Pertamina



Lubricants, and Patra Niaga). The focus of this wave is the digitization of 8 (eight) HC processes to be more responsive and efficient in serving employees, which are as follows:

- a) Performance Management
 - b) Exit Management
 - c) Discipline and Grievance
 - d) Workforce Scheduling
 - e) Leave Management
 - f) Competency Management
 - g) Mobility Services
 - h) Organization Management
- 2) Continuing the Wave II SSC-Finance organization evaluation and planned to go live in QI of 2020.
 - 3) Organizational structure of wave I SSC-ICT for VP level has been approved and would go live in QIV of 2019.
 - 4) Finalization of wave I SSC-ICT organization for Manager level and lower would go live in QI of 2020.
- d. Standardization of Upstream Subsidiaries
Organizational design standardization based on the business life cycle and business size, the use of regional approach, and resource optimization, as well as the integration of upstream career ladder using skill group/subskill group.
- e. Agile/Matrix Organization Policy Evaluation including Change Management
Organizational matrix began to be implemented at the HC Directorate in the People Management Function since July 2018 and planned to be evaluated in QI of 2020.
- f. Parenting Style Implementation
Evaluation of parenting style implementation (a division of roles and accountability of the HC Function at Pertamina and Subsidiaries) in the HC aspect is continued under with the PIMR Directorate policies and harmony with strategies of the SOE Ministry.
- g. Shared Service Organization APH
Realizations of the implementation of Shared Service Organization (SSO)/centralization organization at Upstream Subsidiaries were as follows:
- 1) Centralization of all Support Functions at PT Pertamina Hulu Energi.
 - 2) Centralization of all Support Functions at PT Pertamina EP.

- 3) Centralization of the Exploration and Internal Audit Functions (2019) and the SCM, Finance, and Human Capital Functions (2020) at PT Pertamina Hulu Indonesia.

Integrated Human Capital Information System Integrated Talent Management System (ITMS)

ITMS specifically includes the succession planning and talent management business processes, which was developed to address the need for planning to fill positions, particularly on the Managerial level. One of the breakthroughs in this application is an optimization of the employee empowerment aspect which enables Employees to suggest a position as part of their career aspiration. On the other hand, superiors may also offer position recommendations for their subordinates and can propose a successor to fill the position they are currently holding.

The transparency aspect is an added value for employees in setting their career goals. In 2019, the focus of this application was used for the succession planning of the Manager level upwards in PT Pertamina (Persero). In the future, the use of this application will be broadened for Pertamina Group so talent management and selection for strategic positions can be more integrated.

Shared Service Center (SSC)

One of the methods to achieve Pertamina's vision to be a World Class National Energy Company is by optimizing the role of the HC Directorate in supporting an effective and efficient business process which is in line with leading practices. Thus, PT Pertamina (Persero) is currently implementing the Human Capital Shared Service Center (HC SSC) project which has entered the Wave II phase. HC SSC implementation is intended to support the work, which places administrative, repetitive, and transactional activities centered in the business support function to be able to optimally provide service for all parties. The following is the ongoing roadmap of HC SSC which will be performed in the following years:

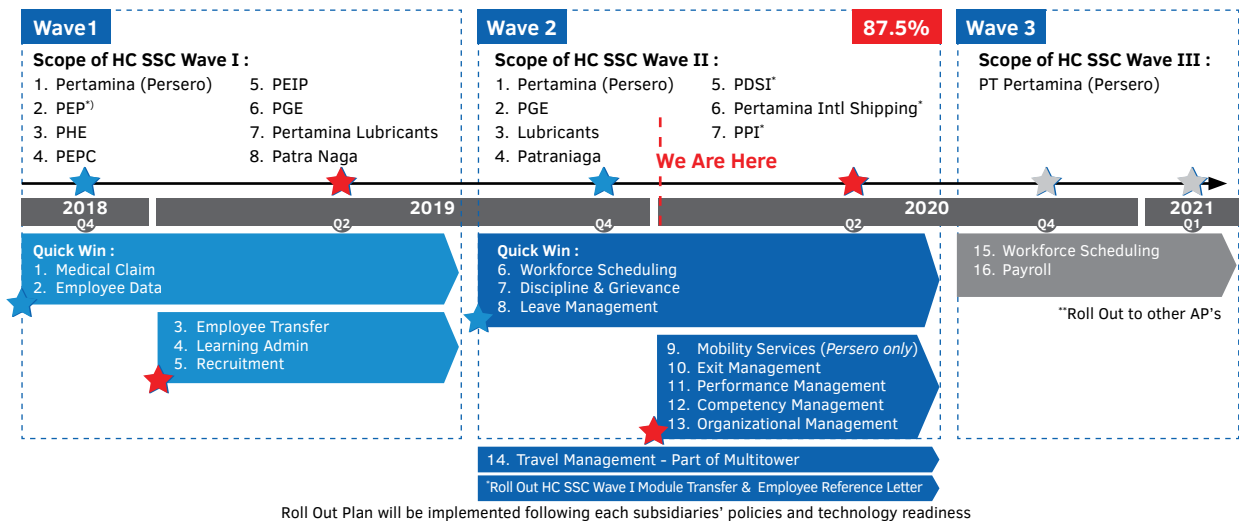


DIAGRAM HC SSC ROADMAP PERTAMINA

The benefits gained from HC SSC implementation include but are not limited to:

1. Productivity improvement, where there is a decrease in the number of employees working on the Human Capital business process for the HC SSC process which has been rolled out;
2. Better data quality, where with the standardized process and technological development, better quality data is acquired;
3. Better user experience, where the service will be measured based on the Service Level Agreement (SLA), performed automatically and digitally, for the User Function to enhance the experience by self-service.

The HC SSC project has conducted a technology landscape mapping of 8 Companies which are the project scope in Wave 1. Based on the mapping results, there are several applications with a similar function, hence following further evaluation can support the HC SSC Project implementation, among which MySAP, i-AM, BMC, and web recruitment.

Estimation of the PWTT workforce efficiency with the implementation of Wave 1 HC SSC organization is approximately 20%, with the efficiency amount of Rp30.1 Billion. While Wave II HC SSC is estimated to receive an additional PWTT workforce efficiency of approximately 8% or Rp12.7 Billion. Therefore, estimation of workforce efficiency obtained from Wave 1 and Wave II HC SSC implementation is 28% or Rp42.8 Billion.

Implementation of the wave 1 HC SSC project went live in April 2019. As per 31 December 2019, SSC has received service requests of 18,278 tickets with 99.84% of SLA. On the other

hand, the Quick Win wave-2 HC SSC went live on 10 December 2019, where, as per 31 December 2019, it received service requests of 42 tickets with 100% of SLA.

In 2020, the SSC project is planned to go live up to 5 (five) HC business processes, which are mobility services, exit management, performance management, competency management, and organizational management (as described in the HC SSC journey/roadmap). Hence, in 2020 the HC SSC project process is planned to reach 87.5% of the entire business process planned to be rolled out.

Research & Technology

Pertamina formed the Research and Technology Center (RTC) which is directly responsible to the President Director. RTC has the objective of making integrated research and development (R&D) a reality. The purpose is to produce technology that is capable of increasing output and efficiency, to formulate a technological strategy that is able to address Pertamina's current and future needs, as well as increase Pertamina's technological capabilities towards a world class energy company.

RTC supports Pertamina in 4 (four) aspects of research and development activities, which are:

1. Assisting Pertamina in optimizing currently owned resources and increasing oil and gas production from existing fields;
2. Assisting Pertamina in accessing new resources, including unmined resources from unexplored regions;
3. Assisting to increase Pertamina's business profit through idea development, providing solution, and spreading the use of new technology;

4. Assisting to support Pertamina's business sustainability through business diversification, such as petrochemical, chemical, and new and renewable energy businesses.

In 2019, the RTC has implemented several research and development projects, which were:

1. Technological research and development activities in the Upstream Research & Technology (URT) function. URT is divided into 5 (five) research fields, which are Exploration Research, Development Research, Drilling and Well Construction Research, Production Research, and Geothermal Research. A number of main projects taking place in this function in 2019 were as follows:
 - Silica Scaling Handling research for optimization of Binary Cycle Geothermal Power Plant in the Tompaso Geothermal Field, North Sulawesi;
 - Technological development of the Hybrid Membrane and high CO₂ Cryogenic Separation (40% - 72%) from Natural Gas Process and Production Facilities, such as East Natuna;
 - Oil Production Increase with Chemical EOR Formulation/Selection/Synthesis in the Upstream Subsidiaries Field (particularly the Rokan Block);

- Decommissioning and Abandonment Method for Offshore fields.
2. Technological research and development activities in the Downstream Research & Technology (DRT) function. DRT is divided into 4 (four) research fields, which are Oil and Gas Research, Process Development Research, Materials and Chemicals Research, and Petrochemical and Petroleum Non-Fuel Research. Several main projects taking place in this function in 2019 were as follows:
 - Development of the FCC/RFCC Catalyst with Biogasoline Optimization;
 - Manufacture of MDEA (Methyl Di-Ethanol Amine) Chemical for Chemical and Clean Emission needs at Pertamina;
 - Development and Optimization of the Low Sulfur Diesel catalyst (Diesel Euro 4).
 3. Technological research and development activities in the New & Renewable Energy (NRE) function. NRE is divided into 4 (four) research fields, which are New Energy Development Research, Renewable Energy Development Research, Power Development and Storage Management Research, as well as Carbon Capture and Storage Research. Several main projects taking place in this function are:
 - Formulation and Optimization of the Manufacture of NMC Type Lithium Ion Battery Materials;





- Technological Development of Biorefinery for Bioethanol Production;
- Development of the Solar PV Business Potential;
- Development of SynGas into Energy and End Product;
- Technological Development of CO₂ Utilization into Precipitated Calcium Carbonate (PCC);
- Technological Development of Membrane-Based Carbon Capture.

RTS is also supported by the R&T Planning, Commercial, and Development (PCD) function. PCD has the role of optimizing function performance through three main pillars, which are: business process pillar with the composition of the RTC governance system (STK), research facilities management and development infrastructure pillar, and the human capital pillar as the asset managing and determining the direction of product development and/or process at Pertamina. Several activities conducted by the R&T PCD function were:

- Development of the battery business and ecosystem for electric vehicles and energy stationary storage;
- Coal Gasification to DME;
- Gasoline Methanol Ethanol (GME);
- B50 Biodiesel;
- Development of the Hydrotreating Catalyst Plant;
- Development of the FC/RFCC Catalyst Production;
- Composition of the Research Commercialization TKO;
- Development of the PertaFloSIM Software Commercialization; and
- Development of the Geomechanics and Hydraulic Dilation Stimulation/MaxC Technology Commercialization;
- Development of the Petrochemical Product Commercialization.

RTC has also been supported by the Laboratory Service function, which has the duty of coordinating with all laboratories in Pertamina and also conducting technical service to support the operations of the technical function. Performance of the Laboratory Services function until November 2019 was 101.8%.



Quality System & Knowledge Management

Pertamina has the Quality System and Knowledge Management (QSKM) Function with the purpose of improving Company performance through the creation and culture of sustainable improvement, improving the effectiveness of standard system implementation, and knowledge sharing culture implemented in the business process corridor in line with Pertamina's World Class Priority.

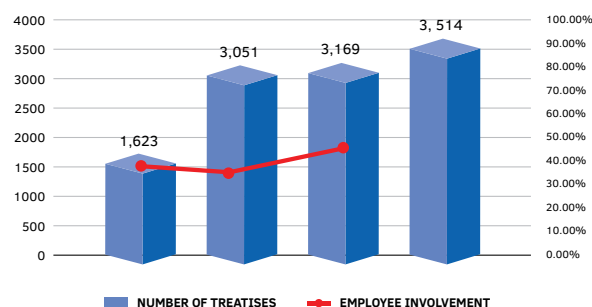
The QSKM Function guarantees the implementation of the Company's business process quality through Pertamina's four pillars of quality. The four pillars consist of Continuous Improvement Program (CIP), System & Standard Management (SSM), Knowledge Management (KMS), as well as Quality Management Assessment (QMA). In 2019, the QSKM Function was supported by 25 personnel with competencies matching business development and demands.

In 2019, the QSKM Function has performed its duties, work programs, as well as performance achievements in support of Pertamina's Vision to be a World Class National Energy Company. The QSKM Function managed the development of excellent quality in all operational units, business units, as well as domestic and overseas Subsidiaries in accordance with the Pertamina Management System Policies and Pertamina Code of Conduct. The QSKM Function cultivates the quality of the sustainable improvement culture of all operational/business/regional and Subsidiary units through the following four main activity pillars:

1. Continuous Improvement Program (CIP)

CIP is the activity program to solve issues at work and increase efficiency through the PDCA and DELTA methods in Pertamina. In 2019, 3,514 CIP was recorded as resolved with an increase in CIP from 2018. The increase in resolved CIP denotes that Pertamina personnel have started to grow accustomed to solving work issues using PDCA and DELTA (Eight Steps and Seven Tools).

Continuous Improvement Program 2016 – 2019



Furthermore, Pertamina increased its achievements in quality development by participating and achieving in international competition events, which were:

- 1) ISIF (Istanbul International Invention Fair), Istanbul, Turkey on 17-22 September 2019, participated in by 4 Groups with the achievements of 1 Silver Medal, 2 Gold Medals, 4 Special Awards, and 1 The Best International Invention Award.
- 2) ICQCC (International Convention on Quality Control Circles), Singapore, on 23-26 September 2019, participated in by 4 Groups with the achievements of 4 Gold Medals.
- 3) SIIF (Seoul International Invention Fair), Korea, on 16-30 November 2019, participated in by 3 Groups with the achievements of 2 Gold Medals, 4 Special Awards, and 1 Grand Prize.

2. System & Standardization Management (SSM)

Along with Pertamina's commitment to achieving its vision to be a world class national energy company, SSM contributes through supporting the implementation of governance system standardization and development following the govern-integrated-agile company business process. The company's business process mapping was performed in 2019 and 17 business process activities were mapped with the mid-level – market as drivers approach (Directorates, Semi-Subordinate Functions, and relevant departments).

Moreover, office management has been implemented in Pertamina in accordance with prevailing Laws and regulations. The implementation of all of Pertamina's correspondence and documents/archives management is based on PATP, which is the Pertamina Integrated Administration Management agreed upon by all of the company's operational and business units and formulated in the President Director's decree.



The DMIP activity was conducted in RU III and MOR III in 2019 with the award categories of The Best Archive Team, The Best Archive Secretary, The Best Archive Leader, and The Best Improvement. DMIP activity is the development of the Archive Month and DMIP which has been carried out since 2008 to improve benefits in improving work productivity and support the ease of operational activities in the respective function. As for the Corporate Archives Centralization Management, consultation has been made with ANRI regarding improving archival awareness to the Pertamina Board of Directors.

Additionally, SSM also performs the management of the system and organizational standards to guarantee the quality of the organization's business process and work results following the standards established through the Pertamina Standardization & Certification (PSC). The Pertamina Standardization & Certification (PSC) is based on Decree No. Kpts-037/K00000/2016-SO and as an SNI ISO/IEC 17021:2015-based standard system certification agency has been accredited by the National Accreditation Committee (KAN) as a Quality Management System Certification Institution with the scope of oil and gas, storage & distribution, gas & manufacture as well as IT. In 2019, PSC conducted the certification programs of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, and ISO 37001:2016 for Operational/Regional/Subsidiary Units.

3. Knowledge Management System (KMS)

KMS plays a role in improving knowledge sharing culture and managing Company knowledge in an integrated manner. Pertamina maximizes technology implementation in conducting knowledge sharing activities via webinar as well as easing the access to knowledge assets in the Company through the KOMET portal. Furthermore, KMS also manages the Intellectual Property Rights as a result of the CIP-based sustainable improvement process at Pertamina. The knowledge sharing activities are performed in person (offline), information such as webinar (online), and management of the KOMET portal with the objectives of creating, collecting, monitoring, and distributing knowledge assets at Pertamina.

In the last nine years following the establishment of KOMET, Pertamina has succeeded in cumulatively recording 18,094 knowledge assets stored in the knowledge center in the KOMET Portal, with 4,875 Community of Practice members. In 2019, KOMET held

249 webinars and 5 topics of offline KOMET forums involving all Functions/Units/Regions and Subsidiaries. In 2019, Pertamina KOMET participated in the National KM forum, which was the Indonesia KM Summit held in Bandung.

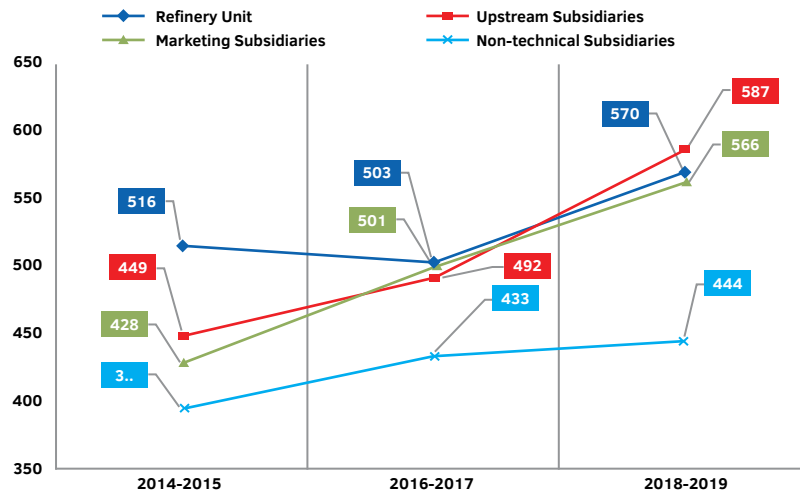
In managing Intellectual Property (KI) Rights, in the 2015-2019 period, 30 granted KI have been obtained through KOMET, which originated from results of the Continuous Improvement Program as well as research and they have been handed over from the Directorate General of Intellectual Property, Ministry of Law and Human Rights to Pertamina. Moreover, KOMET also participates in the National KM forum, which is the Indonesia KM Summit to maintain its presence in the KOMET managing communities across Indonesia.

4. Quality Management Assessment

QMA is based on the Pertamina Excellent Performance Criteria (KKEP) and plays a role in realizing the creation of excellent performance in all Business Units/Operational Units/Subsidiaries. Pertamina brings this into reality by monitoring the integration between good plan-good execution and good achievement of the respective excellent performance. Achievement in each Business Unit/Operational Unit/Subsidiary can boost the achievement of Pertamina Group's excellent performance.

Since 2011, the Pertamina Excellent Performance Criteria (KKEP) has formally been established as a reference for the achievement of excellent performance in all Pertamina Business Units/Operational Units/Subsidiaries. The performance of 35 Business Units/Operational Units/Subsidiaries in the internal Pertamina environment has been assessed via the KKEP-based performance assessment from year to year.

KKEP Score Trend 2014 - 2019



Acceleration of the Business Units/Operational Units/Subsidiaries excellent performance achievement through the KKEP cycle has shown results, as exhibited by an increase in the Business Units/Operational Units/Subsidiaries average score compared to the previous years. Additionally, the attention of Business Units/Operational Units/Subsidiaries leaders on the entirety of KKEP activity cycle is rising in realizing sustainable performance improvement.

LONG TERM POLICIES AND PLANS

Pertamina establishes long term policies and plans that emphasize on excellent quality management implementation and practices for Pertamina. Therefore, the QSKM Function implements the Synergy of the 4 QM Pillars in making Governance-Growth-Greatness a reality to support the Company's business continuity where the QSKM function wishes to support the Company's strategic targets under Pertamina's long term plans.

The Governance-Growth-Greatness concept is the process of dividing the 4QM Pillars, starting with support or groundwork in building a strong foundation, which is **Governance** (SSM Pillar) through strengthening archive management by integrating between Corporate-AP and harmonization with PATK, STK based on the business process; a business process that meets the Lead-Core-Critical Support aspect and RASCI; and core process which is ensured by certification and standardization.

This is continued with **Growth** (CIP & QMA Pillar), which opens space for innovation to keep growing via the CIP

program and has a measurable and sustainable value creation that can synergize with other programs at the company. The process to increase Company growth is accompanied by assessment through QMA to ensure the current maturity rate of the company, for the direction of improvement towards a World Class Energy Company is clarified by the presence of OFI and AFI.

The last is **Greatness** (KOMET Pillar) as the branding and exposure of the 4 Pillars activities on a national and international level, as well as innovations and intellectual properties as value for the Company. In the future, international events participated in by the Company will be in alignment with Pertamina's business expansion plans.

Diagram of the Pertamina Four Pillars of Quality Management





Information and Communication Technology

Pertamina recognizes the important role of information, communications, and technology (ICT) as one of the factors in present business competitiveness. Therefore, Pertamina implements ICT in line with corporate strategies and work programs as well as by taking into account the needs of each business unit or supporting unit. Pertamina has the Corporate ICT Function which is responsible for the provision of comprehensive and integrated information and communications technology (TIK) services in all lines of the company, whether at Pertamina (Persero) or Subsidiaries.

In 2019, Pertamina altered the Corporate ICT organizational structure and changed the Corporate Shared Services (CSS) name to Corporate ICT (CICT). There are 2 new functions in CICT, which are the IT ASP (Architecture, Security, & Policy) function and the Digital Transformation Function. The IT ASP Function was formed to formulate information policy, architecture, and security as a strategy of the Corporate ICT function in facing cybercrime threats. The Digital Transformation Function has the purpose of overseeing digital transformation at Pertamina.

THE 2019 STRATEGIC PROGRAMS OF THE ICT FUNCTION

In 2019, the CICT function has implemented the main work programs, which were as follows:

1. Digital Transformation

The Digital Steering Committee has been formed/held a meeting on 2 January 2019 and the 2019 5 + 1 Main Focuses were established, which are:

- Loyalty Program

In 2019, the MyPertamina 2.0 application has completed development and available on the AppStore and Play Store. MyPertamina 2.0 was launched on 29 August 2019 in the Pertamina Digital Expo event.
- Digital Refinery

Currently, procurement of the predictive maintenance (PdM) consultant is underway and entering the PoC (proof-of-concept) phase as part of the technical evaluation.
- Knowledge Management & Best Practice in Upstream

Pertamina has launched the Upstream Cloud Project in the Pertamina Digital Expo 2019 and I Go Live events at the end of September 2019. Then, the Upstream Data Management Project is entering

the procurement process as per 31 December 2019.

- Digital Procurement

Kick off of the meeting for joint projects with consultants was performed on 22 July 2019 and as per the end of 2019 entered the procurement business process assessment.
- Corporate Digitalization

The product of corporate digitization is the Corporate Dashboard 1.2, which consists of the Joint Operating Dashboard (JOD) Primary, JOD Secondary, Corporate Oil Flow, and Upstream Performance Analytic Dashboard (UPAD). The product was launched in the 2019 Pertamina Digital Expo.
- SPBU Digitization & BBM Terminal Integration

In 2019, the sales data of 1,551 SPBU was available on the SPBU Digitization dashboard. Then, TBBM digitization was conducted with a pilot project at TBBM Tegal, with TBBM Kertapati as the next target.

2. IT Infrastructure & System Availability

In 2019, Pertamina has performed Oracle Upgrade, which included development and quality assurance. Then the Seat Management 4 entered the implementation process. Several activity programs still entering the procurement and bidding process in 2019 were malware protection and server change, as well as DRC ERP equipment refreshment.

3. Integrated Cyber Resilience into Enterprise

In relevance to the Integrated Cyber Resilience into Enterprise activity program, the CICT Function has performed the following actions in 2019:

- Security Operation Centre Implementation

In 2019, the CICT function has performed the integration process of security devices, servers, apps, and cloud infrastructure. Then, integration was also conducted between IT and OT Systems in Refinery (RU) and Marketing (MOR) with piloting at TBBM Cikampek and RU 6 Balongan. Another performed activity was building a VPN connection to SOC vendor (Defenxor).
- Enterprise Mobility Management (EMM)

The CICT Function has performed proof of concept (POC) for Android and iOS mobile phones as well as person in charge (PIC) upskilling at CS, EUS, and IT ASP (Architecture, Security, & Policy). Then, socialization was implemented to all employees using the O365 email (more than 250 users). From the document aspect, various supporting documents



such as design, user guide, and frequently asked questions documents, as well as draft for the EMM operational procedures have been composed.

- **Data Loss Prevention (DLP)**

In order to prevent data loss, the CICT Function has made an upgrade to Symantec DLP Version 15.1 complete with dashboard, and provisions and installation of new servers. No less than 500 users in the CICT, HR, Legal, and ISC functions have utilized Symantec DLP.

4. **IT Strategy Enterprise Architecture (EA).**

Pertamina has performed procurement of the ICT Strategic Review Consultant. The CICT Function conducts gradual socialization, including discussions with the UCRM, DRM, and ADS functions on Application Architecture as well as distribution of access to EA results and their documentation for the composition of the Company's 2020 Work Plan and Budget (RKAP).

5. **IT Shared Service**

On 28 June 2019, the CICT Function has performed the Wave I go live, which included Incident Management, Access Request Management, and Service Request Management.

The 2019 Top Digital Award

As a global-oriented energy company, Pertamina adapts to various international dynamics, including technology use and digitization. Therefore, Pertamina performs digital transformation which integrates various business processes from downstream to upstream. In 2019, that hard work granted Pertamina awards in the IT Work Top Digital Award for the following criteria:

- The 2019 Top Digital Implementation on Energy Sector #5 star level
- The 2019 Top Leader on Digital Implementation
- The 2019 Top Digital Transformation Readiness

The 2019 Digital Expo

Pertamina held the 2019 Digital Expo at the Pertamina Head Office on 29-30 August 2019 with the following series of activities:

- Pertamina Energy Hackaton 2.0
- Pertamina Digital Think Shop
- Pertamina Digital Fun Run
- Pertamina e-Sport Competition 2.0
- My Pertamina 2.0 Downloaded
- Total Donatur Bazma via LinkAja

DAI (Digital Acceleration Index)

To evaluate the success of Digital Transformation, Pertamina holds the Digital Acceleration Index survey which focuses

on measuring digital culture. Digital Acceleration Index is a scale used to assess the digital maturity rate of a company. The method is performed independently (self-assessment) and has been implemented in more than 5,000 companies internationally. In 2019, Pertamina achieved a Digital Acceleration index of 56, which indicates that Pertamina is a digital performer company.

Asset Management

Pertamina has a Directorate of Asset Management that is responsible of managing the Pertamina Business Support Assets (APU) and maximizing asset potential, developing business network, and increasing Company revenue. Through Decree No.Kpts-58/ C00000/2017-S0 of 25 October 2017, Pertamina perfected the organizational structure of the Directorate of Asset Management for the Manager level upwards. Furthermore, the organizational structure of the Directorate of Asset Management for the Manager level and lower was perfected based on Decree No.Kpts-01/K00000/2018-S0 of 22 January 2018. The organizational improvement had the objective of supporting Pertamina Business Support Assets (APU) management.

The Directorate of Asset Management has the mission to manage assets professionally as a strategic partner of Pertamina business activities and based on commercial principles founded on good corporate governance. The duties and responsibilities of the Directorate of Asset Management are implemented through the following main pillars of activity:

1. Improving service as a Pertamina strategic business partner to support its core business activities in the forms of:
 - procurement of land for company needs
 - procurement of facilities for office & employee housing (RDP)
 - effective and efficient management of buildings, facilities, means and infrastructures
2. Monetization of Business Support Assets (APU)

In an effort to increase revenues and decrease operational expenses from the management of Business Supporting Assets, Pertamina conducts:

 - Business Support Assets (APU) optimization through the business schemes of self-management, rental, lease, and divestment (scrap)
 - Business Support Assets (APU) value increase
 - land development with the Right to Manage (HPL) scheme
 - synergy among subsidiaries and their affiliates
 - synergy with other SOEs



3. Improvement of land ownership status

In improving land ownership status, Pertamina performs:

- land certification
- land conflict settlement
- asset security
- clearing assets of unlawful tenant
- asset recovery

4. Asset restructuring

Pertamina conducted restructuring for more effective and efficient asset management. The restructuring process is performed through:

- capital participation in subsidiaries
- capital participation from the government in projects financed by the government
- ruistlag or swap to other government organizations/institutions for project needs

5. Centralized Procurement Excellence

Pertamina continuously attempts to improve the efficient and effective goods and services procurement process by upholding good corporate governance (GCG) principles. Therefore, Pertamina implements procurement excellence that emphasizes on centralizing goods and services procurement for strategic commodities, Inventory & Lean Warehouse optimization, procurement digitization (Procurement 4.0), as well as ISO37001:2016

implementation. Pertamina also performs synergy through the mapping and optimization of Subsidiary competencies via the “umbrella contract” as well as implementing international certification on procurement competency.

In 2019, the Directorate of Asset Management managed to perform the following performance achievements:

1. Transfer of Business Support Assets (APU) from 2018 with the following objectives:
 - Centralized, comprehensive, and integrated APU management
 - Decreasing the Business Support Assets (APU) maintenance cost at the Technical Directorate
2. Write off of assets by the Directorate of Asset Management through the Strategic Initiatives Program. The Directorate filed a Proposal for the Write Off and Release of Fixed Assets in the 2019 RKAP which have become obsolete with a total settlement of 14,767 units, including Head Office and Operational Units Areas. Proposal for the Write Off and Release of Fixed Assets included materials, resale of commodities, and scrap.
3. Pertamina settled asset disputes in cooperation with the functions and instances relevant to land procurement.
4. Pertamina performed the land procurement process to support the operational needs of the company.
5. Pertamina conducted asset development in cooperation with Patra Jasa.





6. Pertamina, in this case the Directorate of Asset Management, has received the ISO 55001:2014 (Asset Management System) Certificate and an award from MURI as the first SOE owning an ISO 55001:2014 (Asset Management System) Certificate.
7. Digital transformation and the Writing of History
 - In 2019, the Directorate of Asset Management continued to develop the Information System application (SIMA, SITT-UP, Contact Monitoring, HUMOR, Sima Mobile Prototype, Project Monitoring, SIMA V 3.0, and Certification Module) to support the business process in Asset Management.
 - The writing of history of all Pertamina assets by tracking land documents, chronological composition of land acquisition, as well as documentation to strengthen the Pertamina's land ownership status.
8. Pertamina increase revenue and reduced operational expense through:
 - Optimization of Business Support Assets (APU) via the business schemes of self-management, lease, loan, partnership, and divestment (scrap)
 - A Synergy Forum for Subsidiaries and SOE to optimize Pertamina's assets
 - Planning for asset optimization with the scheme of cooperation with Pertamina's subsidiaries as the vehicle
 - The cooperation of Warukin Airport between the National Transportation Agency and Pertamina by Assignment to PT Pelita Air Services
9. The proposal process relevant to the improvement of the asset ownership/certification status of the Head Office and Operational Unit in the Implementation of goods/services procurement and Amendments
10. Digital Procurement has been approved as one of the focuses of the 2019 digital transformation with an executor consultant as the result of direct selection process, which was the Boston Consulting Group Indonesia.
11. Achievement of the goods/services procurement activity completed in 2019 amounted to 16,468 of the goods/services procurement process.
12. The Directorate of Asset Management held the Directorate of Asset Management CIP Presentation Forum with 25 minutes on 5-6 December 2019.

Health, Safety & Environment

Health, safety, security, and environment (HSSE) are basic aspects in Pertamina operations. Each procedure and work phase in all activities from mining and production to distribution is conducted in accordance with prevailing K3 regulations and guidelines. All Pertamina mining and operational entities starting from field operators to management and third parties involved in Pertamina activities are obligated to comply with HSSE implementation.

Consequently, management established that HSSE and sustainability are the foundations of the 2019 – 2026 corporate strategies with the core mandate of good HSSE Excellence culture implementation in all operational aspects. The mandate was then formulated in the Company's HSSE policies, signed by the President Director in August 2018 and containing the following commitments:

1. Prioritizing the Company's HSSE aspect in managing the Company's business;
2. Complying with HSSE regulatory laws as well as using efficient technology in accordance with national and international standards;
3. Reducing risks as low as possible to prevent the occurrence of incidents on personnel, assets, information, and the environment;
4. Performing intervention on conditions or actions deemed unsound;
5. Ensuring the understanding and implementation of the corporate life-saving rules (CLSR) in employees and work partners;
6. Raising the awareness and competencies of employees and work partners to be able to perform their jobs correctly, safely, and with environmental insight;
7. Reporting all incidents transparently and conducting investigation to prevent the occurrence of similar incidents;
8. Including the performance of the Company's HSSE personnel, assets, data, and information in assessment of and appreciation to all employees.



PT. PERTAMINA (PERSERO)

KEBIJAKAN HEALTH, SAFETY, SECURITY AND ENVIRONMENT (HSSE) PERUSAHAAN

PT. Pertamina (Persero) beserta Anak Perusahaannya berkomitmen melaksanakan kegiatan operasi secara aman, nyaman dan berwawasan lingkungan dengan menerapkan standar tinggi terhadap aspek HSSE Perusahaan untuk meminimalkan risiko dengan cara mencegah terjadinya kecelakaan, kebakaran, penyakit akibat kerja, pencemaran lingkungan, dan gangguan keamanan serta dampak lain akibat kegagalan operasi terhadap lingkungan di sekitar kegiatan Pertamina.

Untuk memenuhi hal tersebut, Dewan Direksi dan seluruh insan Pertamina, berkomitmen:

1. Mengutamakan aspek HSSE Perusahaan dalam pengelolaan bisnis perusahaan;
2. Mematuhi peraturan perundangan HSSE serta menggunakan teknologi tepat guna sesuai standar nasional dan internasional;
3. Mengurangi risiko serendah mungkin untuk mencegah terjadinya insiden pada personil, aset, informasi dan lingkungan;
4. Melakukan intervensi terhadap kondisi maupun tindakan yang dinilai tidak aman;
5. Memastikan pemahaman dan implementasi Corporate Life Saving Rules (CLSR) pada pekerja dan mitra kerja;
6. Meningkatkan kesadaran dan kompetensi pekerja serta mitra kerja agar dapat melaksanakan pekerjaan secara benar, aman dan berwawasan lingkungan;
7. Melaporkan seluruh insiden secara transparan dan melakukan investigasi untuk mencegah terjadinya insiden serupa;
8. Menjadikan kinerja HSSE personil, aset, data dan informasi Perusahaan dalam penilaian dan penghargaan terhadap seluruh pekerja.

Direktur Utama PT. Pertamina (Persero) bertanggung jawab menjamin implementasi Kebijakan ini dan melakukan upaya perbaikan secara berkelanjutan.

Setiap pekerja dan mitra kerja yang berada di bawah pengendalian PT. Pertamina (Persero) dan Anak Perusahaan bertanggung jawab menaati dan melaksanakan Kebijakan ini.

Jakarta, 31 Agustus 2018
Direktur Utama,

Nicke Widyawati



As steps/efforts to implement said policies, the Management has established the 8 HSSE strategic programs, which are:

1. HSSE Governance
2. Safety Culture
3. Emergency Readiness
4. Safe Work Practices
5. Environment Excellent
6. Security Excellent Level
7. HSE Leading Programs Standardization
8. OH-IH Excellent



- 1 HSSE Governance**
Principles, policies, procedures, and guidelines for HSSE to able to direct and control functions and processes.
- 2 Safety Culture**
Safety as a “way of life”.
- 3 Emergency Readiness**
Organization, management of resources, and responsibility in handling all aspects of emergency situations (readiness, response, and recovery).
- 4 Safe Work Practices**
A written method showing how to perform duties with minimum risks on personnel, equipment, materials, the environment, and processes.
- 5 Environment Excellence**
Performing environmental management exceeding requirement and beneficially long-term efforts for communities.
- 6 Security Excellence Level**
Performing data analytics to mitigate potentially occurring security risks.
- 7 HSSE Leading Programs Standardization**
HSSE leading programs standardization for all Directorates/UO/AP, starting from planning, execution, to monitoring, such as management walkthrough.
- 8 OH - IH Excellent**



Furthermore, the HSSE main programs implemented in 2019 were:

1. Composition of SUPREME towards one Pertamina HSSE Management System with a risk-based approach, upholding the sustainable improvement principle, and PDCA gradually replacing the protocols of ISRS, SMP, Fit to Work, and the SUPREME Audit Protocol has been formed and presented to Assessor & Assessee.
2. The SUPREME Communication Package was ready to be presented to all Directorates.
3. The implementation of SUPREME assessment at 12 Pilot Project locations to test the Audit Protocol performed in Q IV of 2019.
4. In 2019, a review was conducted to perfect the SUPREME Audit Protocol based on the results of the Audit Protocol testing to then be made the 2020 Work Program.
5. Implementation of Reward & Consequences over HSSE performance as well as including the HSSE weight in fit and proper test and fit interview of officials.
6. Implementing routine crisis management exercise and emergency drill to train readiness in facing actual/crisis conditions.
7. In the CLSR guidelines revision 0 of June 2018, there were 11 (eleven) elements. Then an assessment, analysis, and review of data of incidents occurring in 2018 were conducted. Incidents of land transport accident cases occurring relevant to safety driving in 2018 were recorded to increase by 25% (compared to the accident cases of land transport in 2017). Based on the results of the said incident assessment, analysis, and review, Driving Safety was determined to be the 12th element in CLSR. Thereby the CLSR, originally numbered at 11 elements, became 12 elements.
8. Issuance of the Corporate Life Saving Rules revision 1 with 12 elements combined with the Demo Room to increase employee competencies, particularly outsourcing.
9. Implementation of the Company Performance Rating in Environmental Management (PROPER) and the Audit Protocol of the Pertamina Environment Regulation Compliance Assurance (PERCA) as the baseline for environmental management of UO/Locations/AP not included in PROPER assessment.
10. Implementation of cross & internal directorate management walkthrough (MWT) as a forum for the teaching-learning of leaders as well as the direct communication forum of leaders to frontliners.

11. Implementation of the HSSE performance assessment & Patra Adikriya Bhumi HSSE Award – PT Pertamina in 2019.

The following are realizations of the HSSE strategic programs performed in 2019:

1. Pertamina successfully attained 13 Gold PROPER and 76 Green PROPER in various operational/field units.
2. PERCA assessment was conducted at 63 locations and concluded in November 2019 with the results of 3 locations qualifying as PROPER participants, 1 location declared unrated due to being not operational yet, and the end result was 59 locations included in PERCA assessment.
3. 14 (fourteen) demo rooms have been operational across all Pertamina regions. One unit among which is a Mobile Unit Demo Room. Moreover, the Demo Room training guidelines and materials have also been composed. The Demo Room is used to increase the competency of employees and contract workers in Pertamina.
4. Follow up to ISRS and SMP recommendations has been implemented in all directorates in accordance with the schedule established in the work plan. A workshop challenge was also performed to ensure the recommendations are suitable.
5. FTW assessment implementation in 2019 was conducted in 89 locations of operational units and subsidiaries, with the average score of Pertamina corporate level consolidated achievement of 2.7 from the 2.5 target (score scale of 4). The 2019 achievement was better than the 2018 FTW assessment achievement of 2.4. Implementation of the assessment has the objective of ensuring that employees and work partners in the company's environment are in a fit condition and are able to engage in activities in accordance with the weight of the job given to them (fit to work).
6. Implementation of the 2019 HSSE culture survey assessment was conducted in 72 locations of operational units and subsidiaries, with the HSSE culture score achievement of 3.98 (Proactive Level). The 2019 HSSE culture was better compared to the 2018 HSSE culture score of 3.97 (Proactive Level).

Integrated Supply Chain

The Integrated Supply Chain (ISC) function has the main duties of Upstream Optimization and BBM, BBK, and LPG security of supply by performing the planning and procurement of crude oil and products based on efficiency principles by prioritizing margin in the upstream sector, yet still taking into account stock level and security of supply.

In conducting its duties in 2019, the ISC function has performed efficiency and implementation of government policies, which are:

1. BTP Optimization and Integration of the Downstream Upstream Supply Chain
2. Optimization of Domestic Crude Oil Supply & Lifting to Pertamina Refineries
3. Towards Energy Independence of Pertamina untuk Negeri (Pertamina for the Nation)
4. B2O Implementation

BTP Optimization and Downstream Upstream Supply Chain Integration

BTP Optimization and Downstream Upstream Supply Chain Integration are BTP consisting of 2 Workstreams. Workstream 1 consists of:

1. Unconstraint Demand

This is a cooperation initiative with the Marketing Function in upstream optimization. The ISC function creates a priority scale of valuable product sales based on results of run linear programming, which is then presented to the Marketing function as strategies to increase the sales of Pertamina products.

2. Unconstraint TPPI

This is a cooperative initiative with the Refinery Function in upstream optimization with the objective of optimizing valuable products of TPPI refineries.

3. Crude Blending

This is an initiative with the objective of reducing import of medium type crude by performing domestic heavy crude blending, such as the Banyu Urip crude and light type crude in accordance with the specifications of Pertamina refineries.

Workstream 2 consists of the following:

1. Utilization of downstream assets for upstream.

In line with the decrease in the volume of the downstream production crude oil, there is potential for the utilization of the downstream-owned tanks with low utilization. Therefore, lending of the downstream-owned tank and jetty assets for upstream interest, where a transfer of title occurs for the utilized tanks.

In cooperation with the Refinery Function, the ISC function performs this initiative to bolster the achievement of government Programs, which are lifting target equal to monthly production, giving quality assurance, and decreasing the operational cost of domestic crude transport.

2. Optimization of crude oil supply pattern to refineries
Optimization of the supply pattern through prioritizing crude oil transport with nearby locations (clustering) and

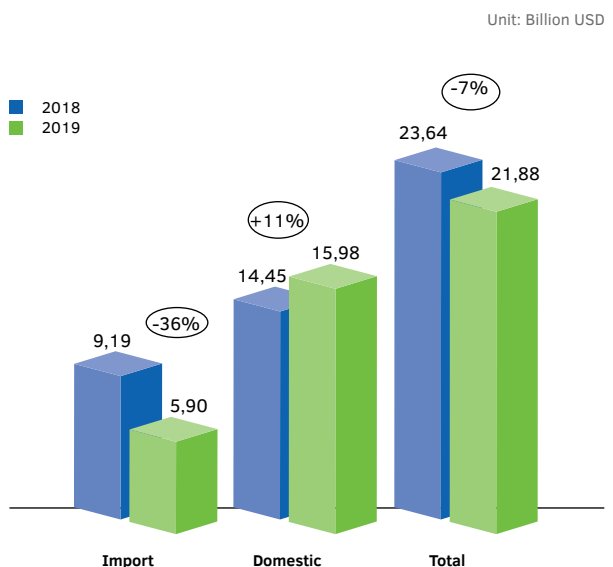
crude cocktail/blending of the same type on transport ships provide efficiency from the aspect of transport cost as well as increase the ship's effective load factor.

This integrated initiative from Upstream to Downstream is expected to give significant added value to the Company's business.

Optimization of the Supply & Lifting of Domestic Crude Oil to Pertamina Refineries

In alignment with the SOE Minister Regulation No.42 of 2018 on the "Prioritization of the Use of Crude Oil for the Fulfilment of Domestic Demand", the ISC function in 2019 has made a purchase of domestic crude oil with 67 domestic Cooperation Contract Contractors (KKKS). The purchase of domestic crude oil can increase downstream margin and crude oil supply security considering the domestic crude oil is closer in location with Pertamina Refineries and the freight cost is lower compared to imported crude oil. With that approach, the imported crude oil purchase by Pertamina in 2019 decreased by 36% compared to the previous year. In total, the crude oil purchase by Pertamina in 2019 was valued at USD21.88 billion, 7% lower than the 2018 purchase value.

Graph of the 2018-2019 Pertamina Imported Crude Oil Purchase in Billion US Dollar



Source Data: Pertamina's Finance

Towards the Energy Independence of Pertamina untuk Negeri (Pertamina for the Nation)

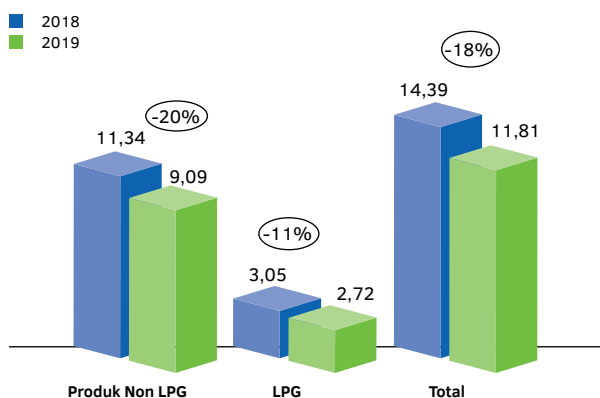
To support Government policies in reducing the deficit in Indonesian Trade Balance, the ISC function through upstream optimization has maximized domestic BBM and BBK supply by:

1. Optimizing the Pertamina Refineries Production for BBM-BBK supply

In 2019, the purchase of Pertamina BBM-BBK and LPG products was USD11,81 billion, a decrease of 18% YoY compared to 2018. The largest contribution from the decrease in the purchase of imported BBM-BBK products was 20% from the previous year's period.

Diagram of the 2018-2019 Pertamina LPG and Non-LPG Products Purchase in Billion US Dollar

Unit: Billion



Source Data: Pertamina's Finance

Furthermore, Pertamina no longer imports since receiving 100% of supply from Pertamina Refineries for Diesel & Pertadex products (since February 2019), Avtur (since April 2019), and Pertamax Turbo (since July 2019).

2. Optimization of National BBM & BBK stock level

The ISC function has guaranteed BBM & BBK availability by planning optimum BBM & BBK stock level through the mechanism of upstream optimization.

3. Avtur Export

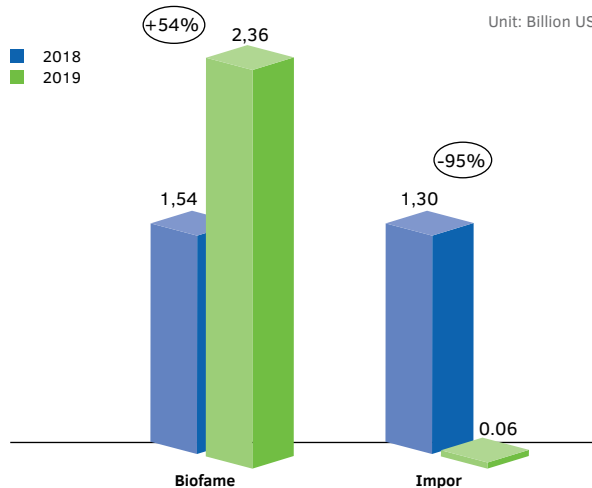
By taking the balance between supply and demand in July and August 2019 into consideration, ISC has conducted Avtur export of USD59.67.

B20 Implementation

Biodiesel (B20) distribution was performed in January 2019 to meet Pertamina's needs with a sale of 170.68 Million Bbl. As a positive impact on B20 implementation, there was a 95% decrease in Diesel import in 2019 compared to the 2018 import volume.

Diagram of the 2018-2019 Pertamina B20 Biodiesel Distribution in Billion US Dollar

Unit: Billion USD



Source Data: Pertamina's Finance







MANAGEMENT ANALYSIS AND DISCUSSION

The One-price Fuel Policy is a Government Program to meet the demands of fuel (BBM) in the frontier, outermost, and remote (3T) areas. In 2019, Pertamina established 162 new points of the One Price Policy spread across various regions in Indonesia.



Economic Review



The 2019 national economy was relatively stable, despite Indonesia at the time entering a political year marked by the 2019 General Election (PEMILU). Notwithstanding the occurrence of political dynamics pertaining to PEMILU results in Jakarta, in general, the PEMILU went well, as signified by the smooth cabinet transition. This condition strengthened the trust of various parties that the Indonesian economy is capable of running and growing soundly in the future.

Moreover, in 2019 the Indonesian economy experienced a 5.02% positive growth. The growth, however, slowed in comparison to the previous year's growth of 5.17%. A decrease in the performance of various commodities was one of the main factors for the deceleration in national

growth. Furthermore, the deceleration in the economic growth of Indonesia's main trade partner countries, such as Singapore, the People's Republic of China, South Korea, and the United States of America, contributed to the decrease in national economic growth.

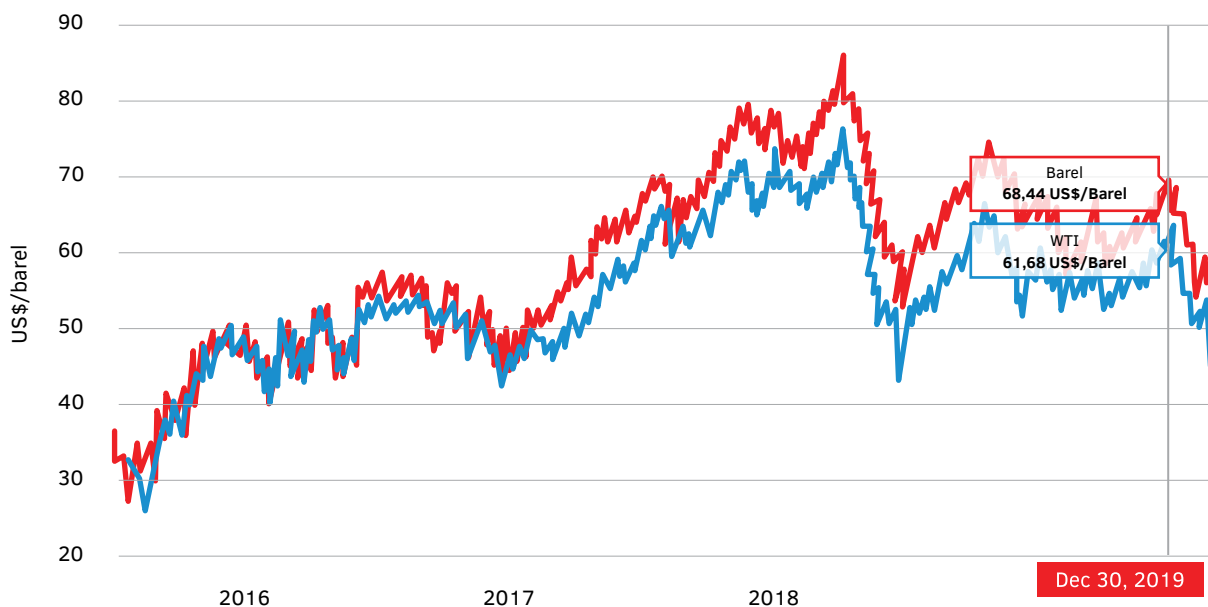
In terms of inflation control, Indonesia recorded an inflation rate of 2.72 percent in December 2019 (year on year). The inflation was the lowest in the last ten years and lower than the government target of 3.5 percent. Additionally, the Rupiah exchange rate against US Dollar in 2019 was recorded as relatively stable at around RP14,000 and closed strongly at Rp13,970 per US Dollar as per 31 December 2019.

Industry Review

In 2019, the energy industry fluctuated in line with the global political turmoil. Tension in the Middle East and the trade war between the United States of America and the People's Republic of China were factors influencing crude oil prices. Moreover, the decelerating world economic growth also contributed to the decrease in crude oil prices.

In line with the situation, throughout 2019, the West Texas Intermediate (WTI) and Brent crude oil were traded with a price movement of USD40-80 per barrel. Approaching the end of 2019, the trend of crude oil prices tended to strengthen at USD61.57 per barrel for WTI and USD66.56 per barrel for Brent as per 31 December 2019. The following is a diagram that depicts the price movement of WTI and Brent oil in the last four years.

Diagram of the WTI and Brent Crude Oil Price Movement in the Last Four Years



Source: <https://databoks.katadata.co.id/datapublish/2020/03/09/harga-minyak-dunia-sentuh-level-terendah-sejak-2016>

From the national energy security perspective, Pertamina is faced with several industrial review aspects. One of which is the continuously increasing domestic energy demand in the long term in line with population growth and national economic development. In the short term, the rise in energy consumption is influenced by various annual activity calendars, such as the Eid Al-Fitr as well as Christmas and New Year's. Pertamina has the role of ensuring national energy availability amid domestic supply limitations. On the other hand, Pertamina also has the responsibility of attempting the decrease of crude oil and BBM import.

Furthermore, the issue of national energy security also becomes vital in the energy industry review. Pertamina

carries the duty from the government to ensure inclusive energy supply to the public. Consequently, Pertamina is responsible for the distribution of PSO (public service obligation) or subsidized BBM. In 2019, realization of subsidized diesel distribution reached 16.2 million kiloliters while Premium gasoline reached 11.5 kiloliters.

Moreover, the national energy industry faces challenges regarding trends in the shift from the use of fossil energy towards new and renewable energy. The Indonesian National Energy Policy (KEN) mandates the renewable energy mix target of at least 23% in 2025. The use of petroleum is also targeted to be less than 25% of the total national energy consumption in the same year. Additionally, projection for the future national energy demand will



emphasize on the optimization of the use of natural gas for domestic and the use of fossil energy as raw material for national industry.

With the existence of KEN, the Government has composed the strategy for national energy demand projection with the basis of business as usual (BaU), Sustainable Development

(PB), and low carbon (RK) scenarios. The average growth of energy demand per annum with the BaU, PB, and RK schemes is, respectively, 5.0%, 4.7%, and 4.3%. In 2050, the national energy demand is estimated to reach 548.8 MTOE, 481.1 MTOE, and 424.2 MTOE for each BaU, PB, and RK scenario. This is certainly a challenge for Pertamina to be able to fulfill the national energy strategy with excellent preparation from the beginning.





Operational Performance Review



In the last five years, Pertamina has generally continued to improve operations and increase performance in maintaining the national energy supply. This is in line with the population and economic activities that constantly increase every year. However, if compared to the achievements of the previous year, there were several negative performance growths.

In the upstream sector, gas production experienced a slight decrease from 3,059 MMSCFD in 2018 to 2,822.46 MMSCFD in 2019. Moreover, the gas sales volume was recorded at 916,000 BBTU in 2019, a considerably significant decrease from the 1,122,623 BBTU recorded in 2018. On the other hand, BBM sales in the downstream sector reached 71 million KL in 2019, an increase of 70 KL from the previous year.

The 2019 Pertamina operational review was also marked by the implementation of the refinery development plan through the Refinery Development Master Plan Program

(RDMP) and New Grass Roots Refinery (NGRR) Projects. The initiative is expected to increase the capacity of refineries to support national energy security and independence. Pertamina's efforts towards energy independence are also conducted through supply chain optimization and integration, which successfully halted the Diesel, Pertadex, Avtur, and Pertamina Turbo import by Pertamina.

In relevance to the new and renewable energy policy in Indonesia, Pertamina continues to perform various initiatives in providing environmentally friendly energy sources for the public. One of which is through a Pertamina subsidiary, PT Pertamina Geothermal Energy (PGE), which continues to manage geothermal energy as alternative energy. Additionally, Pertamina implements the Green Refinery Project at Dumai and Plaju, expected to operate in processing palm oil as vegetable oil fuel in the future. In 2019, Pertamina also managed to market the B30 Bio Diesel and prepared the Low Sulfur Fuel Oil infrastructure.



Upstream Sector

Pertamina's business activities in the upstream business sector, among which, are exploration, drilling, development, as well as oil, gas, and geothermal energy production. Furthermore, business in the upstream sector also includes providing drilling technology and services as well as other services relevant to oil and gas upstream operations.

To achieve upstream growth and as an effort to realize one of the 8 Pertamina world class priorities, the business strategy in the upstream sector is by increasing production and adding new oil and gas reserves, whether organically through the Improved Oil Recovery (IOR) and Enhanced Oil Recovery (EOR) activities on existing assets or inorganically by implementing the merger and acquisition (M&A) strategy on oil and gas blocks, whether domestic or overseas.

The activities are performed by the Company through Upstream Subsidiary Entities (APH) which act as strategic arm/length of the Company in the upstream sector. APH under the coordination of the Upstream Directorate are as follows:

- 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 Internasional Eksplorasi Produksi (PIEP)
- PT Pertamina Geothermal Energy (PGE)
- PT Pertamina Drilling Services Indonesia (PDSI)
- PT Pertamina Hulu Indonesia (PHI)
- PT Elnusa Tbk.

Moreover, the Rokan block transition process is underway, which in the future will be managed by a new subsidiary entity under the coordination of the Upstream Directorate, PT Pertamina Hulu Rokan, targeted to start operations in 2021.

2019 Performance

In general, the Pertamina oil and gas production number experienced a decline compared to 2018. In 2019, Pertamina produced oil and gas totaling at 900.84 MBOEPD, 2.23% lower compared to the 2018 production achievement of 921.36 MBOEPD. The 2019 oil production was 413.68 MBOPD, a 5.16% increase compared to 393.39

MBOPD of the previous year. On the other hand, the gas production was at 2,822.46 MMSCFD, a 7.73% decrease compared to 3,058.90 of the previous year.

The oil and gas production Contributor APH sorted by the highest amount are PEP (247.71 MBOEPD), PHE (216.60 MBOEPD), PHI (182.83 MBOEPD), PIEP (151.29 MBOEPD), and PEPC (102.42 MBOEPD). The oil production Contributor APH sorted by the highest amount are PIEP (104.11 MBOPD), PEPC (97.94 MBOPD), PEP (82.21 MBOPD), PHE (78.02 MBOPD), PHI (51.40 MBOPD). The gas production Contributor APH sorted by the highest amount are PEP (958.83 MMSCFD), PHE (802.86 MMSCFD), PHI (761.45 MMSCFD), PIEP (273.36 MMSCFD), and PEPC (25.95 MMSCFD).

In the renewable energy sector, Pertamina through the Upstream Directorate owns a subsidiary, PT Pertamina Geothermal Energy (PGE), which performs the geothermal energy power generation activity. PGE produces steam and electricity to be supplied to PT PLN as a single buyer. PGE manages a total of 14 geothermal work areas (WKP) with a total installed capacity of 1,877 MW, consisting of 672 MW from own operation WKP and 1,205 MW from joint operation WKP. The own operation WKP consist of:

1. Kamojang area (235 MW capacity and December 2019 YTD electricity equivalent production of 1,741.9 GWh),
2. Ulubelu (220 MW capacity and December 2019 YTD electricity equivalent production of 1,563.7 GWh),
3. Lahendong (120 MW capacity and December 2019 YTD electricity equivalent production of 819.8 GWh) and
4. Karaha (30 MW capacity December 2019 YTD electricity equivalent production of 148.6 GWh).
5. Lumut Balai (55 MW capacity, operational for a time with a December YTD electricity equivalent production of 18.2 GWh, however, a trip occurred because of damage to a Generator Circuit Breaker (GCB))
6. Sibayak (12 MW capacity, currently not in production because of damage to the PLTP owned by a third party)

The total realization of PGE electricity equivalent production from own operation areas in 2019 was 4,292.16 GWh. This achievement was 2.63% higher than the 4,182 GWh of the previous year.

Production activities from Pressure Maintenance and Secondary Recovery/Waterflooding (WF) have been conducted by Pertamina in several fields to increase



production at PEP, PHE, PHI, PEPC, and PIEP. The waterflood activity performed in Pertamina fields will be enhanced to approach $VRR=1$ for optimum drainage and displacement.

Production activities from Enhanced Oil Recovery (EOR) are currently and will be conducted by Pertamina in several fields, which are: PEP-Tanjung (CEOR-field trial), PEPSukowati (Study CO₂-static model review) and next will be performed in PHE-Batang (Study Steamflood-Pre FS Submission), PHE OSES-Rama (Study-Tender EOR Study), PHE ONWJ-Zulu (Study GGRP Phase 2), and PHE ONWJ-E Main (Study GGRP Phase 2), PHM-Handil (Study Plan will begin in 2019), PHSS-Beras (Study Plan will begin in 2019), PEPC Banyu Urip (Study- Kick Off has been implemented).

Exploration Activities

Until the end of 2019, the realization of exploration drilling was 15 wells consisting of 9 wells at PEP, 4 wells at PHE, and 2 wells at PIEP. Meanwhile, the total 2D Seismic realization was 4,775 km consisting of 484 km at PEP and 4,291 km at PHE. The total 3D Seismic realization was 645 km² consisting of 469 km² at PEP and 176 km² at PHE.

The realization of Additional 2C Resources in 2019 reached 445.6 MMBOE, consisting of 194.9 MMBO of oil and 1452.3 BSCF of gas. Contribution of 2C resources from PEP was 103.2 MMBOE, 223.8 MMBOE from PHE, 108.3 MMBOE from PHI, and 10.3 MMBOE from PIEP.

In 2019, PT Pertamina EP through exploration activities in the West Java Area (Akasia Maju-2 and Randuwangi-1 Wells) successfully discovered new hydrocarbon resources of 17.8 MMBOE and 14.6 MMBOE. The success was also gained from other drillings conducted by PT Pertamina EP, among which in the Jambi Area (Tulip Jingga-1 Well) of 6.3 MMBOE and Banggai Area (Morea-1 Well) of 7.1 MMBOE. Meanwhile, for PT PHE, success in finding hydrocarbon resources was obtained from drilling in the PHE Subsidiaries (AP), which was PHE Siak (Kotalama-3 Well) of 1.6 MMBOE and PHE East Sepinggan (East Merakes-1 Well) of 7.6 MMBOE. PT PIEP through one of its subsidiaries, PT PMP, also succeeded in finding new resources in the Sabah area (Mong-1 and Serdam-1 Wells) of 6.6 MMBOE and 3.6 MMBOE. Drilling of the wells also had the objective of proving the new play which will ultimately help increase the production of PT Pertamina. This is the evidence of the commitment of PT Pertamina

to maintaining the sustainability of national oil and gas production by continuing to conduct exploration activities when other oil and gas companies operating in Indonesia are currently postponing their exploration activities due to the drop in global oil prices.

To support sustainable exploration activities, aside from drilling activities, a study is also conducted with the purpose of finding and/or finalizing the new play concept, particularly in frontier areas. The study is performed by involving all employees at the Pertamina Upstream Subsidiaries, which is the Delta Study in East Kalimantan Basin and North Kalimantan Basin to assess exploration opportunity with the Mahakam delta analog.

Oil and Gas Business Acquisition Transactions and Cooperation Contracts

The Data for Oil and Gas Business Acquisition Transactions and Cooperation Contracts in 2019 was as follows:

- ✓ On 18 February 2019, Pertamina Hulu Energi (PHE) Lepas Pantai Bunyu signed the Maratua block Gross Split effective from 18 February 2019 with a contract period of 30 years.
- ✓ On 9 May 2019, Pertamina Hulu Rokan (PHR) signed the Rokan block Gross Split effective from 9 August 2021 with a contract period of 20 years.
- ✓ On 26 July 2019, the Operation Cooperation Contract (KSO) Bidding Team through Pertamina EP signed a KSO with PT Green World Nusantara for the Kruh Operational Area Production KSO in South Sumatera with a contract period of 10 years, net split: 15% (oil) and 20% (Gas).
- ✓ On 11 September 2019, the KSO Bidding Team through Pertamina EP signed a KSO with PT Pacific Well Service for the Bekasi, Karawang, Purwakarta Operational Areas Exploration KSO for J1 (East Ciputat) and J3 (Sukamandi Pasirjadi) clusters in West Java with a contract period of 15 years,
- ✓ On 18 October 2019, Pertamina Hulu West Galal signed the West Galal block Gross Split effective from 26 January 2020 with a contract period of 30 years.
- ✓ On 11 November 2019, Pertamina Hulu Energi Corridor signed the Corridor block Gross Split with 30% Participating Interest effective from 20 December 2023 with a contract period of 20 years.

Refinery Sector and Development

Refinery Sector

Pertamina's business activities in the refining sector are supported by six refineries, which are the Refinery Unit (RU) II Dumai, RU III Plaju, RU IV Cilacap, RU V Balikpapan, RU VI Balongan, and RU VII Kasim with the total installed refining capacity of 1,031 MBOPD or approximately 90% of the existing refining capacity in Indonesia.

The operations of the refineries are as follows:

1. Operation of Refineries, consisting of the RU II to RU VII Refineries which produce Fuel and Non-Fuel as well as other products.
2. Operation of the Petrochemical Plant, consisting of the Paraxylene Plant in RU IV Cilacap which produces Paraxylene and Benzene as well as other products, the Polypropylene Plant in RU III Plaju which produces Plytam (Pertamina Polypropylene), and the OCU (Olefin Conversion Unit) Plant in RU VI Balongan which produced Propylene.
3. Operation of the Lube Base Plant in RU IV Cilacap which produces Lube Base HVI-60, HVI-95, HVI-160, HVI1650, Paraffinic, Slack Wax, Minarex, and Asphalt.

MAP OF THE REFINERY UNIT WORK AREAS



Pertamina Refinery Specifications



Specifications	RU II Dumai	RU III Plaju	RU IV Cilacap	RU V Balikpapan	RU VI Balongan	RU VII Kasim
Capacity (MBPOD)	170	118	348	260	125	10
NCI	7.5	3.1	7.4	3.4	11.9	2.4

Refinery Development Projects



Specifications	RDMP RU II Dumai	RDMP RU IV Cilacap	RDMP RU V Balikpapan	RDMP RU VI Balongan	NGRR Tuban	NGRR Bontang
Capacity (MBPOD)	300	400	360	269	300	300
NCI	9	9	9	11.9	9	9





Pertamina continues to take strategic measures to secure supply and ensure the fulfillment of domestic Fuel needs, among which by optimizing the Residual Fluid Catalytic Cracking (RFCC) unit in RU IV Cilacap and optimizing the Residue Catalytic Cracking (RCC) unit in RU VI Balongan, as well as operating the Trans Pacific Petrochemical Indotama (TPPI) Tuban refinery. Other efforts are by conducting revamping and upgrading of existing RU and attempting the construction of new refineries.

Performance Optimization and Efficiency

In 2019, Pertamina performed various optimizations of the refining process and refinery performance efficiency sustainably to improve the performance of existing refineries, among which by:

A. Maximizing the Refining of Domestic Crude

In accordance with the Minister of Energy and Mineral Resources Regulation No. 42 of 2018 on the Prioritization of the Use of Crude Oil to Fulfill Domestic Needs as an effort to reduce the refining of imported crude, then the maximization of domestic crude refining at refineries is performed. In 2019, the refining of domestic crude increased to 75% compared to 62% in 2018.

B. Upgrade of Refinery Materials for Crude Refining Flexibility

The limited availability of imported super heavy crude which can be processed at the refinery due to high sulfur content (sour crude) necessitates the upgrade of refinery materials to improve the flexibility of sour crude processing. Refinery material upgrade is performed gradually in Pertamina refineries, starting from 2018 in RU VI Balongan and followed by RU V Balikpapan and RU IV Cilacap in 2019.

C. Integration of PLN Power with RU IV Cilacap Power

The hitherto consumption of refinery fuel oil and fuel gas in refineries has mostly used fuel gas and fuel oil resulting from crude processing in refineries. To reduce the use of refinery fuel oil and fuel gas as part of efficiency, cooperation was then made with PT PLN to utilize the potential power outsourcing from PLN of 30 MW to RU IV Cilacap, where the integration has been ongoing since September 2019.

D. Optimization of Intermediate Products among Refineries

Intermediate Products are unfinished products with the low sale value. To increase the margin of refineries and

minimize the products, optimization among refineries is conducted by reprocessing them into valuable products.

E. Trial of Crude Palm Oil (CPO) Co-Processing in RU II Dumai, RU III Plaju, and RU IV Cilacap

Pertamina continues to innovate in encouraging the utilization of environmentally friendly fuel as well as urging the decrease of crude oil import by implementing the co-processing technology, which is the combining of bio fuel resources (CPO) with fossil fuel for processing in refineries to produce environmentally friendly fuel. The CPO co-processing trial was performed in RU III Plaju, resulting in green gasoline and green LPG in June 2019, in RU II Dumai producing green diesel in March 2019, and planned to be performed in RU IV Cilacap in early 2020.

To address the IMO 2020 regulation relevant to the implementation of Low Sulphur Ship fuel oil (LSFO) use, then Pertamina has begun conducting the 0.5% sulfur content MFO (180 cst viscosity) in RU III Plaju in December 2019 of 200 MB/month.

Investment and Development

Investment and development projects in the refining sector whether in planning or initiated in 2019 are as follows:

1. JV Calciner (Dumai)

The construction project of the calciner and bending coke facility in Dumai through a strategic partnership to process 300 kTA of Dumai green petroleum coke (GPC) with an additional 100 kTA of imported GPC into 300 kTA of anode grade calcinated petroleum coke (CPC) using the Shaft Kiln technology. JVDA between Pertamina and Inalum was signed in December 2019 and the EPC process will be initiated in 2020.

2. Takeover of the PT. Tuban Petrochemical Industri (TPI) Shares

In developing the National Petrochemicals Industry, Pertamina performed a takeover of the majority of shares of PT TPI, which owns the assets of Petrochemical Plants through its subsidiary on 18 November 2019, making Pertamina the owner of 51% of PT TPI shares. This has the purpose of improving Pertamina's flexibility by owning refinery and petrochemical plant assets in one group. Optimization of the PT TPI subsidiary is expected to overcome the high dependency on petrochemicals import, where

hitherto the domestic petrochemicals industry has only been capable of fulfilling 40 percent of national needs.

3. Equity Participation in a Subsidiary, PT. Patra Badak Arus Solusi (PBAS)

To optimizing the synergy of the business of Subsidiaries in Pertamina Group, particularly for jobs in operations & maintenance, Pertamina performed equity participation in a subsidiary engaging in the

technical service sector, which is PT Patra Badak Arun Solusi (PBAS) in December 2019. The synergy between PT PBAS and the Refinery Directorate is particularly conducted in Operations & Maintenance jobs in Refineries, whether routine or non-routine. By synergizing with PT PBAS, there is potential efficiency to be achieved by the Refinery Directorate, both from the aspects of procurement and goods and services.

2019 Performance

In general, performance of the refining sector and refinery development showed better achievements in comparison to 2018. The consolidated refinery realizations (total intake) in 2019 were 104% higher than the 2018 realizations.

Performance Realizations and Targets of the Refinery Operations in 2019

Refining Process	Unit	Realization	Target	Percentage (realization vs target)
The Refining of Crude Oil, Gas, & Intermediate	MMbbl	351.29	330.70	106.23%
Total Production	MMbbl	331.79	331.00	106.0%

Performance Realization of Refinery Operations in 2019 in Comparison to the 2019 Targets and 2017-2018 Realizations

Refining Process	Unit	2019	2018	2017
The Refining of Crude Oil, Gas, & Intermediate	MMbbl	351.29	336.54	324.35
Total Production	MMbbl	331.79	317.82	307.14

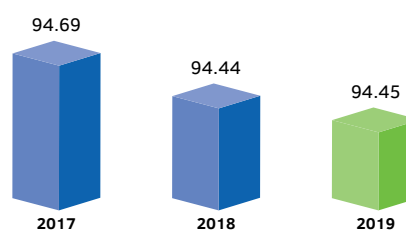
The total yield of refinery output (comparison between total output and total intake) in 2019 experienced an increase compared to the previous year, from 94.44% in 2018 to 94.45% in 2019. The condition was due to efforts to maximize gas utilization in RU II Dumai and optimization of the Secondary unit process, especially in RFCC RU IV Cilacap and RCC RU VI Balongan.

Data on the percentage of comparison between refinery input and output in the last 3 (three) years is presented in the following diagram:

Refinery Output-Input Percentage

Million Bbl	2019	2018	2017
Total Yield %	94.45	94.44	94.69

(in presentation)



Refinery Development

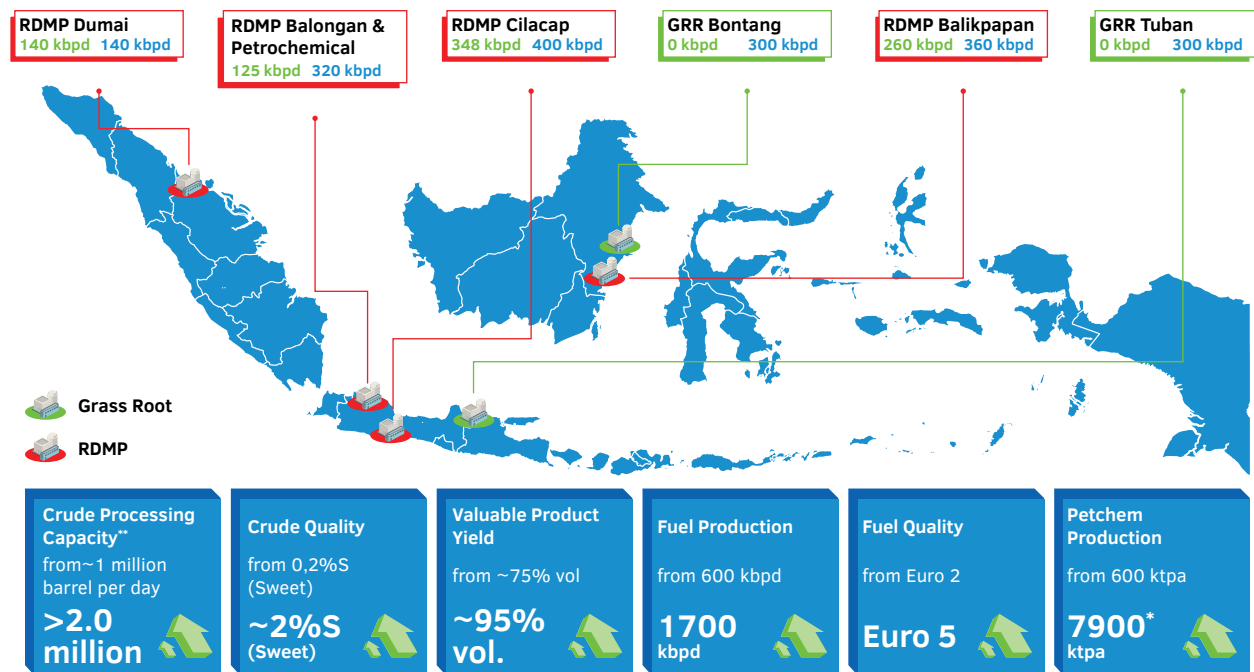
Pertamina is currently running large scale projects in the refinery sector to increase the refinery capacity as well as supporting Pertamina's business development into the petrochemicals business. Since October 2016, Pertamina formed the Directorate of Refinery and Petrochemicals Mega Projects (MP2), which focuses on handling mega projects consisting of revitalization programs of existing refineries (Residual Fuel Catalytic Cracking/RFCC Cilacap project, Blue Sky Cilacap/PLBC Project, and Refinery Development Master Plan/RDMP Project at Balikpapan, Cilacap, Dumai and Balongan refineries, as well as the construction of new refinery (Grass Root Refinery/GRR).

One of the implementations of the refinery sector strategic work plan is the Refinery Development Master Plan (RDMP) Project. Through this initiative, Pertamina performs the refining business transformation by upgrading existing refineries. RDMP has four main objectives, which are:

1. Improving the crude refining flexibility to be able to refine more sour crude
2. Improving the quality of products to meet EURO V standards
3. Increasing the quantity of products
4. Increasing refinery complexity by adding conversion units to produce more higher value products

Based on the roadmap for refinery capacity increase composed by Pertamina, the fuel production target after the completion of RFCC, PLBC, RDMP, and GRR projects will achieve 2 million barrels per day in 2025. The realization of these projects will unshackle Indonesia from the dependency of fuel import and result in significant revenues as well as contribution to the country in the form of foreign currencies.

Furthermore, the construction of new refineries also has the potential of increasing economic added value through the creation of additional value in the downstream sector by integrating oil refineries with petrochemicals.



* Including the Balongan Naphta Cracker Complex
 ** Not Including the naphta intake capacity

RDMP: Refinery Development Master Plan, GRR: Grass Root Refinery

One of the benefits of the refinery upgrade investment and construction of new refineries on national growth is the economic/socio-economic benefit. One economic/socio-economic benefit is the increase in economic output as reflected in the increase of per capita PDRB, per capita public income, and additional manpower absorption gained while the refineries are in operation. In other words, in the long term, the Oil Refinery Revitalization Project contributes to creating jobs as well as reducing the number

of unemployment in every Province and Regency where the projects are located.

Update on the RDMP and GRR projects

• **RDMP RU V Balikpapan**

In 2019, 14 packages of engineering, procurement, and construction (EPC) jobs have been initiated in parallel with the search for equity partners as well as project financing. Stage 1 of the RDMP RU V Balikpapan

Project is targeted for completion in 2023, while Stage 2 is targeted for completion in 2026. This project will increase the refining capacity of the RU V Balikpapan refinery from 260 MBSD to 360 MBSD. One of the positive impacts of the RDMP RU V Balikpapan project is manpower absorption, especially locals, approximately up to 15,000 people in the project construction phase and 600-800 people in the operational phase.

- **RDMP RU IV Cilacap**

Execution of the RDMP RU IV Cilacap project in 2019 began with early works, valuation of assets, and land procurement activities. The job entering the construction phase is early works, which is planned for completion in 2021. Completion of the engineering documents (Basic Engineering Design and Front-End Engineering Design) is planned from 2020 to 2021. It is then to be continued with plans for the implementation of the engineering, procurement, and construction (EPC) activities targeted for completion in 2021 and on-stream in 2026. The RDMP RU IV Cilacap project will increase the refinery processing capacity from 348 MBSD to 400 MBSD. One of the positive impacts of the RDMP RU IV Cilacap project is manpower absorption, especially locals, approximately up to 25,000 people in the project construction phase and 600-800 people in the operational phase.

- **RDMP RU VI Balongan**

In 2019, the Phase 1 feasibility study was conducted for the RDMP RU VI Balongan Project. Next, the composition

of the AMDAL document as well as engineering documents (Basic Engineering Design and Front-End Engineering Design) is planned to be performed in parallel. It is then to be continued with the Engineering, Procurement, and Construction (EPC) job with the Phase 1 Project targeted for completion in 2022. This project will be continued with Phase 2 of the Balongan project to increase fuel quality and crude refining flexibility of RU VI Balongan. One of the positive impacts of the RDMP RU VI Balongan project is manpower absorption, especially locals, approximately up to 20,000 people in the project construction phase and 600-800 people in the operational phase.

- **GRR Tuban**

Several works have been performed in 2019, among which the site development works, which included the groundbreaking preparation job, to then be continued with the land clearing job as well as supporting facilities and shoreline restoration job. The project has the objective of constructing an oil refinery integrated with petrochemicals with a capacity of 300 MBSD with the project location alternative in Tuban – East Java. The investment fund proposal has been approved and location establishment and land procurement will commence. The project is targeted for completion in 2026. One of the positive impacts of the GRR Tuban project is manpower absorption, especially locals, approximately up to 20,000 people in the project construction phase and 2,500 people in the operational phase.





Marketing Sector

Pertamina runs the marketing business activities to two consumer segments, the retail segment and the corporate segment. Therefore, the marketing of Pertamina products are performed via two main functions, which are Retail Marketing and Corporate Marketing.

Retail Marketing sells fuel products in the transportation sector, lubricant and LPG for households and non-households, whether subsidized and non-subsidized products. Meanwhile, Corporate Marketing sells fuel products in the industrial, aviation, and shipping sectors, and other non-fuel products such as asphalt and petrochemicals for the industrial sector.

Description	Unit	2019	2018	2017
Fuel Sales	Million KL	71	70	67
Non-Fuel Sales	Million KL	17	16	16

Both main functions are supported by excellent Infrastructure ranging from Fuel tanker trucks, skid tanks, depots, ports, and ships. Therefore, energy is smoothly distributed all across Indonesia.


Retail Marketing

Retail marketing activities cannot be separated from the support of the distribution of sales channels spread across Indonesia. In 2019, the total Pertamina distributor entities were 7,311 distributor entities, with the details of 5,735 Regular Fuel Stations (SPBU), 165 Mini SPBU, 94 Modular SPBU, 550 Compact SPBU, 390 Fishermen SPBU, and 378 AMT (Kerosene Agents). As for LPG distributor entities, there are more than 4,000 LPG Agents (whether PSO or NPSO) and 163,070 3Kg LPG Bases across Indonesia.

Fuel Sales Channels

REGULAR FUEL STATION (SPBU)

- 1,200 m², Non-PSO, Peralite
- Urban Areas
- 2 Pump Islands Minimum



MINI SPBU

- 500-700 m², Non-PSO
- Rural Suburban Areas
- 1 Pump Island, 2 Dispensers Max



MODULAR SPBU

- 200 m², Non-PSO
- Suburban Areas
- Modular Tank and Dispenser




COMPACT SPBU

- 100 m² Minimum, PSO, Peralite
- Remote, Rural Areas
- Tank/Drum at the Minimum, Manual Measuring System



FISHERMEN SPBU

- 400 m² Minimum, Diesel, Premium
- Only for Fishermen
- Storage Tank & Standard Dispenser



PERTASHOP

- 7x7 m² Minimum, Non-PSO
- Rural Areas
- 1KL, 3KL, 5KL Tank Capacities



LPG Sales Channels



Product	Unit	2019 Realization
JBT Fuel (PSO Biodiesel & PSO Kerosene)	KL	15,602,995
JBKP Fuel (Assignment Premium)	KL	11,532,426
JBU Fuel	KL	24,172,043
LPG PSO	MT	6,858,756
LPG NPSO	MT	877,288
Total	In KL	65,057,675

Fuel products distributed in retail include Certain Type of Fuel (JBT) in the forms of Kerosene and Diesel products. Premium is distributed as Special Assignment Fuel (JBKP). While Peralite (Mogas RON 90), Pertamax (Mogas RON 92), Pertamax Turbo (Mogas RON 98), Dexlite (CN 51), Pertamina Dex (CN 53) are marketed as General Fuel (JBU).

Aside from fuel products, Pertamina also markets domestic gas products. Since 1968, Pertamina has been committed to serving the Indonesian public by providing LPG and Gas Products as raw materials and fuel for household, transportation, commercial, and industrial needs. LPG is increasingly known by the public with the Government's Kerosene to LPG Conversion Program by replacing kerosene use to LPG, which is more economical, efficient, and environmentally friendly.

In its growth, Pertamina continues to develop domestic gas product variants to improve services and meet the current

needs of the public. Pertamina's current domestic gas products include LPG products for household cooking needs, which are the ELPIJI 12 kg, Bright Gas 5.5 kg, Bright Gas 12 kg; LPG products for commercial, which are ELPIJI 50 kg, and ELPIJI Bulk; other LPG derivative gas products, among which, are Bright Gas Can (canned LPG packaging), HAP (Hydrocarbon Aerosol Propellant), Musicool (refrigerant), and Vi-Gas LPG fuel for vehicles.

Pertamina continues the effort to give the best to customers by providing excellent service. To maintain the standards of service at Pertamina SPBU, Pertamina via the Pertamina Way program developed the "SPBU Pasti Pas" program through qualified audit assessment with assessment aspects which include trained staff, facilities and equipment, added products and services, and quality – quantity. With the "Pasti Prima" (Assured Excellence) service established in 2016 as an upgrade of "Pasti Pas", customers are hopefully able to enjoy a new experience according to their lifestyle at the SPBU.

The trend of a digital lifestyle in the consumer retail sector has pushed the growth of e-commerce and e-payment. Consequently, since 2017 Pertamina has facilitated non-cash payment for retail sales through MyPertamina. Pertamina has currently launched the MyPertamina loyalty program innovation, which until 2019 has reached 1,374,065 members. Aside from digital payment mechanism, Pertamina



has also built a reliable real-time BBM distribution monitoring system, which prioritizes data visibility.

In 2019, the One Village, One Outlet (OVOO) Program was launched to ensure that distributor entities of Pertamina products are present at every district all across Indonesia. For rural areas and district regions not yet covered, Pertamina continues to attempt the presence of distributor entities in the form of Pertashop. The Village-Owned Enterprise (BUMDes) may take the opportunity to collaborate with Pertamina to build Pertashop. There are two types of Pertashop, which are Gold with the BBM storage capacity of 3,000 liters and Platinum with the capacity of 5,000 liters. Not just BBM, with the OVOO Program, Pertamina endeavors that PSO LPG is easily obtained by the public. At the moment, the numbers of existing PSO LPG Bases have covered 99% of districts and 70% of sub-districts across Indonesia.

One-price Fuel Policy Program

One-price Fuel Policy Program is a Government Program to meet the fuel (BBM) demands in the frontier, outermost, and remote (3T) regions. In 2019, Pertamina has built 161 locations of One-price Fuel Policy Program distributor entities. The distributor entities are spread across Sumatera (28 locations), Kalimantan (35 locations), Sulawesi (17 locations), Papua (32 locations), Java-Bali (5 locations), Nusa Tenggara (27 locations), and Maluku (16 locations).

Corporate Marketing

In general, the BBM and non-BBM products distributed and sold for the corporate segment are as follows:

Aviation Fuel

The aviation business in Indonesia experienced a general decline in 2019 in comparison to the previous year. Nevertheless, this does not stagger Pertamina's steps in giving the best service to fulfill the fuel needs of the aviation industry.

Pertamina has and markets aviation fuel products, which are the aviation turbine (Avtur/Jet A1) and aviation gasoline (Avgas). Aviation gasoline distribution is performed domestically through the Aviation Fuel Filling Terminal (DPPU) spread across 8 Marketing Operation Regions (MOR); while Avtur, which is distributed in overseas airports is conducted through reseller agreement with local partners.

In 2019, there were a total of 68 DPPU units operating in domestic airports, while the overseas aircraft-fueling network

has ventured into the regions of Europe, Australia, East Asia, South East Asia, South Asia, and the Middle East. The majority of customers served are scheduled airlines, however, Pertamina also supports non-regular/ad-hoc flights, such as presidential aircraft, VVIP, charter flight, and delivery flight of new aircrafts in various global locations.

In the future, Pertamina will continue to carry out the modernization of infrastructure and facilities of aviation fueling. One of the efforts made is through the implementation of service system digitalization, which will be effectively operational in several locations from 2020.

Petrochemicals

Pertamina markets petrochemicals products, which include bitumen (asphalt), paraxylene, benzene, propylene and polypropylene, and other non-fuel products such as sulfur, solvent, rubber processing oil, smooth fluid, petroleum coke, and agricultural chemicals. In 2019, realization of the sales of petrochemicals products was relatively stable with a sales growth, which reached approximately 3% in the last four years. Pertamina estimated that the market demand for petrochemicals would be significant. Therefore, Pertamina attempted to meet market demands through trading, particularly for the bitumen, benzene, paraxylene, and sulfur products.

In 2019, Pertamina performed commercialization of a new chemical product, the corrosion inhibitor, which was the result of collaboration between the Petrochemicals Business Unit and the Pertamina Research & Technology Center. Aside from being sold to general consumers, the product will also be used by Pertamina refinery plants. The first consumer of the corrosion inhibitor was the PT Trans Pacific Petrochemical Indotama (TPPI) refinery, Tuban.

Aside from the corrosion inhibitor, a new petrochemicals product marketed in 2019, among which, was the Sodium Methoxide (SMO), used as a FAME production mixture material catalyst. Furthermore, there was also the Solvent 1630 product used as a mixture material for thinner, tire, and paint products.

Moreover, 2019 was Pertamina's first step for the first export of 4,000 Barrels of the Smooth Fluid SF-05 product to Algeria. The product was packaged in 27 isotanks loaded at the RU V Balikpapan plant. The superiority of SF-05 is its excellent performance, which allows it to be used in various conditions of drilling operations. The SF-05 is also environmentally friendly.



Industry and Marine Fuel

Aside from marketing retail petroleum, Pertamina also markets fuel to the industrial and marine sectors on a large scale. Until now, Pertamina has more than 100,000 consumers throughout Indonesia. Some of Pertamina consumers are PLN, TNI/POLRI, cooperation contractors, mining industry, paper industry, steel industry, plantations, manufacturing and various other industries.

Currently, the largest Pertamina market is the electricity segment/PLN. However, fuel demand from PLN tends to decrease due to the policy of fuel use reduction by energy conversion to gas, coal, and other renewable energy, such as water, geothermal, and others.

Fuel marketing to the marine sector is performed through SOE synergy and cooperation with private parties with the main focus on developing a network of fuel sales services in all Indonesian vital ports. Pertamina fuel supply availability is supported by seven domestic refineries, more than 116 fuel Terminals, as well as complete land and sea transportation infrastructure and facilities spread across Indonesia. The Pertamina fuel quality and quantity are guaranteed by meeting the Directorate General of Oil and Gas standards and international standards.

By upholding the “We Bring Energy Solution” tagline, Pertamina ensures the fulfillment of consumer needs through after sales services, which are the vendor held stock service as well as technical support and safety advisor. Pertamina also implements integrated marketing of primary and secondary energy for energy or industrial fuel marketing. Through integrated marketing, Pertamina completes the services portfolio, which consists of the provisioning of fuel, gas, to supplying secondary energy in the form of electricity in synergy with subsidiaries.

Furthermore, Pertamina recognizes the currently existing challenge, which is the increasingly high customer demands with the tendency to procure fuel through a tender system. Moreover, consumers implement a multi-supplier policy to ensure fair competition in the supply of logistics. Pertamina addresses the challenge by giving competitive prices, reliable supply availability, credit services/term of payment (TOP) with competitive time periods, and high Domestic Component Index (TKDN). In 2019, Pertamina still held a strong position in the domestic market with a market share control of over 70% for the industrial and marine fuel

sectors. To maintain Pertamina positioning in the market, Pertamina annually measures consumer satisfaction through a survey with the customer satisfaction index (CSI) and customer loyalty index (CLI) approach. In 2019, survey results showed a CLI score of 3.8 in the likert scale and CSI score of 101.28% or higher than the Contact Center best practices of 85%.

In 2019, an innovation was conducted in the form of the sales acceleration of Biodiesel B30 fuel product to support government program and infrastructure preparation for low sulfur fuel oil supply in accordance with IMO 2020 regulations.

Gas Sector

Based on the energy sector SOE roadmap, consolidating the SOE gas business is stated to be necessary to increase the utilization of domestic natural gas. Integration of the businesses of PGN and Pertamina is a strategic measure to improve effectiveness and enhance the integration of the gas industry value chain in Indonesia.

Establishment of the Oil and Gas sector SOE Holding was marked by the signing of the Deed of Transfer of B Series Shares amounting to 56.96% owned by the Government in PGN to PT Pertamina (Persero) on 11 April 2018. Furthermore, to support the establishment of the Holding, a corporate act was conducted in the form of the transfer of Pertamina's ownership in Pertagas, which is a Pertamina subsidiary, to PGN. The Deed of Sale and Purchase of Pertamina's shares in Pertagas to PGN has been signed in December 2018 and completed in March 2019. Ergo, PGN currently owns 51% of shares in Pertagas. In the gas sector, the business activities carried out by Pertamina, among which, are:

- Natural gas transmission to connect the source location of the natural gas to the location of the natural gas end users through transmission pipelines;
- Natural gas trade, by purchasing natural gas from various natural gas producers to then be sold to various segments of the natural gas end users through the natural gas distribution pipelines;
- Liquefied Natural Gas (LNG), as the government representative seller or LNG Portfolio owned by Pertamina. Pertamina does not only operate in the domestic market but also the international market, whether for LNG provisioning or Marketing;



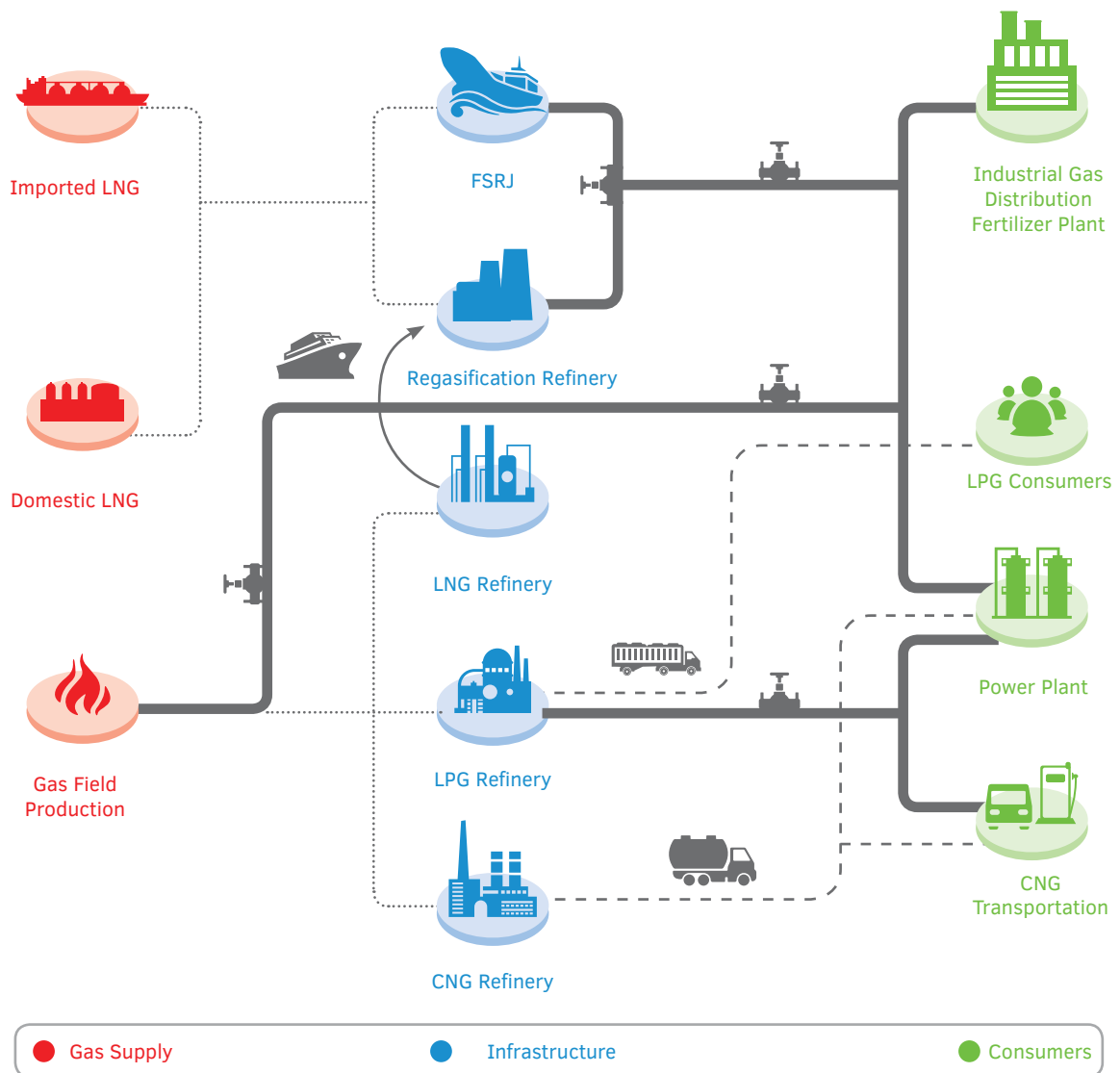
- Compressed Natural Gas (CNG). Maximizing downstream opportunities as well as supporting the programs of BBM to BGG diversification and BBM subsidy reduction. Pertamina currently manages 57 Gas Refueling Stations (SPBG) across Indonesia, consisting of 46 SPBG and Mobile Refueling Units (MRU)
- constructed through APBN and 11 SPBG constructed through Pertamina or private investment; and
- LNG regasification, through the subsidiaries of PGN and Nusantara Regas operating the Floating Storage & Regasification Unit (FSRU) in Lampung and West Java as well as the land Regasification facility in Arun, Aceh.

Table of Gas Performance Realization and Target in 2019

Description	Unit	Realization	Target	Percentage
Gas Sales	BBTU	102,270	74,430	137%
Gas Transportation	BSCF	779	787	99%

Table of Gas Performance in the Last Three Years

Description	Unit	2019	2018	2017
Gas Sales	BBTU	102,270	1,222	823
Gas Transportation	BSCF	779	777	502



Infrastructure Sector

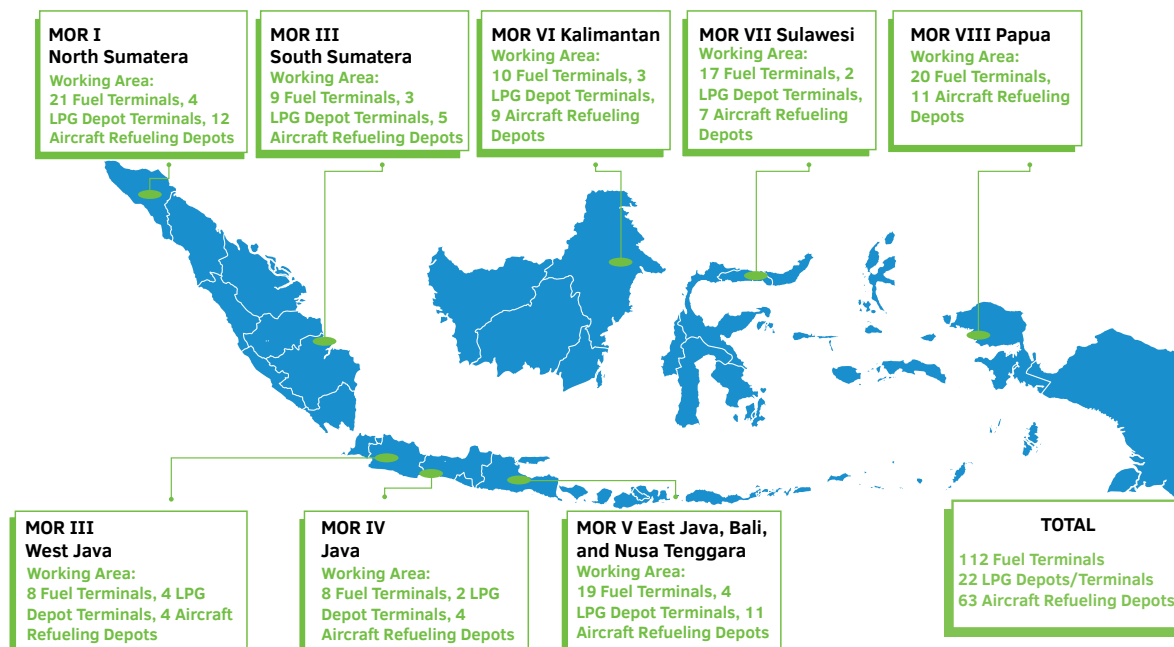
Infrastructure Sector

Marketing Supply Chain Infrastructure

Pertamina manages and operates infrastructure across Indonesia to maintain national energy supply and security, especially fuel. The infrastructure currently owned by Pertamina includes:

- ± 500 LPG Bulk Filling Stations
- ± 60 Aviation Fuel Filling Terminals (DPPU)
- ± 20 LPG Terminals
- > 1 Lube Oil Blending Plant (LOBP)
- > 100 Fuel Terminals

- Managing of > 60 units of Owned Tanker and >100 units of Chartered Tanker
- > 5,500 Gas Stations (SPBU)
- > 100 Piers
- > 10 SPM (Single Point Mooring)
- > 5 STS locations (Ship to Ship)
- ± 10 CBM (Conventional Buoy Mooring)
- > 100 Light Ships
- ± 2 Bitumen Plant
- ± 2 Chemical Storage Plants
- > 30 Gas Filling Stations (SPBGs)



Marketing Infrastructure Development

In the marketing aspect, Pertamina is currently still continuing the Breakthrough Project (BTP) of the Marketing Infrastructure Development Master Plan which has been prepared for the 2020, 2025, and 2030 periods. The plan is integrated with the entire long-term planning at the Directorate of Marketing, Directorate of Refinery, Directorate of Finance, and ISC Function. Various strategic projects and the marketing infrastructure development master plan included in them throughout 2019 were:

1. Construction and development of Fuel Terminals in 5 locations (Regions I, III, and V).
2. Replacement of the Cikampek-Plumpang pipeline, which is targeted for completion in 2019-2020 and development of Lomanis Tasikmalaya CB II and Lomanis-Rewulu CY II pipelines.
3. Relocation of the Sultan Hasanudin DPPU in Makassar, Sultan Thaha in Jambi, Sepinggán in Balikpapan,

DEO in Sorong, Supadio in Pontianak, Ahmad Yani in Semarang, and Mutiara in Palu (currently under construction), as well as the construction of DPPU Kertajati in Majalengka.

4. Construction and Development of LPG terminals:
 - a. Construction of Pressurized LPG Tank in the LPG Terminal of Region I.
 - b. Construction of Pressurized LPG Tank in the LPG Terminal of Region III.
 - c. Construction of Pressurized LPG Tank in the LPG Terminal of Region IV.
 - d. Construction of Pressurized LPG Tank LPG Terminal in Region I.
5. Construction and Development of LPG Terminals in Eastern Indonesia: Based on the Decree of Energy and Mineral Resources Minister No. 2157 K/10/MEM/2017 of 31 May 2017 on the Assignment to PT Pertamina (Persero) for the Construction and Operation of the



Fuel and LPG Storage Tank, with the location specified in Annex I of the ESDM Minister Decree covering 14 locations in NTB, NTT, South Sulawesi, Maluku, North Maluku and Papua, Pertamina has gradually begun development in Nusa Tenggara and Papua.

6. Currently ongoing projects:
 - a. Development of DPPU in Region III to serve aviation refueling at West Java International Airport (BIJB).
 - b. Construction of Refrigerated LPG Tank in LPG Terminal of West Java to replace/land STS.
 - c. Construction of LPG Pressurized Tank in Region V.
 - d. Construction of Pressurized LPG Tank in LPG Terminal of Region I.
 - e. Construction of Pressurized LPG Tank in LPG Terminal of Region II.
 - f. Development of Fuel Terminal in Region IV.

Shipping Performance

With the pattern of Indonesian geographical waters and the distribution locations of oil and gas in various Indonesian regions, the oil and gas distribution mode by shipping remains a highly necessary mode of distribution. Shipping is committed to continue giving the best service in supporting the business process of the company and oil and gas distribution in numerous business sectors. Until the end of 2019, Pertamina owned 71 independently owned ships with the introduction of 4 new fleet of Pertamina Shipping, which were MT Papandayan on 17 January 2019, MT Pangalengan on 1 December 2019, MT Panjang on 20 December 2019, and MT Pangrango on 27 December 2019. PT Pertamina (Persero) also manages 221 chartered ships to support the distribution process. Addition to the Pertamina fleet is expected to strengthen the distribution of white oil and crude oil cargo.

Table of Pertamina-Owned Ships in 2019

Ship Type	Total DWT	Unit
Bulk Lighter	1,669	1
SMALL I	41,498	11
SMALL II	86,397	13
General Purpose	263,492	15
Medium Range	448,349	13
Large Range	823,764	9
SMALL LPG	17,569	5
MIDSIZE LPG	34,800	2
Very Large Gas Carrier	109,310	2
Total	1,826,848	71

In line with the Government's commitment since 2017, Pertamina has played an active role in SOE synergy with the signing of a cooperation agreement between Pertamina and the National Shipbuilding & Heavy Industries (NSHI). Pertamina also contributes to consistently advancing the national maritime sector and maintaining compliance with the cabotage principle by requiring its fleet operating in Indonesia to fly the Indonesian flag and empower crew members with Indonesian nationality.

Pertamina continues to implement operational excellence and effectiveness cost in the operations of ships, whether independently owned or chartered. Improvement of TMSA (tanker management & self-assessment) implementation in owned ships, which currently has achieved a 2.82 score, continues to increase every year. Furthermore, there is presence of the Compliance Ship Inspection Report (SIRE) on 25 units of owned ships, which are regularly inspected by various international oil majors. The implementation is highly necessary for ships going sailing as a prerequisite for anchoring in international ports and KKKS ports with international oil majors existing in Indonesia. This is similarly achieved by vetting inspection, with a change in risk assessment on owned ships or chartered ships. This has the objective of maintaining the quality of distribution operations performed by owned ships. The increase in number of ships with low risk category was from 30 ships in 2018 to 43 ships in 2019. From the operational aspect, optimization of distribution pattern, increase of operating days of each ship, and performance improvement of the ships are able to decrease and make the number of necessary ships needed in distributing oil and gas more effective.

In 2019, Pertamina shipping also succeeded in updating the ISO 9001:2015 certificate, ISM Compliance achievement, compliance with various international regulations, such as SOLAS, MARPOL including MLC issued by ILO, as well as national regulations issued by the Indonesian government.

In order to prepare for compliance with the IMO 2020 and Government regulations relevant to the implementation of low sulfur fuel oil (LSFO) ship fuel use, Pertamina Shipping has performed various preparations, among which preparing the LSFO source of supply from RU III Plaju (200 MB Capacity) and RU V Balikpapan (in the process), infrastructure preparation for LSFO supply ports, which include Jakarta, Balikpapan, Surabaya, Dumai, Kabil-Batam, Cilacap, Makassar, and Wayame-Ambon.



Moreover, to guarantee the proper operations of ships in distributing oil and gas to all Indonesian regions, coordination has been made with the Directorate General of Transportation and socialization to the Shipping party on said implementation of IMO 2020-LSFO.

Aside from the shipping business function in the corporate aspect, management of the shipping business in Pertamina is also strengthened by the existence of subsidiaries in shipping, which are PT Pertamina Trans Kontinental and PT Pertamina International Shipping.

PT Pertamina Trans Kontinental (PTK)

In 2019, PT Pertamina Trans Kontinental (PTK) managed to increase its fleet with the completion of construction and handover of 1 (one) harbor tug 5,000 HP dual-fuel LNG ship, the first and only in Indonesia, namely Transko Rajawali, which has been operational in the Arun LNG Terminal area owned by PT Perta Arun Gas. Furthermore, 15 units of mooring boats entered into the port facilities ship rejuvenation program in Marine Pertamina have been handed over to several Marine Regions in 2019. Therefore, the total number of PTK-owned ships are 83 units.

The number of PTK fleet will continue to increase with 90 small craft units, the provision of which has been executed and they are expected to be actively operational in all marine regions in the second semester of 2020.

PT PIS Ship Assets as of December 31, 2019

Ship Name	Ship Type	DWT	2019 Commercialization
Fastron	Medium Range	± 30,000 DWT	Time charter by Pertamina (Persero)
Sungai Gerong	Medium Range	± 30,000 DWT	Time charter by Pertamina (Persero)
Sei Pakning	Medium Range	± 30,000 DWT	Time charter by Pertamina (Persero)
Sambu	Medium Range	± 30,000 DWT	Time charter by Pertamina (Persero)
PIS Pioneer	VLCC	± 300,000 DWT	Spot Charter and Time Charter by third party
PIS Polaris	Medium Range	± 45,000 DWT	Time Charter by third party
PIS Paragon	Medium Range	± 45,000 DWT	Time Charter by third party
FSO Abherka	FSO	± 85,000 DWT	Time charter by PHE WMO
TBC VLCC 1	VLCC	± 30,000 DWT	In the construction process
TBC VLCC 2	VLCC	± 30,000 DWT	In the construction process

Several important moments in 2019, among which, were:

1. In May 2019, the first imported LPG cargo shipping was performed.
2. In November 2019, the time sheet was signed between PT PIS with NYK Line regarding the cooperation plan

Furthermore, PTK also expanded its maritime services business with the ship-to-ship transfer of Fatty Acid Methyl Ester (FAME) cargo in the Balikpapan area since the beginning of 2019, and the import agency activity since July 2019 and charter of owned ships would be fully transferred to PTK starting from the beginning of 2020. Not only the maritime services business, on 30 September 2019, a consortium of PTK-PT PGAS Solution has signed a contract for the subsea pipeline free span rectification work with PT Pertamina Gas Eastern Java of the Surabaya area.

PT Pertamina International Shipping (PT PIS)

PT PIS was established based on Deed no. 37 of 23 December 2016 made before Notary Lenny Janis Ishak, S.H. in Jakarta with equity participation of USD10 Million, plus 4 (four) MR ship units and 1 (one) unit Floating Storage Offloading (FSO), which are MT Fastron, MT Sungai Gerong, MT Sambu, MT Sei Pakning, and FSO Pertamina Abherka via a spinoff mechanism in 2017.

As a measure in the effort to make PT PIS vision of "To Be the Choice of World Class Company" a reality, the company continues to develop, whether from the aspect of increasing the volume of transported cargo, types of services offered, or asset ownership. PT PIS currently owns the following assets:

- in the sectors of LNG-type ship ownership and ship management.
3. In December 2019, the first LNG cargo shipping was conducted from Bontang to Arun.
4. In December 2019, PT PIS made the purchase of the GP MT PIS Patriot type ship.



Financial Performance Overview

Statement of Profit or Loss

Sales, and Other Operating Revenues

The sales, and other operating revenues derive from domestic sales of crude oil, natural gas, geothermal energy and oil products, subsidy reimbursements from the Government, export of crude oil, natural gas and oil products, marketing fees, and revenues from other operating activities.

Throughout 2019, Pertamina's sales and other operating revenues reached USD54,585 million, or 5.78% lower compared to the achievement in 2018, which reached USD57,934 million. The results in 2019 were contributed by:

- Domestic sales of crude oil, natural gas, geothermal, and oil products, totalling USD43,784 million or 80.21% of the total sales and other operating revenues.
- Subsidy reimbursements from the Government, totalling USD4,875 million or 8.93% of the total sales and other operating revenues.
- Export of crude oil, natural gas, oil products, totalling USD3,629 million or 6.65% of the total sales and other operating revenues.
- Revenues from other operating activities, totalling USD2,297 million or 4.21% of the total sales and other operating revenues.

The Sales, and Other Operating Revenues Achieved by Pertamina in 2018-2019

(in million USD)

Description	%		2019 Corporate Work Plan & Budget	2019	2018	2017*	2016*	2015
	B/A	(B-C)/C	A	B	C	D	E	F
Domestic sales of crude oil, natural gas, geothermal, and oil products	98.90	-2.14	44,270	43,784	44,743	39,789	35,842	36,560
Subsidy reimbursements from the Government	82.38	-13.45	5,918	4,875	5,632	3,572	2,569	3,187
Export of crude oil, natural gas, and oil products	112.87	-0.22	3,215	3,629	3,637	1,874	968	1,270
Marketing fees	0.00	-100.00	12	-	15	25	(257)	23
Revenues from other operating activities	42.27	-41.19	5,434	2,297	3,906	740	690	723
TOTAL SALES, AND OTHER OPERATING REVENUES	92.75	-5.78	58,849	54,585	57,934	46,000	39,812	41,763

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

** Excluding the consolidation with PT Perusahaan Gas Negara Tbk (PGN)

The decrease in sales and other operating revenues in 2019 was mainly influenced by the declining domestic sales of crude oil, natural gas, geothermal, and oil products. The domestic sales of crude oil, natural gas, geothermal, and oil products in 2019 amounted to USD43,784 million or declining by 2.14% compared to USD44,743 million in 2018. The key factor contributing to the decline was the lower average sales price in products, influenced by the lower realization of ICP and published price in 2019 compared to 2018. The average ICP of 2019 was USD62.38/barrel, whereas the average ICP of 2018 was USD67.47/barrel. Whereas, the average price of Mean of Platts Singapore (MOPS) of 2019 was USD73.87/barrel and the price in 2018 was USD81.71/barrel.

Another factor that caused the decline was the decreasing sales volume of General Fuel in 2019, especially Pertamina and Avtur, compared to the sales in 2018. Several contributing factors also came from subsidiaries. Pertamina EP was experiencing a decline in oil revenue of USD73.8 million due to the declining oil price of PEP in 2019, which was SD62.33/barrel compared to USD66.99/barrel in 2018, and the decline in gas revenue of USD37.9 million due to the decrease in gas lifting in 2019, amounting to 12,593,296 MSCF compared to 2018. Nusantara Regas was also experiencing a decrease in revenue from Nusantara Regas, totaling USD60 million was caused by the decrease in Representatif Export Petroleum (REP) in 2019, which was USD60.48/barrel compared to USD67.94/barrel in 2018. Additionally, the volume of gas transfer for the 2019 Gas Sales Contract (51,634,211 MMBTU)



was smaller in value compared to the volume of gas transfer for the 2018 Gas Sales Contract (61,753,209 MMBTU), which influenced the decreasing domestic sales of crude oil, natural gas, geothermal, and oil products.

In 2019, the subsidy reimbursements from the Government were amounted to USD4,875 million or decreasing by 13.44% compared to USD5,632 million in 2018. The decrease was affected by the decline in average CP Aramco price in 2019, which totaled USD439/MMT, compared to the 2018 average CP Aramco price of USD540/MMT, as well as the stipulation of Minister of Energy and Mineral Resources' Decree Number 61 of 2019, effective since 2019, thus the subsidy value per kg dropped by Rp500/kg. The sales volume of 3 kg LPG refill in 2019 reached 12,190 million KL or increased by 4.7% of the total sales volume in 2018, which amounted to 11,647 million KL. The increase in the sales volume of Solar/Biopolar PSO in 2019 amounted to 16,169 million KL or increased by 5.3% from 15,362 million KL in 2018.

The export of crude oil, natural gas, and oil products throughout 2019 realized USD3,629 million or decreased by 0.22% compared to the 2018 achievements, which was USD3,637 million. The decrease was affected by the declining export from Pertamina Hulu Mahakam because of lower realization of production and lifting in 2019 was lower than

2018, particularly in the 2019 Gas Spot sales (82% lower than in 2018). Furthermore, the export of gas from PHE Tomori Sulawesi experienced a decrease, as its sales were transferred to domestic buyers from Pertamina RU VI Cilacap.

The revenues from other operating activities in 2019, amounting to USD2,297 million experienced a significant decrease compared to USD3,906 million in 2018. The decrease was caused by the unrecorded disparity in Retail Price of Specific Fuel Type (JBT) Solar and Specific Fuel Type Assignment (JBKP) Premium (Jamali and Non-Jamali) in 2018, which totaled USD3,102 million, including the years of 2016, 2017, and 2017, whereas the bookkeeping of disparity in Retail Price of Specific Fuel Type (JBT) Solar and Specific Fuel Type Assignment (JBKP) Premium (Jamali and Non-Jamali) in 2019 was equivalent to the disparity for the current year, totalling USD1,522 million.

Expenses

In 2019, the cost of sales and other direct costs reached USD46,508 million or decreased by 4.53% of the 2018 realization, which totaled USD48,714 million. These expenses consisted of cost of sales, upstream production and lifting expenses, exploration expenses and expenses from operating activities with the largest contribution derived from the cost of sales.

The Cost of Sales and Other Direct Costs Expensed to Pertamina in 2015-2019

(in million USD)

Description	(%)		2019 Corporate Work Plan & Budget	2019	2018	2017*	2016*	2015**
	B/A	(B-C)/C	A	B	C	D	E	F
Cost of goods sold	92.45	-7.54	42,792	39,560	42,788	33,176	26,181	31,911
Upstream production and lifting costs	99.70	13.98	5,015	5,000	4,387	3,421	3,270	3,072
Exploration costs	113.70	-22.70	182	207	268	165	109	158
Expenses from other operating activities	98.46	36.95	1,769	1,742	1,272	863	703	648
TOTAL COST OF SALES AND OTHER DIRECT COSTS	93.47	-4.53	49,758	46,508	48,714	37,625	30,263	35,790
Sale and marketing expenses	71.97	-1.09	2,258	1,625	1,643	1,590	1,340	990
General and administrative expenses	80.04	16.84	1,941	1,554	1,330	1,599	1,509	1,061

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

**Excluding the consolidation with PT Perusahaan Gas Negara Tbk (PGN)

The cost of sales in 2019 amounted to USD39,560 million or decreased by 7.54% from USD42,788 million in 2018. The decline mainly caused by the lower prices of raw materials and imports of products, which were affected by a decline in the 2019 realization of ICP and published oil prices compared with the previous year. The average ICP of 2019 amounted to

USD62.38/barrel, whereas the average ICP of 2018 reached USD67.47/barrel. On the other hand, the average MOPS PSA of 2019 was USD73.87/barrel and the average MOPS PSA in the previous year was USD81.71/barrel.

In 2019, the realization of upstream production and lifting expenses amounted to USD5,000 million or increased by



13.97% of the 2018 realization, which totaled USD4,387 million. The highest contribution in 2019 was mainly attributable to the rise deriving from PHI, with the operations of Pertamina Hulu Sanga Sanga and Pertamina Hulu Kalimantan Timur as well as the increasing depreciation expenses from Pertamina Hulu Mahakam.

The exploration expenses in 2019 were achieved at USD207 million or decreased by 22.6% from USD268 million in 2018. The decreasing exploration expenses primarily caused by the decrease in dry hole expenses from PT Pertamina EP, which amounted to USD75 million compared to the previous year.

The expenses from other operating activities increased by 36.95% or USD1,742 million compared to the previous year, which was USD1,272 million, and this was engendered by expenses deriving from operational activities of Pertamina's subsidiaries, namely PT Pertamina Patra Niaga, amounted to USD93 million, PT Elnusa Tbk, amounted to USD112 million, and PT Pertamina International Shipping, amounted to USD88 million.

Operating expenses consist of sale and marketing expenses as well as general and administrative expenses. In 2019, the operating expenses increased by 6.92%, from USD2,973 million in 2018 to USD3,179 million. The increase was primarily due to the rise in general and administrative expenses of USD1,554 million or 16.82% increase from USD1,330 million in 2018, resulting from the increase in expenses over the operational activities of Pertamina's subsidiaries. Namely,

PT Pertamina Internasional Explorasi & Produksi had to add additional experts for the implementation of Phase IV and Phase V in Pertamina Algeria EP.

Profit for the Year

The 5.78% decrease in the percentage of sales and other operating revenues compared to the previous year resulted in the 21.59% decrease in the operating income of 2019 from USD4,898 million to USD6,247 million in 2018. The realization arose from the USD2,297 million or 41.19% decrease in revenues from other operating activities in 2019, the USD959 million or 2.14% decrease in domestic sales of crude oil, natural gas, geothermal, and oil products in 2019, and the USD757 million or 13.45% decrease in subsidy reimbursements from the Government compared to the previous year. Additionally, the rise in finance income, particularly from interest income over the recovery from adjusting the fair value of recognition of selling price disparity in 2018 and 2017 (unwinding interest), and the gain over foreign exchange differences that contributed positively to the value of profit before income tax.

On the contrary, the cost of sales and other direct costs decreased by 4.53% from the previous year, due to the 7.54% decline in cost of sales as an impact from the weakening ICP in 2019 compared to the previous year. The drop in oil prices in 2019 coupled with the decreasing income tax expense, led to the declining profit for the year of 2019, which only amounted to USD18 or dropped by 0.67% from the previous year.

Pertamina's Profit for the Year of 2015-2019

(in million USD)

Description	(%)		2019 Corporate Work Plan & Budget	2019	2018	2017*	2016*	2015**
	B/A	(B-C)/C	A	B	C	D	E	F
Operating income	100.12	-21.59	4,892	4,898	6,247	5,186	6,699	3,921
Profit for the year	162.41	-0.68	1,612	2,618	2,636	2,553	3,163	1,442

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

**Excluding the consolidation with PT Perusahaan Gas Negara Tbk (PGN)

EBITDA

For the year 2019, EBITDA was amounted to USD7,908 million or decreased by 14.08% from USD9,204 million in 2018 due to the declining domestic sales of crude oil, natural gas, geothermal, and oil products. Relating to the Government of Indonesia's programs for the national economic recovery on the impacts of the Covid-19 pandemic, Pertamina will receive repayment of receivables from the Government in the amount of USD2,793 million or Rp45 trillion. The payment program will affect the finance income

to increase by USD1,221 million or 476% from USD256 million in 2018, specifically from the interest income over the recovery from adjusting the fair value of recognition of selling price disparity in 2018 and 2017 (unwinding interest). On the other hand, the 2019 realization of ICP and oil prices published decreased compared to the previous year, which influenced the cost of sales and other direct costs. The declining ICP in 2019 resulted in the declining tax expense by 24.91% with the current tax of 2019 at USD1,878 million and the deferred income tax at USD385 million.

Pertamina's EBITDA of 2015-2019

(in million USD)

Description	2019 Corporate work Budget & Plan %	YoY 2019 %	2019 Corporate Work Plan & Budget	2019	2018	2017*	2016*	2015**
EBITDA	101.13	-4.08	7,908	7,908	9,204	7,256	8,471	5,130

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

**Excluding the consolidation with PT Perusahaan Gas Negara Tbk (PGN)

Statement of Financial Position

Assets

By the end of 2019, Pertamina's total assets were recorded at USD67,086 million, consisting of 34.40% current assets and 65.50% non-current assets. The total assets grew by 3.66% compared to USD64,718 million in 2018.

Total Assets of Pertamina of 2015-2019

(in million USD)

Description	2019 Corporate Work Plan & Budget		2019	2018	2017*	2016*	2015**	
	2019 Corporate Work Plan & Budget							
	(%)	(%)	A	B	C	D	E	F
Current assets	90.60	-0.32	25,476	23,081	23,154	19,156	18,434	14,330
Non-current assets	105.94	5.88	41,540	44,006	41,564	38,283	35,542	31,189
TOTAL ASSETS	100.11	3.66	67,016	67,086	64,718	57,439	53,976	45,519

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

**Excluding the consolidation with PT Perusahaan Gas Negara Tbk (PGN)

Current Assets

Current assets are assets which economic benefits expected to materialize in less than one year or not more than one operating cycle. The 2019 current assets attained USD23,081 million or decreased by 0.32% of the total current assets in 2018, amounting to USD23,154 million. The decrease was mainly due to the decline in cash and cash equivalents, due from the Government – current portion, and inventories. However, an increase occurred in trade receivables, other receivables, and prepaid taxes.

Non-Current Assets

Non-current assets are assets which are expected to give

economic benefits in more than one year. The non-current assets of 2019 were realized at USD44,006 million or increased by 5.87% from USD41,564 million in 2018. The increase was mainly caused by the growing assets in oil and gas as well as geothermal properties, fixed assets, and due from the Government – net of current portion.

Liabilities

By the end of 2019, the total liabilities of Pertamina was recorded at USD35,867 million, consisting of 33.91% short-term liabilities and 66.09% long-term liabilities. The total liabilities experienced a 2.16% increase compared to USD35,108 million in 2018.

Total Liabilities of Pertamina of 2015-2019

(in million USD)

Description	2019 Corporate Work Plan & Budget		2019	2018	2017*	2016*	2015**	
	2019 Corporate Work Plan & Budget							
	(%)	(%)	A	B	C	D	E	F
Short-term liabilities	103.23	-12.95	11,783	12,163	13,973	9,837	8,893	8,547
Long-term liabilities	88.15	12.15	26,890	23,704	21,136	20,589	19,838	17,497
TOTAL LIABILITIES	92.74	2.16	38,673	35,867	35,108	30,426	28,731	26,044

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

**Excluding the consolidation with PT Perusahaan Gas Negara Tbk (PGN)



Liabilities

Short-Term Liabilities

Short-term liabilities are liabilities that expected to be repaid in the short term. The 2019 short-term liabilities reached

USD12,163 million or decreased by 12.95% compared to USD13,973 million in 2018. The decrease was mainly due to a decline in short-term loans, due to the Government – current portion, and taxes payable. However, an increase occurred in trade payables and accrued expenses.

Total Short-Term Liabilities of Pertamina of 2015-2019

(in million USD)

Description	Changes in 2019 (%)	2019	2018	2017*	2016*	2015**
Short-Term Liabilities	(12.95%)	12,163	13,973	9,837	8,893	8,547

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

**Excluding the consolidation with PT Perusahaan Gas Negara Tbk (PGN)

Long-Term Liabilities

Long-term liabilities are liabilities which expected to be settled exceed one accounting period. The 2019 long-term liabilities achieved USD23,704 million or increased

by 12.15% compared to USD21,136 million in 2018. The increase occurred owing to the rising of bonds payables, decommissioning and site restoration, deferred tax liabilities, and other non-current payables. However, there was a decrease in the long-term liabilities – net of current portion.

Pertamina's Total Long-Term Liabilities of 2015-2019

(in million USD)

Description	Changes in 2019 (%)	2019	2018	2017*	2016*	2015**
Long-Term Liabilities	12.15%	23,704	21,136	20,589	19,838	17,497

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

**Excluding the consolidation with PT Perusahaan Gas Negara Tbk (PGN)

Equity

By performing business activities and implementing various policies throughout 2019, Pertamina's total equity per 31 December 2019 was recorded at USD31,219 million or increased by 5.44% from USD29,610 million on 31 December 2018.

Pertamina's Total Equity of 2015-2019

(in million USD)

Description	2019		2019 Corporate Work Plan & Budget	2019	2018	2017*	2016*	2015**
	(%)	(%)						
	B/A	(B-C)/C	A	B				
Share Capital	113.79	0.00	13,417	15,267	15,267	13,420	13,420	9,868
Pro forma of the Government's equity participation in establishing the Oil and Gas Holding	0.00	0.00	2	-	-	1,804	1,801	-
Capital advances	0.00	0.00	1,805	-	-	-	-	3,552
Adjustment of equity account	0.00	0.00	-	-	-	-	-	-
Government's contributed assets pending final clarification of status	14,657.80	-63.34	1	147	401	1	1	1
Other equity components	13.93	-88.82	488	68	608	488	665	730
Retained Earnings	125.40	17.46	10,606	13,300	11,323	9,411	7,778	5,131
Non-controlling interests	120.54	21.24	2,023	2,438	2,011	1,889	1,579	193
EQUITY	110.15	5.43	28,342	31,219	29,610	27,013	25,244	19,475

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

**Excluding the consolidation with PT Perusahaan Gas Negara Tbk (PGN)

The increase was mainly a result of the increase in the appropriated retained earnings as a consequence of the accumulated profit attributable to the Owners of the Parent Entity and the increasing non-controlling interests of ownership in PT Perusahaan Gas Negara (PGN) and Tugu Pratama Indonesia.

Policy on Capital Structure

Pertamina preserves a strong capital base to maintain the trust held by the investors, creditors, and market as well as to sustain the future business development. Capital consists of share capital, retained earnings, non-controlling interests, and other equity components. The management also ensures the return on capital and the level of dividends.

Pertamina as an entity operating in oil and gas business monitors capital based on the debt-to-equity ratio. Net debt is calculated based on total interest-bearing borrowings including short-term and long-term, while total capital is calculated from equity in the statement of consolidated financial position. As of 31 December 2019, Pertamina's financial position was sustained by 53% liabilities and 47% equity. As a state-owned enterprise, the management's policy on capital structure orients towards the Ministry of SOEs' directives and policies as the main and controlling shareholder. One of which is a policy on Global Bond issuance in order to strengthen Pertamina's capital structure.

Pertamina's Cash Flow of 2015-2019

(in million USD)

Description	%		2019 Corporate Work Plan & Budget	2019	2018	2017*	2016*	2015**
	B/A	(B-C)/C	A	B	C	D	E	F
Net cash flow from operating activities	356.63	41.69	1,259	4,490	3,169	4,077	8,391	7,425
Net cash flow used in investing activities	85.12	11.22	(4,578)	(3,897)	(3,504)	(2,379)	(2,619)	(3,363)
Net cash flow from financing activities	-108.62	-193.67	2,819	(3,062)	3,269	(1,972)	(3,480)	(4,431)
Increase (decrease) in net cash and cash equivalents	493.80	-184.15	(500)	(2,469)	2,934	(274)	2,292	(370)
Effect of exchange rate changes in cash and cash equivalents	0.00	-148.71	-	113	(232)	(37)	21	(158)
Cash and cash equivalents balance at the beginning of the year	151.87	42.15	6,000	9,112	6,410	6,721	4,408	3,639
Cash and cash equivalents balance at the end of the year	122.84	-25.86	5,500	6,756	9,112	6,410	6,721	3,111

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

**Excluding the consolidation with PT Perusahaan Gas Negara Tbk (PGN)

Statement of Cash Flows

In 2019, Pertamina recorded a positive cash flow from operating activities, amounting to USD4,490 million. The investing activities contributed to the reduction in the cash flow by USD3,897 million, and the cash flow for financing activities reached USD3,062 million.

Cash Flow from Operating Activities

The net cash flow gained from operating activities in 2019 was USD1,321 million higher compared to 2018. This was mainly due to an increase in cash payments from customers as a result of the increasing sales quantities up to 5.47 million KL in 2019.

Cash Flow from Investing Activities

The net cash flow used for investing activities in 2019 was USD393 million higher than the figures in 2018. This occurred alongside with the increasing purchase of fixed assets and oil, gas, and geothermal assets.

Cash Flow from Financing Activities

The cash flow from financing activities in 2019 experienced a USD6,331 million decrease compared to 2018. This was mainly due to an increase in repayment of short-term loans (trust receipt) as a result of the decreasing average ICP in 2019.



Financial Ratios

Pertamina's Financial Ratios of 2018-2019

Financial Aspects	Unit	2019		Realization vs Target	
		Target	Realization	3 = (2-1)	4 = (3:1)
		1	2		
Return on Equity (ROE)	%	6.90	12.84	5.94	85.98%
Return on Investment (ROI)	%	12.23	13.06	0.83	6.78%
Cash Ratio*	%	49.37	58.77	9.40	19.04%
Current Ratio*	%	216.20	189.76	(26.45)	-12.23%
Collection Period*	Hari	58	68	10	16.30%
Inventory Turnover*	Hari	54	39	(15)	-26.46%
Total Asset Turnover (TATO)*	%	90.76	92.81	2.05	2.25%
Owner's Equity to Total Asset	%	34.94	40.66	5.72	16.37%

*The Company performed the financial ratios calculation based on the Minister of SOEs' Decree Number KEP-100/MBU/2002 on Assessment on the SOEs' Soundness Rate

Return on Equity (ROE)

Pertamina's ROE in 2019 achieved 12.84%, surpassing 5.49% as stated in the Corporate Work Plan & Budget of 2019. Return on equity (ROE) is one of the profitability ratios used for measuring the company's capability in generating profit deriving from the shareholders' investments in the company.

Return on Investment (ROI)

Pertamina's ROI in 2019 achieved 13.06%, exceeding 0.83% as stated in the Corporate Work Plan & Budget of 2019. Return on Investment (ROI) which serves as a comparison between EBITDA and capital employed is applied to analyze the balance between profit and funds invested for the company's operations.

Cash Ratio

Pertamina's cash ratio in 2019 reached 58.77%, exceeding 9.40% as stated in the Corporate Work Plan & Budget of 2019. Cash ratio is obtained by comparing cash and cash equivalents plus short-term investments with total short-term liabilities.

Current Ratio

Pertamina's current ratio of 2019 achieved 189.76%, which was 26.44% under, compared to the Corporate Work Plan & Budget of 2019. The current ratio is one of the liquidity ratios used by the Company to measure the extent the current assets owned by the Company can be used for short-term liabilities repayment.

Collection Period

Pertamina's collection period of 2018 was 68 (sixty-eight) days or 10 (ten) days longer compared to the 58 (fifty-eight)-day collection period stated in the Corporate Work Plan & Budget of 2019.

Inventory Turnover

Pertamina's inventory turnover of 2019 was 39 (thirty-nine) days or 15 (fifteen) days faster compared to the Corporate Work Plan & Budget of 2019, which was 54 (fifty-four) days. This was mainly owing to the decreasing inventory value as a result of the drop in the average ICP and oil prices published in 2019.

Total Asset Turnover (TATO)

Pertamina's TATO of 2019 amounted to 92.81%, which increased compared to 2.05% as stated in the Corporate Work Plan & Budget of 2019. TATO is an activity ratio aimed to assess the effectiveness of the funds use embedded in the number of assets in order to generate income. TATO is calculated by comparing total income with capital employed.

Total Owner's Equity to Total Assets

Pertamina's total owner's equity to total assets in 2019 reached 40.66%, which was higher than the 2019 Corporate Work Plan & Budget of 5.72%. The total owner's equity to total assets was calculated by comparing total owner's equity with total assets. Total owner's equity is the total equity minus the unappropriated retained earnings.

Solvency

Pertamina's Solvency Ratio in the Last 5 Years

Description	Unit	2019	2018	2017	2016	2015
Liabilities to equity ratio	%	58.57	66.99	56.2	59.99	71.23
Liabilities to assets ratio	%	25.13	28.57	24.58	26.3	30.18
Long-term liabilities to equity ratio	%	54.07	51.14	54.3	58.92	61.73
Long-term liabilities to assets ratio	%	23.20	21.81	23.75	25.83	26.15
Profit (loss) ratio to total assets	%	3.77	3.9	4.56	6.15	3.12
Profit (loss) ratio to total revenues	%	4.50	4.33	5.63	8.23	3.36

Generally, Pertamina's liabilities in 2019 experienced a decline compared to 2018. The fall was engendered by the decrease in short-term liabilities resulting from the decreasing average ICP in 2019 compared to 2018. Overall, the Company was still able to preserve the liabilities stability by reducing the liabilities to assets ratio to guarantee solvency, which would be due in the next 12 months.

Pertamina's ability to fulfilling its liabilities also reflected in the profit ratio to assets and revenues. A positive ratio value shows Pertamina's ability to perform solvency, mainly those past dues.

Collectability of Receivable

In 2019, Pertamina had 68 (sixty-eight)-day accounts receivable collectability, 18 (eighteen)-day longer than the collectability period in 2018. The increase was mainly due to a rise in trade receivables along with the rising domestic sales of crude oil, natural, geothermal, and oil products.

As well as an increase from Due from the Government (net of current portion), which was due to the adjustment of selling price disparity with the stipulation on diesel and premium products of 2017, 2018, and 2019.

The following is a table showing Pertamina's accounts receivable collectability in the last 5 years.

Pertamina's Accounts Receivable Collectability in the Last 5 Years

Description	Unit	2019	2018	2017	2016	2015
Collection Period	Day	68	50	38	43	42

Contributions to the Government

Dividend Policy

Pertamina's dividend policy to the Government refers to the resolution made in the General Meeting of Shareholders (GMS) by continuously taking into account the Company's needs of development funds.

The GMS of 31 May 2019 decided on Pertamina to pay the 2018 dividends of Rp7.95 trillion with 22% dividend payout ratio. The obligation had been fully paid to the government.

The GMS of 2 May 2018 decided on Pertamina to pay the 2017 dividends of Rp8.57 trillion with 25% dividend payout ratio. The obligation had been fully paid to the government.

The GMS of 16 March 2017 decided on Pertamina to pay the 2016 dividends of Rp12.1 trillion with 29% dividend payout ratio. The obligation had been fully paid to the government.

**Pertamina's Dividends Payment for the Fiscal Year of 2016-2018**

Description	Based on the GMS for the Fiscal Year of					
	2018	Date of Payment	2017	Date of Payment	2016	Date of Payment
Dividend Payout Ratio	22%	-	25%	-	29%	-
Average Exchange Rate	14,246	-	13,384	-	13,307	-
Total Dividends According to GMS (million Rp)	7,950,000	-	8,569,790	-	12,103,431	-
Number of Shares	171,227,044	-	133,090,697	-	133,090,697	-
Dividend per Share (Rp)	46,430	-	64,391	-	90,941	-
Amount Realized (million Rp)	7,950,000	-	8,569,790	-	12,103,431	-
Interim Dividend Payment	-	-	-	-	500,000	12/6/2016
Payment I	2,500,000	28/06/2019	2,142,447,5	31/05/2018	3,025,858	13/04/2017
Payment II	2,000,000	30/08/2019	1,285,468,5	02/08/2018	1,715,515	16/05/2017
Payment III	2,500,000	31/10/2019	1,285,468,5	03/09/2018	1,715,515	14/07/2017
Payment IV	950,000	29/11/2019	1,285,468,5	02/10/2018	1,715,515	15/09/2017
Payment V	-	-	2,570,937,0	02/11/2018	1,715,515	16/10/2017
Payment VI	-	-	-	-	1,715,515	16/11/2017
Remaining Unpaid Amount	0	-	0	-	0	-

Compliance as a Taxpayer

One of the contributions made by Pertamina to the state is evident through the fulfillment of the company's obligations as a taxpayer and a tax collector. As a taxpayer, the Company is consistently compliant with fulfilling the Corporate Income Tax (PPH). As a tax deductor and a tax collector, the Company plays a significant role in deducting and collecting each taxable object.

Amount of Taxes Paid

Pertamina's payment of taxes that consists of Withholding Income Tax, Prepaid Taxes, Output VAT, Customs Import Duties, and Regional Taxes, with total annual transactions as of December 2019 amounted to Rp128.7 trillion. Compared to the Rp112.2 trillion in a similar period in 2018, there was a 14.66% increase.

Statement of Time Compliance with the Payment of Taxes

Pertamina has settled the taxes, including Withholding Income Tax, VAT, Land and Building Tax, and other regional taxes within a period according to the prevailing tax regulations. Moreover, Pertamina managed to submit

tax reporting documents, such as Reports of Income Tax Return and VAT Tax Return, Annual Income Tax Return, and other documents of tax obligations to the taxation authority within a period according to the applicable tax provisions.

Summary of Significant Accounting Policies

The summary of significant accounting policies is presented in Note 2 to the Consolidated Financial Statements of PT Pertamina (Persero) and its Subsidiaries.

Subsidiaries' Performance

In running its business, Pertamina established several of Subsidiaries in which Pertamina has financial and operational control through 100% ownership or majority ownership. As of the end of 2019, Pertamina's Subsidiaries with active status amounted to 28 companies, which line of business, data of total assets, operating revenues, and net profit for the last two years are presented in the following table:



Performance of Pertamina's Subsidiaries of 2018-2019

(in million USD)

No	Subsidiaries	Line of Business	Total Assets		Operating Revenues		Net Profit	
			2019	2018	2019	2018	2019	2018
UPSTREAM								
1	PT Pertamina EP	Oil & Gas Exploration & Production	7,598.72	7,498.64	3,032.91	3,160.58	653.63	756.04
2	PT Pertamina Hulu Energi	Oil & Gas Exploration & Production	5,126.40	4,531.67	2,674.88	2,528.09	589.83	476.73
3	PT Pertamina Hulu Indonesia	Oil & Gas Exploration & Production	2,674.80	1,510.15	2,154.18	2,209.96	507.15	780.92
4	PT Pertamina EP (Cepu)	Oil & Gas Exploration & Production	3,557.98	2,992.89	1,809.73	1,779.01	849.09	842.40
5	PT Pertamina Internasional Eksplorasi dan Produksi	Oil & Gas Exploration & Production	6,049.26	5,838.79	1,224.97	1,191.60	98.00	(20.23)
6	PT Pertamina EP Cepu ADK	Oil & Gas Exploration & Production	12.74	12.85	-	-	(9.54)	(10.63)
7	PT Pertamina Geothermal Energy	Oil & Gas Exploration & Production	2,571.91	2,555.69	666.88	660.83	95.56	107.32
8	PT Pertamina Drilling Services Indonesia	Oil & Gas Exploration & Production	574.63	560.42	244.55	237.82	18.94	20.64
9	PT Elnusa Tbk	Seismic survey, logistic base, telecommunication, fuel construction and marketing	489.54	390.67	592.74	465.01	25.20	20.22
10	PT Pertamina Hulu Rokan*	Oil & Gas Exploration & Production	785	785	-	-	(0,02)	-
DOWNSTREAM								
11	PT Pertamina Patra Niaga	Industrial Trade & Activities Services	1,031.69	869.27	1,599.02	1,572.19	38.77	36.14
12	PT Pertamina Lubricants	Lubricants Processing and Marketing	498.01	416.58	754.64	777.79	131.13	124.78
13	PT Nusantara Regas	Liquefied Natural Gas (LNG) Regasification	275.77	240.82	562.96	682.95	42.88	54.40
14	PT Perusahaan Gas Negara Tbk	Oil and natural gas trade, gas transportation as well as oil and gas refinery, distribution, and storage	7,373.71	7,939.27	3,848.72	3,870.27	67.58	304.99
15	Pertamina International Marketing & Distribution	Overseas marketing	121.62	N/A	220.60	N/A	6.59	N/A
16	PT Badak NGL	Liquefaction, storage, and transportation of natural gas in East Kalimantan (Bontang)	51.92	68.55	N/A	N/A	N/A	N/A
17	PT Pertamina Retail	Fuel Distribution and Retail	269.47	203.10	971.12	902.99	16.35	13.50
18	PT Kilang Pertamina International*	Oil and natural gas trade, gas transportation as well as oil and gas refinery, distribution, and storage	141.43	1.84	N/A	N/A	(0.68)	0.01
19	PT Pertamina Trans Kontinental	Services in shipping, maritime, and logistics	340.52	307.52	195.97	143.91	20.85	19.59
20	PT Pertamina International Shipping	Services in oil and natural gas commodity	419.06	296.33	493.98	404.75	66.59	52.73
21	PT Tuban Petrochemical Industries	General trade, industry, and services through industrial products services from oil refineries	346.99	197.56	243.20	245.77	41.72	(27.33)
22	PT Pertamina Power Indonesia	Electricity-based productions deriving from other energy sources, such as natural gas, liquid gas, geothermal, solar energy	128.30	114.76	0.45	0.04	12.98	(1.53)
FINANCE & SERVICE								
23	PT Asuransi Tugu Pratama Indonesia Tbk	Loss/general insurance	1,249.85	1,204.25	174.75	83.81	40.63	17.47
24	PT Pertamina Pedeve Indonesia	SPV Portfolio investment management/equity participation in Pertamina's subsidiaries/affiliated group	62.71	62.1	11.36	8.14	8.57	5.48
25	PT Patra Jasa	Hotel, office, rental property, and catering services	308.52	241.17	123.85	97.77	21.56	9.35



No	Subsidiaries	Line of Business	Total Assets		Operating Revenues		Net Profit	
			2019	2018	2019	2018	2019	2018
26	PT Pelita Air Service	Air transport, aircraft leasing services	63.37	60.38	58.47	48.66	0.83	-0.55
27	PT Pertamina Bina Medika	Hospital service	113.73	105.74	102.25	91.63	3.20	0.63
28	PT Pertamina Training & Consulting	HC development service, as well as assessment and consultation on management systems	50.40	39.80	147.45	111.72	1.21	2.88

*unaudited

Material Commitment for Capital Goods Investment

Pertamina has a commitment to capital goods expenditure to operating its standard businesses. On 31 December 2019, the total unrealized commitment to capital goods expenditure was USD359,124.

Amendment in Legislations

Upon the completion of the 2019 consolidated financial statements, the Government of Indonesia ratified Government Regulation in place of Law of the Republic of Indonesia Number 1 of 2020 on State Financial Policy and Stability of Financial Systems for the Management of Pandemic Corona Virus Disease 2019 (Covid-19), or Encounter the Threat to National Economy and/or Stability of Financial Systems as of 31 March 2020. There was an adjustment to Income Tax tariff for domestic corporate taxpayers and permanent establishment, decreasing to 22% and effective for the Fiscal Year of 2020 and 2021, and to 20% by 2020. Thus, in 2020 if no significant changes are identified on other aspects in the industry, the decreasing tax tariff will affect the decrease in Current Tax provided that the tax decrease due to the declining tariff of Corporate Income Tax was higher in value compared to the impairment of deferred tax assets.

On 2 April 2020, the Government also stipulated Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia Number 8 of 2020 on Determination of the Users and Prices of Specific Natural Gas in the Industrial Sector. Article 3 paragraph 1 states Minister stipulated USD6/MMBTU for specific natural gas price at the plant gate. Moreover, the Government specified Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia Number 10 of 2020 on Utilization of Natural Gas for Power Plants. The highest price for natural gas for power plants

(plant gate) was decided on USD6/MMBTU unless specified otherwise. Pertamina is currently reviewing its impacts on the commercial aspect, business cooperation, and infrastructure development plan together with the Ministry of Energy and Mineral Resource and Special Task Force for Upstream Oil and Gas (SKK Migas). Pertamina will also carry out a judicial review on the gas transmission and distribution cost scheme to accommodate the Government Regulation.

Reported Financial Information on Extraordinary and Rare Occurrence

Throughout the reporting period, there were no extraordinary and rare events that could give effect to the company's performance.

Information and Material Facts After the Date of Auditor's Report

After the date of the accounting period, there was no material information and facts that affected the performance and business risks in the future.

Information on Material Transactions Containing Conflict of Interest and/or Transactions with the Affiliates

Pertamina identified the relationship of related parties in transactions based on ownership and/or management. These related parties, among which were institutions affiliated with the Government of Indonesia, both ministry and other institutions, as well as other state-owned enterprises (SOEs). Other related parties refer to associated entities, joint ventures, institutions which key management is similar to that of Pertamina, Pertamina's key management personnel, and Pertamina's Board of Commissioners as the company's governance oversight body.



In 2019, transactions were performed according to an as-needed basis, which were free from conflict of interest as well as conducted in fairness in accordance with laws and regulations. Balances and transactions with the related parties can be viewed in the following table.

Pertamina's Transactions with Related Parties of 2017-2019

Description	2019	2018	2017
Cash and cash equivalents	6,239,908	8,416,251	6,065,489
Restricted cash	127,845	86,230	88,896
Trade receivables – related parties	1,554,094	1,297,651	1,095,016
Government receivables	6,689,595	4,758,409	2,155,739
Other receivables – related parties	182,487	149,178	255,054
Restricted funds – non-current portion	1,153,273	910,999	834,874
Total	15,947,202	15,618,718	10,495,068
Percentage of total assets	24%	24%	18%
Short-term loans	1,069,895	3,164,724	355,518
Trade payables – related parties	73,304	78,781	49,277
Due to the Government	1,736,442	2,002,825	1,831,245
Long-term liabilities	172,874	179,361	174,638
Other payables – related	74,459	54,011	56,625
Total	3,126,974	5,479,702	2,467,303
Percentage of total liabilities	9%	16%	8%

Pertamina's transactions with the related parties were as follows:

- Trade receivables with the related parties deriving from domestic sales of crude oil, natural gas, geothermal, and export of oil products.
- Receivables from fuel and lubricant distribution to the Indonesian Armed Forces/Ministry of Defence were based on the planned needs of the Indonesian Armed Forces/Ministry of Defence. They were capped by the State Budget for Fuels and Lubricants (BMP).
- Receivables from fuel distribution to PLN were used to operate power plants across Indonesia. In 2019, Pertamina made collections from PLN under the price agreed on 22 May 2018, which was valid up to 2020.
- Other receivables based on customers, namely with PT Donggi Senoro LNG, PLN and subsidiaries, PT Merpati Nusantara Airlines (Persero), and others (below USD10,000 each)
- Trade payables from the related parties, among which were:
 - Special Task Force for Upstream Oil and Gas (SKK Migas)
 - PT Wijaya Karya (Persero) Tbk.
 - PT Trans-Pacific Petrochemical Indotama
 - PT Pembangunan Perumahan (Persero) Tbk.
 - PT Perta-Samtan Gas
 - PT Asuransi Jasa Indonesia (Persero)
 - PT Barata Indonesia (Persero)
 - PT Patra SK
 - Others (below USD2,000 each)
- Sales and other operating revenues generated 22% and 24% of the total sales and other operating revenues per 31 December 2019 and 31 December 2018.
- Cost of sales refers to purchase from related parties, including crude oil and natural gas from shareholders and joint venture companies, for the year ending 31 December 2019 and 2018 at 22% and 25% of the total cost of goods sold for the year.
- The compensation of key management and the Board of Commissioners was USD23,635 and USD26,286 respectively in 2019.



Corporate Assessment

Company's Soundness Rating

Referring to Regulation of the Minister of State-Owned Enterprises Number KEP-100/MBU/2002 on the Assessment on SOEs' Soundness Rating, the Company's Soundness Rating scored **85.60** in 2019, putting the Company in the category of **HEALTHY AA**. Details of the assessment aspect are as follows:

Indicator	2019 Score	2018 Score
Financial Aspect	42.00	64.80
Operational Aspect	33.60	13.22
Administrative Aspect	10.00	9.00
Total Score	85.60	86.72
Category	AA	AA

In essence, the score for the Company's Soundness Rating in 2019 declined compared to the 2018 score and this was engendered by changes in the SOEs classification from previously a non-infrastructure SOE to an infrastructure SOE. The change under the weighting of the Company's Soundness Rating calculation, which referred to Decree of the Minister of SOEs KEP-100/MBU/2002 with the description as follows:

Indicator	2018 (Pertamina as a non-infrastructure SOE)	2019 (Pertamina as a non-infrastructure SOE)
Financial Aspect	70%	50%
Operational Aspect	15%	35%
Administration Aspect	15%	15%

Aside from the changes in the SOEs classification, the decline in the Company's Soundness Rating in 2019, particularly in the financial aspect was caused by an assumption on the 2019 realization calculation, which referred to a certain policy.

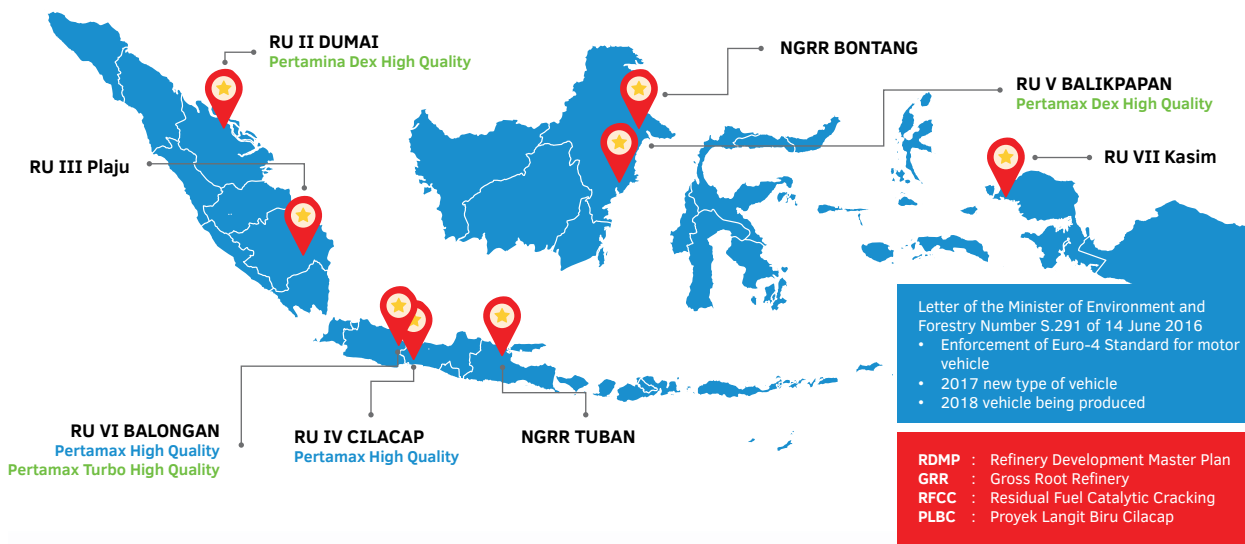
Company Business Continuity and Sustainability Strategy

Amidst the intensifying concerns towards economic condition and the global oil and gas industry, Pertamina embraced 2019 with high optimism. It is expected that the production and sales of Pertamina will achieve a relatively significant increase. In the upstream sector, the addition of 13 extermination working areas (WK) will increase Pertamina's oil proven reserves (P1). Furthermore, there are 8 WK that have been effectively a part of Pertamina since 2018, contributing positive impacts to Pertamina's production increase in 2019 onwards. The oil and gas production of Pertamina will also experience a fairly significant surge, mainly from Rokan Working Area that serves as a working area with the largest oil production at the national level, of which the management contract under the previous operation is due in 2021.

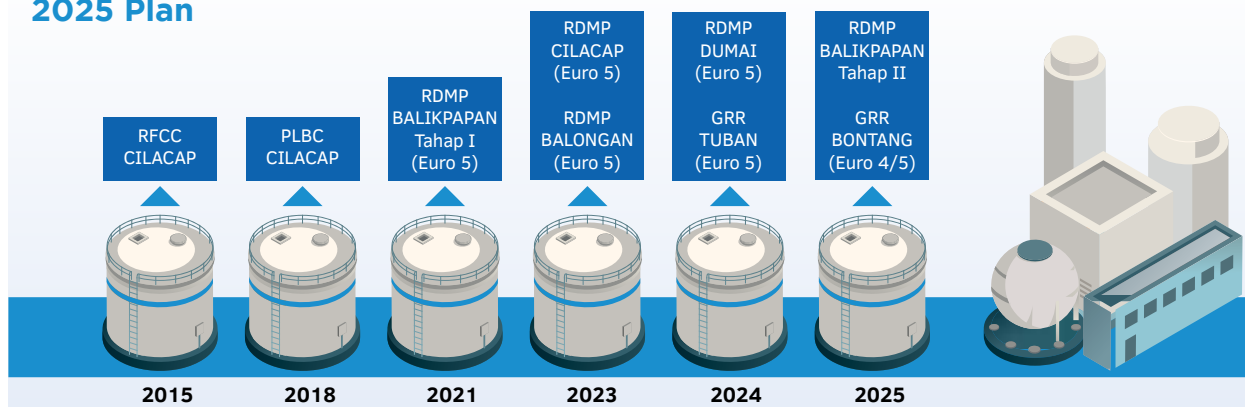
In the downstream sector, the continuously rising domestic fuel needs may come as an opportunity for Pertamina to increase its sales in the industry and retail segment. However, the government policy through Regulation of the Minister of Environment and Forestry of the Republic of Indonesia Number P.20/MENLHK/SETJEN/KUM.1/3/2017 on Quality Standard of Exhaust Gas Emission for Motor Vehicles of New Types in M, N, and O Categories has implications for the domestically-distributed fuel to comply with the Euro 4 quality standard. Pertamina is committed to introducing high-quality fuel nationwide. Therefore, to meet the domestic fuel needs both in quantity and quality, Pertamina through refinery mega project is and will develop 4 refineries (Refinery Development Master Plan (RDMP)) as well as 2 new refineries (New Grass Root Refinery (NGRR)). The entire mega project is targeted to complete by 2025 with the refinery capacity to increase from 1.3 million barrels per day to 2 million barrels per day and to produce Euro-5-standard fuel.

Efforts in Providing Quality Fuel with EURO-4 and EURO-5 Standards

Pertamina keeps striving for supplying quality and environmentally-friendly fuel. This effort aligns with the government program, which will gradually implement the use of EURO-4-standard fuel.



2025 Plan



To introduce high-quality fuel, Pertamina also considered the inclusion of new and renewable energy components, as regulated in Government Regulation Number 79 of 2014 on National Energy Policy. The Government stipulates the target for national energy mix as an attempt to realize national energy resilience. The new and renewable energy portion in the national energy mix is expected to grow gradually, reaching 5% in 2015, 23% by 2025, and 31% by 2050.

Hard work and strong commitment from various parties are of importance, as the current achievement of the national energy mix is relatively far from the intended target. However, Pertamina, as a national energy company, supports and fully commits to developing new and renewable energy. Pertamina's new and renewable energy property with the

most significant advances is geothermal, which is managed by PT Pertamina Geothermal Energy (PGE).

The government's commitment to providing alternative fuel can also be seen in the biofuel distribution policy. Following the biodiesel supply map developed by the government, in 2018 Pertamina, as one of the General Commercial Business Entities of Fuel (BU BBM), has met the supply target and distributed 20% biodiesel (B20) to the retail and industrial markets with the total volume of 16 million kiloliters. By applying the B20, Pertamina managed to reduce the import of diesel fuel reasonably up to the end of 2018. In 2020, Pertamina targeted the implementation of B30. This relatively aggressive government roadmap has the potential to cut back the import of Pertamina diesel fuel further



and create opportunities for Pertamina to develop green refinery. On the other hand, the government policy stated in Regulation of the Minister of Energy and Mineral Resources Number 42 of 2018 on Prioritization of the Use of Crude Oil for Domestic Needs also allows Pertamina save the cost of transporting crude oil, which has been conducted by the company.

Another attempt for the development of eco-friendly energy is by optimizing gas fuel. Domestic-wise, the demand for gas, as one of the environmentally friendly fossil energies, is projected to soar. This is reflecting on the refinery mega project and new refinery development, which will be conducted by Pertamina for the next 5 to 6 years, absorbing gas in a relatively significant volume. The integration of PT Perusahaan Gas Negara Tbk. (PGN) with Pertamina through the state-owned oil and gas holding further continues the embodiment of gas infrastructure as well as saves the capital and operational cost. This condition creates opportunities for Pertamina to integrate the upstream and downstream gas business.

In the liquefied natural gas (LNG) business, the competencies and experiences owned by Pertamina create opportunities for expanding the business overseas. Pertamina's LNG traditional market has reached China, Japan, and Taiwan, and now the company is currently aiming at South Asia and Africa. The signing of an LNG supply agreement Petrobrangla

Bangladesh in 2018, which was initiated by the government of both countries, provided the pathway for Pertamina to expanding the market in said country.

Business Continuity

The year 2019 had zero factors, which significantly influenced Pertamina's business continuity. The Company's internal and external environments were comparatively well, and there was even an upward trend.

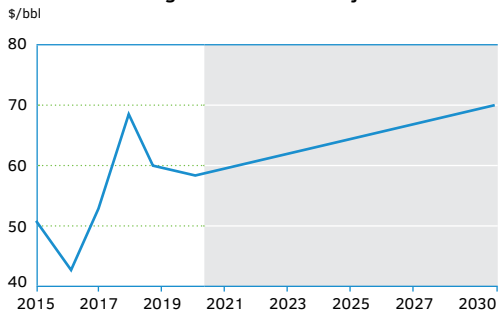
The management of Pertamina has administered several anticipative measures to lessen and anticipate various possible risks posed by the Company by implementing a sound risk management system. The management has determined the number of factors, which might significantly affect Pertamina's business continuity.

As a commodity industry, the oil and gas business is greatly influenced by the oil price fluctuations. The balance between world supply and demand of the commodity mostly affects the world crude oil price. Factors that will impact oil supply and demand, among which are the transition of fossil fuel use to new and renewable energy, which occurred in several countries. Leading to the declining crude oil demand; the geopolitical condition, such as sanctions made by the United States to Iran and Venezuela, placing these two countries as a fairly large oil producer; and good economic growth in developed countries and those with emerging marketing, affecting the oil and gas as well as energy demand in general.

Graph of the Long-Term Estimation of Average Oil Price

AVERAGE CRUDE OIL PRICE FORECASTS FROM DIFFRENT SOURCES
AVERAGE SPOT PRICES FOR UK BRENT, DUBAI, AND WEST TEXAS INTERMEDIATE (WTI)

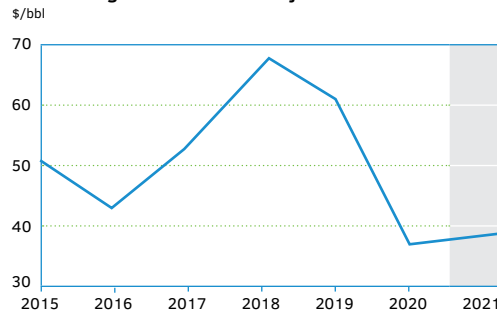
Word Bank : Average Crude Oil Price Projection



Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
\$/bbl	50.75	42.81	52.81	68.35	60.00	58.00	59.10	60.22	61.37

Source : World Bank Commodity Forecast Price Data, October 2019

IMF : Average Crude Oil Price Projection



Year	2015	2016	2017	2018	2019	2020	2021
\$/bbl	50.79	42.84	52.81	68.33	61.39	35.61	37.87

Source : IMF World Economic Outlook (WEO), April 2020

Pertamina Strategy for Business Continuity

Long-Term Contract

To minimize the risk of crude oil price fluctuations, Pertamina carries out a long-term contract to purchase crude oil.

Mitigating Foreign Exchange Risk

Pertamina continues to perform an import of crude oil, LNG, and several other products. Hence, Pertamina has the risk of change in the Rupiah exchange rate against

the US Dollar. The main strategy carried out by Pertamina related to the future risk of the Rupiah exchange rate is by performing hedging.

The minimum hedging ratio is stipulated based on Regulation of Bank Indonesia Number 16/21/PBI/2014 on Implementation of Prudential Principles in the Management of Foreign Non-Bank Corporate Debts. Another mitigation involves Pertamina developing a periodical analysis of the impact of weakening and strengthening the Rupiah exchange rate against the US Dollar against the Company's finances.









CORPORATE GOVERNANCE

The Pertamina Board of Commissioners and Board of Directors have diverse fields of expertise, education, and experience regarding the main activity of Pertamina, finance, economics, and good corporate governance.



Corporate Governance Implementation



Commitment to Implementing Good Corporate Governance

As an SOE, Pertamina is committed to continuing to develop and strengthen the framework of good corporate governance (GCG). GCG principles are hitherto comprehensively implemented into the company's work procedures, which must be complied with by all Pertamina personnel. GCG implementation in Pertamina is no longer mandatory but has become a culture and a necessity in performing daily business activities, starting from top management to workers in the field.

Pertamina's commitment to be a clean and corruption-free company as a series of BUMN Bersih (Clean SOEs) Road Map is summarized in a series of Compliance work programs such as Whistle Blowing System (WBS) implementation, Report of State Officials' Wealth (LHKPN), and the Gratification Control Unit. In line with that, Pertamina implements socialization/educational programs, such as GCG socialization/internalization for prospective new workers and new management. Including Pertamina subsidiaries and affiliated companies that are newly established/joined in Pertamina Group, as well as the formulation of a GCG campaign. As a reminder of the importance of working with integrity following GCG principles.

The implemented gratification control program is in the form of a mandatory report for gratification receiving and giving through the compliance online system (Compols). For LHKPN obligation, a reminder and assistance are provided in the composition of the LHKPN mandatory report. Moreover, the Compliance Function is involved in investment activities, which include the corporate gate review phase with other relevant functions to review investment proposals under company guidelines and procedures which regulate investment.

Moving forward, the Pertamina GCG Roadmap emphasizes on the implementation of the compliance aspect in every Company policy to bring the Company's vision and mission as an excellent energy company to reality.

The basis for Corporate Governance Implementation

Pertamina is optimistic that commitment and adherence to the implementation of all GCG principles can guarantee long term business growth, which will eventually increase the confidence of shareholders and other stakeholders. Throughout 2019, the performed Pertamina GCG implementations, among which were:

1. Implementation of GCG Soft Structure consisting of:
 - a. Basic Integrity Principles



- b. Board Manual
 - c. Code of Corporate Governance
 - d. Code of Conduct
 - e. Conflict of Interest
 - f. Gratification Guidelines
 - g. Organizational Procedures (TKO) for Whistleblowing System
 - h. Compliance Online System (Compols) Guidelines
2. Evaluation and submission of recommendations on results of the 2018 Pertamina GCG assessment to relevant Company functions and organs.
 3. Conducting assessment on GCG implementation in Pertamina for the 2019 period.
 4. Managing the optimum Whistle Blowing System with a follow-up through an early examination of the reports received.
 5. Managing the Report of State Officials' Wealth (LHKPN) for officials who are obligated to report in Pertamina.
 6. Presenting socialization/education relevant to GCG in Pertamina, whether internally or externally.
 7. Conducting internalization of GCG tools as well as GCG and Compliance related work programs.
 8. Conducting business and other supporting activities following clear and transparent standard operating procedures.

In the implementation, Pertamina refers to policies and regulations of the SOE Ministry, including the SOE Minister Regulation No. PER-01/MBU/2011 jo. No. PER-09/MBU/2012 on Good Corporate Governance Implementation in SOEs, as well as the SOE Ministry Secretary Decree No. SK-16/S.MBU/2012 on Indicators/Parameters for Assessing and Evaluating the Implementation of Good Corporate Governance in SOEs.

Good Corporate Governance Principles

- **Transparency**, is openness in carrying out the decision-making process and frankness in disclosing material and relevant information on the company.
- **Accountability** is the clarity of organ function, execution, and responsibility for the effective implementation of the company's management.
- **Responsibility** is adherence in company management to regulatory laws and sound corporate principles.

- **Independency** is the state of the company being managed professionally without conflicts of interest and influence/pressure from any parties which are not following regulatory laws and sound corporate principles.
- **Fairness** is justice and equality in fulfilling the rights of Stakeholders, which arise based on agreement and regulatory laws.

Assessment of Good Corporate Governance Implementation

Implementation Procedures

As part of a sustainable GCG implementation process, Pertamina assesses good corporate governance implementation from year to year to obtain a depiction of GCG implementation conditions towards the best work practices in Pertamina. One of the objectives of GCG implementation assessment is to encourage professional, efficient, and effective SOE management as well as empower functions and enhance Pertamina's independence.

Parameters Used and Parties Conducting the Assessment

GCG assessment implementation refers to parameters regulated in the SOE Ministry Secretary Decree No. SK-16/S.MBU/2012 of 6 June 2012 on the Indicators/Parameters of Assessment and Evaluation of Good Corporate Governance Implementation in SOEs. In general, the indicators/parameters for assessment of GCG implementation in Pertamina include (i) Commitment to Sustainable Implementation of GCG; (ii) Shareholders and GMS; (iii) Board of Commissioners; (iv) Board of Directors; (v) Information Disclosure and Transparency; (vi) Other Aspects.

Assessment and evaluation of GCG implementation in Pertamina annually conducted by an independent assessor/Indonesia's National Government Internal Auditor. For 2019, the GCG assessment conducted by PT RSM Indonesia Konsultan, which is an international-level independent assessor.

Result and Recommendation of GCG Assessment

The Pertamina GCG assessment result in 2019 reached a score of 92.65% (category: Very Good), while the previous year's score was 92.375%.

Table of the Pertamina GCG Assessment Result in 2019

No.	Assessment Aspect/Indicator/Parameter	Weight	Score	Level of Fulfillment/Achievement Score (%)
1.	Commitment to Sustainable Implementation of Good Corporate Governance	7.00	7	100
2.	Shareholders and GMS	9.00	9	100
3.	Board of Commissioners	35.00	32.58	93.09
4.	Board of Directors	35.00	32.22	92.05
5.	Information Disclosure and Transparency	9.00	6.85	76.08
6.	Other Aspects	5.00	5	100
Total		100	92.65	92.65

Recommendations from Assessment Results

Recommendations from the 2019 Pertamina GCG Assessment Results were as follows:

1. To make a review and enhancement of corporate policies and procedures;
2. To ensure that corporate policies and procedures consistently implemented;
3. To adequately document performed activities regarding the implementation of good corporate governance practices; and
4. To improve information disclosure in annual reports.

Good Corporate Governance Structure and Mechanism

Good corporate governance structure in Pertamina consists of the General Meeting of Shareholders (GMS), Board of Commissioners, and Board of Directors in accordance with Limited Liability Company Law No 40 of 2007. Furthermore, Pertamina has formed supporting

organs consisting of the Audit Committee, Nomination and Remuneration Committee, Risk Management Monitoring Committee, Corporate Secretary, Compliance Function, and Internal Audit Unit. All of the company's good corporate governance organs perform their functions following the regulatory laws, Articles of Association, and other stipulations in the best interests of the Company.

Table of Pertamina GCG Framework

GCG Principles	Governance Structure	Governance Process	Governance Results
<i>Transparency, Accountability, Responsibility, Independence, and Fairness</i>	GMS, Board of Commissioners, Board of Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Monitoring Committee, Corporate Secretary, Compliance Function, and Internal Audit Unit.	GMS Implementation; implementation of the authority and responsibility functions of the Board of Commissioners and the Board of Directors; meeting of the Board of Commissioners and the Board of Directors; implementation of policies and strategies in line with the Vision and Mission; as well as implementation of CSR and PKBL programs.	Business continuity; business effectiveness and efficiency; compliance to prevailing rules and regulations, protection for all stakeholders, as well as community welfare and environmental conservation.

General Meeting of Shareholders

The General Meeting of Shareholders (GMS) is the good corporate governance organ that holds the highest powers in the Company and all of the authority not granted to the Board of Directors or Board of Commissioners. The implementation of a GMS is the Company's obligation as a forum for shareholders to make important decisions, by taking into consideration stipulations of the Articles of Association and regulatory laws, and decisions made in the GMS must be based on the Company's business interests.

GMS may discuss significant issues proposed by the Board of Commissioners and/or Shareholders that represent at least 1/10 (one tenth) of all shares issued by the Company with legal voting rights. The Board of Directors must

already accept the proposal before the date of the Annual GMS invitation. Proposals from the Board of Commissioners and/or Shareholders that are not in accordance with the provisions of the Company's Articles of Association/Bylaws may only be discussed and decided on by the GMS with the stipulation that all shareholders or their authorized representatives are present and approve the additional agenda and the resolutions of the GMS on said proposals must be unanimously approved.

Pertamina's GMS consists of:

1. The Annual General Meeting of Shareholders (AGMS) to approve the Company's Work Plan and Budget is held no later than 30 (thirty) days after the current



fiscal year (the fiscal year of the Company's related Work Plan and Budget). In the meeting, the Board of Directors presents a draft of the Company's Work Plan and Budget, including the Financial Report projections as well as other items requiring GMS approval in the interest of the Company that has not been included in the Work Plan and Budget draft.

2. The Annual General Meeting of Shareholders (AGMS) to approve the Annual Report is held no later than June after the end of the relevant fiscal year. In the meeting, the Board of Directors presents the Company's Annual Report, proposal on the use of the Company's net profit, as well as other items requiring GMS approval in the interest of the Company.
3. Extraordinary General Meeting of Shareholders (RUPSLB) is a GMS held at any time based on the needs of the Company.

Legal Basis for GMS

The holding of Pertamina's GMS is based on the following regulatory laws:

1. Law No. 40 of 2007 on Limited Liability Companies
2. Law No. 19 of 2003 on State-Owned Enterprises
3. Law No. 14 of 2008 on Public Information Disclosures
4. SOE Minister Regulation No. PER-09/MBU/2012 on the Implementation of Good Corporate Governance in State-Owned Enterprises
5. SOE Minister Decree No. Kep-117/M-MBU/2002 on Implementation of Good Corporate Governance Practices in State-Owned Enterprises
6. PT Pertamina (Persero) Articles of Association as amended and finalized by Amendment Deed No. 29 of 2018 of 13 April 2018, made by Notary Aulia Taufani Bachelor of Law and approved by the Minister of Law and Human Rights of the Republic of Indonesia No: AHU-0008395.AH.01.02. of 2018 of 13 April 2018. Amendments were made to Article 4 paragraph (1), paragraph (2), and paragraph (3) regarding Capital, Article 11 paragraph (2) regarding the Duties, Authorities and Obligations of the Board of Directors. The amendments were outlined in the SOE Ministry Letter No. S-217/MBU/04/2018 of 11 April 2018.

2019 GMS Implementation

In 2019, the Company held 64 GMS, consisting of 2 Annual GMS and 62 Extraordinary GMS. Details of the GMS implementation are as follows:

1. Annual GMS

In 2019, Pertamina held 2 Annual GMS, namely the 2019 Company Work Plan and Budget GMS and the 2018 Fiscal Year Annual Report GMS.

a. The 2019 Company Work Plan and Budget GMS

The 2019 Company Work Plan and Budget GMS was not held in 2018 due to revisions to the PT Pertamina (Persero) 2018 Company Work Plan and Budget at the end of December 2018. Consequently, the 2019 RKAP GMS was held in January 2019.

The PT Pertamina (Persero) 2019 Company Work Plan and Budget was held on:

Day/Date	Wednesday, 23 January 2019
Time	09.00 – 11.30 Western Indonesia Time
Place	SOE Ministry, 9 th Floor, Medan Merdeka Selatan Street, Central Jakarta
GMS Chairman	President Commissioner of PT Pertamina (Persero)
Shareholders Proxy	SOE Ministry Deputy for the Mining Sector, Strategic Industries, and Media Affairs

Agenda of the 2019 Company Work Plan and Budget GMS were as follows:

Table of the 2019 Annual GMS Agenda Discussing the Pertamina 2019 Company Work Plan and Budget

No	Agenda	Description
1	1 st Agenda	Approval/Ratification of the 2019 Work Plan and Budget (RKAP) and the 2019 Partnership and Community Development program budget (RKAPKBL)
2	2 nd Agenda	Approval of PT Pertamina's operational aspects indicator in 2019 for the calculation of the Company's soundness rating based on the Minister of SOE Decision No. KEP-100/MBU/2002 of 4 June 2002.
3	3 rd Agenda	Ratification of Key Performance Indicators (KPI) set forth in the 2019 management contract between the Board of Directors and Board of Commissioners of PT Pertamina (Persero) with the Shareholders of PT Pertamina (Persero).
4	4 th Agenda	Approval of a working capital loan withdrawal and external fund withdrawal
5	5 th Agenda	Approval of the implementation of assignment for the supply and distribution of 3 Kg LPG, Certain Type of Fuel (JBT), as well as the assignment and distribution of Special Fuel Assignment (JBKP) by PT Pertamina (Persero).

Shareholders have approved and ratified the entire agenda of the 2019 Company Work Plan and Corporate Budget GMS. Resolutions of the GMS have been ratified based on Deed No. 29 of 23 January 2019 on the Minutes of PT Pertamina (Persero) 2019 General Meeting of Shareholders made by Notary Lenny Janis Ishak, SH.

b. The PT Pertamina (Persero) Annual Report of the 2018 Fiscal Year GMS

The PT Pertamina (Persero) Annual Report of the 2018 Fiscal Year GMS was held on:

Day/Date	Friday, 31 May 2019
Time	09.00 – 11.30 Western Indonesia Time
Place	SOE Ministry, 21 st Floor, Medan Merdeka Selatan Street, Central Jakarta
GMS Chairman	President Commissioner of PT Pertamina (Persero)
Shareholders Proxy	SOE Ministry Deputy for the Mining Sector, Strategic Industries, and Media Affairs

Agenda of the GMS were as follows:

Table of the 2019 Annual GMS Agenda discussing Annual Report of the 2018 Fiscal Year

No	Agenda	Description
1	1 st Agenda	Approval of the Company's Annual Report and Ratification of the Company's Annual Report for the 2018 Fiscal Year, as well as Report on the Execution of the Board of Commissioners Supervisory Function for the 2018 Fiscal Year.
2	2 nd Agenda	Approval and ratification of the Report on the Partnership and Community Development Program for the 2018 Fiscal Year.
3	3 rd Agenda	Determining the Use of the Company's Net Profit of the 2018 Fiscal Year
4	4 th Agenda	Determining salary/honorarium, as well as facilities and other benefits for the Board of Directors and Board of Commissioners of the Company for the 2019 fiscal year and tantiem for the Board of Directors and Board of Commissioners for the 2018 fiscal year performance.
5	5 th Agenda	Appointing a Public Accounting Firm (KAP) to audit the Company's Financial Statement and the Financial Statement of the Partnership and Community Development Program for the 2019 Fiscal Year.

Shareholders have approved and ratified the GMS resolutions set forth in Deed No. 02 of 31 May 2019 on the Minutes of PT Pertamina (Persero) Annual General Meeting of Shareholders made by Notary Lenny Jennis Ishak, SH.

c. The 2020 Company Work Plan and Budget GMS

In 2019, the 2020 Company Work Plan and Budget GMS was not held and would be held in January 2020.

2. Extraordinary GMS

In 2019, there were 62 Extraordinary GMS, all of which conducted circularly, with the following agenda:



Table of the 2019 Extraordinary GMS Agenda

No.	Date	Agenda
1	January 18, 2019	A Copy of the Minister of SOE Decree on the Division of SOE as the Duty of Deputy Development as Set Forth in Addendum II of the SOE Ministry Regulation No. Per-10/MBU/07/2015 on the Organization and Procedures of the SOE Ministry as Amended by the SOE Minister Regulation No. Per-06/MBU/12/2017 on the Amendment to the SOE Minister Regulation No. Per-10/MBU/07/2015
2	January 21, 2019	Submission of the Letter of Support for the Use of the A400M Plane for the Sky Bridge Program
3	February 4, 2019	Approval for the Appointment of the President Director of PT Pertamina Lubricants (a Subsidiary of PT Pertamina (Persero))
4	February 6, 2019	Approval for the Appointment of the Director of Operations and Development of PT Pertamina Bina Medika Indonesia Healthcare Corporation (a Subsidiary of PT Pertamina (Persero))/PT Pertamina Bina Medika IHC
5	February 6, 2019	Approval for the Appointment of the President Director of PT Patra Jasa (a Subsidiary of PT Pertamina (Persero))
6	February 6, 2019	Approval for the Appointment of the President Director, Director of Exploration and Discovery of New Reserves, Director of Development, as well as the Director of Operations and Production of PT Pertamina EP (a Subsidiary of PT Pertamina (Persero))
7	February 6, 2019	Approval for the Appointment of the President Director of PT Pertamina Hulu Energi, Director of Finance and Business Services of PT Pertamina Hulu Energi, Director of Operations of PT Patra Jasa, and Commissioner of PT Pertamina EP (Subsidiaries of PT Pertamina (Persero))
8	February 18, 2019	Approval for the Appointment of the Director of Commercial and Operations of PT Pertamina Internasional Shipping (a Subsidiary of PT Pertamina (Persero))
9	February 27, 2019	Approval for the Submission Postponement of the 2018 Fiscal Year PT Pertamina (Persero) Audited Financial Statement
10	March 6, 2019	Approval for the Appointment of the President Director of PT Pelita Air Service (a Subsidiary of PT Pertamina (Persero))
11	March 18, 2019	Approval for the Appointment of the Director of Operations and Marketing of PT Pertamina Training and Consulting (a Subsidiary of PT Pertamina (Persero))
12	March 18, 2019	Approval for the Appointment of the President Commissioner of PT Asuransi Tugu Pratama Indonesia Tbk and the Director of Development and Production of PT Pertamina Hulu Indonesia (Subsidiaries of PT Pertamina (Persero))
13	March 18, 2019	Approval for the Appointment of the Director of Development and Director of Operations of PT Pertamina EP Cepu (a Subsidiary of PT Pertamina (Persero))
14	25 Maret 2019	Approval for the Appointment of the Board of Commissioners of PT Pertamina (Persero) Subsidiaries
15	March 28, 2019	Approval for the Submission Postponement of the 2018 Fiscal Year PT Pertamina (Persero) (Audited) Financial Statement
16	April 1, 2019	Approval for the Appointment of the Director of Operations and Commercial of PT Nusantara Regas (a Subsidiary of PT Pertamina (Persero))
17	April 5, 2019	Approval for the Appointment of the Director of Marketing and Development of PT Pertamina Drilling Services Indonesia (a Subsidiary of PT Pertamina (Persero))
18	April 14, 2019	Implementation of the SPBU Nozzle Digitization
19	April 22, 2019	PK Fund Disbursement via Special SOE
20	April 23, 2019	Acceleration of the Tanggamus Maritime Industry Area Development
21	April 25, 2019	Change to the Management Composition of PT Perusahaan Gas Negara Tbk
22	April 29, 2019	Submission of the Copy of the SOE Minister Decree No. SK-86/MBU/04/2019 of 29 April 2019 on the Dismissal and Appointment of PT Pertamina (Persero) Board of Commissioners Members
23	May 7, 2019	Efforts to Increase Export and Other Economic Cooperations Between Indonesia and Irak
24	May 7, 2019	Approval for the Appointment of the Board of Commissioners of PT Pertamina Geothermal Energy and Board of Directors of PT Pertamina Trans Kontinental (Subsidiaries of PT Pertamina (Persero))
25	May 17, 2019	Bookkeeping of the Disparity in the 2018 Retail Selling Price (HJE) of the JBT and JBKP in the PT Pertamina (Persero) 2018 Financial Statement
26	May 23, 2019	Approval for the Appointment of the President Director of PT Pertamina International Shipping (a Subsidiary of PT Pertamina (Persero))
27	May 27, 2019	Approval for the Appointment of the President Director, Independent Commissioner, and Commissioner of PT Elnusa Tbk (a Subsidiary of PT Pertamina (Persero))
28	May 31, 2019	Submission of the 2019 Income Determination of the Board of Directors and Board of Commissioners of PT Pertamina (Persero) as well as PT Perusahaan Gas Negara Tbk
29	June 14, 2019	Improvement of Economic Cooperation between Indonesia and Irak via PT Pertamina (Persero)
30	June 21, 2019	Partnership of Pertamina and Saudi Aramco in Developing Cilacap Refinery (RDMP Cilacap)
31	July 19, 2019	Approval for the PT Pertamina (Persero) Global Bond Issuance
32	July 19, 2019	Approval for the Appointment of the Board of Commissioners Members of PT Pertamina Hulu Rokan (a Subsidiary of PT Pertamina (Persero))



No.	Date	Agenda
33	July 19, 2019	Establishment of Pertamina International Marketing & Distribution ("PIM&D"), a Subsidiary of PT Pertamina (Persero)
34	July 25, 2019	Submission of the Copy of SOE Minister Decree No. SK-158/MBU/07/2019
35	August 1, 2019	Assignment of PT NHL as the Executor Company of the Oil and Gas Upstream Business Activities Waste Management
36	August 19, 2019	Submission of the Copy of the SOE Minister Decree No. SK-183/MBU/08/2019
37	August 27, 2019	Approval for the Appointment of the Director of Operations and Production of PT Pertamina Hulu Energi (a Subsidiary of PT Pertamina (Persero))
38	August 29, 2019	Change to the Management Composition of PT Perusahaan Gas Negara Tbk
39	August 30, 2019	Aspirations of Shareholders/Investors for the Composition of the 2020 Company Work Plan and Budget
40	August 31, 2019	Settlement of the PT Pertamina Hulu Energi ONWJ Oil and Gas Blowout
41	September 13, 2019	Approval for the Appointment of the Board of Directors Members of PT Pertamina Bina Medika Indonesia Healthcare Corporation (a Subsidiary of PT Pertamina (Persero))/PT Pertamedika IHC
42	September 19, 2019	Response to Distribution of Certain Type of Fuel (JBT) and Special Fuel Assignment (JBKP) in 2019 by PT Pertamina (Persero) Based on the Distribution Realization up to 31 July 2019
43	September 26, 2019	Establishment of the Civil Aviation Infrastructure and Facilities Holding
44	September 27, 2019	Response to the Proposal for the Development of the Pertamina Head Office
45	October 3, 2019	Approval for the Appointment of the President Director and Director of Marketing of PT Pertamina Trans Kontinental (a Subsidiary of PT Pertamina (Persero))
46	October 3, 2019	Approval for the Appointment of the Board of Directors Members of Pertamina Energy Services Pte. Ltd. (a Subsidiary of PT Pertamina (Persero))
47	October 7, 2019	Appointment of the Director of Exploration and Production of PT Pertamina Internasional EP, Commissioner of PT Pertamina Internasional EP, and Commissioner of PT Pertamina Retail (Subsidiaries of PT Pertamina (Persero))
48	October 7, 2019	Approval for the Appointment of the Director of PT Pertamina Hulu Rokan (a Subsidiary of PT Pertamina (Persero))
49	October 10, 2019	Approval for the Investment Cost Budget (ABI) Revision of the 2019 RKAP
50	October 11, 2019	Policies Relevant to the Status of the Board of Directors of PT PGN Tbk Originating from PT Pertamina (Persero) Employees
51	October 18, 2019	Approval for the Appointment of the President Director of PT Patra Jasa (a Subsidiary of PT Pertamina (Persero))
52	October 31, 2019	Submission of the Copy of the SOE Minister Decree No. SK-260/MBU/10/2019 on the Formation of the Acceleration Team for the Implementation of the High-Speed Railway Infrastructure and Facilities between Jakarta and Bandung
53	November 12, 2019	Appointment and Assignment of PT Pertamina (Persero) as the Petrochemicals Complex Management in Balongan, Indramayu
54	November 22, 2019	Submission of the Copy of the SOE Minister Decree No. SK-282/MBU/11/2019 of 22 November 2019
55	November 22, 2019	Submission of the Copy of the SOE Minister Decree No. SK-283/MBU/11/2019 of 22 November 2019
56	November 22, 2019	Submission of the Copy of the SOE Minister Decree No. SK-284/MBU/11/2019 on Formation of the Acceleration Team for the Development of PT Pertamina (Persero) Refinery
57	November 22, 2019	Submission of the Copy of the SOE Minister Decree No. SK-288/MBU/11/2019 on Formation of the Acceleration Team for the PT Krakatau Steel (Persero) Tbk Restructurization
58	December 2, 2019	Request for Reevaluation of the Ex Depot Solo Land Asset Handover
59	December 11, 2019	Submission of the Copy of the SOE Minister Decree No. SK-305/MBU/12/2019 of Formation of the Acceleration Team for the Consolidation of State-Owned Enterprises in the Transportation and Tourism Sectors
60	December 23, 2019	Submission of the Copy of the SOE Minister Decree No. SK-327/MBU/12/2019 of 23 December 2019
61	December 23, 2019	Submission of the Copy of the SOE Minister Decree No. SK-390/MBU/12/2019 on Formation of the Acceleration Team for the Integration and Value Improvement of State-Owned Enterprises Hospitals
62	December 26, 2019	Submission of the Copy of the SOE Minister Decree No. SK-336/MBU/12/2019 of 26 December 2019

Based on Article 91 of Law No. 40/2007 on Limited Liability Companies and the SOE Minister Regulation No. Per-01/MBU/2011, the resolutions made in this manner are valid and binding on all shareholders, the Company, and parties set forth in the resolutions.

Realization of GMS Resolutions

Pertamina has realized all resolutions of the GMS held in 2019; therefore, there are no unrealized GMS resolutions as per 31 December 2019.



GMS of the Previous Year

Throughout 2018, the Company held 29 GMS, consisting of 2 Annual GMS and 27 Extraordinary GMS. Details of the GMS implementation are as follows:

1. Annual GMS

In 2018, Pertamina held 2 Annual GMS, namely the 2018 Company Work Plan and Budget GMS and the 2017 Fiscal Year Annual Report GMS.

a. The 2018 Company Work Plan and Budget GMS

The 2018 Company Work Plan and Budget GMS was not held in 2017 due to a change in the Technical Deputy overseeing PT Pertamina (Persero) at the end of December 2017; consequently, the 2018 RKAP GMS was held in January 2018.

The PT Pertamina (Persero) 2018 Company Work Plan and Budget GMS was held on:

Day/Date	Wednesday, January 17, 2018
Time	14.00 – 16.00 Western Indonesia Time
Place	SOE Ministry, 9 th Floor, Medan Merdeka Selatan Street, Central Jakarta
GMS Chairman	President Commissioner of PT Pertamina (Persero)
Shareholders Proxy	SOE Ministry Deputy for the Mining Sector, Strategic Industries, and Media Affairs

Agenda of the 2018 Company Work Plan and Budget GMS were as follows:

Table of the 2018 Annual GMS Agenda Discussing the Pertamina 2018 Company Work Plan and Budget

No	Agenda	Description
1	1 st Agenda	Approval/Ratification of the 2018 Company Work Plan and Budget (RKAP) and the 2018 Partnership and Community Development Program Budget (RKAPKBL).
2	2 nd Agenda	Approval of PT Pertamina's operational aspects indicator in 2018 for the calculation of the Company's soundness rating based on the Minister of SOE Decision No. KEP-100/MBU/2002 of 4 June 2002.
3	3 rd Agenda	Ratification of Key Performance Indicators (KPI) set forth in the 2018 management contract between the Board of Directors and Board of Commissioners of PT Pertamina (Persero) with the Shareholders of PT Pertamina (Persero).
4	4 th Agenda	Approval of a working capital loan withdrawal and external fund withdrawal.
5	5 th Agenda	Approval of the implementation of assignment for the supply and distribution of 3 Kg LPG, Certain Type of Fuel (JBT) as well as the assignment and distribution of Special Fuel Assignment (JBKP) by PT Pertamina (Persero).

Shareholders have approved and ratified all agenda of the 2018 Company Work Plan and Budget GMS. GMS resolutions have been ratified based on Deed No 8 of 17 January 2018 on the Minutes of PT Pertamina (Persero) 2018 Company Work Plan and Budget (RKAP) General Meeting of Shareholders made by Notary Marianne Vincentia Hamdani, SH.

b. The PT Pertamina (Persero) 2017 Fiscal Year Annual Report GMS

The PT Pertamina (Persero) 2017 Fiscal Year Annual Report GMS was held on:

Day/Date	Wednesday, May 2, 2018
Time	09.00 – 12.00 Western Indonesia Time
Place	SOE Ministry, 6 th Floor, Medan Merdeka Selatan Street, Central Jakarta
GMS Chairman	President Commissioner of PT Pertamina (Persero)
Shareholders Proxy	SOE Ministry Deputy for the Mining Sector, Strategic Industries, and Media Affairs

The agenda of the GMS were as follows:

Table of the 2018 Annual GMS Agenda discussing Annual Report of the 2017 Fiscal Year

No	Agenda	Description
1	1 st Agenda	Approval of the Company's Annual Report on the condition and operation of the Company in the 2017 fiscal year, report on the Partnership Program and Community Development for the 2017 fiscal year, and Report on the Execution of the Board of Commissioners Supervisory Function for the 2017 fiscal year.
2	2 nd Agenda	Approval of the Company's Consolidated Financial Statement for the 2017 fiscal year, and Report on the Partnership Program and Community Development Program for the 2017 fiscal year, as well as the provision of settlement and full disclaimer (volledig acquit et de charge) to the members of the Board of Commissioners and the Board of Directors who served with actions of oversight and management of the Company throughout the 2017 fiscal year.
3	3 rd Agenda	Stipulation of the use of the Company's Net Income for the 2017 fiscal year.
4	4 th Agenda	Stipulation of Tantiem and Remuneration for Board of Directors and Board of Commissioners for the performance of the 2017 fiscal year, Board of Directors' salary and honorarium for the Board of Commissioners, as well as benefits and facilities for 2018.
5	5 th Agenda	The appointment of a Public Accounting Firm to audit the Company's Consolidated Financial Statement and Financial Report of the Partnership Program and Community Development Program Report for the fiscal year ended on 31 December 2018.

Shareholders have agreed and ratified the GMS resolutions as outlined in Deed No. 03 of 8 May 2018 on the Minutes of PT Pertamina (Persero) Annual General Meeting of Shareholders made before Notary Lenny Jennis Ishak, SH.

2. Extraordinary GMS

In 2018, there were 27 Extraordinary GMS, all of which are conducted circularly, with the following agenda:

Table of the Pertamina 2018 Extraordinary GMS Agenda

No	Date	Agenda
1	January 8, 2018	End of Year Report on Pertamina's Challenges and Strategic Achievements for 2017 Period
2	January 22, 2018	Approval of the Subsidiaries' Board of Directors and Board of Commissioners Appointment
3	January 22, 2018	Direction of the 2018 PKBL Budget Work Plan
4	February 7, 2018	Nomination of the Subsidiaries' President Director
5	February 8, 2018	Audit by KAP on 2017 PKBL Implementation
6	February 9, 2018	GMS approval of the project investment implementation
7	February 9, 2018	PT Pertamina (Persero) Board of Directors Members Dismissal, Change of Position Nomenclature and Transfer of Duties
8	February 19, 2018	Proposal for Appointment of Subsidiaries' Prospective Directors
9	February 21, 2018	Response to the Project Progress Report
10	March 12, 2018	Approval of the Write-Off and Transfer of Fixed Assets of PT Pertamina (Persero) Directorate of Marketing and Directorate of Human Capital & General Affairs
11	April 11, 2018	Approval of Acceptance of Shares Transfer and Principle Approval of Integration of PT Pertamina Gas into PT Perusahaan Gas Negara Tbk
12	April 11, 2018	Approval of Increasing Authorized Capital, Additional Paid-in Capital, and Amendments to PT Pertamina (Persero) Articles of Association
13	April 20, 2018	Dismissal and Appointment of PT Pertamina (Persero) Board of Directors Members
14	May 9, 2018	Delegation of Rights and Authority of Series A Shareholders to PT Pertamina (Persero) as the largest B Series Shareholder of PT Perusahaan Gas Negara Tbk
15	May 15, 2018	Project progress report
16	May 30, 2018	Dismissal and Appointment of the Board of Commissioners Members, as well as Determination of Independent Commissioner of PT Pertamina (Persero)
17	June 7, 2018	Write-off and Transfer of Pertamina's Fixed Assets
18	June 29, 2018	Approval of the Principle of Corporate Action to Maintain PT Pertamina (Persero) Financial Soundness Conditions
19	July 19, 2018	Implementation of PT Perusahaan Gas Negara Tbk Extraordinary General Meeting of Shareholders (EGMS)
20	August 29, 2018	Transfer of Assignment, Dismissal, and Appointment of PT Pertamina (Persero) Board of Directors Members



No	Date	Agenda
21	September 7, 2018	Changes in PT Perusahaan Gas Negara Tbk (PGN) Articles of Association
22	September 7, 2018	Changes in PT Perusahaan Gas Negara Tbk (PGN) Management
23	September 13, 2018	Dismissal, Transfer of Assignment, and Appointment of PT Pertamina (Persero) Board of Directors Members
24	October 1, 2018	Approval for PT Pertamina (Persero) 2018 Revised RKAP
25	November 9, 2018	SOE University for the Human Capital Development of all SOEs
26	December 3, 2018	Project progress report
27	December 27, 2018	Approval of PT Pertamina Shares Divestment by 51%

Other than the above Extraordinary GMS, the Company's Shareholders have taken decisions in lieu of the Extraordinary GMS (Circular Decision) by 32 (thirty-two) times.

Based on Article 91 of Law no. 40/2007 concerning Limited Liability Companies and Regulation of SOE Minister No. Per-01/MBU/2011, decisions taken in this manner are valid and binding on all shareholders, the Company and the parties listed in the decision.

Realization of GMS Resolutions

Pertamina has realized all GMS resolutions held in 2018. Thus no GMS resolution has yet to be realized as of December 31, 2018.

Board of Commissioners and Independent Commissioners

Board of Commissioners

As one of the Company's organs, the Board of Commissioners has the main function to conduct supervision in general and/or specifically following the Articles of Association and provide direction for the Board of Directors in running the company's management. The Board of Commissioners has the duty to monitor the effectiveness of GCG practices implemented by the Company and if deemed necessary, adjustments may be made in accordance with the needs of the Company. The Board of Commissioners is appointed and dismissed by the GMS.

Composition of the Board of Commissioners

In 2019, the SOE Minister as the GMS decided the following dismissals and appointments of Board of Commissioners Members:

a. Decree No.SK-86/MBU/04/2019 of 29 April 2019:

Respectfully dismissing:

- Sahala Lumban Gaol as Commissioner
- Ahmad Bambang as Commissioner

Appointing:

- Gatot Trihargo as Commissioner.
- b. Decree No.SK-282/MBU/11/2019 of 22 November 2019 and Decree No.SK-329/MBU/12/2019 of 23 December 2019 as well as Decree No.SK-327/MBU/12/2019 of 23 December 2019:

Respectfully dismissing:

- Tanri Abeng as President Commissioner/Independent Commissioner
- Arcandra Tahar as Vice President Commissioner
- Gatot Trihargo as Commissioner
- Suahasil Nazara as Commissioner

Appointing:

- Basuki Tjahaja Purnama as President Commissioner/Independent Commissioner
- Budi Gunadi Sadikin as Vice President Commissioner
- Condro Kirono as Commissioner
- Isa Rachmatarwata as Commissioner

The Board of Commissioners holding the position in 2019 was as follows:

**Table of the Pertamina 2019 Board of Commissioners, Term of Office, and Legal Basis for Appointment**

No	Name	Position	Term of Office	Legal Basis for Appointment (Decree of the SOE Minister as GMS)
1	Tanri Abeng	President Commissioner/ Independent Commissioner	May 2015 – November 2019	Appointed as President Commissioner based on Decree of the SOE Minister as PT Pertamina (Persero) General Meeting of Shareholders (GMS) No.KEP-60/MBU/05/2015 of 6 May 2015 and appointed as Independent Commissioner based on Decree of the SOE Minister as PT Pertamina (Persero) General Meeting of Shareholders (AGM) No.SK-254/MBU/11/2016 of 14 November 2016
2	Basuki Tjahaja Purnama	President Commissioner/ Independent Commissioner	November 2019 - Now	Appointed as President Commissioner based on Decree of the SOE Minister as PT Pertamina (Persero) General Meeting of Shareholders (GMS) No.SK-282/MBU/11/2019 of 22 November 2019 and appointed as Independent Commissioner based on the Decree of the SOE Minister as PT Pertamina (Persero) General Meeting of Shareholders (GMS) No.SK-329/MBU/12/2019 of 23 December 2019 as the President Commissioner concurrently holding the position of Independent Commissioner.
3	Arcandra Tahar	Vice President Commissioner	November 2016 – November 2019	Decree of the SOE Minister as PT Pertamina (Persero) General Meeting of Shareholders (GMS) No.SK-254/ MBU/11/2016 of 14 November 2016
4	Budi Gunadi Sadikin	Vice President Commissioner	November 2019 - Now	Decree of the SOE Minister as PT Pertamina (Persero) General Meeting of Shareholders (GMS) No.SK-282/MBU/11/2019 of 22 November 2019 and Decree of the SOE Minister as PT Pertamina (Persero) General Meeting of Shareholders (GMS) No.SK-329/MBU/12/2019 of 23 December 2019 as the Vice President Commissioner.
5	Alexander Lay	Independent Commissioner	September 2017 - Now	Decree of the SOE Minister as PT Pertamina (Persero) General Meeting of Shareholders (GMS) No.SK-194/ MBU/09/2017 of 12 September 2017 and appointed as Independent Commissioner based on Decree of the SOE Minister as PT Pertamina (Persero) General Meeting of Shareholders (GMS) No.SK-142/MBU/05/2018 of 30 May 2018
6	Ego Syahril	Commissioner	May 2018 - Now	Decree of the SOE Minister as PT Pertamina (Persero) General Meeting of Shareholders (GMS) No.SK-142/MBU/05/2018 of 30 May 2018
7	Sahala Lumban Gaol	Commissioner	May 2015 – April 2019	Decree of the SOE Minister as PT Pertamina (Persero) General Meeting of Shareholders (GMS) No.SK-58/MBU/05/2015 of 6 May 2015
8	Ahmad Bambang	Commissioner	May 2018 – April 2019	Decree of the SOE Minister as PT Pertamina (Persero) General Meeting of Shareholders (GMS) No.SK-142/MBU/05/2018 of 30 May 2018
9	Gatot Trihargo	Commissioner	April 2019 - November 2019	Decree No.SK-86/MBU/04/2019 of 29 April 2019
10	Condro Kirono	Commissioner	November 2019 - Now	Decree of the SOE Minister as PT Pertamina (Persero) General Meeting of Shareholders (GMS) No.SK-282/MBU/11/2019 of 22 November 2019 and Decree of the SOE Minister as PT Pertamina (Persero) General Meeting of Shareholders (GMS) No.SK-329/MBU/12/2019 of 23 December 2019 as a Board of Commissioners member.
11	Suahasil Nazara	Commissioner	May 2015 – November 2019	Decree of the SOE Minister as PT Pertamina (Persero) General Meeting of Shareholders (GMS) No.SK-58/ MBU/05/2015 of 6 May 2015
12	Isa Rachmatarwata	Commissioner	December 2019 – Now	Decree of the SOE Minister as PT Pertamina (Persero) General Meeting of Shareholders (GMS) No.SK-327/MBU/12/2019 of 23 December 2019 as a PT Pertamina (Persero) Commissioner

Referring to Law No.19 of 2003 on SOEs, Article 27, the appointment and dismissal of the Commissioners are performed by the SOE Minister as the GMS of PT Pertamina (Persero). Requirements and Procedures for the Appointment and Dismissal of the Board of Commissioners Members refer to SOE Minister Regulation No.PER-02/MBU/02/2015 of 17 February 2015.

Board Manual and Board Charter

In conducting its duties, functions, and responsibilities, the Board of Commissioners refers to the provisions of the Company's Articles of Association, Board Manual, and Board Charter. In general, the Board of Commissioners Board Manual regulates the following:

Content of the manual regulates:

1. Functions of the Board of Commissioners
2. Requirements and Composition, Membership and Term of Office of the Board of Commissioners
3. Introduction and Capability Enhancement Programs
4. Codes of Conduct of the Board of Commissioners
5. Duties and Responsibilities of the Board of Commissioners
6. Authority of the Board of Commissioners
7. Rights of the Board of Commissioners
8. Meetings of the Board of Commissioners
9. Performance Assessment of the Board of Commissioners
10. Supporting Organs
11. Working Relationship between the Board of Commissioners and Board of Directors

Aside from the Board Manual, which governs the working relationship of all Company organs, particularly including the Board of Commissioners and Board of Directors and their supporting organs, the Board of Commissioners also has a Board Charter. On 18 November 2016, to adjust with the needs and scope of work of the Board of Commissioners, the Board of Commissioners felt the necessity to readjust and reestablish the Board Charter within the Board of Commissioners through the Board of Commissioners Decree No.012/KPTS/K/DK/2016, effective from that date.

Duties and Responsibilities

The Board of Commissioners has the duties and responsibilities of overseeing the Company's management policies, advising the Board of Directors, supervising the implementation of long-term plans, work plans and budgets, stipulations of the Articles of Association, and resolutions of the General Meeting of Shareholders (GMS), as well as monitoring prevailing regulatory laws in accordance with the purposes and goals of the Company.

The Board of Commissioners also has the obligations of:

1. Complying with legislation, Articles of Association, and GMS resolutions and to act in a professional manner.
2. Performing supervisory duties of the Board of Directors' policies in running the Company's management, including the implementation of the Company's Long-Term Plan, Work Plan and Budget, as well as provisions of the Articles of Association, GMS resolutions, and prevailing regulatory laws.
3. Providing advice to the Board of Directors in running the Company's management and not intended for the benefit of certain parties/groups.

4. Dividing tasks among members of the Board of Commissioners.
5. Examining, reviewing, and signing the Company's Long-Term Plan, Work Plan and Budget prepared by the Board of Directors following the Company's Articles of Association.
6. Composing the annual work program for the Board of Commissioners and include it in the Company's Long-Term Plan.
7. Examining and reviewing periodic reports and the annual report prepared by the Board of Directors and signing the annual report.
8. Reporting to the Company regarding their and/or their families' shares ownership in the company and other companies, including any amendments.
9. Proposing to the General Meeting of Shareholders (GMS) the appointment of the External Auditor that will audit the Company's books.
10. Monitoring the effectiveness of good corporate governance practices, including through the organization of regular meetings between the Board of Commissioners and the Board of Directors to discuss the implementation of good corporate governance.
11. Performing other obligations within the monitoring and providing advice framework of duties, as long as they do not contradict regulatory laws, Articles of Association and/or GMS resolutions.

Independence of the Board of Commissioners

In general, in performing its functions, the Board of Commissioners act independently and free from the interest of any party.

Table of Independency of the Pertamina 2019 Board of Commissioner

Independence Criteria	Basuki Tjahaja Purnama	Budi Gunadi Sadikin	Alexander Lay	Ego Syahrial	Condro Kirono	Isa Rachmatarwata
Not a majority Shareholder or official at the institution of the majority Shareholder or directly associated with the majority Shareholder	√	X	√	X	√	X
Not serving as a Director in the Company or its affiliates	√	√	√	√	√	√
Has not worked in the Company or its affiliates within the last 1 (one) year period	√	√	√	√	√	√
Has no financial affiliation, whether directly or indirectly with the Company or any other company providing services and products to the Company and its affiliates	√	√	√	√	√	√



Independence Criteria	Basuki Tjahaja Purnama	Budi Gunadi Sadikin	Alexander Lay	Ego Syahrrial	Condro Kirono	Isa Rachmatarwata
Free from conflict of interest and business activities or other relations that may hinder or interfere with the ability of the respective Board of Commissioners to act or think independently within the Company.	√	√	√	√	√	√

The independence of the Company's Board of Commissioners can also be seen from the ownership of shares and concurrent positions. At present, there are no Board of Commissioners members with ownership of shares in the Company and other companies relevant to the Company, and no concurrent positions causing a conflict of interest in the Company.

Table of Concurrent Positions of the Pertamina 2019 Board of Commissioners

Name	Internal Position	External Position
Basuki Tjahaja Purnama	President Commissioner/Independent Commissioner, Chairman and Member of the Audit Committee	Not holding any position in other Institutions
Budi Gunadi Sadikin	Vice President Commissioner, Chairman and Member of the Investment Committee	Vice Minister SOE I of the SOE Ministry of the Republic of Indonesia
Alexander Lay	Independent Commissioner, Vice Chairman and Member of the Audit Committee	Special Staff at the State Secretariat Ministry
Ego Syahrrial	Commissioner, Vice Chairman and Member of the Nomination and Remuneration Committee	Secretary General of the Energy and Mineral Resources Ministry of the Republic of Indonesia
Condro Kirono	Commissioner, Member of the Nomination and Remuneration Committee	Not holding any position in other Institutions
Isa Rachmatarwata	Commissioner, Vice Chairman and Member of the Investment Committee	Director General of State Assets Management, Ministry of Finance of the Republic of Indonesia

Implementation of the Duties of the Board of Commissioners

To support the implementation of its duties in 2019, the Board of Commissioners performed the following:

1. Participated in GMS 2 (two) times, which were the 2019 RKAP Ratification GMS and the 2018 Annual Report Ratification GMS. Furthermore, the internal Board of Commissioners meetings were held and Board of Commissioners meetings inviting the Board of Directors. To support Board of Commissioners activities, 58 Committee meetings were also held, whether internal Committee meetings or joint meetings with relevant partners and external parties.
2. The Board of Commissioners and Committees made work visits to business and operational units, as well as development of strategic projects of 41 times, among which were visits to Refinery Unit: RU II (Dumai, Sei Pakning), RU V Balikpapan (& RDMP), TPPI Tuban, RU VI Balongan, as well as several Marketing Operation Regions. The Board also conducted overseas visits to review the readiness of project acceleration and attend international business forums.

By taking into account vital issues which are the supervisory focus of the Board of Commissioners, with the support of the Audit Committee, Nomination & Remuneration Committee, Risk Management Monitoring/Investment

Committee, the Board of Commissioners consistently performs supervision, among which:

The Board of Commissioners Work Programs for the Audit Sector Supervision which have been realized are:

1. Reviewing the internal audit activities, discussing strategic findings, audit investigation results as well as follow-up to Internal Audit and BPK Audit findings.
2. Proposed a KAP appointment letter to the GMS, reviewing the KAP audit program, monitoring the 2019 Financial Statement audit implementation, and giving opinion on the auditor independence in performing non-audit services.
3. Reviewing the effectiveness of the internal control system through monitoring the follow-up development to management letter (ICM) from external auditor, following-up internal audit findings, monitoring procurement policies, monitoring WBS findings and public report, as well as IT system monitoring.
4. Reviewing the 2018 and Quarter I-III of 2019 financial statements, Realization of the 2018 and Quarter I-III of 2019 Company Work Plan and Budget (RKAP).
5. Identifying issues requiring the attention of the Board of Commissioners and other duties of the Board of Commissioners, such as:
 - a. Giving a response to the 2020 RKAP.
 - b. Monitoring and analyzing cash flow, receivables, payables, hedging in 2018 and Quarter I-III of 2019.



- c. Monitoring the performance of the Partnership and Community Development Program in 2019 and Quarter I-III of 2019.

Decision-Making Mechanism of the Board of Commissioners

Referring to the Board of Commissioners Decree No.012/KPTS/K/DK/2016 of 18 November 2016 on the Board of Commissioners Board Charter, the decision-making mechanism is as follows:

1. Decision making through a Board of Commissioners meeting:
 - a. Decision-making procedures must meet the provisions of decision-making in the Board of Commissioners Meeting (among which: provisions relevant to attendance quorum, use of power of attorney).
 - b. Decisions made in the Board of Commissioners meetings are set forth in Minutes of the Board of Commissioners Meetings or Decree or Letter

or Memorandum signed by the Commissioners present at the meeting.

2. Circular decision-making is stated in the form of a decree or minutes or letter or memorandum signed by the Commissioner.

The Board of Commissioners shall make a decision in accordance with the standard time set. Standard time ranges from 7 days (good) and up to 14 days (sufficient) and may not exceed the 30 day deadline as mandated in the Company's Articles of Association, starting from the submission of the proposal in the Board of Commissioners Meeting or submitted by the Board of Directors to the Board of Commissioners in writing accompanied by all supporting documents in full for circular decisions.

Approval of the Board of Commissioners on Material Transactions

In 2019, there were several transactions or actions performed by the Board of Directors which required the written approval/response from the Board of Commissioners in accordance with Article 11 Paragraphs 8 and 10 of the Articles of Association:

Table of Written Approval/Response of the Board of Commissioners in 2019

No	Transaction/Action of the Board of Directors	Total
1	Take over/Release of Participating Interest in Oil and Gas Working Area	2
2	Take over/Release of shares in a Subsidiary/Joint Venture/Other Company	6
3	Equity Participation/Additional Equity Participation in a Subsidiary/Joint Venture	8
4	Management of Oil and Gas Working Area	11
5	Changes to the Board of Directors and Board of Commissioners of Subsidiaries	46
6	Write-Off/Release/Optimization of Company Assets	12
7	Establishment/Liquidation of Subsidiaries	5
8	Organizational Structure of the Company	2
9	Global Bond/Financing	1

Introduction Program for New Commissioners

Provisions regarding the Introduction Program for New Commissioners are regulated in the SOE Minister Regulation No.PER-01/MBU/2011 of 1 August 2011 jo. No. PER-09 / MBU / 2012 of 6 July 2012 on the Implementation of Good Corporate Governance in SOE and the Board of Commissioners Decree No.012/KPTS/K/DK/2016 of 18 November 2016 on the Board of Commissioners Board Charter of PT Pertamina (Persero).

Competency Enhancement of the Board of Commissioners

As a realization of sustainable learning implementation, the Board of Commissioners annually performs competency development programs to enhance the knowledge/competency of the Board of Commissioners.

In 2019, the training, seminar, and education participated in by the Board of Commissioners were as follows:

**Table of the Pertamina Board of Commissioners Education and Training in 2019**

No	Date	Name of Board of Commissioners Member	Activity
1	January 2019	Tanri Abeng	Atlantic Council Global Energy Forum 2019 "The Geopolitics of The Energy Transformation" - Atlantic Council, Abu Dhabi
2	March 2019	Sahala Lumban Gaol	ASEAN Global Leadership Programme (AGLP) "Leadership, Entrepreneurship, and Innovation in the Global Economy" - London School of Economics And Political Science (LSE), London, United Kingdom

Frequency and Attendance Level of Board of Commissioners Meetings

The Pertamina Board of Commissioners routinely holds meetings to understand the latest situations and conditions in Pertamina. The Board of Commissioners meetings consist of internal meetings with the Board of Commissioners members or meetings with the Board of Directors and Committees. In 2019, the Board of Commissioners held 25 meetings, consisting of 6 internal Board of Commissioners meetings and 19 Board of Commissioners meetings inviting the Board of Directors. Meanwhile, the Committee meetings, whether internal Committee meetings or joint meetings with relevant partners and external parties, were held 58 times.

Independent Commissioner

Independent Commissioners are members of the Board of Commissioners with no financial, management, share ownership and/or familial relations with members of the Board of Commissioners, members of the Board of Directors and/or Controlling Shareholders or relations with the Company which may inhibit or obstruct their position to act independently in accordance with GCG principles. This is formulated in the Minister of SOE Regulation No. PER-01/MBU/2011 of 1 August 2011 on Good Corporate Governance Implementation in SOEs, Article 13 paragraphs 3 and 4.

One of the functions of the Independent Commissioner is effective, objective, and independent decision-making because the Board of Commissioners must perform its duties and responsibilities independently without pressure or interest from any party.

Based on the SOE Minister Regulation No. PER- 01/MBU/2011 of 1 August 2011 on Good Corporate Governance Implementation in SOEs, the Independent Commissioner composition is at least 20% of the total Company Commissioners.

Composition and Legal Basis for Appointment

The composition of Independent Commissioners refers to the SOE Minister Regulation No. PER-01/MBU/2011 of 1 August 2011 on Good Corporate Governance Implementation in SOEs, which is at least 20%. Currently, Pertamina has six members of the Board of Commissioners, including the President Commissioner. Two of which are Independent Commissioners. Thus, the 20% composition stipulation has been fulfilled.

Criteria of Appointment

Independent Commissioners are members of the Board of Commissioners with no financial, management, share ownership and/or familial relations with members of the Board of Commissioners, members of the Board of Directors and/or Controlling Shareholders or relations with the Company which may inhibit or obstruct their position to act independently. Criteria for the appointment of Independent Commissioners are formulated in the Minister of SOE Regulation No. PER-01/MBU/2011 of 1 August 2011 on Good Corporate Governance Implementation in SOEs, Article 13 paragraphs 3 and 4.

Statement of Independence

Independent Commissioners are committed to upholding independence, objectivity, and fairness in performing their duties and responsibilities by avoiding any decisions and policies which may potentially cause a conflict of interest or preference towards the interest of one particular party.

Independent Commissioners participate in maintaining the Company's reputation by implementing proper GCG principles following prevailing guidelines and regulations, as reflected in the behavior, actions, and any policies made, whether individually or collectively.



Board of Directors

The Board of Directors is responsible for the Company's interest and business management in order to generate added value and ensure business continuity by taking into account the interest of stakeholders with the Company's activities. Each Board of Directors member carries out their duties and makes decisions in accordance with the division of duties and authority based on the Articles of Association and prevailing regulatory laws.

Composition of the Board of Directors Members

No	Name	Position	Term of Office	Legal Basis for Appointment (SOE Minister Decree as GMS)
1	Nicke Widyawati	President Director & CEO	August 2018 - now	State-Owned Enterprises Minister Decree No. SK - 232/MBU/8/2018 of 28 August 2018 on the Dismissal and Appointment of PT Pertamina Board of Directors Members.
2	Dharmawan H. Samsu	Upstream Director	August 2018 - now	State-Owned Enterprises Minister Decree No. SK - 232/MBU/8/2018 of 28 August 2018 on the Dismissal and Appointment of PT Pertamina Board of Directors Members.
3	Budi Santoso Syarif	Refinery Director	April 2018 - now	State-Owned Enterprises Minister Decree No. SK - 97/MBU/ 04/2018 of 20 April 2018 on the Dismissal and Appointment of PT Pertamina Board of Directors Members.
4	Basuki Trikora Putra	Corporate Marketing Director	April 2018 - now	State-Owned Enterprises Minister Decree No. SK - 97/MBU/ 04/2018 of 20 April 2018 on the Dismissal and Appointment of PT Pertamina Board of Directors Members.
5	Mas'ud Khamid	Retail Marketing Director	April 2018 - now	State-Owned Enterprises Minister Decree No. SK - 97/MBU/ 04/2018 of 20 April 2018 on the Dismissal and Appointment of PT Pertamina Board of Directors Members.
6	Pahala N. Mansury	Finance Director	September 2018 – November 2019	State-Owned Enterprises Minister Decree No. SK 242/ MBU/09/2018 of 13 September 2018 on the Dismissal, Transfer of Assignment, and Appointment of PT Pertamina Board of Directors Members.
7	Emma Sri Martini	Finance Director	November 2019 - now	State-Owned Enterprises Minister Decree No. SK 283/MBU/11/2019 of 22 November 2019 on the Dismissal and Appointment of PT Pertamina (Persero) Board of Directors Members.
8	Gandhi Sriwidodo	Logistic, Supply Chain, and Infrastructure Director	April 2018 – December 2019	State-Owned Enterprises Minister Decree No. SK - 97/MBU/ 04/2018 of 20 April 2018 on the Dismissal and Appointment of PT Pertamina Board of Directors Members.
9	Mulyono	Logistic, Supply Chain, and Infrastructure Director	December 2019 - now	State-Owned Enterprises Minister Decree No. SK - 336/MBU/ 12/2019 of 26 December 2019 on the Dismissal and Appointment of PT Pertamina Board of Directors Members.
10	Ignatius Tallulembang	Mega Project Refinery and Petrochemical Director	September 2018 - now	State-Owned Enterprises Minister Decree No. SK 242/ MBU/09/2018 of 13 September 2018 on the Dismissal, Transfer of Assignment, and Appointment of PT Pertamina Board of Directors Members.
11	Heru Setiawan	Planning, Investment, and Risk Management Director	September 2018 - now	State-Owned Enterprises Minister Decree No. SK 242/ MBU/09/2018 of 13 September 2018 on the Dismissal, Transfer of Assignment, and Appointment of PT Pertamina Board of Directors Members.
12	Koeshartanto	Human Capital Director	August 2018 - now	State-Owned Enterprises Minister Decree No. SK - 232/MBU/8/2018 of 28 August 2018 on the Dismissal and Appointment of PT Pertamina Board of Directors Members.
11	M. Haryo Yudianto	Asset Management Director	April 2018 - now	State-Owned Enterprises Minister Decree No. SK - 97/MBU/ 04/2018 of 20 April 2018 on the Dismissal and Appointment of PT Pertamina Board of Directors Members.



Duties and Authority of Each Board of Directors Member

The Board of Directors is a governance organ responsible for the management of the Company in the interest and for the Company. The Board of Directors is tasked with determining the direction of the Company's objectives, establishing its policies and efforts to achieve them. The duties and authority of each member of the Board of Directors as regulated in the State-Owned Enterprises Minister Letter No. S-603/MBU/10/2016 of 20 October 2016 on the Change of Position Nomenclature and Transfer of Assignment of PT Pertamina (Persero) Board of Directors Members and in Decree No. Kpts. – 14/C00000/2018- S0 of 23 April 2018 are as follows:

President Director

1. As the Chief Executive Officer (CEO), providing guidance and controlling the policies pertaining to the vision, mission and strategies of the Company.
2. Leading Board of Directors members in implementing the Board of Directors decisions.
3. Organizing and leading the Board of Directors Meetings in accordance with the Articles of Association
4. Determining the decisions to be made in the event of any equal voting results in the Board of Directors meetings.
5. On behalf of the Board of Directors, approving all Decision Letters of the Board of Directors/President Director in accordance with the type of decisions defined under the Articles of Association/Bylaws or any other stipulations.
6. On behalf of the Board of Directors, assigning employees or other parties to represent the Company both in court and out of court.
7. Leading and encouraging the cultivation of corporate values, image improvements, and Good Corporate Governance.
8. Leading and coordinating the following functions: Corporate Secretary, Legal Counsel & Compliance, Integrated Supply Chain, and Audit Executive in achieving the established work targets.
9. Providing information for stakeholders on the Board of Directors decisions with significant impact on the public pertaining to business decisions, legal aspects, or rumors about the Company circulating among the public.

Upstream Director

Managing, optimizing and developing the upstream business, including geothermal, through increasing reserves and production in an integrated manner on a national and international scale in accordance with the principles of good oil engineering and operation best practices.

Refinery Director

1. Managing, optimizing, and developing the Refinery business in an integrated manner with a focus on operational reliability and efficiency in accordance with principles of good oil engineering and operation best practices.
2. Developing engineering and technology through research which is integrated with the business master plan to support competitiveness and the company's business sustainability.

Corporate Marketing Director

1. Developing strategies and optimizing market segmentation effectively.
2. Managing, optimizing and developing the business of marketing and product sales including market development, B2B-oriented business expansion.

Retail Marketing Director

1. Managing the business and services in the retail segment (B2C) including retail demand, retail brand positioning, retail products & pricing, market intelligence.
2. Managing the retail distribution system to guarantee service continuity.
3. Managing retail customers.

Logistic, Supply Chain, and Infrastructure Director

1. Planning the development of logistics infrastructure and supply chain to meet market demand.
2. Planning and managing all product supply and distribution activities in accordance with the needs of domestic demand.
3. Planning and performing the operations and maintenance of the infrastructure needed for the supply and distribution of products.

Mega Project, Refinery, and Petrochemical Director

1. Developing, optimizing, and managing the Mega Project, Refinery, and Petrochemical in accordance with the master plan and company business development in an integrated manner in accordance with GCG principles and good engineering best practices.
2. Developing the management capabilities of strategic projects in accordance with best practices standards.

Planning, Investment, and Risk Management Director

1. Developing a strategy and business plan for the company to become a reference for short, medium and long term work goals.

2. Reviewing and evaluating the company's investment plans and business portfolio in accordance with business principles and risk management in supporting the company's competitiveness and business sustainability.
3. Developing engineering and technology through research that is integrated with the business master plan to support competitiveness and the company's business sustainability.
4. Managing, optimizing and developing the gas, power and New & Renewable Energy (NRE) businesses in an integrated manner through market development and accelerating the commercialization of the NRE business in supporting the company's business continuity.
5. Managing quality, system, knowledge & integrated loss management to support the company's operations and efficiency.

Finance Director

1. Managing and optimizing financial resources prudently, efficiently, and by giving added value to support the company's business and work plan.

2. Optimizing the company's financial management effectively and accountably.
3. Optimizing and developing the company's business through business synergy and integration and management of AP/JV.
4. Ensuring and controlling the Company's soundness in accordance with accounting standards and financial best practices.
5. Optimizing and developing information technology to support the company's business.

Human Capital Director

1. Managing and developing human capital to support the company's business strategy and operations.
2. Managing and developing talent & human capital infrastructure to support the company's business strategy and operations with high productivity.

Asset Management Director

1. Developing strategies and management of business supporting assets optimally, efficiently and by giving added value to the Company.
2. Managing, optimizing and integrating the Pertamina Group procurement process.





Independence of the Board of Directors

In performing its duties and responsibilities, the Board of Directors acts independently and free from the interest of any parties. This can also be seen from the Board of Directors members ownership of shares in the Company or the concurrent positions of the Board of Directors members in the Company. The following table depicts the Independence of the Board of Directors in the Company:

Table of Independence of the Pertamina 2019 Board of Directors

Independence Criteria	Nicke Widyawati	Dharmawan H. Samsu	Budi Santoso Syarif	Basuki Trikora Putra
Not a majority Shareholder or official at the institution of the majority Shareholder or directly associated with the majority Shareholder.	√	√	√	√
Not serving as a Director in the Company or its affiliates	√	√	√	√
Has not worked in the Company or its affiliates within the last 1 (one) year period	√	√	√	√
Has no financial affiliation, whether directly or indirectly with the Company or any other company providing services and products to the Company and its affiliates	√	√	√	√
Free from conflict of interest and business activities or other relations that may hinder or interfere with the ability of the respective Board of Directors to act or think independently within the Company.	√	√	√	√

Introduction Program for New Directors

Provisions regarding the introduction program for new Directors at PT Pertamina (Persero) are regulated by the SOE Minister Regulation No.PER-01/MBU/2011 of 1 August 2011 and No. PER-09 / MBU / 2012 of 6 July 2012 on the Implementation of Good Corporate Governance in SOEs.

Competency Enhancement of the Board of Directors

Annually, the Board of Directors members participate in competency development programs as a realization of sustainable learning. Furthermore, the Board of Directors is also involved in various events as resource speakers to expand communication and gain perspective from relevant stakeholders. In 2019, the training, seminar, and education participated in by the Board of Directors were as follows:

Table of the Pertamina Board of Directors Competency Enhancement in 2019

No	Date	Name of the Board of Directors Member	Position	Activity
1	January 18, 2019	Nicke Widyawati	President Director	The Role of SOEs in Supporting the National Energy Security, Makassar State University, Makassar
2	March 9, 2019			SOE Great Leader Camp, Bandung
3	October 20, 2019			SOE Goes to Campus, Tasikmalaya
4	July 10, 2019			Business & Investment Forum "Pacific Exposition", Auckland, New Zealand
5	September 4, 2019			The 43 rd Indonesian Petroleum Association (IPA) Convention & Exhibition 2019, Jakarta
6	October 21, 2019	Basuki Trikora Putra	Corporate Marketing Director	GM Academy 2019, Banyuwangi
7	August 15, 2019			Oil and Gas Business Profile Seminar, Jakarta
8	November 26, 2019			Pertamina Energy Forum, Jakarta
9	February 23, 2019	Mas'ud Khamid	Retail Marketing Director	Mobile World Congress 2019, Barcelona, Spanyol
10	July 1, 2019			Economic Challenge Metro TV, Jakarta
11	July 9, 2019			The 2019 Oil and Gas Production Facilities Forum, Semarang
12	July 12, 2019			The 2019 Pacific Exposition, Auckland, New Zealand



	Mas'ud Khamid	Emma Sri Martini	Mulyono	Ignatius Tallulembang	Heru Setiawan	Koeshartanto	M. Haryo Yuniarto
	√	√	√	√	√	√	√
	√	√	√	√	√	√	√
	√	√	-	√	√	√	√
	√	√	√	√	√	√	√
	√	√	√	√	√	√	√

No	Date	Name of the Board of Directors Member	Position	Activity
13	August 29, 2019			Digital Expo 2019, Jakarta
14	November 23, 2019			Coffee Together to Celebrate the Anniversary of the Company, Jakarta PL
15	October 3, 2019			Sharing Session of the Marketing Director with Participants of the Pre-Employment Training BPS, Jakarta
16	October 24, 2019			53 rd Anniversary of PEM Akamigas, Cepu, Blora
17	November 26, 2019			Pertamina Energy Forum, Jakarta
18	August 8, 2019	M Haryo Yuniarto	Asset Management Director	Smart Talk with the topics of Pertamina Synergy, F&B Business, and Apartment Investment, Jakarta
19	September 11, 2019			Pertamina Group Synergy Forum - Funvestment in Millennial Era, Jakarta
20	October 17, 2019			Millenials Morning Chat - Jakarta
21	October 24, 2019			Board Greetings, Jakarta
22	July 8, 2019	Heru Setiawan	Planning, Investment, and Risk Management Director	ICEF, Beijing, The People's Republic of China
23	July 31, 2019			Gas Indonesia Summit, Jakarta
24	September 26, 2018			Management Talkshow Sinergy Expo, Jakarta
25	October 3, 2019			Kazakhstan Energy Forum, Nur Sultan
26	October 17, 2019			Coffee with the PIMR Director, Jakarta
27	October 29, 2019			General Class - Unleashing Domestic Resources for Energy Security, Jakarta
28	October 29, 2019			APOGCE, Bali
29	November 13, 2019			ADIPEC, Abu Dhabi
30	November 19, 2019			Pertamina-BCG Economist Forum 2019, Jakarta
31	November 20, 2019			Forum Hulu 2019, Tangerang Selatan
32	November 27, 2019			Pertamina Energy Forum 2019, Jakarta
33	November 26, 2019			Hot Economy Berita Satu, Jakarta



No	Date	Name of the Board of Directors Member	Position	Activity
34	March 29, 2019	Budi Santoso Syarif	Refinery Director	Ngobrol Pintar (Smart Chat) with Refinery Director = Awareness & Ownership through Digital Refinery Implementation, Jakarta
35	April 27, 2019			Petroleum Industry Training: Opportinities & Sustainability of Oil & Gas Industry in Indonesia - Oil Refinery Business Challenge, Yogyakarta
36	August 14, 2019			Indonesianisme Summit: Development of Biofuel in Pertamina-Corporate Business Development & Supporting National Strategic Programs
37	November 05, 2019			Public Lecture - Oil Refinery Business Challenge - Overview and Upstream/Downstream Challenge, Jakarta
38	November 27, 2019	Emma Sri Martini	Finance Director	Pertamina Energy Forum, Jakarta
39	August 27, 2019	Ignatius Tallulembang	Mega Project Refinery & Petrochemical Director	Digital Mindset Thinkshop, Jakarta
40	September 16, 2019			E-Learning GCG, Jakarta
41	September 04, 2019			Synergy from the Perspective of PIMR, MP2 & LSCI, Jakarta
42	February 19, 2019	Dharmawan H Samsu	Upstream Director	Energy Seminar, Geological Engineering Alumni Association ITB - Indonesia Energy Balance, Jakarta
43	March 12, 2019			CERAWEEK, Jakarta
44	March 21, 2019			Pertamina University: Speaker Up Bringing Session, Houston, Texas
45	July 03, 2019			Petromindo - Indonesia Oil & Gas Outlook, Jakarta
46	August 14, 2019			Conference (Theme: The 7th IIGCE (Indonesia International Geothermal Convention & Exhibition)) 2019, Jakarta
47	August 29, 2019			Pertamina Digital Expo 2019, Jakarta
48	September 04, 2019			IPA Convex 2019 (Indonesia Petroleum Association), Jakarta
49	September 05, 2019			Pertamina Synergy Expo 2019, Jakarta
50	September 12, 2019			IHS Markit Energy Outlook 2019, Jakarta
51	September 12, 2019			<i>Temu Netizen</i> KESDM - SKK Migas - Pertamina, Jakarta
52	October 10, 2019			ASPERMIGAS: 2nd National Oil & Gas <i>Sarasehan</i> , Jakarta
53	November 20, 2019			Forum Hulu - Pertamina, Tangerang Selatan
54	November 27, 2019			Pertamina Energy Forum, Jakarta
55	December 09, 2019	SKK Migas - Exploration and Production Forum 2019, Bandung		
56	January 16, 2019	Koeshartanto	Human Capital Director	Creativity & Innovation In Business, Jakarta
57	January 24, 2019			National Workshop on Innovation and Technology, Jakarta
58	January 30, 2019			Elnusa Multitalent Development Program, Jakarta
59	March 13, 2019			Risk Management Certification Based on SNI ISO 31000 and BNSP QRGP Scheme, Jakarta
60	March 13, 2019			Workshop SDM Pertamedika, Jakarta
61	March 20, 2019			BUMN Goes to Campus, Tasikmalaya
62	March 26, 2019			Great Leader Camp Batch II, Bogor
63	May 2, 2019			Refinery Directorate Working Meeting, Semarang
64	May 3, 2019			2019-2021 SPPSN Consultative Work, Malang
65	May 4, 2019			Corporate Social Responsibilities Working Meeting, Padang
66	June 25, 2019			20 th Oil & Gas Conference, Kuala Lumpur
67	June 27, 2019			Retail Marketing Director Marketing Forum & Monthly Meeting, Patra Jasa, Bali
68	July 4, 2019			Unity in Diversity - Ministry of Finance, Jakarta
69	August 1, 2019			SPPSN Inaugural, Surabaya
70	August 12, 2019			Public Lecture at PEM Akamigas, Cepu
71	August 21, 2019			2019-2022 SP Persada IV Management Inaugural, Semarang
72	October 31, 2019			Indonesia Career Evening, London
73	November 28, 2019	Focus Group Discussion - ESDM Human Resources Development Agency, Jakarta		



Frequency and Attendance Level of Board of Directors Meetings

In managing the Company, the Pertamina Board of Directors routinely holds internal meetings and joint meetings with the Board of Directors attended by the Board of Commissioners.

Through the meeting activity, the Board of Directors is able to understand the latest situations and conditions in Pertamina and can make decisions to address existing issues and challenges. In 2019, the Board of Directors participated in 42 Internal Meetings and 19 Joint Meetings with the Board of Commissioners and Board of Directors.

Remuneration Policy for the Board of Commissioners and Board of Directors

Disclosure of Procedures, Indicators, and Basis for Remuneration Determination

The procedures and indicators for determining the remuneration of the Board of Commissioners and Board of Directors are entirely carried out by the SOE Ministry and not under the authority of the Company. The basis for determining the remuneration of the Board of Commissioners and Board of Directors refers to the Republic of Indonesia State-Owned Enterprises Minister Regulation No.PER-01/MBU/05/2019 of 31 May 2019 on the Guidelines for the Determination of Remuneration of Board of Directors, Board of Commissioners, and Supervisory Board of State-Owned Enterprises.

Structure and Components of Remuneration

The structure and components of remuneration given to the Board of Commissioners and Board of Directors consist of salary/honorarium, benefits, facilities, and bonus/performance incentive.

1. Salary of the Board of Directors
 - a. Salary of the President Director is determined by using the internal guidelines established by the SOE Minister as the PT Pertamina (Persero) GMS.
 - b. The salary of other Directors is determined by the Position Factor composition, which is:
 - Vice President Director: 95% of the salary of the President Director.
 - Director overseeing Human Capital: 90% of the salary of the President Director
 - Other Board of Directors members: 85% of the salary of the President Director
 - c. For existing Vice President Director and Board of Directors Members, if the based on position factor as referred to in point 'b' causes the received salary to be smaller than the salary received in the previous fiscal year, then the salary of existing Vice

- President Director and other Board of Directors Members uses the salary received in the previous fiscal year.
 - d. For parent SOE (holding), the salary of Acting Director is calculated using the calculation approach based on the number prior to consolidation equal to the President Director.
 - e. The amount of salary of the SOE Board of Directors members is determined by GMS/Minister every year for one year effective from the January of the current year.
 - f. If the GMS/Minister does not determine the amount of salary of the SOE Board of Directors members for a particular year, then the determination of the salary of the Board of Directors members uses the last amount determined and implemented by the GMS/Minister.
2. Honorarium of the Board of Commissioners
 - Honorarium of the President Commissioner is 45% of the Salary of the President Director
 - Honorarium of the Vice President Commissioner is 42.5% of the Salary of the President Director
 - Honorarium of the Board of Commissioners Members is 90% of the honorarium of the President Commissioner
 3. Allowance

For the Board of Directors, the allowance received includes religious holiday allowance, housing allowance, and retirement insurance. For the Board of Commissioners, the allowance received includes religious holiday allowance, transportation allowance, and retirement insurance.
 4. Facilities

The facilities received by the Board of Directors consist of vehicle facilities, healthcare facilities, legal assistance facilities; while the facilities received by the Board of Commissioners are healthcare facilities and legal assistance facilities.
 5. Bonus/Performance Incentive



6. Provisions in giving the bonus refer to Minister Regulation.

Composition of the amount of Bonus/Performance Incentive for members of Board of Directors and Board of Commissioners observes the following position factor:

- Vice President Director: 95% of the President Director
- Director overseeing Human Capital: 90% of the salary of the President Director
- Other Board of Directors members: 85% of the salary of the President Director
- President Commissioner: 45% of the President Director

- Vice President Commissioner: 42.5% of the President Director

- Board of Commissioners Members: 90% of the President Commissioner

In 2019, compensation for key management and the Board of Commissioners was respectively USD 23,635 and USD26,286. The structure and components of the remuneration received by the Pertamina Board of Commissioners and Board of Directors do not include performance bonus, non-performance bonus, and/or stock options for every member of the Board of Commissioners and Board of Directors.

Affiliation of the Board of Commissioners, Board of Directors, and Controlling Shareholders

All members of the Board of Commissioners do not have any affiliation in terms of family or financial matters with other members of the Board of Commissioners, members of the Board of Directors and Shareholders. All members of the Board of Directors also do not have any affiliation both in terms of family and financial matters with other members of the Board of Directors, members of the Board of Commissioners and Shareholders.

Description	Familial Relations			Business Relations		
	Board of Commissioners	Board of Directors	Shareholders	Board of Commissioners	Board of Directors	Shareholders
Board of Commissioners						
Basuki Tjahaja Utama	x	x	x	x	x	x
Budi Gunadi Sadikin	x	x	x	x	x	x
Arcandra Tahar	x	x	x	x	x	x
Alexander Lay	x	x	x	x	x	x
Sahala Lumban Gaol	x	x	x	x	x	x
Condro Kirono	x	x	x	x	x	x
Suhasil Nazara	x	x	x	x	x	x
Isa Rachmatarwata	x	x	x	x	x	x
Alexander Lay	x	x	x	x	x	x
Ego Syahril	x	x	x	x	x	x
Board of Directors						
Nicke Widyawati	x	x	x	x	x	x
Dharmawan H. Samsu	x	x	x	x	x	x
Budi Santoso Syarif	x	x	x	x	x	x
Basuki Trikora Putra	x	x	x	x	x	x
Mas'ud Khamid	x	x	x	x	x	x
Emma Sri Martini	x	x	x	x	x	x
Mulyono	x	x	x	x	x	x
Ignatius Tallulembang	x	x	x	x	x	x
Heru Setiawan	x	x	x	x	x	x
Koeshartanto	x	x	x	x	x	x
M. Haryo Yuniarto	x	x	x	x	x	x



Diversity in the Composition of the Board of Commissioners and Board of Directors of the Controlling Shareholder

Pertamina has no specific policy in determining the diversity in the composition of the Board of Commissioners and Board of Directors members. The authority to determine the diversity of composition is the right of the Government as the Shareholder.

Currently, the composition of Pertamina's Board of Commissioners and Board of Directors members has diverse fields of expertise, education, and experience in

regard to Pertamina's main activities, finance, economics, and good corporate governance.

From aspects such as career and work experience, each member of the Board of Commissioners and Board of Directors has a different career development path, such as in the fields of oil and energy, education, banking, and information technology, whether private or state. In terms of age, members of the Board of Commissioners and Board of Directors also have different age ranges.

Committees of the Board of Commissioners

The Board of Commissioners is supported by the Committees of the Board of Commissioners in performing a review on the Company's performance, realization of work plan, upstream and downstream operations, strategic investment, and monitoring on the Subsidiaries' performance. The review is to be submitted to the Board of Directors in the Board of Commissioners' meeting with the Board of Directors, in the form of directives in a letter given by the Board of Commissioners to the Board of Directors, and in the Committees' meeting, involving the related party.

In 2019, the Board of Commissioners executed the replacement of Members of Risk/Investment Management Monitoring Committee and Nomination and Remuneration Committee, as well as changed the name of Risk Management Monitoring Committee to Investment Committee, as stated in the results of the Board of Commissioners' meeting in November 2019.

Audit Committee

Members of the Audit Committee

Basuki Tjahaja Purnama

Chairman, concurrently Member

Basuki Tjahaja Purnama was appointed based on Decree of the Board of Commissioners Number 005/KPTS/K/DK/2020 of 3 January 2020. His profile can be viewed in the Board of Commissioners' Profile of this Annual Report.

Alexander Lay

Vice Chairman, concurrently Member

Alexander Lay was appointed based on Decree of the Board of Commissioners Number 5/KPTS/K/DK/2020 of

January 3, 2020. His profile can be viewed in the Board of Commissioners' Profile of this Annual Report.

Agus Yulianto

Member

Agus Yulianto was appointed based on Decree of the Board of Commissioners Number 023/KPTS/K/DK/201 of December 30, 2015.

Nationality	: Indonesia
Age	: 58 years old
Domicile	: South Tangerang, Indonesia

Education Background

- Master of Accountancy, Case Western Reserve University, Cleveland OH, USA (1993)
- Diploma IV in Accounting, Indonesian State College of Accountancy, Jakarta, Indonesia (1991)

Working Experience

- Member of Audit Committee of PT Telkom Tbk in 2010-2015
- Whistle Blower Protection Officer (WPO) in 2010-2015
- Head Financial Management Specialist, Multi-Donor Fund and World Bank in Aceh (2009-2010)
- Internal Audit Consultant and training service provider in financial accounting and internal auditing (2000-2009)
- Consultant to Finance and Development Supervisory Agency (BPKP) (1993-1999)

Affiliations

There were no affiliations with members of the Board of Commissioners, Board of Directors, and Controlling Shareholder.



Bonar Lumban Tobing

Member

Bonar Lumban Tobing was appointed based on Decree of the Board of Commissioners Number 023/KPTS/K/DK/2015 of December 30, 2015.

Nationality : Indonesia
Age : 60 years old
Domicile : Bekasi, Indonesia

Education Background

- MBA in Finance, Rutgers Business School, The State University of New Jersey, USA (1993)
- Bachelor Degree in Economy, Accounting, University of Indonesia, Jakarta, Indonesia (1986)

Work Experience

- SVP-Dean of Retail Banking Academy, Mandiri University (2013-2015)

- SVP- Regional CEO, PT Bank Mandiri (Persero) (2009-2012)
- VP-Deputi Regional CEO, PT Bank Mandiri (Persero) (2009)
- VP-Area Manager, PT Bank Mandiri (Persero) (2005-2008)

Affiliations

There were no affiliations with members of the Board of Commissioners, Board of Directors, and Controlling Shareholder.

Information on Concurrent Position

All Members of the Audit Committee, who are not currently serving as Commissioner, do not have any external concurrent position outside Pertamina with the possibility of raising conflict of interest. Detailed information on the detailed concurrent position of the Audit Committee's members, who also serve as members of the Board of Commissioners can be viewed in the table below.

Information on the Concurrent Positions of Pertamina's Members of the Audit Committee of 2019

Name & Position in the Audit Committee	Information on Concurrent Positions		
	Pertamina	Subsidiaries	Other Entities
Basuki Tjahaja Purnama Audit Committee Chairman	President Commissioner	None	None
Alexander Lay Vice Chairman	Commissioner	None	None
Agus Yulianto Member	None	None	None
Bonar Lumban Tobing Member	None	None	None

Audit Committee Independence

In performing its duties and responsibilities, all members of the Audit Committee are committed to upholding the good corporate governance principles with objectivity, professionalism, and independence. The Audit Committee

must not make any decisions under pressure and interventions from any party as well as commitments to avoiding possible conflict of interest. Hence, all members of the Audit Committee do not have familial and business affiliations with members of the Board of Commissioners and Board of Directors.

The Independence of Pertamina's Audit Committee of 2019

Name & Position in the Audit Committee	Family, Economic, or Organizational Affiliation		
	With the Major and Controlling Shareholder	With the Board of Commissioners	With the Board of Directors
Basuki Tjahaja Purnama Audit Committee Chairman	None	None	None
Alexander Lay Vice Chairman	None	None	None
Agus Yulianto Member	None	None	None
Bonar Lumban Tobing Member	None	None	None

Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:

1. Assisting the Board of Commissioners in ensuring the effectiveness of internal control system and the implementation of external and internal auditor's duties.
2. Assessing the implementation of the audit and its findings conducted by both external and internal auditors.
3. Providing recommendations regarding improvements of the management control system and its execution.
4. Ensuring a satisfactory review regarding the information on the Company's Financial Statements.



5. Identifying any necessary issues, requiring the attention of the Board of Commissioners.
6. Reviewing the information on the Company, as well as the Long-Term Work Plan, the Company's Work Plan and Budget, the management report, and other information.
7. Reviewing the Company's compliance with laws and regulations related to the Company's activities.
8. Performing a study on and following up on the complaints related to the Company.
9. Reviewing the adequacy of the internal audit function, including the number of auditors and their competence, annual work plan, and assignments that have been carried out.
10. Reviewing the adequacy of external audits, including audit planning and a number of auditors.
11. Performing a review on the independence and objectivity of public accountants, who will audit the Company's financial statements and other audit activities.
12. Performing a review on the adequacy of the examination performed by the Public Accountant to ensure all of the important risks have been carefully considered.
13. Conducting a review of the complaints reported by the community and monitoring the implementation of WBS.
14. Conducting other duties assigned by the Board of Commissioners.

Audit Committee Meeting

The Audit Committee holds internal meetings periodically to complete the Committee Work Program and coordination meeting with other committees under the supervision of the Board of Commissioners. In 2019, the Audit Committee held 32 (thirty-two) meetings, both internally-conducted as well as with the management.

Description of the Audit Committee's Activities Implemented in 2019

In 2019, the Audit Committee conducted an array of activities, which were as follows:

- a) Monitored and evaluated the 2019 Internal Audit realization and the 2020 Plans as well as provided necessary directives to the Board of Directors.
- b) Monitoring and evaluation of the audit implementation by Public Accounting Firm for the 2018 financial year, and has appointed Public Accounting Firm for the audit of PT Pertamina (Persero) Financial Statements and Partnership and Community Development Program (PKBL) Reports 2019.
- c) Reviewed and responded to the proposed Work Plan and Budget of 2019, Interim Report of 2019, Financial Statements of 2018, Annual Report of 2019, Sustainability Report of 2019, as well as Performance

Evaluation Report (LHEK) and Indonesian Financial Accounting Standards 62 (PSA62).

- d) Monitor and evaluate the Realization of Achievement of 2019 Work Plan & Budget and Key Performance Indicator for the Board of Commissioners in 2019, as well as provide advice to the Board of Directors as needed.
- e) Monitored and evaluated as well as provided directives to the Board of Directors regarding several issues, among which were that of investments, implementation of ICoFR & IFRS, assets management, subsidiaries management, and WBS.

Nomination and Remuneration Committee

Members of the Nomination and Remuneration Committee

Condro Kirono

Chairman, concurrently Member

Condro Kirono was appointed based on Decree of the Board of Commissioners Number 005/KPTS/K/DK/2020 of January 3, 2020. His profile can be viewed in the Board of Commissioners' profile.

Ego Syahrial

Vice Chairman, concurrently Member

Ego Syahrial was appointed based on Decree of the Board of Commissioners Number 005/KPTS/K/DK/2020 of January 3, 2020. His profile can be viewed in the Board of Commissioners' profile.

Apep Fajar Kurniawan

Member

Apep Fajar Kurniawan was appointed based on Decree of the Board of Commissioners Number 023/KPTS/K/DK/2015 of December 30, 2015.

Nationality	: Indonesia
Age	: 36 years old
Domicile	: South Tangerang, Indonesia

Education Background

- Doctorate in Management of Government Studies, Satyagama University (2014)
- Doctorate in Political Science, University of Indonesia (2013-present)
- Postgraduate Program, Master of Science of Strategic Intelligence, University of Indonesia (2009)
- Master's Degree in Theology, Hadith Studies Faculty of Ushuluddin (2006)
- Master's Degree in Philosophy, State Islamic University (2006)



Work Experience

- President Director, PT Melia Samudera Khatulistiwa (2014-2017)
- Corporate Affairs Director, Corporate Affair The Leader Magazine (2014-2017)
- Director, Indonesia Student and Youth Forum (2011-2015)
- Commissioner, PT Trisula Energi (2013-2014)
- Operational Director, PT Lintas Strategi Indonesia (2012-2013)
- Marketing Communication Manager, PT RM Book (2010-2012)
- CO-Founder/Founding Team and Vice Rector, Tanri Abeng University (2010-2012)
- Program Director, Center for Religion and Civilization Studies (2006-2009)
- Member of the National Steering Committee – Public Monitoring Network for Election (JPPR) (2002-2004)

Affiliations

There were no affiliations with members of the Board of Commissioners, Board of Directors, and Controlling Shareholder.

Nomination and Remuneration Committee Independence

All members of the Nomination and Remuneration Committee are committed to upholding the good corporate governance principles with objectivity, professionalism, and independence. The Nomination and Remuneration Committee must not make decisions under pressure and interventions from any party as well as commitments to avoiding possible conflict of interest. Hence, all members of the Nomination and Remuneration Committee have no family and business affiliations with members of the Board of Commissioners and Board of Directors.

The Independence of Pertamina's Nomination and Remuneration Committee of 2019

Name & Position in the Audit Committee	Family, Economic, or Organizational Affiliation		
	With the Major and Controlling Shareholder	With the Board of Commissioners	With the Board of Directors
Condro Kirono Chairman of Nomination and Remuneration Committee	None	None	None
Ego Syahril Vice Chairman	None	None	None
Apep Fajar Kurniawan Member	None	None	None

Duties and Responsibilities

The duties and responsibilities of the Nomination and Remuneration Committee are as follows:

1. Evaluating the Company's Nomination and Remuneration activity plan as well as other activities in accordance with the Board of Commissioners' Minutes of Agreement regarding the job distribution among the Committees of the Board of Commissioners.
2. Monitoring the Company's implementation of Nomination and Remuneration activities as well as other activities in accordance with the Board of Commissioners' Minutes of Agreement regarding Job Distribution among the Committees of the Board of Commissioners.
3. Performing a review on the effectiveness of the Nomination and Remuneration policies.
4. Providing reference materials and information for the Board of Commissioners related to the Company's Nomination and Remuneration activities.
5. Providing feedback and recommendation regarding the Board of Directors' report on the Nomination and Remuneration activities.
6. Providing a review and strategic recommendations as well as monitoring the Company's GCG implementation, among which is the GCG periodical assessment by an independent assessor, whistleblowing, and any matters related to the Company's compliance with prevailing laws and regulations.
7. Developing an annual Work Plan for the Nomination and Remuneration Committee.
8. Performing other duties assigned by the Board of Commissioners related to the Nomination and Remuneration activities and other special assignments.
9. Reporting the results of Nomination and Remuneration Committee work to the Board of Commissioners.
10. Performing other duties and responsibilities from the Board of Commissioners as well as assisting other Committees.

Nomination and Remuneration Committee Meeting

Throughout 2019, the Nomination and Remuneration Committee held 17 meetings, both internally-conducted and with the management.



Description of the Nomination and Remuneration Committee's Activities Implemented in 2019

In 2019, the Nomination and Remuneration Committee performed an array of activities, which were as follows:

1. Provided the approval and stipulations of prospective Directors and Commissioners of PT Pertamina's (Persero) Subsidiaries.
2. Developed Decree of the Board of Commissioners related to the governance of the Board of Commissioners secretariat, remuneration for the secretariat staff, and the Board of Commissioners' committee.
3. Monitored and evaluated the role of Quality Management to Pertamina's Quality Management, Information and Technology System Policy & Implementation, as well as Digital Transformation Progress.
4. Monitored and evaluated the Realization of 2019 RKAP and composed a response to the 2019 RKAP related to human capital.
5. Coordinated with business partners in the environment of Board of Directors, which were: Legal, Counsel & Compliance Function, Corporate Secretary, and Committee of the Board of Directors discursing the CoC, HC Directorate, and Internal Audit.

Investment Committee

Members of the Investment Committee

Budi Gunadi Sadikin

Chairman, concurrently Member

Budi Gunadi Sadikin was appointed based on Decree of the Board of Commissioners Number 005/KPTS/K/DK/2020 of January 3, 2020. His profile can be viewed in the Board of Commissioners' Profile.

Isa Rachmatarwata

Vice Chairman, concurrently Member

Isa Rachmatarwata was appointed based on Decree of the Board of Commissioners Number 005/KPTS/K/DK/2020 of January 3, 2020. His profile can be viewed in the Board of Commissioners' profile.

Yuni Rusdinar

Member

Yuni Rusdinar was appointed based on Decree of the Board of Commissioners Number 011/KPTS/K/DK/2019 of October 3, 2019.

Nationality	: Indonesia
Age	: 50 years old
Domicile	: Bandung, Indonesia

Education Background

- PhD, Sustainable Mineral Institute UQ, University of Queensland (UQ), Brisbane, Australia (2008)
- Post Graduate, Groundwater and Environmental Engineering, IHE, Delft, Belanda (1993)
- Bachelor Degree in Geological Engineering, Padjajaran University, Bandung, Indonesia (1987)

Work Experience

- Ministry Expert Staff, Ministry of Energy and Mineral Resources (2016-2019)
- Deputy Chief of Staff I, the Presidential Palace of the Republic of Indonesia (2012-2015)
- Vice President of Government Relations, Freeport Indonesia (2009-2012)
- Geo-Science Regional Manager, Freeport Indonesia, Feb 2009-March 2012
- Senior Advisor for Environment, Rio Tinto Mining (2006-2008)
- Project Manager for Project-Wide Mine Dewatering and Overburden and Tailings Management, Freeport Indonesia (1998-2006)
- Geologist, PT Timah (1995-1998)

Affiliations

There were no affiliations with members of the Board of Commissioners, Board of Directors, and Controlling Shareholder.

Dini S. Purwono

Member

Dini S. Purwono was appointed based on Decree of the Board of Commissioners Number 021/KPTS/K/DK/2019 of December 9, 2019.

Nationality	: Indonesia
Age	: 45 years old
Domicile	: Jakarta, Indonesia

Education Background

- LL.M, International Finance Law, Harvard Law School, Fullbright Scholar (2002)
- Bachelor Degree in Law, University of Indonesia (1997)

Work Experience

- Presidential Expert Staff, the Presidential Palace of the Republic of Indonesia (2019)
- Founding Partner, Purwono & Widyayanti (2018-present)
- Ministry Expert Staff, Ministry of Finance of the Republic of Indonesia (2013-2014)
- Partner, Christian Teo & Partners (2010-2018)
- Partner, Roosdiono & Partners (2008-2010)
- Head of Legal Division, PT Danareksa (Persero) (2005-2008)
- Senior Associate, Hadiputranto, Hadinoto & Partners (1997-2005)

Affiliations

There were no affiliations with members of the Board of Commissioners, Board of Directors, and Controlling Shareholder.



David Bingei

Member

David Bingei was appointed based on Decree of the Board of Commissioners Number 022/KPTS/K/DK/2019 of December 9, 2019.

Nationality : Indonesia
Age : 51 tahun
Domicile : Jakarta, Indonesia

Education Background

- Masters in Science from Londong Business School
- Corporate Finance (CF), Institute of Chartered Accountant, England and Wales
- CFA Level 1, CFA Institute
- IPAF Funds Advisor License, Capital Market Society

Work Experience

- Head of School, Master of Finance Department, Binus Business School (2006-2007)
- Teaching fellow, IPMI International Business School (2004-2006)

- Partner, Corporate Advisory & Structured Finance, Batavia Securities (2004-2009)
- Managing Director of Fidelitas Capital (2003-present)
- Senior Vice President, Head of Structured & Corporate Finance, Rabobank (2002)
- Vice President, Head of Structured & Project Finance and Debt Origination & Underwriting, ABN Amro Bank (1999-2001)

Affiliations

There were no affiliations with members of the Board of Commissioners, Board of Directors, and Controlling Shareholder.

Independence of the Investment Committee

All members of the Investment Committee are committed to strongly uphold the good corporate governance principles by being objective, professional, and independent. The Investment Committee shall not make decisions under pressure and due to interventions from any party, as well as commit to avoiding any conflict of interest. All members of the Investment Committee had no affiliations, both familial and business, with members of the Board of Commissioners and Board of Directors.

The Independence of Pertamina's Investment Committee of 2019

Name & Position in the Audit Committee	Familial, Economic or Organizational Affiliation		
	With the Major and Controlling Shareholder	With the Board of Commissioners	With the Board of Directors
Budi Gunadi Sadikin Investment Committee Chairman	None	None	None
Isa Rachmatarwata Vice Chairman	None	None	None
Yuni Rusdinar Member	None	None	None
Dini S. Purwono Member	None	None	None
David Bingei Member	None	None	None

Duties and Responsibilities

The duties of the Investment Committee are as follows:

1. Performing an evaluation on the Company's upstream-downstream activity plan (RJPP/RKAP).
2. Monitoring the Company's implementation of upstream-downstream activity based on the plan and budget (RJPP/RKAP) and the results analysis on the Company's upstream-downstream activity.
3. Performing an evaluation of the investment planning of upstream-downstream activities and the level of risks, which are measurable and in line with the strategies as well as its economy.
4. Monitoring the implementation of upstream-downstream investment activity and the investment's analysis results.
5. Reviewing the effectiveness of the implementation of investment policy for the upstream-downstream activities and the Company's management from the risk management aspect.
6. Providing reference materials and information for the Board of Commissioners related to the Company's upstream-downstream activities.
7. Providing feedback and recommendations on the Board of Directors' report regarding the Company's upstream-downstream activities.
8. Developing an annual work plan for the Risk Management Monitoring Committee.
9. Carrying out other duties assigned by the Board of Commissioners related to the Company's upstream-downstream activities.
10. Reporting the results of the Committee work to the Board of Commissioners.
11. Performing other assignments from the Board of Commissioners as well as assisting other Committees.

The Investment Committee's Meeting

In 2019, the Risk Management Monitoring Committee held an Internal Meeting, in which the management was invited for 13 (thirteen) times.

Description of the Investment Committee's Activities in 2019

In 2019, the Investment Committee performed an array of activities, which were:

1. Discouraging the RJPP of 2020-2026, but it has yet to be ratified as further improvements are required.
2. Providing approval for investment proposal, equity participation as well as the transfer of termination block throughout 2019.
3. Monitoring and evaluating the operations and investment performance, which were the subsidiaries' investment realization, the risk register of priority and strategic project, Geothermal performance and transfer of assets, fuel products' cost structure, oil spill management, HSE Performance, supply and working losses, the performance of LSCI and Refinery Directorate.





Secretary of the Board of Commissioners



Harnawan Santoso

Secretary of the Board of Commissioners

Nationality	: Indonesia
Age	: 56 years old
Domicile	: Bekasi, Indonesia

Legal Basis of Appointment and Term of Office

Decree Number 017/KPTS/K/DK/2019 of December 3, 2019

Education Background

- Bachelor Degree in Law, State University of Surakarta (1987)

Work Experience

- Technical Expert Strategic Advisor of PT Pertamina (Persero) (2018-2019)
- Main Seconded Staff of the Board of Commissioners of PT Pertamina (Persero) (2017)
- CSR & SMEPP Planning & QA Manager of PT Pertamina (Persero) (2016)
- BOC Support Manager of PT Pertamina (Persero) (2009-2015)
- Head of Commissioner Bureau (2007-2008)

Affiliations

There were no affiliations with members of the Board of Commissioners, Board of Directors, and Controlling Shareholder.

Duties and Responsibilities

Duties of Secretary of the Board of Commissioners are as follows:

1. Preparing meetings, including the Board of Commissioners' briefing sheet.
2. Developing minutes of meeting of the Board of Commissioners as per the Articles of Association.
3. Organizing the Board of Commissioners' documents, such as incoming and outgoing letters, minutes of meeting, and other documents.
4. Composing drafts of work plan and budget for the Board of Commissioners.
5. Composing the Board of Commissioners' reports' draft.
6. Performing other duties from the Board of Commissioners.
7. Ensuring the Board of Commissioners to complying with laws and regulations as well as imposing the GCG principles.
8. Providing information required by the Board of Commissioners periodically and/or at any time if needed.
9. Coordinating members of the Committees, if needed, to ease the duties of the Board of Commissioners.
10. Acting as a liaison officer for the Board of Commissioners and other parties.
11. Ensuring the activities-related documents in the environment of the Board of Commissioners are well-maintained in the Company.



Corporate Secretary



Tajudin Noor

Corporate Secretary

Nationality	: Indonesia
Age	: 53 years old
Domicile	: Bogor, Indonesia

Legal Basis of Appointment and Term of Office

Decree Number SKMJ-00014/K00000/2019-S8 of September 17, 2019

Education Background

- Bachelor Degree in Economic Management, Airlangga University, Surabaya (1992)
- Master's Degree in Business Management, IPB University, Bogor (2015)

Work Experience

- Finance & Business Support Director of PT Pertamina Lubricants (2017-2019)
- VP Treasury of PT Pertamina Geothermal Energy (2015-2017)
- BOD Support Manager of PT Pertamina (Persero) (2013-2015)
- Corporate Financing Manager of PT Pertamina (Persero) (2013)
- Financing Planning & Evaluation Manager of PT Pertamina (Persero) (2011-2013)
- Expert Staff of President Director (2010-2011)

Affiliations

There were no affiliations with members of the Board of Commissioners, Board of Directors, and Controlling Shareholder.

Duties and Responsibilities

The duties of Corporate Secretary are as follows:

1. Determining and stipulating the corporate communication strategy internally and externally, including but not limited to the management of media communication, corporate brand, and the company's internal communication to establish and amplify Pertamina's image and reputation from the standpoint of the stakeholders.
2. Directing, monitoring, and evaluating relationships with the company's stakeholders, including but not limited to the shareholders, bondholders/financial investors, government, legislatures, judiciary, NGOs, Indonesian National Armed Forces (TNI), Indonesian National Police (POLRI), embassies, and international stakeholders, as well as ensuring equal precedence of the Board Management with relevant stakeholders to gain recognition, acceptance, and sustainable relationship between the company and stakeholders, as well as to advance the interests of Pertamina.
3. Directing, monitoring, and evaluating the compliance review on laws and regulations issues that influence the capital market.



4. Directing and determining strategies as well as running Pertamina's Corporate Social Responsibility & Small Medium Enterprise Partnership Program (CSR & SMEPP) effectively and accurately for the community, particularly surrounding the company's operation area, and strengthening the small businesses capability to become self-sufficient, giving added values to the company in conjunction with the implementation of Law Number 40 of 2007 on Limited Liability Companies and Law Number 19 of 2003 on State-Owned Enterprises as well as realizing sustainable business.
5. Managing corporate activities related to the reporting to Shareholders, such as preparing the Company's Annual Report, Sustainability Report, and holding General Meeting of Shareholders.
6. Determining and controlling activities related to the supports for the Board of Directors and Board of Commissioners' activities, including the management of administration and secretarial affairs of the President Director & CEO in complying with good corporate governance.
7. Managing Pertamina's data and information, especially for the interests of external stakeholders, including the collection of information materials and documentation; services and verification of public information, which to be accessed by the general public and company stakeholders to realize the implementation of GCG principles.
8. Managing the planning, utilization, and accountability of budget in the environment of Corporate Secretary in accordance with the Company's authorization.
9. Managing the planning, placement, and training of employees in the environment of Corporate Secretary.
10. Preparing and submitting reports regarding the Corporate Secretary management periodically to the President Director & CEO.

Internal Audit Unit

Internal Audit Unit Charter

Pertamina's Internal Audit Unit has Internal Audit Unit Charter that was signed by the President Director & CEO, Acting President Director & CEO, and Chief Audit Executive in May 2018.

The duties and responsibilities of the Audit Internal Function, as stated in the Internal Audit Charter are as follows:

1. Preparing and proposing an annual supervisory work plan/ annual audit plan as well as a budget plan to obtain an approval from the President Director & CEO.
2. Performing supervisory activity through assurance and consulting services throughout the entire work units in the Company.
3. Coordinating supervisions with the Subsidiaries' Internal Audit and thr Company's affiliates.
4. Testing and evaluating the effectiveness of risk control and management.
5. Reviewing periodical reports.
6. Performing compliance checks to relevant laws and regulations.
7. Identifying alternative improvements and efficiency enhancement of the Company.
8. Coordinating with Audit Committee.
9. Reporting the supervision results to the President Director & CEO and competent recipients.
10. Monitoring the follow-up results of an internal audit, external audit, and other supervisory agencies
11. Coordinating with Audit Committee
12. Coordinating with the Compliance Function/Chief Compliance Officer as well as other relevant parties in following up the complaints through Whistleblowing System (WBS) and public complaints, or other parties in accordance with prevailing provisions.
13. Carrying out an investigative audit on issues that could raise potential loss to the Company.
14. Performing evaluation and quality improvement activities (improvement program) in supervising interns.
15. Reportin the supervisory activity to the Board of Commissioners cq. the Audit Committee.
16. Conducting other assignments mandated by the Board of Directors and/or the Board of Commissioners.



Faisal Yusra

Chief Audit Executive

Nationality	: Indonesia
Age	: 54 years old
Domicile	: Bogor, Indonesia

Legal Basis of Appointment and Term of Office

Decree of the President Director of PT Pertamina (Persero) Number Kpts.P-166/C00000/2017-S8 of 15 September 2017.

Education Background

- Bachelor of Electronic Engineer from North Sumatera University, Medan (1987)
- Bachelor of Law, Tridharma University, Balikpapan
- Postgraduate Degree in Economics, Jenderal Sudirman University, Purwokerto (2001)

Work Experience

- VP Quality System & Knowledge Management Pertamina
- Quality Management Manager of PT Pertamina (Persero)
- Assistant to Contract Manager – Integrated Supply Chain
- Assistant to Supervision Manager of the Refinery Directorate
- Assistant to Bang Sis. Ops Fuel Refinery Directorate of Processing

Affiliations

There were no affiliations with members of the Board of Commissioners, Board of Directors, and Controlling Shareholder.

During the preparation of this Annual Report, Faisal Yusra was transferred from the position Chief Audit Executive to SVP Supply, Distribution & Infrastructure in accordance with Decree of the HC Director of PT Pertamina (Persero) Number SKMJ-00018/K00000/2019-S8 on Job Transfer of 8 October 2019. Up to date, the position Chief Audit Executive in Pertamina (Persero) remains vacant.



Number of Employees (Internal Auditor) in the Internal Audit Unit

In 2019, the number of positions filled in the Internal Audit Unit was 136 out of 189 existing positions, and 53 positions or 28% were still vacant with the following details:

No.	Internal Audit Function	Formation	Occupied	Vacant
1	Chief Audit Executive	2	0	2
2	Audit Planning & Quality Assurance	13	12	1
3	Upstream & Gas Internal Audit	17	14	3
4	Downstream Internal Audit	83	64	19
5	Corporate Internal Audit	33	23	10
6	Strategic Project Internal Audit	13	6	7
7	ILC Internal Audit	9	4	5
8	Investigation Audit & WBS	19	13	6
Total		189	136	53
Percentage		100%	72%	28%

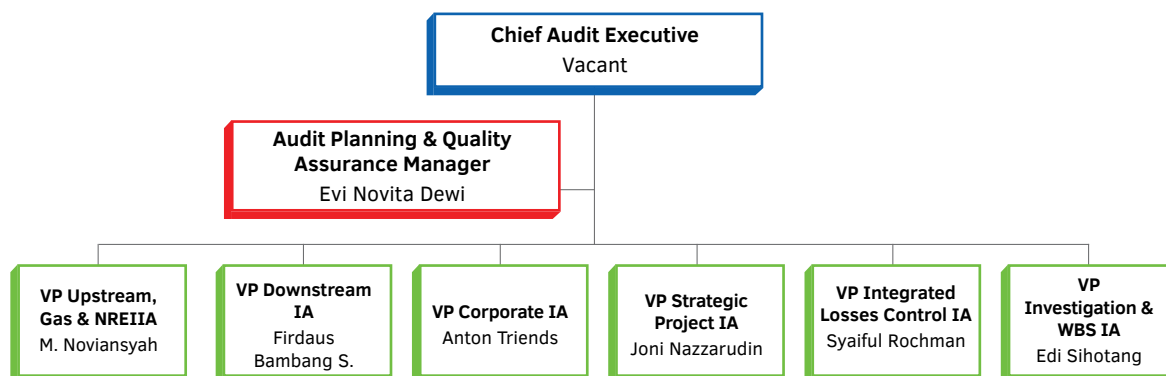
Professional Certification of Internal Audit

PT Pertamina (Persero) has their employees from the Internal Audit Function participated in competence development program conducted through certification program (national and international) and non-certification program through training/workshop, both held inhouse and by an external party. The professional certificates owned by the employees of Internal Audit, among which are CIA, CFE, CISA, CRMA, CCSA, QIA, CPA, CRMP, and CFrA. The certificate holders are located across the Holding Company and Subsidiaries with details as follows:

Type of Certification	Number of Certificate Holders in the Internal Audit Function		
	Company	Subsidiaries	Total
National Certificates			
Qualified Internal Audit (QIA)	132	111	243
Certified Risk Management Professional (CRMP)	5	7	12
Certified Forensic Auditor (CFrA)	31	12	43
Certified Public Accountant (CPA)	1	2	3
International Certificates			
Certified Internal Auditor (CIA)	7	2	9
Certified Information System Auditor (CISA)	8	1	9
Certified Fraud Examiner (CFE)	18	20	38
Certified Control Self-Assessment (CCSA)	2	3	5
Certified Risk Management Assurance (CRMA)	1	1	2

Position of the Internal Audit Unit in the Company Structure

The Internal Audit Function is directly located under the President Director & CEO to guarantee the independence of all audit activities. The Internal Audit Function is led by Chief Audit Executive, who has adequate academic qualifications and competencies in performing its duties and responsibilities. The Chief Audit Executive is appointed and dismissed by the President Director & CEO with the approval of the Board of Commissioners. The organizational structure of the Internal Audit Function is regulated through Decree of Human Capital and General Affairs Director Number Kpts-049/K00000/2018-S0 of 18 October 2018 on the Organizational Structure of the Internal Audit of PT Pertamina (Persero).



Authorities who Appoints and Dismisses Chief Audit Executive

In accordance with the Internal Audit Charter of PT Pertamina (Persero), the Chief Audit Executive is appointed and dismissed by the President Director & CEO with the approval of the Board of Commissioners.

consisting of 25 Audit Findings Reports, 10 Investigative Audit Findings Reports, and 8 Consultation Findings Reports.

Of the 516 findings that needed further follow-up in 2019, a total 498 (97%) findings were followed up by the management of PT Pertamina (Persero).

Description of the Internal Audit Unit Activities for the Fiscal Year

According to the Audit Management System (AMS) data, in 2019 the Internal Audit Function issued 43 reports,

In 2019, the Internal Audit Function escorted 8 audit assignments from the Audit Board of the Republic of Indonesia (BPK RI), 22 assignments from the Finance and Development Supervisory Agency (BPKP); and served as a counterpart for the Public Accounting Firm in the audit of PT Pertamina's Financial Statements for the 2018 Fiscal Year.

Public Accountant

Upon performing the audit on the financial statements, the Company appoints a Public Accounting Firm (KAP), which has been agreed upon through the GMS based on the Board of Commissioners' recommendation. Information on the list of Public Accounting Firms, including the opinions provided for Pertamina's financial statements for the last 5 years is as follows:

Public Accounting Firms Appointed by Pertamina in 2015-2019

Fiscal Year	Name of Public Accounting Firm	Public Accountant	Opinion
2019	KAP Purwantono, Sungkoro & Surja (EY)	Drs Hari Purwantono	Opinion without modification with a paragraph of other matters
2018	KAP Purwantono, Sungkoro & Surja (EY)	Drs Hari Purwantono	Opinion without modification with a paragraph emphasizing one matter and a paragraph of other matters
2017	KAP Purwantono, Sungkoro & Surja (EY)	Drs Hari Purwantono	Opinion without modification with a paragraph of other matters
2016	KAP Purwantono, Sungkoro & Surja (EY)	Drs Hari Purwantono	Opinion without modification
2015	KAP Purwantono, Sungkoro & Surja (EY)	Drs Hari Purwantono	Opinion without modification with a paragraph emphasizing one matter and a paragraph of other matters

The audit cost of the 2019 Financial Statements amounted to Rp33,871,208,078 (excluding VAT), including the cost of the financial statements audits of 13 Subsidiaries, Partnership and Environmental Development Program (PKBL), and Pertamina Pension Fund. In this work relationship, there were no affiliations between the auditors and the Company's Board of Directors/Board of

Commissioners/Shareholders. Aside from conducting a general audit on the Consolidated Financial Statements of PT Pertamina (Persero) for the fiscal year of 31 December 2019, KAP Purwantono, Sungkoro & Surja also provided other services, which are included in the audit cost:

1. General audit on the Consolidated Financial Statements of PT Pertamina (Persero) of the 2019 Fiscal Year.



2. Audit on compliance with prevailing Laws and Regulations and internal control (IFAS62) for the year ending 31 December 2019.
3. Agreed-Upon Procedure regarding the Performance Evaluation Report of PT Pertamina (Persero) for the year ending 31 December 2019.
4. Agreed-Upon Procedure regarding the Report on the Implementation of Prudential Principles in the management of foreign debt of non-bank corporation of PT Pertamina (Persero) for the year ending 31 December 2019.
5. Management Letter over the Consolidated Financial Statements of PT Pertamina (Persero) and Subsidiaries, including the Management Letter to the Subsidiaries, PKBL, and Pertamina Pension Fund for the fiscal year ending 31 December 2019, which emphasized on the effectiveness of internal control.
6. Agreed-Upon Procedure regarding the Achievements Report of Management Contract for the year ending 31 December 2019.

Risk Management

Pertamina, as are other energy companies, has been confronted with a certain business condition in which the volatility, uncertainty, complexity & ambiguity (VUCA) is high. This condition caused the increase in Pertamina's risk exposure. Thus, risks have become an inherent aspect that should be considered in all of Pertamina's line of businesses. Enterprise Risk Management (ERM) was established to minimize the potential loss as well as costs incurred related to the achievements of the Company's Work Plan and Budget and Long-Term Plan. The Risk Management was also expected to maximize opportunities, maintain conducive work environment, build the investors' trust, amplify shareholder value, promote sound Corporate Governance, anticipate rapid environmental change, and integrate corporate strategy.

The basis of implementing Risk Management in Pertamina adheres Regulation of the Minister of State-Owned Enterprises Number PER-01/MBU/2011 on Implementation of Good Corporate Governance in State-Owned Enterprises, especially Article 25 concerning the fulfillment of obligations to implement Risk Management.

Additionally, Pertamina has a basis in the form of:

1. Pertamina's Risk Management Charter as a form of the Board of Directors' commitment regarding the implementation of Risk Management, which was renewed and signed on 1 November 2017.
2. Work Procedure System of Enterprise Risk Management Number A002/H30000/2015-S0 Revision 1 of 3 October 2016, containing Pertamina's prevailing Risk Management Guidelines.
3. Organizational Structure (TKO) & Work Procedure for Individuals (TKI), containing technical guidance on Risk Management.

The basis of Risk Management in Pertamina was established to realize Pertamina's Enterprise Risk Management (ERM) Roadmap, which pointed at the maturity of risk management with the stages of low non-existence, basic, mature, mature growth, and advance optimization. This ERM Roadmap will act as a reference for implementing and evaluating the Risk Management in Pertamina. Currently, the risk management has reached stage 4, Habit, which is expected to become one of Pertamina's work culture by the end of 2026.



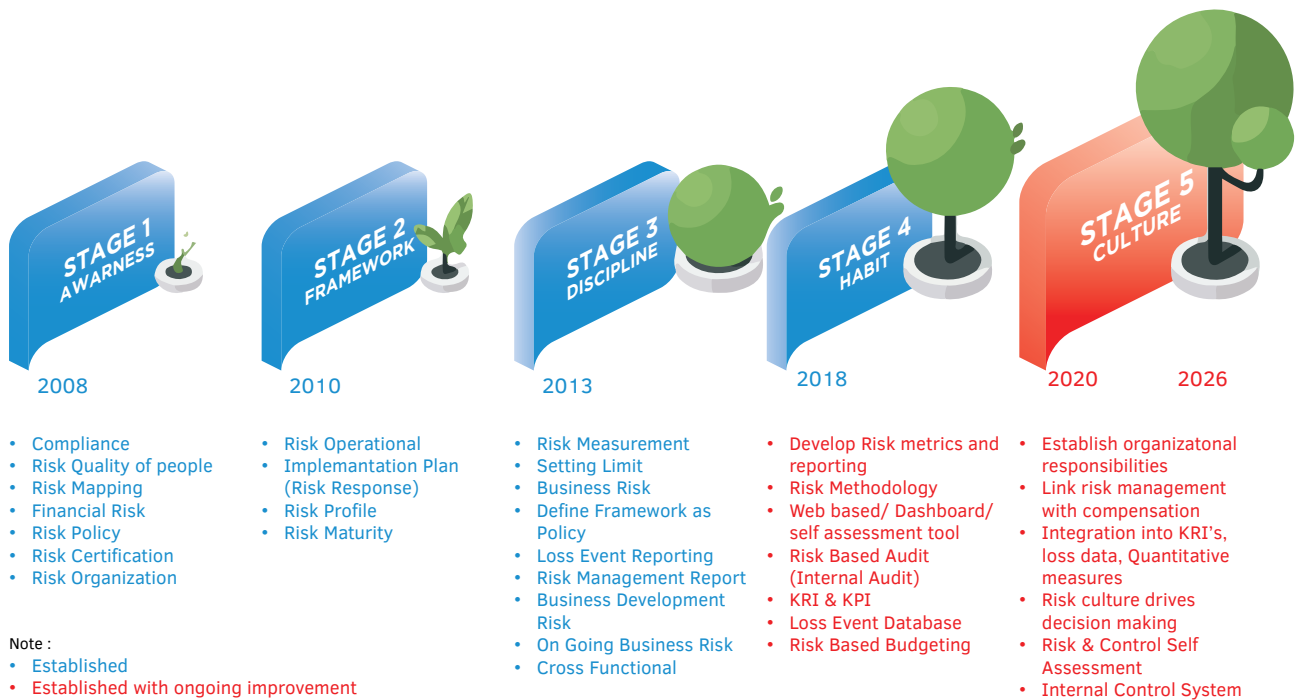


Diagram of Pertamina's Enterprise Risk Management Roadmap of 2008-2016

ISO 31000:2018 as Pertamina's Risk Management Framework

Pertamina started to implementing the ISO 31000:2018 as a quality standard in risk management, showing a development from the previous standard, ISO 31000:2009. The standard consists of principles, framework as well as guidelines in risk management.

In Pertamina, the implementation of ISO 31000:2018 as a basis to risk management framework, is conducted in an integrated manner in accordance with the Company's environmental condition and business process. Thus, Pertamina performed an adjustment in the implementation of ISO 31000:2018 as per the Company's characters of business, organization, and culture to support the achievement of ERM goals in the company. The three main foundation in ISO 31000:2018, implemented in Pertamina's risk management consists of Risk Management Principles, Framework, and Process.



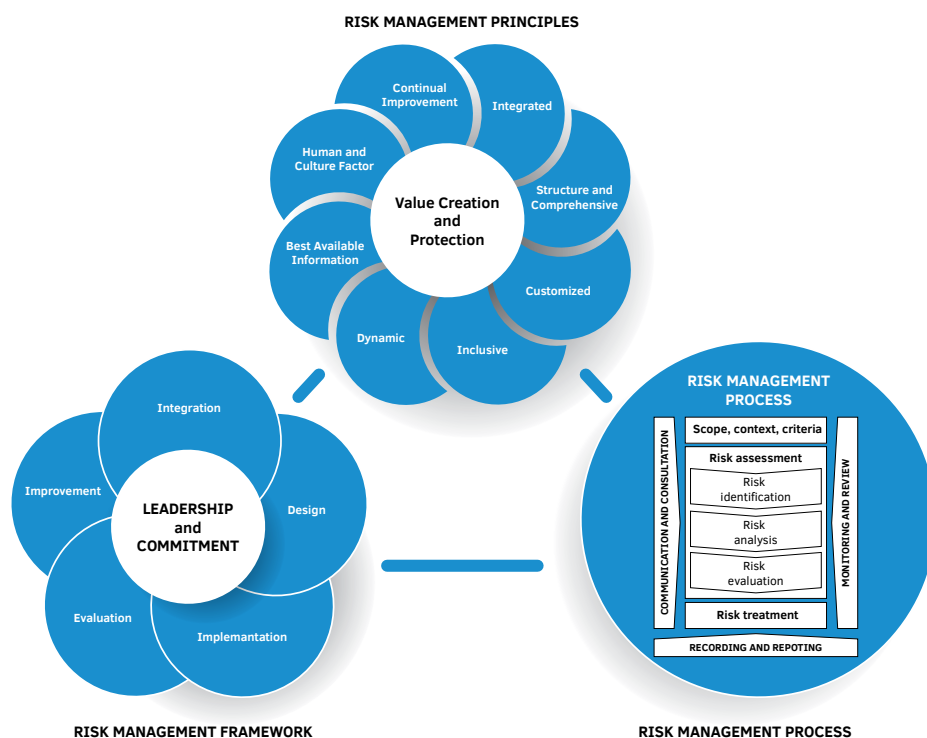


Diagram of Pertamina's Risk Management: Principles, Framework, and Risk Management Process

Implementation of ISO 31000:2018 in Pertamina

The ISO 31000:2009 started to be implemented in Pertamina in 2011. The implementation of the framework was exercised in stages, starting from the drafting of policy up to the risk management process. In August 2018, there were changes in the risk management principles, framework, and process based on the ISO 31000:2018. For the most part, the ISO 31000:2018 emphasizes on protecting and creating the value. It is the responsibility of all line of businesses of the company in maintaining and creating corporate values by implementing risk management in each process. The implementation of ISO 31000:2018 can be described as follows:

1. Mandate and Commitment

The mandate and commitment of Pertamina's Board of Directors were developed as a form of the Board's commitment in weighing the risk aspect in every decision making. Such mandate and commitment of the Board of Directors refer to the Risk Management Principles in ISO 31000:2018, and are stated in Pertamina's Risk Management Charter, which was inaugurated and signed by all of the Board of Directors on 1 November 2017.

The Risk Management Charter of Pertamina then became the foundation in implementing Risk Management in Pertamina, with the support of Work Procedure System, Organizational Structure, and Work Procedure for Individuals. The foundation is a reference for all employees in managing the risks in each Directorate and Direct Report to CEO Function.

2. Preparation of Pertamina's Risk Profile

The preparation of Pertamina's Risk Profile was conducted using Fault Tree Analysis (FTA) and Failure Mode Effect Analysis (FMEA) methods. The combination of these two methods can identify top-down and bottom-up risks, which can produce more comprehensive risk profile. Pertamina's risk profile was established based on the aspirations of the Board of Directors, which were expected to encompass strategic and operational risks.

The risk profile preparation of Pertamina refers to the Risk Management Process in ISO 31000:2018, consisting of context determination, identification, analysis, evaluation, management, and monitoring of risks. The context determination in preparing risk profile is limited for ongoing business risk and business development risk, which could occur potentially during 1 budget year, and has impacts financially and by reputation, strategically, legally, and other business aspects. Risk owner as the first-line defense and frontline business unit in risk management performs risk identification, which inherent in each process and business unit, as well as risk causes (Risk Agent), key risk indicator (KRI), positive factor (control), and risk impacts. Subsequently, risk analysis is conducted by the Risk Owner, both qualitative and quantitative, based on historical data and expert judgement. The commonly-used risk analysis method is Value at Risk (VaR) and Delphi Method.

Risk evaluation is then performed based on the previous analysis results to make a decision if further risk management is necessary, including the type of risk measures taken to address Risk Agent effectively and efficiently. Each stage above is continuously accompanied with a process of communication and consultation, aiming to ensure the risk owner understands and implements the Risk Management in accordance with the corporate policy. Such process is documented in Risk Register.

The Risk Register that has been developed by the Risk Owner is consolidated by each Directorate, Direct Report to CEO Function, and Subsidiaries based on threshold and challenge session results with the respective highest leadership. The Corporate Risk Management, in this case, the ERM Function is to consolidate the Top Risk of Directorate, Direct Report to CEO Function, and Subsidiaries, which has been approved by the respective highest leadership to be developed into Pertamina's Top Risk.

The management of Pertamina's Top Risk is the responsibility of the Risk Management Committee, consisting of all Pertamina's Directors. By implementing risk management, both at the corporate and functional levels, it is expected to increase assurance for all Pertamina's stakeholders in achieving the corporate target.

3. Monitoring & Review

Risk Owner has the obligation to carry out a mitigation plan and ensure that the implemented mitigation gives an effect to reducing the impact scale, risk scale, and both. Such activity is, then, reported quarterly to the Corporate Risk Management. In each activity, the Risk Owner and the Risk Management Directorate/Direct Report to CEO Function may consult the Corporate Risk Management.

The implementation of Risk Management in Pertamina could be implemented well due to being supported by the organizational structure that is held accountable for in each Directorate, Function, and Subsidiary; and coordinated by the Corporate Risk Management. Additionally, the well-executed risk management in Pertamina is a result of having risk management accepted as one of the key performance indicator (KPI) under the name Enterprise Risk Management for the level of Director, and Risk Management Implementation to help promote risk management in all line of businesses.

Evaluation over the Effectiveness of Risk Management System

In 2018, a maturity assessment was conducted on Pertamina's Risk Management. The approach for maturity assessment on the integrated risk management used in PT Pertamina (Persero), including the subsidiaries of PT Pertamina (Persero) is as follows:

1. An e-questionnaire survey conducted on employees at the level of Manager and Basic Management; as well as,
2. Interviews conducted on the Subsidiaries' Board of Directors of PT Pertamina (Persero)

Based on the assessment results, the maturity of Pertamina's risk management has reached the Mature Growth level with a number of opportunities for improvement that needs to be implemented to increase the maturity across Pertamina. One of the measures in the opportunity for improvement was to strengthen the three lines of defense. In 2018, Pertamina started determining the functions relevant to the management of three lines of defense in Pertamina. In the following year, the management of three lines of defense was established and regulated in the Risk Management Guidelines. In general, the management of three lines of defense can be viewed through the graphic below:

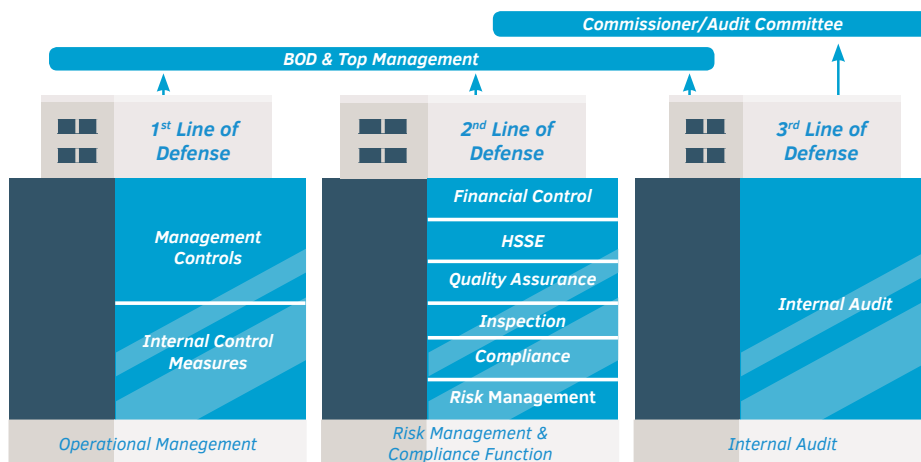


Diagram of the Three Lines of Defense Implementation in Pertamina's Risk Management



The three-lines of defense model shows the role of each stage in controlling the risk management. The risk management evaluation in Pertamina is divided into 2 parts, namely Risk Management Audit and Risk-Based Audit (RBA). The Risk Management Audit is a review and evaluation of the established risk management policy, whereas RBA is an audit of the risk management policy across all lines of businesses. The RBA derives from output of Risk Register. This Risk Register is one of the most important materials in the one-year audit plan. In principle, the auditors will perform a sampling evaluation on the effectiveness of risk management implementation to the identified risk potentials stated in the audit plan. The examination results are to be submitted in recommendations or findings and to be reported to the Corporate Risk Management and Risk Owner. The recommendations or findings are expected to be a reference for updating the Risk Register and/or developing mitigation improvements or additions to be more effective.

Moreover, the implemented opportunity for improvement was by aligning the strategic planning policies and operationalization, company performance measurement, and company risk management that were regulated through the updated Risk Management Guidelines, Organizational Structure, as well as Work Procedures for Individuals. The alignment of the policies was expected to create an enterprise-wide risk management, contributing maximum benefits for the Company.

Risks Faced by Pertamina and their Management

Robust development in energy business triggers new risks that will be faced by Pertamina. This circumstance encourages Pertamina to identify new risks that all of Pertamina's business lines are expected to constantly vigilant towards the Company's internal and external conditions.

The risk management process conducted by Pertamina is an accurate process to identify the Company's risks. In 2019, there were 3,251 risks with 2,579 qualitative risks and 672 quantitative risks. According to the identification results, the following risk profile, which was of concern to the Board of Directors, was in line with Pertamina's Risk Intelligence Map (RIM):

1. Strategic and Planning Risk

The Strategic and Planning Risk refers to risks related to Pertamina's strategic planning, such as corporate

responsibility & sustainability, external factors, planning, project, and strategy. The strategic and planning risk experienced by Pertamina, among which were the Risk of Failing to Achieve the Targeted Oil and Gas Production, the Risk of Failing to Fulfill the Crude Oil Needs, and the Risk of Failing to Realize the Investment Target

2. Financial Risk

The Financial Risk is a risk that of related to business activities in accounting, credit, liquidity & finance intelligence, financial market, planning & budgeting, and operational, putting Pertamina at financial loss. The arising risks due to business activities, among which were the risk of movement or fluctuation of market variables, including commodity prices, interest rate, and oil prices as well as the risk of an event of default (Global Bond) and cross default (Corporate Loan).

3. Operational and Infrastructure Risk

The Operational and Infrastructure Risk is a risk that of related to Pertamina's operational and infrastructure activities, such as corporate assets, human resources, information technology, external events, legal, process management, product development, and sales, marketing, and communications. The Operational and Infrastructure Risks faced by Pertamina, among which were Occupational Health and Safety Risks, Environmental Pollution Risks, and Pertamina's Non-Optimized Assets Risks.

4. Governance Risk

The Governance Risk is a risk that is caused by the lack of or non-compliance with Pertamina's corporate governance and business ethics in managing Pertamina. The Risk of Diminishing Brand Equity of Pertamina and the Risk of Loss in Implementing the PSO Fuel Assignment are the main risks that required Pertamina's attention.

5. Compliance Risk

The Compliance Risk is a risk that of related to Pertamina's business activities, which are engendered by the lack of or non-compliance with regulations. There were two main risks encountered, namely the Risk of Declining GCG Assessment and the Risk of Fraud.

6. Reporting Risk

The Reporting Risk is a risk that of related to Pertamina's obligations in submitting reports to the concerned



parties/shareholders. The Risk of Financial Statements and Management Report for Being Untimely, Unreliable, and Unfair as well as the Risk of GMS Falling Behind Schedule were two main risks requiring attention.

The mitigation plan that was developed during the risk identification process was undertaken with the aim of reducing the impacts and the probability of risks occurring. The mitigation measures conducted on Pertamina's risks were as follows:

1. Strategic and Planning Risk

The mitigation efforts performed to address the Risk of Failing to Achieve the Targeted Oil and Gas Production and the Risk of Failing to Fulfill the Crude Oil Needs were by exploring new reserves organically and inorganically, oil products diversification as well as seeking and developing other alternative energy (new and renewable energy).

2. Financial Risk

The Risk of Movement or Fluctuation of Market Variables, including Commodity Prices, Interest Rate, and Crude Oil Prices could be mitigated by performing Foreign Exchange Hedging transactions, seeking out competitive loan interest rates as well as performing market risk analysis. On the other hand, the risk of an event of default (Global Bond) and cross default (Corporate Loan) were mitigated by analyzing the covenant periodically.

3. Operational and Infrastructure Risk

To address the Risks of Occupational Health and Safety as well as Environmental Pollution, Pertamina increased the employees' safety awareness through training program and registered the safety aspect as one of the KPIs for all employees. The Risk of Pertamina's Non-Optimized Assets was mitigated by performing improvements, maintenance, rejuvenation of production assets with new technology.

4. Governance Risk

The Risk of Off-Target CSR Program was mitigated by carrying out the top-down approach strategy to ensure the implementation of program at operational level as well as monitor the CSR implementation. Downstream optimization and alpha adjustment proposal in PSO Fuel was conducted to mitigate the Risk of Loss in implementing the PSO Fuel Assignment.

5. Compliance Risk

The mitigation measures for the Risk of Declining GCG Assessment were socialization and internalization of GCG, monitoring on Report of State Official Assets (LHKPN) compliance as well as assessment by external party. The Risk of Fraud was addressed by implementing Whistleblowing System and performing an audit periodically as well as introducing the parameters in preparing the ISO 37001 Anti-Bribery Management System certification.

6. Reporting Risk

The Risk of Financial Statements and Management Report for Being Untimely, Unreliable, and Unfair was mitigated by reconciling data periodically, utilizing business process control (BPC) as well as system improvements related to actual costing configuration. The mitigation measure for the Risk of GMS Falling Behind Schedule was by preparing and holding Pre-GMS, Circular, and RJPP GMS.

Through these mitigations, Pertamina's risk profile, which was previously at high risk could be curbed to low risk, or in accordance with the Risk Management Committee's appetite.

The 2020 risk management strategy should be able to include and consider the business condition in 2020. The implementation of Risk Management should be able to provide early warning through a comprehensive business analysis by continuously carrying out the implemented risk management, coupled with a further detailed mitigation monitoring, which will be described in the 2020 Top Risk Monitoring Report of Pertamina.

Specifically, the Board of Directors has an aspiration instilled in Pertamina's risk management strategy, namely by designing effective work programs, ensuring efficient coordination among Directorates, performing an evaluation related to strategic projects as well as conducting facilities and services enhancement for the employees.

Pertamina's Risk Management Achievements

The ever-evolving developments in the digital era has encouraged Pertamina to initiate digitalization, in which risk management is included. Thus, since 2014 the Enterprise Risk Management was motivated to establish a



system that can be accessed in real-time. The ERM System was formed to ease the Risk Owner in registering risks and function as a risk database for Pertamina. Replenishment in the ERM System started in 2016 and continues to grow until now. Aside from facilitating the Risk Owner in registering the risks, the ERM System is also expected to function as a risk management dashboard, which could be directly monitored by the Board of Directors.

Pertamina's business lines are divided into Ongoing Business and Business Development that Pertamina's risk management needs to be differentiated to these two business lines, similarly with the establishment of the ERM System. In general, the ERM System is categorized into management for the Ongoing Business and Business Development. The operating flow or system was formed in accordance with Pertamina's operational standards.

As one of the recognitions and awards for the implemented risk management, Pertamina received an appreciation at ASEAN Risk AWARDS, which was held by Enterprise Risk Management Academy (ERMA) in 2017 and 2018. In 2017,

Pertamina participated in the ASEAN Risk Award for the first time and was awarded as a Runner Up in the category of Risk Champion. The award was bestowed on to organizations that were proven to be able to create innovations in the company's risk management. In 2018, more achievements were gained by Pertamina with 4 (four) nominations from the ASEAN Risk Award, which were for Risk Technology, Public Initiative, Public Risk, and ASEAN Risk Champion. Of the four nominations, Pertamina won the Runner Up award for the category of Risk Technology and the highest title from the ASEAN Risk Award, which was ASEAN Risk Champion.

Appreciations for Pertamina's well-performed risk management were also seen in the multiplying number of Companies, both state-owned enterprise and private, which carried out a comparative study of risk management to Pertamina. As of 2019, Pertamina received a request of benchmark from dozens of companies, consisting of mining, aviation, finance, automotive, fertilizer, railway, electricity, armament, cement, insurance, property, steel, highway operator, air navigation, construction, airport management, surveyor, and university.

Internal Control System

Pertamina regulates the procedures and conduct of Pertamina's employees through the Code of Conduct as well as the operation control of the business process in accordance with the work procedure system prevailing in each function.

Pertamina's employees are committed to performing operations in a safe, expedient, and environmentally-friendly manner by applying high standards to the aspects of health, safety, security, and environment. The employees are also given the mandate to perform business activities with integrity and professionalism, without conflict of interest, zero tolerance for bribery, the highest reverence to trust, and based on the good corporate governance principles.

In controlling the financial activities, Pertamina stipulates a policy on Internal Control over Financial Reporting (ICoFR) as well as its evaluation. The application of this policy directs, performs, evaluates, and reports internal control, both at entity and transactional level, including the internal control, facilitated by Information & Technology (IT General Control & IT Application Control).

Long-term-wise, the implementation of ICoFR provides assurance for the stakeholders over the effectiveness of internal control in financial reporting and deepens the trust to the Company and its Management.

- a. The conformity of internal control system with the internationally-acclaimed framework (COSO – Internal Control Network)

The internal control system of Pertamina is in line with the internationally-acclaimed internal control system, namely Committee of Sponsoring Organizations of the Tradeway Commission (COSO).

Pertamina's internal control system consists of 5 components, which are control environment, risk assessment, control activities, information and communication, and monitoring. Regarding the internal control, the supervision of risk management aspect is conducted based on the ISO31000:2009 Risk Management – Principles and Guidelines. The conformity of internal control system with the COSO framework aims for Pertamina to have the ability to determine a target, which aligns with the Company's vision and mission, ensure the



effectiveness and efficiency of resources use, prioritize the reporting reliability, and comply with prevailing laws and regulations.

- b. Description on the review findings over the implementation of internal control system in the fiscal year.

Referring to the three-lines of defense model, the internal control management in Pertamina is realized in multi-layers. All business owners conduct internal control at the level of third-line defense through assurance activities. Such assurance activities are carried out to give an opinion to the effectiveness of internal control, designed and

practiced by the first line of defense as well as evaluated by the second line of defense.

Through assurance and consulting activities performed in the aspect of risk management, control, and governance, the Internal Audit Function gives recommendations regarding the ineffective improvements in internal control. The business owner, then, is held accountable for following up on the related recommendations, leading to the immediate improvement in the weakening internal control and the mitigated risk of business process achievements.

Code of Conduct

Fundamentals of Code of Conduct (COC)

The code of conduct or ethical guidelines of Pertamina are reflected in the latest Code of Conduct, which was ratified in 2017 and an improved version from the previous COC. The COC contains provisions concerning vision, mission, excellent values, GCG principles, and behavior models with details as follows:

1. Operations that meet the aspects of health, safety, security, and environment.
2. Human capital that includes integrity in working, professional attitude at work, equal career opportunity, as well as avoidance of discrimination.
3. Commitment to business partners and customers, encompassing fair business competition; gifts, banquets, and entertainment; money laundering; as well as, commitments to the customers.
4. Commitment to shareholders and stakeholders, including commitment to the government as a shareholder; commitment to the stakeholder; social and environmental responsibility; political activity & professional organization; as well as, public information disclosure.
5. Protection to the Company's assets, with the principal

provisions to protect the Company's assets; data and information confidentiality; intellectual property rights; as well as the Whistleblowing System.

The COC Book can be downloaded through www.pertamina.com.

Enactment of Code of Conduct for All Organizational Levels

Pertamina's Code of Conduct is binding and effective for all members of the organization across Pertamina. This Code of Conduct was signed by the President Director & CEO and President Commissioner of the Company, and it was enforced under Decree of the President Director Number Kpts-42/C00000/2017-S0 of 22 June 2017. This guideline serves as a guidance for Pertamina's employees to continuously act in accordance with the standards stipulated by the Company, which oriented towards the GCG values and principles.

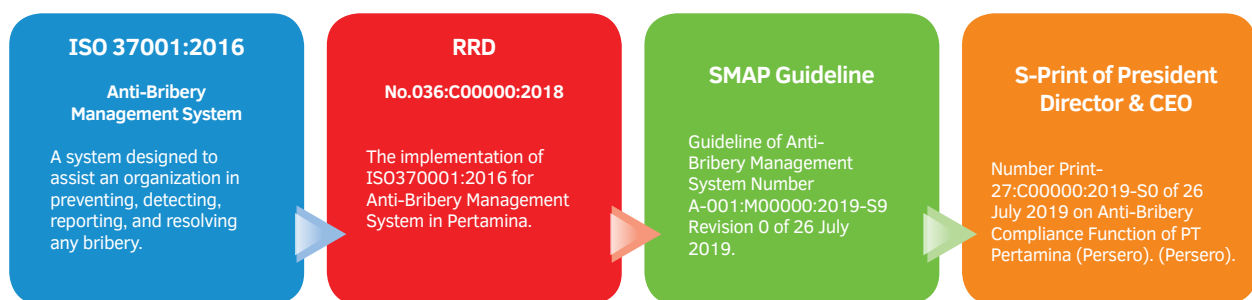
Socialization and Dissemination of Code of Conduct

The socialization and dissemination of Code of Conduct is applied throughout Pertamina's functions and directorates through the Compliance Online System portal, face-to-face socialization, and the GCG champion establishment.

Anti Gratification Policy

Pertamina realizes the diverse business activities in the oil and gas industry, which pose risks of gratification. Therefore, Pertamina has Guideline of Gratification, Rejection, Acceptance, Gifts, and Entertainment Number A-002/N00010/2012-S0 that regulates all Pertamina's employees to be avoided from gratification incidents.

The policy is socialized to all employees of Pertamina and the Subsidiaries. Additionally, Pertamina participates in activities commemorating World Anti-Corruption Day (HAKORDIA), which is held by Corruption Eradication Commission (KPK). Aside from the anti-gratification policy, Pertamina also has several other policies and implementations to avoid bribery practices. Below is the basis of the implementation of anti-bribery management system in Pertamina.



Basis of the Implementation of Anti-Bribery Management System in Pertamina

Obligation of State Official Wealth Report (LHKPN)

Pertamina complies with the provisions of the State Official Wealth Report (LHKPN) in accordance with Law Number 28 of 1999 on Good Governance, Free of Corruption, Collusion, and Nepotism. Therefore, through Decree Number Kpts-70/C00000/2017-S0 of 30 November 2017, President Director and CEO of PT Pertamina (Persero) stipulates that LHKPN is mandatory for:

1. The Board of Commissioners of Pertamina and Subsidiaries
2. The Board of Directors of Pertamina and Subsidiaries
3. Senior Vice President/equivalent

4. Vice President/equivalent in Pertamina and Subsidiaries
5. Manager/equivalent in Pertamina and Subsidiaries
6. Area/Unit/Region Manager
7. Commissioners of Subsidiaries who are not Seconded Staff

In 2019, the Taxpayers in the environment of PT Pertamina (Persero) and Subsidiaries who fulfilled the obligation of LHKPN amounted to 2,089 people of the total Taxpayers of 2,238 people (LHKPN compliance rate of 93%).

Policy on Participation in Politics

To meet the principles of good corporate governance (GCG), Pertamina implements a policy on lobbying, political contribution, and political involvement acted by the Company's employees. In practice, Pertamina is committed to present neutral behavior by not participating directly or indirectly in political party activities and donating or contributing in any form.

Pertamina's commitments are stated in Pertamina's Code of Conduct and Circular Letter of the Human Capital Director Number E-14/K00000/2018-S8 on Reaffirmation of the Neutrality and Prohibition of the Use of SOE Resources in Practical Political Activities in Executive and Legislative Election, which emphasizes the following:



- Pertamina's employees are prohibited from engaging in political activities in the Company and making donations and providing other assistance in any form that takes the name of the Company, including the use of facilities, facilities and funds of the Company for the benefit of Political Parties.
- Pertamina's employees are prohibited from carrying, installing, displaying, as well as wearing Political Party's symbols, pictures, and/or ornaments in other workplace offices/public facilities of the Company.
- Pertamina's employees are prohibited from carrying and/or wearing company logos/symbols and using the title of office in the company in any political activity/participation.
- Pertamina's employees must avoid, halt and/or replace activities with the potential of being misused by a certain individual/group for practical political activities for executive and legislative election.
- Pertamina's employees are encouraged not to upload, respond (such as likes, comments, and others) or disseminate pictures, vision and mission, and any information related to prospective executive/legislative candidates.
- Pertamina's employees may become the administrators of Political Parties and/or candidates/legislative members or candidates/Regional or Government Leaders by filing a layoff request as an employee or terminating his/her working relationship with the Company.
- The Company supports Pertamina's employees to participate actively in the activities of professional organizations or other social organizations that provide benefits for Pertamina.

Whistleblowing System

Channel for Whistleblowing

Whistleblowing (WBS) is a system that provides facilities for stakeholders to make complaints on alleged violations occurred in the Company.

WBS can be accessed by all stakeholders, including the community through many channels, which are:

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 confidentiality of the whistleblower's identity, the issues reported, and protection against any disturbances/physical threat as well as protection from any discriminations, such as barriers in career development, transfer or demotion. These protections are stated in the provisions of Collective Labor Agreement (CLA). Moreover, the Company threatens to lay off superiors, who impose sanctions on the whistleblower.

WBS Management

Pertamina's whistleblowing system is managed independently by the Compliance Function along with a professional and of a repute international consultant.

Mechanism of WBS Report Management and Follow-Up

The WBS management is conducted in confidentiality, anonymity, and independence principles. Each incoming complaint is received by an independent consultant, who will analyze and inquire further details from the whistleblower, to which will be reported to Pertamina. The complaint will then be followed up by Pertamina in accordance with prevailing provisions in the Company. The mechanism of WBS report management is carried out based on the Organization's Work Procedures of Whistleblowing System Number B-001/M00000/2018-SO Fifth Revision, effective as of 2 April 2018.

Upon the receiving of the report from the Independent Consultant, the Compliance Function will perform a preliminary review to be certain whether the WBS report is accurate and feasible for an investigation. The investigation process will be led by the Internal Audit Function. The WBS report management is followed up in synergy among the Legal Counsel & Compliance Function, Security Function, Planning & Ship Performance Function, Internal Audit Function, and Human Capital Function.



Number of WBS Reports

In 2019, Pertamina received and followed up ninety-seven WBS reports. Below are details of the WBS report categories:

No	Category	Number
1.	Fraud	6
2.	Bribery	5
3.	Conflict of Interest	6
4.	Theft	17
5.	Fraud	7
6.	Violations of Laws and Regulations	56
7.	Others	0
Total in 2019		97

Significant Cases

1. Litigation

On the YYA platform located in the northern coast of Java, Karawang, West Java, there were 3 (three) wells included in the scope of work of YY Project new development of PHE ONWJ, namely two new wells and one reactivation well (YYA-1 well). On Friday, 12 July 2019, gas bubbles were spotted near the offshore platform of YYA in PHE ONWJ, or YYA-1 oil well, which was a re-entry for the YY-4 well (drilled in 2011).

2. Status of Case Settlement

A. Civil Case

In regards to the incident of gas bubbles near the offshore platform of YYA-1 in PHE ONWJ, which later led to oil spill affecting the community, fishermen, entrepreneurs as well as other parties located in and around other areas, there was 1 (one) lawsuit filed by a tourism entrepreneur and 71 (seventy-one) fishermen in Serang, Banten ("Plaintiffs") against PT Pertamina (Persero) and PT PHE ONWJ at Central Jakarta District Court ("ONWJ Lawsuit"). As of December 2019, the lawsuit has entered a civil court with an investigation conducted into the plaintiffs' Legal Standing due to being no agreements made in the Mediation.

At the time of the mediation, the Plaintiffs were informed that currently, PT Pertamina performs a field verification and clarification to the community, which was impacted by the YYA-1 ONWJ incident and if the affected community has the right of compensation from PT PHE, hence PT PHE will provide such compensation as per an expert calculation that complements PT PHE in the implementation of said verification and clarification. PT PHE recommended the Plaintiffs to register so that the process of verification and clarification could commence. Of the 72 (seventy-two) Fishermen, who filed the lawsuit, 48 (forty-eight)

of them were registered as participants of verification and clarification participants for compensation.

B. Criminal Case

PT Pertamina (Persero)/PT PHE ONWJ received a summon from several police/law enforcement (APH), among which were as follows:

(1) Departmental Police (Polres) of Karawang

In accordance with the summon for information made by the Departmental Police of Karawang, employees of PHE ONWJ have provided information to the Investigator of the Departmental Police of Karawang related to an alleged pipeline damage/inclined platform (rig), causing the gas bubbles from under the sea in Sedari Village, Tirtajaya District, Karawang Regency, West Java. The information required consists of the incident chronology, which led to the gas bubbles as well as the countermeasure plan by PHE ONWJ. As of now, there has not been any follow-up summons from the Departmental Police of Karawang.

(2) Criminal Investigation Agency of Indonesian National Police (Bareskrim POLRI)

The summon for information as a witness from Bareskrim POLRI related to the alleged criminal act on environment, which was suspected as an effect from the gas bubbles in the oil well YYA-1. There were 19 (nineteen) employees of PHE ONWJ from which information was required by the investigators of Bareskrim POLRI. The information given to the investigators consisted of the incident, causes, and efforts executed by PHE ONWJ to manage the gas bubbles occurring near the offshore platform. As of now, there has not been any follow-up from Bareskrim POLRI.

**(3) Regional Police of West Java (Jabar)**

The summon issued by POLDA Jabar to PHE ONWJ concerning the alleged criminal act of corruption, regarding the use of budget to reduce the impacts. The information was provided by employees of PHE ONWJ on 27 and 28 November 2019. As of now, there has not been any follow up from the Regional Police of West Java.

3. Company's Risks and Value of the Litigation**A. Civil Case**

Details of value of the Litigation of ONWJ are as follows:

- a. Compensated Rp10,000,000 (ten million rupiah) per day to Plaintiff-I since 12 July 2019 until the verdict has been settled or reached a permanent legal force;
- b. Compensated Rp200,000 (two hundred thousand rupiah) per day to Plaintiff-II – Plaintiff-LXXII respectively, effective since 12 July 2019 until the verdict has been settled or reached a permanent legal force;
- c. Compensated at a minimum of Rp1,000,000,000 (one billion rupiah) and a maximum of Rp3,000,000,000 (three billion rupiah) to the Plaintiffs (Article 99 paragraph (1) of Law 32/2009 on Environmental Protection and Management);
- d. Compensated Rp1,000,000 (one million rupiah) as forced money (dwangsom) to the Plaintiffs everyday post-verdict until it has been settled or reached a permanent legal force;
- e. Paid a penalty interest of 6% (six percent) per year of the total Compensation, effective since the filing of the lawsuit.

Pertaining to the Lawsuit against ONWJ, there are no possibilities of risks that will impact the Board of Directors and Board of Commissioners from relevant authorities.

B. Criminal Case

The risks of crime faced in accordance with the provisions in Article 99 of Law Number 32 of 2009 on Environmental Protection and Management:

- (1) *"Anybody who causes standard quality of ambient air, water, sea water or standard criteria*

for environmental damage to be surpassed due to his or her negligence shall be subjected to imprisonment for 1 (one) year minimally and 3 (three) years at the maximum and a fine amounting to Rp1,000,000,000 (one billion rupiah) at the minimum and Rp3,000,000,000 (three billion rupiah) at the maximum."

According to the article above, the risks of crime faced by the employees and Board of Directors of PT PHE ONWJ (company) is imprisonment at the minimum of (one) year and at the maximum of 3 (three) years.

4. Administrative Sanction**A. Civil Case**

Based on the incident that occurred on YYA-1 ONWJ, Administrative Sanction is possibly imposed by the Ministry of Environment and Forestry due to its impacts on the environment.

B. Criminal Case

The penalty that shall be imposed to PHE ONWJ in accordance with Article 99 of Law Number 32 of 2009 on Environmental Protection and Management:

"Anybody who causes standard quality of ambient air, water, sea water or standard criteria for environmental damage to be surpassed due to his or her negligence shall be subjected to imprisonment for 1 (one) year minimally and 3 (three) years at the maximum and a fine amounting to Rp1,000,000,000 (one billion rupiah) at the minimum and Rp3,000,000,000 (three billion rupiah) at the maximum."

Referring to the article above, the Penalty faced/ imposed to PHE ONWJ at the minimum of Rp1,000,000,000 (one billion rupiah) and the maximum of Rp3,000,000,000 (three billion rupiah).

Throughout 2019, there were no significant cases, both civil and criminal cases, filed against active members of the Board of Directors and Board of Commissioners.





CORPORATE SOCIAL RESPONSIBILITY

Commitment to Pertamina TJSI (Social and Environmental Responsibility) is evident from the various strategies, guidelines, policies, and procedures in all functions, business units, and Subsidiaries.

Social and Environmental Responsibility



The presence of Pertamina in Indonesia is closely intertwined with the support from various parties, including the general public. In this era of sustainability, Pertamina's performance is not only measured by stakeholders from economic achievements but also contributions to the social and environmental aspects. Therefore, Pertamina cultivates a strong social and environmental responsibility (TJSL) governance to manage the impacts of business activities and simultaneously provide positive benefits for stakeholders and the environment.

Social and Environmental Responsibility (TJSL) Commitment and Policy

The Pertamina TJSL commitment and policy are based on integrity and Good Corporate Governance. The Board

Manual, Code of Conduct, and various Compliance Codes indicate Pertamina's initiatives to encourage TJSL behavior in all parts of the organization. Furthermore, Pertamina also complies with the law and meets international norms in performing its social and environmental responsibility. This is reflected from various international standards referenced by Pertamina in running its operations, such as ISO14001, OHSAS18001, and ISO45001.

In general, the Pertamina TJSL commitment is evident from the various strategies, guidelines, policies, and procedures in every function, business unit, and subsidiary. The scope of TJSL is also in line with Pertamina's commitment to sustainable development, including public health and welfare. Additionally, formulation of the Pertamina TJSL scope certainly takes into account the characteristics of



the industry energy and risk factors of operational activities from upstream to downstream. Several of which are health, safety, security, & environment (HSSE or K3L), human capital development, anti-corruption, and community empowerment.

Moreover, organization of the Pertamina TJSL initiatives is performed collectively and with adjustments to the needs in the area of operations. In its implementation, Pertamina business units and subsidiaries perform stakeholder engagement as the mechanism to appreciate and take the expectations of stakeholders into consideration. One of the Pertamina stakeholder engagement approaches is by placing a community development officer (CDO) in various areas of operations to foster good relations with the communities.

In 2019, Pertamina has proven its commitment to taking responsibility for the impacts of its decisions and activities on stakeholders and the environment. One of which is reflected from good Pertamina TJSL efforts in mitigating the impacts of various incidents in 2019, such as oil spill and fire.

Social and Environmental Responsibility (TJSL) Formulation, Planning, and Implementation

Social mapping is one of the methods of due diligence as the foundation to formulate the Pertamina social and environmental responsibility, particularly pertaining to community empowerment. Furthermore, Pertamina also measures TJSL initiatives based on customer satisfaction index (CSI) and social return on investment (SROI) in order to ascertain various impacts from company decisions and activities on stakeholders and sustainable development.

In the PT Pertamina (Persero) 2019 Sustainability Report was an explanation of “material topics” and “stakeholder engagement”. The sections indicate the approaches and mechanisms undertaken to identify and formulate TJSL as well as stakeholders, especially pertaining to engagement of relevant stakeholders. Additionally, in the 2019 Sustainability Report, Pertamina also described the formulation of stakeholder expectations on the company’s social roles and potentially arising risks from failure in implementing social and environmental responsibility.

Furthermore, TJSL formulation also takes into account regulations and significant social and environmental issues. One of which is the regulation relevant to community empowerment which refers to the SOE Minister Regulation No. PER-02-MBU/7/2017 of 20 July 2017 on the Second Amendment to the State-Owned Enterprises Minister Regulation No. PER-03/MBU/12/2016 jo. PER-09/MBU/07/2015 on the Partnership Program and Community Development Program of State-Owned Enterprises.

Pertamina groups the community empowerment programs, which also include the Partnership and Community Development Program (PBKL) into the four Pertamina CSR pillars. The four pillars are:

- **Pertamina Hijau**; which emphasizes on biodiversity and mangrove planting programs
- **Pertamina Sehat**; which covers various healthcare programs
- **Pertamina Cerdas**; which focuses on the educational aspect, such as national science Olympiad and scholarships
- **Pertamina Berdikari**; which includes community economic empowerment, such as fostered villages and SME fostered partners

In its development, Pertamina established the Creating Shared Value (CSV) Roadmap set for 2017 to 2025. The Pertamina CSV Program emphasizes on the economic independence of youths, students, and small business entrepreneurs. The two main programs touted are the Enduro Student Program/Enduro Entrepreneurship Program and the Bright Gas Village. A more detailed explanation about the Four Pillars of CSR and the Pertamina CSV Roadmap can be found in the PT Pertamina (Persero) 2019 Sustainability Report.

Moreover, a plethora of functions and units in the organization manages the coordination of CSR implementation in accordance with their own scopes. In various areas, Pertamina has the HSSE Unit which manages the K3L aspect, while TJSL pertaining to labor is managed by the Directorate of Human Capital. The implementation, monitoring, and evaluation of community and environmental empowerment are then performed by the Vice President of Corporate Social Responsibility and Small Medium Enterprise CSR & Partnership Program (SMEPP) of Pertamina. In regard to reporting mechanism, there is collective management involvement in reviewing and improving the credibility of social and environmental responsibility initiatives.

Human Rights

As a State-Owned Enterprise (SOE), Pertamina participates in ensuring that Human Rights (HAM) are well respected and fulfilled in the scope of its business. Pertamina's commitment to upholding Human Rights is realized through Company policies and business activities which take into account the individual and collective rights in each area of operations.

Commitment, Policy, and Formulation of Social Responsibility in The Human Rights Sector

The reach of Pertamina's scope of influence in relevance to Human Rights issues on stakeholders includes internal and external parties. Internal stakeholders, among which, are employees, subsidiaries, and relevant business units. The aforementioned external parties are the communities, suppliers, distributors, and other partners. The scope of Human Rights issues in regard to business activities or which are relevant to Pertamina's business is mainly concerning the basic rights of employees in the workplace and basic rights concerning the social economy of the communities.

Currently, Pertamina is yet to have an independent written policy on the subject of Human Rights. However, the social and environmental responsibility commitment and policy in the Human Rights sector are integrated with a variety of policies, procedures and operational manuals, labor, and community empowerment. Some of which are policies pertaining to human capital, policies on community empowerment, and procurement policies. Pertamina also

has the Code of Conduct, emergency response procedures, and complaint channels such as WBS as the mechanisms and procedures to ensure respect for Human Rights from all the company's activities and decisions.

In practice, Pertamina understands the risks to the company and stakeholders regarding Human Rights violation. The interruption of the basic rights of employees will disrupt the running of the company. Some of those basic rights are the right of employees to receive decent welfare as well as the right to work safely and comfortably. Moreover, if the social economic rights of the people are violated, this will interrupt the continuity of the communities, which will in turn impact Company sustainability negatively.

Formulation, Planning, and Achievement of Social Responsibility Initiatives in The Human Rights Sector

In general, the formulation and planning of Pertamina policies and operations are in line with various regulations pertaining to Human Rights issues. One of which is Pertamina ensuring that there are no forced labor and child labor practices or discriminatory acts in the company's area of operations. Pertamina also attempts to ensure that its operational activities are in accordance with environmental regulations, so no basic rights of the people are disrupted.

Significant issues of social responsibility in the Human Rights sector which are relevant to the company's business as well as Human Rights-related risks can be succinctly seen in the following table:

Table of Several Key Human Rights Issues and Their Risks to Pertamina and Stakeholders

No	Several Key Human Rights Issues Relevant with Operational Activities	Risks to the Company and Stakeholders
1	<ul style="list-style-type: none"> Basic rights of employees in the workplace Allowances and benefits for employees Non-discrimination and equality Labor relations and freedom to unionize Occupational health and safety 	<ul style="list-style-type: none"> For the company, the occurring risks, among which, are the decrease of employee productivity, the loss of Pertamina's chance to manage the best talents, to a disruption to company operations. For employees, the experienced risks are, among which, the loss of economic rights to the threat to employee health and safety
2	<ul style="list-style-type: none"> Social economic rights of the people Job opportunities for communities Involvement of local suppliers Potential pollution Interruption of community activities Incidents, such as oil spill or fire Public safety and health 	<ul style="list-style-type: none"> For the company, the potentially occurring risks, among which, are operational disruption to the loss of stakeholder support for the running of business activities For the people, the risks faced are the loss of rights to gain livelihood to the disruption to the right to live in a clean and healthy environment



Due diligence of the social and environmental responsibility pertaining to Human Rights has not been independently performed by Pertamina, but integrated with various other mechanisms, such as social mapping and Environmental Impact Analysis (AMDAL). With the approach, Pertamina is able to identify and formulate social responsibility and important stakeholders of the company, including relevant and significant Human Rights aspects.

In managing aspects of Human Rights, the variety of initiatives implemented has the purpose of managing Human Rights impacts and providing mutual benefits between Pertamina and stakeholders. Consequently, Pertamina engages important stakeholders, such as workers union and communities, whether from planning or in various activities. To fulfill the basic rights of employees in the workplace, particularly relevant to occupational health and safety (K3), stakeholder engagement is performed, among which, through the Occupational Health and Safety Development Committee (P2K3).

Pertamina also cultivates communication with a number of workers union organizations in the company to discuss employee welfare and labor practices, the agreement results of which are set forth in the Collective Labor Agreement (PKB). With the communities, Pertamina has a Community Development Officer (CDO), whose responsibility is to manage the engagement of communities and other local stakeholders in the Pertamina area of operations.

Furthermore, Pertamina utilizes its influence for the prevention of Human Rights violation by encouraging suppliers to fulfill the provisions of the cooperation with the company. Pertamina implements the Contractor

Safety Management System (CSMS) on work partners at operations locations based on provisions of the President Director Decree No. Kpts-43/C00000/2015-S0 on the Goods/Services Procurement System & Procedure and President Director Decree No. Kpts-34/C00000/2015-S0 on CSMS implementation. With CSMS evaluation, Pertamina stipulates that suppliers have a good K3 system to prevent the violation of basic rights of employees in the workplace.

Pertamina has a governance that regulates the involvement of the Board of Directors, management, and employees in implementing and reviewing the performance of social and environmental responsibility pertaining to Human Rights. In various areas of operations, Pertamina places HSSE units and the Partnership and Community Development Program (PKBL) or what is known as the Corporate Social Responsibility (CSR) Unit. Pertamina management is also fully responsible for the numerous efforts to raise the credibility of social and environmental responsibility (TJSL), among which by being involved in the Sustainability Report composition.

Parties may find various data and information in the PT Pertamina (Persero) 2019 Sustainability Report, which explains the Pertamina Human Rights aspects in greater detail. Among which are the expectations of stakeholders on the role of the company in handling Human Rights issues, key programs in decreasing Human Rights impacts, activity targets/plans established by management, as well as engagement of relevant stakeholders in the company's social and environmental responsibility initiatives. Readers of this Report are expected to be able to download and read the 2019 Sustainability Report from the Pertamina official website.

Fair Operations

Social responsibility in the fair operations sector includes many aspects relevant to Pertamina's business characteristics. Anti-corruption and intellectual property rights (HAKI) are the main issues pertaining to fair operations practices in Pertamina. Issues on healthy competition are irrelevant to Pertamina's scope of business. The Government assigned and mandated the responsibility to Pertamina to maintain the security of national energy supply. Consequently, Pertamina plays the role as the main energy supplier with the largest marketing network in Indonesia.

Commitment, Policy, and Formulation of Social Responsibility in The Fair Operations Sector

The Pertamina Corruption Control Unit Guidelines are a form of the social and environmental responsibility commitment and policy in the fair operations sector, particularly regarding anti-corruption. The guidelines were formulated by referring to Law No. 20 of 2001 on the Amendment to Law No. 31 of 1999 on the Eradication of the Criminal Acts of Corruption.

The Company's commitment and policy to respect intellectual property rights (HAKI) can be seen in the procurement procedures, especially pertaining to the procurement of information communication & technology (ICT) by avoiding the purchase of goods and services which are in violation of intellectual property rights. Moreover, the Pertamina Research and Technology Centre (RTC) function also has the procedure to respect intellectual property rights for various findings and innovations made. Another form of Pertamina's commitment and policy in regard to TJSL in the fair operations practices sector can be found in the PT Pertamina (Persero) Good Corporate Governance Guidelines which stipulate that the Board of Directors and Board of Commissioners are not representing any particular political interest.

Formulation, Planning, and Achievement of Social Responsibility Initiatives in The Fair Operations Practices Sector

Fraud risk assessment is one of the due diligence mechanisms of TJSL pertaining to fair operations practices. Moreover, Pertamina has also conducted the fraud awareness survey to identify and formulate social responsibility, especially in the anti-corruption aspect. One of the vulnerable functions in the anti-corruption aspect is the goods and services procurement division (investment) in the Mega Project Refinery & Petrochemical (MP2) Directorate and the Logistic, Supply Chain, & Infrastructure (LSCI) Directorate. Therefore, Pertamina has performed a mitigation plan series, among which by revising the Governance System (STK) and improving internal control.

Several important issues and their risks pertaining to fair operations practices in Pertamina can be seen in the following table.

Table of Several Issues of Fair Operations Practices and Their Risks to Pertamina and Stakeholders

No	Several Fair Operations Practices Issues Relevant with Operational Activities	Risks to the Company and Stakeholders
1	Anti-Corruption <ul style="list-style-type: none"> Anti-corruption in the procurement of goods and services 	<ul style="list-style-type: none"> For the company, the occurring risks, among which, are financial loss to productivity loss. For suppliers, the risk faced, among which, is unhealthy business competition in the Pertamina procurement process causing the loss of business opportunity
2	Intellectual Property Rights (HAKI) <ul style="list-style-type: none"> Intellectual property rights in the procurement of goods and services Respect for intellectual property rights in findings or innovations in Pertamina 	<ul style="list-style-type: none"> For the company, the potentially arising risks, among which, are law violation risk or a lawsuit from the holder of intellectual property rights For the holder of intellectual property rights, the risk faced is the loss of the right to gain economic benefit from the created product or service
3	Political Involvement <ul style="list-style-type: none"> The involvement of the Board of Commissioners, Board of Directors, management, and employees in political activities 	<ul style="list-style-type: none"> For the company, the potentially occurring risk, among which, is a non-independent decision-making which sides with the interest of a particular group For the people, the risk faced is the possible loss due to Pertamina being dragged in political currents.

Environment

Pertamina operates in the energy sector with a strong connection to the social and environmental responsibility (TJSL) in the environmental sector. Several included aspects are flare, energy and water consumption, generated B3 and non-B3 solid waste, as well as produced effluent and emissions. Furthermore, Pertamina also manages the aspects of renewable energy use, prevention and mitigation of oil spill and fire, and climate change issues.

Commitment, Policy, and Formulation of Social Responsibility in The Environmental Sector

In managing TJSL in the environmental sector, Pertamina has the policy of and commitment to decreasing the impacts of environmental damages and risks. This is set forth in the Pertamina HSSE policy prevailing in all subsidiaries and



operational units. In the case of an incident carrying a risk to the environment, Pertamina has an emergency response policy for occupational health and safety (K3) and the environment.

Furthermore, another form of Pertamina's commitment to saving the use of energy resources and natural resources (SDA) is reflected through the implementation of ISO 50001 Energy Management System. One of which is at a Pertamina subsidiary, PT Pertamina Hulu Energi. Additionally, Pertamina's commitment to empowering communities and continuously improve environmental quality is performed through the Pertamina Partnership and Community Development Program.

Moreover, the Environmental Impact Analysis (AMDAL) is the mechanism employed by Pertamina to perform due diligence of TJSL in the environmental sector. Aside from being based on AMDAL, Pertamina also conducts various approaches in identifying and formulating the social responsibility and important stakeholders of the company pertaining to the environmental aspect. This is carried out, among which, through stakeholder & social mapping as well as reviewing environmental regulations.

In the PT Pertamina (Persero) 2019 Sustainability Report, readers can find descriptions of the formulation of the main environmental issues and important stakeholders as well as the expectations of stakeholders on the role of the company in handling relevant environmental issues.

Formulation, Planning, and Achievements of Corporate Social Responsibilities Initiatives in The Environmental Sector

Formulation and planning of TJSL initiatives in the environmental sector take into account the characteristics of operations and significant issues as well as the risks occurring in the company's areas of operations. Various internal and external stakeholders, such as experts, universities, the government, and partners are involved in formulating and evaluating TJSL initiatives in accordance with their own functions.

The following table succinctly describes several important issues and risks of TJSL in the environmental aspect.

Table of Several Environmental Issues and Their Risks to Pertamina and Stakeholders

No	Several Environmental Issues Relevant with Operational Activities	Risks to the Company and Stakeholders
1	The use and saving of resources <ul style="list-style-type: none"> The use and saving of production materials The use and saving of energy The use and saving of water 	<ul style="list-style-type: none"> For the company, the occurring risks, among which, are productivity decrease, environmental damages, to financial loss due to overly large resources cost use. For the people, the risk faced is environmental disruption due to excessive use of resources by Pertamina.
2	Generated waste and emissions <ul style="list-style-type: none"> Management of B3 and non-B3 solid waste Management of emissions Management of effluent 	<ul style="list-style-type: none"> For the company, the potentially arising risks, among which, are the violation of environmental regulations risk and environmental damages to the disruption of community operations due to environmental interference For the people, the risk faced is environmental damage that may cause the loss of the right to gain social economic benefits
3	Environmental incidents <ul style="list-style-type: none"> Preventing and mitigating fire Preventing and mitigating oil spill 	<ul style="list-style-type: none"> For the company, the occurring risks are environmental damage, disruption of operations, financial loss, to the loss of human life. For the people, the potentially arising risk is an interference on the social economic life of the people as well as the right to a decent environment

In 2019, Pertamina implemented various key programs to reduce the negative impacts on the environment and create mutual benefits in the environmental sector. In a number of areas of operations, Pertamina attempted to manage B3 and non-B3 solid waste, effluent, spill, and emission, including flare. On the corporate level, Pertamina implemented the

B30 BBM Program and Green Refinery Program in Plaju as an effort to reduce emissions in accordance with Government policy. Through the Partnership and Community Development Program, particularly the "Pertamina Hijau Pillar", Pertamina managed the biodiversity and mangrove planting programs.



In term of operations, to support the company's operational activities, Pertamina has certifications in the environmental sector in accordance with the needs in the areas of operations. Some of which are the ISO 9001 environmental management system and ISO 50001 energy management system. Pertamina also disbursed an amount of environmental funds in 2019. The funds were, among which, used for environmental management certification, infrastructure management and maintenance, as well as reparation of environmental incidents.

In implementing TJSL initiatives in the environmental sector, Pertamina ensures the engagement and/or involvement of relevant internal and external stakeholders in planning, running, and monitoring TJSL initiatives in the environmental sector. Internally, Pertamina involves units relevant to the environment, such as operational units and the HSSE function. The external parties involved, among which, are environmental experts and the Ministry of Environment and Forestry as well as universities.

Pertamina's efforts to engage external stakeholders are also performed by utilizing the company's influence for the prevention, decrease, and improvement of the environment. One of which is through the Contractor Safety Management System (CSMS) process, which encourages work partners to participate in protecting the environment and K3.

In general, the environment is a significant aspect for Pertamina. Thus, the Board of Directors, management,

and employees are involved in TJSL implementation in the environmental sector. Pertamina also ensures management involvement in reviewing and improving the credibility of initiatives and CSR report.

In the case of an incident, Pertamina has the mechanisms and procedures to respond to emergencies and/or conflicts pertaining to the environment. In 2019, Pertamina implemented said mechanisms and procedures, among which to mitigate incidents of oil spill and fire. The environmental cost expended by Pertamina to manage impacts of the YYA-1 Well ONWJ Block oil spill until the end of 2019 was USD57.8 million.

In 2019, Pertamina had good credibility in the environmental aspect with the achievement of the PROPER environmental award. Initiated by the Ministry of Environment and Forestry, PROPER is the Company Performance Rating Assessment Program in Environmental Management. In the 2020 PROPER, which assessed the 2019 environmental performance, Pertamina and subsidiaries received 89 out of a total of 200 Gold and Green PROPER.

In the 2019 Sustainability Report, Pertamina explains in detail the various environmental CSR initiatives that provide benefits for stakeholders, the company, and sustainable development. Readers of the 2019 Annual Report are also urged to read the sustainability report to gain comprehensive information on the Pertamina TJSL efforts in the environmental sector.

Labor

Pertamina and Subsidiaries have a large labor base spread across the nation. Additionally, there are also contractor or partner manpower working in areas of operations who are also part of Pertamina's responsibility. Hence, it is an important matter for Pertamina to manage through various social and environmental responsibility (TJSL) initiatives. The TJSL aspect in labor in Pertamina includes labor relations, employee welfare, education and training, career development, as well as employee safety and health (K3) management.

Commitment, Policy, and Formulation of Corporate Social Responsibility in The Labor Sector

Pertamina's labor practices adhere to the provisions of regulations in Indonesia, both related to labor and other relevant regulations, such as human rights regulation. Responding to the provisions, Pertamina is committed to ensuring no discriminations in rights and obligations in the workplace, such as ethnicity, race, gender, and against people with disabilities. Pertamina also supports the participation of women in the workforce. This is clearly

evident with some women who serve as directors in Pertamina.

Additionally, Pertamina has the commitment to and policy of occupational health and safety of employees, which are set forth in the Corporate HSSE Policy. In regards to human capital management, Pertamina is committed to providing welfare for the employees and meeting the employees' rights. Pertamina has also determined Human Capital House as a form of commitment and policy of Pertamina.

As of 2019, Pertamina has not performed due diligence specifically, in human rights assessment or social footprint assessment. However, the formulation of issues on TJSL in the labor sector was conducted by taking into account industrial characteristics and challenges in the field, developments in business practices worldwide, as well as expectations from the stakeholders.

The 2019 Sustainability Report of PT Pertamina (Persero) contains information on TJSL in Pertamina in the labor sector. Readers can view the detailed descriptions of expectations of the stakeholders concerning company roles in handling labor issues as well as Pertamina's response to such expectations.

Formulation, Planning, and Achievement of Social Responsibility Initiatives in The Labor Sector

The engagement of directors, management, and employees is key in managing the labor sector, starting from

formulating, planning, implementing up to supervising and evaluating. Pertamina has Human Capital Director that directly leads the labor management in an integrated manner through Shared Service Center. Additionally, there is Occupational Health and Safety (K3) function spread across the company's area of operations. Pertamina also ensures the involvement of management in reviewing and increasing success as well as the credibility of TJSL initiatives in the labor sector.

The formulation and planning of TJSL initiatives in the labor sector in Pertamina involve the main stakeholder, the employees. There are a number of workers unions in Pertamina, functioning as a partner in managing TJSL in the labor sector, related to employees' education and development, the fulfillment of Provincial Minimum Wage (UMR) and employees' allowance, and pension program. Agreements in managing labor are regulated in the Collaborative Labor Agreement (CLA) applicable to Pertamina's employees.

In managing occupational health and safety (OHS), employee engagement is realized through Occupational Health and Safety Development Committee (P2K3). With P2K3, the management and employees together supervise the implementation of K3, including the socialization and development of K3 culture throughout Pertamina's area of operations.

The following table describes several labor issues and their risks for Pertamina and the stakeholders, especially the employees.

Several Labor Issues and their Risks for Pertamina and the Stakeholders

No	Several Labor Issues Relevant with Operational Activities	Risks for the Company and Stakeholders
1	Industrial relations and employees' welfare <ul style="list-style-type: none"> • Labor relations • Freedom to unionize • Salary and employee benefit • Maternity leave • Facilities for employees 	<ul style="list-style-type: none"> • The TJSL risks faced by the company in the labor sector, among which were the poor industrial relations, leading to a conflict between the management and employees, declining productivity, operational disruptions, and financial loss. • The risks faced by the employees were losing socio-economic rights, declining motivation to work, and low performance.
2	Human capital development <ul style="list-style-type: none"> • Recruitment • Talent management & turnover rate • Training and career development • Leadership development program • Succession planning • Preparation for pension 	<ul style="list-style-type: none"> • The risks faced by the company were the loss of opportunity to gaining excellent human capital, which could result in the cost of company's competitiveness. • The risks potentially faced by the employees were the loss of rights and opportunities to self-develop, build career, and maintain pension welfare.
3	Occupational Health and Safety (K3) <ul style="list-style-type: none"> • Occupational health and safety • Training and socialization on K3 and corporate life saving rules • Contractor manpower safety 	<ul style="list-style-type: none"> • The potentially arising risks faced by the company were the diminishing human capital, operational disruption as well as the loss of stakeholder supports in business activities. • The risks faced by the employees were the declining motivation in employees, decreasing productivity, as well as the disruption of rights to work in a safe and convenient environment.



Furthermore, Pertamina has certifications related to the labor sector, namely OHSAS18001 and ISO45001 on occupational health and safety. If an incident occurs, Pertamina has prepared a policy and procedure of K3 emergency response. In 2019, Pertamina successfully mitigated the number of casualties in the occurrence of K3 incidents, such as oil spill and fire.

Ensuring the well-implemented K3 aspect, Pertamina carries out K3 education and socialization as well as manages the mechanism of safety operation observation (PEKA), of which the report is submitted online. PEKA serves as a procedure of observation and correction of occupational safety against unsafe measures and/or conditions conducted by Pertamina's employees and partners. Pertamina HSSE Award is also held in the event of motivating the individuals working in the environment of Pertamina as well as continuously maintaining and increasing K3 performance.

Consumers

Aligning with its role in sustaining national energy supply and security, Pertamina's business activities also include the downstream sector in the energy industry, namely energy users. Hence, Pertamina believes it is necessary to maintain and increase the quality of products and services as well as ensure customer satisfaction through social and environmental responsibility (TJSL) in the consumer sector. Several issues include those relating to the products' quality standards, services quality, customers safety and health, complaints and settlement of customers' complaints, and services digitalization.

Commitment, Policy, and Formulation of Social Responsibilities in The Consumer Sector

Pertamina's commitment to corporate social responsibilities related to consumers is a part of Pertamina's transformation through the implementation of Pertamina Way in increasing the services to consumers. Additionally, as a part of the businesses in the oil and gas industry, Pertamina has the commitment to providing products that are up to par with the standard specifications implemented by the Ministry of

The success achieved by Pertamina in managing the K3 aspect in the labor sector can be seen in the awards received by the Subsidiaries. In 2019, PEP Cepu, as a subsidiary to Pertamina, was awarded Zero Accident in Occupational Health and Safety (K3) by the Governor of East Java and Third Winner of HSSE Performance at SKK Migas K3LL Award event.

Details on the implementation of TJSL in the labor sector as well as its achievements can be viewed in the 2019 Sustainability Report of PT Pertamina (Persero). Several aspects described in the Sustainability Report, among which are the plans and implementation of activities, endeavors to mitigate operational impacts, occupational health and safety practices, turnover rate, and benefits for the stakeholders.

Energy and Mineral Resources as well as internationally-acclaimed standards.

The implementation of customer satisfaction and customer loyalty surveys is one of the due-diligence mechanisms and approaches applied for recognizing and formulating TJSL in the consumer sector. The survey is also beneficial for drawing illustrations on the consumer perception towards Pertamina's products and services. Moreover, the survey results are taken into account by Pertamina in formulating and performing social responsibilities in the consumer sector. Other mechanisms practiced in the TJSL formulation are by means of reviewing and adhering to the provisions in prevailing laws and regulations, one of which is Law Number 8 of 1999 on Consumer Protection, which acts as the main reference for Pertamina in conducting TJSL in the consumer sector.

Formulation, Planning, and Achievements of Social Responsibilities Initiatives in The Consumer Sector

Issues relating to consumers are invariably among Pertamina's main priorities. Hence, the involvement of directors, management, and employees of Pertamina



is evident in the TJSL management in the consumer sector. Such involvement encompasses activities of the management in reviewing and increasing the credibility of TJSL initiatives in Pertamina. The Company also has a Corporate Marketing Director and Retail Marketing Director, who directly responsible for coordinating marketing and TJSL activities in the consumer sector.

Furthermore, Pertamina recognizes the vastness of the TJSL aspect in the consumer sector along with the risks faced. For a maximum implementation of TJSL in the

consumer sector, Pertamina engages the stakeholders and uses its influence to protect the consumers. One approach performed by Pertamina is by ensuring all business partners in marketing and distribution, such as gas station (SPBU) and LPG agents, to comply with various policies, manuals, and procedures enforced by Pertamina in order to market and distribute its products and services.

The following table succinctly describes important issues pertaining to social responsibilities in the consumer sector as well as the relevant risks, both to the company and the stakeholder.

Several Consumer Issues and their Risks to Pertamina and the Stakeholders

No	Several Consumer Issues Relevant with the Operational Activities	Risks to the Company and the Stakeholders
1	Use of Pertamina's products and services <ul style="list-style-type: none"> Quality management Customers safety and health Customer services digitalization 	<ul style="list-style-type: none"> The TJSL risks faced by the company in the consumer sector, among which were threats against the company's reputation and the loss of customers' trust. The risks faced by the customers were losing the rights to obtain quality products, financial loss, and threats against safety and health, especially to gas station (SPBU) service users.
2	Customer relations <ul style="list-style-type: none"> Customer satisfaction survey Customer complaints and resolution 	<ul style="list-style-type: none"> The risks faced by the company were the potentially arising lawsuits from customers, which could lead to financial loss as well as threats against the company reputation. The risks faced by the customers were the loss of consumer rights to be heard and have access to a proper mechanism of complaints settlement.

One of the Company's main programs in managing TJSL in the consumer sector is Pertamina's product socialization to the consumers. Several of which are quality fuel and the use of safe and proper LPG. Moreover, Pertamina performs digitalization-related programs, such as the SPBU digitalization and development of MyPertamina payment application, which can be used by the consumers at ease.

In realizing the TJSL initiatives in the consumer sector, Pertamina engages the customers as the main stakeholder. One of the stakeholder engagements in various CSR initiatives in the consumer sector points at the routinely-held customer gathering. Pertamina also organized National Customer Day in 2019. The event was held by respective Marketing Operation Region (MOR) in the form of activities that promoted direct interaction between Pertamina and the consumers.

Additionally, the other stakeholder engagement was Pertamina Marketing Award 2019. This event was held to appreciate the business partners that managed the marketing and distribution function of Pertamina's products and services. It was aimed to maintain the quality of products and services as well as ensure the well-implemented TJSL in the consumer sector. A number of the presented award categories, among which were Non-PSO LPG, Channel Performance, Musicool Sales Competition, LPG Operation Performance, The Best SPBU Pasti Pas, and The Best of The Best SPBU.

On complaints and/conflict related to consumers, Pertamina has prepared a complaint mechanism and procedure, "Call Center 135". This channel is especially reserved for customers who would like to file a complaint related to Pertamina's products. Regarding other complaints, Pertamina manages "Contact Pertamina 1 500 000". In 2019, this channel was awarded The Best Contact Center Indonesia 2019, which was held by Indonesia Contact Center Association (ICCA).

To support the TJSL initiatives in the customer sector, Pertamina continuously harmonizes various policies, manuals, and procedures in accordance with the ISO9001 on quality management system. Currently, no less than 100 areas of operations of Pertamina have implemented the quality management system and obtained the ISO9001:2015 certification. Through the certification, it is expected that the community has access to Pertamina's products and services thoroughly and as per standards.

Readers of this Report are expected to also view the 2019 Sustainability Report of Pertamina, which is also available on the company's website. The 2019 Sustainability Report describes the stakeholder engagement and general overview of the stakeholders' expectations for Pertamina as well as various main programs of TJSL in the consumer sector, including the endeavors made by Pertamina in reducing the negative impacts on the consumers through TJSL. The Sustainability Report also elaborates on the



Company's efforts in creating shared benefits for the company and stakeholders, along with the impacts deriving

from the company's TJSL initiatives in the consumer sector to sustainability development.

Community Development

Aside from being the National energy supplier, Pertamina also embodies a state-owned enterprise (SOE) that supports the Government's vision in building people's socio-economy. Hence, Pertamina carries out social responsibilities in the community development sector in its diverse areas of operations.

As has been previously stated, social responsibilities in the community development sector are conducted by Pertamina through four pillars of corporate social responsibility (CSR) and the Partnership and Community Development Program (PKBL). These four pillars of CSR consist of Pertamina Green, Pertamina Healthy, Pertamina Intelligent, and Pertamina Independent, encompassing the social, economic, education, health, and environmental aspects.

Four Pillars' Activities in Pertamina in 2019

Target	Activity	Location
PERTAMINA INTELLIGENT		
Early Childhood Education	Scholarship award Training for early childhood teachers Training for students' guardians in early childhood education	Fuel terminal operation of Maos – Marketing Operation of Region IV, Central Java
Elementary and Secondary School	Adiwiyata School Curriculum Digitalization of Sekolah Gambut (Peat Love School)	Operation Region of RU II Dumai & Sei Pakning
	Adiwiyata School	Region of Operation of Fuel Terminal Tanjung Gerem
	Waste Academy Program	Region of Operation of Refinery Unit III Plaju
	Adiwiyata School	Region of Operation of Fuel Terminal Lomanis – Marketing Operation Region IV, Central Java
	Adiwiyata School	Region of Operation of Fuel Terminal Maos – Marketing Operation Region IV, Central Java
	Mangrove School	Region of Operation of RU VI Balongan
	Green Care School	Area of Operation of Integrated Terminal Balikpapan – Marketing Operation Region VI Kalimantan
	Young Innovation Project	Area of Operation of RU V Balikpapan
	Disaster Emergency Students Program (SIGAB)	Area of Operation of Aviation Fuel Depot (DPPU) Sepinggian Group
	Education development for Talang Mamak Tribe	Region of Operation of PT Pertamina EP Field Lirik
Higher Education	Friends of the Earth Grant	Several universities across Indonesia
Non-Formal Education	School of Confident Children	Region of Operation of Fuel Terminal Makassar – Marketing Operation Region VII Sulawesi
	Education for Anak Dalam Tribe (SAD)	Jambi
	Assistance in Natsir's English Nature School Program	Region of Operation of Fuel Terminal Palopo – Marketing Operation Region VII Sulawesi
	Rumah Pintar Program	Region of Operation of Integrated Terminal Palembang – Marketing Operation Region South Sumatera
	Program for children with special needs - Dreamable	Region of Operation of Fuel Terminal Bandung Group – Marketing Operation Group Region III West Java
PERTAMINA HEALTHY		
Pregnant and nursing mothers	Pertamina Sehati Education on Clean and Healthy Behavior (PHBS) Provided clean water facilities Clean water and proper toilets and latrines Development of domestic Wastewater Treatment Plant (IPAL)	Areas of operations and subsidiaries, included in remote areas as well as 3T regions (frontier, outermost, and least developed regions)
PERTAMINA GREEN		



Target	Activity	Location
Biodiversity	Mangrove planting Biodiversity protection program	Areas of operations and subsidiaris with biodiversity potentials
PERTAMINA INDEPENDENT		
Community	Pertamina Village/Pertamina Fostered Villages	62 fostered villages across Indonesia
	Partnership Program in MSME	30 provinces in Indonesia

Commitment, Policy, and Formulation of Social Responsibilities in The Community Development Sector

The Company's commitment orients towards social and community development as a part of the corporate social responsibility. Aside from the corporate level, the commitment of social responsibility in the community development sector is also applied by the Subsidiaries.

The scope formulation of the corporate social responsibility pertaining to the social and community development is conducted through several approaches. First, formulations that align with the existing regulations, several of which are Regulation of the Minister of SOEs Number PER-02/MBU/7/2017 and Regulation of the Minister of SOEs Number PER-09/MBU/7/2015 on Partnership and Business Development Program of State-Owned Enterprises as well as Government Regulation Number 40 of 2012 on Social and Environmental Responsibilities of Limited Liability Companies. This approach is thorough, both at the corporate and subsidiary levels of Pertamina.

The mechanism of social and stakeholder mapping is also performed by Pertamina's subsidiaries and business units in various areas of operations. Through mapping, the initiatives of social and community development can be strategically applied in accordance with the community's characteristic and needs.

Formulation, Planning, and Achievement of Social Responsibilities Initiatives in The Community Development Sector

To guarantee the thorough implementation of social responsibilities, Pertamina endeavors to engage relevant stakeholders in formulating and planning the social and community development initiatives. Pertamina has a Community Development Officer (CDO) function that manages the company's relations with the community, and simultaneously engages the community in diverse activities, starting from planning and implementing up to monitoring and evaluation. The CDO also carries out a complaint mechanism and a procedure of conflict management with the community.

In addition to the role of CDO, Pertamina is actively involved in various forum with the local community and government as well as other local stakeholders. The aim is to confirm stakeholder engagement in the social and community development initiatives.

The following table describes several important issues on social responsibilities in the community development sector, and their risks to Pertamina and stakeholders.

Several Community Development Issues and their Risks to Pertamina and the Stakeholders

No	Several Community Development Issues Relevant with the Operational Activities	Risks to the Company and Stakeholders
1	Social and culture <ul style="list-style-type: none"> Health quality Education access Cultural activities Natural disaster impacts 	<ul style="list-style-type: none"> The risks faced by the company, among which were disruptions against the company's operations and reputation loss as a socially-responsible company. The risks faced by the community were health issues, low-quality human capital, and loss opportunity in increasing welfare.
2	Community's economy <ul style="list-style-type: none"> Economic source of income Capacity and skills development 	<ul style="list-style-type: none"> The risks faced by the company, among which were demands for sourcing local employees and suppliers as well as the damaged reputation as a socially-responsible company. The risks faced by the community were the loss of rights to a better economy and quality of living.



Moreover, in performing social responsibilities in the community development sector, Pertamina endeavors to engage the Board of Directors of Pertamina as well as the management and employees starting from the stages of planning, implementation, up to monitoring and evaluation. Pertamina also involves the management in reviewing and increasing the credibility of CSR initiatives and reports. Currently, the Vice President CSR & SMEPP Pertamina is leading the course of social responsibilities in the community development sector and ensuring the involvement of the Board of Directors, management, and employees.

Throughout 2019, Pertamina realized the CSR program fund at Rp65.94 million. Referring to PKBL, Pertamina disbursed Rp446.27 billion fund with Rp108.13 billion

was the realized amount for the Community Development fund. The efforts made by Pertamina in conducting the social responsibilities in the community development sector were appreciated by many parties. Pertamina was awarded Nusantara CSR Award 2019 by La Tofi School of CSR. Additionally, Pertamina also received an award from the Balikpapan CSR Award 2019 and Citra Award 2019.

More detailed information on Pertamina's social responsibilities in the community development sector can be viewed in the 2019 Sustainability Report of Pertamina. In the Sustainability Report, readers can view Pertamina's efforts to reduce operating impacts to the community, create shared benefits with the stakeholders as well as give contributions to Sustainable Development Goals (SDGs) through social and community programs as well as PKBL.

Partnership and Business Development Program

The implementation of Partnership and Business Development Program (PKBL) refers to Regulation of Minister of SOEs Number PER-02-MBU/7/2017 of 5 July 2017 on Second Amendment of the Regulation of Minister of State-Owned Enterprises Number PER-03/MBU/12/2016 jo PER-09/MBU/07/2015 on Partnership and Business Development Program of State-Owned Enterprises.

Partnership Program

MSME is a real sector that should be continuously supported. The success of MSME is a reflection of the community's economic self-sufficiency. Challenges faced in MSME, among which are the difficulty in the majority of people in accessing capital, mainly non-bankable loans; difficulty in accessing greater market, offline and online; and the lack of knowledge on marketing strategy, product development as well as technology use. Several breakthrough programs have been applied by the government to support the advancement of MSME.

Pertamina as an SOE and a driving force of the nation shows great support to the MSME through Partnership Program, targeting businesses in agriculture, husbandry, plantation, fishery, trade, industry, services, and other sectors. Pertamina has implemented the Partnership Program since 1993. As of now, there are a total of 62,405 MSME fostered partners joining to become Pertamina's fostered partners.

Throughout the implementation, Pertamina is able to make direct distribution to individual fostered partner and synergize with other SOEs as distributors. The SOE synergy in loans distribution of the Partnership Program which has been implemented, among which were SOE of plantation, agriculture, and fishery. Through this synergy, Pertamina

could assist the suppliers of SOE fostered partner, such as farmers, fish farmers to gain access to start-up capital.

Funds for implementing the Partnership Program are determined to derive from an allowance of net income after tax, which is stipulated in the GMS for the ratification of the Fostering BUMN, namely a maximum of 4% from the profit after tax of the previous fiscal year.

Aside from the distribution of soft loans, Pertamina's Partnership Program also provides assistance for fostered partners. Such assistance covers trainings and participation in exhibitions. Training programs prepared for the fostered partners are in stages based on the number of loans and skill level of the fostered partners, starting from basic training related to simple preparation of annual report up to trainings on export. Similarly, the participation in exhibitions starts from exhibitions at the city, regency, province, and international levels.

The year 2019 was the first year for Pertamina to participate its fostered partners in an international-scale trade exhibition as well as seize an opportunity to carry out business matching, among which were Indonesia Fair 2019 in Dhaka, Bangladesh; Indonesia Creative Product Festival 2019 in Kuala Lumpur, Malaysia; China-ASEAN Expo (CAEXPO) 2019 in Nanning, China; Festival Indonesia 2019 in Seoul, South Korea; and Trade Expo Indonesia 2019 in Jakarta. According to the participation in business matching in these exhibitions, Pertamina's fostered partners achieved an order from buyers with a total value of Rp5,976,504,650. This achievement was one to be proud of as it shows the effectiveness of fostering conducted by Pertamina through the Partnership Program.



Apart from the Partnership Program, Pertamina also performs the SOE Creative House Program (RKB). RKB serves as a shared house that accommodates the purpose of gathering, learning, and fostering SMEs to become high-quality Indonesia's SMEs as well as a forum for SOEs collaboration in establishing Digital Economy Ecosystem through developments for SMEs in increasing the SMEs' capacity and capability.

RKB functions as a center of data and information as well as education, development and digitalization of SMEs. RKB guides and encourages SMEs in embracing the main challenges faced in SME's business developments, which are as follows:

- Competency development
- Marketing access improvements
- Ease in accessing capital

Today, Pertamina has developed 30 RKB spread across the nation. In commemorating Pertamina's anniversary on 10 December 2019, Pertamina held a simultaneous training in 15 RKB. This activity was awarded with an appreciation from Indonesian World Records Museum (MURI) under the title "Simultaneous MSME Training in Most Locations".

MSME Training in 2019

No	Province	City/Regency
1	Aceh	Aceh Tamiang
2	Aceh	Aceh Timur
3	North Sumatera	Deli Serdang
4	Riau	Dumai
5	Riau	Pekanbaru
6	Riau	Meranti Islands

No	Province	City/Regency
7	Jambi	Kerinci
8	South Sumatera	Oganilir
9	Lampung	Central Lampung
10	Bengkulu	Bengkulu
11	Bengkulu	Rejanglebong
12	DKI Jakarta	Thousand Islands
13	Central Java	Temanggung
14	Central Java	Purbalingga
15	Central Java	Mojokerto
16	Central Java	Sidoarjo
17	Bali	Klungkung
18	West Nusa Tenggara	East Lombok
19	West Nusa Tenggara	West Sumbawa
20	West Nusa Tenggara	Dompia
21	West Kalimantan	Sanggau
22	Central Kalimantan	Palangka Raya
23	Central Kalimantan	Seruyan
24	South Kalimantan	Banjarmasin
25	East Kalimantan	Berau
26	East Kalimantan	Balikpapan
27	North Sulawesi	Minahasa Selatan
28	Central Sulawesi	Parigi Moutong
29	Central Sulawesi	Tojo Una-una
30	Gorontalo	Bone Bolango

In 2019, the realization of distribution of Pertamina's Partnership Program reached Rp388.14 billion to 2,067 Fostered Partners in different sector, among which were trade, industry, agriculture, plantation, farming, husbandry, fishery, and services. The following table presents the realization data per type of business:

Realization of Fund Distribution of the Partnership Program in 2019

Total Business	Number of Fostered Partners	Realization of PK Fund Distribution (Rp)
Industry Sector	302	17,812,500,000
Trade Sector	664	35,345,000,000
Agriculture Sector	117	6,068,000,000
Husbandry Sector	155	10,301,000,000
Plantation Sector	301	23,216,140,500
Fishery Sector	346	34,722,000,000
Roads Sector	171	9,990,500,000
Other Sectors	11	685,000,000
Special SOE Grant*	-	200,000,000,000
Total	2,067	338,140,140,500

Special SOE Grant*

*Grant was distributed through PT Permodalan Nasional Madani (PNMP), which was appointed by the Ministry of SOEs as Special SOE.

Readers of this Annual Report can access data and information on the Partnership and Community Development Program (PKBL) in the 2019 Sustainability Report of PT Pertamina (Persero). More detailed data and information are also presented in a special report on the Partnership and Business Development Program, which published annually.





LAPORAN KEUANGAN



PT Pertamina (Persero) and its subsidiaries

Consolidated Financial Statements as of December 31, 2019
and for the year then ended with independent auditors' report



**DIRECTORS' STATEMENT REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
AND FOR THE YEAR THEN ENDED
PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES**

On behalf of the Board of Directors, we, the undersigned:

1. Name : Nicke Widyawati
Office address : Jl. Medan Merdeka Timur 1A
Jakarta 10110
Telephone : 021 - 3815200
Position : President Director and CEO
2. Name : Emma Sri Martini
Office address : Jl. Medan Merdeka Timur 1A
Jakarta 10110
Telephone : 021 - 3815400
Position : Finance Director

declare that:

1. We are responsible for the preparation and presentation of the consolidated financial statements of PT Pertamina (Persero) and its subsidiaries (the Group);
2. The Group's consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information has been fully and correctly disclosed in the Group's consolidated financial statements;
b. The Group's consolidated financial statements do not contain false material information or facts, nor do they omit material information or facts; and
4. We are responsible for the Group's internal control systems.

This statement is confirmed to the best of our knowledge and belief.

Jakarta, May 22, 2020
For and on behalf of the Board of Directors
PT Pertamina (Persero)




 Nicke Widyawati
President Director & CEO
 Emma Sri Martini
Finance Director



The original consolidated financial statements included herein are in the Indonesian language

**PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND
FOR THE YEAR THEN ENDED WITH
INDEPENDENT AUDITORS' REPORT**

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Purwantono, Sungkoro & Surja

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The original report included herein is in the Indonesian language.

Independent Auditors' Report

Report No. 01092/2.1032/AU.1/02/0684-5/1/V/2020

The Shareholder, the Board of Commissioners and the Board of Directors
PT Pertamina (Persero)

We have audited the accompanying consolidated financial statements of PT Pertamina (Persero) and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2019, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



The original report included herein is in the Indonesian language.

Independent Auditors' Report (continued)

Report No. 01092/2.1032/AU.1/02/0684-5/1/V/2020 (continued)

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respect, the consolidated financial position of PT Pertamina (Persero) and its subsidiaries as of December 31, 2019, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Other matter

Our audit of the accompanying consolidated financial statements of PT Pertamina (Persero) and its subsidiaries as of December 31, 2019 and for the year then ended was performed for the purpose of forming an opinion on such consolidated financial statements taken as a whole.

The accompanying financial information of PT Pertamina (Persero) (parent entity), which comprises the statement of financial position as of December 31, 2019, and the statements of profit or loss and other comprehensive loss, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purpose of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The Parent Entity Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Parent Entity Financial Information has been subjected to the auditing procedures applied in the audits of the accompanying consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements taken as a whole.

Purwantono, Sungkoro & Surja

Drs. Hari Purwantono
Public Accountant Registration No. AP.0684

May 22, 2020



These consolidated financial statements are originally issued in the Indonesian language

**PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2019**

(Expressed in thousands of United States Dollars, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2g,2h,5	6,756,252	9,112,312
Restricted cash	2g,2h,6	182,129	108,915
Short-term investments	2h	392,584	225,199
Trade receivables	2h,2i		
Related parties	2f,40a	1,554,094	1,297,651
Third parties	7a	1,892,058	1,933,455
Due from the Government - current portion	2f,2h,2i,8	3,375,794	1,834,261
Other receivables	2h,2i		
Related parties	2f,40b	182,487	149,178
Third parties	7b	956,932	734,312
Inventories	2j,9	5,893,332	6,323,165
Prepaid taxes - current portion	2u,39a	1,361,726	820,598
Prepayments and advances	2k	447,604	534,987
Other investments	2h,10	85,834	80,171
Total Current Assets		23,080,826	23,154,204
NON-CURRENT ASSETS			
Due from the Government - net of current portion	2f,2h,2i,8	3,313,801	2,924,148
Deferred tax assets	2u,39e	1,506,071	1,441,866
Long-term investments	2h,2m,11	2,973,879	2,819,054
Fixed assets	2n,2o,12	13,352,327	12,859,274
Oil and gas and geothermal properties	2o,2p,13	19,756,792	18,614,286
Prepaid taxes - net of current portion	2u,39a	875,900	820,287
Other non-current assets	2h,14	2,226,812	2,085,333
Total Non-Current Assets		44,005,582	41,564,248
TOTAL ASSETS		67,086,408	64,718,452

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.



These consolidated financial statements are originally issued in the Indonesian language

PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2019
(Expressed in thousands of United States Dollars, unless otherwise stated)

	Notes	December 31, 2019	December 31, 2018
LIABILITIES AND EQUITY			
LIABILITIES			
SHORT-TERM LIABILITIES			
Short-term loans	2h,15	1,270,052	4,347,035
Trade payables	2h		
Related parties	2f,40c	73,304	78,781
Third parties	16	4,570,033	3,597,777
Due to the Government - current portion	2h,2f,17	940,413	1,207,743
Taxes payable	2u,39b		
Income taxes		199,380	467,605
Other taxes		302,942	258,405
Accrued expenses	2h,18	2,798,681	2,135,509
Long-term liabilities -			
current portion	2h,2o,19	573,726	420,577
Other payables	2h		
Related parties	2f,40d	74,459	54,011
Third parties		1,103,362	1,203,426
Deferred revenues - current portion	2r	256,996	202,013
Total Short-Term Liabilities		12,163,348	13,972,882
LONG-TERM LIABILITIES			
Due to the Government - net of			
current portion	2h,17	796,029	795,082
Deferred tax liabilities	2u,39e	3,731,426	3,307,406
Long-term liabilities -			
net of current portion	2h,2o,19	1,546,412	1,805,300
Bonds payable	2h,20	12,614,493	11,094,096
Employee benefits liabilities	2s,21b	1,994,389	1,850,383
Provision for decommissioning			
and site restoration	2q,22	2,458,905	2,029,735
Deferred revenues -			
net of current portion	2r	53,826	74,623
Other non-current payables	2h	508,099	178,905
Total Long-Term Liabilities		23,703,579	21,135,530
TOTAL LIABILITIES		35,866,927	35,108,412

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.



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PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2019 and 2018
(Expressed in thousands of United States Dollars, unless otherwise stated)

	<u>Notes</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
EQUITY			
Equity attributable to owners of the parent entity			
Share Capital			
Authorized - 600,000,000 ordinary shares at par value of Rp1,000,000 (full amount) per share;			
Issued and paid-up capital - 171,227,044 shares			
	24a	16,191,204	16,191,204
Additional paid-in capital	24b	(924,296)	(924,296)
Government contributed assets pending final clarification of status	25	146,578	401,120
Other equity components		67,697	607,564
Retained earnings	26		
- Appropriated		10,770,470	8,796,357
- Unappropriated		2,529,342	2,526,772
Total equity attributable to owners of the parent entity		<u>28,780,995</u>	<u>27,598,721</u>
Non-controlling interests	2c,23	2,438,486	2,011,319
TOTAL EQUITY		<u>31,219,481</u>	<u>29,610,040</u>
TOTAL LIABILITIES AND EQUITY		<u>67,086,408</u>	<u>64,718,452</u>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.



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PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the Year Ended December 31, 2019
(Expressed in thousands of United States Dollars, unless otherwise stated)

	Notes	For the Years ended December 31,	
		2019	2018
Sales and other operating revenues	2r		
Domestic sales of crude oil, natural gas, geothermal energy and oil products	27	43,783,510	44,742,511
Subsidy reimbursements from the Government	28	4,875,075	5,632,468
Export of crude oil, natural gas and oil products	29	3,628,904	3,636,953
Marketing fees	40e	-	15,432
Revenues from other operating activities	30	2,297,168	3,906,207
TOTAL SALES AND OTHER OPERATING REVENUES		54,584,657	57,933,571
Cost of sales and other direct costs	2r		
Cost of goods sold	2r,31	(39,559,658)	(42,787,916)
Upstream production and lifting costs	2r,32	(4,999,734)	(4,386,516)
Exploration costs	2r,33	(206,929)	(267,680)
Expenses from other operating activities	2r,34	(1,741,689)	(1,271,977)
TOTAL COST OF SALES AND OTHER DIRECT COSTS		(46,508,010)	(48,714,089)
GROSS PROFIT		8,076,647	9,219,482
Selling and marketing expenses	2r,35	(1,624,902)	(1,642,831)
General and administrative expenses	2r,36	(1,553,620)	(1,329,911)
Gain on foreign exchange, net	2r,2t	289,430	19,622
Finance income	2r,37	1,221,380	256,573
Finance costs	2r,37	(965,290)	(835,238)
Share in net profit of associates and joint ventures	2c,2r	80,322	122,724
Other expenses, net	2r,38	(642,988)	(80,825)
		(3,195,668)	(3,489,886)
PROFIT BEFORE INCOME TAX		4,880,979	5,729,596
Income tax expense, net	2u,39c	(2,262,593)	(3,013,202)
PROFIT FOR THE YEAR AFTER THE EFFECT OF MERGING ENTITIES INCOME ADJUSTMENT		2,618,386	2,716,394

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.



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PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the Year Ended December 31, 2019
(Expressed in thousands of United States Dollars, unless otherwise stated)

	Notes	For the years ended December 31,	
		2019	2018
PROFIT FOR THE YEAR AFTER THE EFFECT OF MERGING ENTITIES INCOME ADJUSTMENT		2,618,386	2,716,394
OTHER COMPREHENSIVE (LOSS) INCOME			
Item not to be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement of net defined benefit liability	2s	(93,315)	228,498
Items to be reclassified to profit or loss in subsequent periods (net of tax):			
Foreign exchange difference from translation of financial statements in foreign currency	2c,2t	48,178	(79,561)
Share of other comprehensive loss of associates	2c,2m	(156,607)	(130,775)
Other comprehensive (loss) income (net of tax)		(201,744)	18,162
TOTAL COMPREHENSIVE INCOME FOR THE YEAR AFTER THE EFFECT OF MERGING ENTITIES COMPREHENSIVE INCOME ADJUSTMENT		2,416,642	2,734,556
Adjustment merging entities income:			
Owner of the parent entity		-	(45,770)
Non-controlling interests	2c	-	(34,585)
Total		-	(80,355)
TOTAL INCOME FOR THE YEAR BEFORE THE EFFECT OF MERGING ENTITIES INCOME ADJUSTMENT ATTRIBUTABLE TO:			
Owner of the parent entity		2,529,342	2,526,772
Non-controlling interests	2c	89,044	109,267
Total		2,618,386	2,636,039

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.



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PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the Year Ended December 31, 2019
(Expressed in thousands of United States Dollars, unless otherwise stated)

	Notes	For the years ended December 31,	
		2019	2018
Adjustments of merging entities comprehensive income:			
Owner of the parent entity		-	(42,546)
Non-controlling interests	2c	-	(32,682)
Total		-	(75,228)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR BEFORE EFFECT OF MERGING ENTITIES COMPREHENSIVE INCOME ADJUSTMENT ATTRIBUTABLE TO:			
Owner of the parent entity		1,989,475	2,536,559
Non-controlling interests	2c	427,167	122,769
Total		2,416,642	2,659,328

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.



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PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2019
(Expressed in thousands of United States Dollars, unless otherwise stated)

	Notes	Attributable to owners of the parent entity										
		Issued and paid-up capital	Merging entities equity	Additional paid-in capital	Government contributed assets pending final clarification of status	Other equity components			Retained earnings		Non-controlling interests	Total equity
						Differences arising from reclassification of financial statements	Other comprehensive income	Appropriated	Unappropriated	Total		
Balance as of January 1, 2018/ December 31, 2017		13,417,047	1,804,579	2,736	1,361	(902,976)	790,675	6,871,101	2,540,195	25,124,718	1,888,549	27,013,267
Adjustment of merging entities income		-	45,770	-	-	-	-	-	-	45,770	34,585	80,355
Adjustment of merging entities comprehensive income		-	(3,224)	-	-	-	-	-	-	(3,224)	(1,903)	(5,127)
Changes in ownership of PT Asuransi Indo Pratama Indonesia Tbk and PT Asuransi Internasional Etoprosasi dan Produkti	4c,4j	-	-	-	-	-	13,710	-	-	13,710	68,814	82,524
Capitalization of advance for share issuance		2,774,157	(1,847,125)	(927,032)	-	-	-	-	-	-	-	-
Government contributed assets pending final clarification of status	25b	-	-	-	399,759	-	-	-	-	399,759	-	399,759
Differences arising from translation of non-US Dollar currency financial statements	2c,2i	-	-	-	-	(59,338)	-	-	-	(59,338)	(20,223)	(79,561)
Other comprehensive income from associates		-	-	-	-	-	(68,138)	-	-	(68,138)	(61,637)	(130,775)
Remeasurements of net defined benefit liability	2s	-	-	-	-	-	234,631	-	-	234,631	(6,133)	228,498
Dividends declared	2aa,26	-	-	-	-	-	-	-	(614,939)	(614,939)	-	(614,939)
Appropriation of other reserves	26	-	-	-	-	-	-	1,925,256	(1,925,256)	-	-	-
Profit for the year		-	-	-	-	-	-	-	2,526,772	2,526,772	109,267	2,636,039
Balance as of December 31, 2018		16,191,204	-	(924,296)	401,120	(362,314)	969,878	8,796,357	2,526,772	27,898,721	2,011,319	29,610,040

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.



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PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the Year Ended December 31, 2019
(Expressed in thousands of United States Dollars, unless otherwise stated)

Notes	Issued and paid-up capital	Merging entities equity	Additional paid-in capital	Government contributed assets pending final clarification of status	Attributable to owners of the parent entity				Total	Non-controlling interests	Total equity
					Other equity components		Retained earnings				
					Differences arising from translation of financial statements	Other comprehensive income	Appropriated	Unappropriated			
Balance as of January 1, 2019/ December 31, 2018	16,191,204	-	(924,296)	401,120	(362,314)	969,878	8,796,357	2,526,772	27,598,721	2,011,319	29,610,040
Government contributed assets pending final clarification of status	-	-	-	(254,542)	-	-	-	-	(254,542)	-	(254,542)
Differences arising from translation of non-US Dollar currency financial statements	-	-	-	-	16,388	-	-	-	16,388	31,790	48,178
Other comprehensive income from associates	-	-	-	-	-	(452,733)	-	-	(452,733)	296,126	(156,607)
Remeasurements of net defined benefit liability	-	-	-	-	-	(103,522)	-	-	(103,522)	10,207	(93,315)
Dividends declared	-	-	-	-	-	-	-	(552,659)	(552,659)	-	(552,659)
Appropriation of other reserves	-	-	-	-	-	-	1,974,113	(1,974,113)	-	-	-
Profit for the year	-	-	-	-	-	-	-	2,529,342	2,529,342	89,044	2,618,386
Balance as of December 31, 2019	16,191,204	-	(924,296)	146,578	(345,926)	413,623	10,770,470	2,529,342	28,780,995	2,438,486	31,219,481

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.



These consolidated financial statements are originally issued in the Indonesian language

PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019
(Expressed in thousands of United States Dollars, unless otherwise stated)

	Notes	For the years ended December 31,	
		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		51,863,307	48,878,496
Cash receipts from the Government		7,195,147	7,805,648
Cash receipts from tax restitutions		82,958	185,016
Payments to suppliers		(40,687,345)	(38,227,640)
Payments to the Government		(9,587,675)	(11,279,557)
Payments of corporate income taxes		(2,451,894)	(2,688,175)
Cash paid to employees and management		(1,923,899)	(1,640,855)
(Placement of) receipts from restricted cash		(47,011)	73,109
Receipts of interest		47,145	63,327
Net cash generated from operating activities		4,490,733	3,169,369
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of short-term investments		162,836	198,439
Interest received from investments		5,841	13,784
Proceeds from sale of fixed assets		1,255	176
Dividends received from associates		99,812	214,083
Purchases of fixed assets		(1,277,676)	(1,287,975)
Purchases of oil and gas and geothermal properties		(2,360,764)	(1,482,518)
Placements in long-term investments		(290,286)	(1,062,244)
Placements in short-term investments		(340,803)	(237,577)
Payments for exploration and evaluation assets		(6,978)	(99,538)
Receipts from (placement of) restricted cash		1,837	(22,614)
Cash obtained from acquisition of Subsidiaries		8,467	-
Cash received from other investing activities		99,031	262,222
Net cash used in investing activities		(3,897,428)	(3,503,762)

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PT PERTAMINA (PERSERO) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019
(Expressed in thousands of United States Dollars, unless otherwise stated)

	Notes	For the years ended December 31,	
		2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term loans	45	7,147,166	9,489,219
Proceeds from bond issuance	45	1,498,855	734,407
Proceeds from long-term liabilities	45	394,739	255,931
Repayments of short-term loans	45	(10,254,978)	(5,583,278)
Repayments of long-term liabilities	45	(524,558)	(465,351)
Dividend payments	26,45	(563,106)	(585,755)
Payments of finance costs		(621,564)	(538,489)
Repayments of bonds	45	-	(37,649)
Placement of restricted cash		(139,043)	(312)
Net cash (used in)/generated from financing activities		(3,062,489)	3,268,723
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(2,469,184)	2,934,330
Effects of exchange rate changes on cash and cash equivalents		113,124	(231,845)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5	9,112,312	6,409,827
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	6,756,252	9,112,312

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.



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PT PERTAMINA (PERSERO) AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the Year Then Ended
(Expressed in thousands of US Dollars, unless otherwise stated)

1. GENERAL

a. PT Pertamina (Persero) ("the Company")

i. Company profile

PT Pertamina (Persero) ("Company") was established in accordance with Notarial Deed No. 20 dated September 17, 2003 of Lenny Janis Ishak, S.H.. The Company's deed of establishment of the Company was approved by the Minister of Law and Human Rights through Decree No. C-24025 HT.01.01.TH.2003 dated October 9, 2003 and through Circular Letter No. 93 attachments No. 11620 November 21, 2003. The establishment of the Company is based on Law No. 1 Year 1995 dated March 7, 1995 regarding Limited Liability Company ("PT"), Government Regulation ("PP") No. 12 Year 1998 dated January 17, 1998 regarding the State Owned Enterprise (Persero), and PP No. 45 Year 2001 regarding Amendments to PP No. 12 Year 1998, Law No. 22 Year 2001 dated November 23, 2001 regarding Oil and Gas, Law No. 19 Year 2003 regarding State-Owned Enterprises ("BUMN"), and PP No. 31 Year 2003 dated June 18, 2003 regarding changes in the status of the State Oil and Gas Mining Company (Pertamina) to State Owned Enterprise (Persero).

The Company's Articles of Association have been amended several times. The latest amendment was made to increase the authorized capital of the Company, under Notarial Deed No. 29 dated April 13, 2018 of Aulia Taufani, S.H., which was approved by the Minister of Law and Human Rights through Decision Letter No. AHU-0008395.AH.01.02. Year 2018 dated April 13, 2018.

In accordance with PP No. 31 Year 2003, all rights and obligations arising from contracts and agreements entered between the former Pertamina Entity and third parties, provided these are not contrary to Law No. 22 Year 2001, were transferred to the Company. In accordance with PP No. 31, the objective of the Company is to engage in the oil and gas business in domestic and foreign markets and in other related business activities. In conducting its business, the Company's objective is to generate income and contribute to the improvement of the economy for the benefit of the people of Indonesia.

At the date of establishment of the Company, all oil and gas and geothermal energy activities of the former Pertamina Entity, including joint operations with other companies, were transferred to the Company. These businesses have been transferred to the Company's subsidiaries. All employees of the former Pertamina Entity became employees of the Company.

ii. Business activities and principal address

In accordance with its Articles of Association under Notarial Deed No. 29 dated April 13, 2018 of Aulia Taufani, S.H., which was registered by the Minister of Law and Human Rights through its Letter No. AHU-0008395.AH.01.02. Year 2018 dated April 13, 2018, the Company shall conduct the following main business:

- a. Operate in exploration activities of oil and gas;
- b. Operate in exploitation activities of oil and gas;
- c. Carry out activities in electrical energy, including but not limited to the exploration and exploitation of geothermal energy, geothermal electricity power plant ("PLTP"), gas power plant ("PLTG") and electricity energy produced by the Company;
- d. Implement refining activities that produce fuel oil, special fuel, non-fuel, petrochemicals, gas fuel, Liquefied Natural Gas ("LNG") and Gas to Liquid ("GTL") result/other product either and products or intermediate products;
- e. Conduct activities of the procurement of raw materials, processing, transportation, storage and trading of Biofuels;



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PT PERTAMINA (PERSERO) AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the Year Then Ended
(Expressed in thousands of US Dollars, unless otherwise stated)

1. GENERAL (continued)

a. PT Pertamina (Persero) (“the Company”) (continued)

ii. Business activities and principal address (continued)

- f. Conduct transportation activities, which includes the transport of petroleum, natural gas, fuel oil, fuel gas and/or result/other products for commercial purposes;
- g. Carry out storage activities which includes the reception, the collection and spending of petroleum reservoirs, fuel oil, fuel gas and/or result/other products for commercial purposes;
- h. Carry out commercial trade activities which includes the purchase, sale, export and import of petroleum, fuel oil, fuel gas and/or result/other products; the distribution of natural gas through pipelines including commercial electrical energy produced by the Company; and
- i. Conduct developmental activities, exploration, production and trading of new and renewable energy, among others, Coal Bed Methane (“CBM”), liquified coal, gasified coal, shale gas, shale oil, bio fuel, diesel fuel, wind energy and biomass.

In addition to the above main business activities, the Company may conduct business in order to optimize the utilization of available resources as follows:

- a. Trading house, real estate, warehousing, tourism, resort, sports and recreation, rest areas, hospitals, education, research, infrastructure, telecommunications, rental services and operation of facilities and infrastructure owned by the Company, the freeway (toll) and shopping centre/mall;
- b. Management of Special Economic Zones;
- c. Industrial Complex management; and
- d. Other business activities and association to support its main businesses.

In addition, the Company received a mandate from the Government related to the assignment of Public Service Obligation (“PSO”) to supply certain oil products (Note 48j).

The Company has processing activities which include the processing of crude oil into oil products and production of Liquefied Petroleum Gas (“LPG”) and petrochemicals (paraxylene and propylene). The Company owns six Refinery Units (“RU”) with installed processing capacities as follows:

RU	Installed processing capacity of crude oil (barrels/day) (unaudited)
RU II - Dumai and Sungai Pakning, Riau	170,000
RU III - Plaju and Sungai Gerong, South Sumatera	118,000
RU IV - Cilacap, Central Java	348,000
RU V - Balikpapan, East Kalimantan	260,000
RU VI - Balongan, West Java	125,000
RU VII - Kasim, West Papua	10,000

The Company, through its subsidiaries, also conduct certain business activities as disclosed in Notes 1b and 43.

The Company’s head office is located at Jl. Medan Merdeka Timur No. 1A, Jakarta, Indonesia.



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PT PERTAMINA (PERSERO) AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the Year Then Ended
(Expressed in thousands of US Dollars, unless otherwise stated)

1. GENERAL (continued)

a. PT Pertamina (Persero) (“the Company”) (continued)

iii. The Company’s Board of Commissioners, Directors and Audit Committee

As of December 31, 2019 and 2018, the composition of the Company’s Board of Commissioners are as follows:

	December 31, 2019	December 31, 2018
President Commissioner	Basuki Tjahaja Purnama ^{a,b}	Tanri Abeng ^a
Vice President Commissioner	Budi Gunadi Sadikin ^b	Arcandra Tahar
Commissioner	Ego Syahril	Ego Syahril
Commissioner	Alexander Lay ^d	Alexander Lay ^d
Commissioner	Condro Kirono ^b	Ahmad Bambang
Commissioner	Isa Rachmatarwata ^c	Suahasil Nazara
Commissioner	-	Sahala Lumban Gaol

^a Independent commissioner

^b Effective December 23, 2019 based on the General Meeting of Shareholder (“GMS”) resolution No. SK-329/MBU/12/2019, to replace GMS resolution No. SK-282/MBU/11/2019 dated November 22, 2019.

^c Effective December 23, 2019 based on GMS resolution No. SK-327/MBU/12/2019.

^d Independent commissioner based on GMS resolution No. SK-142/MBU/05/2018.

As of December 31, 2019 and 2018, the composition of the Company’s Board of Directors are as follows:

	December 31, 2019	December 31, 2018
President Director	Nicke Widyawati	Nicke Widyawati
Corporate Marketing Director	Basuki Trikora Putra	Basuki Trikora Putra
Retail Marketing Director	Mas’ud Khamid	Mas’ud Khamid
Upstream Director	Dharmawan H. Samsu	Dharmawan H. Samsu
Finance Director	Emma Sri Martini ^a	Pahala N. Mansury
Human Resources Director	Koeshartanto	Koeshartanto
Logistic, Supply Chain, and Infrastructure Director	Mulyono ^b	Gandhi Sriwidodo
Refinery Director	Budi Santoso Syarif	Budi Santoso Syarif
Refinery and Petrochemical Megaproject Director	Ignatius Tallulembang	Ignatius Tallulembang
Investment Planning and Risk Management Director	Heru Setiawan	Heru Setiawan
Asset Management Director	M. Haryo Yuniyanto	M. Haryo Yuniyanto

^a Effective November 22, 2019 based on GMS resolution No. SK-283/MBU/11/2019.

^b Effective December 26, 2019 based on GMS resolution No. SK-336/MBU/12/2019.



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PT PERTAMINA (PERSERO) AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2019 and for the Year Then Ended
(Expressed in thousands of US Dollars, unless otherwise stated)

1. GENERAL (continued)

a. PT Pertamina (Persero) (“the Company”) (continued)

iii. The Company’s Board of Commissioners, Directors and Audit Committee (continued)

As of December 31, 2019 and 2018, the composition of the Company’s Audit Committee is as follows:

	December 31, 2019	December 31, 2018
Chairman	Basuki Tjahaja Purnama ^a	Tanri Abeng
Vice Chairman	Alexander Lay ^a	Sahala Lumban Gaol
Vice Chairman	-	Ahmad Bambang
Member	Agus Yulianto	Agus Yulianto
Member	Bonar Lumban Tobing	Bonar Lumban Tobing

^a Effective December 3, 2019 based on Decision Letter of Board of Commissioners No. 016/KPTS/K/DK/2019.

iv. Number of employees

As of December 31, 2019 and 2018, the Group has 32,449 and 31,569 permanent employees (unaudited), respectively.

b. Subsidiaries, associates and joint arrangements

i. Subsidiaries

As of December 31, 2019 and 2018, the Group has direct or indirect control of the following subsidiaries:

Subsidiaries	Year of establishment	Effective percentage of ownership		Total assets before elimination	
		2019	2018	2019	2018
Oil and gas exploration and production					
1. PT Pertamina Hulu Energi	1990	100.00%	100.00%	5,156,691	4,531,667
2. PT Pertamina EP	2005	100.00%	100.00%	7,598,719	7,498,644
3. PT Pertamina EP Cepu	2005	100.00%	100.00%	3,557,976	2,992,894
4. Pertamina E&P Libya Limited, British Virgin Island	2005	100.00%	100.00%	154	154
5. PT Pertamina East Natuna	2012	100.00%	100.00%	129	129
6. PT Pertamina EP Cepu ADK	2013	100.00%	100.00%	12,743	12,847
7. PT Pertamina Internasional Eksplorasi dan Produksi	2013	100.00%	100.00%	6,049,260	5,841,041
8. ConocoPhillips Algeria Limited, Cayman Island (Effective liquidation on February 28, 2019)	2013	-	100.00%	-	774,216
9. PT Pertamina Hulu Indonesia	2015	100.00%	100.00%	2,687,368	1,478,109
10. PT Pertamina Hulu Rokan (note 4g)	2018	100.00%	100.00%	785,002	785,000
Geothermal exploration and production					
11. PT Pertamina Geothermal Energy	2006	100.00%	100.00%	2,573,431	2,556,651
Oil and gas drilling services					
12. PT Pertamina Drilling Services Indonesia	2008	100.00%	100.00%	574,631	560,423



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1. GENERAL (continued)

b. Subsidiaries, associates and joint arrangements (continued)

i. Subsidiaries (continued)

Subsidiaries	Year of establishment	Effective percentage of ownership		Total assets before elimination	
		2019	2018	2019	2018
Processing and sale of oil and gas products, construction and oilfield services, information technology and telecommunications					
13. PT Elnusa Tbk.	1969	41.10%	41.10%	489,536	390,995
Oil and gas trading, gas transportation, processing, distribution and storage					
14. PT Perusahaan Gas Negara Tbk. (Note 4a)	2018	56.96%	56.96%	7,373,713	8,764,437
Electricity					
15. PT Pertamina Power Indonesia	2016	100.00%	100.00%	128,300	114,721
Trading services and industrial activities					
16. PT Pertamina Patra Niaga	1997	100.00%	100.00%	1,031,669	908,986
17. Pertamina International Timor S.A	2015	95.00%	95.00%	43,356	36,643
Public fuel filling stations business					
18. PT Pertamina Retail	1997	100.00%	100.00%	269,469	203,312
Lubricant processing and marketing					
19. PT Pertamina Lubricants	2013	100.00%	100.00%	498,008	413,332
Shipping					
20. PT Pertamina Trans Kontinental	1969	100.00%	100.00%	340,517	307,519
21. PT Pertamina International Shipping	2016	100.00%	100.00%	419,060	296,335
Air transportation services					
22. PT Pelita Air Service	1970	100,00%	100,00%	63,365	60,380
Investment management					
23. PT Pertamina Pedeve Indonesia	2002	100.00%	100.00%	62,715	62,098
Human resources development services					
24. PT Pertamina Training & Consulting	1999	100.00%	100.00%	50,402	39,799
Offices, house rental and hotel operations					
25. PT Patra Jasa	1975	100.00%	100.00%	308,519	236,119
Health services and hospital operations					
26. PT Pertamina Bina Medika IHC (previously PT Pertamina Bina Medika)	1997	100.00%	100.00%	113,735	105,743
Insurance services					
27. PT Asuransi Tugu Pratama Indonesia Tbk. ("ATPI") (Note 4j)	1981	58.50%	58.50%	1,249,846	923,376
Refineries					
28. PT Kilang Pertamina Internasional	2017	100.00%	100.00%	141,432	1,836



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1. GENERAL (continued)

b. Subsidiaries, associates and joint arrangements (continued)

i. Subsidiaries (continued)

Subsidiaries	Year of establishment	Effective percentage of ownership		Total assets before elimination	
		2019	2018	2019	2018
Liquified Natural Gas ("LNG") regasification					
29. PT Nusantara Regas (Note 4b)	2010	82.78%	82.78%	275,767	240,817
Bunker Business & Logistics and sales & distribution					
30. Pertamina International Marketing and Distribution Pte. Ltd. (Note 4l)	2019	100.00%	-	121,617	-

ii. Associates

The directly owned associates as of December 31, 2019, are as follows:

Associates	Percentage of ownership	Nature of business
1. PPT Energy Trading Co., Ltd.	50.00%	Marketing services
2. PT Trans Pacific Petrochemical Indotama ("TPPI")	37.65%*	Processing and sale of oil and gas products and services
3. PT Tuban Petrochemical Industries ("Tuban Petro")	51.00%	General trading, industries and services

*) Exclude indirect ownership through Tuban Petro amounted to 21.73%

The indirectly owned associates as of December 31, 2019, are as follows:

Associates	Percentage of ownership	Nature of business
1. PT Donggi Senoro LNG	29.00%	LNG Processing
2. PT Asuransi Samsung Tugu	30.00%	Insurance
3. Seplat Petroleum Development Company Plc, ("Seplat") Nigeria	20.46%	Oil and gas exploration and production
4. PT Gas Energi Jambi	40.00%	Transportation and distribution of natural gas

On November 18, 2019, the Company entered into a New Share Purchase Agreement with Tuban Petro to purchase 190,372 series B shares. This acquisition resulted in the Company owns 51% of Tuban Petro's shares, and with the purchase of this share resulted the Company's effective ownership in TPPI changed to 61.12% (Note 4m).

On December 20, 2019, TPPI issued new shares totaling 4,350 thousand shares, resulted the Company's effective ownership of TPPI changed to 59.38% (Note 4o).

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1. GENERAL (continued)

b. Subsidiaries, associates and joint arrangements (continued)

iii. Joint arrangements

The indirectly owned joint ventures as of December 31, 2019, are as follows:

Joint Ventures	Percentage of ownership	Nature of business
1. PT Patra SK	35.00%	Lube Base Oil ("LBO") processing
2. PT Perta-Samtan Gas	66.00%	LNG processing
3. PT Perta Daya Gas	65.00%	LNG regasification
4. PT Pertamina Rosneft Pengolahan dan Petrokimia ("PRPP")	55.00%	Development of petroleum and petrochemical refineries
5. PT Transportasi Gas Indonesia ("Transgasindo")	59.87%	Transport of natural gas via transmission pipes
6. PT Permata Karya Jasa ("Perkasa")	60.00%	Exploration and production Workshop services, guidance, and distribution of labour services

The Group considered the existence of substantive participating rights held by the non-controlling shareholders of PT Perta-Samtan Gas, PT Perta Daya Gas, and PRPP which provide such shareholders with joint control over significant financial and operating policies. Concerning non-controlling rights, the Group does not have control over the significant financial and operating policies of PT Perta-Samtan Gas, PT Perta Daya Gas, and PRPP even though the Group has more than 50% of share ownership.

On April 11, 2018, the Company obtained control over PT Nusantara Regas. Previously, the Company recognized investment in PT Nusantara Regas as an investment in a joint venture (Note 4b).

The indirectly owned joint operation as of December 31, 2019, is as follows:

Associates	Percentage of ownership	Nature of business
1. Natuna 2 B.V., Netherland	50.00%	Exploration and production

The Company classifies investments in PT Badak Natural Gas Liquefaction ("Badak NGL") as investments of financial assets available for sale at acquisition costs because the Company substantially has no control over Badak NGL since its operations are controlled by natural gas producers. These investments are measured using acquisition cost because the fair value cannot be measured reliably.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the consolidated financial statements

The accounting and financial reporting policies adopted by the Group in accordance with financial accounting standards in Indonesia, namely the Statement of Financial Accounting Standards ("SFAS"). Accounting policies are applied consistently in the preparation of the consolidated financial statements as of December 31, 2019 and 2018 by the Group.

The consolidated financial statements, except consolidated statement of cash flows, have been prepared on the accrual basis and the measurement basis used is historical cost, except for certain accounts which requires different measurement as disclosed on each account's accounting policies.

The consolidated statement of cash flows have been prepared based on the direct method by classifying the cash flows into operating, investing and financing activities.

The consolidated financial statements are presented in thousands of US Dollars (US\$), which is also the Group's functional currency, unless otherwise stated.

b. Changes in accounting policies and disclosure

i. The adoption of these new/revised standards and interpretations did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported in the consolidated financial statements

The following new standards, amendments to existing standards and interpretations have been published and are mandatory for the first time adoption for the Group's financial year beginning January 1, 2019 or later periods. The Group has adopted them, but they have no significant impact to the Group's current business:

- ISAK 33: Foreign currency transaction and advance consideration
- ISAK 34: Uncertainty in the Treatment of Income Tax
- Amendments to SFAS 24: Employee Benefits
- SFAS 22 (2018 improvement): Business Combination
- SFAS 26 (2018 improvement) : Borrowing Cost
- SFAS 46 (2018 improvement) : Income Tax
- SFAS 66 (2018 improvement) : Joint Arrangement

ii. New standards, amendments and interpretations issued but not yet effective

The following are several accounting standards issued by the Indonesian Financial Accounting Standards Board ("DSAK") that are considered relevant to the financial reporting of the Group but not yet effective for consolidated financial statements as of December 31, 2019 and for the year then ended:

Effective January 1, 2020

- Amendments to SFAS 15: Investment in Associates and Joint Ventures, this amendments stipulates that the entity also applies SFAS 71 to financial instruments in associates or joint ventures where the equity method is not applied. This includes long-term interests which substantially form part of the entity's net investment in associates or joint ventures.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosure (continued)

ii. New standards, amendments and interpretations issued but not yet effective (continued)

Effective January 1, 2020 (continued)

- Amendments to SFAS 62: Insurance Contracts, which are further amendments due to the issuance of SFAS 71. Amended standards provide instructions for entities that issue insurance contracts, especially insurance companies, about how to apply SFAS 71. SFAS 62 allows an entity that meets certain criteria to apply a temporary exemption from SFAS 71 (deferral approach) or choose to apply a layered approach (overlay approach) for specified financial assets.
- SFAS 71: The Financial Accounting Standards Board has adopted SFAS 71, Financial Instruments, which will effectively replace SFAS 55 "Financial Instruments: Recognition and Measurement". SFAS 71 discusses the classification, measurement and derecognition of financial assets and liabilities, introducing new rules for hedge accounting and new impairment models for financial assets. SFAS is effective since January 1, 2020 where early adoption is permitted. In addition to hedge accounting, the application of this standard must be done retrospectively with restatement of comparative information not required.

In respect to provision for impairment of financial assets owned by the Group, the new impairment model requires recognition of the provision for impairment based on expected credit losses compared to actual credit losses under SFAS 55. This applies to financial assets classified as amortization costs, debt instruments at fair value through other comprehensive income, asset contracts in SFAS 72 "Revenues from Customer Contracts", lease receivables, loan commitments and certain financial guarantee contracts. The Group is currently in the process to calculate the effects of such impairment. The quantum or additional impairment needed to be recorded by the Group cannot be determined yet since it requires sufficient information on the adoption date of SFAS 71 on January 1, 2020.

This new standard also broaden disclosure requirements and changes in presentation. This is expected to change the nature and bound the Group's disclosure of financial instruments, especially in the year of the adoption of new standards.

- SFAS 72: Revenue from Contracts with Customers, is the new standard that provides a comprehensive framework to determine how revenue must be recognized, the timing of revenue recognition, and the amount that must be recognized by the Group. This standard introduces a single model used in recording revenue with customers, called the five-step model (Identification of Contracts with Customers, Identification of Implementation Obligations, Determining Transaction Prices, Transaction Price Allocations, and Revenue Recognition), which must be applied in all contracts with customers. This standard also introduces several new concepts such as accounting treatment related to contract modifications and capitalization of costs associated with contracts with customers.

SFAS 72 will effectively replace all standards relating to current income; namely SFAS 23 "Revenue", SFAS 34 "Construction Contracts", SFAS 44 "Accounting for Real Estate Development Activities", and ISAK 10 "Customer Loyalty Program". SFAS 72 will be effective as of January 1, 2020 with early application is permitted.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosure (continued)

ii. New standards, amendments and interpretations issued but not yet effective (continued)

Effective January 1, 2020 (continued)

There are two alternative methods can be used by the Group during the transition process of SFAS 72. The first method, this standard allows to apply retrospectively to each prior period presented in the financial statements for contracts with customers. The second method, the Group is permitted to apply retrospective modification method where SFAS 72 will only be applied to transactions after January 1, 2020 where the cumulative impact on initial adoption will be recorded as an adjustment to the beginning balance of retained earnings (for other equity components, as appropriate) as of January 1, 2020.

- SFAS 73 : Leases, provides a comprehensive model for identifying lease contracts and accounting treatment for lease transactions as lessees or lessors. SFAS 73 emphasizes the importance of control in the identification of lease contracts, which are the factors that differentiate lease contracts and service contracts depending on which party has control over the identification of assets. If the customer has control over asset identification, the contract meets the definition of lease in SFAS 73.

SFAS 73 will effectively replace several standards and interpretations, namely: SFAS 30 "Lease", ISAK 8 "Determining whether an Arrangement Contains a Lease", ISAK 23 "Operating Leases-Incentives", ISAK 24 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease ", and ISAK 25" Land Rights ". SFAS 73 effectively starting January 1, 2020. Early adoption of SFAS 73 is permitted since the Group adopted SFAS 72 "Revenue from Contracts with Customers" on or before the date of the initial adoption of SFAS 73.

The adoption of SFAS 73 will have an impact for most leases recognized in the statement of financial position, where this standard eliminates the difference between operating leases and financing. Operating lease costs in SFAS 73, will be capitalized as assets (or right-of-use for leased goods) and financial liabilities that reflect future lease payment commitments after considering the impact of discounts and practical guidelines to be used by the Group. Exceptions to such treatment are only available for short-term and low-value leases. The lessee is required to recognize and present separately the interest expense arising from the lease obligation with the depreciation expense of the leasehold rights.

The accounting treatment for the lessor will not differ significantly.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in accounting policies and disclosure (continued)

ii. New standards, amendments and interpretations issued but not yet effective (continued)

Effective January 1, 2020 (continued)

- Amendments to SFAS 71: Financial Instruments concerning the Accelerated Features of Repayment with Negative Compensation which regulates that financial assets with an accelerated repayment feature that can produce negative compensation meet the qualifications as contractual cash flows originating solely from principal and interest payments.
- Amendments to SFAS 1: Presentation of Financial Statements and SFAS 25: Accounting Policies, Changes in accounting estimates and errors that clarify material definitions with the aim of harmonizing the definitions used in the conceptual framework and several related SFASes.

At this stage, The quantum or additional impairment amount needed to be recorded by the Group cannot be determined yet. The Group will conduct a more in-depth review of its impact on the next twelve months period.

c. Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as described in Note 1b.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group loses control of the subsidiary.

A change in the ownership interest of a Subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a Subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest ("NCI") and other components of equity while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The consolidated financial statements have been prepared using the same accounting policies for transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted for transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

All intercompany accounts and transactions between the Company and its Subsidiaries have been eliminated to reflect the financial position and the results of operations of the Group as one business entity.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Principles of consolidation (continued)

NCI represents the portion of the profit or loss and net assets of the Subsidiaries attributable to equity interests that are not owned directly or indirectly by the Company, which are presented in the consolidated statement of profit or loss and other comprehensive income and under the equity section of the consolidated statement of financial position, respectively, separately from the corresponding portion attributable to the equity holders of the parent company.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the NCI, even if this results in the NCI having a deficit balance.

For consolidation purpose of subsidiaries using currency other than US Dollar as functional currency, assets and liabilities are translated using the Bank of Indonesia middle rate at the end of reporting period. On the other hand, revenue and expenses are translated using the average Bank of Indonesia middle rate during the profit or loss period.

The difference arising from the translation of those subsidiaries' financial statements into the US Dollar is presented as "Other comprehensive income - Differences arising from translation of financial statements" account as part of other equity components in the equity section of the consolidated statements of financial position.

d. Business combinations

Business combinations are accounted using the acquisition method as stipulated in SFAS 22 (Revised 2015). The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are directly expensed and included in "Selling, General and Administrative Expenses".

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with SFAS No. 55 (Revised 2014) either in profit or loss or as other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

At acquisition date, goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the Subsidiary acquired, the difference is recognized in profit or loss. Afterwards, impairment test on goodwill will be examined at the end of every subsequent period.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Business combinations (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to each of the Group's cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those CGUs.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

In accordance with the provision of SFAS No. 22 (Revised 2015), if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group shall report in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date.

e. Business combination under common control

Business combination transaction under common control, in the form of transfer of business within the framework of reorganization of entities under the same business group is not a change of ownership in economic substance, therefore it would not result in a gain or loss for the group as a whole or to the individual entity within the same group, therefore the transactions are recorded using the pooling-of-interests method.

The entity that disposed and received the business records the difference between the consideration received/transferred and the carrying amount of the disposed business/carrying amount of any business combination transaction in equity and presents it in "Additional Paid-in Capital" account.

In applying the pooling-of-interests method, the components of the financial statements for the period during which the business combination occurred and for other periods presented for comparison purposes are presented in such a manner as if the combination has already occurred since the beginning of the period in which the entities were under common control.

f. Related party transactions

The Company enters into transactions with related parties as defined in SFAS 7 (Revised 2015): Related Party Disclosures. All significant transactions and balances with related parties are disclosed in the notes to these consolidated financial statements.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Cash and cash equivalents

Cash and cash equivalents are cash on hand, cash in banks, and time deposits with maturity periods of three months or less at the time of placement and which are not used as collateral or are not restricted.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents are presented net of overdrafts.

Cash and cash equivalents which are restricted for repayment of currently maturing obligations are presented as restricted cash under the current assets section, while cash and cash equivalents which are restricted to repay obligations maturing after one year from the date of consolidated statement of financial position are presented as part of other non-current assets.

h. Financial instruments

i. Financial assets

Initial recognition

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge. The classification depends on the nature and purpose for which the asset was acquired and is determined at the time of initial recognition.

Financial assets are initially recognized at fair value, and in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs are added to the fair value.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

- i. Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.
- ii. Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- iii. Available-for-sale ("AFS") financial assets
AFS financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the two preceding categories. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized in equity until the investment is derecognized. At that time, the cumulative gain or loss previously recognized in equity is reclassified to the consolidated statement of profit or loss and other comprehensive income as a reclassification adjustment.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Financial instruments (continued)

i. Financial assets (continued)

iv. Held-to-maturity investments

Non-derivative financial assets with fixed payments, and fixed liabilities and maturity liabilities are classified as held to maturity when the Group has positive intentions and capabilities to maintain them until maturity. After initial measurement, held to maturity investments are measured at amortized cost using the Effective Interest Rate ("EIR") method. Amortization of EIR is recognized as financial income in profit or loss. Losses arising from a decrease in value are recognized in profit or loss as a financial expense.

Impairment of financial assets

Assets carried at amortized cost

The Group assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- i. default or delinquency in payments by the debtor;
- ii. significant financial difficulty of the debtor;
- iii. a breach of contract, such as a default or delinquency in interest or principal payments;
- iv. the lenders, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lenders would not otherwise consider;
- v. the probability that the debtor will enter bankruptcy or other financial reorganisation;
- vi. the disappearance of an active market for that financial asset because of financial difficulties; or
- vii. observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot be traced yet to the individual financial assets in the portfolio, including:
 1. adverse changes in the payment status of borrowers in the portfolio; and
 2. national or local economic conditions that correlate with defaults on the assets in the portfolio.

If there is an objective evidence that an impairment loss has occurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR. The carrying amount of the asset is reduced either directly or through the use of a provision account. The amount of the loss is recognized in the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss will be reversed either directly or by adjusting the provision account. The reversal amount is recognized in the profit or loss and the amount cannot exceed what the amortized cost would have been had the impairment not been recognized at the date the impairment was reversed.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Financial instruments (continued)

i. Financial assets (continued)

Assets classified as available-for-sale

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and the decline is significant and prolonged or when there is objective evidence that the assets were impaired, the cumulative loss that had been recognized in equity will be reclassified from equity to the profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is reclassified from equity to the profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the profit or loss.

The impairment loss recognized in the profit or loss on equity instrument cannot be reversed through the profit or loss. Increases in fair value subsequent to the impairment are recognized in OCI.

Derecognition

A financial asset, or where applicable, a part of a financial asset or part of a group of similar financial assets, is derecognized when:

- (i) The contractual rights to receive cash flows from the asset have expired; or
- (ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement, and either (a) the Group has transferred substantially all the risks and rewards of the financial asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

ii. Financial liabilities

Initial recognition

Financial liabilities are classified as financial liabilities at fair value through profit or loss and other financial liabilities that are not held for trading or not designated at fair value through profit or loss. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of financial liabilities recognized at amortized cost, include directly attributable transaction costs.

The Group's financial liabilities which are classified as other financial liabilities include short-term loans, trade payables, due to the Government, accrued expenses, long-term liabilities, other payables, bonds payable, and other non-current payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Financial instruments (continued)

ii. Financial liabilities (continued)

i. Financial liabilities at fair value through profit or loss (continued)

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivative liabilities are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss and other comprehensive income.

ii. Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at cost using the effective interest rate ("EIR") method. At the reporting date, the accrued interest is recorded separately from the respective principal loans as part of current liabilities. Gains and losses are recognized in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognized as well as through the amortization process using the EIR method.

Derecognition

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

A financial liability is derecognized when the obligation under the liability is discharged, or cancelled or has expired.

EIR method

The EIR method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

iii. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Financial instruments (continued)

iv. Derivative financial instruments and hedge accounting

The Group uses derivative foreign currency forward and option contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company entered into forward and currency option contracts that are used as a hedge for the exposure to changes in cash flows relating to interest payments and bonds repayment due to changes in foreign exchange rates. Such forward and option contracts do not meet the criteria of hedge accounting.

i. Receivables

Trade and other receivables are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method, less provision for any impairment. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), these receivables are classified as non-current assets.

j. Inventories

Crude oil and oil product inventories are recognized at the lower of cost or net realizable value.

Cost is determined based on the average method and comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventory to its present location and current condition.

The net realizable value of subsidized fuel products ("BBM") are recognized at the lower of next month's Government decreed price and the formula price.

The net realizable value of 3 kg LPG cylinders is the Aramco LPG contract price plus distribution costs and a margin (alpha), less the estimated costs of completion and the estimated costs necessary to make the sale.

Materials such as spare parts, chemicals and others are stated at average cost. Materials exclude obsolete, unusable and slow-moving materials which are recorded as part of other assets under the non-current assets section.

A provision for obsolete, unuseable and slow-moving materials is provided based on management's analysis of the condition of such materials at the end of the year.

k. Prepayments and advances

Prepayments are amortized on a straight-line basis over the estimated beneficial periods of the prepayments.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Assets held for distribution to the Company

Assets held for distribution to the Company are recognized at the lower of carrying amount and fair value less costs to sell.

m. Long-term investments

i. Investments in associates and joint ventures

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties who have joint control over the arrangement have rights to the net assets of the joint venture. Joint control is the distribution of the contractual agreed control of an agreement, which only exists if the decision on the relevant activity requires the full agreement of the parties that have joint control.

The considerations made in determining significant influence or joint control are similar to those needed to determine control over a subsidiary. The Group's investment in associates and joint ventures are accounted for using the equity method.

Under the equity method, investments in associates or joint ventures are initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of the net assets of an associate or joint venture since the acquisition date. Goodwill in connection with an associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the result of operations of associates or joint ventures. Any changes to the Group's other comprehensive income ("OCI") from the investee are presented as part of OCI. If there has been a change that is recognized directly in the equity of the associate or joint venture, the group recognizes its share of the changes, if any, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and associates or joint ventures are eliminated according to the interests of the associate or joint ventures.

The Group's share of profit or loss from associates and joint ventures is presented as profit or loss other than operating income and is part of profit and loss after tax and non-controlling interests in subsidiaries or joint ventures. The financial statements of the associates or joint ventures are prepared with the same reporting period with the Group. If necessary, adjustments are made to implement the accounting policies adopted by the Group policies.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ii. Investment property

Investment property consists of land and buildings held by the Group to earn rental income or for capital appreciation, or both, rather than for use in the production or supply of goods or services, administrative purposes or sale in the normal course of business.

An investment property is measured using the cost model that is stated at cost including transaction costs less accumulated depreciation and impairment losses, if any, except for land which is not depreciated. Such cost includes the cost of replacing part of the investment property, if the recognition criteria are satisfied, and excludes operating expenses involving the use of such property.

Building depreciation is computed using the straight-line method over the estimated useful lives of buildings ranging from 10 (ten) to 25 (twenty-five) years.

An investment property is derecognized upon disposal or when such investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the derecognition or disposal of investment property are recognized in the profit or loss in the year such derecognition or disposal occurs.

Transfers to investment property are made when there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party. Transfers from investment property are made when there is a change in use, evidenced by the commencement of owner-occupation.

For a transfer from investment property to owner-occupied property, the Group uses the cost method at the date the change occurs. If an owner-occupied property becomes an investment property, the Group records the investment property in accordance with the fixed asset policies up to the date of change in use.

n. Fixed assets

The Group applies accounting policy on fixed assets as stipulated in SFAS 16 (Revised 2015), as follows:

Direct ownership

Land is recognized at cost and not depreciated. Fixed assets are initially recognized at cost and subsequently, except for land, carried at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The Group recognized significant repair and maintenance costs as fixed assets. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Initial legal costs incurred to obtain legal rights are recognized as part of the acquisition cost of the land, and these costs are not depreciated. Costs related to renewal of land rights are recognized as intangible assets and amortized during the period of the land rights.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Fixed assets (continued)

Fixed assets, except land, are depreciated using the straight-line method over their estimated useful lives as follows:

	Years
Tanks, pipeline installations and other equipment	5-25
Refineries	10-20
Buildings	5-25
Ships and aircrafts	6-25
Moveable assets	5-20
Major repairs and maintenance	3

At each financial year-end, the residual values, useful lives and methods of depreciation of assets are reviewed and adjusted prospectively, as appropriate.

When assets are retired or otherwise disposed of, their carrying values are eliminated from the consolidated financial statements, and the resulting gains and losses on the disposal of fixed assets are recognized in the profit or loss.

Assets under construction

Assets under construction represent costs for the construction and acquisition of fixed assets and other costs. These costs are transferred to the relevant fixed asset account when the construction is complete. Depreciation is charged from the date the assets are available for use.

o. Leases

The Group classifies leases based on the extent to which risks and rewards incidental to the ownership of a leased asset are vested upon the lessor or the lessee, and the substance of the transaction rather than the form of the contract, at the time of initial recognition.

Group as Lessee

- i. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the leased assets. Such leases are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.
- ii. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the leased asset. Accordingly, the related lease payments are recognized in profit or loss on a straight-line basis over the lease term.

Group as Lessor

Leases in which the group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs in caused in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis of rental income. Contingent rents are recognized as revenues on a straight-line basis over the lease term.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Oil & gas and geothermal properties

i. Exploration and evaluation assets

Oil and natural gas, as well as geothermal exploration and evaluation expenditures are accounted for using the successful efforts method of accounting. Costs are accumulated on a field by field basis.

Geological and geophysical costs are expensed as incurred.

Costs to acquire rights to explore for and produce oil and gas are recorded as unproved property acquisition costs for properties where proved reserves have not yet been discovered, or proved property acquisition costs if proved reserves have been discovered.

The costs of drilling exploratory wells and the costs of drilling exploratory-type stratigraphic test wells are capitalized as part of assets under construction - exploratory and evaluation wells, within oil and gas properties pending determination of whether the wells have found proved reserves. If the well has not found proved reserves, the capitalized costs of drilling the well are then charged to profit or loss as a dry hole expense.

Afterwards, exploration and evaluation assets are reclassified from exploration and evaluation assets when evaluation procedures have been completed. Exploration and evaluation assets for which commercially-viable reserves have been identified are reclassified to development assets. Exploration and evaluation assets are tested for impairment immediately prior to reclassification out of exploration and evaluation assets.

ii. Development assets

The costs of drilling development wells including the costs of drilling unsuccessful development wells and development-type stratigraphic wells are capitalized as part of assets under construction of development wells until drilling is completed. When the development well is completed on a specific field, it is transferred to the production wells.

iii. Production assets

Production assets are aggregated exploration and evaluation assets and development expenditures associated with the producing wells. Production assets are depleted using a unit-of-production method on the basis of proved developed reserves, from the date of commercial production of the respective field.

iv. Other oil & gas and geothermal assets

Other oil & gas and geothermal properties are depreciated using the straight-line method over the lesser of their estimated useful lives or the term of the relevant Production Sharing Contract ("PSC") are as follows:

	Years
Installations	3-30
LPG plants	10-20
Buildings	5-30
Moveable assets	2-27
Geothermal wells	10-20



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Oil & gas and geothermal properties (continued)

iv. Other oil & gas and geothermal assets (continued)

Land and land rights are stated at cost and are not amortized.

The useful lives and methods of depreciation of assets are reviewed, and adjusted prospectively if appropriate, at least at each financial year-end. The effects of any revisions are recognized in profit or loss, when the changes arise.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

The accumulated costs of the construction, installation or completion of buildings, plant and infrastructure facilities such as platforms and pipelines are capitalized as assets under construction. These costs are reclassified to the relevant fixed asset accounts when the construction or installation is ready for use. Depreciation is charged from that date.

v. Ownership rights over unitization operations

A joint asset is an asset to which each party has rights and often has joint ownership. Each party has exclusive rights to a share of the asset and the economic benefits generated from that asset.

In a unitization, all the operating and non-operating participants combine their assets in a producing field to form a single unit and in return receive an undivided interest in that unit. As such, a unitization operation is a joint control asset arrangement. Under this arrangement, the Group records its share of the joint asset, any liabilities it incurs, its share of any liabilities incurred jointly with the other parties relating to the joint arrangement, any revenue from the sale or use of its share of the output of the joint asset and any expenses it incurs in respect of its interest in the joint arrangement. If the Group is the operator, the Group recognizes receivables from the other parties (representing the other parties' share of expenses and capital expenditure borne by the operator) otherwise, the Group recognizes payables to the operator.

q. Provision for decommissioning and site restoration

The provision for decommissioning and site restoration provides for the legal obligations associated with the retirement of oil and gas properties including the production facilities that result from the acquisition, construction or development and/or normal operation of such assets. The retirements of such assets, other than temporary suspension of use, are removed from service including sale, abandonment, recycling or disposal in some other manner.

These obligations are recognized as liabilities when a constructive obligation with respect to the retirement of an asset is incurred. An asset retirement cost equivalent to these liabilities is capitalized as part of the related asset's carrying value and is subsequently depreciated or depleted over the asset's useful life. These obligations are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Provision for decommissioning and site restoration (continued)

Provision for environmental issues that may not involve the retirement of an asset, where the Group is a responsible party, is recognized when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Asset retirement obligations for downstream facilities generally become firm at the time the facilities are permanently shutdown and dismantled. However, these facilities have indeterminate lives based on plans for continued operations, and as such, the fair value of the conditional legal obligations cannot be measured, since it is impossible to estimate the future settlement dates of such obligation. The Group performs periodic reviews of its downstream assets for any changes in facts and circumstances that might require recognition of asset retirement obligations.

r. Revenue and expense recognition

i. Revenue

Revenue from the production of crude oil and natural gas are recognized on the basis of the provisional entitlements method at the point of lifting. Differences between the actual liftings of crude oil and natural gas result in a receivable when final entitlements exceed liftings of crude oil and gas (underlifting position) and in a payable when lifting of crude oil and natural gas exceed final entitlements (overlifting position). Underlifting and overlifting volumes are valued based on the annual weighted average Indonesian Crude Price ("ICP") (for crude oil) and price as determined in the respective Sale and Purchase Contract (for natural gas).

The Company recognizes subsidy revenue as it sells the subsidy products and becomes entitled to the subsidy.

Revenue from sales of goods and services is recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer and when such services are performed, respectively.

Penalty income from overdue receivables from BBM sales is recognized when the Company and its customers agree on the amount of the penalties and there is evidence that the customers have committed to pay the penalties.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Revenue and expense recognition (continued)

i. Revenue (continued)

Revenues from gas distribution and toll fees from gas transmission are recognized when the gas is distributed or transmitted to the customers based on the gas meter readings.

Revenue arising from the operation of the asset and pipeline transmission is recognized after the service is rendered and is measured based on the unit of gas which has been transported during such period.

The cost and revenue involving sales of electricity among PGE, geothermal contractors and PT Perusahaan Listrik Negara (Persero) ("PLN") are recorded based on Energy Sales Contracts under a Joint Operating Contracts ("JOC"). The contracts stipulate that the sale of electricity from the JOC contractors to PLN is to be made through PGE in the same amount of the purchase costs as the electricity from the JOCs.

Excess and/or shortfall of revenue from differences of formula retail selling price and Government's stipulated selling price ("Disparity of Selling Price") of certain type of fuel ("JBT") Diesel Fuel and special fuel assignment ("JBKP") Premium are recognized in the period when sale of JBT Diesel Fuel and JBKP Premium occurs as long as the settlement and/or collectability of such Disparity of Selling Prices is certain at the completion date of the financial statements.

The Company records such excess and/or shortfall of revenue from the Selling Price Differences in revenue from other operating activities account because it is part of the Company's operations.

Deferred revenue consists of:

- amounts billed and collected involving "take or pay" gas transaction, which will be recognized as revenue when the related gas quantities are delivered to customers or when the contract expires.
- down payment for rental and services charges.
- rental revenue for the future period.

ii. Expense

Expense is recognized when incurred on an accrual basis.

s. Pension plan and employee benefits

i. Pension obligations

Entities within the Group operate various pension schemes. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee the benefits relating to employee service in the current and prior years.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Pension plan and employee benefits (continued)

i. Pension obligations (continued)

The Group is required to provide a minimum amount of pension benefit in accordance with Labour Law No. 13/2003 or the Group's Collective Labour Agreement ("the CLA"), whichever is higher. Since the Labour Law or the CLA sets the formula for determining the minimum amount of pension benefits, in substance, pension plans under the Labour Law or the CLA represent defined benefit plans.

The liability recognized in the statement of financial position in respect of the defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Expense charged to profit or loss includes current service costs, interest expense/income, past service cost and gains and losses on settlements. Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs.

Remeasurements arising from defined benefit retirement plans are recognized in OCI.

Termination benefits are payable when an employee's employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes the termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes restructuring costs involving the payment of termination benefits.

ii. Other post-employment obligations

Companies within the Group provide "post retirement" healthcare benefits to their retired employees. This benefit is eligible for the employee that remains working up to retirement age and approaching a minimum service period. The expected cost of this benefit is accrued over the period of employment using the projected unit credit method. This obligation is valued annually by independent qualified actuaries.

t. Transactions and balances in non-US Dollar Denomination

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t. Transactions and balances in non-US Dollar denomination (continued)

Non-US Dollar currency transactions are translated into US Dollar using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in non-US Dollar currency are translated into US Dollar using the closing exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss, except when deferred in equity as qualifying cash flows hedges and qualifying net investment hedges.

For domestic and foreign subsidiaries that are not integral to the Company's operations and for which the functional currency is not the US Dollar, the assets and liabilities are translated into US Dollars at the exchange rates prevailing at the date of statement of financial position.

The exchange rates used as of December 31, 2019 and December 31, 2018, were as follows (full amount):

	December 31, 2019	December 31, 2018
1,000 Rupiah/US Dollar	0.07	0.07
Singapore Dollar/US Dollar	0.74	0.73
100 Japanese Yen/ US Dollar	0.92	0.91
Hong Kong Dollar/ US Dollar	0.13	0.13
Euro/ US Dollar	1.12	1.14
Malaysian Ringgit/ US Dollar	0.24	0.24
Algeria Dinar/ US Dollar	0.01	0.01

u. Income tax

Current Income Tax

Current tax assets and liabilities are measured at the amount expected to be refunded from or paid to the taxation authority. The tax rates and tax regulations used to calculate these amounts are those that have been enacted or substantively enacted at the reporting date in the country where the Group operates and produce taxable income.

Interest and penalties are presented as part of income or other operating expenses because they are not considered as part of the income tax expense

The Group periodically evaluates positions reported in Annual Tax Returns ("SPT") in connection with situations in which tax rules that apply require interpretation. Where appropriate, the Group determines the allowance based on the amount expected to be paid to the tax authorities including consideration of the decision of the tax court and the supreme court decision in case of Group's appeal process.

Corrections to taxation obligations are recorded when an assessment is received, or for assessment amounts appealed against by the Group, when: (1) the result of the appeal is determined, unless there is significant uncertainty as to the outcome of such an appeal, in which event the impact of the amendment of tax obligations based on an assessment is recognized at the time of making such appeal, or (2) at the time based on knowledge of developments in similar cases involving matters appealed, in rulings by the Tax Court or the Supreme Court, where a positive appeal outcome is adjudged to be significantly uncertain, in which event the impact of an amendment of tax obligations is recognized based on the assessment amounts appealed.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Income tax (continued)

In income tax calculation, the Company recognizes revenue from the Price Difference in the amount of the value of the receivables before adjusting for fair value (Note 9a). Difference in value of receivables with fair value is recognized as deferred tax assets. Recovery from adjusting the fair value of receivables in subsequent years will be recorded as interest income. The interest income is not recognized as an object of income tax but as a reversal of previously deferred tax assets.

Deferred Tax

Deferred tax is recognized using the liability method for temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- i. deferred tax liabilities that occur from the initial recognition of goodwill or from assets or liabilities from transactions that are not business combination transactions, and at the time of the transaction do not affect accounting profit and taxable / taxable income; and
- ii. from taxable temporary differences in investments in subsidiaries, associated companies and interests in joint arrangements, which when reversed can be controlled and it is probable that the temporary differences will not be reversed in the near future.

Deferred tax assets are recognized for all deductible temporary differences, unused tax credit balances and accumulated unused tax losses. Deferred tax assets are recognized to the extent that it is probable that the amount of taxable income will be sufficient to be compensated with deductible temporary differences, and the application of unused tax credits and taxable accumulated losses that can be used, except:

- i. if deferred tax assets arise from the initial recognition of an asset or liability in a transaction that is not a business combination transaction and does not affect the accounting profit or taxable income/tax loss; or
- ii. from temporary differences that can be deducted from investments in subsidiaries, associated companies and interests in joint arrangements, deferred tax assets are only recognized if it is probable that the temporary differences will not be reversed in the near future and taxable profits can be compensated by the temporary difference.

The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced if the taxable income may not be sufficient to compensate for part or all of the benefits of the deferred tax asset. Deferred tax assets that are not recognized are reviewed at each reporting date and will be recognized if it is probable that future taxable profits will be available for recovery.

Deferred tax assets and liabilities are measured using the tax rate that is expected to apply to the year when the asset is recovered or the liability is settled based on the tax rates and applicable tax regulations or substantively enacted at the reporting date.

Deferred tax assets and liabilities related to PSC activities are calculated using the tax rate that applies to the effective date of the PSC or renewal date or date of change in the PSC.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Income tax (continued)

Deferred Tax (continued)

Deferred tax on goods recognized outside of profit or loss is recognized outside of profit or loss. Estimated deferred tax is recognized to correlate with underlying transactions in both the OCI and directly in equity.

Value Added Tax ("VAT")

Revenues, expenses and assets are recognized net of the amount of VAT except:

- i. VAT that arises from the purchase of an asset or service that cannot be credited by the tax office, in which case the VAT is recognized as part of the acquisition cost of the asset or as part of the items applied for expenses; and
- ii. Receivables and payables presented include the amount of VAT.

VAT on subsidies and/or price differences will be recorded by the Company when submitting payments for subsidies and/or price differences to the Directorate General of Budget.

Final Tax

In accordance with taxation regulations in Indonesia, final tax is imposed on the gross value of the transaction, and is still imposed even if losses are incurred by the party carrying out the transaction.

Final tax is not included in the scope regulated by SFAS 46 (Revised 2014): Final tax is no longer governed by SFAS No. 46. Therefore, the Company has decided to present all final taxes arising from interest income subject to final tax as a separate line item.

v. Segment information

An operating segment is a component of an enterprise:

- a. that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses related to the transactions with different components within the same entity);
- b. whose operating results are regularly reviewed by the enterprise's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance; and
- c. for which discrete financial information is available.

w. Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready for use - are not subject to amortization and are tested annually for impairment.

Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-Generating Units or CGUs). Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. Bond issue costs

Bond issue costs are presented as a deduction from bonds payable as part of non-current liabilities in the consolidated statements of financial position.

The difference between net proceeds and nominal value represents a discount which is amortized using the EIR method over the term of the bond.

y. Joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- a. Joint ventures: where the Group has rights to only the net assets of the joint arrangement
- b. Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- a. the structure of the joint arrangement
- b. the legal form of joint arrangements structured through a separate vehicle
- c. the contractual terms of the joint arrangement agreement
- d. any other facts and circumstances (including any other contractual arrangements).

The Group recognizes its interest in joint venture using equity method.

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalized and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as non-financial assets.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

z. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

aa. Dividends

Dividend distribution to the shareholders is recognized as a liability and deducted from equity in the Group consolidated financial statements in the period in which the dividends are declared.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ab. Borrowing costs

Borrowing costs are interest and exchange differences on foreign currency denominated borrowings and other costs (amortization of discounts/premiums on borrowings, etc) incurred in connection with the borrowing of funds.

Borrowing costs which are directly attributable to the acquisition, construction, or production of qualifying assets are capitalized as part of the acquisition cost of the qualifying assets. Other borrowing costs are recognized as expense in the period in which they are incurred.

The Group ceases capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

ac. Fair value measurement

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability or;
- in the absence of a principal market, in the most advantageous market for the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy as follows:

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

ad. Insurance Contract

An insurance contract is a contract issued by an insurance company where at the time of issuance of the policy the insurance company accepts significant insurance risk from the policy holder.

Insurance risk is the possibility of paying significant benefits to policyholders if an insured event occurs compared to the minimum benefit to be paid if the insured risk does not occur. The scenarios to consider are those that contain commercial elements.

The Group defines a significant insurance risk as the likelihood that the Group has agreed to compensate the policyholder if certain uncertain future events (insured events) adversely affect the policyholder.

When a contract has been classified as an insurance contract, reclassification of that contract cannot be carried out unless the terms of the agreement are later amended.

Insurance contracts are classified as follows :

- Short-term insurance contract
Short-term insurance contracts are insurance contracts that only provide insurance protection without a component of the deposit for a period of equal to or less than twelve months.
- Long-term insurance contract
Long-term insurance contracts are insurance contracts that only provide insurance protection without a component of the deposit for a period of more than twelve months.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ad. Insurance Contract (continued)

i) Underwriting income recognition

Underwriting income is recognized since the policy came into effect

Premiums from insurance and reinsurance contracts are recognized as revenues during the policy period (contract) based on the proportion of the amount of protection provided. Premiums from joint policies are recognized at the Group's premium share.

Reinsurance premiums are part of the gross premiums that become reinsurance rights based on the reinsurance agreement (contract). Reinsurance premiums are recognized over the period of the reinsurance contract in proportion to the protection obtained.

Reserve for premiums that are not yet recognized as revenues are part of the premiums related to the terms of protection coverage that has not yet ended.

The Group recognized reserves for short-term premiums that are not yet recognized as revenues using the daily method.

The Group also recognizes reserves for long-term premiums that are not yet recognized as revenues calculated using the present value method of future cash flows (discounted cash flows).

The Company's subsidiaries calculate the liability for future policy benefits using the Gross Premium Reserve method that reflects the present value of estimated payments for all benefits promised, including all options provided, the estimated present value of all costs incurred and also considers the receipt of future premiums.

(Increase) / decrease in reserves for premiums that are not yet recognized as revenues is the difference between premiums that have not recognized as revenues for the current period and past periods and is recognized net value of the consolidated profit and loss

The portion of reinsurance assets of reserves for premiums that are not yet recognized as revenues is recognized together when the emergence of reserves for premiums that are not yet recognized as revenues.

The portion of reinsurance assets from reserves for premiums that are not yet recognized as revenues is measured based on reinsurance contracts related to consistency with the method of measuring reserves for premiums that are not yet recognized as revenues.

The presentation of net premium income in the consolidated profit or loss shows the amount of gross premiums, reinsurance and retrocession premiums, and (increase) / decrease in reserves for premiums that are not yet recognized as revenues. Reinsurance and retrocession premiums are presented as a deduction from gross premiums.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ad. Insurance Contract (continued)

ii) Reinsurance

The Group reinsures some of the risks from the insurance coverage to other insurance companies and reinsurance companies.

The amount of premiums paid or part of the premiums on prospective reinsurance and retrocession transactions are recognized as reinsurance premiums during the reinsurance and retrocession contract period in proportion to protection provided. Payments or liabilities for retrospective reinsurance and retrospective transactions are recognized as reinsurance receivables in the amount of the liabilities recorded in connection with the reinsurance and retrocession contracts.

The Group has proportional and non-proportional reinsurance and retraction contracts with domestic and foreign insurance companies and reinsurance companies. The purpose of this reinsurance is to share risks that exceed the Group's retention capacity. Reinsurance and retrocession premiums, reinsurance and retrocession claims and reinsurance and retrocession discounts are deducted from gross premiums, gross claims and gross commission.

The Group reinsures a portion of the risk to reinsurance companies. The amount of premiums paid or the portion of premiums on prospective reinsurance transactions is recognized in accordance with the proportion of the reinsurance protection received.

Reinsurance assets include balances that expected to be paid by reinsurance companies for ceded estimated reinsurance claims, and ceded premiums do not yet recognized as revenues. The amount of benefits covered by the reinsurer is estimated to be consistent with the liabilities associated with the reinsurance policy.

If the reinsurance asset is impaired, the Group reduces the carrying amount and recognizes the impairment loss in the consolidated profit and loss. Reinsurance assets are impaired if there is objective evidence, as a result of an event that occurs after the initial recognition of reinsurance assets, that the Group cannot receive the entire amount because it is under contract conditions, and the impact on the amount to be received from the reinsurers can be measured in terms of reliability.

The Group presents reinsurance assets separately as assets for premiums not yet recognized as revenues and estimated liability claims.

iii) Acquisition cost

Acquisition costs are expenses incurred to obtain insurance premiums, such as commissions paid to insurance brokers, agents and other insurance entities. These acquisition costs are deferred and amortized according to the method of calculating the reserve for the premium.

iv) Claim

Claims include settled claims, claims in the process of settlement, including estimates of claims that have occurred but have not been reported (IBNR) and claims settlement costs. Such claims are recognized as an expense when the liability for the claim is incurred. Part of the claims obtained from reinsurers are recognized and recorded as a deduction from claim expenses in the same period as the claim expense recognition period. Subrogation rights are recognized as a deduction from claims expense at the time of realization.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ad. Insurance Contract (continued)

iv) Claim (continued)

Presentation of claims expense in the consolidated statement of profit and loss shows the amount of gross claims, reinsurance claims, and (increases) / decreases in estimated own retention claims. Reinsurance claims are presented as a deduction from gross claims.

Allowance for estimated gross claims is based on estimating claims expenses to be paid according to claims received by the Group up to the report date. Recovery of claims from reinsurers for a reserve of estimated gross claims is recorded as estimated reinsurance claims on reinsurance assets.

The Group determines reserves based on line of business. There are two categories of reserve: reserves for claims that have already been reported and reserves for claims that have occurred but not yet reported (IBNR).

The Group's reserves for claims that have been reported are based on estimating future payments to settle reported claims. The Group makes the estimate based on facts that are available when the reserves are determined.

Changes in the estimated amount of claims, as a result of the further review process and the difference between the estimated amount of claims paid, are recognized in the consolidated profit and loss in the year the change occurs.

v) Liability adequacy testing

Liability adequacy testing is carried out on the reporting date for individual contracts or per product group, determined according to how the Group obtains, maintains, and measures the profitability of the insurance contract.

The Group assesses insurance liabilities at the end of each reporting period to ensure that the insurance liabilities recorded are sufficient to cover estimated losses at the end of the reporting period, using current estimates of future cash flows based on insurance contracts.

If the valuation shows a deficiency between the carrying value of the insurance liability (less the related deferred acquisition costs) compared to the estimated future cash flows, all of the deficiencies are recorded in the consolidated profit and loss.

At the reporting date, the total recorded insurance assets and liabilities have been estimated and management believes that this amount is adequate.

ae. Provision of onerous contract

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

af. Completion of consolidated financial statements

The Group's consolidated financial statements have been completed and authorized to be issued by the Company's Directors on May 22, 2020.

3. MANAGEMENT'S USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in Note 2 to the consolidated financial statements, management is required to make estimates, judgements and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

These estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

a. Judgements

The following judgements are made by management in the process of applying the Group's accounting policies:

i. Exploration and evaluation expenditures

The Group's accounting policies for exploration and evaluation expenditures result in certain items of expenditure being capitalized for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established.

ii. Development expenditures

Development activities commence after a project is sanctioned by the appropriate level of management. Judgement is applied by management in determining when a project is economically viable.

iii. Uncertain tax exposure

Based on the tax regulations currently enacted, the management assessed if the amounts recorded under claim for tax refund are recoverable and refundable from the Tax Office. Further, the management also assessed possible liability that might arise from the tax assessment under objection.

Significant judgment is involved in determining the provision for corporate income tax and other taxes on certain transactions. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Group makes an analysis of all tax positions related to income taxes to determine if a tax liability for unrecognized tax benefit should be recognized.



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3. MANAGEMENT'S USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

a. Judgements (continued)

iv. Recognition of disparity selling price of JBT diesel fuel and JBKP premium

Based on the Presidential Regulation No. 43 Year 2018 dated May 25, 2018 covering Amendment to Presidential Regulation No. 191 Year 2014, Provision, Distribution and HJE Fuel Oil, it is stated that in the event, based on the Audit Board of the Republic of Indonesia (BPK)'s audit results in 1 (one) fiscal year, that there are the excess and/or shortfall of revenue from the assigned business entity as a result of Government's stipulated retail selling price of fuel oil, the Minister of Finance ("MoF"), after coordinating with the Minister of Energy and Mineral Resources ("MoEMR") and the Minister of State-Owned Enterprises ("MoSOE"), will establish the policy for excess and/or shortfall of revenue of the business entity.

Management believes that it is appropriate to recognize excess and/or shortfall of revenue from Disparity of Selling Price in the period when sale of JBT Diesel Fuel and JBKP Premium occurred, if the settlement and/or collectability of such Disparity of Selling Price is certain, which is mainly supported by the transfer of all risks and rewards to consumers across Indonesia areas and the Company retains neither continuing managerial involvement and effective control over JBT Diesel Fuel and JBKP Premium when the sale occurred and BPK's audit results on Disparity of Selling Price is received by the Group. In respect of the shortfall of revenue from Disparity of Selling Price, the collectability of revenue from Disparity of Selling Price is certain when the Decision Letter from MoF ("Decision Letter") has been received by the Company prior to the completion of the consolidated financial statements. The Group records such excess and/or shortfall of revenue from Disparity of Selling Price in revenue from other operating activities account because it is part of the Company's operations.

v. Onerous contract

An estimate of the present obligation of a onerous contract that is expected to be borne by the Group is made by comparing the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

In determining the cost of fulfilling a contract, payments that are due in the period in which the contract cannot be canceled must also be considered. If there is an option to cancel the contract and to pay a penalty, then the present value of the amount to be paid at the time of the contract cancelled must also be considered, and the contract is measured at the lower net cost to be unbound from the contract. Costs that must be considered in this case is an unavoidable costs that can be directly related to the Company's obligation. The unavoidable costs criteria are as follow:

- Direct costs of the contract and therefore incremental cost in relation to the contract.
- Does not represent allocation or distribution costs.
- Unavoidable cost by the Company's future plans.

Costs that will be occurred regardless the contract is fulfilled or not do not represent incremental costs. Non incremental costs are fixed and irrevocable costs, such as depreciation expense on fixed assets, non-cancelable operating lease costs, and others.

Non incremental costs are excluded in the onerous contract analysis since they are costs to run the business.



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3. MANAGEMENT'S USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

b. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are disclosed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

i. Impairment of non-financial assets

In accordance with the Group's accounting policy, each asset or CGU is evaluated every reporting period to determine whether there are any indications of impairment.

The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves, operating costs, decommissioning and site restoration cost, and future capital expenditure. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may have an impact on the recoverable amount of the assets.

ii. Reserves estimates

Proved oil and gas reserves are the estimated quantities of crude oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved reserves include:

- (i) proved developed reserves: amounts of hydrocarbons that are expected to be retrieved through existing wells, facilities and operating methods; and
- (ii) proved undeveloped reserves: amounts of hydrocarbons that are expected to be retrieved following new drilling, facilities and operating methods.

The accuracy of proved reserve estimates depends on a number of factors, assumptions and variables such as: the quality of available geological, technical and economic data, results of drilling, testing and production after the date of the estimates, the production performance of the reservoirs, production techniques, projecting future rates of production, the anticipated cost and timing of development expenditures, the availability for commercial market, anticipated commodity prices and exchange rates.

As the economic assumptions used to estimate reserves change from year to year, and additional geological data are generated during the course of operations, estimates of reserves may change from year to year. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including:

- i. Depreciation and amortization which are determined on a unit of production basis, or where the useful economic lives of assets change.
- ii. Decommissioning, site restoration and environmental provision may change where changes in estimated reserves affect expectations about the timing or cost of these activities.
- iii. The carrying value of deferred tax assets/liabilities may change due to changes in estimates of the likely recovery of the tax benefits.



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3. MANAGEMENT'S USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

b. Estimates and assumptions (continued)

ii. Reserves estimates (continued)

The Group has established proven reserves based on the principle of Petroleum Resources Management System ("PRMS") 2018, starting January 1, 2019 (previously based on PRMS 2007). The characteristics of the estimation uncertainty of natural reservoirs of oil and gas reserve may lead to changes in the estimated reserves due to the additional data obtained by the Group.

iii. Oil and gas properties

The Group applies the successful efforts method for its oil and natural gas exploration and evaluation activities.

For exploration and exploratory-type stratigraphic test wells, costs directly associated with the drilling of those wells are initially capitalized as assets under construction within oil and gas properties, pending determination of whether potentially economically viable oil and gas reserves have been discovered by the drilling effort.

Such estimates and assumptions may change as new information becomes available. If the well does not discover potentially economically viable oil and gas quantities, the well costs are expensed as a dry hole and are reported in exploration expense.

iv. Provision for the impairment of loans and receivables

Provision for the impairment of receivables is maintained at a level considered adequate to provide for potentially uncollectible receivables. The Group assesses specifically at each balance sheet date whether there is objective evidence that a financial asset is impaired (uncollectible).

The level of provision is based on past collection experience and other factors that may affect collectability.

Loans and receivables write-offs are based on management's decision that the financial assets are uncollectible or cannot be realized regardless of the actions taken.

v. Due from the Government

The Group recognizes amounts due from the Government for cost subsidies for certain fuel ("BBM") products and 3 kg LPG cylinders and marketing fees in relation to the Government's share of crude oil, natural gas and LNG. The Group makes an estimation of the amount due from the Government based on the actual delivery volume parameter and rates based on government regulations. The amount of subsidies is subject to audit and approval by the Audit Board of the Republic of Indonesia ("BPK"). The actual results may be different from the amounts recognized.

vi. Depreciation, estimate of residual values and useful lives of fixed assets

The useful lives of the Group's investment properties and fixed assets are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar businesses, internal technical evaluations and experience with similar assets.



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3. MANAGEMENT'S USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

b. Estimates and assumptions (continued)

vii. Deferred tax assets

Deferred tax assets are recognized only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

viii. Provision for decommissioning and site restoration

The Group is obliged to carry out future decommissioning of oil and gas production facilities and pipelines at the end of their economic lives. The largest decommissioning obligations facing the Group relate to the plugging and abandonment of wells and the removal and disposal of oil and gas platforms and pipelines in its contract area.

The Group recognizes the provision for the costs of decommissioning and restoration of the assets in respective location within the Group's PSC working area except for certain subsidiaries as described in Note 48o.

Most of these decommissioning events are many years in the future and the precise requirements that will have to be met when the removal event actually occurs are uncertain. Decommissioning technologies and costs are constantly changing, as well as political, environmental, safety and public expectations. Consequently, the timing and amounts of future cash flows are subject to significant uncertainty. Changes in the expected future costs are reflected in both the provision and the related asset and could have a material impact on the Group's consolidated financial statements.



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4. ACQUISITION, ADDITION OF PARTICIPATING INTEREST AND CHANGE IN PERCENTAGE OF OWNERSHIP

The Group obtained additional participating interest through acquisition transactions or acquisitions of terminated blocks. The acquisition transactions were made in accordance with the Group's strategy to develop its upstream business i.e. to increase oil, gas and geothermal production and reserves, and to expand the business overseas. The summary of the Group's transactions during 2018 until December 31, 2019 is as follows:

Acquisition of working area and participating interest	Working area	Area	Effective date of contract	Expiry date of contract	Percentage of Participation	Production	Contract period	Owned by
Attaka Unitization Field	Attaka	East Kalimantan	01/01/2018	24/10/2018	100%	Oil and gas	10 months	Pertamina Hulu Indonesia
Mahakam Block	Mahakam	East Kalimantan	01/01/2018	31/12/2037	90%	Oil and gas	20 years	Pertamina Hulu Indonesia
Tuban Block	Tuban Block	East Java	20/05/2018	20/05/2038	100%	Oil and gas	20 years	Pertamina Hulu Energi
Ogan Komering Block	Ogan Komering Block	South Sumatera	20/05/2018	19/05/2038	100%	Oil and gas	20 years	Pertamina Hulu Energi
Sukowati Unitization Field	Sukowati	Tuban	20/05/2018	-	100%	-	20 years	Pertamina EP
Sanga Sanga Block	Sanga Sanga Block	East Kalimantan	08/08/2018	07/08/2038	100%	Oil and gas	20 years	Pertamina Hulu Indonesia
Offshore Southeast Sumatera ("OSES") Block	OSES Block	Southeast Sumatera	06/09/2018	05/09/2038	100%	Oil and gas	20 years	Pertamina Hulu Energi
North Sumatera Offshore ("NSO") Block	NSO Block	North Sumatera	17/10/2018	16/10/2038	100%	Oil and gas	20 years	Pertamina Hulu Energi
East Kalimantan and Attaka Block	East Kalimantan and Attaka Block	East Kalimantan	25/10/2018	24/10/2038	100%	Oil and gas	20 years	Pertamina Hulu Indonesia
Jambi Merang Block	Jambi Merang Block	South Sumatera	10/02/2019	09/02/2039	100%	Oil and gas	20 years	Pertamina Hulu Energi
Raja Pendopo Block	Raja Pendopo Block	South Sumatera	06/07/2019	05/07/2039	100%	Oil and gas	20 years	Pertamina Hulu Energi
Salawati Block	Salawati Block	Papua	23/04/2020	22/04/2040	30%	Oil and gas	20 years	Pertamina Hulu Energi
Kepala Burung Block	Kepala Burung Block	Papua	15/10/2020	14/10/2040	30%	Oil and gas	20 years	Pertamina Hulu Energi
Geothermal Seulawah Agam	Seulawah Agam	Aceh	09/04/2018	08/04/2055	75%	Geothermal	37 years	Pertamina Geothermal Energy
Maratua Block	North Kalimantan and East Kalimantan	Kalimantan	18/02/2019	17/02/2049	100%	Oil and gas	30 years	Pertamina Hulu Energi
Rokan Block	Rokan	Central Sumatera	09/08/2021	08/08/2041	100%	Oil	20 years	Pertamina Hulu Rokan
West Ganai Block	West Ganai B	Makassar	26/01/2020	25/01/2050	30%	Oil and gas	30 years	Pertamina Hulu Indonesia
Corridor Block	Corridor Block	South Sumatera	20/12/2023	19/12/2043	30%	Oil and gas	20 years	Pertamina Hulu Energi



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4. ACQUISITION, ADDITION OF PARTICIPATING INTEREST AND CHANGE IN PERCENTAGE OF OWNERSHIP (continued)

a. Establishment of state-owned oil and gas holding enterprise

On December 30, 2016, the Government of Indonesia ("GOI") issued Government Regulation ("PP") No. 72/2016 as a revision to PP No. 44/2005 regarding Procedures and Administration of State Capital Investment in State-Owned Enterprises and Limited Company. This regulation is the legal basis for the establishment of state-owned holding enterprises that is being deliberated by the GOI.

On February 28, 2018, the GOI issued PP No. 6/2018 regarding Additional State Capital Investment in the Company. This regulation is to increase the GOI paid-up capital in the Company by transferring 13,809,038,755 (full amount) B series shares of PT Perusahaan Gas Negara Tbk. ("PGN") owned by the GOI, which represents 56.96% of total PGN shares, to the Company.

On March 28, 2018, the Ministry of Finance issued Decree No. 286/KMK.06/2018 regarding the determination of the value of additional State capital participation in the Company's share capital. The decree stipulates that the value of additional State capital participation in the Company's share capital is Rp38,136,346,046,696 (full amount).

On April 11, 2018, the Minister of State-Owned Enterprises ("MoSOE") issued Letter No. S-216/MBU/2018 to approve the transfer of 56.96% B series of PGN shares and additional state capital investment in the Company amounting to Rp38,136,346,046,696 (full amount). On the same date, the MoSOE issued Letter No. S-217/MBU/04/2018 to increase the Company's authorized share capital from Rp200 trillion to Rp600 trillion with nominal amount of Rp1,000,000 (full amount) per share. This letter also approved additional issued and paid-up capital of the Company by 38,136,347 shares or amounting to Rp38,136,346,046,696 (full amount) or equivalent to US\$2,774,157.

Further, on April 11, 2018, the MoSOE and the Company entered into an agreement regarding the transfer of Government rights at PGN to the Company, to increase the state capital participation in the Company.

On April 13, 2018, the Minister of Law and Human Rights issued Letter No. AHU-0008395.AH.01.02. 2018 regarding Approval of Changes in PT Pertamina (Persero) Articles of Association. It is stipulated that changes to Pertamina's Article of Association in relation to the total issued and paid-up shares of Rp171,227,044,000,000 (full amount) or equivalent to US\$16,191,204 has been approved.

On May 9, 2018, the MoSOE, as the holder of PGN's A Series Dwiwarna share, issued a Power of Attorney to transfer the rights and authority of the A series PGN share to the Company as the majority holder of B series of PGN shares. This Power of Attorney establishes PT Pertamina (Persero)'s control over PGN.

The above transaction is recorded in accordance with SFAS 38 (Revised 2012) "Business Combinations of Entities Under Common Control".



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4. ACQUISITION, ADDITION OF PARTICIPATING INTEREST AND CHANGE IN PERCENTAGE OF OWNERSHIP (continued)

a. Establishment of state-owned oil and gas holding enterprise (continued)

The following is a summary of PGN's financial information at the acquisition date:

	Book value
ASSETS	
Current assets	2,021,879
Non-current assets	4,442,988
Total assets	6,464,867
LIABILITIES	
Current liabilities	553,560
Non-current liabilities	2,649,167
Total liabilities	3,202,727
EQUITY	
Share capital	344,019
Other paid-in capital	284,339
Retained earnings	
Appropriated	2,427,854
Unappropriated	223,501
Other components of equity	(36,868)
Total equity attributable to owners of the parent entity	3,242,845
B series shares transfer representing 56.96% ownership of interest	(1,847,125)
Consideration amount	2,774,157
Additional paid-in capital	927,032

Based on the amendment and restatement of the share purchase agreement between the Company and PGN dated December 28, 2018, PGN officially acquired 51% (or 2,591,099 shares) of PT Pertamina Gas ("Pertagas") owned by the Company with total value of Rp20.18 trillion, equivalent to US\$1,351,955. With the acquisition of these shares, PGN effectively owned 51% of Pertagas shares including 5 subsidiaries, namely PT Pertagas Niaga, PT Perta Arun Gas, PT Perta Daya Gas, PT Perta-Samtan Gas, and PT Perta Kalimantan Gas. Pursuant to this transaction, the Company's effective ownership of Pertagas decreased from 100% to 78.05%.

b. Control over Regas

The Company and PGN own 60% and 40% ownership in Regas, respectively. As a result of the establishment of state-owned oil and gas enterprise, the Company indirectly owns 82.78% ownership of Regas. The management conclude that the Company has majority vote over Regas to direct relevant activities. Therefore, the Company has control over Regas and starting April 11, 2018, the Company consolidates Regas financial statements.



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4. ACQUISITION, ADDITION OF PARTICIPATING INTEREST AND CHANGE IN PERCENTAGE OF OWNERSHIP (continued)

b. Control over Regas (continued)

The following is a summary of Regas' financial information at the date when the Company obtains control.

	Book value
ASSETS	
Current assets	233,935
Non-current assets	56,116
Total Assets	290,051
LIABILITIES	
Current liabilities	20,769
Non-current liabilities	12,707
Total Liabilities	33,476
EQUITY	
Share capital	145,589
Retained earnings	
Appropriated	43,129
Unappropriated	68,026
Other components of equity	(169)
Total Equity	256,575

c. Change in percentage of ownership in Etablissements Maurel et Prom SA ("M&P")

On November 5, 2018, M&P entered into an agreement with Rockover Energy Limited ("Rockover") to acquire the deferred payments owned by Rockover for a consideration of US\$10.75 million (full amount) to be paid in cash and issuance of 5,373,209 new M&P shares.

On December 12, 2018, the extraordinary general meeting of M&P shareholders approved the delegation of authority relating to the capital increase for the purpose of transaction with Rockover to the Board of Directors. On December 14, 2018, the Board of Directors of M&P implemented this delegation of authority and decided to carry out the capital increase for a total nominal amount of €4,137,371 (full amount) through issuance of 5,373,209 new shares with a par value of €0.77 (full amount) each and a unit subscription price of €5.182 (full amount) each. Pursuant to the completion of the capital increase, Rockover holds 2.68% of M&P's share capital and resulted to the dilution of the Company's percentage of ownership in M&P from 72.65% to 70.75%. Thus, the impact of this transaction amounting to US\$32,243 is calculated as an equity transaction and recorded in other equity account.



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4. ACQUISITION, ADDITION OF PARTICIPATING INTEREST AND CHANGE IN PERCENTAGE OF OWNERSHIP (continued)

d. Gross split contract (“Gross Split”)

On January 13, 2017, the regulation of the MoEMR No. 08/2017 regarding principles of the Production Sharing Contract without Cost Recovery Mechanism, also known as Gross Split PSC, was issued. The following is a list of the Group’s participating interests in Gross Split PSC:

PSC	Effective Date	Due Date	Participating Interest	Contract Period	Sub-holding
East Sepinggan	20/07/2012	19/07/2042	15%	30 years	PT Pertamina Hulu Energi
Offshore North West Java (ONWJ)	19/01/2017	18/01/2037	90%	20 years	PT Pertamina Hulu Energi
East Kalimantan and Attaka	25/10/2018	24/10/2038	100%	20 years	PT Pertamina Hulu Indonesia
Tuban	20/05/2018	19/05/2038	100%	20 years	PT Pertamina Hulu Energi
Ogan Komering	20/05/2018	19/05/2038	100%	20 years	PT Pertamina Hulu Energi
Sanga Sanga	08/08/2018	07/08/2038	100%	20 years	PT Pertamina Hulu Indonesia
Offshore Southeast Sumatera (“OSES”)	6/09/2018	05/09/2038	100%	20 years	PT Pertamina Hulu Energi
North Sumatera Offshore (NSO)	17/10/2018	16/10/2038	100%	20 years	PT Pertamina Hulu Energi
Jambi Merang	10/02/2019	09/02/2039	100%	20 years	PT Pertamina Hulu Energi
Maratua	18/02/2019	17/02/2049	100%	30 years	PT Pertamina Hulu Energi
Raja Pendopo	06/07/2019	05/07/2039	100%	20 years	PT Pertamina Hulu Energi
West Galal	26/01/2020	25/01/2050	30%	30 years	PT Pertamina Hulu Indonesia
Salawati	22/04/2020	22/04/2040	30%	20 years	PT Pertamina Hulu Energi
Kepala Burung	15/10/2020	14/10/2040	30%	20 years	PT Pertamina Hulu Energi
Rokan	09/08/2021	08/08/2041	100%	20 years	PT Pertamina Hulu Rokan
Corridor	20/12/2023*	19/12/2043	30%	20 years	PT Pertamina Hulu Energi

* Gross split PSC was signed on November 11, 2019

e. Mahakam PSC

Mahakam PSC was signed on December 29, 2015 by SKK Migas and PHM with effective date on January 1, 2018. The PSC uses the concept of production sharing, but has introduced a new sliding scale approach to calculate the contractor entitlement based on Revenue Over Costs (“R/C”) ratio.

On October 25, 2016, the Amendment of Mahakam PSC was adopted, adding some important points, including the certainty of the costs incurred by PHM after the date of signing the contract but before the effective date of the contract. These costs will be included in cost recovery as operating cost after the effective date of contract.

On April 20, 2018, the second Amendment of Mahakam PSC was signed, adding some key points, including the addition of Tengah working area into Mahakam working area. This amendment was effective on October 5, 2018. The PSC term is referred to PP No. 79 Year 2010, where the assume and discharge mechanism for taxes which became incentives for KKKS are treated as part of the cost to be recovered through the cost recovery mechanism.

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4. ACQUISITION, ADDITION OF PARTICIPATING INTEREST AND CHANGE IN PERCENTAGE OF OWNERSHIP (continued)

e. Mahakam PSC (continued)

The provisions are as follows:

- Crude oil and natural gas production sharing

The sharing of oil production between PHM and the Government amounted to 23.5294% and 76.4706%, respectively, while for production share of gas amounted to 47.0588% and 52.9412%, respectively for the first year of contract. The R/C factor in effect in the first year is 1.3 as stipulated in the PSC. For subsequent years, the Company will use the figure from the percentage of sharing according to the following table by using R/C factor at the end of the year of the previous year.

The R/C factor itself is the contractor's cumulative revenue from the date of signing the contract divided by the contractor's cumulative cost since the signing of the contract.

R/C More than	R/C Less than or equal to	Tax Rate	Gross Contractor Share		Net Contractor Share	
			Oil	Gas	Oil	Gas
0	1	36.25%	31.37%	54.90%	20%	35%
1	1.2	36.25%	27.45%	50.98%	18%	33%
1.2	1.4	36.25%	23.53%	47.06%	15%	30%
1.4	1.6	36.25%	19.61%	43.14%	12%	28%
> 1.6		36.25%	15.69%	39.22%	10%	25%

- First Tranche Petroleum ("FTP")

The Government and PHM are entitled to receive an amount equal to 20% of the total production of oil and gas each year before any deduction for recovery of operating costs and investment credit. FTP is shared between the Government and PHM in accordance with the entitlements to oil and gas production.

As at the authorization date of these consolidated financial statements, the asset utilization scheme that was previously owned by the Mahakam PSC had not yet been determined by the Government, in this case the Directorate General of State Assets and the MoEMR.

f. Addition of 50.56% of PT Pertamina EP Cepu's ("PEPC") participating interest in Jambaran-Tiung Biru ("JTB") unitization field

Effective November 3, 2017, PEPC acquired an additional 41.37% participating interest in the JTB unitization field previously held by ExxonMobil Cepu Limited and Ampolex (Cepu) Pte. Ltd., increasing the Company's participating interest in JTB unitization field to 82.74%. The other contractors in JTB field for December 31, 2017 are PT Pertamina EP with 8.06% and Regionally Owned Enterprise ("BUMD") with 9.19%.

Through Letter No. 001/KETUA-BKS/XI/2017 dated November 17, 2017 and Letter No. 004/KETUA-BKS/XII/2017 dated December 19, 2017, BUMD submitted their withdrawal from the development of JTB unitization field starting from January 1, 2018 resulting in additional 9.19% PI to PEPC in JTB unitization field to 91.93%. On this transaction, PEPC reimbursed the total cash paid by BUMD amounting to US\$16,764, which is recorded as additional oil and gas properties.



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4. ACQUISITION, ADDITION OF PARTICIPATING INTEREST AND CHANGE IN PERCENTAGE OF OWNERSHIP (continued)

g. Establishment of PT Pertamina Hulu Rokan (“PHR”)

Based on the Decree of the Minister of Energy and Mineral Resources No. 1923K/10/MEM/2018 dated August 6, 2018 concerning Agreement on Management of Establishment of Principal Forms and Conditions (Terms and Conditions) of Cooperation Contracts in Rokan Work Areas, one of the requirements that must be fulfilled by Pertamina includes preparing a new subsidiary, signature bonus and payment of work commitments.

On December 20, 2018, PT Pertamina Hulu Rokan was established based on Notarial Deed No.13 dated December 20, 2018 from Lenny Janis Ishak, S.H. Deed of establishment of PHR was approved by the Minister of Law and Human Rights through Letter No. AHU-0061348.AH.01.01.2018 dated December 21, 2018. PHR will manage the Rokan Block from 2021 to 2041. Total authorized capital of PHR is US\$3,140,000 with paid-in capital of US\$785,000. The paid-up capital is used to pay the signing bonus to the Government of Indonesia in the amount of US\$783,980 on December 21, 2018, and will be used as working capital during the first year of managing its working area.

h. Addition of 20% of PT Pertamina EP's participating interest in Sukowati unitization field

Based on SKK Migas letter No. SRT-0493/SKKMA0000/2018/S1 dated June 25, 2018 regarding the determination of the new unitization operator of Sukowati Field, CPA Mudi production facilities and Cintanatomas FSO, PT Pertamina EP was appointed as the new operator of the Sukowati Field.

Based on a joint agreement regarding the management of Sukowati Field unitization, the operation of the CPA Mudi production facility and Cintanatomas FSO dated May 16, 2018 between PT Pertamina EP and PT Pertamina Hulu Energi Tuban East Java, it was agreed that PT Pertamina EP had an interest participation unit of 100% (Note 42c).

i. Temporary cooperation contract of Attaka working area

The temporary cooperation contract for the Attaka working area was prepared and signed on November 2, 2017, by SKK Migas and Pertamina Hulu Attaka, which explains all terms, conditions, rights and obligations, from and based on ex-Attaka PSC will be effective from January 1, 2018 to October 24, 2018. Effective from October 25, 2018, Attaka's working area was combined with the East Kalimantan and Attaka PSC.

j. Decrease in the percentage of ownership of the Company at ATPI

On May 28, 2018, ATPI became a public company by issuing 177,777,800 shares of new shares. As a result, the percentage of the Company's ownership in ATPI fell from 65.0% to 58.5%. This reduction in the percentage of ownership does not result in a loss of Company's control in ATPI. Thus, the impact of this transaction amounting to US\$20,551 is calculated as an equity transaction and recorded in the difference account of transactions with non-controlling interests.



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4. ACQUISITION, ADDITION OF PARTICIPATING INTEREST AND CHANGE IN PERCENTAGE OF OWNERSHIP (continued)

k. Addendum to the agreement on the transfer and management of the ONWJ Block PSC

On February 6, 2019, PHE ONWJ and PT Migas Hulu Jabar ONWJ (“MUJ ONWJ”) have signed an addendum on the transfer agreement and management of 10% working interest at ONWJ PSC. MUJ’s share of production from the ONWJ PSC, less its share of expenses in the PSC from January 19, 2017 to December 31, 2018 is US\$16,302,702 (full amount). Settlement of such amount has been made by PHE ONWJ to MUJ on February 8, 2019.

Starting from the date of the transfer, payments of MUJ ONWJ’s share of the production is made on a monthly basis by PHE ONWJ after deducting MUJ ONWJ’s share of the ONWJ PSC’s operating costs and other obligations in accordance with the PSC.

In the event MUJ ONWJ’s share of production in the current month is insufficient to cover for MUJ ONWJ’s share of operating costs, the cumulative underpayment will be carried over to the following months.

To ensure MUJ ONWJ’s revenue, the production sharing and operating costs sharing with MUJ ONWJ is calculated based on provisional percentage for a full year, in accordance with the attachment to the addendum to the agreement. In the event in any year the cumulative operating costs which is payable by MUJ ONWJ to PHE ONWJ exceeds MUJ ONWJ’s share of production, PHE ONWJ will pay US\$1 (full amount) for each month in the following year.

l. Establishment of Pertamina International Marketing & Distribution Pte. Ltd. (“PIMD”)

On August 5, 2019, pursuant to Certificate Confirming Incorporation of Company No. 201925608H which was approved by Registrar Tan Yong Tat, PIMD was established with issued and paid up capital of US\$40,200. PIMD is engaged in the business of bunkers and logistics and, sales and distribution of fuel and LPG, and is domiciled in Singapore.

m. Acquisition of new shares of Tuban Petro and change of ownership in TPPI

On November 18, 2019, the Company and Tuban Petro entered into an agreement to purchase 190,372 series B shares issued by Tuban Petro with total value of Rp3,156,560,797,208 (full amount) or equivalent to US\$224,171, representing 51% of Tuban Petro’s shares. Based on the Management Cooperation Agreement of PT Tuban Petrochemical Industries between the Ministry of Finance of the Republic of Indonesia, PT Pertamina (Persero) and PT Tuban Petrochemical Industries dated November 18, 2019, it is stated that purchase of new shares by the Company did not result in a change of control that caused the takeover by the Company in accordance with Law No. 40 of 2007 regarding Limited Liabilities Company.

As a result of the purchase of the shares mentioned above, Tuban Petro owns 19.16% of TPPI shares and therefore the Company’s direct and indirect investment in TPPI has increased to 61.12% (Note 1b).

n. Reappointment PHE NSB in Block B PSC

On November 15, 2019, PHE NSB was reappointed to temporarily manage NSB PSC through the Ministry of Energy and Mineral Resources letter No. 512/13/MEM.M/2019, from November 18, 2019 to November 17, 2020 or until the new PSC Agreement has been signed whichever come first (Note 42d).



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4. ACQUISITION, ADDITION OF PARTICIPATING INTEREST AND CHANGE IN PERCENTAGE OF OWNERSHIP (continued)

o. Decrease in the Company's percentage of ownership at TPPI

In December 2019, TPPI issued new shares totaling 4,350 thousands shares which acquired by Tuban Petro and TPPI share owned by PT Polytama Propindo for 1,012,669 shares (full amount) has been transferred to Tuban Petro, this resulted in Tuban Petro's ownership in TPPI increase to 42.61% and the Company's share ownership in TPPI is diluted from 48.59% to 37.65%. As a result of such dilution, the Company recognised gain on dilution of US\$20,672 (Note 38).

p. Acquisition of Maurel & Prom Venezuela SLU for 40% of "Shareholder B" owned by Shell in Mixed Company

In October 2018, Maurel & Prom Venezuela SLU ("M&P Venezuela"), a wholly owned subsidiary of M&P, signed a Share Sale and Purchase Agreement ("SSPA") with Shell Exploration and Production Investments BV ("Shell") to acquire 40% "Share B" owned by Shell at Mixed Company. Mixed Company is a company that operates the Urdaneta West field in Lake Maracaibo, Venezuela.

Petróleos de Venezuela SA ("PDVSA"), through its wholly owned subsidiary Corporación Venezolana del Petróleo ("CVP") and PDVSA Social ("PDVSAS") - collectively referred to as "Shareholder A", owns 60% of the shares of Mixed Company.

On December 3, 2018, after obtaining approval from the Ministry of Petroleum of Venezuela, M&P Venezuela effectively acquired 40% of Shell's share ownership in Mixed Company with a total transaction value of €70 million (full amount) paid as follows:

1. €47 million will be paid at the time of closing the transaction in December 2018, and
2. €23 million will be paid in December 2019, i.e. 1 (one) year after closing the transaction.

On July 17, 2019, M&P and Sucre Energy Latam B.V. ("Sucre Energy") signed an agreement whereby Sucre Energy agreed to take over 20% of M&P ownership in M&P Iberoamerica S.L. (formerly M&P Venezuela), which has a 40% interest in Mixed Company. The price conditions for this acquisition are the same as those applied to transactions completed between M&P and Shell for Mixed Company in December 2018.

q. M&P acquisition of 20% participating interest in Block 3/05 and Block 3/05A in Angola

On July 31, 2019, M&P had completed the acquisition of 20% ownership rights owned by Angola Japan Oil Co., Ltd. ("AJOCO"), a subsidiary which is majority owned by Mitsubishi Corporation ("Mitsubishi"), in two blocks offshore of Angola, Block 3/05 and Block 3/05A. Based on the sales and purchase agreement, the transaction value is US\$80,000, minus a deposit of US\$2,000 that was paid at the time the transaction was announced and adjusted to a value of US\$43,000 which is working capital and cash flows received and distributed by AJOCO on behalf of M&P since the contract became effective January 1, 2018. Therefore the net cash value paid to AJOCO by M&P at the time of transaction settlement is US\$35,000.

r. Maratua and Corridor Gross Split PSCs

On February 18, 2019, PT Pertamina Hulu Energi Lepas Pantai Bunyu signed the Maratua Gross Split PSC with a contract term of 30 years, which is effective from the date of signing the PSC.

On November 11, 2019, PT Pertamina Hulu Energi Corridor signed the Corridor Gross Split PSC with a contract term of 20 years, which is effective from December 20, 2023.



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5. CASH AND CASH EQUIVALENTS

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash on hand	5,743	4,119
Cash in banks	4,189,729	5,045,496
Time deposits	2,560,780	4,062,697
Total	6,756,252	9,112,312

The details of cash and cash equivalents based on currency and by individual bank are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash on hand		
Rupiah	4,714	3,128
US Dollar	950	891
Others	79	100
Total cash on hand	5,743	4,119

Cash in banks

US Dollar:

Government-related entities

- PT Bank Rakyat Indonesia (Persero) Tbk. ("BRI")	957,552	891,329
- PT Bank Negara Indonesia (Persero) Tbk. ("BNI")	785,983	844,933
- PT Bank Mandiri (Persero) Tbk. ("Bank Mandiri")	382,760	581,752
- PT Bank Syariah Mandiri ("Bank Syariah Mandiri")	81,258	-
- Other banks (each below US\$10,000)	134	1,526

Third parties

- Crédit Agricole Corporate and Investment Bank ("Crédit Agricole CIB", formerly Calyon)	191,196	214,982
- Citibank, N.A.	54,980	49,440
- J.P. Morgan Chase & Co.	42,043	16,130
- PT Bank Tabungan Pensiunan Nasional ("BTPN")	27,862	2,515
- Sumitomo Mitsui Banking Corporation ("SMBC")	7,453	94,194
- Other banks (each below US\$10,000)	13,932	13,532

Total US Dollar accounts	2,545,153	2,710,333
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5. CASH AND CASH EQUIVALENTS (continued)

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Rupiah:		
<u>Government-related entities</u>		
- Bank Mandiri	504,478	651,073
- BRI	426,569	598,851
- BNI	425,820	547,355
- PT Bank Tabungan Negara (Persero) Tbk. ("BTN")	136,860	265,065
- PT Bank BRI Syariah Tbk. ("BRI Syariah")	24,295	48,692
- PT Bank Negara Indonesia Syariah (Persero) Tbk. ("BNI Syariah")	13,587	14,188
- Bank Syariah Mandiri	11,764	7,982
- Others banks (each below US\$10,000)	3,980	1,763
<u>Third parties</u>		
- PT Bank Central Asia Tbk. ("BCA")	20,318	40,008
- Citibank, N.A.	267	24,875
- Other banks (each below US\$10,000)	9,792	17,866
Total Rupiah accounts	<u>1,577,730</u>	<u>2,217,718</u>
Euro:		
<u>Government-related entities</u>		
- Bank Mandiri	7	220
- BNI	7	8
- BRI	-	1
<u>Third parties</u>		
- Credit Agricole CIB	39,847	64,889
- Other banks (each below US\$10,000)	7	-
Total Euro accounts	<u>39,868</u>	<u>65,118</u>
Malaysian Ringgit		
- RHB Bank Berhad	18,516	39,417
Cash in banks-other		
Currency accounts-third parties	8,462	12,910
Total cash in bank	<u>4,189,729</u>	<u>5,045,496</u>



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5. CASH AND CASH EQUIVALENTS (continued)

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Time deposits with original maturities of three months or less		
US Dollar accounts :		
<u>Government-related entities</u>		
- BRI	770,655	508,397
- BNI	323,448	193,671
- BTN	205,000	127,500
- Bank Mandiri	34,625	32,760
- PT Bank Rakyat Indonesia Agroniaga Tbk. ("BRI Agroniaga")	18,500	-
- Bank Syariah Mandiri	275	50,005
<u>Third parties</u>		
- Industrial and Commercial Bank of China ("ICBC")	-	20,000
- Citibank, N.A.	-	15,000
- Bank Muamalat	-	12,000
- Other banks (each below US\$10.000)	1,622	7,900
Total time deposits - US Dollar account	<u>1,354,125</u>	<u>967,233</u>
Rupiah accounts:		
<u>Government-related entities</u>		
- BNI	258,049	505,346
- BRI	252,042	1,351,105
- BTN	217,280	454,425
- BRI Syariah	98,611	13,811
- PT Bank BNI Syariah	86,889	18,591
- Bank Mandiri	75,729	516,931
- Bank Syariah Mandiri	74,167	137,711
- BRI Agroniaga	66,347	47,807
- Other banks (each below US\$10.000)	3,237	3,453
<u>Third parties</u>		
- Bank Bukopin	23,799	12,098
- ICBC	21,513	-
- Other banks (each below US\$10.000)	28,515	27,845
Total time deposits-rupiah accounts	<u>1,206,178</u>	<u>3,089,123</u>
Total time deposits-other currency third parties	<u>477</u>	<u>6,341</u>
Total time deposits	<u>2,560,780</u>	<u>4,062,697</u>
Total cash and cash equivalents	<u>6,756,252</u>	<u>9,112,312</u>



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5. CASH AND CASH EQUIVALENTS (continued)

Annual interest rates on time deposits for the periods ended December 31, 2019 and 2018 were as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Rupiah	2.50% - 9.00%	3.25% - 9.00%
US Dollar	0.10% - 3.65%	0.50% - 3.37%
Singapore Dollar	0.50% - 1.00%	0.50%

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

6. RESTRICTED CASH

Restricted cash is money in escrow accounts in US Dollar and Rupiah, and are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
US Dollar accounts:		
<u>Government-related entities</u>		
- BRI	111,956	11,725
- BNI	6,094	10,401
- Bank Mandiri	5,137	58,140
<u>Third parties</u>		
- The Hongkong and Shanghai Banking Corporation Ltd. ("HSBC")	35,632	-
- BNP Paribas	18,000	18,000
- Other banks (each below US\$10,000)	652	4,685
Rupiah accounts:		
<u>Government-related entities</u>		
- BNI	3,009	3,553
- Bank Mandiri	1,415	990
- BRI	234	1,421
Total restricted cash	<u>182,129</u>	<u>108,915</u>

Annual interest rates on time deposits for the periods ended December 31, 2019 and 2018 were as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Rupiah	4.25% - 7.65%	5.00% - 7.80%
US Dollar	0.50% - 3.25%	0.24% - 0.80%



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6. RESTRICTED CASH (continued)

US Dollar accounts

The escrow accounts were related to letters of credit (L/C) issued for the procurement of crude oil and other petroleum products as well as bank guarantees.

Rupiah accounts

The escrow accounts are time deposits used as collateral for bank guarantees and performance bonds.

7. RECEIVABLES - THIRD PARTIES

a. Trade receivables

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Trade receivables	2,106,491	2,161,456
Provision for impairment, net	(214,433)	(228,001)
Total	<u>1,892,058</u>	<u>1,933,455</u>

The maximum exposure to credit risk at reporting date is the carrying value of the receivables mentioned above.

The Group does not hold customer assets as collateral for receivables. Certain trade receivables of certain subsidiaries are used as collateral for the long-term liabilities of certain subsidiaries (Note 19a).

Management believes that there is no significant credit risk as a result of uncollected third party trade receivables.

Movements in the provision for impairment of trade receivables are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Beginning balance	(228,001)	(211,506)
Impairment during the year	(12,241)	(29,957)
Reversal of impairment on the recovered receivables	1,921	7,652
Foreign exchange differences	23,888	5,810
Ending balance	<u>(214,433)</u>	<u>(228,001)</u>

Based on management's review of the collectability of each balance of trade receivable dated December 31, 2019 and 2018, Management believes that the provision for impairment is adequate to cover the potential losses as a result of uncollected third party trade receivables.

Details of trade receivables by currencies are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
US Dollar	1,278,057	1,323,528
Rupiah	825,223	837,130
Singapore Dollar	3,115	700
Euro	96	98
Total	<u>2,106,491</u>	<u>2,161,456</u>



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7. RECEIVABLES - THIRD PARTIES (continued)

b. Other receivables (continued)

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Reinsurance assets	532,781	333,119
Receivables from subsidiary operation in oil and gas related activities	149,529	132,545
Others	295,072	286,788
Sub-total	<u>977,382</u>	<u>752,452</u>
Provision for impairment, net	(20,450)	(18,140)
Total other receivables	<u>956,932</u>	<u>734,312</u>

Reinsurance assets represent the amount of premium paid or part of PT Asuransi Tugu Pratama Indonesia Tbk. premium for prospective reinsurance and retrocession transactions.

Movements in the provision for impairment of other receivables are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Beginning balance	(18,140)	(18,551)
(Addition) recovery of impairment	(2,310)	411
Ending balance	<u>(20,450)</u>	<u>(18,140)</u>

Based on a review of the balance of other receivables at the end of the year, management believes that the allowance for impairment losses is adequate to cover possible losses that may arise from uncollectible other receivables.

8. DUE FROM THE GOVERNMENT

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
The Company:		
Receivables from recognition of Disparity Selling Price	5,451,285	2,924,148
Receivables from subsidy reimbursements for JBT products	490,256	175,556
Receivables from subsidy reimbursements for 3 kg LPG cylinders	310,924	1,147,538
Receivables from marketing fees	72,489	72,489
Receivables from kerosene subsidies reimbursement Kerosene conversion	17,529 839	16,828 10,626
Sub-total	<u>6,343,322</u>	<u>4,347,185</u>
Subsidiaries	<u>418,762</u>	<u>411,224</u>
Sub-total - balance carried forward	6,762,084	4,758,409



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8. DUE FROM THE GOVERNMENT (continued)

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Sub-total - balance brought forward	6,762,084	4,758,409
Provision for impairment of marketing fees receivable	(72,489)	-
Total (Note 40)	6,689,595	4,758,409
Current portion	(3,375,794)	(1,834,261)
Non-current portion	3,313,801	2,924,148

Movements in the provision for impairment of due from the Government are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Beginning balance	-	(110,936)
Impairment during the year	(72,489)	-
Reversal of impairment of recovered receivables	-	106,085
Foreign exchange differences	-	4,851)
Ending balance	(72,489)	-

a. Receivables on revenue recognition from disparity selling price

Details of receivable from revenue recognition from disparity selling price are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Receivables on revenue recognition from Disparity Selling Price:		
2019	1,888,134	-
2018	2,657,132	2,657,132
2017	1,248,347	1,248,347
Sub-total	5,793,613	3,905,479
Initial Fair value adjustments of receivables:		
2019	(366,186)	-
2018	(773,562)	(773,562)
2017	(207,769)	(207,769)
Sub-total	(1,347,517)	(981,331)
Net receivables amount post fair value adjustments and before unwinding interest:		
2019	1,521,948	-
2018	1,883,570	1,883,570
2017	1,040,578	1,040,578
Sub-total	4,446,096	2,924,148



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8. DUE FROM THE GOVERNMENT (continued)

a. Receivables on revenue recognition from disparity selling price (continued)

	December 31, 2019	December 31, 2018
Effects of unwinding interest:		
2019	-	-
2018	655,182	-
2017	212,684	-
Sub-total (Note 37)	867,866	-
Effects of foreign exchange:		
2019	-	-
2018	90,152	-
2017	47,171	-
Sub-total	137,323	-
Net ending balance:		
2019	1,521,948	-
2018	2,628,904	1,883,570
2017	1,300,433	1,040,578
Total	5,451,285	2,924,148

The Minutes of BPK Audit Result on the Volume and Value of Subsidies of JBT Distribution and Calculation on Excess (Shortfall) of revenue from Determination of Retail Sales Price of JBT Diesel Fuel and JBKP Premium in 2019 of PT Pertamina (Persero) No. 12/ST.04/04/2020 dated April 27, 2020, states that the Calculation of Excess (Shortfall) of revenue from Determination of Retail Sales Price of JBT Diesel Fuel and JBKP Premium in 2019 are as follows :

- Shortfall of revenue from Disparity of Selling Price in the distribution of JBT Diesel Fuel in 2019 amounting to Rp16.39 trillion or equivalent to US\$1,179,043 (including VAT and PBBKB amounting to Rp2.49 trillion or equivalent to US\$179,251);
- Shortfall of revenue from the sale of JBKP Premium Non Jamali in 2019 amounting to Rp8.99 trillion or equivalent to US\$646,390 (including VAT and PBBKB amounting to Rp1.32 trillion or equivalent to US\$95,223);
- Shortfall of revenue from the sale of JBKP Premium Jamali in 2019 amounting to Rp6.02 trillion or equivalent to US\$433,187 (including VAT and PBBKB amounting to Rp885 billion or equivalent to US\$63,698)

In accordance with the MoF letter No. S-361/MK.02/2020 dated May 6, 2020, the MoF, based on the results of coordination with the Minister of EMR and the Minister of SOEs, issued a policy that the Government will reimburse the shortfall of the Company's revenue from the sale of JBT Diesel Fuel and JBKP Premium Jamali, and Non Jamali in 2019 in accordance with the aforementioned BPK Minutes. The amount to be reimbursed for JBT Diesel Fuel, JBKP Premium Jamali and JBKP Premium Non Jamali are as follows :

- The reimbursement of JBT Diesel Fuel is amounting to Rp16.39 trillion or equivalent to US\$1,179,043 (including VAT and PBBKB of Rp2.49 trillion or equivalent to US\$179,251);
- The reimbursement of JBKP Premium Jamali is amounting to Rp8.99 trillion or equivalent to US\$646,390 (including VAT and PBBKB of Rp1.32 trillion or equivalent to US\$95,223);
- The reimbursement of JBKP Premium Non-Jamali is amounting to Rp5.49 trillion or equivalent to US\$394,851 (including VAT and PBBKN of Rp801.74 billion or equivalent to US\$57,675).

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8. DUE FROM THE GOVERNMENT (continued)

a. Receivables on revenue recognition from disparity selling price (continued)

The Minutes of Reconciliation of Recording and Presentation of Debt Compensation between the MoF of the Republic of Indonesia and the Company No. BA-24/AG.6/2020 and No.004/H00000/2020-S0, states that:

1. Receivable on revenue from Disparity Selling Price of Rp45 trillion or equivalent to US\$3,237,177) is recorded and presented as current receivables with the following details:
 - Receivable on revenue from the Disparity Selling Price of JBT Diesel Fuel in 2017 amounted to Rp20.8 trillion, equivalent to US\$1,495,498;
 - Receivable on revenue from the Disparity Selling Price of JBT Diesel Fuel in 2018 amounted to Rp24.2 trillion, equivalent to US\$1,741,679.
2. Receivable on revenue from Disparity Selling Price of Rp51.5 trillion (equivalent to US\$3,704,960) is recorded and presented as non-current receivables with the following details:
 - Receivable on revenue from the Disparity Selling Price of JBT Diesel Fuel in 2018 amounted to Rp5.1 trillion (equivalent to US\$366,981);
 - Receivable on revenue from the Disparity Selling Price of JBKP Premium Non-Jamali in 2018 amounted to Rp15.6 trillion (equivalent to US\$1,117,695);
 - Receivable on revenue from the Disparity Selling Price of JBT Diesel Fuel in 2019 amounted to Rp16.4 trillion (equivalent to US\$1,179,043);
 - Receivable on revenue from the Disparity Selling Price of JBKP Premium Non-Jamali in 2019 amounted to Rp8.9 trillion (equivalent to US\$646,390);
 - Receivable on revenue from the Disparity Selling Price of JBKP Premium Jamali in 2018 amounted to Rp5,5 trillion (equivalent to US\$394,851).

In accordance with the above Minutes, the Company reclassified the portion of current and non-current receivables and makes adjustments to the assumptions used in calculating fair value as explained below,

The assumptions used for calculating the fair value on December 31, 2018, are as follows:

Year	Payment Installments	Discount interest rate (Yield)		Estimate Year of Receipt
		Government Rupiah Bonds		
2018	Installment 1	7.91%		2022
	Installment 2	8.01%		2023
2017	Installment 1	7.38%		2020
	Installment 2	7.72%		2021

The assumptions used for calculating the fair value in the Financial Statements on December 31, 2019, are as follows:

Year	Payment Installments	Discount interest rate (Yield)		Estimate Year of Receipt
		Government Rupiah Bonds		
2019	Installment 1	6.25%		2022
	Installment 2	6.46%		2023
2018	Installment 1	5.94%		2021

The change in payment assumptions and the calculation of fair value discussed above resulted in acceleration of recognition of unwinding interest on revenue from disparity of selling price between HJE in 2017 and 2018 amounting to US\$132,286 and US\$501,736, respectively.



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8. DUE FROM THE GOVERNMENT (continued)

a. Receivables on revenue recognition from disparity selling price (continued)

Fair value adjustments on recognition of receivable on revenue from the Government for disparity of selling price in 2019 and 2018 are amounting to Rp5.09 trillion or equivalent to US\$366,186 and Rp1.93 trillion or equivalent to US\$133,521, respectively.

Recognition of receivable on revenue from the 2017 Disparity Selling Price is based on the MoF Letter No. 642/MK.02/2018 dated August 24, 2018, which states that, the MoF based on coordination with the Minister of EMR and the Minister of SOE issued a policy that the Government would compensate for the Company's revenue shortfall from the sale of JBT Diesel Fuel in accordance with LHP BPK. The Company recorded net receivables from the revenue shortfall from the sale of JBT Diesel Fuel in 2017 amounting to Rp18.08 trillion or equivalent to US\$1,248,347, after deducting VAT and PBBKB of Rp2.71 trillion, equivalent to US\$187,252, and after deducting adjustment to the fair value of receivables.

Further, the recognition of receivable on revenue from the 2018 Disparity of Selling Price is based on the MoF Letter No.S-430/MK.02/2019 dated May 28, 2019, the MoF, based on the results of coordination with the Minister of EMR and the Minister of SOE, issued a policy that the Government would replace the Company's shortfall of revenue from the sale of JBT Diesel Fuel and JBKP Premium Non-Jamali in 2018 in accordance with LHP BPK No.31/AUDITAMA VII/PDPTT/05/2019. As for the Company's shortfalls and excesses revenues from the sale of JBKP Premium Jamali to be the shortfalls and excesses of the Company's revenues. The Company recorded net receivables for the shortfalls in revenue from the sale of JBT Diesel Fuel and JBKP Premium Non-Jamali year 2018 amounting to Rp38.48 trillion (equivalent to US\$2,657,132) after deducting VAT and PBBKB amounting to Rp6.37 trillion or equivalent to US\$440,001, and after deducting adjustments to the fair value of receivables.

b. Receivable from subsidy reimbursement for 3 kg LPG cylinders

These receivables represent subsidy reimbursements for 3 kg LPG cylinders which were distributed to the public by the Company. This Government assignment is in the form of a PSO and its pricing is based on a yearly contract with MoEMR.

The receivable balance for the 3 kg LPG cylinders subsidy will be settled through the APBN mechanism in the next period.

	December 31, 2019	December 31, 2018
Beginning balance	1,147,538	1,404,911
Subsidy reimbursements for 3 kg LPG cylinders for current year (Note 28)	2,673,170	3,496,603
Correction from government audit for subsidy reimbursement for 3 kg LPG cylinders for the years:		
- 2019 (Note 28)	(1,073)	-
- 2018 (Note 28)	-	(1,252)
- 2017 (Note 28)	-	(5,661)
Cash received	(3,551,833)	(3,614,277)
Adjustment fair value of subsidy receivable (Note 28)	(19,411)	-
Gain (loss) on foreign exchange	62,533	(132,786)
Ending balance	310,924	1,147,538



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8. DUE FROM THE GOVERNMENT (continued)

c. Receivables from reimbursement of the subsidy costs for certain fuel (BBM) products

The Company's receivable of subsidy reimbursements for BBM products represents billings for the BBM subsidy of JBT Diesel Fuel, Biodiesel Fuel, and Kerosene provided to the public.

The PSO mandate to the Company from the Government is based on annual contract with BPH Migas. The retail sales price of the subsidised BBM products is based on MoEMR's Decree.

The receivable balance of subsidy reimbursements for JBT Diesel, Biodiesel, and Kerosene will be settled through the next State Budget and Expenditure ("APBN") period.

	December 31, 2019	December 31, 2018
Beginning balance	175,556	473,928
Subsidy reimbursements for JBT Diesel, Biodiesel and Kerosene for current year (Note 28)	2,263,031	2,126,796
Taxes	168,792	266,693
Correction from government audit (BPK and MoESDM) for subsidy reimbursement for JBT Diesel, Biodiesel, and Kerosene for the year:		
- 2019 (Note 28)	(2,060)	-
- 2018 (Note 28)	-	(699)
- 2017 (Note 28)	-	(147)
Cash received	(2,101,936)	(2,600,487)
Adjustment fair value of subsidy receivable (Note 28)	(38,582)	-
Gain (loss) on foreign exchange	25,455	(90,528)
Ending balance	490,256	175,556

On August 16, 2018, the MoEMR issued Regulation No. 40 of 2018 which replaces MoEMR Regulation No. 39 of 2014 regarding the calculation of the retail selling price of fuel oil. In accordance with the new regulation, the retail selling price of Automotive Diesel Oil ("ADO") per liter at the point of delivery is calculated based on formula prices, including VAT, with a maximum subsidy of Rp2,000 (full amount) per liter and applied retrospectively starting January 1, 2018.

d. Receivables from marketing fees

These receivables represent amounts due from the Government through SKK Migas to the Company for fees from marketing activities in relation to the Government's crude oil, natural gas and LNG.

The details of marketing fees are as follows:

	December 31, 2019	December 31, 2018
Marketing fees:		
2018	22,587	22,587
2017	26,529	26,529
2016	23,373	23,373
Sub total	72,489	72,489
Provision for impairment	(72,489)	-
Ending balance	-	72,489



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8. DUE FROM THE GOVERNMENT (continued)

d. Receivables from marketing fees (continued)

Based on the Directorate General of Budget ("DJA") Letter No. S-271/AG/2020 dated March 3, 2020 regarding the Marketing Fee and/or the Government's Portion of Sales of Crude Oil and/or Condensate ("MMKBN") and based on the Minutes of Meeting of the Discussion of the Government's Portion of LNG Sales Volume, the Company had not obtained SKK Migas and DJA agreement on marketing services fees, therefore the Company provided a full provision for the 2016-2018 marketing fees and did not recognize marketing fees for the year of 2019.

e. Subsidiaries' receivables

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
PEP		
- Domestic Market Obligation ("DMO") fees	99,370	106,398
- Underlifting	32,040	18,942
PHE		
- DMO fees	27,261	15,414
- Underlifting	22,684	25,730
PEPC		
- Underlifting	202,563	224,904
PHI		
- DMO fees	32,314	18,780
- Underlifting	2,530	1,056
Total - subsidiaries	<u>418,762</u>	<u>411,224</u>

e. Subsidiaries' receivables

DMO fees represent amounts due from the Government in relation with the obligations of subsidiaries in providing crude oil to meet domestic market needs for oil products in accordance with their PSC.

The underlifting receivables represent receivables from subsidiaries of SKK Migas as a result of SKK Migas, actual lifting of crude oil and gas being higher than its entitlement for the respective year.

Based on management's review of the collectibility of each balance of subsidiaries' receivables, management believes that the provision for impairment is adequate to cover potential losses as a result of uncollected subsidiaries' receivables from Government.

f. Receivables for reimbursement of subsidized costs for kerosene

As discussed in Note 8a above, based on BPK's LHP No. 31/AUDITAMA VII/PDPT/05/2019 dated May 20, 2019, the Company experienced a shortfall of revenue in the distribution of JBT Kerosene amounting to Rp243.68 billion or equivalent to US\$16,828 (excluding VAT amounting to Rp24.38 billion or equivalent to US\$1,683) due to the determination of Market Index Prices ("HIP") and Basic Prices of Kerosene JBT were not in accordance with the calculation of formula retail prices of fuel oil stipulated in MoEMR Decree No.62K/10/MEM/2019 regarding Basic Formula Price for Specific Type of Fuel Oils and Special Types of Fuel Assignment. The Company's management believes that such shortfall of revenue will be reimbursed by the Government through a subsidy mechanism.



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9. INVENTORIES

	December 31, 2019	December 31, 2018
Gas	4,805	13,984
Crude oil:		
Domestic production	1,149,929	1,026,225
Imported	527,401	579,765
Sub-total for crude oil	1,677,330	1,605,990
Oil products:		
Automotive Diesel Oil ("ADO")	662,800	1,018,791
Premium gasoline	606,642	536,309
Pertamax, Pertamax Plus, Peralite gasoline and Pertadex (diesel oil)	495,518	491,005
Intermediary	370,703	337,246
Oil products in process of production	326,094	399,963
LPG	224,826	262,104
Avtur and Avigas	177,278	264,545
Petrochemicals	131,670	170,815
Kerosene	93,967	94,299
Industrial/Marine Fuel Oil ("IFO/MFO")	91,722	148,621
Industrial Diesel Oil ("IDO")	14,207	17,563
Others	342,728	476,999
Sub-total for oil products (Note 31)	3,538,155	4,218,260
Sub-total for gas, crude oil and oil products	5,220,290	5,838,234
Provision for decline in value of oil products, net (Note 31)	(82,654)	(167,270)
	5,137,636	5,670,964
Materials	858,037	754,228
Provision for decline in value of material	(102,341)	(102,027)
	755,696	652,201
Total	5,893,332	6,323,165

Movements in the provision for decline in value of oil products are as follows:

	December 31, 2019	December 31, 2018
Beginning balance (Note 31)	(167,270)	(92,854)
Reversal (addition) during the year, net	84,616	(74,416)
Ending balance	(82,654)	(167,270)



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9. INVENTORIES (continued)

Movements in the provision for decline in value of materials are as follows:

	December 31, 2019	December 31, 2018
Beginning balance	(102,027)	(103,183)
(Addition) reversal during the year, net	(314)	1,156
Ending balance	(102,341)	(102,027)

Management believes that the provision for decline in value of oil products and materials are adequate to cover possible losses that may arise from a decline in the realizable value of inventories.

As of December 31, 2019 and 2018, inventories were insured against fire and other risks (Note 12). Management believes that the insurance coverage amount is adequate to cover any possible losses that may arise in relation to the insured inventories.

10. OTHER INVESTMENTS

These investments represent net assets held for distribution to the Company in connection to the liquidation of Pertamina Energy Trading Limited ("Petral"), Zambesi Investment Limited ("Zambesi") and Pertamina Energy Services Pte.Ltd. ("PES") in accordance with the General Meeting of Shareholder ("GMS") decision of the Company on July 13, 2015, as follows:

On March 13, 2017, Petral has distributed its funds to the Company. On June 16, 2017, Zambesi was liquidated. On October 31, 2017, Petral was liquidated.

As of December 31, 2019 and 2018, the net assets balance held for distribution to the Company based on the liquidator's report for PES amounted to US\$85,834 (2018:US\$80,171).

Based on the Company's GMS No. SR-16/MBU/01/2019 dated January 3, 2019, the Company's shareholder agreed to extend the liquidation period of PES until the completion of the dissolution/liquidation process, and approved the Company to take the corporate actions needed to complete the dissolution/liquidation.

11. LONG-TERM INVESTMENTS

	December 31, 2019	December 31, 2018
Investment in oil and gas blocks, net	925,518	1,024,237
Investments in associates, net	976,801	725,846
Investment in bonds, net	448,567	391,307
Investments in joint ventures	330,458	369,922
Investment properties	272,378	280,668
Investments in shares of stock, net	6,292	6,292
Other financial assets	13,865	20,782
Total	2,973,879	2,819,054

a. Investment in oil and gas blocks

Investment in oil and gas blocks represents the Group's investment in several oil and gas blocks located in Malaysia which is being operated by PTTEP HK Offshore Limited. The Group recorded the investment using the equity method because it has significant influence in the undivided interest of those oil and gas blocks.



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11. LONG-TERM INVESTMENTS (continued)

a. Investment in oil and gas blocks (continued)

The movement of investments in oil and gas block are as follows:

	December 31, 2019			
	Beginning balance	Additions (Note 32)	Recovery/ (impairment) in value (Note 38)	Ending balance
Cost	1,556,487	29,446	(35,184)	1,550,749
Accumulated amortization	(532,250)	(92,981)	-	(625,231)
Net book value	1,024,237	(63,535)	(35,184)	925,518

	December 31, 2018			
	Beginning balance	Additions (Note 32)	Recovery/ (impairment) in value (Note 38)	Ending balance
Cost	1,614,965	96,295	(154,773)	1,556,487
Accumulated amortization	(387,778)	(144,472)	-	(532,250)
Net book value	1,227,187	(48,177)	(154,773)	1,024,237

b. Investments in associates

The movement on investments in associates are as follows:

	Percentage of effective ownership	December 31, 2019					
		Beginning balance	Additions/ (deduction)	Share in net Other changes	income/ (loss)	Dividends	Ending balance
The Company							
- PPT Energy Trading Co., Ltd.	50.00%	48,038	-	(2,565)	(1,674)	(3,571)	40,228
- PT Tuban Petrochemicals Industries	51.00%	-	224,171	-	9,620	-	233,791
- PT Trans-Pacific Petrochemical Indotama (Note 4o and 38)	37.65%	82,005	20,672	110	(56,407)	-	46,380
		130,043	244,843	(2,455)	(48,461)	(3,571)	320,399
Indirect investments in shares of associates							
- PT Donggi Senoro LNG	29.00%	279,219	-	-	14,078	-	293,297
- PT Asuransi Samsung Tugu	30.00%	9,069	-	(31)	665	(65)	9,638
- Seplat Petroleum Development Company Plc, Nigeria	20.46%	224,548	-	-	59,914	(11,943)	272,519
- Others	19.67%-50.00%	82,967	-	(853)	(1,166)	-	80,948
		595,803	-	(884)	73,491	(12,008)	656,402
Total investments in associates		725,846	244,843	(3,339)	25,030	(15,579)	976,801



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11. LONG-TERM INVESTMENTS (continued)

b. Investments in associates (continued)

December 31, 2018							
	Percentage of effective ownership	Beginning balance	Additions/ (deduction)	Share in net Other changes	income/ (loss)	Dividends	Ending balance
The Company							
- PPT Energy Trading Co., Ltd.	50.00%	35,489	-	-	12,549	-	48,038
- PT Trans-Pacific Petrochemical Indotama ("TPPI")	48.59%	151,937	-	-	(69,932)	-	82,005
		187,426	-	-	(57,383)	-	130,043
Indirect investments in shares of associates							
- PT Donggi Senoro LNG	29.00%	240,437	-	2	38,780	-	279,219
- PT Asuransi Samsung Tugu	30.00%	8,741	-	19	434	(125)	9,069
- Seplat Petroleum Development Company Plc, Nigeria	20.46%	92,440	-	68,043	76,124	(12,059)	224,548
- Others	19.67%-50%	54,650	27,458	2,298	(1,439)	-	82,967
		396,268	27,548	70,362	113,899	(12,184)	595,803
Total investments in Associates		583,694	27,458	70,362	56,516	(12,184)	725,846

Management believes that the provision for decline in value of investments in associates is adequate to cover possible losses that may arise from a decline in value.

The Group's share of the results of its principal associates and their aggregated assets (including goodwill) and liabilities, is as follows:

	Country of Incorporation	Assets	Liabilities	Revenues	Profit (loss)	% Effective ownership
December 31, 2019						
- PPT Energy Trading Co., Ltd.	Japan	139,339	(68,572)	391,020	(10,604)	50.00%
- PT Tuban Petrochemical Industries	Indonesia	346,990	(109,193)	243,206	41,724	51.00%
- PT Trans-Pacific Petrochemical Indotama ("TPPI")	Indonesia	876,161	(751,983)	85,219	(116,089)	37.65%
- PT Donggi Senoro LNG	Indonesia	2,630,034	(1,618,410)	1,059,671	48,543	29.00%
- PT Asuransi Samsung Tugu	Indonesia	74,449	(529,051)	9,938	2,214	30.00%
- Seplat	Nigeria	3,271,110	(1,467,171)	697,777	277,008	20.46%
December 31, 2018						
- PPT Energy Trading Co., Ltd.	Japan	118,983	(30,486)	731,189	25,098	50.00%
- PT Trans-Pacific Petrochemical Indotama ("TPPI")	Indonesia	866,155	(697,385)	65,136	(141,991)	48.59%
- PT Donggi Senoro LNG	Indonesia	2,646,556	(1,669,778)	1,174,024	133,726	29.00%
- PT Asuransi Samsung Tugu	Indonesia	61,997	(31,766)	9,046	1,446	30.00%
- Seplat Petroleum Development Company Plc, Nigeria	Nigeria	2,526,565	(925,680)	746,140	146,576	20.46%



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11. LONG-TERM INVESTMENTS (continued)

c. Investment in bonds

As of December 31, 2019 and 2018, the balance of investment in bonds amounting to US\$448,567 and US\$391,307 were investments in bonds issued by PT Trans-Pacific Petrochemical Indotama, respectively. The increase in investment in bonds due to deferral notes agreement on October 31, 2019 amounting to US\$96,016 (Note 38). Based on the deferral notes agreement, the interest payable and penalty that have not been paid are converted to bond principal. The increase in investment in bonds is offset by the allowance for impairment of investment in bonds as of December 31, 2019 amounting to US\$38,756 (Note 38).

d. Investment in joint ventures

The movements on investments in joint ventures are as follows:

December 31, 2019								
	Percentage of effective ownership	Beginning balance	Additional investment	Other changes	Share in net income/ (loss)	Dividends	Recovery/ (impairment) in value	Ending balance
Indirect investments in joint ventures								
- PT Transportasi Gas Indonesia	59.87%	202,743	-	(48)	29,381	(48,690)	-	183,386
- PT Perta Samtan Gas	66.00%	89,976	-	(3,135)	16,219	(23,100)	-	79,960
- PT Patra SK	35.00%	62,406	-	(57)	5,166	(10,500)	-	57,015
- PT Indo Thai Trading*)	51.00%	7,070	(7,070)	-	-	-	-	-
- PT Perta Daya Gas	65.00%	3,734	-	(2,156)	3,296	-	-	4,874
- PT Permata Karya Jasa	60.00%	3,586	-	-	1,230	-	-	4,816
- PT Pertamina Rosneft Pengolahan dan Petrokimia	55.00%	407	-	-	-	-	-	407
Total investments in joint venture		369,922	(7,070)	(5,396)	55,292	(82,290)	-	330,458

*) Since July 31, 2019, Group has control on PT Indo Thai Trading through PT Pertamina Patra Niaga

December 31, 2018								
	Percentage of effective ownership	Beginning balance	Additional investment	Other changes	Share in net income/ (loss)	Dividends	Recovery/ (impairment) in value	Ending balance
Indirect investments in joint ventures								
- PT Transportasi Gas Indonesia	59.87%	281,700	-	(1,013)	27,814	(105,758)	-	202,743
- PT Perta Samtan Gas	66.00%	91,173	-	32	21,871	(23,100)	-	89,976
- PT Patra SK	35.00%	65,769	-	-	5,387	(8,750)	-	62,406
- PT Indo Thai Trading	51.00%	6,281	790	(791)	790	-	-	7,070
- PT Perta Daya Gas	65.00%	1,683	-	28	2,023	-	-	3,734
- PT Permata Karya Jasa	60.00%	-	2,416	-	1,382	(212)	-	3,586
- PT Pertamina Rosneft Pengolahan dan Petrokimia	55.00%	407	-	-	-	-	-	407
- Unimar L.L.C	50.00%	10,392	(7,176)	(1,657)	6,941	(8,500)	-	-
Total investments in joint ventures		457,405	(3,970)	(3,401)	66,208	(146,320)	-	369,922



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11. LONG-TERM INVESTMENTS (continued)

d. Investment in joint ventures (continued)

The Group's share of the results of its principal joint ventures and their aggregated assets (including goodwill) and liabilities are as follows:

	Country of Incorporation	Assets	Liabilities	Revenues	Profit (loss)	% Effective ownership
December 31, 2019						
- PT Transportasi Gas Indonesia	Indonesia	365,829	(59,521)	157,117	49,075	59.87%
- PT Perta Samtan Gas	Indonesia	151,803	(69,469)	97,783	24,574	66.00%
- PT Patra SK	Indonesia	206,881	(43,981)	299,674	14,760	35.00%
- PT Patra Daya Gas	Indonesia	50,497	(40,013)	9,748	4,740	65.00%
- PT Permata Karya Jasa	Indonesia	10,771	(2,684)	16,685	2,050	60.00%
- PT Pertamina Rosneft Pengolahan dan Petrokimia	Indonesia	739	-	-	-	55.00%
December 31, 2018						
- PT Transportasi Gas Indonesia	Indonesia	735,029	(96,391)	153,413	46,458	59.87%
- PT Perta Samtan Gas	Indonesia	166,010	(29,683)	121,802	33,187	66.00%
- PT Patra SK	Indonesia	232,842	(54,539)	341,114	15,391	35.00%
- PT Indo Thai Trading	Indonesia	35,332	(21,470)	184,779	1,549	51.00%
- PT Patra Daya Gas	Indonesia	48,618	(42,873)	12,497	3,113	65.00%
- PT Permata Karya Jasa	Indonesia	6,308	(2,040)	16,301	1,383	60.00%
- PT Pertamina Rosneft Pengolahan dan Petrokimia	Indonesia	739	-	-	-	55.00%
- Unimar L.L.C	USA	33,740	(19,387)	43,918	13,881	50.00%

In accordance with Notarial Deed No. 27 dated July 31, 2019, PTTGC International Private Limited sold and transferred 3,920,000 shares of PT Indo Thai Trading to PT Patra Trading, subsidiary of PT Pertamina Patra Niaga. Therefore, since that date, The Group obtained control over PT Indo Thai Trading.

e. Investment properties

	December 31, 2019				
	Beginning balance	Additions	Deductions	Transfers/Reclassifications	Ending balance
Historical cost:					
Land and land rights	266,911	-	(7,570)	1,157	260,498
Buildings	42,102	-	(252)	835	42,685
Total historical cost	309,013	-	(7,822)	1,992	303,183
Accumulated depreciation:					
Buildings	(28,345)	(1,954)	-	(506)	(30,805)
Net book value	280,668				272,378
	December 31, 2018				
	Beginning balance	Additions	Deductions	Transfers/Reclassifications	Ending balance
Historical cost:					
Land and land rights	269,226	1,074	(17,368)	13,979	266,911
Buildings	43,287	1,217	-	(2,402)	42,102
Total historical cost	312,513	2,291	(17,368)	11,577	309,013
Accumulated depreciation:					
Buildings	(28,159)	(2,058)	-	1,872	(28,345)
Net book value	284,354				280,668

Depreciation expense for the years ended December 31, 2019 and 2018 for investment properties amounted to US\$1,954 and US\$2,058, respectively (Note 36).



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11. LONG-TERM INVESTMENTS (continued)

e. Investment properties (continued)

As of December 31, 2019 all of the Group's investment properties, except land and land rights, were insured against fire and other possible risks (Note 12).

As of December 31, 2019 and 2018, management has estimated the fair value of investment properties of US\$1,579,971 and US\$1,803,218, respectively.

Rental income from investment properties recognized for the years ended December 31, 2019, and 2018 amounted to US\$25,395 and US\$26,588, respectively.

Based on the Group management's review, there were no events or changes in circumstances which indicated impairment in the value of investment properties as of December 31, 2019.

f. Investments in shares of stock

	December 31, 2019		December 31, 2018	
	Balance	Percentage of Ownership	Balance	Percentage of Ownership
The Company				
- PT Seamless Pipe Indonesia Jaya	25,026	4.97%	25,026	4.97%
- PT Arun NGL ^{a) b)}	170	100.00%	170	100.00%
- PT Badak NGL ^{b)}	149	55.00%	149	55.00%
Sub-total	25,345		25,345	
Subsidiaries				
- PT Staco Jasapratama Indonesia	751	4.46%	751	4.46%
- PT Marga Raya Jawa Tol	2,690	6.86%	2,690	6.86%
- PT Trans Javagas Pipeline	739	10.00%	739	10.00%
- PT Asuransi Maipark Indonesia	604	7.31%	604	7.31%
- PT Bhakti Patra Nusantara	77	4.11%	77	4.11%
- PT Banten Gas Sinergy	3	0.14%	3	0.14%
Sub-total	4,864		4,864	
Total	30,209		30,209	
Provision for impairment	(23,917)		(23,917)	
Net	6,292		6,292	

a) in liquidation process
b) refer to note 1b

The Group classified its investments in shares of stock as available-for-sale at cost because the Company in substance, does not control those companies. These investments are measured at cost since their fair values cannot be measured reliably.

g. Other financial assets

As of December 31, 2019 and 2018, other financial assets mainly represent investment in bonds owned by PT Asuransi Tugu Pratama Indonesia Tbk.



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12. FIXED ASSETS

December 31, 2019

	Beginning balance	Additions	Deductions	Transfers/ reclassifications	Translations	Ending balance
Acquisition cost						
Direct acquisition:						
Land and land rights	1,705,095	55,161	-	46,977	3,228	1,810,461
Tanks, pipeline installations and other equipments	9,322,018	145,226	-	670,431	1,434	10,139,109
Refineries	4,265,934	-	-	399,314	42	4,665,290
Buildings	1,281,451	14,115	(458)	30,201	6,041	1,331,350
Ships and aircrafts	2,096,335	41,201	-	26,983	9,688	2,174,207
Moveable assets	1,633,638	52,560	(23,506)	122,802	16,280	1,801,774
Assets under construction	2,129,917	1,479,940	(327)	(1,358,526)	2,122	2,253,126
Sub-total	22,434,388	1,788,203	(24,291)	(61,818)	38,835	24,175,317
Finance lease assets:						
Land rights	-	-	-	-	-	-
Buildings	205,737	1,054	-	7,029	-	213,820
Tanks, pipelines installations and other equipment	414,634	15,110	-	(41,815)	-	387,929
Moveable assets	167,015	585	(577)	(7,679)	2,112	161,456
Sub-total	787,386	16,749	(577)	(42,465)	2,112	763,205
Total acquisition cost	23,221,774	1,804,952	(24,868)	(104,283)	40,947	24,938,522
Accumulated depreciation						
Direct acquisition:						
Land rights	(212)	-	-	-	(51)	(263)
Tanks, pipeline installation and other equipments	(4,834,321)	(543,459)	2,704	(567)	(923)	(5,376,566)
Refineries	(2,598,926)	(275,029)	-	3,352	(39)	(2,870,642)
Buildings	(526,815)	(56,489)	418	(3,174)	(2,392)	(586,452)
Ships and aircrafts	(813,091)	(104,453)	-	2,534	(2,175)	(917,185)
Moveable assets	(986,804)	(109,461)	18,296	9,319	(10,447)	(1,079,097)
Sub-total	(9,760,169)	(1,088,891)	21,418	11,464	(16,027)	(10,832,205)
Finance lease assets:						
Land rights	-	-	-	-	-	-
Buildings	(161,389)	(18,674)	-	(6,293)	-	(186,356)
Tanks, pipeline installations and other equipments	(249,815)	(34,421)	-	8,617	-	(275,619)
Moveable assets	(136,838)	(6,649)	315	1,254	(92)	(142,010)
Sub-total	(548,042)	(59,744)	315	3,578	(92)	(603,985)
Total accumulated depreciation	(10,308,211)	(1,148,635)	21,733	15,042	(16,119)	(11,436,190)
Provision for impairment	(54,289)	(98,297)	126	2,482	(27)	(150,005)
Net book value	12,859,274					13,352,327



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12. FIXED ASSETS (continued)

	December 31, 2018					Ending balance
	Beginning balance	Additions	Deductions	Transfers/ reclassifications	Translations	
Acquisition cost						
Direct acquisitions:						
Land and land rights	1,702,277	3,034	-	5,618	(5,834)	1,705,095
Tanks, pipeline installations and other equipments	9,168,847	28,693	(569)	131,485	(6,438)	9,322,018
Refineries	4,022,746	145,518	-	97,740	(70)	4,265,934
Buildings	1,200,885	20,252	(367)	70,994	(10,313)	1,281,451
Ships and aircrafts	2,015,720	120,523	-	(26,626)	(13,282)	2,096,335
Moveable assets	1,624,785	36,722	(5,875)	7,713	(29,707)	1,633,638
Assets under construction	1,446,340	1,083,618	-	(397,603)	(2,438)	2,129,917
Sub-total	21,181,600	1,438,360	(6,811)	(110,679)	(68,082)	22,434,388
Finance lease assets:						
Land rights	157,605	-	-	(155,364)	(2,241)	-
Buildings	83,987	-	-	121,750	-	205,737
Tanks, pipeline installations and other equipments	369,534	44,097	-	1,003	-	414,634
Moveable assets	156,432	10,707	-	-	(124)	167,015
Sub-total	767,558	54,804	-	(32,611)	(2,365)	787,386
Total acquisition cost	21,949,158	1,493,164	(6,811)	(143,290)	(70,447)	23,221,774
Accumulated depreciation:						
Direct acquisitions:						
Land rights	(876)	-	-	-	664	(212)
Tanks, pipeline installations and other equipments	(4,393,822)	(504,253)	42	58,559	5,153	(4,834,321)
Refineries	(2,349,134)	(249,586)	-	(307)	101	(2,598,926)
Buildings	(477,017)	(52,430)	271	(1,435)	3,796	(526,815)
Ships and aircrafts	(775,835)	(105,264)	-	65,138	2,870	(813,091)
Moveable assets	(969,682)	(103,113)	5,697	61,156	19,138	(986,804)
Sub-total	(8,966,366)	(1,014,646)	6,010	183,111	31,722	(9,760,169)
Finance lease assets:						
Land rights	(82,872)	(6,070)	-	88,942	-	-
Buildings	(58,902)	(14,272)	-	(88,215)	-	(161,389)
Tanks, pipeline installations and other equipments	(210,786)	(38,302)	-	(727)	-	(249,815)
Moveable assets	(133,666)	(7,877)	-	4,628	77	(136,838)
Sub-total	(486,226)	(66,521)	-	4,628	77	(548,042)
Total accumulated depreciation	(9,452,592)	(1,081,167)	6,010	187,739	31,799	(10,308,211)
Provision for impairment	(57,055)	-	2,719	-	47	(54,289)
Net book values	12,439,511					12,859,274



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12. FIXED ASSETS (continued)

The allocation of depreciation expense are as follows:

	December 31, 2019	December 31, 2018
Cost of goods sold (Note 31)	537,783	566,412
Selling and marketing expenses (Note 35)	383,594	328,695
General and administrative expenses (Note 36)	131,047	97,655
Expenses from other operating activities (Note 34)	96,211	88,405
Total	1,148,635	1,081,167

As of December 31, 2019, the Group owned parcels of land at various locations in Indonesia with Building Rights Title ("HGB") period ranging from 20-30 years. Some of the HGBs are near their expiration dates. Management believes that those HGB licenses can be extended upon their expiration.

As of December 31, 2019 and 2018, the Group's inventories, investment properties, fixed assets, and oil & gas and geothermal properties, except for land and land rights (Notes 9, 11, 12, and 13), were insured against fire and other possible risks for a total insurance coverage of US\$54,254,089 and US\$53,391,900, respectively.

Management believes that the insurance coverage is adequate to cover any possible losses that may arise in relation to the insured assets.

Certain fixed assets were pledged as collateral for certain subsidiary long term loans (Note 19a).

Interest capitalized as part of fixed assets for the periods ended December 31, 2019 and 2018 amounted to US\$18,964 and US\$31,500, respectively (Note 45).

Management believes that the provision for impairment of fixed assets as of December 31, 2019 and 2018 is adequate to cover any possible losses from impairment of fixed assets. However, in 2019, PT Kalimantan Jawa Gas ("KJG") fixed assets were impaired by US\$98,297 due to limited sources of cash flows in the future related to the utilization of fixed assets.

Assets under construction as of December 31, 2019 and 2018 consists of land, refineries, buildings, vessels, installations and moveable assets.



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13. OIL AND GAS, AND GEOTHERMAL PROPERTIES

	December 31, 2019				
	Beginning balance	Additions	Deductions	Transfers/ reclassifications	Ending balance
Acquisition cost:					
Direct acquisition:					
Land and land rights	18,281	-	-	1,669	19,950
Oil and gas wells	15,404,342	692,824	(71,352)	1,674,591	17,700,405
Geothermal wells	759,351	-	-	32,384	791,735
Installations	7,675,508	153,291	(11,229)	13,947	7,831,517
LPG plants	1,538,366	-	(104)	62,334	1,600,596
Buildings	198,613	-	-	17,322	215,935
Moveable assets	418,511	22,132	-	148,578	589,221
Sub-total	26,012,972	868,247	(82,685)	1,950,825	28,749,359
Assets under construction					
Exploratory and evaluation wells	1,380,730	766,115	(37,420)	(286,421)	1,823,004
Development wells	2,423,499	1,659,962	(3,591)	(1,610,922)	2,468,948
Sub-total	3,804,229	2,426,077	(41,011)	(1,897,343)	4,291,952
Finance lease assets:					
Installations	4,672	-	-	183,639	188,311
LPG plants	12,501	-	(6,335)	(6,166)	-
Buildings	19,939	-	-	-	19,939
Moveable assets	195,595	-	-	(183,639)	11,956
Sub-total	232,707	-	(6,335)	(6,166)	220,206
Total acquisition cost	30,049,908	3,294,324	(130,031)	47,316	33,261,517
Accumulated depreciation, depletion and amortization:					
Direct acquisition:					
Oil and gas wells	(7,044,165)	(1,490,479)	29,969	93,527	(8,411,148)
Geothermal wells	(152,127)	(39,562)	-	7	(191,682)
Installations	(2,717,802)	(387,874)	-	(73,813)	(3,179,489)
LPG plants	(293,601)	(81,294)	-	33,486	(341,409)
Buildings	(48,441)	(13,299)	-	585	(61,155)
Moveable assets	(244,360)	(39,362)	-	(139,723)	(423,445)
Sub-total	(10,500,496)	(2,051,870)	29,969	(85,931)	(12,608,328)
Finance lease assets:					
Installations	(18,723)	8,604	-	(163,639)	(173,758)
LPG plants	(5,777)	6,164	6,335	(6,722)	-
Buildings	(18,522)	(243)	-	(42)	(18,807)
Moveable assets	(181,398)	(2,087)	-	170,395	(13,090)
Sub-total	(224,420)	12,438	6,335	(8)	(205,655)
Total accumulated depreciation, depletion and amortization	(10,724,916)	(2,039,432)	36,304	(85,939)	(12,813,983)
Provision for impairment	(710,706)	(83,511)	106,920	(3,445)	(690,742)
Net book values	18,614,286				19,756,792



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13. OIL AND GAS, AND GEOTHERMAL PROPERTIES (continued)

	December 31, 2018				
	Beginning balance	Additions	Deductions	Transfers/ reclassifications	Ending balance
Acquisition cost:					
Direct acquisition:					
Land and land rights	18,243	-	-	38	18,281
Oil and gas wells	13,915,574	1,116,330	(107,073)	479,511	15,404,342
Geothermal wells	671,595	4,671	-	83,085	759,351
Installations	7,213,878	109,761	(1,195)	353,064	7,675,508
LPG plants	1,538,366	-	-	-	1,538,366
Buildings	173,184	1,152	-	24,277	198,613
Moveable assets	346,955	39,034	-	32,522	418,511
Sub-total	23,877,795	1,270,948	(108,268)	972,497	26,012,972
Assets under construction					
Exploratory and evaluation wells	1,326,425	606,380	(120,381)	(431,694)	1,380,730
Development wells	2,096,876	1,163,019	(4,519)	(831,877)	2,423,499
Sub-total	3,423,301	1,769,399	(124,900)	(1,263,571)	3,804,229
Finance lease assets:					
Installations	4,672	-	-	-	4,672
LPG plants	12,501	-	-	-	12,501
Buildings	19,939	-	-	-	19,939
Moveable assets	195,595	-	-	-	195,595
Sub-total	232,707	-	-	-	232,707
Total acquisition cost	27,533,803	3,040,347	(233,168)	(291,074)	30,049,908
Accumulated depreciation, depletion and amortization:					
Direct acquisition:					
Oil and gas wells	(6,096,976)	(965,091)	38,038	(20,136)	(7,044,165)
Geothermal wells	(113,904)	(38,223)	-	-	(152,127)
Installations	(2,121,664)	(586,590)	-	(9,548)	(2,717,802)
LPG plants	(179,681)	(113,920)	-	-	(293,601)
Buildings	(36,698)	(11,743)	-	-	(48,441)
Moveable assets	(214,002)	(30,358)	-	-	(244,360)
Sub-total	(8,762,925)	(1,745,925)	38,038	(29,684)	(10,500,496)
Finance lease assets:					
Installations	(16,695)	(2,028)	-	-	(18,723)
LPG plants	(5,469)	(308)	-	-	(5,777)
Buildings	(18,198)	(324)	-	-	(18,522)
Moveable assets	(181,118)	(280)	-	-	(181,398)
Sub-total	(221,480)	(2,940)	-	-	(224,420)
Total accumulated Depreciation, depletion and amortization	(8,984,405)	(1,748,865)	38,038	(29,684)	(10,724,916)
Provision for impairment	(518,024)	(218,189)	-	25,507	(710,706)
Net book values	18,031,374				18,614,286

The allocation of depreciation, depletion, and amortization expenses are as follows:

	December 31, 2019	December 31, 2018
Upstream production and lifting costs (Note 32)	2,030,834	1,741,040
General and administrative expenses (Note 36)	8,598	7,825
Total	2,039,432	1,748,865

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13. OIL AND GAS, AND GEOTHERMAL PROPERTIES (continued)

As of December 31, 2019, all of the PGE, PEP, PHE, and PGN's oil and gas and geothermal properties, except land and land rights, were insured against fire and other possible risks (Note 12).

Management believes that the insurance coverage is adequate to cover any possible losses that may arise in relation to the insured oil and gas and geothermal properties.

PGE's interest capitalized as part of geothermal properties amounted to US\$25,452, and US\$24,885, as of December 31, 2019 and 2018, respectively (Note 45).

The increase in the value of oil and gas wells in 2019, was a result of the addition of development wells in PEP, PEPC, PHM, PHE (2018: payment of the Rokan Block signature bonus).

Impairment of oil and gas properties

Management conducts an impairment test in 2019 for all blocks due to external indications from oil price developments. Management has evaluated the commercial and technical aspects based on the results of the latest production.

The estimated recoverable amount and book value of the reduced oil and gas assets as of December 31, 2019 and 2018 are as follows:

	December 31, 2019				
	Estimated recoverable amount	Book value	Estimated impairment loss (recovery)	Impairment loss (recovery) on goodwill	Impairment loss (recovery) in oil and gas and geothermal properties
PHE and its subsidiaries	392,622	420,904	28,282	-	28,282
PGE and its subsidiaries	96,435	107,480	11,045	-	11,045
PGN and its subsidiaries	592,974	530,238	(62,736)	-	(62,736)
Net book value	1,082,031	1,058,622	(23,409)	-	(23,409)
	December 31, 2018				
	Estimated recoverable amount	Book value	Estimated impairment loss (recovery)	Impairment loss (recovery) on goodwill	Impairment loss (recovery) in oil and gas and geothermal properties
PHE and its subsidiaries	173,488	366,793	193,305	-	193,305
Pertamina EP Cepu ADK	55,046	53,708	(1,338)	-	(1,338)
PGN and its subsidiaries	872,528	898,750	26,222	-	26,222
Net book value	1,101,062	1,319,251	218,189	-	218,189

The assumption of oil and gas price and the discount rate used are disclosed in Note 14d.



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14. OTHER NON-CURRENT ASSETS

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Restricted funds	1,211,263	950,052
Advances to vendors	261,570	133,406
Other receivables - third parties	185,505	80,287
Government contributed assets pending final clarification of status (Note 25)	146,578	401,120
Prepaid expenses	82,434	65,319
Finance lease receivables	64,973	200,770
Other receivables related parties (Note 40b)	64,557	64,907
Goodwill	53,807	53,807
Long-term employee receivables	33,107	37,530
Land rights costs	17,775	18,917
Assets held but not used for operation	16,070	23,454
Intangible assets	13,508	13,711
Deferred charges	12,679	17,256
Non-free and non-clear assets	1,837	1,837
Others	61,149	22,960
Total	<u>2,226,812</u>	<u>2,085,333</u>

a. Restricted funds

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
US Dollar accounts		
<u>Government-related entities</u>		
- BRI	355,755	321,620
- Bank Mandiri	77,920	14,030
- BNI	66,420	50,016
<u>Third parties</u>		
- JP Morgan	43,303	31,087
- Others	6,106	540
Sub-Total	<u>549,504</u>	<u>417,293</u>

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14. OTHER NON-CURRENT ASSETS (continued)

a. Restricted funds (continued)

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Rupiah accounts		
<u>Government-related entities</u>		
- BRI	352,363	290,500
- Bank Mandiri	297,342	233,993
- BNI	1,595	840
- Others	1,878	-
<u>Third parties</u>		
Others	8,581	7,426
Sub-Total	<u>661,759</u>	<u>532,759</u>
Total	<u>1,211,263</u>	<u>950,052</u>

In accordance with SKK Migas' instructions, as December 31, 2019, PT Pertamina EP, PHE, PEPC, PIEP, and PGN has deposited funds amounted to US\$310,397 (2018: US\$275,660), US\$65,608 (2018: US\$34,215), US\$33,693 (2018: US\$28,186), US\$35,289 (2018: US\$31,087), and US\$62,615 (2018: US\$52,425), respectively for decommissioning funds, site restoration, and other related activities.

The Company has created reserves fund for past service liabilities to employees as of December 31, 2019 and 2018 amounting to US\$646,546 and US\$520,277, respectively.

As of December 31, 2019 and 2018, restrained fund for Partnership Program amounted to Rp12,174 million or equivalent to US\$876 and Rp12,174 million or equivalent to US\$841, respectively.

Included in restricted cash is bank deposits related to field development commitment funds in PIEP, PGE and PGN.

c. Finance lease receivables

This account represent the non-current portion of the finance lease receivables from lease arrangement between PT Kalimantan Jawa Gas ("KJG"), PGN's subsidiaries, and PLN in relation to KJG's subsea pipelines and onshore receiving facility on land (Gas Transport Agreement ("GTA") Kalija 1 which is classified as a finance lease transaction.

The collectibility of receivables from finance leases depends on the arbitration decision, which is on going to date, and the financial ability of PCML and PLN to meet the ship-or-pay obligations in the GTA Kalija I, the Group believes that:

- (1) arbitration decisions will have a positive impact on the Group;
- (2) PCML and PLN will be able to fulfill ship-or-pay obligations in GTA Kalija I; and
- (3) the provision for impairment of receivables from finance leases made by the Group is sufficient in connection with the circumstances described in Note 48i.

As a result of the ongoing arbitration process, on June 30, 2019, the Group evaluated sources of revenue other than GTA Kalija I and concluded that the residual value of the finance lease no longer contains an element of lease (cash flows is not guaranteed) so that the residual value is reclassified as fixed assets with a carrying value of US\$117,777.



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14. OTHER NON-CURRENT ASSETS (continued)

c. Advances to vendors, net

	December 31, 2019	December 31, 2018
Advances to vendors	294,274	166,110
Provision for impairment	(32,704)	(32,704)
Net	261,570	133,406

On September 27, 2019, the Company made an advance payment for the Engineering, Procurement and Construction ("EPC") Project Inside Battery Limit ("ISBL") and Outside Battery Limit ("OSBL") Refinery Development Master Plan ("RDMP") Balikpapan RU-V of US\$199,915. This payment is based on (note 48n) EPC ISBL & OSBL First Contract Amendment No. 25/C000002/2018 dated September 5, 2019.

The Company has recognized a provision for impairment to reduce an advance to vendor for tanker building contract with capacity of 30,000 LTDW between the Company and Zhejiang Chenye Shipbuilding Co. Ltd. Management believes that the provision for impairment is adequate to cover possible losses.

d. Goodwill

	Beginning balance	Addition	Deduction	Ending balance
December 31, 2019				
PT PHE ONWJ	53,337	-	-	53,337
PHE Nunukan Company	415	-	-	415
PGN and its subsidiaries	55	-	-	55
Total	53,807	-	-	53,807
December 31, 2018				
PT PHE ONWJ	53,337	-	-	53,337
PHE Nunukan Company	415	-	-	415
PGN and its subsidiaries	55	-	-	55
Total	53,807	-	-	53,807

The Goodwill is allocated to the Group's Cash Generating Unit ("CGU") which is identified based on the PSC block.

The Group calculated the recoverable amount based on fair value less cost to sell model which provides a higher value than the value-in use calculation. The fair value less cost to sell was determined by using a post-tax discounted cash flows ("DCF") calculation.

The cash flows projections are based on production and development forecast approved by management covering the estimated period of contract including contract extension and future investments to increase output. The period of projections ranges from 3-30 years.

PT PHE ONWJ, PHE Nunukan Company

The Group acquired PT Medco E&P Tuban (subsequently changed its name to PT PHE Tuban) in 2008 and BP West Java Ltd., (subsequently changed its name to ONWJ Ltd.) in 2009, PT PHE Oil and Gas ("PHE OG") and PHE Nunukan Company were acquired in 2013.

PGN and its subsidiaries

In 2013, PT PGAS Telekomunikasi Nusantara ("PGASKOM"), a subsidiary of PGN, acquired 100% equity interest of PT Telemedia Dinamika Sarana ("TDS") with consideration paid amounting to Rp675 million (or equivalent to US\$55). PGASKOM recognized goodwill from this acquisition amounting to US\$55.



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14. OTHER NON-CURRENT ASSETS (continued)

d. Goodwill (continued)

The key assumption relates to oil and gas price, was projected based on expectation of market development given used the volatility in oil prices. The discount rate used reflects the risk related to the relevant oil and gas industry and considering the risks of individual country of operations.

Key assumptions used for the basis of the impairment test on December 31, 2019, are as follows:

Assumptions 2019

	2019	2020	2021	2022	2023
ICP Projection	US\$62.00	US\$58.40	US\$58.80	US\$61.40	US\$61.70
Brent Projection	US\$64.30	US\$61.70	US\$62.10	US\$64.70	US\$65.00

Rate (decrease) increase between (US\$3.60) to US\$2.60 per year, both for ICP and Brent values.

Gas price	Based on the gas sales agreement
Discount rate	6.58% - 9.98%

Management believes the goodwill impairment is sufficient based on the result of the impairment testing.

e. Non-free and non-clear assets, net

	December 31, 2019	December 31, 2018
Non-free and non-clear assets	112,237	112,237
Provision for impairment	(110,400)	(110,400)
Net	1,837	1,837

Non-free and non-clear assets represent land plots located in Teluk Semangka, Lampung and certain assets located in other areas where, as of the date of the completion of these consolidated financial statements, the documentation and rights of the Company were still subject to completion of the legal and settlement processes to allow the Company to fully utilize such assets.

The Company has recognized a provision for impairment to reduce the value of such assets to their recoverable amounts. Management believes that the provision for impairment is adequate.

15. SHORT-TERM LOANS

	December 31, 2019	December 31, 2018
<u>Government-related entities (Note 40)</u>		
- BRI	581,659	820,154
- Bank Mandiri	483,554	1,705,709
- BNI	-	638,751
- Others (each below US\$10,000)	4,682	110
Sub-total	1,069,895	3,164,724



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15. SHORT-TERM LOANS (continued)

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Third parties</u>		
- HSBC Indonesia	174,181	67,075
- BTPN	20,826	160,396
- PT Bank Permata Tbk.	3,597	59,804
- PT Bank Mizuho Indonesia	-	203,272
- Citibank, N.A.	-	145,344
- PT ANZ Panin Bank Indonesia Tbk.	-	139,491
- BCA	-	118,934
- Deutsche Bank AG	-	93,970
- PT Bank DBS Indonesia	-	86,842
- SMBC	-	81,988
- PT Bank ICBC Indonesia	-	23,974
- Others (each below US\$10,000)	1,553	1,221
Sub-total	<u>200,157</u>	<u>1,182,311</u>
Total	<u>1,270,052</u>	<u>4,347,035</u>

Other information related to the Group's short-term bank loan facilities as of December 31, 2019 are as follows:

<u>Lenders</u>	<u>Expiration date</u>
Bank Mandiri	December 31, 2020
BNI	November 25, 2020
BRI	August 1, 2020
BNI Syariah	March 27, 2019
HSBC Indonesia	August 31, 2020
PT Bank UOB Indonesia	December 3, 2020
BTPN	March 29, 2020
PT Bank Permata Tbk.	August 27, 2020

Interest rates charged are based on market rates (e.g. Singapore Interbank Offered Rate ("SIBOR") or London Interbank Offered Rate ("LIBOR") plus certain percentage depending on negotiation at drawdown.

The interest rates on short-term loans for the years ended December 31, 2019 and 2018 are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
US Dollar	2.00% - 2.93%	2.76% - 3.71%
Rupiah	6.65% - 11.50%	7.25% - 11.50%

The funds received from short-term loans are to be used for working capital purposes.



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16. TRADE PAYABLES - THIRD PARTIES

	December 31, 2019	December 31, 2018
US Dollar	4,044,954	3,215,103
Rupiah	507,476	374,194
Others	17,603	8,480
Total	4,570,033	3,597,777

The Group's trade payables are mainly related to purchases of crude oil, natural gas and petroleum products.

17. DUE TO THE GOVERNMENT

	December 31, 2019	December 31, 2018
The Company		
Conversion account (amount due to the Government for its share in the Indonesian crude oil production supplied to the Company's refineries)	827,783	961,481
Ulubelu and Lahendong geothermal project loan	253,310	253,310
Lumut Balai geothermal project loan	102,824	84,594
The Government's share in the domestic natural gas sales including its share of Indonesian gas production	17,219	36,889
Payable for purchase of the Government's share in the LPG production	4,460	11,358
Ngurah Rai Airport refuelling facility ("DPPU") construction project loan	3,816	4,505
Sub-total	1,209,412	1,352,137
Subsidiaries:		
PT Pertamina EP		
Government share of production	26,238	25,764
Finance lease liability - state-owned assets	83,999	81,815
PT Pertamina Hulu Energi		
Overlifting payables	20,080	37,878
PT Pertamina Hulu Indonesia		
Overlifting payables	18,272	109,126
PT Perusahaan Gas Negara Tbk.		
Loans for the construction of gas transmission pipelines from South Sumatra to West Java and distribution pipelines in West Java	344,217	352,971
Domestic Gas market development project loan	31,849	36,008
Gas transmission and distribution project phase II project loan	2,375	7,126
Sub-total	527,030	650,688
Total (Note 40)	1,736,442	2,002,825
Current portion	(940,413)	(1,207,743)
Non-current portion	796,029	795,082



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17. DUE TO THE GOVERNMENT (continued)

a. Conversion account (Government debt on the portion of Indonesian crude oil production that enters the refineries)

The conversion account represents the Company's liability to the Government in relation to the shipment of the Government's share of Indonesian crude oil production to the Company's refineries for processing to meet the domestic demand for fuel products. The Government's share in the Indonesian crude oil production is derived from the work area of the PSC Contractor.

The movements of the conversion account are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
The Company		
Beginning balance	961,481	749,956
Addition :		
Current year's Government share in the Indonesian crude oil production delivered to the Company's refineries during the year	8,684,149	10,289,631
Deduction :		
Cash settlement	(8,614,115)	(10,029,737)
Gains on foreign exchange	(203,732)	(48,369)
Ending balance	<u>827,783</u>	<u>961,481</u>

b. Ngurah Rai Airport refueling facility ("DPPU") construction project loan

On May 7, 2007, the Government channelled a loan amounting to ¥1,172,872,837 (full amount) from the Overseas Economic Cooperation Fund Japan to the Company in relation to the construction of the Ngurah Rai Airport refuelling facility in accordance with the loan agreement dated November 29, 1994.

The loan is repayable in 36 semi-annual installments commencing in May 2007 through November 2024, and is subject to interest at the rate of 3.1% per annum. The outstanding loan balance as of December 31, 2019 and 2018 amounted to ¥414,577,362 (full amount) and ¥497,492,834 (full amount), or equivalent to US\$3,816 and US\$4,505.

c. Lumut Balai geothermal project loan

On March 29, 2011, the Loan Agreement ("LA") IP-557 was signed between the Government of Indonesia, represented by the Director General of Debt Management, Ministry of Finance, and Japan International Cooperation Agency ("JICA"), represented by the Chief Representative of JICA, with the Company as Executing Agency and PGE as Implementing Agency. The amount of the loan facility was ¥26,966,000,000 (full amount) with drawing period of eight years from the effective date with an effective rates at 0.3% p.a plus 0.3% p.a and 0.01% p.a plus 0.01% p.a, respectively.

Repayment of the loan principal will be on a semi-annual basis, on March 20, and September 20, commencing on March 20, 2021 to March 2051. The outstanding loan balance as of December 31, 2019, and 2018 amounted to ¥11,169,782,163 (full amount) and ¥9,343,033,479 (full amount), or equivalent to US\$102,824 and US\$84,594, respectively.



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17. DUE TO THE GOVERNMENT (continued)

d. Ulubelu and Lahendong geothermal project loan

For the implementation of Ulubelu and Lahendong Geothermal Clean Energy Investment Project, the Company has obtained loans from the International Bank for Reconstruction and Development ("IBRD") as part of the World Bank Loan.

On December 5, 2011, LA 8082-ID and TF10417-ID were signed by the Government of Indonesia and IBRD with the Company as Executing Agency and PGE as Implementing Agency, with total amount of US\$300,000 consisting of LA 8082-ID of US\$175,000 and LA TF10417-ID amounting to US\$125,000. Interest rate from World Bank is at LIBOR + 0.45% + 0.5% (bank charges) + variance spread annually, while interest rate from JICA is at 0.25% + 0.25%.

Repayment of the loan principal will be on a semi-annual basis, on April 10 and October 10, LA-8082-ID, commencing on October 10, 2020 until October 10, 2035 and LA TF10417-ID, October 10, 2021 until April 10, 2051.

The following are the outstanding loan balances as of December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018
LA 8082-ID	129,044	129,044
LA TF10417-ID	124,266	124,266
Total	253,310	253,310

e. Finance lease liability - state-owned assets in PT Pertamina EP

In accordance with the Minister of Finance Decree dated May 2, 2008, assets previously owned by the former Pertamina Entity which have not been recognized in the opening balance sheet of the Company, represent state-owned assets ("BMN"), the control of which is exercised by the Directorate General of State Assets ("DJKN").

On September 20, 2016, the State Property Lease Agreements between the MoF and PT Pertamina EP No. PRJ-3-MK.6/2016 and No. 1307/EP0000/2016-S0 have been signed. With the signing of these agreements, management believes that the property lease payable for unutilized BMN, will not be charged by the Government since it was not included as part of the scope of the agreements. Therefore, in 2016, PT Pertamina EP made correction to the BMN lease payable for BMN which are not used by PT Pertamina EP.

The following table represents the total of finance lease payables for BMN which include installations, buildings and moveable equipment utilized in the PT Pertamina EP's oil and gas operations:

Lessor	Type of asset	December 31, 2019	December 31, 2018
The Ministry of Finance	Installation assets, buildings and moveable assets		
Current portion		83,999 (1,426)	81,815 (1,180)
Non-current portion		82,573	80,635



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17. DUE TO THE GOVERNMENT (continued)

e. Finance lease liability - state-owned assets in PT Pertamina EP (continued)

Future minimum lease payments as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Within one year	14,907	14,310
More than one year but not more than five years	59,626	71,550
More than five years	160,246	153,832
Total	234,779	239,692
Interest	(150,780)	(157,877)
Net	83,999	81,815
Current portion	(1,426)	(1,180)
Non-current portion	82,573	80,635

f. Overlifting payables

The overlifting payables represent subsidiaries' payable to SKK Migas as a result of subsidiaries' actual lifting crude oil and gas being higher than their entitlement for the respective year.

g. Loans for the construction of gas transmission pipelines from South Sumatera to West Java and distribution pipelines in West Java

On March 27, 2003, Japan Bank for International Cooperation ("JBIC") agreed to provide a loan to the Government for a total amount equivalent to ¥49,088,000,000 (full amount) to assist the Government in financing the construction of a gas transmission pipeline network from South Sumatera to West Java and a distribution pipeline in West Java.

On May 28, 2003, PGN and the Government entered into a Loan Forwarding Agreement No. SLA-1156/DP3/2003, where the Government continues this loan from JBIC with a total not exceeding ¥49,088,000,000 (full amount) to PGN.

For the years ended December 31, 2019 and 2018, PGN has paid installments of ¥1,591,118,000 (full amount) and ¥1,591,118,000 (full amount). Payments on the principal is made every six months on March 20 and September 15. Payments begin from March 20, 2013 to March 20, 2043. The loan balance as of December 31, 2019 and 2018 amounted to ¥37,391,273,000 (full amount) and ¥38,983,847,840 (full amount) or equivalent to US\$344,217 and US\$352,971.

h. Domestic gas market development project loan

Based on the loan agreement dated February 7, 2006, IBRD agreed to provide loan facility to the Government an aggregate amount equivalent to US\$80,000 to assist the Government in financing the Domestic Gas Market Development Project.

On April 3, 2006, PGN and the Government entered into the related Subsidiary Loan Agreement, which provides for the Government's relending of the IBRD loan proceeds of US\$80,000 to PGN, which shall undertake the Project.

In December 2011, the loan facility amount was changed to US\$69,381. On November 14, 2013, PGN received Letter No. 5786/PU/2013 from the Directorate General of Debt Management, Ministry of Finance of the Republic of Indonesia, regarding the approval of the cancellation of the remaining loan facilities of US\$7,616 starting from February 1, 2013. Loan balances as of December 31, 2019 and 2018 were US\$31,849 and US\$36,008, respectively.



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17. DUE TO THE GOVERNMENT (continued)

i. Gas transmission and distribution project phase II project loan

On September 15, 2000, PGN and the Government entered into a Loan Agreement, which provides for the Government's relending of the EIB loan proceeds not exceeding €70,000,000 (full amount) to PGN as part of the financing of the Gas Transmission and Distribution Project Phase II.

As of December 31, 2019 and 2018, PGN has fulfilled all financial ratios required in the loan agreement.

For the years ended December 31, 2019 and 2018, PGN has paid installments in each year of US\$4,751. The loan balance as of December 31, 2019 and 2018 amounted to US\$2,375 and US\$7,126, respectively.

j. Disparity of Selling Price JBKP Premium in 2016

As of December 31, 2017, the Company recorded a disparity of selling price of JBKP Premium in 2016 which caused an excess revenue of Rp2.37 trillion (equivalent to US\$174,907 as of December 31, 2017) (the value before VAT and PBBKB) in accordance with the LHP BPK No.39/AUDITAMA VII/PD/TT/ 11/2017 dated November 13, 2017.

On June 8, 2018, the Government through the MoF issued a letter No. S-100/MK.2/2018 concerning Submission of the Following-Up of the BPK RI Recommendations in the LHP on the Central Government Financial Report ("LKPP") and the State General Treasurer ("LKBUN") Financial Statements of 2015-2017 and LHP of Examination With Specific Purposes to the MoF in 2015-2016, stating that the excess revenue of JBKP Premium sales in 2016 was recognized as excess revenue for the Company. This resulted in amount of Rp2.37 trillion or equivalent to US\$178,070 which was previously recorded as due to Government that corrected to other operating activities revenue in 2018 (Note 30).

18. ACCRUED EXPENSES

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Suppliers and contractors	1,586,318	1,069,409
Bonuses, incentives, and salaries	468,305	441,536
Estimated owned retention claim	379,836	286,508
Employee benefit liabilities		
due within one year (Note 21b)	246,244	232,994
Interest on loans	117,978	105,062
Total	<u>2,798,681</u>	<u>2,135,509</u>

19. LONG-TERM LIABILITIES

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Bank loans:		
Government-related entities (Note 40)	172,874	179,361
Third parties	1,778,353	1,891,264
	<u>1,951,227</u>	<u>2,070,625</u>
Issuance costs, net	(3,082)	(4,775)
Total bank loans, net	1,948,145	2,065,850
Finance leases	171,993	160,027
Total long-term liabilities	<u>2,120,138</u>	<u>2,225,877</u>
Current portion	<u>(573,726)</u>	<u>(420,577)</u>
Long-term liabilities - net of current portion	<u>1,546,412</u>	<u>1,805,300</u>



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19. LONG-TERM LIABILITIES (continued)

Annual interest rates on bank loans during 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Rupiah	7.58% - 10.50%	2.35% - 13.00%
US Dollar	1.37% - 4.65%	1.37% - 5.60%

a. Bank loans

Details of the Group's syndicated and bank loans as of December 31, 2019 and 2018 are as follows:

	December 31, 2019		
	Total	Current	Non-current
<u>Government-related entities</u>			
Bank Mandiri	7,671	3,496	4,175
Bank Syariah Mandiri	7,371	3,359	4,012
BNI Syariah	5,976	343	5,633
PT Sarana Multi Infrastruktur (Persero)	150,000	-	150,000
BNI	1,856	323	1,533
<u>Third parties</u>			
The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BOTM") (syndicated loan)	1,282,803	485,119	797,684
HSBC Bank USA, National Association	316,000	-	316,000
SMBC (syndicated loan)	59,697	10,601	49,096
BTPN	61,027	10,492	50,535
PT Bank ICBC Indonesia	58,826	17,235	41,591
Total	1,951,227	530,968	1,420,259
<u>December 31, 2018</u>			
	Total	Current	Non-current
<u>Government-related entities</u>			
Bank Mandiri	19,753	10,043	9,710
Bank Syariah Mandiri	9,330	-	9,330
BRI	181	181	-
BNI Syariah	97	70	27
PT Sarana Multi Infrastruktur (Persero)	150,000	-	150,000
<u>Third parties</u>			
BOTM (syndicated loan)	1,609,539	333,569	1,275,970
SMBC (syndicated loan)	199,318	10,601	188,717
PT Bank Sumitomo Mitsui Indonesia	67,407	9,083	58,324
PT Bank ICBC Indonesia	15,000	-	15,000
Total	2,070,625	363,547	1,707,078

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19. LONG-TERM LIABILITIES (continued)

a. Bank loans (continued)

Other information on the Group's syndicated and bank loans as of December 31, 2019 is as follows:

Creditors	Repayment schedule
The Company	
SMBC (Long-term loan)	Several instalments (2016-2025)
Other Financial Institutions	
PT Sarana Multi Infrastruktur (Persero) (Long-term loan)	Several instalments (2015-2025)
BOTM	Several instalments (2016-2021)
Subsidiaries	
BNI Syariah	
PT Pertamina Trans Kontinental	Several instalments (2018-2025)
BTPN	
PT Pertamina Trans Kontinental	Several instalments (2016-2025)
BOTM	
PT Pertamina Trans Kontinental	Several instalments (2017-2022)
BOTM (syndicated loan)	
PT Pertamina Internasional Eksplorasi dan Produksi	Several instalments (2020-2023)
Bank Syariah Mandiri	
PT Pertamina International Shipping	Several instalments (2018-2025)
Bank Mandiri	
PT Pertamina International Shipping	Several instalments (2018-2025)
PT Bank ICBC Indonesia	
PT Elnusa Tbk.	Several instalments (2018-2023)
HSBC Bank USA, National Association	
PT Pertamina EP Cepu	Several instalments (2019-2034)

These bank loans are obtained to finance the capital expenditures of the Company's and/or Subsidiaries' projects, general activities and certain costs relating to the agreement.

As specified by the loan agreements, the borrowers are required to comply with certain covenants, such as financial ratio covenants, no substantial change in the general business of the Company and/or Subsidiaries and not entering into mergers.

The certain subsidiaries' long-term bank loans are collateralised by those subsidiaries' receivables (Note 7) and fixed assets (Note 12).

On December 12, 2017, Etablissements Maurel et Prom, SA entered into a syndicated loan agreement with 2 (two) national banks and 7 (seven) overseas banks. The Bank of Tokyo Mitsubishi UFJ, Ltd., Hong Kong Branch acting as Facility Agent. The syndicated loan facility amount is US\$600,000 which bears interest at LIBOR plus 1.5% and shall be repaid on a quarterly basis starting March 2020 to December 2023.

Prior to effective date of the above syndicated loan agreement, on December 11, 2017, as required by syndicated loan agreement, PT Pertamina Internasional Eksplorasi dan Produksi ("PIEP"), as Sponsor, Maurel et Prom West Africa SA, as Borrower, and The Bank of Tokyo Mitsubishi UFJ, Ltd. Hongkong Branch as Facility Agent, signed the Sponsor Support Agreement. This Agreement stipulates that if the Borrower fails to fulfill its obligations (Borrower Non-Payment), the Borrower must immediately submit the Sponsor Loan Request Notice to the Sponsor, and the Sponsor is obligated to provide funds to the Borrower for all unsettled obligations including outstanding interest payable. On December 11, 2017, the Company has issued a comfort letter as required in the syndicated bank facilities as discussed above, but this does not constitute a guarantee in respect of the obligation of PIEP under Sponsor Support Agreement and the Company shall not be construed acting as a guarantor.



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19. LONG-TERM LIABILITIES (continued)

a. Bank loans (continued)

As of December 31, 2019 and 2018, the Group complied with the covenants as required by the loan agreements.

b. Finance leases

This account represents the Group's minimum lease payments in the future from financing lease transactions for LPG Bulk Filling and Transportation Stations ("SPPBE"), landing craft transports, BBM and LPG Tanker cars, computer servers, gas pipelines installations and LPG plants. This account represents the Group's minimum future lease payments from finance lease transactions for SPPBE, landing craft transports, BBM and LPG Tanker Trucks, computer servers, gas pipelines installations and LPG plants.

Future minimum lease payments as of December 31, 2019 and 2018 are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Within one year	57,508	84,137
Within more than one year but not more than five years	132,106	115,474
More than five years	28,739	32,487
Total	<u>218,353</u>	<u>232,098</u>
Less: Interest	(46,360)	(72,071)
Net	171,993	160,027
Current portion	(44,525)	(58,722)
Non-current portion	<u>127,468</u>	<u>101,305</u>

20. BONDS PAYABLE

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
The Company:		
Senior obligations		
Issued in 2011		
Due in 2021	1,000,000	1,000,000
Due in 2041	500,000	500,000
Issued in 2012		
Due in 2022	1,242,000	1,242,000
Due in 2042	1,221,590	1,221,590
Issued in 2013		
Due in 2023	1,615,000	1,615,000
Due in 2043	1,433,261	1,433,261
Issued in 2014		
Due in 2044	1,500,000	1,500,000
Issued in 2018		
Due in 2048	750,000	750,000
Issued in 2019		
Due in 2029	750,000	-
Due in 2049	750,000	-
Total	<u>10.761.851</u>	<u>9,261,851</u>

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20. BONDS PAYABLE (continued)

	December 31, 2019	December 31, 2018
Discount	(65,654)	(65,654)
Issuance cost	(30,350)	(27,425)
Amortization of discount and issuance cost	34,004	28,754
Bonds payable owned by subsidiaries:	(46,750)	(62,000)
Total the Company	10,653,101	9,135,526
PGN and its subsidiaries:		
Senior obligations		
PGN	1,350,000	1,350,000
PT Saka Energi Indonesia ("SEI")	625,000	625,000
Discount and issuance cost (net)	(13,608)	(16,430)
Total the subsidiaries	1,961,392	1,958,570
Total bonds payable	12,614,493	11,094,096

Other information on the Company's bonds payable as of December 31, 2019 is as follows:

	Nominal issued amount	Issuance price	Starting date	Maturity date	Trustee	Interest rate
The Company:						
Issued in 2011						
Due in 2021	1,000,000	98.097%	May 23, 2011	May 23, 2021	HSBC Bank USA, N.A	5.25%
Due in 2041	500,000	98.380%	May 27, 2011	May 27, 2041	HSBC Bank USA, N.A	6.50%
Issued in 2012						
Due in 2022	1,250,000	99.414%	May 3, 2012	May 3, 2022	HSBC Bank USA, N.A	4.88%
Due in 2042	1,250,000	98.631%	May 3, 2012	May 3, 2042	HSBC Bank USA, N.A	6.00%
Issued in 2013						
Due in 2023	1,625,000	100.000%	May 20, 2013	May 20, 2023	The Bank of New York Mellon	4.30%
Due in 2043	1,625,000	100.000%	May 20, 2013	May 20, 2043	The Bank of New York Mellon	5.63%
Issued in 2014						
Due in 2044	1,500,000	100.000%	May 3, 2014	May 30, 2044	The Bank of New York Mellon	6.45%
Issued in 2018						
Due in 2048	750,000	98.061%	Nov. 7, 2018	Nov. 7, 2048	The Bank of New York Mellon	6.50%
Issued in 2019						
Due in 2029	750,000	100.000%	July 30, 2019	July 30, 2029	The Bank of New York Mellon	3.65%
Due in 2049	750,000	100.000%	July 30, 2019	July 30, 2049	The Bank of New York Mellon	4.70%
Subsidiary:						
Issued in 2014						
Due in 2024	1,350,000	99.037%	May 12, 2014	May 16, 2024	The Bank of New York Mellon	5.13%
Issued in 2017						
Due in 2024	625,000	100.000%	April 26, 2017	May 5, 2024	Citicorp International Limited	4.45%

The Company

The Indenture stipulates that:

- No later than 30 days following the occurrence of an event in which the Government of Indonesia ceases to own, directly or indirectly, more than 50% of the voting securities of the Company (Change of Control Triggering Event), the Company may be required to make an offer to repurchase all senior notes outstanding at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the date of repurchase. The senior notes are subject to redemption in whole, at 100% of their principal amount, together with any accrued interest, at the option of the Company at a certain time in the event of certain changes affecting Indonesian taxation.
- Certain covenants include among others: limitation on liens, limitation on sale and lease back transactions and provision of financial statements and other reports.
- The Company complied with the restrictions specified within the agreements with the Trustee.



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20. BONDS PAYABLE (continued)

The Company (continued)

The Indenture stipulates that: (continued)

- The proceeds from senior notes issued were used to partially fund the capital expenditure requirements in the acquisition of new blocks, development of existing blocks, rig purchase and tanker building.

As of December 31, 2019, the Company was rated as Baa2 with a stable outlook by Moody's Investors Service, BBB with a stable outlook by Fitch Ratings and BBB- with a stable outlook by Standard & Poor's.

During 2019, the Company did no purchase back portions of senior bonds (2018: US\$37,649).

Subsidiaries:

- PGN Senior unsecured fixed rate notes
In connection to these bonds, the Company is restricted in conducting consolidation, merger, transfer, lease, or disposal of all assets. Based on moody's investors services, S&P and Fitch Rating the bonds were rated at Baa2, BBB-, and BBB-, respectively.
- SEI senior unsecured fixed rate notes
SEI is not required to make sinking fund payments related to these bonds. Based on Moody's Investors Services, S&P and Fitch Rating the bonds were rated at Ba2, BB, and BB+, respectively.

21. EMPLOYEE BENEFIT LIABILITIES

a. Post-employment benefit plans and other long-term employee benefits

The Company and certain Subsidiaries have post-employment benefit plans and provide other long-term employee benefits as follows:

1. Post-employment benefit plans

(i) Defined benefit plan managed by Dana Pensiun Pertamina

The Company and certain Subsidiaries received approval from the Minister of Finance of the Republic of Indonesia in Decision Letter No. S-190/MK.6/1977 dated July 15, 1977 to establish a separate pension fund, Dana Pensiun Pertamina, from which all employees, after serving a qualifying period, are entitled to defined benefits upon retirement, disability or death, and also post-employment medical benefits. The Defined Benefit Plans ("PPMP") cover employees who were hired before year 2005.

(ii) Post-retirement healthcare benefits

The post-retirement healthcare benefits involve the Company's retired employees and their spouses that had minimum 15 years of services with minimum age of 46 years old.

(iii) Severance and service pay ("PAP")

PAP benefits consist of additional benefits for employees to which they are entitled when they enter the pension age and in the event of permanent disability, death, or voluntary resignation.



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21. EMPLOYEE BENEFIT LIABILITIES (continued)

2. Other long-term employee benefits plan

The Company provides other long-term employee benefits in the form of pre-retirement benefits ("MPPK"), repatriation costs, annual leave, the Mandiri Guna I Insurance Program and service anniversaries, except for the insurance program benefit.

3. Employees' savings plan

The Company and certain Subsidiaries (collectively referred to as the Participants) operate an Employees' Savings Plan ("TP") in the form of a defined contribution plan, in which the savings will be received by employees at the end of their service period. All employees' savings program funds are currently managed by Financial Institution Pension Fund ("DPLK").

b. Provision for employee benefits

The estimated employee benefits obligations of the Company and most of its Subsidiaries as of December 31, 2019 and 2018 were determined based on the valuation reports of an independent actuary, PT Dayamandiri Dharmakonsilindo, dated April 29, 2020. The table below presents a summary of the employee benefits obligations reported in the consolidated statements of financial position:

	December 31, 2019	December 31, 2018
The Company:		
Pension and other post-employment benefits:		
- PPMP	167,066	142,585
- Post-retirement healthcare benefits	849,411	786,489
- PAP	750,210	718,902
- Repatriation costs	5,953	5,423
Sub-total	<u>1,772,640</u>	<u>1,653,399</u>
Other long-term employee benefits:		
- MPPK	93,759	104,428
- Annual leave and service anniversary	4,440	10,035
Sub-total	<u>98,199</u>	<u>114,463</u>
Total - Company	<u>1,870,839</u>	<u>1,767,862</u>
Subsidiaries:		
Pension and other post-employment benefits	<u>369,794</u>	<u>315,515</u>
Total consolidated	<u>2,240,633</u>	<u>2,083,377</u>
Current portion (Note 18)	<u>(246,244)</u>	<u>(232,994)</u>
Non-current portion	<u>1,994,389</u>	<u>1,850,383</u>



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21. EMPLOYEE BENEFIT LIABILITIES (continued)

c. Changes in present value of post-employment benefit obligations and fair value of plan assets

The following tables summarize the components of net benefit expense recognized in the statement of profit or loss and other comprehensive income and the funded status and amounts recognized in the statement of financial position for the respective plans ended December 31, 2019 and 2018 are as follows:

i. Post-employment benefit obligations

	December 31, 2019						
	PPMP		Post-employment benefit obligations	Post-retirement healthcare benefits	PAP	Repatriation cost	Total
Present value of post-employment benefit obligations	Fair value of plan assets						
Beginning balance	674,493	(531,908)	142,585	786,489	718,902	5,423	1,653,399
Current service cost (Contribution from employee)	2,651	(899)	1,752	19,505	46,960	346	68,563
Past service cost	-	-	-	847	-	-	847
Interest expense (income)	55,368	(45,543)	9,825	69,061	53,713	420	133,019
Sub-total amounts recognized in profit or loss	58,019	(46,442)	11,577	89,413	100,673	766	202,429
Actuarial (gain) loss arising from:							
Changes in financial assumptions	53,062	16,320	69,382	128,674	55,953	437	254,446
Experience adjustments	(1,880)	-	(1,880)	(162,147)	28,457	(266)	(135,836)
Sub-total Expense (income) recognized in other comprehensive income	51,182	16,320	67,502	(33,473)	84,410	171	118,610
Benefits paid from plan asset	(67,710)	67,710	-	-	(26,345)	-	(26,345)
Benefit paid by the Company	-	-	-	(26,355)	(157,448)	(639)	(184,442)
Contribution to plan by the Company	-	(60,869)	(60,869)	-	-	-	(60,869)
Loss (gain) on foreign currency exchange	28,875	(22,604)	6,271	33,337	30,018	232	69,858
Ending balance	744,859	(577,793)	167,066	849,411	750,210	5,953	1,772,640



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21. EMPLOYEE BENEFIT LIABILITIES (continued)

c. Changes in present value of post-employment benefit obligations and fair value of plan assets (continued)

i. Post-employment benefit obligations (continued)

	December 31, 2018						Total
	PPMP		Post-employment benefit obligations	Post-retirement healthcare benefits	PAP	Repatriation cost	
Present value of post-employment benefit obligations	Fair value of plan assets						
Beginning balance	790,740	(589,750)	200,990	924,654	900,396	8,480	2,034,520
Current service cost (Contribution from employee)	3,935	(1,057)	2,878	27,061	48,428	405	78,772
Interest expense (income)	55,823	(42,502)	13,321	67,111	50,139	542	131,113
Sub-total amounts recognized in profit or loss	59,758	(43,559)	16,199	94,172	98,567	947	209,885
Actuarial (gain) loss arising from:							
Changes in financial assumptions	(67,025)	36,386	(30,639)	(256,537)	(85,986)	(676)	(373,838)
Experience adjustments	2,452	-	2,452	117,720	31,520	(1,715)	149,977
Sub-total Expense (income) recognized in other comprehensive income	(64,573)	36,386	(28,187)	(138,817)	(54,466)	(2,391)	(223,861)
Benefits paid from plan asset	(61,562)	61,562	-	-	-	-	-
Benefit paid by The Company	-	-	-	(35,241)	(169,620)	(1,107)	(205,968)
Contribution to plan by the Company	-	(34,218)	(34,218)	-	-	-	(34,218)
Loss (gain) on foreign currency exchange	(49,870)	37,671	(12,199)	(58,279)	(55,975)	(506)	(126,959)
Ending balance	674,493	(531,908)	142,585	786,489	718,902	5,423	1,653,399

Unfunded Defined Benefit Pension Plan ("PPMP") will be settled or paid by the Company in accordance with applicable regulations.

The actual return on plan assets as of December 31, 2019 and 2018 amounted to US\$29,223 and US\$6,116, respectively.



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21. EMPLOYEE BENEFIT LIABILITIES (continued)

c. Changes in present value of post-employment benefit obligations and fair value of plan assets (continued)

ii. Other long-term employment benefits

	December 31, 2019			December 31, 2018		
	MPPK	Annual leave and service anniversary	Total	MPPK	Annual leave and service anniversary	Total
Beginning balance	104,428	10,035	114,463	129,278	16,063	145,341
Current service cost	5,467	560	6,027	6,743	3,866	10,609
Past service cost	-	(6,567)	(6,567)	-	-	-
Interest cost	7,995	305	8,300	7,995	802	8,797
Actuarial (gain)	(27,408)	(136)	(27,544)	(18,078)	(3,605)	(21,683)
Sub-total benefit cost recognized in the profit or loss	(13,946)	(5,838)	(19,784)	(3,340)	1,063	(2,277)
Benefits paid by the Company	(822)	(69)	(891)	(13,453)	(6,138)	(19,591)
Gain (loss) on foreign exchange	4,099	312	4,411	(8,057)	(953)	(9,010)
Ending balance	93,759	4,440	98,199	104,428	10,035	114,463

d. Actuarial assumptions

Significant actuarial assumptions applied in the calculation of post-employment benefit obligations and other long-term employment benefits for the Company are as follows:

	December 31, 2019	December 31, 2018
Discount rate:		
- Defined benefits plan administered by Dana Pensiun Pertamina per annum	7.34% per annum	8.41% per annum
- PAP	7.12% per annum	8.12% per annum
- Post-retirement healthcare benefits	8.21% per annum	8.77% per annum
- Repatriation cost	7.94% per annum	8.29% per annum
- MPPK	7.95% per annum	8.27% per annum
- Annual leave	N/A	7.39% per annum
- Service anniversary	7.75% per annum	8.30% per annum
Gold inflation rate	7.00% per annum	8.00% per annum
Salary increases	9.50% per annum	9.50% per annum
Annual medical expense trend	8.00% per annum afterwards	8.00% per annum afterwards
Demographic factors:		
- Mortality	Tabel Mortalita Indonesia 3-2011 ("TMI 3" 2011)	Tabel Mortalita Indonesia 3-2011 ("TMI 3" 2011)
- Disability	0.75% TMI 3	0.75% TMI 3
- Resignation		
until 20 years of age (per annum)	1%	1%
26 - 45 years of age (per annum)	reducing linearly to 0% until 56 years of age	reducing linearly to 0% until 56 years of age
- Pension:		
- Normal retirement age	100% at normal retirement age 56 years	100% at normal retirement age 56 years
- Operational costs of the pension plan:	8% of service cost and 2.11% of benefits payments	8% of service cost and 2.11% of benefits payments

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21. EMPLOYEE BENEFIT LIABILITIES (continued)

d. Actuarial assumptions (continued)

Investment portfolio of plan assets comprises the following:

	December 31, 2019		December 31, 2018	
	Investment value	%	Investment value	%
Equity instruments	113,924	18%	154,253	29%
Debt instruments	317,112	50%	218,082	41%
Others	203,502	32%	159,573	30%
Total	634,538	100%	531,908	100%

The expected return on plan assets is determined by considering the expected returns from the assets based on current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as of the reporting date. Expected returns on equity and investment properties reflect long-term real rates of return experienced in the respective markets.

Expected contributions to post-employment benefit plans for the year ended December 31, 2019 and 2018 amounted to US\$62,067 and US\$31,166, respectively.

The qualitative sensitivity analysis for significant assumptions as of December 31, 2019 is as follows:

	Effect of 1% increase to defined benefit obligation	Effect of 1% decrease to defined benefit obligation
Discount rate	(214,111)	250,537
Salary rate	56,630	(70,854)
Healthcare cost trend rate	148,765	(114,528)

The average duration years of the Company's defined benefits plan obligation at the end of the reporting period are as follows:

	December 31, 2019	December 31, 2018
PPMP	9.17	14.35
PAP	7.74	5.98
Post-retirement healthcare benefits	23.12	17.84

The maturity profile of post-employment benefits obligation as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Within 1 year	246,031	266,405
2 - 5 years	782,439	791,955
More than 5 years	21,129,278	22,500,076
Total	22,157,748	23,558,436



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21. EMPLOYEE BENEFIT LIABILITIES (continued)

d. Actuarial assumptions (continued)

Management believes that the estimated liabilities for employee benefits from all of the Group's pension programs, based on the estimated calculation provided by the actuaries, exceed the minimum liability that is required by Labour Law No. 13/2003.

22. PROVISION FOR DECOMMISSIONING AND SITE RESTORATION

The movements in the provision for decommissioning and site restoration are as follows:

	December 31, 2019	December 31, 2018
Beginning balance	2,029,735	2,129,337
Addition (deduction), net	342,530	(186,637)
Accretion expense (Notes 37 and 45)	86,640	87,035
Ending balance	2,458,905	2,029,735

The addition (deduction) mainly represents the changes in estimate in decommissioning and site restoration applied by the Group.

23. NON-CONTROLLING INTERESTS

	December 31, 2019	December 31, 2018
PT Perusahaan Gas Negara Tbk.	1,702,053	1,397,957
PT Pertamina Internasional Eksplorasi dan Produksi	340,025	333,294
PT Asuransi Tugu Pratama Indonesia Tbk.	228,896	143,831
PT Elnusa Tbk.	151,958	134,790
PT Patra Jasa	14,139	-
Pertamina International Timor S.A.	1,415	1,447
Total	2,438,486	2,011,319

24. SHARE CAPITAL AND ADDITIONAL PAID-IN CAPITAL

a. Share capital

In accordance with Notarial Deed No. 20 dated September 17, 2003 of Lenny Janis Ishak, S.H., and the decision of the MoF through Decision Letter No. 408/KMK.02/2003 (KMK 408) dated September 16, 2003, the Company's authorized capital amounted to Rp200 trillion, which consists of 200,000,000 ordinary shares with a par value of Rp1,000,000 (full amount) per share of which Rp100 trillion has been issued and paid by the Government of the Republic of Indonesia through the transfer of identified net assets from the former Pertamina Entity, including its subsidiaries and its joint ventures.



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24. SHARE CAPITAL AND ADDITIONAL PAID-IN CAPITAL (continued)

a. Share capital (continued)

Based on the MoF's Decision Letter No. 23/KMK.06/2008 dated January 30, 2008, regarding the Determination of the Opening Balance Sheet of PT Pertamina (Persero) as of September 17, 2003, the total amount of the Government's equity ownership in the Company is Rp82,57 trillion or equivalent to US\$9,809,882. This amount consists of all of the former Pertamina Entity's net assets and net liabilities excluding LNG plants operated by PT Badak Natural Gas Liquefaction and PT Arun Natural Gas Liquefaction, former upstream assets currently operated by PT Pertamina EP, and certain parcels of land and building assets.

The changes in the Company's issued and paid-up share capital from Rp100 trillion to Rp82,57 trillion or equivalent to US\$9,809,882 were approved at a GMS held on June 15, 2009 and was documented in Notarial Deed No. 11 of Lenny Janis Ishak, S.H. The amendment was documented in Notarial Deed No. 4 dated July 14, 2009 of Lenny Janis Ishak, S.H. and approved by the Minister of Law and Human Rights of the Republic of Indonesia in Decision Letter No. AHU-45429.AH.01.02.Tahun 2009 dated September 14, 2009. The reduction in the Company's issued and paid-up share capital is effective retrospectively as of September 17, 2003.

As of August 1, 2012, there were additional share capital contributions documented in Notarial Deed No. 1 of Lenny Janis Ishak, S.H. in the amount of Rp520,92 billion (equivalent to US\$55,019) and based on PP No. 13 Year 2012 regarding the Addition to the Government's Capital Contribution to Share Capital of State Enterprise (Persero) PT Pertamina.

Based on the GMS dated December 14, 2015, the MoSOE approved the capitalization of retained earnings into share capital amounting to Rp50 trillion with 50,000,000 shares (full amount) (equivalent to US\$3,552,146).

Subsequently, advances for share issuance was capitalized as an addition to issued and paid-up share capital through Notarial Deed No. 10 dated January 11, 2016 of Lenny Janis Ishak, S.H.

The additional issued and paid-up share capital was reported to the Minister of Law and Human Rights through Receipt of Notification regarding the Amendment of Articles of Association No. AHU-AH.01.3-0003113 dated January 15, 2016.

The increase in the Company's authorized capital from Rp200 trillion to Rp600 trillion has been approved by the MoSOE as the GMS of the Company through Approval letter No.S-217/MBU/04/2018 dated April 11,2018 and was documented in Notarial Deed No. 29 dated April 13, 2018 of Aulia Taufani, S.H., and also approved by the Minister of Law and Human Rights of the Republic of Indonesia in Decision Letter No. AHU-0052766.01. Year 2018 dated April 13, 2018 (Note 4a).

As of December 31, 2019 and 2018, the Company's issued and paid-up share capital were as follows:

Shareholder	Number of issued and paid-up shares (full amount)	Percentage of ownership	Issued and paid up share capital
December 31, 2019 and 2018			
The Government of the Republic of Indonesia	171,227,044	100%	16,191,204

b. Additional paid-in capital

The additional paid-in capital as of December 31, 2019 and 2018 is the effect of applying SFAS 38, Business Combination of Entities Under Common Control (Revised 2012), to recognize the difference between the consideration received/transferred and the amount recorded.



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25. GOVERNMENT CONTRIBUTED ASSETS PENDING FINAL CLARIFICATION OF STATUS ("BPYBDS")

a. Refuelling apron installation at Sultan Hasanuddin-Makassar Airport and fuel hydrant facilities at Juanda-Surabaya Airport

Based on Memorandum of Operational Acceptances ("MOACs") No. 05/BA/MKS-HND/XII/2011, No. AU/14525/KEU.1227/XII/2011, No. BA084/F100000/2011-S3 and MOACs. No. 005/F00000/2012-S0, No. BA.125 Year 2012, No. 0573/B3/KOBU/IV/2012 from the Ministry of Transportation, the Company obtained management and operation rights of Refuelling Apron Installation at Sultan Hasanuddin Airport-Makassar and Fuel Hydrant Facilities at Juanda Airport-Surabaya, resulting in the balance of this account of Rp12,453 million (equivalent to US\$1,361) (Note 14).

b. Natural gas distribution network ("Jargas") for households and gas refueling stations ("SPBG") and supporting infrastructure

As of December 31, 2018, the Company and Secretary General of the Directorate of Oil and Gas of the Ministry of Energy and Mineral Resources as the proxy of budget / goods users have signed the Minutes of Handover of Operations Use ("BASTO") BMN in the form of Distribution Network ("Jargas") Natural Gas for Households Number BA-05/C00000/2018-S0 and Gas Filling Stations ("SPBG") and Infrastructure Supporting Number BA-06/C00000/2018-S0. The total value of BMN assets in the form of land and non-land assets with categories of operating and non-operating assets is Rp5.8 trillion (equivalent to US\$399,759), currently these assets are managed by PT Pertamina Niaga and PGN.

Based on the results of the discussion between the Ministry of Finance, the Ministry of Energy and Mineral Resources, the Financial and Development Supervisory Agency ("BPKP"), and the Company, it is agreed that BASTO was recorded and treated as BPYBDS and recorded in other asset accounts. Based on the results of the review of BPKP, the free and clear assets of Jargas and SPBG will be recommended for next process as the State Capital Participation ("PMN"), and for non-free and non-clear assets will be evaluate for their performance on periodic basis and process for PMN will be conducted on partially basis in accordance with its performance evaluation results.

On July 1, 2019, the BPKP issued a Review Report Number LHR-91 / D102 / 2/2019 on the Ministry of Energy and Mineral Resources Assets to be recommended as PMN with the conclusion of total assets of Rp5.8 trillion (equivalent with US\$399,759), with the following asset classification.

No	Asset Classification	Amount (in thousand rupiahs)	Total (In US\$)
1	Cannot be recommended as a PMN	36,324,842	2,509
2	Recommended as PMN without notes	2,102,881,621	145,217
3	Recommended as PMN with notes	3,367,200,049	232,525
4	Has not been reviewed yet	132,708,504	9,164
5	Difference between realized value and BASTO	149,793,262	10,344
	Jumlah	5,788,908,278	399,759



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25. GOVERNMENT CONTRIBUTED ASSETS PENDING FINAL CLARIFICATION OF STATUS ("BPYBDS") (continued)

b. Natural gas distribution network ("Jargas") for households and gas refueling stations ("SPBG") and supporting infrastructure (continued)

On May 2, 2020, the Company and the Secretary of the Directorate General of Oil and Gas of the MoEMR as the proxy of related assets signed the Memorandum of Transfer of Administration of the Natural Gas Distribution Network for Households for the 2009-2017 Fiscal Year ("Jargas") and the Gas Refueling Station and Supporting Infrastructure for Fiscal Year 2011-2016 ("SPBG") No. 0010/BAST/95/KPB/2020. Based on such Minutes, it is agreed that the Company will hand over the administration of Jargas and SPBG assets with classification other than can be recommended as PMN without notes amounting to Rp3.68 trillion (equivalent to US\$254,542) to the MoEMR, therefore as of December 31, 2019 the Company's BPYBDS Jargas and SPBG assets recorded is assets with classification can be recommended as PMN without notes amounting to Rp2.1 trillion (equivalent to US\$145,217) as of December 31, 2019 (Note 14).

26. RETAINED EARNINGS AND INTERIM DIVIDEND

On May 2, 2018, the Company held a GMS for the fiscal year 2017. Based on the minutes of meeting, the shareholder approved, among other things, the utilization of 2017 net income of the Company to be as follows:

- Distribution of dividends amounting to Rp8.57 trillion (equivalent to US\$614,939)
- The remaining amount of US\$1,925,256 were reserved to support operations and corporate development.

On May 31, 2019, the Company held a GMS for the fiscal year 2018. Based on the minutes of meeting, the shareholder approved, among other things, the utilization of 2018 net income of the Company to be as follows:

- Distribution of dividends amounting to Rp7.95 trillion (equivalent to US\$552,659)
- The remaining amount were reserved to support operations and corporate development.

27. DOMESTIC SALES OF CRUDE OIL, NATURAL GAS, GEOTHERMAL ENERGY AND OIL PRODUCTS

	For the years ended December 31,	
	2019	2018
Pertamax, Pertamax Turbo, Peralite and Pertadex (diesel oil)	11,272,222	11,215,914
Automotive diesel oil ("ADO")	10,516,058	10,713,543
LPG, petrochemicals, lubricants and others	8,196,776	8,201,023
Premium gasoline	4,914,915	4,509,233
Avtur and Avigas	3,408,584	3,955,434
Natural gas	2,754,717	3,196,038
Crude oil	793,372	917,333
Geothermal energy-steam and electricity	654,273	645,593
Industrial/Marine Fuel Oil ("IFO/MFO")	603,971	639,575
DMO fees-crude oil	548,204	612,953
Kerosene	112,656	123,894
Industrial diesel oil ("IDO")	7,762	11,978
Total	43,783,510	44,742,511



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28. SUBSIDY REIMBURSEMENTS FROM THE GOVERNMENT

	For the years ended December 31,	
	2019	2018
Current year:		
Subsidy reimbursements for 3 kg LPG cylinders (Note 8b)	2,673,171	3,496,603
Subsidy reimbursements for JBT Diesel Fuel, Biodiesel Fuel and kerosene (Note 8c)	2,263,031	2,126,796
Subsidy reimbursements for kerosene (Note 8)	-	16,828
Sub-total	4,936,201	5,640,227
Adjustment fair value of subsidy reimbursement:		
LPG 3 kg (Note 8b)	(19,411)	-
JBT Diesel Fuel, Biodiesel Fuel, and Kerosene (Note 8c)	(38,582)	-
Government audit correction (BPK and MoEMR)		
For reimbursement subsidy:		
LPG 2019 (Note 8b)	(1,073)	-
JBT Diesel Fuel, Biodiesel Fuel, and Kerosene 2019 (Note 8c)	(2,060)	-
LPG 2018 (Note 8b)	-	(1252)
JBT Diesel Fuel, Biodiesel Fuel, and Kerosene 2018 (Note 8c)	-	(699)
LPG 2017 (Note 8b)	-	(5,661)
JBT Diesel Fuel, Biodiesel Fuel, and Kerosene 2017 (Note 8c)	-	(147)
	(61,126)	(7,759)
Total	4,875,075	5,632,468

29. EXPORT OF CRUDE OIL, NATURAL GAS AND OIL PRODUCTS

	For the years ended December 31,	
	2019	2018
Oil products	2,034,173	1,811,257
Crude oil	860,326	637,872
Natural gas	734,405	1,187,824
Total	3,628,904	3,636,953



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30. REVENUES FROM OTHER OPERATING ACTIVITIES

	For the years ended December 31,	
	2019	2018
Disparity of selling price (Notes 8a and 17j)	1,521,948	3,102,218
Shipping services	179,317	127,010
Upstream support services	168,902	156,869
Natural gas transportation services	95,527	204,140
Insurance services	89,729	84,585
Health and hospital services	84,506	76,607
Gas regasification services	48,700	31,108
Office and hospitality services	25,756	26,155
Air transportation services	18,946	18,756
Transportation and technical services	14,083	13,359
Portfolio management services	7,746	4,962
Human resources provision and development services	2,414	4,825
Others	39,594	55,613
Total	2,297,168	3,906,207

31. COST OF GOODS SOLD

	For the years ended December 31,	
	2019	2018
Beginning balance of oil products	(4,218,260)	(3,778,519)
Provision for decline in value of oil products (Note 9)	167,270	92,854
Sub-total	(4,050,990)	(3,685,665)
Production costs:		
- Direct materials	(18,096,907)	(20,349,186)
- Supporting materials	(983,407)	(1,151,033)
- Rental (Note 48c)	(697,011)	(286,481)
- Depreciation (Note 12)	(537,783)	(566,412)
- Salaries, wages, and other employee benefits	(361,026)	(452,184)
- Utilities, infrastructure and fuel	(172,602)	(484,322)
- Freight and transportation	(159,816)	(124,215)
- Professional services	(137,669)	(124,109)
- Custom and duty	(132,862)	(152,255)
- Maintenance and repairs	(101,630)	(115,899)
- Materials and equipment	(83,017)	(84,460)
- Business Travel	(22,507)	(17,109)
- Others	(148,430)	(99,311)
Sub-total	(21,634,667)	(24,006,976)
Purchases of oil products and others:		
- Imports of other oil products	(7,466,222)	(9,230,605)
- Imports of premium gasoline	(4,902,704)	(4,433,062)
- Domestic purchases of other oil products	(3,560,458)	(2,782,989)
- Purchases of geothermal energy	(1,261,175)	(1,313,799)
- Imports of ADO	(138,943)	(1,385,810)
Sub-total	(17,329,502)	(19,146,265)



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31. COST OF GOODS SOLD (continued)

	For the years ended December 31,	
	2019	2018
Ending balance of oil products (Note 9)	3,538,155	4,218,260
Provision for decline in value of oil products (Note 9)	(82,654)	(167,270)
Sub-total	3,455,501	4,050,990
Total	(39,559,658)	(42,787,916)

32. UPSTREAM PRODUCTION AND LIFTING COSTS

	For the years ended December 31,	
	2019	2018
Depreciation, depletion and amortization (Note 13)	(2,030,834)	(1,741,040)
Service Contracts	(901,176)	(734,342)
Salaries, wages and other employee benefits	(674,951)	(618,458)
Technical Assistance Contracts ("TAC")/ Operation Cooperation ("OC") Contract	(283,062)	(335,532)
Materials	(275,452)	(267,437)
Amortization of investment in oil & gas block (Note 11a)	(92,981)	(144,472)
Others	(741,278)	(545,235)
Total	(4,999,734)	(4,386,516)

33. EXPLORATION COSTS

	For the years ended December 31,	
	2019	2018
Seismic, geological and geophysical	(101,856)	(89,680)
Dry hole	(37,657)	(112,476)
Others	(67,416)	(65,524)
Total	(206,929)	(267,680)

34. EXPENSES FROM OTHER OPERATING ACTIVITIES

	For the years ended December 31,	
	2019	2018
Cost of services	(1,329,746)	(917,123)
Salaries, wages and other employee benefits	(228,444)	(173,585)
Depreciation (Note 12)	(96,211)	(88,405)
Insurance claims	(87,288)	(92,864)
Total	(1,741,689)	(1,271,977)



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35. SELLING AND MARKETING EXPENSES

	For the years ended December 31,	
	2019	2018
Depreciation (Note 12)	(383,594)	(328,695)
Salaries, wages, and other employee benefits	(271,951)	(263,020)
Freight and transportation	(264,417)	(453,664)
LPG filling fees	(141,416)	(113,971)
Taxes, retributions and penalties	(113,351)	(89,179)
Rental (Note 48c)	(97,245)	(26,210)
Maintenance and repairs	(62,533)	(84,776)
Professional services	(40,340)	(96,851)
Advertising and promotions	(39,436)	(24,151)
Materials and equipment	(34,209)	(33,441)
Business Travel	(22,149)	(15,331)
Utilities, infrastructure and fuel	(21,035)	(21,092)
Others	(133,226)	(92,450)
Total	(1,624,902)	(1,642,831)

36. GENERAL AND ADMINISTRATIVE EXPENSES

	For the years ended December 31,	
	2019	2018
Salaries, wages and other employee benefits	(698,848)	(649,669)
Taxes, retributions and penalties	(267,111)	(295,439)
Depreciation, depletion and amortization (Notes 11e, 12 and 13)	(141,599)	(107,538)
Professional services	(89,736)	(41,828)
Rental (Note 48c)	(45,272)	(31,177)
Materials and equipment	(56,465)	(36,022)
Maintenance and repairs	(42,674)	(24,825)
Business travel	(27,108)	(23,252)
Training, education and recruitment	(27,521)	(29,828)
Others	(157,286)	(90,333)
Total	(1,553,620)	(1,329,911)

37. FINANCE INCOME AND COSTS

	For the years ended December 31,	
	2019	2018
Finance income:		
Due from Government (Note 8a)	867,866	-
Time deposits	192,204	161,818
Current accounts	63,132	39,958
Other investments	98,178	54,797
Total	1,221,380	256,573



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37. FINANCE INCOME AND COSTS (continued)

	For the years ended December 31,	
	2019	2018
Finance costs:		
Bonds	(572,008)	(470,757)
Long-term liabilities	(141,388)	(180,048)
Short-term loans	(99,620)	(59,963)
Accretion expense (Note 22)	(86,640)	(87,035)
Finance leases	(30,164)	(30,309)
Others	(35,470)	(7,126)
Total	(965,290)	(835,238)

38. OTHER INCOME (EXPENSES)

	For the years ended December 31,	
	2019	2018
Adjustment of deferral notes TPPI (Note 11c)	96,016	-
Income from contract and material penalties and claims	59,822	91,101
Reversal (impairment) of oil and gas assets (Note 13)	23,409	(218,189)
TPPI's stock dilution (Note 11b)	20,672	-
Rental	14,137	35,325
Adjustment of fair value of other investments	5,663	52,843
Provision of onerous contract of LNG (Note 48e)	(405,630)	-
(Provision) recovery for impairment of receivable	(133,233)	108,757
Correction of take or pay contract of LNG (Note 48e)	(113,715)	-
(Impairment) reversal of fixed assets (Note 12)	(98,171)	2,719
Impairment of investment in obligation of TPPI (note 11c)	(38,756)	-
Reversal (provision) for impairments of investment in oil and gas blocks (Note 11a)	(35,184)	(154,773)
Tax penalties underpayment tax assessment letter ("SKPKB") and tax collection letter ("STP") (Note 39a)	-	(36,622)
Others, net (each below US\$5,000)	(38,018)	38,014
Total	(642,988)	(80,825)

39. TAXATION

a. Prepaid taxes

	December 31, 2019	December 31, 2018
Corporate Income Tax ("CIT")		
The Company:		
Overpayment of CIT:		
- 2019	231,791	-
- 2017	14,520	14,520
Sub-total	246,311	14,520



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39. TAXATION (continued)

a. Prepaid taxes (continued)

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Subsidiaries:		
CIT and dividend	490,484	434,117
Sub-total CIT - consolidated	736,795	448,637
VAT		
The Company:		
- 2019	771,402	-
- 2018	-	386,989
- 2016	14,052	84,290
Sub-total	785,454	471,279
Subsidiaries:		
VAT reimbursable	370,450	315,238
VAT	325,933	386,737
Sub-total	696,383	701,975
Sub-total VAT - consolidated	1,481,837	1,173,254
Other taxes	18,994	18,994
Total prepaid tax	2,237,626	1,640,885
Current portion	(1,361,726)	(820,598)
Non-current portion	875,900	820,287

Details of VAT reimbursable are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
VAT reimbursable by SKK Migas:		
- PT Pertamina EP	113,473	84,264
- PGN and its subsidiaries	62,696	69,014
- PT Pertamina EP Cepu	55,310	31,194
- PHE and its subsidiaries	26,385	28,009
Sub-total	257,864	212,481
VAT reimbursable by the Directorate General of Budgeting and Finance Stability:		
- PT Pertamina Geothermal Energy	112,586	102,757
Total	370,450	315,238



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39. TAXATION (continued)

a. Prepaid taxes (continued)

The Company

On September 3 and 5, 2019, the Company obtained several Decrees from Directorate General of Taxation ("DGT") which approved the objections submitted by the Company on Income Tax SKPKB (PPh 22, PPh 23, PPh 4(2), PPh 15) and VAT for the fiscal year 2016 amounting to Rp907,565 million (equivalent to US\$63,842) and Rp235,652 million (equivalent to US\$16,575), respectively. The SKPKB of income tax amounting to Rp630,777 million (equivalent to US\$44,368) was SKPKB which was not paid and Rp276,788 million (equivalent to US\$19,474) was SKPKB which was recorded as prepaid taxes. As of December 31, 2019, the amount of SKPKB PPh 22, PPh 23, PPh 4 (2), PPh 15 and VAT previously paid by the Company was still recorded as a prepaid taxes, due to the Company has not received payment order from DGT (Note 49e).

On April 9, 2019, the Company obtained a Decree from DGT No. KEP-00297/NKEB/WPJ.19/2019 regarding the waiver of STP VAT penalties for fiscal year 2016 amounting to Rp400.929 million (equivalent to US\$28,147). Such amount has been compensated for the payment of VAT payable for the period of June 2019.

On March 21, 2019, the Company obtained a Decree from DGT No. KEP-00244/NKEB/WPJ.19/2019 through KEP-00255/NKEB/WPJ.19/2019 regarding the waiver of STP VAT for fiscal year 2016 amounting to Rp590,934 million (equivalent to US\$40,578). Such amount has been compensated with tax payable amounting to Rp1,308 million (equivalent to US\$90), therefore it was paid amounting to Rp589,626 million (equivalent to US\$40,488). Such amount has been received by the Company in April 2019.

On December 27, 2018, the Company obtained SKPKB and STP for fiscal year 2016 amounting to Rp3,234 billion (equivalent to US\$222,250). The SKPKB consists of SKPKB of CIT amounting to Rp565,949 million (equivalent to US\$39,031), SKPKB of withholding income tax amounting to Rp1,381 billion (equivalent to US\$94,851) and SKPKB of VAT amounting to Rp295,043 million (equivalent to US\$20,260). STP consists of a tax bill on VAT and penalties amounting to Rp590,934 million (equivalent to US\$40,578) and Rp400,929 million (equivalent to US\$27,531), respectively.

From the overall value of the SKPKB and STP, the Company charged Rp533,324 million (equivalent to US\$36,622) in the 2018 income statement (Note 38), Rp1,504 billion (equivalent to US\$103,283) was recorded as prepaid tax, and Rp565,934 million (equivalent to US\$39,031) was recorded as prior year adjustment of CIT, while the remaining value of amounting to Rp630,776 million (equivalent to US\$43,315) has not been paid. On January 25, 2019, the Company has filed an objection for the SKPKB PPh 22, PPh 23, PPh 4(2), PPh 15, SKPKB and STP of VAT fiscal year 2016.

The increase in VAT payments in 2019 was mainly due to prepaid payment of VAT on Diesel and LPG subsidies, as well as withholding income tax.

On November 7, 2018, the Company received a letter of tax refund for overpayment of CIT for fiscal year 2017 from DGT of Big Three Taxpayers office No. 80367/051-00367-2018 for tax refund amounting to Rp2,264 billion (equivalent to US\$154,769) by calculating taxes payable compensation amounting to Rp159 million (equivalent to US\$11), so it was paid amounting to Rp2,264 billion (equivalent to US\$154,758).

On February 9, 2018, the Company obtained a decision from the DGT No. Kep-29/WPJ.19/2018 regarding Determination of Certain Taxpayers with Special Criteria, effective from January 1, 2018 to December 31, 2019. Taxpayers who fulfilled all the criteria can get any tax refund if they had previously overpaid taxes.



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39. TAXATION (continued)

a. Prepaid taxes (continued)

PGN and its subsidiaries

On November 18, 2015, DGT issued a Decree of SKPKB withholding tax article 4 (2) No. 00001/245/14/081/2015 amounting to US\$127,720 on behalf of BUT Saka Indonesia Pangkah Limited ("SIPL"). The issuance of the SKPKB is related to the imposition of a Branch Profit Tax ("BPT") transaction for the indirect transfer of Participating Interest over the transfer of share ownership of BUT SIPL owned by Hess Oil & Gas Holding Inc. ("HOGHI") to Saka Energi Indonesia (SEI). SIPL does not agree and has not paid the SKPKB.

In February 2016, SIPL submitted an objection to the DGT and on February 10, 2017, DGT rejected the objection request through the Decree of the DGT No KEP-00158/KEB/WPJ.07/2017.

In May 2017, SIPL submitted an appeal to the Tax Court, and the appeal was granted based on Tax Court Decision No. Put.112654.35/2014/PP/M.IB year 2018 dated November 28, 2018. Upon the Tax Court's decision, DGT filed a request for reconsideration ("PK") to the Supreme Court ("MA"), and upon requesting the PK, the MA granted the PK from DGT based on MA decision No. 4003/B/PK/Act/2019 dated November 28, 2019. Upon the MA decision, the Tax Court sent a letter No. PPMA-316T/PAN/2020 date January 17, 2020 regarding the notification and copy of the Supreme Court decision, which was received by SIPL on January 20, 2020.

b. Taxes payable

	December 31, 2019	December 31, 2018
CIT - Company	-	19,684
CIT - Subsidiaries	199,380	447,921
Sub-total	199,380	467,605
Other taxes:		
- Income taxes - Article 21	37,494	33,909
- Income taxes - Article 23/26	14,646	13,189
- Income taxes - Article 22	13,296	10,580
- Income taxes - Article 15/4(2)	9,495	6,271
- Income taxes - Article 24	24	269
- VAT	103,673	74,542
- Fuel taxes	124,314	119,645
Sub-total	302,942	258,405
Total	502,322	726,010

c. Income tax expense, net

	For the years ended December 31,	
	2019	2018
Current tax expense (Note 39d)	(1,877,667)	(2,627,443)
Deferred income tax expense (Note 39e)	(384,926)	(385,759)
Net	(2,262,593)	(3,013,202)



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39. TAXATION (continued)

d. Current taxes

Current income tax computation is based on estimated taxable income (loss). The amounts may be adjusted when annual tax returns are filed with the DGT.

The reconciliation between the consolidated profit before income tax and estimated taxable income is as follows:

	For the years ended December 31,	
	2019	2018
Consolidated profit before income tax expense	4,880,979	5,729,596
Add:		
Consolidation eliminations	3,301,063	3,610,474
Profit before income tax - subsidiaries	(5,635,371)	(6,610,027)
Profit before income tax - the Company	2,546,671	2,730,043
Temporary differences:		
Provision for incentives and performance bonuses (tantiem)	21,756	(6,894)
Reversal of (provision for) impairment of financial assets	147,113	(139,273)
Finance lease assets and liabilities	43,041	(7,368)
Discount and unamortized debt issuance cost	2,143	(55)
Accrual for legal costs	568	14,918
(Provision) reversal for impairment of inventories	(45,241)	137,248
Fixed assets depreciation	400,770	(112,976)
Receivable fair value adjustments from the disparity of selling price (Notes 2u and 8a)	(501,680)	981,331
Employee benefits liability	(112,026)	(181,421)
Fixed asset revaluation	-	(14,221)
Others	2,926	7,624
Permanent differences:		
Non-deductible expenses	542,514	342,456
Post-retirement healthcare benefits	96,394	648
Non-depreciable fixed assets	5,101	5,372
Income from subsidiaries and associates	(3,285,220)	(3,341,620)
Interest income subjected to final tax	(229,733)	(149,244)
Other (expense) income subjected to final tax	(8,328)	1,055,818
Total temporary and permanent differences	(2,919,902)	(1,407,657)
Taxable (loss) income - the Company	(373,231)	1,322,386
Current income tax - the Company	-	330,597
Prior year adjustments	7,172	42,403
Current income tax - Subsidiaries	1,870,495	2,254,443
Consolidated current income tax	1,877,667	2,627,443

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39. TAXATION (continued)

d. Current taxes

The reconciliation between the Group's income tax expense and the theoretical tax amount on the Group's consolidated profit before income tax is as follows:

	December 31, 2019	December 31, 2018
Profit before income tax - consolidated	4,880,979	5,729,596
Tax calculated at weighted average statutory tax rates	2,663,696	2,301,890
Non-deductible expenses	415,311	375,007
Post-retirement healthcare benefits	24,099	162
Non-depreciable fixed assets	1,344	1,368
Share in net income of associates	(853,718)	(868,954)
(Expenses) income subjected to final tax	(21,842)	1,198,784
Interest income subjected to final tax	(66,777)	(37,458)
Prior year adjustments	7,172	42,403
Unrecognized tax loss	93,308	-
Consolidated corporate income tax expense	2,262,593	3,013,202

The theoretical amount of income tax expense is calculated using the weighted average tax rate applicable to entities consolidated to the Group. The weighted average tax rate were 46.36% (2018: 52.59%).

	December 31, 2019					December 31, 2019
	January 1, 2019	Charged to equity	Translation adjustment	Charged to OCI	Charged to profit or loss	
Deferred tax assets						
Employee benefits	247,522	(262)	1,541	387	(24,382)	224,806
Provision for impairment of financial assets	79,477	-	145	-	37,945	117,567
Provision for decommissioning and site restoration	122,236	(103)	-	-	(47,187)	74,946
Provision for incentives and performance bonuses (tantiem)	62,096	-	34	-	7,413	69,543
Unrealized profits from transaction at consolidation level	75,694	-	-	-	(16,076)	59,618
Fixed assets	586,578	-	28,507	-	134,653	749,738
Provision for impairment of inventories	70,367	-	30	-	(10,955)	59,442
Provision for impairment of non-free and non-clear assets	27,589	-	-	-	-	27,589
Tax losses carry-forward	2,071	(647)	52	-	1,386	2,862
Deferred revenues	276	-	-	-	122	398
Accrual for legal cost	7,369	-	-	-	142	7,511
Oil and gas properties	(72,763)	-	-	-	62,423	(10,340)
Finance lease assets and liabilities	(12,996)	-	-	-	10,662	(2,334)
Discount and unamortized debt issuance cost	(5,951)	-	-	-	536	(5,415)
Receivable fair value adjustment from disparity of selling price (Notes 2u and 8a)	245,333	-	-	-	(125,420)	119,913
Others	6,968	703	(5,973)	-	8,529	10,227
Sub-total consolidated deferred tax assets, net	1,441,866	(309)	24,336	387	39,791	1,506,071



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39. TAXATION (continued)

e. Deferred tax

	December 31, 2019					December 31, 2019
	January 1, 2019	Charged to equity	Translation adjustment	Charged to OCI	Charged to profit or loss	
Deferred tax liabilities						
Provision for decommissioning and site restoration	365,066	-	-	-	(26,220)	338,846
Finance lease assets	29,905	-	-	-	(1,781)	28,124
Deferred revenues	8,068	-	-	-	229	8,297
Employee benefits	16,657	103	1	320	3,307	20,388
Provision for impairment	2,008	439	4	-	(8,545)	(6,094)
Oil and gas properties	(3,070,616)	-	-	-	(459,707)	(3,530,323)
Excess of fair value over net book value	(12,598)	(426)	(6)	-	774	(12,256)
Fixed assets	(201,891)	35	(164)	-	(68,292)	(270,312)
Unrealized profits from transaction at consolidation level	(342,856)	-	-	-	31,904	(310,952)
Others	(101,149)	-	391	-	103,614	2,856
Sub-total consolidated deferred tax liabilities, net	(3,307,406)	151	226	320	(424,717)	(3,731,426)
Total	(1,865,540)	(158)	24,562	707	(384,926)	(2,225,355)

	December 31, 2018					December 31, 2018
	January 1, 2018	Charged to equity	Translation adjustment	Charged to OCI	Charged to profit or loss	
Deferred tax assets						
Employee benefits	314,471	516	5,143	(1,302)	(71,306)	247,522
Provision for impairment of financial assets	121,406	-	(367)	-	(41,562)	79,477
Provision for decommissioning and site restoration	136,394	591	-	-	(14,749)	122,236
Provision for incentives and performance bonuses (tantiem)	83,513	-	(43)	-	(21,374)	62,096
Unrealized profits from transaction at consolidation level	64,825	-	-	-	10,869	75,694
Fixed assets	518,336	-	(3,486)	133	71,595	586,578
Provision for impairment of inventories	37,156	-	(46)	-	33,257	70,367
Provision for impairment of non-free and non-clear assets	27,588	-	1	-	-	27,589
Tax losses carry-forward	13,764	1,567	(27)	-	(13,233)	2,071
Deferred revenues	7,590	-	-	-	(7,314)	276
Accrual for legal cost	3,640	-	-	-	3,729	7,369
Oil and gas properties	(5,002)	(3,382)	-	-	(64,379)	(72,763)
Finance lease assets and liabilities	(11,205)	-	2	-	(1,793)	(12,996)
Discount and unamortized debt issuance cost	(5,937)	-	-	-	(14)	(5,951)
Receivable fair value adjustment from disparity of selling price (Notes 2u and 8a)	-	-	-	-	245,333	245,333
Others	64,541	(2,439)	(298)	-	(54,836)	6,968
Sub-total consolidated deferred tax assets, net	1,371,080	3,147	879	(1,169)	74,223	1,441,866

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39. TAXATION (continued)

e. Deferred tax (continued)

	December 31, 2018					December 31, 2018
	January 1, 2018	Charged to equity	Translation adjustment	Charged to OCI	Charged to profit or loss	
Deferred tax liabilities						
Provision for decommissioning and site restoration	371,738	-	-	-	(6,672)	365,066
Finance lease assets	29,013	-	-	-	892	29,905
Deferred revenues	10,750	-	-	-	(2,682)	8,068
Employee benefits	8,549	-	-	(395)	8,503	16,657
Provision for impairment	1,081	-	-	-	927	2,008
Oil and gas properties	(2,801,228)	-	-	-	(269,388)	(3,070,616)
Excess of fair value over net book value	(14,114)	-	-	-	1,516	(12,598)
Fixed assets	(351,100)	-	174	-	149,035	(201,891)
Unrealized profits from transaction at consolidation level	(377,158)	-	-	-	34,302	(342,856)
Others	274,317	-	949	-	(376,415)	(101,149)
Sub-total consolidated deferred tax liabilities, net	(2,848,152)	-	1,123	(395)	(459,982)	(3,307,406)
Total	(1,477,072)	(3,147)	2,002	(1,564)	(385,759)	(1,865,540)

Deferred tax assets and liabilities as of December 31, 2019 and 2018 have been calculated taking into account the applicable tax rates for each respective period.

The Group's management believes that the above deferred tax assets can be fully recovered through future taxable income.

f. Administration

The Indonesian prevailing Tax Law requires each Company in the Group to submit individual tax returns on the basis of self assessment. Under the prevailing regulations, DGT may assess or amend tax within certain periods. For the fiscal year of 2018 and onwards, the period is within five years from the time the tax due.

40. RELATED PARTY BALANCES AND TRANSACTIONS

Significant related party accounts are as follows:

	December 31, 2019	December 31, 2018
Cash and cash equivalents (Note 5)	6,239,908	8,416,251
Restricted cash (Note 6)	127,845	86,230
Trade receivables - related parties (Note 40a)	1,554,094	1,297,651
Due from the Government (Note 8)	6,689,595	4,758,409
Other receivables - related parties (Note 40b)	182,487	149,178
Restricted cash - non-current (Note 14)	1,153,273	910,999
Total	15,947,202	15,618,718
As a percentage of total assets	24%	24%



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40. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Significant related party accounts are as follows: (continued)

	December 31, 2019	December 31, 2018
Short-term loans (Note 15)	1,069,895	3,164,724
Trade payables - related parties (Note 40c)	73,304	78,781
Due to the Government (Note 17)	1,736,442	2,002,825
Long-term liabilities (Note 19)	172,874	179,361
Other payables - related parties (Note 40d)	74,459	54,011
Total	3,126,974	5,479,702
As a percentage of total liabilities	9%	16%

a. Trade receivables

Trade receivables - related parties result from domestic sales of crude oil, natural gas and geothermal energy and the export of oil products.

	December 31, 2019	December 31, 2018
Trade receivables - related parties	1,623,238	1,330,381
Less: Provision for impairment	(69,144)	(32,730)
Net	1,554,094	1,297,651

Trade receivables based on customers are as follows:

	December 31, 2019	December 31, 2018
Indonesian Armed Forces/ Ministry of Defence (Note 47b.ii.i)	432,781	318,142
PLN and its subsidiaries	420,480	449,662
PT Garuda Indonesia (Persero) Tbk. and its subsidiaries	408,224	239,178
PT Pupuk Indonesia (Persero)	68,704	25,412
PPT Energy Trading Co., Ltd.	48,938	22
PT Patra SK	22,605	40,013
PT Donggi-Senoro LNG	21,537	28,828
PT Merpati Nusantara Airlines (Persero)	11,956	11,499
PT Aneka Tambang	2,801	14,226
Others (each below US\$10,000)	185,212	203,399
	1,623,238	1,330,381
Less: Provision for impairment	(69,144)	(32,730)
Total	1,554,094	1,297,651

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40. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

a. Trade receivables (continued)

Movements in the provision for impairment of trade receivables from related parties are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Beginning balance	(32,730)	(46,847)
Reversal of provision for impairment for recovered receivables, net	1,159	18,734
Impairment during the year	(36,475)	(7,606)
(Loss) gain of foreign exchange differences	(1,098)	2,989
Ending balance	<u>(69,144)</u>	<u>(32,730)</u>

Management believes that the provision for impairment is adequate to cover possible losses that may arise from the uncollectible trade receivables from related parties.

Details of trade receivables by currencies are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Rupiah	1,053,963	870,672
US Dollar	569,206	459,641
Others	69	68
Total	<u>1,623,238</u>	<u>1,330,381</u>

Receivables from fuel and lubricant distribution to the Indonesian Armed Forces/Ministry of Defence

The fuel and lubricant distribution to the Indonesian Armed Forces/Ministry of Defence is based on the planned needs of the Indonesian Armed Forces/Ministry of Defence and is capped by the State Budget for Fuels and Lubricants ("BMP") as one of the expenditure items of the Indonesian Armed Forces/Ministry of Defence, the details are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Beginning balance	318,142	258,566
Distribution of fuel and lubricant	453,926	479,959
Collections from BMP distribution	(346,610)	(403,723)
Gain (loss) on foreign exchange difference	7,323	(16,660)
Ending balance	<u>432,781</u>	<u>318,142</u>

As of December 31, 2019 and 2018, management has recognized impairment on this receivables amounting to US\$39,741 (including the provision of a time value of money of US\$26,135), and US\$12,992, respectively.

Receivables from fuel distribution to PLN

The Company distributes diesel fuel and industrial fuel oil to PLN for their power plant in all regions across Indonesia. In 2019, the Company has made collections from PLN based on the price agreed by the Boards of Directors of the Company and PLN on May 22, 2018 which is valid until 2020.



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40. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

a. Trade receivables (continued)

Receivables from fuel distribution to PLN/Perusahaan Listrik Negara (continued)

If there is a difference between the provisional and the final agreed formulation prices, the adjustment will be recorded in the period when the final formulation prices agreement is completed.

b. Other receivables

Other receivables by customers are as follows:

	December 31, 2019	December 31, 2018
PT Donggi Senoro LNG	121,784	115,500
PLN and its subsidiaries	44,491	-
PT Merpati Nusantara Airlines (Persero)	18,919	18,190
Others (each below US\$10,000)	82,225	100,011
Sub-total	267,419	233,701
Less: Provision for impairment	(20,375)	(19,616)
Sub-total	247,044	214,085
Less: current portion	(182,487)	(149,178)
Non-current portion (Note 14)	64,557	64,907

Movements in the provision for impairment of other receivables from related parties are as follows:

	December 31, 2019	December 31, 2018
Beginning balance	(19,616)	(20,860)
Reversal of impairment on the recovered receivables, net	-	699
Impairment during the year	(2)	(705)
(Loss) gain on foreign exchange differences	(757)	1,250
Ending balance	(20,375)	(19,616)

Management believes that the provision for impairment is adequate to cover possible losses that may arise from the uncollectible other receivables from related parties.

Receivables from PT Donggi Senoro LNG

The receivables from PT Donggi Senoro LNG as of December 31, 2019 and 2018 amounted to US\$121,784 and US\$115,500, respectively are intended for the construction of a LNG production facility with a capacity of 2 million tonnes per year. PT Donggi Senoro LNG is owned by PHE (29%), Sulawesi LNG Development Limited (59.9%) and PT Medco LNG Indonesia (11.1%). This project, which was planned for 4 years, was financed 40% from equity and 60% from loans.

The interest rate on the loan is one month US Dollar LIBOR plus 3.75% per annum and interest is due every three months after the loan drawdowns. In 2019 and 2018, accrued interest was added to the loan since the LNG production facility is still under construction. Interest income for the years ended December 31, 2019 and 2018 are US\$6,284, and US\$6,043, respectively.



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40. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

b. Other receivables (continued)

PT Merpati Nusantara Airlines (Persero) (“MNA”)

On October 27, 2009, MNA requested to restructure its payable. An agreement was made on October 17, 2011 through a meeting at the Ministry of State-Owned Enterprises. As of December 31, 2019 and 2018, the provision for impairment for this receivable amounted to US\$18,919, and US\$18,190.

c. Trade payables

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
SKK Migas	8,325	-
PT Wijaya Karya (persero) Tbk.	7,850	3,027
PT Trans-Pacific Petrochemical Indotama	7,721	-
PT Pembangunan Perumahan (Persero) Tbk.	6,824	3,690
PT Perta-Samtan Gas	6,558	8,381
PT Asuransi Jasa Indonesia (Persero)	3,766	6,279
PT Barata Indonesia (Persero)	2,605	-
PT Patra SK	2,585	4,060
Others (each below US\$2,000)	27,070	53,344
Total	<u>73,304</u>	<u>78,781</u>

d. Other payables

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Directorate General of State Assets Management (“LMAN”)	31,923	32,392
DJKN	25,758	7,606
SKK Migas	5,708	-
Others	11,070	14,013
Total	<u>74,459</u>	<u>54,011</u>



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40. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

e. Sales and other operating revenues

The Group made sales and other operating revenues to related parties for the periods ended December 31, 2019 and 2018. Sales to related parties represent 22% and 24% of the total sales and other operating revenues for the respective periods/years. The details are as follows:

	December 31, 2019	December 31, 2018
Domestic sales of crude oil, natural gas, geothermal energy and oil products		
- Government-related entities	4,317,369	4,872,641
- Shareholder	548,205	450,879
- Associates	700	1,222
Subsidy reimbursements from the Government		
- Shareholder (Note 28)	4,875,075	5,632,468
Marketing fees		
- Shareholder	-	15,432
Revenues from other operating activities		
- Government-related entities	2,467,659	3,210,732
Total	12,209,008	14,183,374

f. Cost of goods sold

Purchases from related parties for the years ended December 31, 2019 and 2018 represent 22% and 25% of the total cost of goods sold, respectively. The details are as follows:

	December 31, 2019	December 31, 2018
Crude oil for shareholder	8,528,269	10,002,633
Oil products:		
Joint ventures	133,532	158,260
Associates	-	332,752
Total	8,661,801	10,493,645

g. Compensation of key management and Board of Commissioners

Key management comprises the Board of Directors and other key management personnel who have significant involvement in the operations of the Company. The compensation paid or payable to key management and Board of Commissioners for the years ended December 31, 2019, amounting to US\$23,635 and US\$26,286 (2018: US\$29,809 and US\$17,464), respectively.



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40. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

h. Relationship with related parties

The nature of relationships with the related parties is as follows:

Relationships	Related parties
(i). Shareholder	The Government of the Republic of Indonesia
(ii). Associates	PPT Energy Trading Co. Ltd. TPPI Tuban Petro PT Donggi Senoro LNG PT Asuransi Samsung Tugu PT Gas Energi Jambi Seplat
(iii). Joint ventures	PT Patra SK PT Perta-Samtan Gas PT Perta Daya Gas Transgasindo Perkasa PRPP
(iv). Common key management	Koperasi Karyawan Pertamina Dana Pensiun Pertamina Pertamina Foundation Yayasan Kesehatan Pertamina
(v). Government-related entities	Indonesian Armed Forces/Ministry of Defence Police of the Republic of Indonesia Ministry of Finance SKK Migas LMAN PLN and its subsidiaries PT Pupuk Indonesia (Persero) PT Garuda Indonesia (Persero) Tbk. and its subsidiaries PT Merpati Nusantara Airlines (Persero) PT Aneka Tambang PT Wijaya Karya (Persero) Tbk. PT Barata Indonesia (Persero) PT Pembangunan Perumahan (Persero) Tbk. PT Asuransi Jasa Indonesia (Persero) PT Sarana Multi Infrastruktur (Persero) BNI BNI Syariah BRI BRI Syariah BRI Agroniaga Bank Mandiri Bank Mandiri Syariah PT Arun Natural Gas Liquefaction PT Badak Natural Gas Liquefaction Local Government-Owned Enterprises
(vi). Key Management Personnel	Board of Directors Other key management of the personnel
(vii). Governance Oversight Body	Board of Commissioners



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41. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the strategic steering committee that are used to make strategic decisions.

Segments are grouped into two principal business activities consisting of Upstream and Downstream, representing the Company's reportable segments as defined in the accounting standards for segment reporting SFAS 5 (Amendment 2014), Operating Segments (Note 2v). Business activities related with Gas and New and Renewable Energy are currently grouped into Other segment because they still have not met quantitative thresholds as a reportable operating segment.

	December 31, 2019					
	Upstream	Downstream	Others*)	Total before elimination	Elimination	Total consolidated
External sales	6,412,938	44,064,253	4,107,466	54,584,657	-	54,584,657
Inter-segment sales	5,710,697	353,143	473,120	6,536,960	(6,536,960)	-
Total segment revenues	12,123,635	44,417,396	4,580,586	61,121,617	(6,536,960)	54,584,657
Segment results**)	5,112,657	(784,219)	548,859	4,877,297	20,828	4,898,125
Gain on foreign exchange, net						289,430
Finance income						1,221,380
Finance costs						(965,290)
Share in net profit of associates and joint venture						80,322
Other expenses, net						(642,988)
						(17,146)
Profit before income tax						4,880,979
Income tax expense						(2,262,593)
Profit for the year						2,618,386
Profit for the year attributable to:						
Owner of the parent entity						2,529,342
Non-controlling interests						89,044
Other Information						
Segment assets	25,726,635	34,461,868	6,444,700	66,633,203	(2,520,674)	64,112,529
Long-term investments	1,434,169	16,699,269	357,863	18,491,301	(15,517,422)	2,973,879
Total assets	27,160,804	51,161,137	6,802,563	85,124,504	(18,038,096)	67,086,408
Total liabilities	9,793,778	25,383,631	3,638,486	38,815,895	(2,948,968)	35,866,927
Depreciation, depletion and amortization expense	1,981,649	758,585	542,768	3,283,002	-	3,283,002
Additions to fixed assets, oil & gas and geothermal properties	3,368,297	1,390,213	340,766	5,099,276	-	5,099,276

*) Others consist of office and housing rentals, hotel operation, air transportation services, health services and operation of hospitals, investment portfolio management, gas transportation services, human resources development and insurance services.

***) Gross profit less sales and marketing costs, and general and administrative costs.



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41. SEGMENT INFORMATION (continued)

	December 31, 2018					
	Upstream	Downstream	Others*)	Total before elimination	Elimination	Total consolidated
External sales	7,054,464	45,691,622	5,187,485	57,933,571	-	57,933,571
Inter-segment sales	5,498,100	399,699	266,115	6,163,914	(6,163,914)	-
Total segment revenues	12,552,564	46,091,321	5,453,600	64,097,485	(6,163,914)	57,933,571
Segment results **)	5,960,645	(286,777)	616,351	6,290,219	(43,479)	6,246,740
Gain on foreign exchange, net						19,622
Finance income						256,573
Finance costs						(835,238)
Share in net profit of associates and joint venture						122,724
Other expenses, net						(80,825)
						(517,144)
Profit before income tax						5,729,596
Income tax expense, net						(3,013,202)
Profit for the year after the effect of emerging entities income adjustment						2,716,394
Profit for the year attributable to:						
Owner of the parent entity						2,572,542
Non-controlling interests						143,852
Other Information						
Segment assets	24,620,521	35,093,033	6,655,756	66,369,310	(4,469,912)	61,899,398
Long-term investments	1,472,711	14,970,480	183,158	16,626,349	(13,807,295)	2,819,054
Total assets	26,093,232	50,063,513	6,838,914	82,995,659	(18,277,207)	64,718,452
Total liabilities	10,092,998	26,403,047	3,636,191	40,132,236	(5,023,824)	35,108,412
Depreciation, depletion, and Amortization expense	1,684,534	715,492	576,536	2,976,562	-	2,976,562
Additions to fixed assets, oil & gas and geothermal properties	3,110,810	1,135,645	287,056	4,533,511	-	4,533,511

*) Others consist of office and housing rentals, hotel operation, air transportation services, health services and operation of hospitals, investment portfolio management, gas transportation services, human resources development and insurance services.

***) Gross profit less sales and marketing expenses, and general and administrative expenses.



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41. SEGMENT INFORMATION (continued)

Transactions between segments are carried out at agreed terms between the companies.

The following table shows the distribution of the Group's consolidated revenues based on its geographic segments:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Revenue:		
Indonesia	50,955,753	54,296,618
Other countries	3,628,904	3,636,953
Consolidated revenues	<u>54,584,657</u>	<u>57,933,571</u>

Revenue from two customers of the downstream segment for the years ended December 31, 2019 and 2018 represented approximately 19% and 16% (US\$10,113,836 and US\$8,936,080) of total sales and other operating revenues, respectively.

All of the Group's assets are substantially located in Indonesia, except for several owned assets outside the country such as PIEP's subsidiaries which are located in Algeria, Iraq, Malaysia, Italia, France, Myanmar, Canada, Congo, Tanzania, Gabon, Colombia, Namibia, and Venezuela, respectively.

42. OIL AND GAS CONTRACT ARRANGEMENTS

a. PSC

PSCs are entered into by PSC Contractors with SKK Migas (previously BP Migas) acting on behalf of the Government, for a period of 20-30 years, and may be extended in accordance with applicable regulations.

- Working area

The PSC working area is a designated area in which the PSC Contractors may conduct oil and gas operations. On or before the tenth year from the effective date of the PSCs, the PSC Contractors must return a certain percentage of this designated working area to SKK Migas on behalf of the Government during the term of the PSC.

- Crude oil and natural gas production sharing

Crude oil and natural gas production sharing is determined annually, representing the total liftings of crude oil and gas in each period/year, net of investment credit, FTP, and cost recovery.

The PSC Contractors are subject to tax on their taxable income from their PSC operations based on their share of equity oil and natural gas production, less bonuses, at a combined tax rate comprising of corporate income tax and dividend tax.

- Cost recovery

Annual cost recovery comprises of:

- i. Current year non-capital costs;
- ii. Current year amortization of capital costs; and
- iii. Unrecovered prior years' operating costs (unrecovered costs).



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42. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

a. PSC (continued)

- Crude oil and natural gas prices

The PSC Contractors' crude oil production is priced at ICP. Natural gas deliveries to third parties and related parties are valued based on the prices stipulated in the respective gas sales and purchase contracts.

- DMO

Crude oil

The PSC Contractors are required to supply the domestic market in Indonesia with the following annual calculation:

- i. Multiply the total quantity of crude oil produced from the contract area by a fraction, the numerator of which is the total quantity of crude oil to be supplied and the denominator is the entire crude oil production from all petroleum companies in Indonesia.
- ii. Compute 25% of the total quantity of crude oil produced in the PSC's working area.
- iii. Multiply the lower computed, either under (i) or (ii) by the percentage of the contractor's entitlement.

The price of DMO crude oil is supplied is equal to the weighted average of all types of crude oil sold by the PSC Contractors or other price determined under the PSC.

Natural gas

The PSC Contractors are required to supply the domestic market in Indonesia with 25% of total quantity of natural gas produced in the working area multiplied by the PSC Contractor's entitlement percentage.

The price of DMO for natural gas is the price determined based on the agreed contracted sales price.

- FTP

The Government and Contractors are entitled to receive an amount ranging from 10%-20% of the total production of crude oil and natural gas each year, before any deduction for recovery of operating costs and investment credit.

- Ownership of materials, supplies, and equipment

Materials, supplies, and equipment acquired by the PSC Contractors for crude oil and natural gas operations belong to the Government. However, the PSC Contractors have the right to utilize such materials, supplies, and equipment until they are declared surplus or abandoned with the approval of SKK Migas.



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42. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

b. PT Pertamina EP cooperation agreements with SKK Migas

On September 17, 2005, an oil and gas cooperation contract in the form of Pertamina Petroleum Contract ("PPC"), equivalent to a PSC, was signed between SKK Migas and PT Pertamina EP as a successor contract to PPC, for a period of 30 years from September 17, 2005 until September 16, 2035. It may be extended subject to approval from the Government. As a consequence of the Company assuming Pertamina's PPC, all of Pertamina's assets and liabilities in relation to PPC were transferred to the Company on a book value basis.

PT Pertamina EP's cooperation contract has the following financial provisions:

- **Working area**

The area represents the former Pertamina Entity's exploration and production areas excluding Cepu and Randugunting Blocks.

- **Crude oil and natural gas production sharing**

PT Pertamina EP and the Government's shares of equity (profit) of oil and gas production is 67.2269% and 32.7731%, respectively.

- **FTP**

The Government and PT Pertamina EP are entitled to receive an amount equal to 5% of the total production of oil and gas each year before any deduction for recovery of operating costs and investment credit. FTP is shared between the Government and PT Pertamina EP in accordance with the entitlements to oil and gas production.

- **Crude oil and natural gas price**

The Company's crude oil sales are priced at ICP. Transfer of natural gas are valued based on the prices stipulated in the respective Gas Sales Agreement ("GSA").

c. PT Pertamina EP cooperation agreements with other parties

PT Pertamina EP has entered into cooperation agreements with other parties in conducting oil and gas activities in certain parts of its PSC working area, under TAC or operating cooperation contracts with the approval of the Government through SKK Migas.

Cooperation agreements with other parties are as follows:

- **Technical Assistant Contract ("TAC")**

Under a TAC, operations are conducted through partnership agreements with PT Pertamina EP. TACs are awarded for fields which currently in production, or which previously in production, in which production has ceased. Crude oil and natural gas production is divided into non-shareable and shareable portions. The non-shareable portion represents the production which is expected from the field (based on the historic production trends of the field) at the time the TAC is signed and accrued to PT Pertamina EP. Non-shareable production decreases annually, reflecting expected declines in production. The shareable portion of production corresponds to the additional production resulting from the Partners' investments in the TAC fields.



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42. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. PT Pertamina EP cooperation agreements with other parties (continued)

i. Technical Assistant Contract (“TAC”) (continued)

The Partners are entitled to recover costs, subject to specified limitations depending on the contract. The remaining shareable portion less cost recovery is split between PT Pertamina EP and the Partners. The Partners’ share of equity (profit) oil and gas is stipulated in each contract and ranges from 26.7857% to 35.7143% for oil and 62.5000% for gas, respectively. As of December 31, 2019, there were 7 TAC agreements of PT Pertamina EP with work areas in Sumatra and Java.

If in a calendar year, operating costs exceeds the value of such crude oil allocated for the operating in such calendar year, then the unrecovered excess shall be recovered in the following years.

The recoverable costs and equity (profit) of TAC contractors form part of PT Pertamina EP’s cost recovery under its PSC.

At the end of the TAC, all TAC assets are transferred to PT Pertamina EP. The TAC Partners are responsible for settling all outstanding TAC liabilities to third parties until the end of the TAC.

ii. Operation Cooperation (“OC”) Contract

In an OC Contract, operations are conducted through partnership arrangements with PT Pertamina EP. OC Contracts are awarded for fields which are currently in production, or previously had been in production, in which production had ceased, or for areas with no previous production. The two types of OC contracts are:

- a. OC Exploration-Production contract
- b. OC Production contract

Under an OC Exploration-Production contract, there is no Non-Shareable Oil (“NSO”). Under an OC Production contract, the crude oil production is divided into non-shareable and shareable portions.

The NSO production represents the production which is expected from the field (based on the historic production trends of the field) at the time the OC contract is signed, and it accrues to PT Pertamina EP. The shareable portion of crude and gas production corresponds to the additional production resulting from the Partners’ investments in the OC fields and is in general split between the parties in the same way as under a cooperation contract.

Partner may recover the operating costs in any Calendar Year if the amount of the Partner production is greater than the NSO. Cost recovery for lifting incremental oil up to a maximum of 80% (eighty percent) from the production of Incremental Oil produced and sold and not used in that Calendar Year.

In certain OC production contracts, in the event that the production is the same as or less than the NSO, the Partner’s production cost shall not be deferred and will be recovered in specified limitation depending on each contract.



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42. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

c. PT Pertamina EP cooperation agreements with other parties (continued)

ii. Operation Cooperation (“OC”) Contract (continued)

In certain OC production contracts, if the amount of Partner production is greater than the NSO, Partner may recover operating costs in any Calendar Year for lifting incremental oil and NSO in specified limitations depending on each contract.

If in any Calendar Year, the operating costs exceeds the value of such crude oil allocated for the Operating in such Calendar Year, then the unrecovered excess shall be recovered in the following years.

The Partner's share of equity (profit) oil and gas production as stipulated in each contract and ranges from 16.6667% to 29.8039% for oil and 28.8627% to 53.5714% for gas, respectively.

The recoverable costs OC contract is part of PT Pertamina EP's cost recovery under its PSC.

Specified firm commitments are required to be made in the first three years after the signing of the OC contract date. To ensure that these expenditure commitments will be met, the Partners are required to provide PT Pertamina EP with irrevocable and unconditional bank guarantees. The OC Partners are also required to make payments to PT Pertamina EP before the date of signing the OC contracts, of the amounts stated in the bid documents.

As of December 31, 2019, there are 26 OC partnership agreements of PT Pertamina EP for Sumatera, Java, Kalimantan and Papua working area with contract term for 15-20 years. The effective term of those contracts ranges from 2007 until 2019 and the end term of those contracts ranges from 2022 until 2035.

At the end of the OC contracts, all OC assets were transferred to PT Pertamina EP. The OC Partners are responsible for settling all outstanding OC liabilities to third parties until the end of the OC contracts period.

iii. Unitization Agreement

In accordance with Government Regulation No. 35 Year 2004 on Upstream Oil and Gas Business Activities, a PSC contractor is required to conduct unitization if it is proven that its reservoir extends into another contractor's Working Area. The MoEMR will determine the operator for the unitization based on the agreement between the contractors involving the unitization after considering the opinion of SKK Migas.

Since several of PT Pertamina EP's oil and gas reservoirs extend into other Contractor's Working Areas, PT Pertamina EP has entered into Unitization Agreement with respective contractors. As of December 31, 2019, there are 6 Unitization Agreements of PT Pertamina EP for Sumatera, Java and Papua working area with contract term for 10-50 years. The effective term of those contracts ranges from 1985 until 2013 and the end term of those contracts ranges from 2023 until 2035.

Based on SKK Migas Letter No. SRT-0493/SKKMA0000/2018/S1 dated June 25, 2018, regarding the Stipulation of New Operators in Unitization of Sukowati Customers, CPA Mudi Production Facilities and Cinta Natomas FSO, PT Pertamina EP was appointed as the new operator of the Sukowati field (Note 4h).



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42. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

d. PHE's cooperation agreement with other parties

- Gross split contract

On January 13, 2017, the regulation of the MoEMR No.08/2017 regarding principles of the Production Sharing Contract without Cost Recovery Mechanism, also known as Gross Split PSC was issued.

In Gross Split PSC the sharing of oil and gas production between the Government of Indonesia and the Contractors is based on the following 4 criteria:

1. Base Split
2. Variable Split
3. Progressive Split
4. Ministry Discretion

The Government has also arranged matters related to Gross Split PSC as follows:

- i. The tax regime applicable to the Gross Split PSC is in accordance with the provisions of the income tax law;
- ii. The contractors of Gross Split PSC must reimburse unrecovered investment costs to the old PSC contractors.
- iii. The oil and gas assets of the old PSC which are now owned by the DJKN are used by the Gross Split PSC contractors based on lease scheme.
- iv. Leases are imposed on oil and gas assets that are used and fully recovered, then the fair value is appraised based on the Indonesian Appraisal Standard by the Public Appraiser, multiplied by the rental rate set by the DJKN.

As of December 31, 2019, the signed gross split PSC are as follows:

PSC partners	Working area	Area	Effective date of contract	Production commencement date	Expiry date of contract	Percentage of participation	Production	Contract period
MUJ ONWJ	Offshore North West Java Block	West Java	19/01/2017	27/08/1971	18/01/2037	90%	Oil and gas	20 years
None	Tuban Block	East Java	20/05/2018	12/02/1997	20/05/2038	100%	Oil and gas	20 years
None	Ogan Komering Block	South Sumatera	20/05/2018	11/07/1991	20/05/2038	100%	Oil and gas	20 years
None	Offshore Southeast Sumatera Block	Southeast Sumatera	06/09/2018	1975	06/09/2038	100%	Oil and gas	20 years
None	NSO Block	North Sumatera Offshore	17/10/2018	01/10/2015	17/10/2038	100%	Oil and gas	20 years
None	Jambi Merang Block	Jambi	10/02/2019	22/02/2011	09/02/2039	100%	Oil and gas	20 years
None	Raja Pendopo Block	South Sumatera	06/07/2019	21/11/1992	05/07/2039	100%	Oil and gas	20 years
Petrogas (Island) Ltd.	Salawati Block	Papua	22/04/2020	21/01/1993	23/04/2040	30%	Oil and gas	20 years
Petrogas (Basin) Ltd.	Kepala Burung Block	Papua	15/10/2020	07/10/1996	15/10/2040	30%	Oil and gas	20 years
Eni East Sepinggan Ltd.	East Sepinggan Block	East Sepinggan	20/07/2012	-	20/07/2042	15%	Oil and gas	30 years
Conoco Phillips (Grissik) Ltd. Talisman. (Corridor) Ltd.	Corridor Block	South Sumatera	20/12/2023*	01/08/1987	19/12/2043	30%	Oil and gas	20 years
None	Maratus Block	North Kalimantan & East Kalimantan	18/02/2019	-	17/02/2049	100%	Oil and gas	30 years

* Amended and restated PSC to gross split PSC signed on November 11, 2019



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42. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

d. PHE's cooperation agreement with other parties (continued)

- **Indonesian participation arrangements ("IP")**

Through the IP arrangements, the Company, a State-Owned Enterprise, is offered a 10% working interest in PSCs at the first time Plans of Development ("POD") which was approved by the Government of Indonesia (the "Government"), represented by SKK Migas. The 14.28% interest in Jabung Block represents the acquisition of additional interest of 4.28% by the Company. The Company assigned these IP interests to PHE's subsidiaries on January 1, 2008.

As of December 31, 2019 there are 4 IP partnership arrangements of PHE for Sumatera, Kalimantan and Papua working area with contract terms of 20-30 years. The effective term of those contracts ranges from 1990 until 2005 and the end term of those contracts ranges from 2020 until 2028 with percentage of participation range from 10%.

- **PSC interests acquired after the issuance of Law No. 22 Year 2001, related to Oil and Gas**

1. Oil and gas

As of December 31, 2019, there are 16 oil and gas partnership arrangements of PHE for Sumatera, Java, Kalimantan, Sulawesi, Maluku and Papua working area with contract terms of 20-30 years. The effective term of those contracts ranges from 1998 until 2016 and the end term of those contracts ranges from 2020 until 2046 with percentage of participation ranges from 15% until 100%.

2. Coal bed methane

As of December 31, 2019, there was 5 partnership arrangements for Coal Gas Methane in exploration activities for Sumatera and Kalimantan working area with contract term of 30-year contract period. The effective term of those contracts ranges from 2008 to 2012 and the end term of those contracts ranges from 2038 to 2042 with percentage of participation ranges from 27.5% to 100%.

3. Unconventional oil and gas

As of December 31, 2019, there are 2 Unconventional Oil and Gas partnership arrangements for Sumatera working areas with contract term of 30 years. The effective term of those contracts ranges from 2013 the end term of these contract until 2043 and from 2015 the end term of these contract until 2045, with percentages of participation interests 100% and 50%.

- **Joint operating body-production sharing contracts ("JOB-PSC")**

In a JOB-PSC, operations are conducted by a joint operating body between PHE's Subsidiaries and the contractors. The PHE Subsidiaries' share of expenditures is paid in advance by the contractors and repaid by PHE's Subsidiaries out of their share of crude oil and natural gas production, with a 50% uplift. After all expenditures are repaid, the crude oil and natural gas production is divided between PHE's subsidiaries and the contractors based on their respective percentages of participation in the JOB-PSC. The contractors' share of crude oil and natural gas production is determined in the same manner as for a PSC.

As of December 31, 2019, there are 3 JOB-PSC Partnership arrangements of PHE for Kalimantan, Sulawesi, and Papua working area with contract terms of 30 years. The effective term of those contracts ranges from 1990 until 1998, and the end term of those contracts ranges from 2020 until 2028 with percentage of participation ranging from 37.5% to 50%.



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42. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

d. PHE's cooperation agreement with other parties (continued)

- Pertamina participating interests ("PPI")

Through PPI arrangements, PHE owns working interests in contracts similar to JOB-PSC contracts. The remaining working interests are owned by a contractor who acts as an operator. PHE's share of expenses is either funded by PHE on a current basis, or paid in advance by the contractors and repaid by PHE out of their share of crude oil and natural gas production, with a 50% uplift. The crude oil and natural gas production are divided between PHE and the contractors based on their respective percentages of participation in the PSC. The contractors' share of crude oil and natural gas production is determined in the same manner as for a PSC.

As of December 31, 2019, the Subsidiaries' PPI arrangements were as follows:

PPI partners	Working area	Area	Effective date of contract	Production commencement date	Expiry date of contract	Percentage of participation	Production	Contract period
Conoco Phillips (South Jambi) Ltd. and Petrochina International Jambi B Ltd.	B Block	South Jambi	26/01/1990	26/09/2000	25/01/2020	25%	Oil and gas	30 years

- Foreign oil and gas contract interests

As of December 31, 2019, PHE directly and indirectly held foreign oil and natural gas interests as follow:

Name of JOC	JOB partners	Working area	Area	Effective date of contract	Production commencement date	Percentage of participation	Production	Contract period
Petronas Carigali Pertamina Petro-Vietnam Operating Company Sdn. Bhd. ("PCPP")	Petronas Carigali Sdn. Bhd., Petrovietnam	Offshore Sarawak Block (SK 305)*	Malaysia	16/06/2003	26/07/2010	30%	Oil and gas	29 years

*This Block is Joint Operating Contract ("JOC")

- Unitization agreements

In accordance with Government Regulation No. 35 Year 2004 on Upstream Oil and Gas Business Activities, a contractor is required to conduct unitization if it is proven that its reservoir extends into another Contractor's Working Area. The MoEMR will determine the operator for the unitization based on the agreement between the contractors entering the unitization agreements after considering the opinion of SKK Migas.

Since several of PHE Subsidiaries' oil and gas reservoirs extend into other Contractors' Working Areas, PHE Subsidiaries entered into unitization agreements with several contractors.

As of December 31, 2019, there are 6 unitization agreements of PHE for Sumatera, Java, and Papua working area, with contract terms ranges from 10-50 years. The effective term of those contracts ranges from 1985 until 2014, and the end term of those contracts ranges from 2019 until 2035.

- Extension and termination of PHE cooperation contract

The block B PSC ended on October 3, 2018. On September 25, 2018, the Government, through the Aceh Oil and Gas Management Agency (BPMA), appoints PHE NSB as manager of the Block B Working Area for 6 (six) months from October 4, 2018 or until new PSC is signed, whichever occurs first, with the main forms and provisions of PSC in accordance with the current the Block B Working Area. Refer to the Letter of the MoEMR No. 116/13/MEM.M/2019 dated April 1, 2019, the second temporary contract extension for 6 (six) months commenced from April 4, 2019 until the new PSC is signed, whichever occurs first.



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42. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

d. PHE's cooperation agreement with other parties (continued)

- Extension and termination of PHE cooperation contract (continued)

Refer to the Letter of the MoEMR No. 8394/13/MEM.M/2019, dated October 2, 2019, the third temporary contract has been extended for 6 (six) months from October 4, 2019 until the new PSC is signed, whichever occurs first. Refer to the Letter MoEMR No. 512/13/MEM.M/2019, dated November 15, 2019, the fourth temporary contract has been extended 12 (twelve) months from November 18, 2019 until the new PSC is signed, whichever occurs first.

The Central Block PSC ended on October 4, 2018. The Government decides not to extend the management of the Central Work Area by the existing Contractor. Until these consolidated financial statements were prepared, PHE Tengah K together, with other contractors (Total Tengah and Inpex Tengah Ltd.), are still in the process of completing their rights and obligations after termination with the Government.

e. PEPC's cooperation agreements with other parties

On September 17, 2005, a PSC was signed between SKK Migas and PEPC (50% participating interest), MCL (25.50% participating interest) and Ampolex (24.50% participating interest) (jointly called a Contractor) for a period of 30 years from September 17, 2005 to September 16, 2035, and may be extended in accordance with applicable regulations. The conditions for Cepu PSC are as follows:

SC Partner	Working area	Area	Effective date of contract	Production commencement date	Expiry date of contract	Percentage of participation	Production	Contract period
ExxonMobil Cepu Limited Ampolex (Cepu) Pte. Ltd. PT Sarana Patra Hulu Cepu PT Petrogas Jatim Utama Cendana PT Blora Patragas Hulu PT Asri Dharma Sejahtera	Cepu Block	Central Java-East Java	17/09/2005	31/08/2009	16/09/2035	45%	Oil	30 years

- Unitization agreements

As of December 31, 2019, the PEPC unitization agreements are as follows:

Partner	Working area	Area	Effective date of contract	Production commencement date	Expiry date of contract	Percentage of participation	Production	Contract period
PT Pertamina EP	EP Block Cepu Block	Central Java - East Java	17/09/2005	-	16/09/2035	91.9399%	Gas	30 years

f. PT Pertamina EP Cepu Alas Dara Kemuning ("PEPC ADK") cooperation agreements with SKK Migas

The PSC was entered into by PEPC ADK with SKK Migas action on behalf of the Government on February 26, 2014 for a period of 30 years from February 26, 2014 until February 25, 2044. The period may be extended in accordance with applicable regulations. The Company has a 100% participating interest in the Alas Dara Kemuning Block PSC.

g. PHI cooperation agreements with SKK Migas

- PSC

PSC is made by PSC contractors with the Government through the Special Task Force for Upstream Oil and Gas Business Activities ("SKK Migas" - formerly the Executive Agency for Upstream Oil and Gas Business Activities/"BP MIGAS") for a contract period of 20-30 years. This period can be extended in accordance with applicable regulations.



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42. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

g. PT Pertamina Hulu Indonesia (“PHI”) cooperation agreements with SKK Migas (continued)

- PSC (continued)

As of December 31, 2019, PHI’s PSC Group are as follows:

PSC partner	Working area	Area	Contract effective date	Starting production date	Expiry date of contract	Partnership percentage	Production	Contract period
PT Migas Mandiri Pratama Kutai Mahakam	Mahakam Block	Onshore and Offshore East Kalimantan	01/01/2018	01/01/2018	31/12/2037	90%	Oil and gas	20 years

- Gross Split Contract

As of December 31, 2019, the Gross Split contract are as follows:

PSC partner	Working area	Area	Contract effective date	Starting production date	Expiry date of contract	Partnership percentage	Production	Contract period
None	Sanga Sanga Block	Onshore East Kalimantan	08/08/2018	08/08/2018	07/08/2038	100%	Oil and gas	20 years
None	East Kalimantan and Attaka Block	Onshore and Offshore East Kalimantan	25/10/2018	25/10/2018	24/10/2038	100%	Oil and gas	20 years
ENI West Ganai Ltd. Neptune Energy West Ganai B.V.	West Ganai Block	Offshore Makassar Strait	26/01/2020	-	25/01/2050	30%	Oil and gas	30 years

- Unitisation agreements

On December 31, 2019, PHI’s has unitisation agreements as follows:

Parties	Operator	Field	Location	Signing date of contract	Start contract	Production	End contract	Contract period
PHM dan Pertamina Hulu Sanga Sanga (“PHSS”)	PHSS	Nilam & Badak	East Kalimantan	In Progress	08/08/2018	08/08/2018	31/12/2037	20 years
PHM dan Pertamina Hulu Kalimantan Timur (“PHKT”)	PHM	Peciko	East Kalimantan	In Progress	25/10/2018	25/10/2018	31/12/2037	20 years



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42. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

h. PIEP's directly and indirectly held foreign oil and gas PSC interests

As of December 31, 2019, PIEP directly and indirectly held foreign oil and gas PSCs or similar interests were as follows:

Name of JV	JV partners	Working area	Country	Effective date of contract	Date of commencement of production	Percentage of participation	Production	Contract period
Menzel Lejmat North ("MLN")	Talisman (Algeria) B.V.	Block 405a	Algeria	2000	2003	65%	Oil	25 years
PTTEP HK Offshore Limited	PTTEP HK Offshore Limited, Petronas Carigali Sdn. Bhd.	Block K	Malaysia	27/01/1999	2007	24%	Oil and natural gas	38 years
PTTEP HK Offshore Limited	PTTEP HK Offshore Limited, Petronas Carigali Sdn. Bhd.	Block H	Malaysia	19/03/2007	Development stage	Rotan 24% others 18%	Natural gas	38 years
PTTEP HK Offshore Limited	PTTEP HK Offshore Limited, Petronas Carigali Sdn. Bhd.	SK309	Malaysia	27/01/1999	2003	25.5%	Oil, natural gas, and condensates	29 years
PTTEP HK Offshore Limited	PTTEP HK Offshore Limited, Petronas Carigali Sdn. Bhd.	SK311	Malaysia	27/01/1999	2007	25.5%	Oil, natural gas, and condensates	29 years
PTTEP HK Offshore Limited	PTTEP HK Offshore Limited, Petronas Carigali Sdn. Bhd.	SK314A	Malaysia	07/05/2013	Exploration stage	25.5%	-	27 years
Mnazi Bay Exploration Mnazi Bay Development/ Production	M&P (Operator); Wentworth; TPDC	Mnazi Bay	Tanzania	October 2006	August 2015	60.075% & 48.06%	Natural Gas	2031 and can be extended until 2051
Enzanga Production	M&P (Operator); The Gabonese Republic; Tullow	Ezanga	Gabon	01/01/2014	2007	80%	Oil	2034 and can be extended until 2054
Seplat Petroleum Development Company Plc.	Seplat (Operator); NPDC	OML 4, 38, 41	Nigeria	June 1989	July 2010	45%	Oil and gas	October 2038
	Pillar Oil (Operator); Seplat	OPL 283	Nigeria	2009	May 2012	40%	Oil	October 2028
	Seplat and NNPC (Joint Operators)	OML 53	Nigeria	1997	1978	40%	Oil	June 2027
	Seplat and Belema Oil (Joint Operators); NNPC	OML 55	Nigeria	1997	February 2017	n/a*)	Oil	June 2027
Sonangol Pesquisa e Producao (Sonangol P&P) Block 3/05A	China Sonangol, Eni, Sunoil, NIS and INA	Block 3/05	Angola	28/09/2005	1980	20%	Oil	2025
Petromex del Lago Mixed Company	Petroleos de Venezuela S.A. ("PDVSA"); PDVSA Social	Urdaneta West Field	Venezuela	2006	1974	32%	Oil	2026

* Based on the minutes of the management commission meeting on September 15, 2016. The company agreed to terminate the contract.

- Technical service contract ("TSC")

As of December 31, 2019, TSC participating interest held by PT Pertamina Irak Eksplorasi Produksi ("PIREP") were as follows:

Name of JV	JV partners	Working area	Country	Effective date of contract	Date of commencement of production	Percentage of participation	Production	Contract period
West Qurna (Phase 1) Oil Field	ExxonMobil Iraq Limited, Itochu Oil Exploration (Iraq) B.V., PetroChina International Iraq FZE, Oil Exploration Group of Iraqi Ministry of Oil (South Oil Group)	West Qurna 1 Block	Iraq	25/01/2010	25/01/2010	10%	Oil	35 years



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42. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

h. PIEP's directly and indirectly held foreign oil and gas PSC interests (continued)

- Unitization agreements

As of December 31, 2019, PIEP's unitization agreements are as follows:

1. Algeria

Name of JV	JV partners	Working area	Country	Effective date of contract	Date of commencement of production	Percentage of participation	Production	Contract period
Ei Merk ("EMK")	Talisman (Algeria) B.V., Sonatrach, Anadarko, Eni, Maersk, PT Pertamina Algeria Eksplorasi Produksi ("PAEP")	405a Block	Algeria	March 2007	2013	16.90%	Oil, Condensate, and LPG	25 years
Ourhoud	Talisman (Algeria) B.V., Sonatrach, Anadarko, Eni, Maersk, Cepsa, PAEP	405a Block	Algeria	December 1997	2002	3.56%	Oil	25 years

2. Malaysia

Parties	Operator	Unit field	PMEP's percentage of participation	Effective date of contract	Date of commencement of production	Production	Contract period
Shell, Conoco Phillips Sabah Ltd. Petronas Carigali Sdn. Bdn., PTTEP Sabah Oil Limited, PMEPP	Sabah Shell Petroleum Company Limited	Gumusut Kakap Field	2.73%	20/09/2004	18/11/2012	Oil and natural gas	Not specified
Shell, Conoco Phillips Sabah Ltd. Petronas Carigali Sdn. Bdn., PTTEP Sabah Oil Limited, PMEPP	PTTEP Sabah Oil Limited	Siakap North Petai Field	9.6%	01/01/2007	28/02/2014	Oil and natural gas	Not specified

i. PGN Cooperation Agreement

As of December 31, 2019, PGN has interests in the following oil and gas joint operations or Service Contracts Participation and Economic Sharing Agreements:

Work Area	Country	Participating Interest
Ujung Pangkah Block	Indonesia	100.00%
South Sesulu Block	Indonesia	100.00%
Fasken Block	United States of America	36.00%
Bangkanai Block	Indonesia	30.00%
West Bangkanai Block	Indonesia	30.00%
Muriah Block	Indonesia	20.00%
Ketapang Block	Indonesia	20.00%
Muara Bakau Block	Indonesia	11.67%
Wokam II Block	Indonesia	100.00%
Pekawai Block	Indonesia	100.00%
West Yamdena Block	Indonesia	100.00%

j. PHR Cooperation Agreement

On December 31, 2019 the Gross Split contract agreement that was signed was as follows:

Parties	Working Area	Area	Effective Date of Contract	Date of Commencement of Production	Contract Maturity Date	Percentage of Participation	Production	Contract Period
None	Rokan block	Central Sumatera	09/08/2021	09/08/2021	08/08/2041	100%	Oil	20 years



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42. OIL AND GAS CONTRACT ARRANGEMENTS (continued)

j. PHR Cooperation Agreement (continued)

Profit sharing for the contractor's part is as follows:

<u>Oil / Natural Gas</u>	<u>New/Existing</u>	<u>Field Type</u>	<u>Contractor Share</u>	<u>Government Share</u>
Oil	New Field	All Fields	57% + Var. Comp.	43% + Var. Comp.
			Correction + Progr.	Corection + Progr.
			Comp. Correction	Comp. Correction
Oil	Existing Field	Duri Fields	65%	35%
Oil	Existing Field	Non-Duri Fields	61%	39%
Natural Gas	New Field	All Fields	52% + Var. Comp.	48% + Var. Comp.
			Correction + Progr.	Corection + Progr.
			Comp. Correction	Comp. Correction
Natural Gas	Existing Field	Duri Fields	70%	30%
Natural Gas	Existing Field	Non-Duri Fields	66%	34%

43. GEOTHERMAL WORKING AREAS

Since 1974, the former Pertamina Entity has been assigned geothermal working areas in Indonesia based on various decision letters issued by the Minister of Mines and Energy. In accordance with Government Regulation No. 31 Year 2003, all rights and obligations arising from the contracts and agreements entered into between former Pertamina Entity and third parties, so long as these are not contrary to Law No. 22 Year 2001, were transferred to Pertamina Entity effective September 17, 2003. Pertamina Entity through its letter No. 282/C00000/2007-S0 dated March 12, 2007 assigned its geothermal working areas to PGE effective from January 1, 2007. The transfer of Pertamina Entity's rights, obligations, and interests in geothermal business operations to PGE was approved by the MoEMR in Letters No. 2198/30/DJB/2009 dated August 4, 2009 and No. 2523/30/DJB/2009 dated September 1, 2009.

Effective from June 28, 2010, Pertamina Entity's geothermal assets were transferred to PGE, and formed part of Pertamina Entity's contribution to PGE's additional paid-up capital. This transfer of Pertamina Entity's geothermal assets were documented in Notarial Deed No. 23 dated June 28, 2010 of Lenny Janis Ishak, S.H.

Based on the Decree of the Minister of Mines and Energy No. 2067 K/30/MEM/2012, regarding the affirmation of the territory of power and changes in the coordinate boundaries of the exploitation of geothermal resources, PT Pertamina Geothermal Energy has management rights over 14 geothermal WKPs. Referring to the original provision the Law No. 21 article 78 of 2014 concerning Geothermal Energy, at the end of 2014, 2 (two) WKPs, namely Kotamobagu and Gunung Iyang Argopuro were returned to the Government because the two WKPs up to December 31, 2014, were still not in the Exploitation stage. Furthermore, Pertamina received two (2) new WKPs, namely Mount Lawu (based on MoEMR Decree No.35.K/30/MEM/2016) and Seulawah (based on the Auction Winner Determination Letter from Aceh Governor No. 541/53157 November 1, 2013). PGE will carry out exploration activities in the two new WKPs.

The operations of the above geothermal working areas are conducted through own operations and joint operating contracts.



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43. GEOTHERMAL WORKING AREAS (continued)

As of December 31, 2019, PGE's geothermal working areas were as follows:

a. Own operation

The following working areas are operated by PGE:

Working area	Location	Field status
Gunung Sibayak-Gunung Sinabung	Sibayak, North Sumatra	Production
Kamojang-Darajat	Kamojang, West Java	Production
Lahendong	Lahendong, North Sulawesi	Production
Gunung Way Panas	Ulubelu, Lampung	Production
Karaha-Cakrabuana	Karaha, West Java	Production
Lumut Balai and Marga Bayur	Lumut Balai, South Sumatera	Development
Hululais	Hululais, Bengkulu	Development
Sungai Penuh	Sungai Penuh, Jambi	Exploration
Gunung Lawu	Central Java	Exploration
Seulawah Agam	Aceh	Exploration

b. Joint operating contracts ("JOCs")

JOCs include geothermal activities in PGE's working areas that are conducted by third parties. In accordance with the JOCs, PGE is entitled to receive production allowances from the JOC contractors at the rate of 2.66% for the Darajat JOC and 4% for the Salak, Wayang Windu, Sarulla, and Bedugul JOCs of the JOC contractors' annual net operating income as calculated in accordance with the JOCs.

As of December 31, 2019, PGE's JOCs were as follows:

Working Area	Location	Field Status	Contractor
Cibeureum-Parabakti	Salak, West Java	Production	Star Energy Geothermal Salak Ltd. and Star Energy Geothermal Salak Pratama Ltd.
Kamojang-Darajat	Darajat, West Java	Production	Star Energy Geothermal Darajat II Ltd.
Pangalengan	Wayang Windu, West Java	Production	Star Energy Geothermal (Wayang Windu) Ltd.
Gunung Sibualbuali	Sarulla, North Sumatera	Production	Sarulla Operation Ltd.
Tabanan	Bedugul, Bali	Exploration	Bali Energy Ltd.

PGE's income from geothermal activities is subject to tax (government share) at the rate of 34% for the Work Area managed before the Law No. 21 of 2014 concerning Geothermal was issued.



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44. GOVERNMENT AUDIT

PT Pertamina EP, PT Pertamina EP Cepu, subsidiaries of PT Pertamina Hulu Energi

The accounting policies stipulated in the PSC are subject to interpretation by SKK Migas and the Government. Every year, the accounting records and financial information from all PSC are subject to audit by SKK Migas and/or the Government. Claims arising from the audit will be approved by the PSC operator and recorded in accounting accounting by the PSC or further discussed with SKK Migas and/or the Government. The settlement of the claims discussed requires a long negotiation process.

Management believes that the audit results for PT Pertamina EP Cooperation Contract and other PSC, wherein PT Pertamina EP Cepu and the subsidiaries of PT Pertamina Hulu Energi have the a Participating Interest, will not have a material impact on the Group's financial position and cash flows.

45. ADDITIONAL INFORMATION RELATED TO CASH FLOWS

a. Activities that do not affect cash flows

	December 31, 2019	December 31, 2018
(Decrease) increase in finance lease assets under fixed assets (Note 12)	(24,181)	19,828
Capitalization of borrowing costs to fixed assets (Note 12)	18,964	31,500
Capitalization of borrowing costs to oil and gas and geothermal properties (Note 13)	25,452	24,885
Addition to oil and gas property arising from provision for decommissioning and site restoration (Note 22)	86,640	87,035

b. Reconciliation of liabilities from financing activities

	Dec 31, 2018	Cash flows	Non-cash changes			Dec 31, 2019
			Dividend declare	Foreign exchange	Others	
Short-term loans	4,347,035	(3,107,812)	-	30,829	-	1,270,052
Dividend payable	-	(563,106)	552,659	10,447	-	-
Long-term liabilities	2,225,877	(129,819)	-	9,120	14,960	2,120,138
Bonds Payable	11,094,096	1,498,855	-	-	21,542	12,614,493
Total liabilities from financing activities	17,667,008	(2,301,882)	552,659	50,396	36,502	16,004,683

	Dec 31, 2017	Cash flows	Non-cash changes			Dec 31, 2018
			Dividend declare	Foreign exchange	Others	
Short-term loans	452,879	3,905,941	-	(11,785)	-	4,347,035
Dividend payable	-	(585,755)	614,939	(29,184)	-	-
Long-term liabilities	2,475,726	(209,420)	-	(46,045)	5,616	2,225,877
Bonds Payable	10,385,873	696,758	-	-	11,465	11,094,096
Total liabilities from financing activities	13,314,478	3,807,524	614,939	(87,014)	17,081	17,667,008

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46. FINANCIAL ASSETS AND LIABILITIES

a. Financial instruments category and fair value measurements

The following tables present to the Group's financial assets and liabilities by category:

	Financial assets				Total
	Fair value through profit or loss	Available for sale	Loans and receivables	Held to maturity	
December 31, 2019					
Cash and cash equivalents	-	-	6,756,252	-	6,756,252
Restricted cash	-	-	182,129	-	182,129
Short-term investments	20,955	364,634	6,995	-	392,584
Trade receivables	-	-	3,446,152	-	3,446,152
Due from the Government	-	-	6,689,595	-	6,689,595
Other receivables	-	-	1,139,419	-	1,139,419
Other investments, net	-	85,834	-	-	85,834
Long-term investments	-	139,822	1,540	467,185	608,547
Other non-current assets	-	-	1,569,940	-	1,569,940
Total Financial Assets	20,955	590,290	19,792,022	467,185	20,870,452
December 31, 2018					
Cash and cash equivalents	-	-	9,112,312	-	9,112,312
Restricted cash	-	-	108,915	-	108,915
Short-term investments	20,534	202,195	2,470	-	225,199
Trade receivables	-	-	3,231,106	-	3,231,106
Due from the Government	-	-	4,758,409	-	4,758,409
Other receivables	-	-	883,490	-	883,490
Other investments, net	-	80,171	-	-	80,171
Long-term investments	-	15,991	1,530	532,370	549,891
Other non-current assets	-	-	1,149,976	-	1,149,976
Total Financial Assets	20,534	298,357	19,248,208	532,370	20,099,469

Other financial liabilities

	December 31, 2019	December 31, 2018
Short-term loans	(1,270,052)	(4,347,035)
Trade payables	(4,643,337)	(3,676,558)
Due to the Government	(1,736,442)	(2,002,825)
Accrued expenses	(2,552,437)	(1,902,515)
Long-term liabilities	(2,120,138)	(2,225,877)
Other payables	(660,999)	(407,196)
Bonds payables	(12,614,493)	(11,094,096)
Other non-current payables	(477,877)	(149,428)
Total financial liabilities	(26,075,775)	(25,805,530)

The Company

The Company entered into a foreign exchange and derivative line agreement with BNI, Mandiri and BRI in order to hedge againsts exchange rate risk. The notional amounts for the periods ended December 31, 2019 and 2018 were US\$210,000 and US\$570,000, respectively.

The fair value of these financial liabilities is estimated using appropriate valuation techniques with inputs that are not based on observable market data.

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46. FINANCIAL ASSETS AND LIABILITIES (continued)

a. Financial instruments category and fair value measurements (continued)

The Company hedges the changes in the fair value of its liabilities due to risks of the foreign exchange rate fluctuations between Rupiah and US Dollar. The net changes in the fair values of the above derivatives instruments above for the periods ended December 31, 2019 and 2018 were US\$1,932 and US\$3,044, respectively.

Subsidiaries

PGN entered into a cross currency swap contract with ABN AMRO Bank N.V. As of December 31, 2019, the cross currency swap contract had ended. The total notional amount for the year ended December 31, 2018 is ¥19,420,211,744 (full amount) (equivalent to US\$159,837).

The fair value of these financial liabilities is estimated using appropriate valuation techniques with inputs that are not based on observable market data.

PGN hedges the changes in the fair value of its liabilities due to the risk of fluctuate in foreign exchange rates between Japanese Yen and US Dollar. The net changes in the fair value of the derivative instruments above for the periods ended December 31, 2019 and 2018 was US\$45 and US\$4,596.

This transaction does not meet the criteria for hedge accounting in accordance with Indonesian Financial Accounting Standards.

b. Offsetting financial assets and liabilities

The following financial instruments are subject to offsetting, enforceable master netting arrangements and similar agreement:

	Gross amount of recognized financial assets	Gross amount of recognized financial assets set off in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount
				Financial instrument	Cash collateral received	
December 31, 2019						
Financial asset						
- Trade receivables	3,595,260	(149,108)	3,446,152	-	-	3,446,152
Financial liabilities						
- Trade payables	4,792,445	(149,108)	4,643,337	-	-	4,643,337
December 31, 2018						
Financial asset						
- Trade receivables	3,327,292	(96,186)	3,231,106	-	-	3,231,106
Financial liabilities						
- Trade payables	3,772,744	(96,186)	3,676,558	-	-	3,676,558

For financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both choose to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.



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47. RISK MANAGEMENT POLICY

The Group has various business activities, which expose it to various potential risks. The Group's overall risk management program focuses on minimising potential adverse effects on the financial performance of the Group.

Risk management is carried out by the Group's Board of Directors, specifically the Risk Management Committee ("the Committee"), Risk Management Unit and Risk Taking Unit to identify, assess, mitigate and monitor the risks of the Group. The Committee provides principles for overall risk management, including business risk and financial risk.

a. Business risks

The Group's business activities are exposed to a variety of business risks (upstream and downstream) which are as follows:

- i. The Group is subject to the control of the Government and there is no guarantee that the Government will always act in the Group's best interest. The Group also derives certain benefits from being a state-owned entity, and the Group cannot guarantee that any or all of these benefits will continue.
- ii. The Group is subject to audit by SKK Migas, BPK, DGT and/or the Government. The outcome of the assessment may result in claims against the Group or reduce claims against the Government that have already been recognized by the Group.
- iii. The Group is dependent on joint venture partners and third party independent contractors in connection with exploration and production operations and to implement the Group's development programs.
- iv. The Group's crude oil, natural gas and geothermal reserves estimates are uncertain and may prove to be inaccurate over time or may not accurately reflect actual reserves levels, or even if accurate, technical limitations may prevent the Group from retrieving these reserves.
- v. The Group is dependent on management's ability to develop existing reserves, replace existing reserves and develop additional reserves.
- vi. A substantial part of the Group's revenues is derived from sales of subsidised certain fuel (BBM) products by the Government.

b. Financial risk

Financial risk includes market, credit and liquidity risks.

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

The market risk factors are as follows:

(i) Foreign exchange risk

Group revenues are determined by the movement of MOPS, which will be paid separately by the public and the Government of Indonesia in the form of subsidised fuel products and LPG products.

Regulations in Indonesia require transactions to be made in Rupiah, while most of the operating costs, particularly for the procurement of crude oil and oil products, are made in US Dollars, which can lead to foreign exchange risks for cash and cash equivalents, trade receivables, due from the Government, trade payables, short-term loans, due to the Government and long-term liabilities.



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47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

i. Market risk (continued)

(i) Foreign exchange risk

The Group naturally mitigates foreign exchange risks through the effective management of its cash flows.

Sensitivity analysis

A strengthening (weakening) of the Rupiah against the US Dollar would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances which were considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and excludes any impact on forecasted sales and purchases.

	Strengthening		Weakening	
	Equity	Profit or loss	Equity	Profit or loss
December 31, 2019				
IDR (1% movement)	109,859	108,001	(107,684)	(105,863)
December 31, 2018				
IDR (3% movement)	364,017	358,908	(342,813)	(338,001)

(ii) Commodity price risk

The volatility in prices of crude oil, natural gas and refined products and the uncertainty of market dynamics for oil and gas could adversely affect the Group's business, financial conditions and results of the Group's operations.

The Group's profitability is significantly affected by the prices of, and demand for, crude oil, natural gas and refined products, the difference between the cost price of crude oil, the costs of exploring for, developing, producing, transporting and selling crude oil, gas and refined products. The international and domestic markets for crude oil and refined products are fluctuative, and have recently been characterized by significant price fluctuations. The fluctuation of the market prices of crude oil, natural gas and refined products is subject to a variety of factors beyond the Group's control.

The Group participates in physical commodity contracts in the normal course of business. These contracts are not derivatives and are measured at cost. In this case, the Group is not exposed to commodity price risk because the price has been determined at the date of purchase.



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47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

(iii) Cash flows and fair value interest risk

The Group is exposed to cash flows and fair value interest rate risk due to its financial assets and liabilities position, mainly to maintain cash flows in order to meet the needs of operational and capital expenditure.

Assets and liabilities with floating rates expose the Group to cash flows interest rate risk. Financial assets and liabilities with fixed rates expose the Group to fair value interest rate risk.

The Group has established a centralised treasury and continuously monitors movements of LIBOR, SIBOR, JIBOR and other borrowing rates prevailing in the market and conducts negotiations to get the most competitive interest rates before making placement of funds or conducts negotiation with lenders if the borrowing rates become uncompetitive compared to prevailing rates in the market.

The Group may use loan facilities provided by national banks such as BNI, BRI, Bank Mandiri, as well as foreign private banks.

At the reporting date, the Group's financial assets and liabilities with floating rates, fixed rates and those that were non-interest bearing were as follows:

	December 31, 2019					Total
	Floating rate		Fixed rate		Non-interest bearing	
	Maturity less than one year	Maturity more than one year	Maturity less than one year	Maturity more than one year		
Assets						
Cash and cash equivalents	4,189,729	-	2,560,780	-	5,743	6,756,252
Restricted cash	163,318	-	18,811	-	-	182,129
Short-term investments	-	-	167,875	-	224,709	392,584
Trade receivables	-	-	-	-	3,446,152	3,446,152
Due from the Government	-	-	-	3,313,801	3,375,794	6,689,595
Other receivables	-	-	-	-	1,139,419	1,139,419
Other investments	-	-	-	-	85,834	85,834
Long-term investments	-	352,551	-	109,205	146,791	608,547
Other non-current asset	-	-	-	-	1,569,940	1,569,940
Total financial assets	4,353,047	352,551	2,747,466	3,423,006	9,994,382	20,870,452
Liabilities						
Short-term loans	(1,270,052)	-	-	-	-	(1,270,052)
Trade payables	-	-	-	-	(4,643,337)	(4,643,337)
Due to the Government	-	-	(26,363)	(796,029)	(914,050)	(1,736,442)
Accrued expenses	-	-	-	-	(2,552,437)	(2,552,437)
Other payables	-	-	-	-	(660,999)	(660,999)
Long-term liabilities	(529,202)	(1,418,944)	(44,524)	(127,468)	-	(2,120,138)
Bonds payable	-	-	-	(12,614,493)	-	(12,614,493)
Other non-current payables	-	(30,564)	-	-	(447,313)	(477,877)
Total financial liabilities	(1,799,254)	(1,449,508)	(70,887)	(13,537,990)	(9,218,136)	(26,075,775)



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47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

i. Market risk (continued)

(iii) Cash flows and fair value interest risk (continued)

	December 31, 2018					
	Floating rate		Fixed rate		Non-interest bearing	Total
	Maturity less than one year	Maturity more than one year	Maturity less than one year	Maturity more than one year		
Assets						
Cash and cash equivalents	5,045,495	-	4,062,697	-	4,120	9,112,312
Restricted cash	21,344	-	87,571	-	-	108,915
Short-term investments	677	-	132,430	-	92,092	225,199
Trade receivables	-	-	-	-	3,231,106	3,231,106
Due from the Government	-	-	-	-	4,758,409	4,758,409
Other receivables	-	-	-	-	883,490	883,490
Other investments	-	-	-	-	80,171	80,171
Long-term investments	-	391,307	-	14,989	143,595	549,891
Other non-current assets	-	-	-	-	1,149,976	1,149,976
Total financial assets	5,067,516	391,307	4,282,698	14,989	10,342,959	20,099,469
Liabilities						
Short-term loans	(4,347,035)	-	-	-	-	(4,347,035)
Trade payables	-	-	-	-	(3,676,558)	(3,676,558)
Due to the Government	-	-	(25,247)	(795,082)	(1,182,496)	(2,002,825)
Accrued expenses	-	-	-	-	(1,902,515)	(1,902,515)
Long-term liabilities	(361,855)	(1,703,996)	(58,722)	(101,304)	-	(2,225,877)
Other payables	-	-	-	-	(407,196)	(407,196)
Bonds payable	-	-	-	(11,094,096)	-	(11,094,096)
Other non-current payables	-	-	-	-	(149,428)	(149,428)
Total financial liabilities	(4,708,890)	(1,703,996)	(83,969)	(11,990,482)	(7,318,193)	(25,805,530)

A change of 40 basis points in floating interest rates at the reporting date would have affected income before tax by the amounts shown below. This analysis assumed that all other variables, in particular foreign currency rates, remain constant.

Effect in:	+40 bp increase	-40 bp decrease
Income before tax	5,949	(5,949)
Cash flows sensitivity, net	5,949	(5,949)

ii. Credit risk

The Group has significant credit risk from unpaid receivables, cash and cash equivalents and investments in debt securities. In most transactions, the Group uses banks and financial institutions that are independently assessed with a rating of AAA, AA+, AA, AA-, A+, A and A-.

For the Group's credit sales, the Group applied a standard operating procedure for credit approval mechanism. With such practice, some portion of the Group's credit sales has been secured with a collateral/bank guarantee. For other credit sales without collateral/bank guarantee, the Group ensured that credit scoring, credit limit evaluation and credit approval were performed and provided prior to any sales to the customer.

The Group also has a Credit Management System to monitor the usage of credit limits and automatic blocking facility in the case of no payment starting from seven days after the maturity date. The Group will impose penalties for overdue payments in some sales contracts based on the result of each customer's credit evaluation.



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47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

ii. Credit risk (continued)

(i) Third parties and related parties

Financial assets neither past due nor impaired

The credit quality of the Group's financial assets that are neither past due nor impaired, was assessed by referencing external credit ratings PT Pemeringkat Efek Indonesia (Pefindo) or to historical information about counterparty default risk rates, as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash and cash equivalents		
Rated		
Rating AAA	5,259,231	7,285,583
Rating AA+	949,988	1,139,349
Rating AA	86,871	50,028
Rating AA-	147	3,528
Rating A+	-	1,381
Rating A	5,107	20,380
Rating A-	27,794	21,472
Not rated	427,114	590,591
Total	6,756,252	9,112,312
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Restricted cash		
Rated		
Rating AAA	145,845	104,230
Rating A-	462	462
Not rated	35,822	4,223
Total	182,129	108,915
Short-term investments		
Rated		
Rating AAA	70,181	25,332
Rating AA+	7,981	1,027
Rating AA	3,635	4,109
Rating AA-	2,904	3,129
Rating A+	3,561	-
Rating A	5,904	5,357
Rating A-	2,516	2,330
Rating BBB	-	3,887
Rating BBB-	-	41,948
Not rated	295,902	138,080
Total	392,584	225,199



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47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

ii. Credit risk (continued)

(i) Third parties and related parties (continued)

Financial assets neither past due nor impaired (continued)

	December 31, 2019	December 31, 2018
Long-term investments		
Rated		
Rating AAA	560	2,597
Rating AA	6,125	5,897
Rating BBB-	4,950	4,950
Not rated	755	552
Total	12,390	13,996
Trade receivables		
Third parties		
> US\$10,000 - Good credit history	1,166,011	1,335,703
< US\$10,000	751	362
Related parties	526,000	675,922
Total	1,692,762	2,011,987
Other receivables		
Third parties		
> US\$10,000 - Good credit history	860,190	661,979
< US\$10,000	51	31
Related parties	178,822	148,777
Total	1,039,063	810,787
Other assets		
Third parties	185,505	80,287
Related parties	53,825	54,228
Total	239,330	134,515

Financial assets that are past due but not impaired

	December 31, 2019	December 31, 2018
Trade receivables		
- Less than 3 months	603,148	431,868
- 3 - 6 months	10,008	61,194
- 6 - 12 months	24,980	21,138
- 12 - 24 months	1,859	11,040
- > 24 months	15,459	11,561
Total	655,454	536,801

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47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

ii. Credit risk (continued)

(i) Third parties and related parties (continued)

Financial assets that are past due but not impaired (continued)

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Other receivables		
Third parties		
- Less than 3 months	52,298	42,912
- 3 - 6 months	1,597	1,699
- 6 - 12 months	1,367	872
- 12 - 24 months	3,331	10,674
- > 24 months	3,646	5,476
Sub-total	<u>62,239</u>	<u>61,633</u>
Related parties		
- Less than 3 months	70	9
- 3 - 6 months	98	7
- 6 - 12 months	3,344	49
- 12 - 24 months	71	15
- > 24 months	67	24
Sub-total	<u>3,650</u>	<u>104</u>
Total	<u>65,889</u>	<u>61,737</u>
Other Assets		
Related parties	<u>10,732</u>	<u>10,679</u>
Jumlah	<u>10,732</u>	<u>10,679</u>

Trade receivables

Trade receivables from third parties and related parties that are past due but not impaired at the reporting date relate to customers who have not had defaults in the past two years. Some of the trade receivables from these customers have also been secured with collateral/bank guarantee.

Financial assets that are impaired

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Trade receivables		
- Current	567,379	453,510
- Less than 3 months	199,305	182,954
- 3 - 6 months	44,900	70,803
- 6 - 12 months	18,612	10,541
- 12 - 24 months	369,859	45,159
- > 24 months	181,458	180,082
Balance carried forward	<u>1,381,513</u>	<u>943,049</u>



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b. Financial risk (continued)

ii. Credit risk (continued)

(i) Third parties and related parties (continued)

Financial assets that are impaired (continued)

	December 31, 2019	December 31, 2018
Balance brought forward	1,381,513	943,049
Impairment	(283,577)	(260,731)
Net	1,097,936	682,318
Other receivables		
Related parties		
- Less than 3 months	28	-
- 3 - 6 months	-	-
- 6 - 12 months	3	297
- 12 - 24 months	2	-
- > 24 months	1,437	1,426
	1,470	1,723
Third parties		
- Less than 3 months	35,441	6,169
- 3 - 6 months	207	673
- 6 - 12 months	507	975
- 12 - 24 months	562	8,362
- > 24 months	18,186	12,631
	54,903	28,810
Impairment	56,373 (21,906)	30,533 (19,567)
Net	34,467	10,966
Other assets		
Related parties		
- > 24 months	18,919	18,190
Third parties		
- 0 -12 months	1,383	9,165
- 12 - 24 months	-	-
	20,302	27,355
Impairment	(20,302)	(27,355)
Net	-	-

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47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

ii. Credit risk (continued)

(i) Third parties and related parties (continued)

Trade receivables

Trade receivables from third parties and related parties as of December 31, 2019 amounting to US\$3,446,152 (2018:US\$3,231,106) has been impaired amounting to US\$283,577 (2018: US\$260,731), with the largest trade receivables from Indonesian Armed Forces/Ministry of Defence amounting to US\$432,781 (2018: US\$318,142) (Note 40a).

Other receivables

Other receivables from third parties and related parties as of December 31, 2019 and 2018 amounting to US\$1,139,419 and US\$883,490 have been impaired by US\$21,906 and US\$19,567, respectively.

(ii) Government

Financial assets neither past due nor impaired

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
The Company		
Receivables from recognition of disparity selling price	5,451,285	2,924,148
Receivable from subsidy reimbursements for JBT products	490,256	175,556
Receivable from subsidy reimbursements for 3 kg LPG cylinders	310,924	1,147,538
Receivables from marketing fees	72,489	72,489
Receivables from kerosene subsidies		
Reimbursement	17,529	16,828
Kerosene conversion	839	10,626
Sub-total	<u>6,343,322</u>	<u>4,347,185</u>
Subsidiaries:		
PEP		
- DMO fees	99,370	106,398
- Underlifting	32,040	18,942
PHE		
- DMO fees	22,684	15,414
- Underlifting	27,261	25,730
PEPC		
- Underlifting	202,563	224,904
PHI		
- DMO fees	32,314	18,780
- Underlifting	2,530	1,056
Sub-total	<u>418,762</u>	<u>411,224</u>
Total	<u>6,762,084</u>	<u>4,758,409</u>
Impairment of receivables from marketing fees	(72,489)	-
Total (Catatan 40)	<u>6.689.595</u>	<u>4.758.409</u>



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47. RISK MANAGEMENT POLICY (continued)

b. Financial risk (continued)

iii. Liquidity risk

The amount of liquidity which the Group requires for its operations is uncertain and its operations may be adversely affected if the Group does not have sufficient working capital to meet its cash and operational requirements. This may occur as a result of, amongst other reasons, delays in the payment of the Government's subsidies.

The Group uses significant amounts of cash in its operations, especially to procure commodities and raw materials. In particular, one of its principal operating costs is the acquisition of feedstock for its refineries. Fluctuations in market prices for crude oil, natural gas and their refined products and fluctuations in exchange rates cause working capital and costs for the Group's upstream and downstream operations to be uncertain.

The Group funds its operations principally through cash flows from operations, a significant portion of which comprises sales, subsidy payments, working capital facilities (including bank overdrafts, L/C and revolving credit), and long-term bank loans. In accordance with the terms of PSO's assignment, the Group is required to submit its claims for subsidy to the Government at the end of each month for the subsidised fuel distributed in that month.

As of December 31, 2019 and 2018 the Group has cash and cash equivalents in the amount of US\$6,756,252 and US\$9,112,312 respectively (Note 5). The Group manages liquidity risk by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of trade receivables and trade payables.

The table below summarizes the maturity profile of the Group's financial liabilities based on cash flows on contractual undiscounted payments:

	Less than 1 year	Later than 1 year but not later than 5 years	Later than 5 years	Total
December 31, 2019				
Financial liabilities				
Short-term loans	1,270,052	-	-	1,270,052
Trade payables	4,643,337	-	-	4,643,337
Due to the Government	954,232	494,789	441,609	1,890,630
Accrued expenses	2,552,437	-	-	2,552,437
Long-term liabilities	467,038	1,295,942	429,483	2,192,463
Other payables	1,177,821	-	-	1,177,821
Bonds payable	577,034	7,652,617	14,262,633	23,492,284
Other non-current payables	-	111,160	39,600	150,760
Total financial liabilities	11,641,951	9,554,508	15,173,325	36,369,784
December 31, 2018				
Financial liabilities				
Short-term loans	4,347,035	-	-	4,347,035
Trade payables	3,676,558	-	-	3,676,558
Due to the Government	1,211,056	262,428	531,845	2,005,329
Accrued expenses	1,902,515	-	-	1,902,515
Long-term liabilities	456,506	1,530,224	343,001	2,329,731
Other payables	1,257,437	-	-	1,257,437
Bonds payable	611,409	5,886,768	14,088,112	20,586,289
Other non-current payables	-	120,591	58,314	178,905
Total financial liabilities	13,462,516	7,800,011	15,021,272	36,283,799

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47. RISK MANAGEMENT POLICY (continued)

c. Capital management

The Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, retained earnings, non-controlling interests and other equity components. The Board of Directors ensures the return on capital as well as the level of dividends.

The Group as an entity whose main business involves oil and gas monitors capital on the basis of the debt-to-equity ratio. Net debt is calculated as total interest bearing borrowings including short-term and long-term, while total capital is calculated from equity in the statement of consolidated financial position. Weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) for December 31, 2019 and 2018 were 5.28%, and 5.17%, respectively.

The Group's debt to equity ratio at the reporting date is as follows:

	December 31, 2019	December 31, 2018
Total liabilities (interest bearing)	16,857,639	18,487,337
Total equity attributable to owners of the parent	28,780,995	27,598,721
Debt-to-equity ratio	58.57%	66.99%
Total own capital to total assets ratio*	40.66%	40.31%
Return-on-equity ratio*	12.84%	13.21%

* Based on definition as required in KEP-100/MBU/2002

d. Fair value

The following are the Group's financial assets that were measured at fair value at December 31, 2019:

	Level 1	Level 2	Level 3	Total
Financial assets				
Short-term investments	323,537	62,597	6,450	392,584
Other investments, net	-	-	85,834	85,834
Total financial assets	323,537	62,597	92,284	478,418

As of December 31, 2019, there were no transfers of fair value measurement between level 1, level 2 and level 3.

The table below shows the carrying amounts and fair values of long-term financial liabilities as of December 31, 2019 and 2018:

	Carrying amount		Fair value	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Long-term liabilities (Note 19)	2,120,138	2,225,877	2,162,222	2,329,464
Bonds payable (Note 20)	12,614,493	11,094,096	14,232,462	11,101,427
Total financial liabilities	14,734,631	13,319,973	16,394,684	13,430,891



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47. RISK MANAGEMENT POLICY (continued)

d. Fair value (continued)

The fair value of long-term liabilities is measured using the discounted cash flows based on the interest rate on the latest long-term liabilities of the Group. The fair value of bonds payable is determined by reference to market price at the reporting date.

48. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Cooperation contract commitment

In accordance with the Cooperation Contract, PT Pertamina EP shall relinquish minimum of 10% of the original contract area to the Government on or before the end of the tenth year from the effective date of the Cooperation Contract. On July 18, 2013, PT Pertamina EP relinquished 18.02% of initial working area to the Government.

PT Pertamina EP is required to pay a bonus to the Government amounting to US\$500 in 30 days after cumulative production of oil and gas reaches 500 MMBOE from the effective date of the Cooperation Contract (has been paid by PT Pertamina EP in January 2011), US\$1,000 in 30 days after the cumulative production of oil and gas reaches 1,000 MMBOE since the effective date of the PSC (paid by PT Pertamina EP in January 2015), and US\$1,500 in 30 days after cumulative production of oil and gas reaches 1,500 MMBOE since the effective date of the PSC.

PT Pertamina EP's cumulative production of oil and gas until December 31, 2019 has not yet reached 1,500 MMBOE.

On December 31, 2019, PT Pertamina Hulu Energi had 15 exploration commitments in relation to PSC profit sharing contracts with commitments between US\$11,750 to US\$225,000 and 11 exploration commitments in relation to the Gross Split contract with a commitment amounting to US\$15,550 to US\$250,000.

PT Pertamina Hulu Indonesia has expenditure commitments and work plans with a commitment value between US\$141,300 to US\$703,000 with a period of six years from the effective date of the contract.

b. Capital commitments

The Group has capital expenditure commitments in the normal course of business. As of December 31, 2019, the Group's unrealized total outstanding capital expenditure commitments amounting to US\$359,124.

c. Operating lease commitments - Group as lessee

Non-cancellable operating lease payments are as follows:

	December 31, 2019	December 31, 2018
Less than one year	557,034	493,867
Between one to five years	479,413	559,313
More than five years	58,874	33,284
Total	1,095,321	1,086,464



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48. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

c. Operating lease commitments - Group as lessee (continued)

The Group leases a number of vessels, office buildings, vehicles and IT facilities under operating leases. The leases typically run for a period of ten years, with an option to renew the lease.

In December 31, 2019 and 2018, operating lease expense was US\$839,528 and US\$343,868, respectively (Notes 31, 35, and 36).

d. Gas sale and purchase agreement

As of December 31, 2019, the Company through PT Pertamina EP had a commitment to sell gas of 1,005,384 MMSCF to several customers. The gas will be delivered from 2018 to 2031.

As of December 31, 2019, the Company, through PHE, has various significant gas supply agreements ("PJBG") with various customers, with gas volume of each contract between 33.27 TBTU to 128.43 TBTU. The expiration of these agreements ranges from 2020 until 2023.

As of November 13, 2017, the Company, through PT Pertamina EP Cepu signed PJBG agreement to deliver gas with volumes 172 MMSCFD. This contract is effective for 20 years since agreement date or JTB field reservoir capability with a gas selling price of US\$6.7 per MMBTU.

As of December 31, 2019, the Company, through PGN has 55 PJBG with working areas in Sumatra, Java, Kalimantan and Papua with contract periods of 1 - 30 years. The effective year of the agreement ranges from 2002 to 2019 and the year ends of the agreement ranges from 2019 (in the process of being extended until 2021) to 2037, ends when the agreed quantity is reached, or a combination of both, which occurs first.

Based on the Republic of Indonesia's Presidential Regulation No. 40 Year 2016 concerning the Determination of Natural Gas Prices and the Minister of Energy and Mineral Resources Regulation of the Republic of Indonesia No. 40 Year 2016 regarding Natural Gas Prices for Certain Industries, the Company made an amendment to the contract reduction in gas prices in the gas purchase agreement with certain industries and effective since January 30, 2017.

e. LNG long-term purchase contract commitment

The Company signed a Long-Term LNG Purchase Contract with several sellers for LNG trading business, as follows :

Sellers	Date of Agreement	Periods	Minimum quantity (million tons per year)
Corpus Christi Liquefaction, LLC	March 20, 2015	2019-2040	0.5 – 1.5
Chevron Rapak, Ltd., Eni Rapak Limited, Tiptop Rapak Limited	November 21, 2016	2016-2021	0.06 – 0.42
Total Gas & Power Asia Private Limited	December 21, 2016	2020-2034	0.38 – 1.0
Eni Muara Bakau B,V., GDF SUEZ Exploration Indonesia B,V., PT Saka Energi Muara Bakau	February 21, 2017	2018-2024	0.5 – 1.4
Woodside Energy Trading Singapore Pte, Ltd,	June 5, 2017	Tranche A: 2019-2033 Tranche B: 2024-2038	0.07 – 0.57 0.5 – 1.07

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48. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

e. LNG long-term purchase contract commitment (continued)

Sellers	Date of Agreement	Periods	Minimum quantity (million tons per year)
Mozambique LNG1 Company Pte, Ltd,	February 13, 2019	2025-2034	1.0

As of December 31, 2019, the Company has not been able to absorb purchase of LNG equal to 5.5 cargo from ENI Muara Bakau due to no distribution to PLN as an end user. Management provide a provision on the Take or Pay amounting to US\$113,715 in accordance with the best estimation considering there is uncertainty on the make-up volume of the LNG in the future.

Management has estimated the economic value of such contracts in accordance with the criteria stated in SFAS 57 regarding provisions, contingent liabilities and contingent assets for a onerous contract (Note 2ae) by considering several parameters including price, demand and discount rate as of the reporting date. An estimate of the economic value has been established, which is lower, compared to penalties if the company does not carry out the commitment according to the contract. Such lower value then is recognized as a provision, measured and presented as an other expense in the income statement of US\$405,629.

f. Transfer agreement of 10% participating interest ("PI")

On December 19, 2017, PT PHE ONWJ and MUJ ONWJ signed a 10% PI transfer agreement at ONWJ PSC from PHE ONWJ to MUJ ONWJ. The agreement is effective on the date of receipt of approval from the MoEMR or on the date stipulated by the MoEMR in his approval letter.

On May 17, 2018, the approval 10% of PI transfer in the ONWJ working area has been approved by the MoEMR through a Letter from the MoEMR to the Head of SKK Migas No. 2803/13/MEM.M/2018. Stated in the letter, the date of the transfer of PHE ONWJ to MUJ ONWJ is from the effective date of the Block ONWJ PSC.

On December 17, 2018, the PI transfer value was determined through a Letter from the MoEMR to the Head of SKK Migas No. 3149/12/MEM.M/2018. The transfer value is calculated from the BUMD's liability for the portion of the implementation guarantee (Performance Bond) for the implementation of a definite work commitment and the portion of the unrecovered cost payment by the new PSC Contractor to the old PSC Contractor with a value of US\$43,292.

On September 19, 2018, PHM and PT Migas Mandiri Pratama Kutai Mahakam ("MMPKM") signed the Principal Agreements regarding Transfer of the 10% Plan Participating Interest in the Mahakam Working Area, where the parties will hold more intensive discussions regarding the terms and conditions.

On July 17, 2019, PHM and MMPKM had signed the Transfer and Management Agreement of 10% PI in Mahakam PSC in the Mahakam Working Area, which included regulating compensation, financing mechanisms, returns and production sharing.

On September 12, 2019 the approval of the transfer of the 10% PI in the Mahakam working area was approved by the MoEMR through a Letter from the MoEMR to the Head of SKK Migas No. 371/13/MEM.M/2019. It is stated in the letter that the date of the transfer of PHM to MMPKM is from the effective date of the Mahakam Block PSC.



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48. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

f. Transfer agreement of 10% participating interest ("PI") in the ONWJ Block PSC (continued)

Starting from the date of transfer, payment of MMPKM portion of production sharing will be made by PHM on monthly basis, after deducting MMPKM's portion of PSC Mahakam's operating costs and other obligations in accordance with PSC.

In the event that the share of MMPKM production in the current month does not meet the share of operating costs that must be paid by MMPKM, the underpayment of operating costs will be calculated in the following months.

To guarantee MMPKM's revenues, the MMPKM share of production and operating costs are calculated by using a provisional percentage for the full year. If the accumulated operating costs that must be paid by MMPKM to PHM in one year exceeds the MMPKMM portion of the production share, PHM will provide an MMPKM payment of US\$1 (full amount) each month in the following year.

On August 7, 2018, PHE Siak and PT Riau Petroleum Siak signed the Transfer and Management Agreement of a 10% participating interest in accordance with Minister of Energy and Mineral Resources Regulation No. 37/2016 regarding Provisions on the 10% PI Offer in the Oil and Gas Working Area.

g. Lease of BMN

Based on the Minister of Finance Decree No. 92/KMK.06/2008 dated May 2, 2008 stipulates that the status of the ex-Old Pertamina assets not included in Pertamina's Opening Balance Sheet in accordance with the Minister of Finance Decree No. 23/KMK.06/2008, are State Assets ("BMN") where the management of such assets is carried out by the DJKN.

On October 7, 2008, SKK Migas issued a letter to the Minister of Finance suggesting that PT Pertamina EP could use BMN for free. On January 14, 2009, the Minister of Finance rejected the advice given by SKK Migas.

Based on the Minister of Finance cq. DJKN Letter No.S-23/MK.6/2009 dated January 21, 2009, the Government agreed to implement a lease scheme for former Pertamina old assets amounting to Rp16,226,357 million (equivalent to US\$1,444,269).

Based on the minutes of the meeting on January 23, 2009, which was attended by Pertamina and the Minister of Finance cq. DJKN representative, agreed that the lease scheme applies to former Pertamina's assets, except for wells and land valued at Rp6,753,549 million, with total leases for the related assets of Rp9,472,808 million for a period of 32 years.

Based on the Decree of the President Director of Pertamina No. Kpts-023/C00000/2009-S0 dated March 6, 2009, the lease rate of PSC assets is determined while waiting for the official lease contract to be determined by the Ministry of Finance of Rp9,472,808 million for a period of 32 years or Rp296,025 million per year.

With the transfer of Pertamina's PSC activities to PT Pertamina EP, effective starting September 17, 2005, the lease agreement involved PT Pertamina EP. On December 12, 2014, the Minister of Finance submitted letter No. S-837/MK.06/2014 to SKK Migas and states that the BMN lease fee is treated as a cost recovery of PT Pertamina EP.



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48. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

g. Lease of BMN (continued)

As a follow up to the Minister of Finance's letter, the Head of SKK Migas issued letter No. SRT-1294/SKKO0000/2014/S4 dated December 30, 2014 and said that basically SKK Migas can approve the imposition of BMN leases as an operating cost (cost recovery) as long as these assets are used in the upstream oil and gas operations of PT Pertamina EP. As the result of the stocktaking of BMN ex Pertamina's assets that have been reported to the Minister of Finance through a letter from the President Director of Pertamina No. 194/C00000/2011-S0 dated March 29, 2011, SKK Migas stated that the basis for leasing should be Rp6,630,929 million (revaluation value), for assets, equipment, buildings and other assets that currently uses by PT Pertamina EP. SKK Migas recalculated the liabilities on the basis of the lease use the same method as the Ministry of Finance and stated the lease liabilities that should be paid is Rp2,227,578 million for the starting period 2003 until June 30, 2014.

Following up on the SKK Migas letter, Pertamina made a lease payment of the agreed value as cost recovery by SKK Migas through an offsetting mechanism of Government liabilities. Management believes that the contractual agreement relating to the BMN used must be recorded as a financial lease.

On September 20, 2016, a State Property Rental Agreement was signed between the Ministry of Finance of the Republic of Indonesia and PT Pertamina EP No.PRJ-3-MK.6/2016 and No.1307/EP0000/2016-S0 ("Agreement") with a basis of imposition of BMN rental of Rp6,630,929 million (equivalent to US\$504,560). Based on the agreement, the Ministry of Finance of the Republic of Indonesia will not collect lease fees for BMN not used by PT Pertamina EP because the BMN is not included in the scope of the Agreement. Therefore, in 2016, PT Pertamina EP made corrections on BMN lease payable which was not used by PT Pertamina EP in the amount of Rp1,527,330 million (equivalent to US\$112,610)

In December 2019 and 2018, PT Pertamina EP made payment on BMN's lease payable for each period amounting to Rp207 billion (equivalent to US\$14,820, 2018:US\$14,407) with the latest payment based on lease agreement No. PRJ-1/MK.6/2019 or No.1379/EP0000/2019-S0 between the Ministry of Finance of the Republic of Indonesia and PT Pertamina EP.

On June 18, 2019, the Minister of Finance issued Regulation No. 89/PMK.06/2019 regarding Management of State-Owned Assets from the Implementation of the Upstream Oil and Gas Cooperation Contract ("PMK No.89/PMK.06/2019"). For future lease periods, the method of calculating asset leases will refer to PMK No.89/PMK.06/2019.

PHI measures the fair value of the cost of utilizing assets to the Government using the fair value of the assets used deducted by adjustment factors and incentives: a) asset mapping; b) write-off assets; c) security costs; d) asset reporting; e) land certification; and f) realization of production targets.

The fair value approach of assets for PHI is obtained, among others, through self assessment by considering utility factors and production capacity or through the results of external assessments by the Office of Public Appraisal Services.

On the basis of PMK No.89/PMK.06/2019, PHI has calculated the amount of the lease and has recorded the lease liability as of December 31, 2019.

The oil and gas assets of ex-ONWJ PSC owned by the DJKN are used by the ONWJ Gross Split PSC contractor with a lease scheme.



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48. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

g. Lease of BMN (continued)

On January 16, 2018 Lease Agreement No. PRJ-1/KN/2018 was signed by PT PHE ONWJ and DJKN for the lease period from January 19, 2017 to January 19, 2018, with a lease value of Rp225,603,000,000 (full amount). The lease period can be extended based on a written request submitted by PHE ONWJ to DJKN through SKK Migas.

On April 17, 2018 Lease Agreement No. PRJ-2/KN/2018 was signed by PT PHE ONWJ and DJKN for the lease period from January 19, 2018 to January 18, 2019 with a lease value of Rp202,650,750,000 (full amount). The lease period can be extended based on a written request submitted by PHE ONWJ to DJKN through SKK Migas.

For the lease period from January 2019 to January 2020, PHE ONWJ is still waiting for the Minister of Finance Regulation ("PMK") regarding changes in the method of calculating asset leases to be issued by DJKN. For the lease period, the asset will refer to PMK No.89/PMK.06/2019.

h. Lease, Operation and Maintenance Agreement

On January 25, 2012, PGN and Hoegh Lampung signed a lease, operation and maintenance agreement that is valid from the date of shipment and ends 20 years after the date of delivery.

On February 21, 2014, PLI, PGN and Hoegh Lampung signed a Novation Agreement on Amended and Restated Leases, Operations and Maintenance Agreements whereby PGN's rights and obligations related to the above agreement were transferred to PLI. Through the novation agreement, Hoegh Lampung will provide the Lampung FSRU and perform regasification process for 20 years with an option to extend for two periods of 5 years each.

On September 14, 2015, PT Kalimantan Jawa Gas ("KJG"), PLN, PT Senamas Energindo Mineral, PT Bakrie & Brothers Tbk. and PC Muriah Ltd. ("PCML") put into effect the Novation and Amendment Agreement to the Gas Transportation Agreement ("GTA Kalija I") wherein KJG is the Transporter, PLN is the Off-taker, and PCML is the Shipper. Based on the Gas Transportation Agreement, Transporter agreed to provide gas transportation services from the Kepodang field to the PLN's power plant facilities in Tambak Lorok.

This agreement is valid for 12 years from the start of the gas delivery date. On June 8, 2017, PCML gave a notification about the force majeure regarding the Kepodang-Tambak Lorok Gas Transportation Agreement.

i. Legal case

Class action related to on environmental issues at PHE ONWJ Block

In relation to the oil spills incident in Karawang seawaters in West Java which was suspected to be originating from YYA-1 re-entry well in the ONWJ block, currently the Directorate of Certain Crimes, Criminal Investigation Police, is conducting an investigation of alleged criminal acts of environmental pollution as referred to in the Law Number 32 of 2009 concerning Environmental Protection and Management and investigations by the West Java Regional Police regarding allegations of misuse of the 2019 budget related to PHE ONWJ which carry out crude oil drilling activities and maintenance of pipelines as well as the use of budgets for financing for communities affected by oil leakage in the Karawang region of West Java.

As of the date of the financial statements, there has been no further investigation by the Criminal Investigation Police and the West Java Regional Police. However, the Investigation Termination Order (SP3) for the Police Report has not yet been issued.



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48. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

i. Legal case (continued)

Class action related to environmental issue at PHE ONWJ Block (continued)

The lawsuit occurred because part of the oil spill which allegedly originated from the YYA-1 well spread to various places and is believed to affect the lives of local residents in numerous areas.

Some of residents who live in Banten Bay (Serang City) have filed lawsuits or class action suits against PT Pertamina (Persero) as Defendant I and PHE ONWJ as Defendant II. The plaintiff claim for compensations from the defendant because they believed that the oil spill from YYA-1 well negatively impacted their lives.

As of the date of the consolidated financial statements, the trial process is still ongoing at the Central Jakarta District Court.

Alleged Criminal Related to PHE WMO's Operatorship

PHE WMO is the operator of the West Madura Offshore Block ("WMO"). The other contractors are PT Mandiri Madura Barat ("MMB") and Kodeco Energy Co. Ltd. ("Kodeco").

In the oil and gas operations of WMO PSC, PHE WMO conducts exclusive operations (sole risk) which in accordance with the WMO JOA, all rights and obligations from sole risk activities belong to PHE WMO. However, during the period from January 2013 to December 2016, Kodeco and MMB received revenues from such PHE WMO sole risk operations, subsequently such over allocated revenue was collected by PHE WMO through monthly cash calls.

MMB claimed that there have been overpaid cash calls for period from January 2013 to December 2016 amounting to US\$16,481. MMB reported PHE WMO to the Criminal Investigation Unit of the National Police Headquarters over criminal act.

The Police report is currently in the process of investigation, as a form of prudence, PHE WMO has requested a legal opinion from the Attorney General's Office of the Republic of Indonesia and submitted an audit request to BPK to conduct an audit of this sole risk activities.

In accordance with the BPK's letter No. 175/S/XX/07/2019 dated July 23, 2019, PHE WMO returned US\$16,481 to MMB. Furthermore, PHE WMO and MMB agreed to appoint an independent auditor to conduct audits related to the overpaid cash calls and over allocation of revenue from each party.

Force majeure on Kepodang Transportation Gas Agreement - Tambak Lorok Declaration by PC Muriah Ltd ("PCML")

On June 8, 2017, PCML gave a notification regarding the force majeure regarding the Kepodang Gas Transportation Agreement ("GTA") - Tambak Lorok.

Due to the inability of PCML to fulfill the gas volume commitments in accordance with the GTA Kalija I, according to the provisions of GTA Kalija I, a ship-or-pay obligation arises which must be resolved by the party that caused the ship-or-pay. KJG has held deliberations with PCML related to ship-or-pay obligations in 2016 since the beginning of 2017, but until the end of 2017, PCML has not completed the ship-or-pay obligations. In addition, PCML also submits forceful claims according to the PCML letter. In response to the force majeure claim, KJG submitted a rejection letter dated June 13, 2017, where KJG noted that in accordance with the GTA Kalija I, the condition for force majeure was validated by an independent consultant appointed jointly by the parties which was then examined and approved by SKK Migas.



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48. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

i. Legal case (continued)

Force majeure on Kepodang Transportation Gas Agreement - Tambak Lorok Declaration by PC Muriah Ltd ("PCML") (continued)

PCML has appointed Lemigas as an independent consultant to examine the force majeure. However, the KJG considers the appointment and results of the Lemigas report to be inconsistent with the provisions contained in the GTA Kalija I.

With the conditions of force majeure in accordance with GTA Kalija I not yet fulfilled, all parties' rights and obligations will continue to apply, particularly in relation to ship-or-pay. KJG has also requested the assistance of BPH Migas as a mediator for the ship-or-pay issue. BPH Migas invited the parties to the GTA Kalija I on March 20, 2018, and May 8, 2018, but PCML was absent at the two meetings. Considering KJG had made deliberation and mediation efforts, finally on August 29, 2018 KJG filed an arbitration suit for the fulfillment of ship-or-pay obligations for the year 2016-2018 as well as ship-or-pay obligations for the year 2019-2026 to the Hong Kong International Chamber of Commerce ("ICC"). PCML has stopped gas delivery on September 23, 2019 therefore since September 24, 2019 there has been no gas delivery through the KJG pipeline. Effective on December 13, 2019, KJG has terminated the GTA Kalija I through letter dated November 13, 2019, since KJG does not see good faith from PCML to continue and carry out its obligations in accordance with those set and agreed in the GTA Kalija I. In relation to the termination, KJG has submitted a claim for compensation in the Statement of Claim dated 28 February 2020 to the ICC.

Management believes that the arbitration result will have a positive impact on the KJG. Arbitration is expected to be completed by the end of 2021

PT Barkrie Harper Corporation Lawsuit

On November 20, 1996, the Company entered into a Build and Rent Agreement in the form of Development, Operation, Lease and Maintenance of Piping Kertapati-Jambi ("Pipeline Project Work") No.SPb-1474A/C000/96 with PT Bakrie Harper (formerly PT Bakrie Harper Corporation - "Bakrie"). Total Pipeline Project Work Value and Rental fee was US\$144,068 and US\$16,703 (excluding VAT), respectively. The lease term for such project is 10 years with commencement date of the project development on May 19, 1997.

Due to the monetary crisis in 1998, the Company delayed the Pipeline Project Work and renegotiated the project value. In 2001, both parties agreed to appoint Deloitte Touche ("Deloitte") as an independent party to audit fair market costs of the Pipeline Project Works. Based on the Deloitte audit report issued in 2001, fair market costs and rental costs were US\$92,125 and US\$7,616 respectively.

On August 27, 2002, Pertamina appointed BPKP to conduct due diligence to obtain a fair market value for the costs incurred by Bakrie for the project from the start date to the date when the project development stopped. Based on the BPKP report released on December 23, 2003, it is noted that the physical progress of the Pipeline Project Work was 10.6853% with a fair value of US\$15,394 exclude the compensation for investment costs incurred. BPKP also noted that the Pipeline Project Work is no longer economics and feasible to continue.



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48. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

i. Legal case (continued)

PT Barkrie Harper Corporation Lawsuit (continued)

On June 9, 2017, both parties agreed to settle the case through the Indonesian National Arbitration Board ("BANI"). The amount claimed by Bakrie is US\$15,394 for physical progress work and US\$17,307 for 14 years of interest. Based on BANI decision No. 969/VIII/ARB-BANI/2017 dated February 21, 2018, it is noted that the Pipeline Project Work agreement is already expired, the physical progress of the Pipeline Project Work is 10.6853% and the Company should pay to Bakrie the amount of US\$15,856, which consists of compensation and total interest to Bakrie amounting to US\$15,394 and US\$462, respectively.

On April 16, 2018, the Company appointed the Attorney General's Office of the Republic of Indonesia ("Jamdatun") to provide legal assistance and to propose Legal action related to BANI decision. The Company is willing to settle BANI decision with condition that the payment made by the Company is based on BPK report and should be supported by adequate documents, including land rights with value equal to the payment will be made by the Company. The cancellation claim has been submitted by Jamdatun through the Central Jakarta District Court but was refused. Based on the advice of the State Attorney, in the event that Bakrie submitted an attempt to execute the BANI verdict, the Company has the option to file a lawsuit against the execution.

On September 18, 2019, Pertamina received a warning/ warning call (Aanmaning) from the Central Jakarta District Court to carry out its obligations to voluntarily implement the BANI decision ("Reprimand") I, which subsequently Pertamina received Reprimand II on October 2, 2019 and Reprimand III on December 10, 2019. During the period of Reprimand I, Reprimand II and Reprimand III, Pertamina and Bakrie have simultaneously made efforts to resolve the implementation of the BANI decision with negotiation points in the form of (i) reduction of payment obligations to US\$12,189 (ii) does not account for interest and (iii) Bakrie will hand over a parcel of land with certificate of HGB No. 348 Kelurahan Kasang, Kecamatan Jambi Timur, Jambi Province related to the Kertapati – Jambi Pipeline Project.

These negotiation efforts have been submitted to the Central Jakarta District Court Bailiff, so that the Central Jakarta District Court now awaiting the outcome of these negotiation. Once obtaining the Pertamina Board of Directors' decision, the agreement to finalize the implementation of the BANI Decision will be formalized in an Agreement.

j. The PSO assignment to supply fuel products

The Company has a relationship with the Government for the assignment of PSO to supply certain fuel products. The Company and the Government agreed to use Mean of Platts Singapore ("MOPS") as the basis for the market price of fuel projects use to calculate the amount of subsidies. However, the retail selling price of certain fuel products issued by the Ministry of Energy and Mineral Resources during 2018 and 2019 cannot cover all costs for procuring and distributing fuel products which resulted losses from the sale of PSO fuel products for the years ended December 31, 2019 and 2018.



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48. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

k. Reimbursement of investment costs for previous PSC contractors

The Minister of Energy and Mineral Resources Regulation No.26/2017, No.47/2017, No.24/2018 and No.46/2018 requires the new PSC contractor to reimburse certain investment costs spent by the previous PSC contractor that had not been recovered at the time the PSC expired. The amount to be replaced is based on verification and approval from SKK Migas. Based on the SRT-0665/SKKMA0000/2018/S4 letter dated August 13, 2018 from SKK Migas, the amount to be reimbursed by Pertamina Hulu Sanga-Sanga ("PHSS") to the previous Sanga-Sanga PSC contractor was US\$111.9 million. PHSS disagreed with such amount and is in process to obtain assistance from the relevant institutions to verify the reasonable amount to be paid. As of December 31, 2019, the total investment costs to be reimbursed to the previous Sanga-Sanga PSC contractor had not been recognized.

l. Mechanism of Trustee Borrowing Structure ("TBS")

On June 13, 2019, PEPC through TBS obtained the following financing facilities for the JTB project development with a total facility of US\$1,846,400:

- a. The Jambaran-Tiung Biru Loan Agreement, which was signed by the HSBC Bank USA as Trustee, MUFG Bank Ltd. as an Agent and Lender, with a total facility of US\$700,000 from Tranche A and US\$1,046,400 from Tranche B. The loan bears interest at a rate of LIBOR + applicable margin of 2.95% for Tranche A and LIBOR + applicable margin of 2.15% for Tranche B.
- b. The Jambaran-Tiung Biru Wakala Agreement, which was signed by the Trustee and MUFG Bank (Malaysia) Berhad as an Investment Agent, with a total facility of US\$40,000 from Tranche A and US\$60,000 from Tranche B. The loan bears interest at a rate of LIBOR + applicable margin of 2.95% for Tranche A and LIBOR + applicable margin of 2.15% for Tranche B.

The Tranche A loan principal is repayable on a semi-annually basis with the first payment due on March 31, 2022 and the final payment due on March 31, 2034. The Tranche B loan principal is repayable every six months with the first payment due on the date March 31, 2022 and final payment will be due on March 31, 2029.

The outstanding bank loan as of December 31, 2019 is US\$316,000. The total interest expense and commitment fees incurred during the year is US\$4,450 and US\$8,709, respectively. As of December 31, 2019, PEPC complied with the restrictions set forth in the loan agreement. PEPC records the remaining funds in the trustee account as of December 31, 2019 as restricted funds.

m. The Company's commitment to carry out exploration activities

In accordance with the amendment to the Jambi Merang Block PSC Gross Split Agreement on October 14, 2019, the Company has a commitment to carry out exploration activities in the open areas of Indonesia with a total commitment expenditure of US\$196,500 for the initial 5 (five) years of contract.

n. RDMP project, RU-V Balikpapan, and Lawe Lawe project

The Company has signed various contracts relating to the Balikpapan RU.V RDMP Project and the Lawe Lawe project with a total contract amount of US\$2,594,596 and Rp25,894,796 million, respectively.

On December 31, 2019, the Company made a prepaid payment to the vendor of US\$199,915 (note 14c).



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48. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

o. Provision for asset decommissioning and site restoration for PHM, PHSS, PHKT, and PT Pertamina Hulu Energi OSES (“PHE OSES”)

As discussed in Note 3.b.viii the Group recognizes provisions for ASR for all assets in the Group’s PSC area, except for the following subsidiaries, for which the extent of decommissioning and site restoration liabilities are still being clarified by the Government:

- (i) PHM, PHSS and PHKT: Provisions for ASR are recognized for asset built during the current PSC terms;
- (ii) PHE OSES: Provision for ASR are recognized for assets currently used by PHE OSES

As of the completion date of these consolidated financial statements, discussions with the Government are still ongoing.

p. Rate for utilization of Badak LNG Plant for Sales Contracts of Western Buyers (“WBX”) and Regas

The Minister of Finance through the DJKN, in Letter No.S-355/MK.6/2017 dated December 29, 2017 regarding approval for the utilization of state property in the form of Badak LNG Plant Assets for Natural Gas from Post-2017 Mahakam Working Area, gives approval to PHM to utilize the Badak LNG plant for gas processing from Mahakam working area by paying a utilization tariff of US\$0.22/MMBtu, excluding operating and maintenance costs and capital expenditure (“Letter S-355/2017”).

However, Letter No. S-355/2017 is not in line with the prior approval of the Minister of Finance in letter No S-651/MK.6/2011 regarding Utilization and Optimization of Badak LNG Plant Assets for the Mahakam WK Gas dated October 20, 2011 to the President Director of PT Pertamina (Persero) (“Letter S-651/2011”), item 3.a in the letter stated that the Minister of Finance approved the use of assets without leasing to contractors PSC who were still bound in LNG sales contracts (Vico, Total EP, and Chevron), concerning that gas sales contracts had been signed by the Government and gas producers in the past.

Exception to the Letter S-651/2011 are given to PSC contractors whose sales contracts have been signed before the issuance of Letter S-651/2011 (including sales contracts of WBX and Regas). At the time the letter was issued, no contractor has been appointed by the Government for the Mahakam working area post 2017. Considering the current stipulation of the Mahakam working area contract effective January 1, 2018, the PHM believes that the PHM is also entitled to exemption from utilization rates as it continues to supply LNG for sales contracts of WBX (until 2020) and Regas (until 2022).



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48. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

p. Rate for utilization of Badak LNG Plant for Sales Contracts of Western Buyers (“WBX”) and Regas (continued)

Therefore, since the issuance of the Letter No. S-355/2017, PHM, with the approval of SKK Migas, requests the exemption from the Badak LNG plant utilization tariff to the Minister of Finance for the WBX and Regas sales contract with the following considerations:

- WBX and Regas sales contracts are signed by the Government and gas producers in the past, where the Minister of Finance through Letter S-651/2011 once provided fee waivers for the utilization costs of the Badak LNG plant;
- Fulfillment of WBX and Regas sales contracts is the Government’s assignment to PHM as the operator of the post-2017 Mahakam working area as an implementation of the Government’s commitment to buyers (based on Letter of Intent, dated March 26, 2010, regarding Upstream Oil and Gas Business Activities in the Mahakam Block and the letter of Director General of Oil and Gas No. 16777/15/DJM.B/2012, November 22, 2012, regarding Guaranteed LNG Supply for FSRU West Java Post-2017). The Government appointed PHM as a contractor for the post-2017 Mahakam working area on April 14, 2015, and as the consequence, The PHM required to continue supply to Pertamina that act as the seller of the State and contractor for the fulfillment of the WBX and Regas LNG sales contracts (based on the Mahakam LNG Development Agreement dated June 26, 2018 and the Marketing, Sales, Supply and Handling Sales Liabilities Agreement for LNG Sales from the Mahakam Working Area to Western Buyers on August 9, 2018);
- The BMN rates charged on these sales contracts is included the economic of the contract price at the time of signing of the sales contract;
- The renegotiation of the sales price of the sales contract (due to additional costs of utilizing the Badak LNG plant) is not allowed under the sales contract. If so, the buyer will potentially terminate the contract; and
- The Imposition of tariffs for utilizing Badak LNG plant is not in line with the Government Regulation No.27/2014 principle stipulates that the utilization scheme can only be applied to a BMN that has not been used optimally. The Badak LNG Plant, since its operation in 1977 to date, is still being optimally used for upstream oil and gas business activities by the Government and contractors.

The dispute amounts for the utilization of the Badak LNG plant in relation to WBX and Regas sales contracts is :

- US\$29,139 Mahakam PSC portion or US\$13,713 PHM portion (47.0588%) in 2018; and
- US\$29,863 Mahakam PSC portion or US\$11,711 PHM portion (39,2157%) in 2019.

The negotiation process between the PHM and the Government is still ongoing through several meetings, the latest meeting was held on February 6, 2020 and was attended by LMAN, SKK Migas and PHM. The outcome of this meeting will be a planned high-level meeting to discuss the clarity of the costs for utilizing the Badak LNG plant in relation to the WBX and Regas sales contracts. The meeting is planned to be held in the second quarter of 2020 between LMAN, SKK Migas, PHM, PHI, and will be facilitated by experts from the MoEMR.

Based on the above circumstances, the Group does not accrue the costs of utilizing the Badak LNG plant in the consolidated financial statements for the year ended December 31, 2019 and 2018.



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49. EVENTS AFTER THE REPORTING PERIOD

a. Issuance of Senior Corporate Bonds

On February 25, 2020, the Company issued senior bonds totaling US\$1.45 billion (full amount) consisting of two tranches. The first tranche is amounting to US\$650 million (full amount) with an interest rate of 3.10% and will be due in 2030, while the second tranche is amounting to US\$800 million (full amount) with an interest rate of 4.15% and will be due in 2060. At the same time, the Company also conducted a tender offer for senior bonds that will be due in 2021 with a value of US\$608 million (full amount).

On January 21, 2020, the Company issued senior bonds totaling US\$1.5 billion (full amount) consisting of two tranches. The first tranche is amounting to US\$500 million (full amount) with an interest rate of 3.10% and will be due in 2030, while the second tranche is amounting to US\$1 billion (full amount) with an interest rate of 4.175% and will be due in 2050.

b. The Makassar Straits working area cooperation contract

Based on a letter from the Minister of Energy and Mineral Resources of the Republic of Indonesia, it is noted that the Group temporary managing the operation of the Makassar Straits Work Area as from January 26, 2020 to December 3, 2027. The Provisional Cooperation Contract was signed on January 28, 2020.

c. Approval for the transfer of PI in Nunukan PSC

In connection with the retirement of Videocon Indonesia Nunuka Inc. ("VINI") from Nunukan PSC, on February 5, 2020, PHE received a notice from the Company that the Pertamina Board of Directors and Commissioners approved the transfer of PI that was originally owned by VINI in Nunukan to PHE, hence the ownership of PHE Nunukan Company in Nunukan PSC increased from 64.5% to 83.77%.

d. Termination of PSC Block B - South Jambi

On January 25, 2020, the PSC block B - South Jambi is expired. The Government has appointed another contractor to manage the block since termination.

e. Cancellation of tax administration fees

The Company has received several warrants to pay the excess tax on January 8 and 28, 2020 regarding the granting of the Company's objections on September 3 and 5, 2019 on the SKPKB of Income Tax (PPh 22, PPh 23, PPh 4 (2), PPh 15) and VAT for fiscal year 2016, amounting to Rp276,788 million (equivalent to US\$19,864) and Rp235,652 million (equivalent to US\$16,940) and compensated with income tax payable of Rp116 million (equivalent to US\$9), the remainder was received by the Company amounting to Rp276,788 million (equivalent to US\$19,864) for income tax (PPh 22, PPh 23, PPh 4 (2), PPh 15) and Rp235,536 million (US\$16,931) for VAT (Note 39a).

f. Withdrawal of additional loans for JTB development project

During January 2020 through the completion date of the consolidated financial statements, Pertamina EP Cepu has withdrawn additional loans from funding facilities for JTB development project amounting to US\$151,000.



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49. EVENTS AFTER THE REPORTING PERIOD (continued)

g. Crude oil price volatility

As of the time of the completion date of the consolidated financial statements there were unusual world market conditions as a result of the COVID-19 pandemic and the failure of OPEC-Russia to reach an agreement to limit oil supplies to balance the market demand. As a result, at the beginning of March 2020, there was a continuing decline in crude oil prices. These events have an impact on the volatility of crude oil prices. In addition, the impact of the COVID-19 pandemic on the global economy, including Indonesia, among others are decline in economic growth, decline in capital markets, increase in credit risk, including delays in payments by customers, and depreciation of foreign exchange rates.

As of December 31, 2019, the Group had certain oil and gas assets, inventories and financial assets, including receivables from related parties and long-term LNG contracts, which were vulnerable to low oil prices, decreased demand, and decreased customers' ability to settle the Group receivables, as an impact of the COVID-19 pandemic, however, these events are only indicative (non-adjusting events) that occur after the financial reporting date, so it does not impact on conclusions regarding the recoverable amount of the Group's assets as of December 31, 2019.

Management will always maintain a portfolio in business diversification to anticipate price volatility and reduce its impact. Management always analyses the movements of oil and commodity prices and their effects on the cost structure. Management prepares strategic and financial planning with various scenarios with considering the aspects of macroeconomic parameters. These plans are periodically tested for relevance and validity, in order to maintain the strength of financial position to anticipate of dynamic market prices.

h. Government regulations

As of the completion date of the consolidated financial statements, the Government of Indonesia ratified the Government Regulation in lieu of the Law of the Republic of Indonesia Number 1 Year 2020 regarding the State Financial Policies and Financial System Stability for Handling Pandemic Corona Virus Disease 2019 (Covid-19)/or In the Context to Anticipate Harmful Threats National Economy and/or Financial System Stability as of March 31, 2020. In Chapter II regarding State Financial Policies, the Third Section on Policies in the Field of Taxation, in article 5 paragraph (1) states that there are adjustments to the tax rates for corporate income tax payers and permanent establishments entities to become 22% for fiscal years 2020 and 2021 and 20% starting fiscal year 2022. Therefore, in 2020, if there are no significant changes in other aspects of the industry, a reduction in tax rates will have an impact on the reduction of current tax with a note that the reduction in taxes due to reduction in the Corporate Income Tax Rate is greater than the impairment of Deferred Tax Assets.

On April 2, 2020, the Government also issued the Minister of Energy and Mineral Resources Republic of Indonesia regulation No. 8 Year 2020 regarding Procedures for Determining Users and Prices of Certain Natural Gas in the Industrial Field. In Article 3 paragraph 1 it is stated that the Minister sets a Specific Gas Price at the point of delivery of natural gas users (plant gate) at a price of US\$6/MMBTU (full amount). The Government also issued the Regulation of Minister of Energy and Mineral Resources of the Republic of Indonesia No. 10 Year 2020 regarding Utilization of Natural Gas for Power Plants. In Article 8 Paragraph 1, It is stated that the Minister set the price of natural gas at power plant (plant gate) to a maximum of US\$6/MMBTU (full amount), unless otherwise stipulated in Article 8 Paragraph 2. The Group is reviewing its impact to the commercial aspects, business cooperation, and infrastructure development plans including with the Ministry of Energy and Mineral Resources and SKK Migas. In addition, the Group will also conduct a review of the gas transmission and distribution cost scheme to accommodate such Government Regulation.



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49. EVENTS AFTER THE REPORTING PERIOD (continued)

i. Non cash loan Regas facility

On January 2, 2020, Regas signed addendum VIII (Eight) of the non cash loan facility agreement No. KP/037/NCL/12 with Bank Mandiri. Based on the agreement, Bank Mandiri is committed to provide a Non Cash Loan facility of US\$110,000 with the guarantee value that must be deposited by Regas is 0% to support Regas business activities for the period from August 27, 2019 to August 26, 2020.

j. Changes in loan contract at M&P

On March 16, 2020, M&P signed an amendment agreement to the payment profile of two of its loan facilities which included syndicated bank loans and shareholder loans. The agreement also includes determining the maximum value of dividends that can be distributed in 2021 and 2022 amounted to US\$15 million (full amount), each. No changes occurred except from two things above.

k. Patra Niaga tax case

On February 14, 2020, Patra Niaga received a Letter of Implementation of Judicial Review ("SP2PK") from the tax office on VAT for the 2013 tax year. The results of the Supreme Court's decision were partially received by the Company in 2019, with the result of the Revised Review amounting to Rp287,448,308,366 (full amount). Patra Niaga has charged the results of the Supreme Court's decision in the 2019 profit of loss amounting to Rp287,448,308,366 (full amount) or equivalent to US\$20,678.

On April 15, 2020, Patra Niaga received the Decree of the DGT related to the cancellation of the STP for VAT for fiscal period from January to December 2016 amounting to Rp125,676,662,228 (full amount) or equivalent to US\$8,001 or less than the total amount have been billed amounting to Rp518,609,315 (full amount) equivalent to US\$33. Patra Niaga has paid and recorded Rp29,000,697,539 (full amount) or equivalent to US\$1,846 for STP in August, October and December 2016 as estimated tax reimbursement. For the remaining of the 2016 STP amounting to Rp97,194,574,004 (full amount) or equivalent to US\$6,188, Patra Niaga does not recognize profit in the statement of profit or loss since Patra Niaga did not made any payment for such bills and filed an objection letter to the DGT.

l. Changes in the composition of the Board of Commissioners

Based on the Decree of the Minister of SOE No.SK-120/MBU/04/2020 dated April 17, 2020, David Bingei was appointed as the Company's new Commissioner. Therefore, the composition of the Board of Commissioners is as follows:

President Commissioner	Basuki Tjahaja Purnama
Vice President Commissioner	Budi Gunadi Sadikin
Commissioner	Ego Syahril
Commissioner	Alexander Lay
Commissioner	Condro Kirono
Commissioner	Isa Rachmatarwata
Commissioner	David Bingei



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49. EVENTS AFTER THE REPORTING PERIOD (continued)

m. Changes in the composition of the Audit committee

Based on the Decree of the Board of Commissioners of PT Pertamina (Persero) No. 11/KPTS/K/DK/2020 dated March 31, 2020, Agus Prabowo was appointed as a member of the Audit Committee of PT Pertamina (Persero) and based on the Decree of the Board of Commissioners of PT Pertamina (Persero) No. 12/KPTS/K/DK/2020 on April 28, 2020, David Bingei was appointed as Chairman of the Audit Committee PT Pertamina (Persero). Therefore, the composition of the Audit Committee is as follows:

Chairman	David Bingei
Vice Chairman	Alexander Lay
Member	Agus Yulianto
Member	Bonar Lumban Tobing
Member	Agus Prabowo

n. Acquisition of PT Rumah Sakit Pelni

Based on a Share Purchase Agreement between PT Pertamina Bina Medika IHC (PBM-IHC), a subsidiary with PT Pelayaran Nasional Indonesia (Persero) (PT Pelni (Persero)) as outlined in Notarial Deed No. 34 dated March 31, 2020, by Notary Ashoya Ratam, S.H.,Mkn., PBM-IHC acquired PT Rumah Sakit Pelni share from PT Pelni (Persero) for 42,721 shares with a nominal value of Rp1,000,000 (full amount) per share with an acquisition price of Rp503.8 billion (equivalent to US\$30,781).

Based on the Statement of the Decision Outside the General Meeting of Shareholders of PT Rumah Sakit Pelni as outlined in Notarial Deed No. 36 dated March 31, 2020, by Notary Ashoya Ratam, S.H., Mkn., PBM-IHC made a capital investment of 16,959 shares to PT Rumah Sakit Pelni with a nominal value of Rp1,000,000 (full amount) per share with total amount of Rp101 billion (equivalent to US\$6,171), hence PBM-IHC ownership in PT Rumah Sakit Pelni become 51%.

o. The acquisition of PT Tuban Petrochemical Industries' shares previously owned by PT Silakencana Tirtalestari

Based on Quotation of Minutes of Auction No.149/29/2020, on March 23, 2020, PT Pertamina Pedeve Indonesia acquired 7,500 shares of Tuban Petro previously owned by PT Silakencana Tirtalestari for Rp129,801,717,000 (full amount) (equivalent to US\$7,816). GMS related to the change in the composition of the shareholders of Tuban Petro was held on April 27, 2020. As of the completion date of this consolidation financial statements, the legalization of the GMS is in the process.

p. Allegation regarding operatorship by PHE WMO

The Police Report No. LP/B/0191/I/2020 dated April 15, 2020 against PHE WMO made by MMB. As of the completion date of the consolidated financial statements, the process of clarification of the Report is ongoing, however PHE WMO seeks to stop such process.

The Management of PHE WMO believes that such Report is related to civil law disputes, which should be resolved deliberately or through a dispute resolution forum in arbitration in accordance with Joint Operating Agreement (JOA) article 18.2.



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SUPPLEMENTARY FINANCIAL INFORMATION

The following information is the separate financial statements of PT Pertamina (Persero), a Parent Entity, which is presented as supplementary information to the consolidated financial statements of PT Pertamina (Persero) and its Subsidiaries as of December 31, 2019 and for the year then ended.

**PT PERTAMINA (PERSERO)
PARENT ENTITY
STATEMENT OF FINANCIAL POSITION
As of December 31, 2019**

(Expressed in thousands of United States Dollars, unless otherwise stated)

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,954,609	4,567,089
Restricted cash	3,480	3,344
Trade receivables		
Related parties	4,001,404	3,507,946
Third parties	754,020	1,474,122
Due from the Government	2,957,032	1,423,038
Other receivables		
Related parties	298	3,725
Third parties	47,707	81,805
Inventories	5,428,830	5,984,287
Prepaid taxes - current portion	771,402	386,989
Prepayments and advances	220,053	250,272
Other investments	58,506	80,171
Total Current Assets	16,197,341	17,762,788
NON-CURRENT ASSETS		
Deferred tax assets	1,156,098	1,166,255
Long-term investments	21,030,733	19,217,870
Fixed assets	9,069,839	8,494,968
Due from the Government	3,313,801	2,924,148
Prepaid taxes - net of current portion	279,356	117,803
Advance for long-term investments	138,966	-
Other non-current assets	2,805,989	3,085,624
Total Non-current Assets	37,794,782	35,006,668
TOTAL ASSETS	53,992,123	52,769,456



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SUPPLEMENTARY FINANCIAL INFORMATION

PT PERTAMINA (PERSERO) PARENT ENTITY

STATEMENT OF FINANCIAL POSITION (continued)

As of December 31, 2019

(Expressed in thousands of United States Dollars, unless otherwise stated)

	December 31, 2019	December 31, 2018
LIABILITIES AND EQUITY		
LIABILITIES		
SHORT-TERM LIABILITIES		
Short-term loans	995,094	4,247,006
Trade payables		
Related parties	4,549,091	3,492,122
Third parties	3,270,076	2,545,617
Due to the Government - current portion	853,024	1,010,478
Taxes payable		
Income taxes	-	19,684
Other taxes	158,809	148,429
Accrued expenses	745,762	590,664
Long-term liabilities - current portion	360,375	388,426
Bonds payable		
Other payables		
Related parties	11,203	50,382
Third parties	464,165	563,039
Deferred revenues - current portion	39,972	5,545
Total Short-term Liabilities	11,447,571	13,061,392
LONG-TERM LIABILITIES		
Due to the Government - net of current portion	356,388	341,659
Long-term liabilities - net of current portion	568,490	895,214
Bonds payable	10,699,852	9,197,526
Employee benefit liabilities	1,633,717	1,542,931
Deferred revenues - net of current portion	37,305	31,044
Other non-current payables	467,805	100,969
Total Long-term Liabilities	13,763,557	12,109,343
TOTAL LIABILITIES	25,211,128	25,170,735



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SUPPLEMENTARY FINANCIAL INFORMATION

PT PERTAMINA (PERSERO) PARENT ENTITY STATEMENT OF FINANCIAL POSITION (continued) As of December 31, 2019

(Expressed in thousands of United States Dollars, unless otherwise stated)

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
EQUITY		
Equity attributable to owners of the parent entity		
Share capital		
Authorized - 600,000,000 ordinary shares at par value of Rp1,000,000 (full amount) per share;		
Issued and paid-up-capital 171,227,044 shares	16,191,204	16,191,204
Additional paid-in capital	(924,296)	(924,296)
Government contributed assets pending final clarification of status	146,578	401,120
Other equity components	67,697	607,564
Retained earnings		
– Appropriated	10,770,470	8,796,357
– Unappropriated	2,529,342	2,526,772
TOTAL EQUITY	28,780,995	27,598,721
TOTAL LIABILITIES AND EQUITY	53,992,123	52,769,456



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SUPPLEMENTARY FINANCIAL INFORMATION

PT PERTAMINA (PERSERO) PARENT ENTITY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended December 31, 2019

(Expressed in thousands of United States Dollars, unless otherwise stated)

	For the years ended December 31,	
	2019	2018
Sales and other operating revenues		
Domestic sales of crude oil, natural gas, geothermal energy and oil products	35,159,311	35,665,976
Subsidy reimbursements from the Government	4,875,075	5,632,468
Export of crude oil, natural gas and oil products	1,764,090	1,673,026
Marketing fees	-	15,432
Revenues from other operating activities	1,632,928	3,211,117
TOTAL SALES AND OTHER OPERATING REVENUES	43,431,404	46,198,019
Cost of sales and other direct costs		
Cost of goods sold	(41,927,881)	(44,315,959)
TOTAL COST OF SALES AND OTHER DIRECT COSTS	(41,927,881)	(44,315,959)
GROSS PROFIT	1,503,523	1,882,060
Selling and marketing expenses	(1,901,699)	(1,794,514)
General and administrative expenses	(814,353)	(719,478)
Gain on foreign exchange, net	348,826	9,234
Finance income	1,108,446	149,244
Finance costs	(573,343)	(433,646)
Share in net profit of associates and joint ventures	3,329,069	3,387,233
Other (expenses) income, net	(453,798)	249,910
	1,043,148	847,983
PROFIT BEFORE INCOME TAX	2,546,671	2,730,043



These consolidated financial statements are originally issued in the Indonesian language

SUPPLEMENTARY FINANCIAL INFORMATION

**PT PERTAMINA (PERSERO)
PARENT ENTITY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
For the Year Ended December 31, 2019
(Expressed in thousands of United States Dollars, unless otherwise stated)**

	For the years ended December 31,	
	2019	2018
PROFIT BEFORE INCOME TAX	2,546,671	2,730,043
Income tax (expense) benefit		
Current tax	(7,172)	(372,999)
Deferred tax	(10,157)	169,728
Income tax expense, net	(17,329)	(203,271)
INCOME FOR THE YEAR	2,529,342	2,526,772
OTHER COMPREHENSIVE INCOME (LOSS)		
Item not to be reclassified to profit or loss in subsequent periods (net of tax):		
Remeasurement of net defined benefit liability	(103,522)	234,631
Items to be reclassified to profit or loss in subsequent periods (net of tax):		
Foreign exchange difference from translation of financial statements in foreign currency	16,388	(59,338)
Share of other comprehensive income of associates	(452,733)	(69,138)
OTHER COMPREHENSIVE (LOSS) INCOME, NET OF TAX	(539,867)	106,155
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,989,475	2,632,927

SUPPLEMENTARY FINANCIAL INFORMATION

PT PERTAMINA (PERSERO)

PARENT ENTITY

STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31, 2019

(Expressed in thousands of United States Dollars, unless otherwise stated)

	Issued and paid-up capital	Additional paid-in capital	Government contributed assets pending final clarification of status	Other equity components			Total equity	
				Difference arising from translation of financial statements	Other equity	Retained earnings		
						Appropriated		Unappropriated
Balance as of January 1, 2018/ December 31, 2017	13,417,047	2,736	1,361	(302,976)	790,675	6,871,101	2,540,195	23,320,139
Changes in the ownership of PT Asuransi Tugu Pratama Indonesia Tbk. and PT Pertamina Internasional Eksplorasi dan Produksi	-	-	-	-	13,710	-	-	13,710
Capitalization of advance for share issuance	2,774,157	(927,032)	-	-	-	-	-	1,847,125
Government assistance whose status has not been determined	-	-	399,759	-	-	-	-	399,759
Differences arising from translation of financial statements	-	-	-	(59,338)	-	-	-	(59,338)
Other comprehensive income from associates	-	-	-	-	(69,138)	-	-	(69,138)
Remeasurements of net defined benefit liability	-	-	-	-	234,631	-	-	234,631
Dividends declared	-	-	-	-	-	-	(614,939)	(614,939)
Appropriation of other Reserves	-	-	-	-	-	1,925,256	(1,925,256)	-
Profit for the year	-	-	-	-	-	-	2,526,772	2,526,772
Balance as of December 31, 2018	16,191,204	(924,296)	401,120	(362,314)	969,878	8,796,357	2,526,772	27,598,721



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SUPPLEMENTARY FINANCIAL INFORMATION

PT PERTAMINA (PERSERO) PARENT ENTITY

STATEMENT OF CHANGES IN EQUITY (continued)

For the Year Ended December 31, 2019

(Expressed in thousands of United States Dollars, unless otherwise stated)

	Issued and paid-up capital	Additional paid-in capital	Government contributed assets pending final clarification of status	Other equity components			Total equity
				Differences arising from translation of financial statements	Retained earnings		
					Other equity	Appropriated	
Balance as of December 31, 2018	16,191,204	(924,296)	401,120	(362,314)	969,878	2,526,772	27,598,721
Government contributed assets pending final clarification of status	-	-	(254,542)	-	-	-	(254,542)
Differences arising from translation of financial statements	-	-	-	16,388	-	-	16,388
Other comprehensive income from associate	-	-	-	(452,733)	-	-	(452,733)
Remeasurements of net defined benefit liability, net	-	-	-	(103,522)	-	-	(103,522)
Dividends declared	-	-	-	-	-	(552,659)	(552,659)
Appropriation of other reserves	-	-	-	-	1,974,113	(1,974,113)	-
Profit for the year	-	-	-	-	-	2,529,342	2,529,342
Balance as of December 31, 2019	16,191,204	(924,296)	146,578	(345,926)	413,623	2,529,342	28,780,995



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SUPPLEMENTARY FINANCIAL INFORMATION

PT PERTAMINA (PERSERO) PARENT ENTITY

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2019

(Expressed in thousands of United States Dollars, unless otherwise stated)

	For the years ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	45,760,895	41,339,979
Cash receipts from Government	5,666,177	6,224,744
Cash receipts from tax restitution	40,488	154,758
Payments to suppliers	(42,077,230)	(37,264,381)
Payments to the Government	(8,651,601)	(10,521,957)
Payments of corporate income taxes	(21,358)	(349,514)
Cash paid to employees and management	(735,297)	(594,693)
Placements from restricted cash	-	(1,735)
Receipts of interest	87,974	123,409
Net cash generated from/(used in) operating activities	70,048	(889,390)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of long-term investments	713,242	708,365
Dividends received from associates	730,177	421,950
Purchases of fixed assets	(694,077)	(594,108)
Placements in long-term investments	(394,724)	(1,171,616)
Repayments of advance for investments	(137,826)	-
Loans repayment received from subsidiaries	257,903	393,778
Net cash generated from/(used in) investing activities	474,695	(241,631)



These consolidated financial statements are originally issued in the Indonesian language

SUPPLEMENTARY FINANCIAL INFORMATION

PT PERTAMINA (PERSERO) PARENT ENTITY

STATEMENT OF CASH FLOWS (continued)

For the Year Ended December 31, 2019

(Expressed in thousands of United States Dollars, unless otherwise stated)

	For the years ended December 31,	
	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	6,504,793	8,100,439
Proceeds from bonds issuance	1,498,855	734,407
Repayments of short-term loans	(9,756,705)	(4,108,701)
Repayments of long-term liabilities	(341,360)	(341,349)
Dividend payments	(563,106)	(585,755)
Payments of finance costs	(558,526)	(516,893)
Repayments of bonds	-	(37,649)
Net cash (used in)/generated from financing activities	(3,216,049)	3,244,499
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,671,306)	2,113,478
Effects of exchange rate changes on cash and cash equivalents	58,826	(159,185)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,567,089	2,612,796
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,954,609	4,567,089



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SUPPLEMENTARY FINANCIAL INFORMATION

PT PERTAMINA (PERSERO) PARENT ENTITY NOTES TO THE FINANCIAL STATEMENTS As of December 31, 2019 and for the Year Then Ended (Expressed in thousands of United States Dollars, unless otherwise stated)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the separate financial statements of the parent entity

The separate financial statements of the Parent Entity are prepared in accordance with the Statement of Financial Accounting Standards ("SFAS") No. 4 (Revised 2013), "Separate Financial Statements".

SFAS No. 4 (Revised 2013) regulates that when an entity elected to present the separate financial statements, such financial statements should be presented as supplementary information to the consolidated financial statements. Separate financial statements are those presented by a Parent Entity, in which the investments in subsidiaries and associates are accounted for at cost or in accordance with SFAS No. 55, "Financial Instruments: Recognition and Measurement".

Amendment to SFAS No. 4 (2015) allows the use of equity method as a method of recording the investments in subsidiaries, joint ventures and associates in the Separate Financial Statements of the entity.

Accounting policies adopted in the preparation of the parent entity separate financial statements are the same as the accounting policies adopted in the preparation of the consolidated financial statements as disclosed in Note 2.

2. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the consolidated financial statements as of December 31, 2018 have been reclassified to conform with the presentation of accounts in the consolidated financial statements as of December 31, 2019. The details of these accounts are as follows:

	Previously reported	Reclassification	As reclassified
<u>Separate Statement of Cash Flows</u>			
Cash Flows from Operating Activities			
Cash receipt from customer	41,733,757	(393,778)	41,339,979
Net cash used in operating activities	(495,612)	(393,778)	(889,390)
Cash Flows from Investing Activities			
Loan repayment receipt from subsidiaries	-	393,778	393,778
Net cash used in investing activities	(635,409)	393,778	(241,631)



Glossary

Abbreviation	Definition
AMDAL	Environmental Impact Analysis
AP	Subsidiaries
APH	Upstream Subsidiary Entities
APU	Business Support Assets
ASDGs	Alliance for Sustainable Development Goals
ASRRAT	Asia Sustainability Reporting Rating
B20	Biodiesel
BBK	Special Fuel
BBL	Barrel Oil
BBM	Fuel
BBTUD	Billion British Thermal Unit per Day
BD	Business Development
BPS	Central Bureau of Statistics
BSCF	Billion Standard Cubic Feet
CBM	Conventional Buoy Mooring
CECT	The Centre for Entrepreneurship, Change and Third Sector
CFCD	Corporate Forum for Community Development
CIP	Continuous Improvement Program
CLSR	Corporate Life Saving Rules
CNG	Compressed Natural Gas
CP	Crude Price
CSR	Corporate Social Responsibility
CSS	Corporated Shared Service
CSV	Creating Shared Value
CSMS	Contractor Safety Management System
DLP	Data Loss Prevention
DPPU	Aviation Fuel Depo
DRT	Downstream Research & Technology
EBT	New Renewable Energy
EMM	Enterprise Mobility Management
EOR	Enhancement Oil Recovery
ERM	Enterprise Risk Management
ERMA	Enterprise Risk Management Academy
FA	Framework Agreement
FAME	Fatty Acid Methyl Ester
FSO	Floating Storage Offloading
FSRT	Floating Storage and Regasification Terminal
FSRU	Floating Storage Regasification Unit
GCG	Good Corporate Governance
GMB/CBM	Coal-bet Methane
GRR	Grass Root Refinery
GTL	Gas to Liquid
GWh	Gigawatt hours
HJE	Retail Selling Price
HoA	Head of Agreement

Abbreviation	Definition
HPL	Right to Manage
ICCA	Indonesia Contact Center Association
ICoFR	Internal Control over Financial Reporting
ICP	Indonesian Crude Price
ICT	Information and Communication Technology
IDAMS	Integrated Project Development Assurance & Monitor System
IDP	Individual Development Plan
IGA	Indonesia Green Awards
IOR	Improved Oil Recovery
IPD	Industrial Peace Dashboard
IR	Industrial Relation
ISC	Integrated Supply Chain
ISDA	Indonesia SDG's Award
ISRS	International Sustainability Rating System
ITMS	Integrated Talent Management System
JBT	Certain Type of Fuel
JBKP	Assignment Premium
JOD	Joint Operation Dashboard
K3LL	Health, Safety, Security, and Environmental
KEN	The Indonesian National Energy Policy
KKEP	Pertamina Excellent Performance Criteria
KKJ	Technical Competency Dictionary and Position Competency Needs
KMS	Knowledge Management System
KOMET	Knowledge Management Pertamina
KSO	Operation Cooperation Contract
KTA	Kilo Tons per Annum
LAWS	Low Aromatic White Spirit
LCI	Leadership Competency Index
LHKPN	State Official Wealth Report
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LOBP	Lube Oil Blending Plant
LSFO	Low Sulphur Fuel Oil
MBOPD	Million Barrel Oil Per Day
MBOEPD	Million Barrel Oil Equivalent Per Day
Ministry of ESDM	Energy and Mineral Resources
MFO	Marine Fuel Oil
MMBOE	Million Barel of Oil Equivalent
MMBBL	Million Barrel Oil
MMBTU	Million British Thermal Unit
MMSCFD	Million Standard Cubic Feet per Day
MOPS	Mid Oil Platts Singapore
MOU	Memorandum of Understanding
MOR	Marketing Operation Region



Abbreviation	Definition
MP2	Refinery and Petrochemicals Mega Project
MRU	Mobile Refueling Unit
MT	Metric Ton
MW	Mega Watt
NGRR	New Grass Root Refinery
ONWJ	Offshore Northwest Java
PB	Sustainable Development
PCU	Pertamina Corporate University
PDSI	PT Pertamina Drilling Service Indonesia
Pelindo	PT Pelabuhan Indonesia
PERCA	Pertamina Environment Regulation Compliance Assurance
PEP	PT Pertamina EP
PEPC	PT Pertamina EP Cepu
PEPC ADK	PT Pertamina EP Cepu Alas Dara Kemuning
Pertagas	PT Pertamina Gas
PGE	PT Pertamina Geothermal Energy
PHE	PT Pertamina Hulu Energi
PHI	PT Pertamina Hulu Indonesia
PHM	PT Pertamina Hulu Mahakam
PIEP	PT Pertamina Internasional Eksplorasi dan Produksi
PIS	PT Pertamina International Shipping
PLBC	Blue Sky Cilacap Project
PLN	PT Perusahaan Listrik Negara
PLTG	Gas Power Plant
PLTP	Geothermal Power Plant
PKB/CLA	Collective Labor Agreement
PKBL	Partnership and Community Development Program
PRIA	Public Relations Indonesia Awards
Proklam	Climate Village Program
PROPER	Performance Rating Program in Environmental Management
PSC	Pertamina Standardization & Certification
PSO	Public Service Obligation
PTK	PT Pertamina Trans Kontinental

Abbreviation	Definition
PTS	PT Peteka Karya Samudera
QMLI	Quality of Management Leadership Index
RDMP	Refinery Development Master Plan
RDP	Employee Housing
RFCC	Residual Fluid Catalytic Cracking
RJPP	Long-term Corporate Plan
RKAP	Corporate Work Plan and Budget
RPK	Our Food House
RTC	Research & Technology Center
RU	Refinery Unit
RUPS	General Meeting of Shareholders
RUPS LB	Extraordinary General Meeting of Shareholders
RUPST	Annual General Meeting of Shareholders
SBA	Extraordinary General Meeting of Shareholders
SKK Migas	Special Task Force for Upstream Oil and Gas
SLA	Service Level Agreement
SMEPP	Small Medium Enterprise Partnership Program
SPBG	Fuel Gas Filling Station
SPBU	Public Gas Filling Station
SPJBTL	Power Purchase Agreement
SPM	Single Point Mooring
SSC	Shared Service Centre
SSM	System & Standardization Management
STK	Composition of the Governance System
STS	Ship to Ship
TCI	Technical Competency Index
TPPI	Trans Pacific Petrochemical Indotama
TTDP	Top Talent Development Program
UIW	Regional Master Unit
UO	Operation Unit
UPAD	Upstream Performance Analytic Dashboard
URT	Upstream Research & Technology
UTC	Upstream Technical Center
WBS	Whistleblowing System
WTI	West Texas Intermediate

ANNUAL REPORT 2019

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