



40

years young

MEDCOENERGI 



From its beginning in 1980 as the first Indonesian drilling services company, MedcoEnergi has evolved into a leading energy and natural resources company listed on the Indonesia Stock Exchange with three key business segments: Oil & Gas, Power, and Copper Mining.

Our commitment to a sustainable future is underpinned by three key pillars: Leadership of & by Our Employees, Environmental & Social Development, and Local Community Empowerment.





ABOUT THIS REPORT

MedcoEnergi publishes an annual Sustainability Report to communicate the Company's policies and approach to sustainable development and to disclose its economic, social, environmental, and governance performance.

This report covers MedcoEnergi's activities and performance per material topic between the period of 1st January and 31st December 2019 and provides progress updates on the action plans established to achieve our short, medium and long term sustainability objectives. A summary of the achievements and challenges for 2019 can be found on page 11. There are no significant changes in our materiality assessment since the previous report issued in 2019.

This report was prepared in accordance with the 2016 Global Reporting Initiative (GRI) Standards (Core option) and demonstrates the linkage between MedcoEnergi's sustainability performance and the United Nations' Sustainable Development Goals. Unless otherwise stated we use definitions as set out in the GRI Standards. The GRI Performance Data and GRI Content Index are accessible through this link: www.medcoenergi.com/en/subpagelist/view/36 or through MedcoEnergi's website: www.medcoenergi.com.

Please contact investor.relations@medcoenergi.com for queries related to the report.

Reporting Assurance

The number of data indicators disclosed and assured by KAP Purwantono, Sungkoro & Surja (A member firm of Ernst & Young Global Limited, or "EY") has increased from 55 in 2018 to 63 in this 2019 report. The Company will continue to enhance disclosure and increase the number of assured indicators once reliable and consistent data collection can be maintained across reporting units.

EY Limited Assurance Statement

Scope and Limited Assurance of Sustainability Report

EY was engaged by MedcoEnergi to undertake limited assurance over selected disclosures in the sustainability report. The Subject Matter for EY's limited assurance engagement for the year 2017, 2018 and 2019 was limited to:

- A selection of 63 non-financial performance indicators ('Selected Performance Information') contained in the sustainability report (www.medcoenergi.com/en/subpagelist/view/36).
- The consolidated performance metrics relating to the Selected Performance Information, presented in the sustainability report.

EY's Conclusion Statement

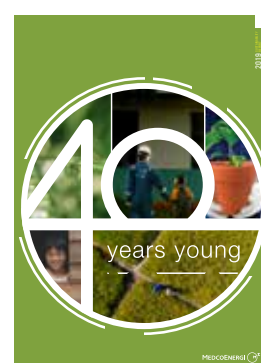
EY was engaged by MedcoEnergi to undertake limited assurance as defined by Standards on Assurance Engagement (SAE) 3000 (Assurance Engagements Other than Audits or Reviews of Historical Financial Information) established by the Indonesian Institute of Certified Public Accountants (IICPA) over selected sustainability disclosures in the sustainability report as disclosed in the Appendix 1 of EY's independent limited assurance statement. Based on the limited assurance procedures performed and evidence obtained, nothing has come to EY's attention that causes EY to believe that the Subject Matter set out in MedcoEnergi's Sustainability Report for the year 2019, has not been reported and presented fairly, in all material respects, in accordance with the Criteria.

EY's independent limited assurance statement to the Management of MedcoEnergi is available in the company's website (www.medcoenergi.com/en/subpagelist/view/36).

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PT Medco Energi Internasional Tbk
2019 Sustainability Report is available at:



www.medcoenergi.com

For further information, please visit:
www.medcoenergi.com

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MESSAGE FROM THE CHAIRMAN



**“This is
MedcoEnergi’s 40th
year and we will
continue investing in
a more sustainable
future.”**

Muhammad Lutfi
President Commissioner

In 2020 the world is facing a major challenge with the outbreak of the coronavirus, COVID-19. The pandemic and its economic and social impact are testing many countries and societies and underscore the importance of addressing the world’s many sustainability challenges. At MedcoEnergi, ensuring the health and safety of our workforce and their families, our stakeholders and the communities we work with and live in, continues to be the highest priority.

In this eighth Sustainability Report we continue to feedback on the progress of our sustainability journey in 2019, on both our successes and shortcomings. Our commitment to environmental protection and sustainability has strengthened, despite the challenges industry and society are currently facing.

In response to the challenges presented by climate change, MedcoEnergi has invested in green energy developments, whilst maintaining our commitment to sustainably operate our assets in the oil & gas and mining sectors. Our geothermal, hydropower and solar developments are a growing segment of our business. Our progress towards cleaner energy will take time; nonetheless,

I am confident we can steadily expand our renewables portfolio to support our ambitious targets. We are dedicated to creating a high standard of environmental, social, and good corporate governance management; driven by our aspirations to pursue business sustainability. I am pleased with the achievements we have made so far in the implementation of our Sustainability Roadmap; largely attributed to the dedication of our people. As we reach the halfway point in our sustainability journey¹, the growth and positive changes in attitudes towards sustainability throughout the organisation have been increasingly positive.

It is important to mention the acquisition of Ophir Energy plc in 2019, a key milestone for our business. The acquisition cements our status as a growing international oil and gas company, particularly the diversity of our workforce in the Southeast Asia region. It also reinforces our financial and sustainability performance, emphasising that a business as usual approach to sustainability is no longer a viable and competitive option. This is why we continue to strengthen the integration of Environmental, Social and Governance (ESG) initiatives across all aspects of our business.

1. Following the materiality assessment that was conducted in 2017-2018, we have set a five-year sustainability journey. The story of our sustainability journey can be found on page 20.

Our strategy places a healthy focus on cost and capital efficiency coupled with fine-tuning our operational effectiveness. We continue to embed ethical business practices, human rights and anti-corruption and anti-bribery measures into our daily operations. In parallel, we are significantly investing in our communities, supporting the United Nations Sustainable Development Goals (UN SDGs) and maximizing our contribution through economic and fiscal benefits. In addition to creating employment and local business opportunities, we place the health and safety of our employees and contractors at the center of our operations. We remain focused on the safety of our workforce as an utmost priority to reach our goal of zero incidents.

I believe that solidifying partnerships with our stakeholders, including government, non-governmental organisations (NGOs), the private sector and civil society, is central to our business. Notably, in December

2019, we participated in the Conference of Parties (COP) 25 meeting of the United Nations Framework Convention on Climate Change (UNFCCC) in Madrid, Spain, as part of the Indonesian delegation. Through these engagements, we are advancing our understanding of the industry's challenges; prioritizing improving the management of our impacts with best practices and innovation.

I would personally like to thank our Board of Commissioners, Directors and workforce that have played an instrumental role in helping us to realize our successes to date. This report documents our efforts, while setting out achievements and insights into how we aim to advance the ESG performance of our operations. As we plan for the future, we will address each challenge whilst establishing operational excellence. We remain dedicated to the improvement of our operations and look forward to what the future holds for our business.



Muhammad Lutfi
President Commissioner

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LETTER FROM THE BOARD



The global spread of COVID-19 has impacted all aspects of society. Nations, local governments and the national and international business communities are each striving to deal with the pandemic and its associated health, social and economic impacts. Given its wide ranging impact it is no surprise that COVID-19 has and will continue to be a challenge for our own business and people. We have adopted a number of protocols to prioritise the health and safety of our people while maintaining energy supply and livelihoods for our stakeholders. Despite this challenging situation, made worse by the sudden decline in oil prices, we will maintain our commitment to sustainability.

Throughout MedcoEnergi's 40-year history we have contributed positively to the economy and environmental protection of the societies where we operate. Our multi-national operations in the oil and gas, power, and mining businesses have created numerous sustainable gains. Our responsible growth, prudent financial structure, and selective acquisitions have been of benefit to all stakeholders. The successful acquisition of Ophir Energy plc, the first oil for the Bualuang project in Thailand and our Block A gas project in Aceh, are among the 2019 key accomplishments that have allowed us to achieve a larger scale of production and capability.

Since the establishment of our Sustainability Roadmap in 2017, we have initiated, defined, and implemented sustainability actions based on international best practices. The implementation of our roadmap is centered on three Sustainability Pillars: Leadership of, and by, Our Employees; Social and Environmental Development; and Local Community Empowerment. These pillars have been essential in guiding our business; enriching our operational footprints and performance in a sustainable manner.

We believe a principled system of corporate governance serves as a fundamental building block to achieve sustainability. In 2019 we continued to drive a culture of ethical business practices by expanding the adoption of ISO 37001: 2016 Anti-Bribery Management System to all of our Indonesian operations. As part of our commitment to demonstrate business integrity, we have conducted annual fraud risk assessments since 2014 and have enhanced our Procurement Management System by certifying the Procure to Pay business process in accordance with ISO 37001:2016 for our Indonesian oil & gas operations. Integral to our company's sustainability success is our effort to sustain employee development programs that are non-discriminatory, diverse, and inclusive. Our total investment in employee education and training rose by 75% in 2019 compared

to 2018. This includes capacity-building initiatives such as the Medco Senior Leadership Development Program which is aimed at strengthening our leadership and organisational culture.

Our third Sustainability Pillar, Local Community Empowerment, entails strengthening engagement, enhancing livelihoods and creating self-reliant communities wherever we operate. A spirit of partnership with our stakeholders underpins our contribution to the UN's SDGs through a range of effective community enhancement initiatives. Further to this, the implementation of our recently established Social Management System manual will enable our businesses to be even more impactful locally.

We must continue to be innovative and invest appropriately for the future. Reflecting on this, we recognize our responsibility to manage climate risks through the implementation of practical measures. Our emissions reduction measures to minimize gas flaring and increase flare gas recovery have been recognised by the Indonesian Government. We have also completed a watershed rehabilitation program through reforestation activities in our South Sumatra operations. We will continue to build our understanding of our impact on climate change guided by our Sustainability Pillars and plan to expand our portfolio of renewable energy

projects across Indonesia. Most notably, we have secured two new geothermal licenses in Ijen, East Java and Bonjol, West Sumatra, and have commenced the development of two solar photovoltaics (PV) projects in Sumbawa (26 Mega Watt peak) and Bali (50 Mega Watt peak).

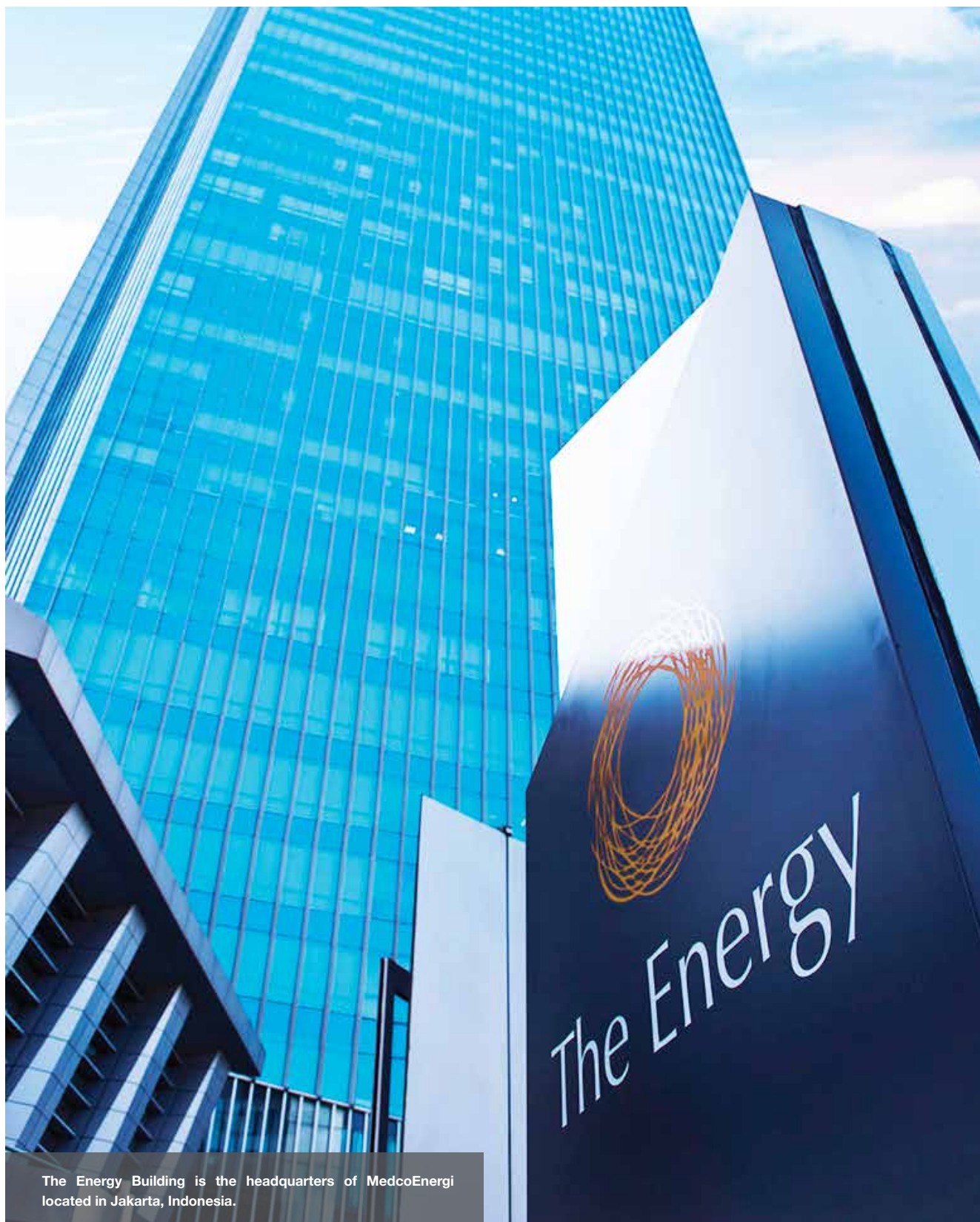
The road to sustainability has not been without challenges; in 2019, we experienced two contractor fatalities in our operating assets in oil & gas and power and another two contractor fatalities in the non-operating mining asset. This profoundly affected me as a leader of this business. I remain deeply saddened by these events; we must do better to protect the health and safety of all our employees and contractors. We also experienced a vandalism-triggered oil spill, which raised significant concern. To avoid repetition of such incidents, we conducted a thorough investigation, improved our engagement with local communities and relevant government authorities, and enhanced our security and response procedures.

We are excited to continue our sustainability journey. MedcoEnergi will maintain a focus on value creation and realizing business growth from sustainable practices. We look forward to your participation in this journey with us.



Hilmi Panigoro
President Director

3 ABOUT MEDCOENERGI



The Energy Building is the headquarters of MedcoEnergi located in Jakarta, Indonesia.

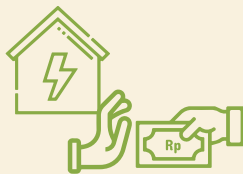
2019 SUSTAINABILITY PERFORMANCE AT A GLANCE

Highlights

Governance



We completed a series of business integrity initiatives for our vendors including anti-bribery and corruption audits, establishing due diligence standards and conducting business ethics training.



Medco E&P Natuna was independently certified for the ISO 37001 Anti-Bribery Management System. In early 2020, the certification has been extended and granted for Procure to Pay Process in the Indonesia oil & gas assets.

Local Community Program Management



We developed a Social Management System in all oil & gas assets that provides guidance in managing social risks and defining the goals for our social management programs.

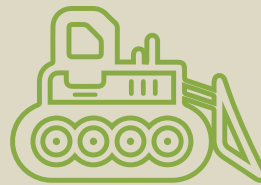


People Development

We invested US\$3.5 million in training and education.

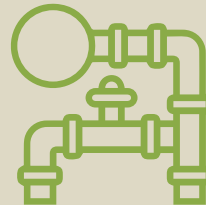
Lowlights

Health and Safety



Two fatalities occurred in our Indonesian operations involving subcontractor. One during a fire at Tarakan Production Sharing Contract (PSC) and another in a heavy equipment accident during construction of the Riau IPP for Medco Power. Another two contractor fatalities took place during facility maintenance and drilling activities at the mining site operated by PT Amman Mineral Nusa Tenggara (AMNT).

Environmental Management and Security



We have security systems in place in our facilities across all our assets. However, there was an oil spill of an estimated 69.9 barrels following pipeline vandalism in Rimau PSC, Indonesia.

Environmental Management



We reduced our energy consumption by 8% year on year in our oil & gas operations.

Health and Safety



We conducted a series of targeted assessments and system enhancements in process safety in our oil & gas operations.

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1	Block A Aceh	10	Ijen Geothermal	19	Sinphuhorm
2	Sarulla Geothermal	11	Madura Offshore	20	Bualuang
3	Riau IPP	12	Batu Hijau & Elang Mines	21	Bangkanai
4	South Sumatra Region	13	PM322, Malaysia	22	West Bangkanai
5	Sumatra IPP	14	Batam IPP	23	Bengara
6	Cibalapulung Mini Hydro	15	South Natuna-Sea Block B	24	Tarakan
7	The Energy Building (HQ)	16	South Sokang	25	Simenggaris
8	Pusaka Mini Hydro	17	North Sokang	26	Senoro-Toili
9	Sampang	18	Chim Sao and Dua	27	Donggi Senoro LNG



OIL & GAS 	Production	POWER 	Installed	MINING 	Production
	Exploration		Development		Development
	Development				Exploration

VISION, MISSION AND CORPORATE VALUES



OUR VISION

To be the energy company of choice for our investors, shareholders, partners, employees, and the communities where we work.

OUR MISSION

To develop a profitable investment portfolio from energy and natural resources.

CORPORATE VALUES

Professional



All employees must conduct themselves in a professional manner by:

- Being competent in their area of expertise.
- Having a “champion spirit.”
- Always seeking self-improvement.
- Having professional capabilities and knowing their own limits.

Ethical



All employees must conduct themselves in an ethical manner by:

- Conducting business fairly with high moral integrity.
- Applying the highest ethical standards at all times.
- Understanding and following the Company’s ethics and Good Corporate Governance policies.

Open



All employees must make efforts to promote transparency by:

- Encouraging informality and openness in communication at all levels.
- Building an environment of trust among employees and management.
- Being open-minded in thought, behaviour and work.

Innovative



All employees must cultivate a spirit of innovation by:

- Building a culture of trailblazers.
- Continuously searching for innovative solutions to achieve better, safer, and cost-effective outcomes.
- Having intellectual and emotional maturity.

BUSINESS PORTFOLIO



Oil & Gas

MedcoEnergi has interests in 15 oil & gas properties in Indonesia, 11 of which are producing. The Company also has interests in eight countries outside of Indonesia with key producing assets in Oman, Vietnam and Thailand, and other assets in Yemen, Libya, Malaysia, Mexico and Tanzania. In 2019, oil & gas production was 103 MBOEPD with Ophir's contribution beginning on 1 June 2019. Production was 115 MBOEPD on a pro forma basis, above the Company's 110 MBOEPD 2019 guidance. Oil & Gas unit cash costs in 2019 were US\$9.3 per BOE, within the Company's long standing target to maintain cash costs below US\$10 per BOE.

In March 2019, the Block A PSC gas development began full operations after completing a 90-day performance test at 52 BBTUD and a 3-day plant capacity test at 63 BBTUD. In South Natuna Sea Block B PSC, MedcoEnergi completed the Buntal-5, subsea development which is currently producing gas at a rate of 40 MMSCFD. Two development projects were also in progress during the Ophir acquisition, the Bualuang Phase 4B project in Thailand to install and drill wells for a new Charlie Platform and the Meliwi gas development project in East Java. Both of these projects progressed safely during the integration process and Bualuang Phase 4B delivered first oil in December 2019 while the Meliwi project will deliver its first gas in Q2 2020.

The Company also drilled two exploration wells in 2019, Tuna-1, which proved dry, and Bronang-2 both in the Block B, South Natuna Sea PSC. Bronang-2 well discovered gas in multiple high quality reservoirs and tested at gas rates ranging between 14 to 16 MMSCFD, with a flowing wellhead pressure of 1100 to 1300 psi. Following this successful discovery a Plan of Development for a subsea facility will be submitted to the Indonesian regulator in 2020.



Mining



Mining operations at Benete Port, Sumbawa

In 2016, MedcoEnergi acquired PT Amman Mineral Nusa Tenggara (AMNT), previously PT Newmont Nusa Tenggara, which operates a copper and gold mine concession in Batu Hijau, West Sumbawa Regency, West Nusa Tenggara Province. AMNT holds a Special Mining Business License (Ijin Usaha Pertambangan Khusus or IUPK) over an area of 25,000 ha and is progressing the Phase 7 development to deliver first ore production by mid-2020. In 2019, AMNT's production was 130 Mlbs of copper and 56 Koz of gold extracted from a combination of stockpile and Phase 7 ex-ore pit. Exploration activities in 2019 focused on Elang, which has an estimated mineral resource of 10.5 billion lbs of copper and 15.3 million oz of gold and is situated in close proximity to the Batu Hijau mine.

In compliance to the 2009 Mineral and Coal Mining Law, AMNT is committed to build an on-site smelter for the Batu Hijau mine. Outotec, which was appointed as the technology provider, has completed the Front End Engineering Design ("FEED") for the smelter project. The facility is designed to receive copper concentrate from Batu Hijau and other mines in Indonesia, with a target input of up to 1.3 million tons of concentrate per year.



Ophir Acquisition

On May 2019, the Company successfully completed the acquisition of Ophir Energy plc (Ophir) cementing the position of MedcoEnergi as a leading energy and natural resources company in Southeast Asia. Ophir's asset portfolio consisted of 11 operated and non-operated assets in Southeast Asia, Africa and Mexico, with producing assets located in Indonesia, Thailand, and Vietnam. Ophir's assets were highly complementary to MedcoEnergi's existing portfolio and the acquisition has strengthened MedcoEnergi's presence in Southeast Asia, enhancing production and reserves scale, diversified the portfolio, and provided further growth opportunities.

The acquisition increased MedcoEnergi's 2019 pro forma production by 35% to 115 MBOEPD and combined 2P Reserves and 2C Resources by 61% to 1,244 MMBOE.

During the integration of Ophir, over US\$50 million of recurring synergies and US\$100 million one-time cost savings were identified. A joint task force worked on the integration, with 400 Ophir employees engaged in the change management process. During the integration, the emphasis was to ensure the safe handover of operations, projects and business continuity.



Offshore operations in Bualuang, Thailand



Power

MedcoEnergi through its wholly-owned subsidiary Medco Power promotes clean energy solutions and has interests in gas-fired power, geothermal energy and hydro-electricity plants. Medco Power owns and operates nine small to medium sized IPP power plants and provides Operating and Maintenance services to its own and to third party power plants.

Medco Power operates the Sarulla geothermal facility, North Sumatra, the world's largest single contract geothermal operation. The Company holds other geothermal licenses in Ijen, East Java and Bonjol, West Sumatra and operates two mini hydro power plants in West Java. Medco Power is constructing and will operate 2x25 MWp Solar PV facilities in Bali, and a 26 MWp PV facility in Sumbawa to provide renewable energy to AMNT Batu Hijau mine site. MedcoPower is also developing a 275 MW combined cycle gas power plant in Riau, which is expected to reach commercial operation in Q2 2021.

In addition to its IPP business, Medco Power operates third-party power plants via O&M contracts, which include Tanjung Jati B power plant and several mobile power plants throughout Indonesia. In 2019 Medco Power signed two new O&M contracts with PLN in Sulut-1, North Sulawesi and Timor-1, East Nusa Tenggara.



Sarulla Geothermal Power Plant in North Sumatra

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SUPPLY CHAIN

Suppliers play an important role in our business. At MedcoEnergi, the provision of goods and services is conducted in a transparent and accountable manner. We maintain several open communication channels for our suppliers to access our procurement policies, systems and new opportunities, which comply with the applicable regulations.

Our integrated procurement system and vendor database cover all procurement processes and vendors' data in the countries where we operate. However due to the specific oil & gas government requirements in Indonesia, we align our procurement of goods and services with the Special Task Force for Upstream Oil and Gas Business Activities/SKK Migas Guidance No. 007/2017. As part of this alignment, we use the SKK Migas' Centralized Integrated Vendor Database (CIVD), which enables a standardized approach to assess vendor qualifications and enables transparency and accountability. In 2019, we integrated and improved our procurement system for Medco Power based on the procedures and best practices applied for Medco Oil & Gas.

To support our commitment to business transparency and ethical business practices, we conducted a series of anti-bribery training programs for MedcoEnergi's business partners and vendors. We have enhanced our Procurement Management System by certifying the Procure to Pay business process in accordance with ISO 37001:2016 Anti-Bribery Management System (ABMS) for our Indonesian oil & gas operations. The ABMS implementation and certification will be expanded to Medco Power in 2020.

We strive to choose high-quality suppliers who value health and safety and efficiency. We prioritise selecting suppliers and contractors who maintain a good track record in health and safety management. The Contractor Health Safety and Environment Management System (CHSEMS) is integrated in the planning and implementation of our contractor's selection process. Our suppliers and contractors must implement health, safety and environmental measures in executing the work. For more efficient supply chain management, we have also collaborated with other PSCs in the same region. As an example, in 2019, we aligned and shared our Natuna fixed-wing aircraft contract with other oil & gas operators in the area and achieved shared efficiencies in flying hours and operating costs.

Our procurement needs vary from basic consumables and housekeeping services to high technology goods and high-risk services. We prioritise the use of local manpower, domestic goods and services, as well as the development of local suppliers by providing capacity building. In Indonesia, our Local Content Level (*Tingkat Komponen Dalam Negeri* or TKDN) in 2019 was 70.87% based on the materials and services procurement reassessment across all Medco Oil & Gas working areas¹.

Total suppliers/vendors based on active contracts in 2019



1. Excluding the newly acquired Indonesia and Thailand assets in Q2 2019.

BUSINESS AT A GLANCE



THREE KEY BUSINESS SEGMENTS



Oil & Gas



Power



Mining

Oil & Gas



11 Onshore
Production
Assets

9 Exploration
Assets

5 Offshore
Production
Assets

Presence
in **9**
Countries

Power

638 MW
IPP Power
Capacity

2,150 MW
O&M Power
Capacity



6 Operating
Gas Fired IPP

1 Operated
Geothermal IPP

2 Operated
Mini Hydro IPP



**Human
Capital** 

4,000
Employees

10,000
Contractors

600
Petro-Technical
Professionals

ESG 

0.58
TRIR - Oil & Gas

0.44
TRIR - Power

US\$3.9 million
CSR Spending

19%
Year on Year
Oil & Gas Reduction in
Emission Intensity



Mining

25,000 ha
Mineral mining
rights area

120,000
tons/day processing
facilities



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2019 ECONOMIC PERFORMANCE

Direct Economic Value Generated and Distributed

	Value (USD)	Value (USD)	Value (USD)
	2017	2018	2019
Direct economic value generated	937,419,628	1,230,955,779	1,451,257,635
Revenues	937,419,628	1,230,955,779	1,451,257,635
	2017	2018	2019
Economic value distributed	750,819,138	1,018,392,392	1,228,848,908
Operating costs	395,042,425	556,671,116	676,194,381
Employee wages and benefits	76,470,881	73,423,317	100,307,430
Payments to providers of capital	140,561,845	188,990,540	251,334,573
Payments to host countries governments	138,093,462	196,480,990	199,373,250
Community investments	650,525	2,826,429	1,639,274
Economic value retained	186,600,489	212,563,387	222,408,726

4 SUSTAINABILITY AT MEDCOENERGI

MedcoEnergi aims to generate sustainable, positive impacts for our stakeholders. We conduct our business with integrity and transparency to safeguard our social license to operate. We also strive to protect the health and safety of our people, reduce our environmental impact and support the communities in which we operate.

Our approach to sustainability is guided by our Sustainability Policy, which consists of three principles or pillars of Sustainability and are supported by a strong foundation in good corporate governance. Each year we aim for continuous improvement as we attempt to achieve the targets we set in our sustainability framework.



MedcoEnergi Three Pillars of Sustainability



Leadership of and by Our Employees



Environment and Social Development



Local Community Empowerment



Leadership of and by Our Employees:

Our people are our most valuable asset. They are the keystone of our operations and our future success. Therefore, we must recruit diverse talent from all backgrounds who possess the right skillsets and ethical values. We are committed to maintaining a healthy and safe workplace built upon a culture of mutual respect. To be successful we will develop the capacity of all of our employees recognizing and rewarding individual performance whilst expecting personal accountability. All levels of our management are expected to set clear directions towards our expectations.

Environmental and Social Development:

As a responsible corporate citizen, we are committed to comply with all applicable laws and regulations and align our health, safety, and environmental management system with industry best practice and relevant international standards. We regularly set and monitor our goals and performance associated with zero injuries, illnesses, environmental incidents, and the reduction of waste and emissions. We seek to continually strengthen our operational excellence

by enhancing our safety culture, stakeholder engagement, environmental stewardship, and the ongoing adoption and development of best practices. We are committed to complying with all applicable laws and regulations, to respecting human rights in line with the UN Guiding Principles (UNGP) for Business and Human Rights and the Voluntary Principles on Security and Human Rights (VPSHR).

Local Community Empowerment:

MedcoEnergi endeavours to be a leading company on social practices and responsibility wherever we operate. We engage regularly, openly, and honestly with stakeholders to share, hear, and understand each party's views and concerns. We respond by making community investment decisions in a strategic, fair and transparent manner as we seek to empower and support the creation of self-reliant communities aligned with the UN SDGs.

Please refer to the Appendix - Aligning Our Sustainability Initiatives with the UN SDGs.

1. Message from the Chairman

2. Letter from the Board

3. About MedcoEnergi

4. Sustainability at MedcoEnergi

5. Strengthening Corporate Governance for Sustainability

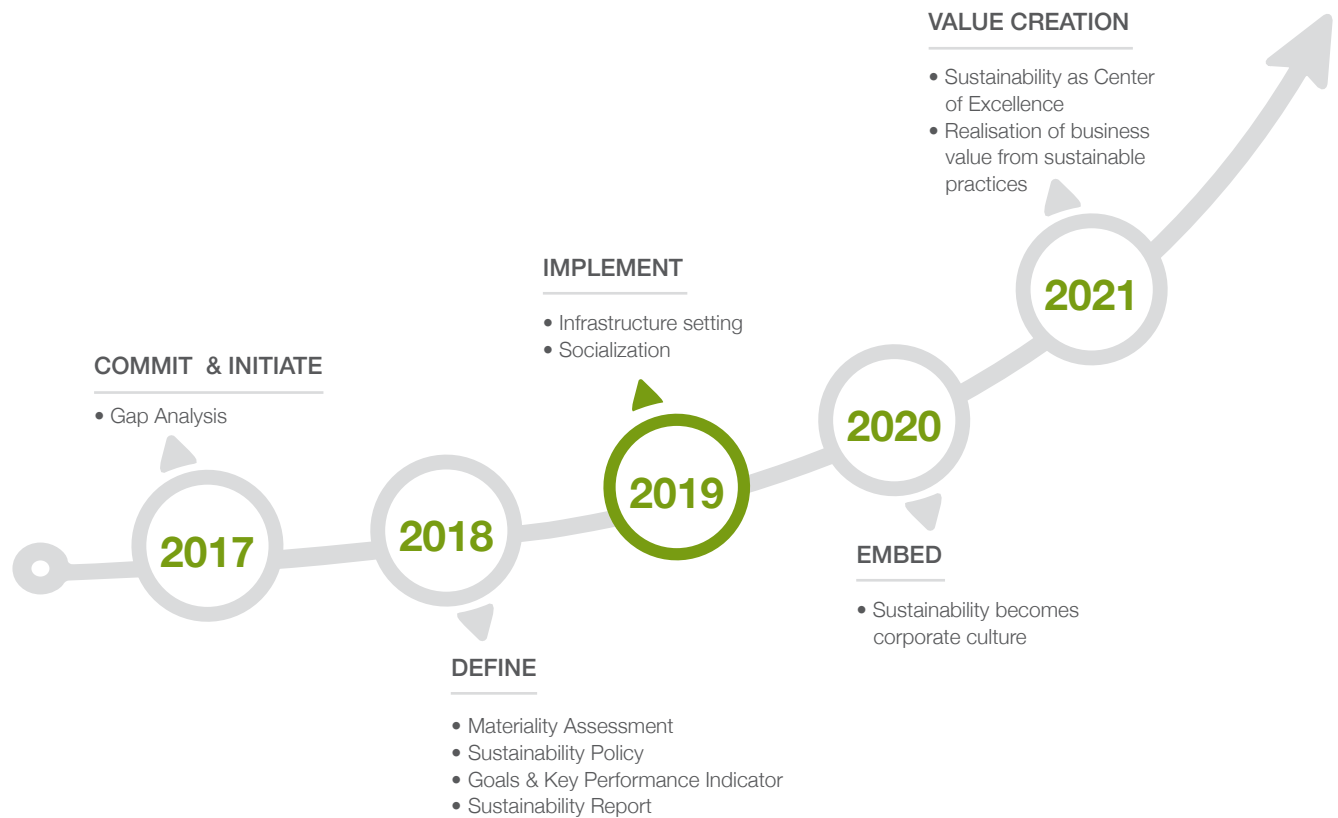
6. Growing with Our Community

7. Empowering Our People

8. Safeguarding the Environment

9. Protecting the Health and Safety of Our People

Journey to Sustainability

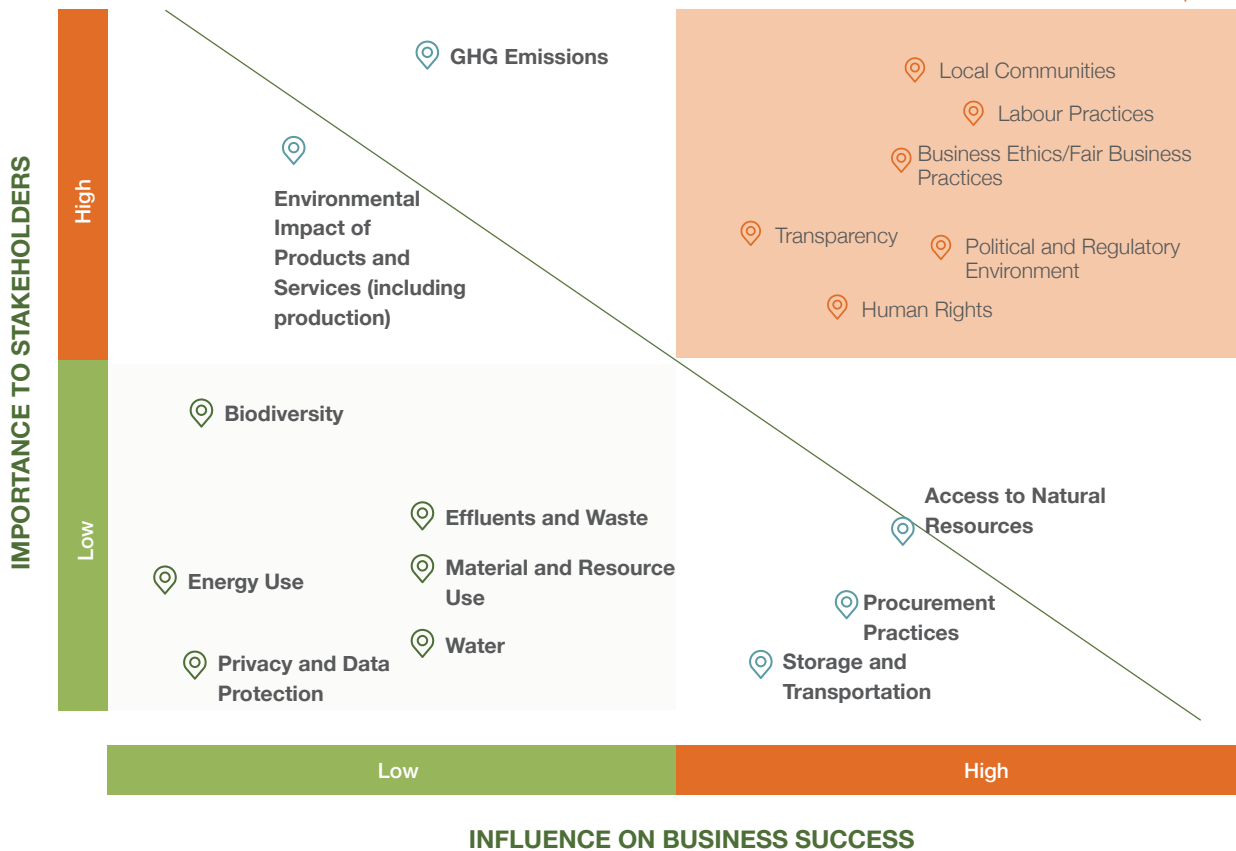


In 2018, we conducted a comprehensive risk-based materiality assessment identifying material issues to the business through an inclusive engagement with our key stakeholders. We defined the criteria to gauge priorities and perceptions on the importance of each material issue. The results of the stakeholder engagement were then evaluated to generate our final materiality matrix. These material issues are managed through our risk management system.

Based on the 2018 materiality assessment our priority issues include:



Materiality Assessment Matrix



We also developed our Sustainability Policy and short, medium and long term goals through extensive stakeholder engagement. Following this, we focused on socializing the policy and goals across our business assets in 2019, along with the implementation of agreed actions and infrastructure setting. In 2020 we are concentrating on embedding a sustainability culture across our operations and projects and integrating environmental, social and governance (ESG) into all aspects of our business.

Engaging Our Stakeholders

We view stakeholder engagement as essential in maintaining our social license to operate. Our stakeholder engagements ensure that we remain informed and address expectations, priorities and needs.

We use various communication channels to reach our stakeholders in the communities in which we operate. Specifically, we engage our stakeholders, local and central government authorities, non-government organisations (NGO), the media, our supply chain, and shareholders in order to understand their perspectives and gain feedback on our programs related to operational activities, community development, social welfare improvement, and environmental conservation. Through this approach, we incorporate and prioritise each stakeholders' views into our sustainability strategy.

In 2019, we consulted with multiple stakeholders at the local, national and international level. We participated in a number of sustainability events in collaboration with the Indonesia Stock Exchange (IDX), Global Reporting Initiative (GRI), Indonesia Global Compact Network (IGCN) and the Indonesian Chamber of Commerce and Industry (KADIN). We also participated in a panel discussion held by the Ministry of Foreign Affairs and Indonesian Global Compact Network (IGCN) on Climate Change and Human Rights and spoke at an event hosted by the ASEAN Inter-Governmental Commission on Human Rights (AIHCR) where we shared our experience in implementing sustainable livelihood programs in a number of our operations. Our participation at the UNFCCC's COP 25 in Madrid was also an important thought leadership event for us in 2019.

MedcoEnergi's Stakeholders

Shareholders	Our GCG Guidelines require that we protect the interests of our shareholders. We conduct General Meetings with shareholders where we present the company's annual results and adopt resolutions, including the appointment and termination of Commissioners and Directors, material decisions regarding investments and divestments, and other major corporate actions. Our management team also has regular engagement with multiple investors.
Employees	MedcoEnergi holds regular meetings with representatives of Worker Unions, to ensure an open line of communication concerning employee aspirations and the ability of the Company to meet those aspirations. We also hold communication forums as an effective way to resolve matters pertaining to employee relations and employment benefits, terms and conditions.
Banks and Investors	We work with banks that adhere to the Equator Principles ("EP Lenders") to finance our projects, such as in Senoro Toili JOB, Block A PSC, Sarulla Geothermal and MRPR Riau. We issue periodic monitoring reports to our lenders and provide data on ESG indicators in our Sustainability Report to capital market investors.
NGOs/Civil Society	NGOs and civil society organisations are important stakeholders that we engage on a proactive basis. We maintain communication with stakeholders from the NGO community to listen to and gather feedback.
Contractors, Suppliers and Business Partners	The principles of the GCG Guidelines and our Core Values guide all of our engagements with contractors, suppliers, and business partners. The Code of Ethics is communicated externally with all of our business partners. To support the local economy in areas where we operate, MedcoEnergi contracts local businesses to supply goods and services and forges strong mutually beneficial relationships.
Government and Regulators	MedcoEnergi engages governments and regulators in various ways, including consultation and cooperation with government agencies to strengthen policies and activities to mitigate adverse impacts on environmental, social and health issues from our operations. We regularly conduct consultations with government authorities on issues related to employment and workforce recruitment, as well as cooperate to bolster the capacity of local communities, and develop and empower local economies.
Consumers	We support consumers with our production both directly and indirectly. We contribute to government objectives of increasing the use of natural gas as a viable source of energy for Indonesia. We also contribute to food security by providing gas to the fertilizer sector, including the Indonesian state-owned PT Pupuk Sriwidjaja Palembang that produces urea fertilizers for farmers throughout South Sumatera.
Communities	Interactions with the community residing in the vicinity of our sites are essential as we acknowledge how our operations can affect them and vice versa. The establishment and implementation of stakeholder engagement and community development plans are facilitated by our community development team. We establish a grievance mechanism as an avenue for local communities to communicate their complaints directly to MedcoEnergi and ensure that the grievances are addressed in a timely manner.
Media	We conduct media engagement at a local and national level to keep journalists updated on our current activities, with media gatherings, knowledge sharing, and press conferences. We have also held training for journalists on the oil & gas industry to increase their technical understanding. In addition to this, we also have established a journalism certification program to contribute to capacity development.
Academia	We work with academia from various universities, such as Gadjah Mada University (Yogyakarta), Sriwijaya University (Palembang), Syiah Kuala University (Banda Aceh), Tadulako University (Palu), Bogor Agriculture Institute, Bandung Institute of Technology in conducting environmental and social assessments as well as other relevant studies.

Company's Membership and Initiatives

Our efforts to implement global practices and standards include alignment with the UN SDGs, and the Global Reporting Initiative (GRI) Standards applied in this Sustainability Report. Our ESG performance has been assessed by MSCI ESG Research LLC, a subsidiary of MSCI Inc. (formerly Morgan Stanley Capital International). In 2019, PT Medco Energi Internasional Tbk. received a rating of BB (on a scale of AAA-CCC) in the MSCI ESG-rating assessment. This is an improvement from the B rating achieved in the previous year.

Our contribution in business associations continues to strengthen our stakeholder relationships by assisting us in evaluating and planning engagement.

Name of Associations	Position
Indonesian Renewable Energy Society (Masyarakat Energi Terbarukan Indonesia/METI)	Board of Supervisors
National Committee for Sustainability Reporting, Energy Sector	Chairman
Indonesian Petroleum Association (IPA)	Board of Directors
IPA - Ethics & Compliance Committee	Chairman
Indonesian Business Council for Sustainable Development (IBCSO)	Member
Auditors Forum of SKK Migas - KKKS (FAMI)	Steering Committee
Public Relations Forum of SKK Migas - KKKS	Steering Committee
Chamber of Commerce and Industry	Member
International of Sustainability Professionals (ISSP)	Member
Indonesian Environmental Impact Assessment Forum (Forum AMDAL Indonesia/FAI)	Chairman
The Climate Reality Project	Climate Leader
Indonesian Oil and Gas Industry Compensation Association (Asosiasi Praktisi Remunerasi Migas Indonesia/APRIMI)	Member
Indonesian Employers Association (Asosiasi Pengusaha Indonesia/APINDO)	Member
Hydropower Plant Developers Association (Asosiasi Pengembang Pembangkit Tenaga Air/APPLTA)	Member
Indonesian Geothermal Association (INAGA) (Asosiasi Panasbumi Indonesia/API)	Member
Indonesian Electricity Society (Masyarakat Ketenagalistrikan Indonesia/MKI)	Member
Independent Power Producers Association of Indonesia (Asosiasi Produsen Listrik Swasta Indonesia/APLSI)	Member
Petroleum Institute of Thailand (PTIT)	Member
Society of Petroleum Engineer (SPE)	Member
Oil Industry Environmental and Safety Group (IESG)	Member
Oman Society for Petroleum Services	Member
Oman Chamber of Commerce & Industry	Member



MedcoEnergi, as one of the co-founders of IBCSO, contributed on Knowledge Sharing on Private Sector Contribution to Achieve the SDGs in Indonesia, September 2019.

STRENGTHENING CORPORATE GOVERNANCE FOR SUSTAINABILITY

Approach and Commitments

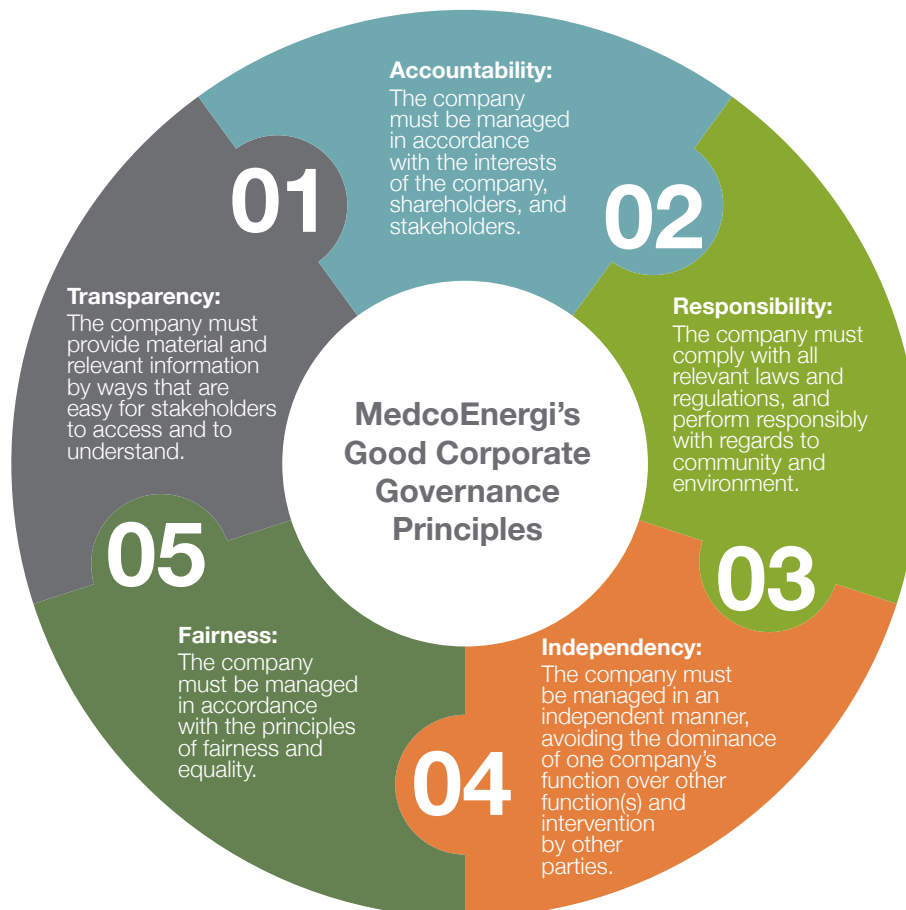
Our governance values and commitments serve as a guideline for our management and employees, for how we as a Company through our employees interact with our business partners and external stakeholders. Good Corporate Governance (GCG) is a tool to improve Company performance and stakeholder accountability, and is essential for a strong and sustainable business. MedcoEnergi takes a two pronged but complementary approach to implementing GCG. An ethics-based approach, underpinned by fostering a culture that recognizes and rewards sustainable and profitable

long-term relations with stakeholders. A regulatory approach based on compliance with the prevailing laws and regulations, respecting human rights in alignment with the UNGPs and aligning our governance practices with industry and international best practices and standards.

Good Corporate Governance Principles

MedcoEnergi implements Good Corporate Governance (GCG), a set of principles that apply across all subsidiaries and business units, supported by our Code of Conduct.

MedcoEnergi's Good Corporate Governance Principles



Good Corporate Governance at MedcoEnergi is underpinned by these principles. It guides management, employees, business partners, and other stakeholders to consistently adhere to ethical conduct in their daily business activities. In the event of any discrepancy between local laws, and regulations, the higher standard is applied.

Corporate Governance Structure

MedcoEnergi's Corporate Governance structure complies with the applicable Indonesian regulations.



To ensure effective implementation of the GCG and CoC Guidelines, MedcoEnergi has defined the following roles and responsibilities:

Board of Commissioners (BoC)

The BoC supervises the Board of Directors (BoD) and ensures the implementation of Good Corporate Governance, risk management, and internal control. It chairs the General Meeting of Shareholders, makes recommendations about remuneration for members of the BoC and BoD, and monitors execution of internal and external audits.

The BoC is assisted by the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, and Good Corporate Governance Committee.

Board of Directors (BoD)

The BoD manages MedcoEnergi pursuant to the interests and objectives of its shareholders. It guides MedcoEnergi in accordance with the Company's strategies and business objectives, formulates and implements business strategy and annual Work Program and Budget, and implements a risk management process.

Sustainability Governance

We believe in an effective Board of Directors, properly constituted, as the key of good corporate governance. To support their roles,

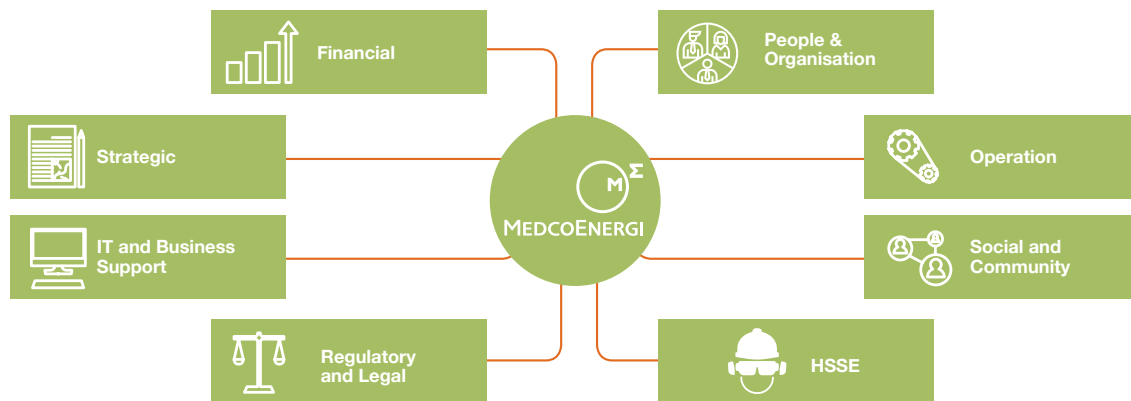
we have strengthened our sustainability and risk management process through the establishment of our Corporate Sustainability and Risk Management (CSR) division tasked with creating the infrastructure needed and implementing the Board's agenda.

The CSR division coordinates with the functional teams in sustainability, such as HSE, human resources, relations, community development, security, and audit and internal compliance, in monitoring and reporting the progress of the sustainability action plans. The implementation of our sustainability programs are carried out by our assets across our business sectors supported by these functional teams. The functional teams report the progress of the sustainability agenda to the BoD on a regular basis.

Risk Management

The Company implements an Enterprise Risk Management (ERM) Framework with reference to international standard ISO 31000. This framework is implemented by conducting rigorous risk identification and assessments, monitoring and reporting with a risk universe including financial, technical and ESG elements.

Risk Universe of MedcoEnergi



Company's Ethics and Compliance

We uphold our ethical principles and compliance throughout our business and value chain. However, we recognize that in several countries where we operate, reported transparency and corruption issues exist. To overcome this challenge, we maintain a strong business culture supported by regular capacity building and auditing.

Our goal is to operate in compliance with all applicable laws and regulations in order to maintain the trust given by our stakeholders. We believe that compliance safeguards our strong reputation as a publicly listed company with a good track record in corporate governance.

We prioritize ethical conduct and transparency when interacting with our business partners, government agencies and local communities and to proactively keep track of regulatory updates to maintain compliance. In 2019, no material penalties or sanctions were imposed on any of our assets for regulatory violations or compliance issues.

To create an enabling environment for exercising ethics and compliance, we provide internal and external channels for our stakeholders to raise business ethical concerns in a confidential manner. We employ a third-party organisation to operate our external whistleblower channel and treat every misconduct with the utmost confidentiality involving a rigorous investigation overseen by the Board of Directors.

INTERNAL HOTLINE



Email:
Ethicshotline@medcoenergi.com

Phone
(Office hours 7 a.m. - 4 p.m.
Jakarta time):
(62-21) 2996 5899

Office Visit:
The Energy Building
MedcoEnergi Audit & Integrity Compliance Division
SCBD Area Lot 11A
Jl. Jend. Sudirman
Jakarta 12190
Indonesia

EXTERNAL HOTLINE

Managed by our appointed independent party



Direct Website: <https://lapor-medcoenergi.tipoffs.info>
Email: lapor-medcoenergi@tipoffs.com.sg

Indonesia
Phone: 0800-150-3020
Text Messages (SMS) and WhatsApp Messenger:
(+62-813) 8870 3300

Thailand
Phone: 1800-010-316
Text Messages (SMS): (+66) 65986 1887
WhatsApp Messenger: (+62-813) 8870 3300

Oman
Phone: 80074565
Text Messages (SMS): (+27) 72 014 4445
WhatsApp Messenger: (+62-813) 8870 3300

In November 2019, we expanded the whistleblower system to include our newly acquired assets and available in additional Arabic and Thai languages.

Commitment to Anti-Corruption

Our business operations entail frequent interactions with government and non-government officials, creating exposure to risks of bribery and corruption. We strictly abide by Indonesia's anti-corruption laws and equivalent legislation in the other countries in which we operate. Our GCG and CoC Guidelines describe our commitment to corruption prevention across our business operations.

Our approach to preventing corruption includes:

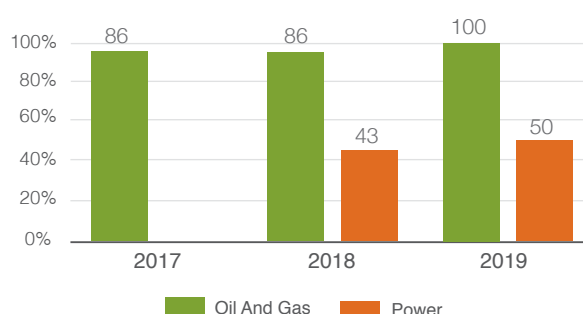
- The implementation of our corruption risk assessment procedures.
- Identification and management of conflicts of interest.
- Procedure of payments to third parties to prevent bribery cases.
- Anti-corruption training for workforce and vendors.
- Participation to initiatives to combat corruption with external stakeholders such as government bodies and business associations.

To implement this commitment, we insist our workforce and business partners to comply with all our anti-corruption regulations and policies. Failure to comply will be subjected to disciplinary action.

We have implemented a number of anti-corruption initiatives such as our Ethics Liaison Officer Program, Fraud Risk Assessment workshops, ISO 37001:2016 Anti-Bribery Management System (ABMS) certification for Medco E&P Natuna, and

Procure to Pay Process in the Indonesia oil and gas assets. We are continuing the expansion of ISO certification to our other businesses and assets.

Operations Assessed for Risks Related to Corruption



Our employees receive anti-corruption training through awareness-raising by emails, participative training that covers test and declaration of Conflict of Interest, as well as intensive classroom training. Classroom training consists of employees, contractors, and other external stakeholders. We also have initiated anti-corruption education/socialization to our newly acquired assets in mid of 2019. Our employee training participation between 2017 and 2019 is presented below:

Employee Training Participation¹

Type of Training	Entity	2017		2018		2019	
		Value	Percentage	Value	Percentage	Value	Percentage
Light Education	Oil & Gas	1,834	100%	1,847	100%	1,808	100%
	Power	Not conducted yet		824	100%	797	100%
Participative Training	Oil & Gas	909	50%	1,821	99%	1,765	98%
	Power	Not conducted yet		797	97%	775	97%
Intensive Training	Oil & Gas	354	19%	480	26%	5,164	N/A ²
	Power	Not conducted yet		327	40%	265	N/A ²

1. Detailed information on type of trainings is available in GRI 205-2e on page 79 of GRI Performance Data: www.medcoenergi.com/en/subpagelist/view/36 or through MedcoEnergi's website: www.medcoenergi.com.

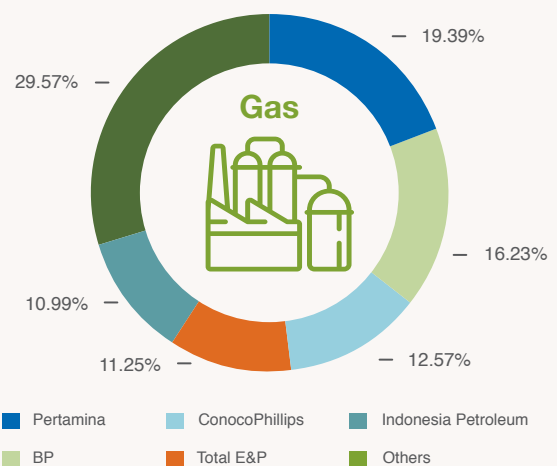
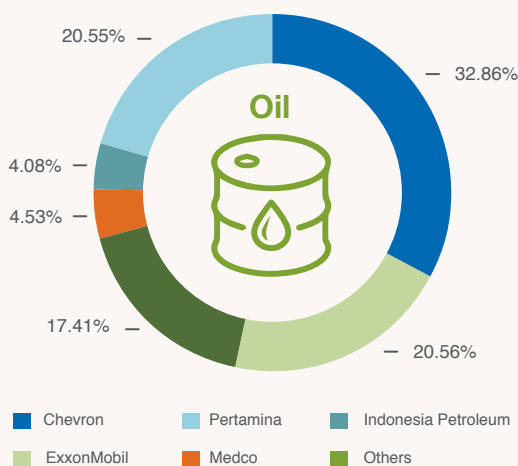
2. The number of participants for intensive training includes other than employees (contractors and external stakeholders) and therefore the denominator cannot be defined. This number is not assured.

Commitment to Transparency with the Extractive Industries Transparency Initiative (EITI)

As a leading energy and natural resources company, Medco contributes to Indonesia's effort in setting best practice standards for good governance. Indonesia is part of the 52 countries in EITI, that sets the global standard for transparency reporting in the extractive industries. In 2019, we continued our participation in EITI that seeks financial transparency and improved governance in the extractive industries. Since 2016, we have submitted annual reports detailing our governance, social and environmental activities, and the results of our financial data to demonstrate our financial transparency and good governance.

The EITI report provides revenue information on the value chain, from extraction to its contribution to Indonesia's economy and is coordinated by the EITI Implementation Team of the Government of Indonesia's (GoI) Coordinating Ministry for Economic Affairs (CMEA). The contribution to EITI shows our continued commitment to good corporate governance and transparency.

Indonesian oil & gas companies with the highest total lifting in 2016:



Source: 2016 EITI Report

Anti-Bribery Management System (ABMS)

To ensure continuous strict adherence to business transparency and ethical business practices, MedcoEnergi implements an Anti-Bribery Management System (ABMS). ISO 37001:2016 ABMS, issued to help organisations establish, implement, maintain, and improve an anti-bribery compliance. It includes a series of measures of globally recognized anti-bribery good practice. We have conducted a series of training programs involving MedcoEnergi's employees, business partners, and vendors to socialize and implement the ABMS.

These programs include leadership commitment, establishing an Anti-Bribery Management Guideline and reviewing available controls, conducting a Bribery Risk Assessment, and Due Diligence mechanism. In June 2019, Medco E&P Natuna completed the certification of ISO 37001:2016 ABMS. The certification is the first awarded to an oil & gas PSC in Indonesia. The same certification was granted by the National Accreditation Committee (KAN) in April 2020 for the Procure to Pay Process in MedcoEnergi's Indonesia oil & gas market, making it the first oil & gas company to be certified. The ABMS implementation and certification will be expanded to Medco Power in 2020.

In Indonesia, we have also been active in the Anti-Corruption Working Group partnering with the Indonesian Corruption Eradication Commission (*Komisi Pemberantasan Korupsi* - KPK) and the Indonesian Petroleum Association (IPA) while also providing technical assistance to other stakeholders in the industry.

Bribery and Fraud Risk Assessment (FRA)

MedcoEnergi aims to support our Audit & Integrity Compliance (A&IC) Department in monitoring significant corruption risks through Bribery and Fraud Risk Assessment (FRA). In our FRA workshops, employees identify business activities that are vulnerable to fraud

and bribery and develop plans to mitigate risk, assess internal controls, and compliance with the regulations and professional standards. We have conducted FRA workshops regularly since 2014 across all of our domestic assets.

In 2019, 80 participants enrolled in the workshops with three sessions delivered. Employees attending these sessions were from South Natuna Sea Block B PSC, the E&P Procure-to-Pay Process, and Medco Power. In 2020, we aim to conduct further FRAs to across the newly acquired Ophir assets.



FRA workshops provide the foundation of bribery and fraud risks mitigation to all MedcoEnergi operations.

Ethics Liaison Officer (ELO) Program

Our ELO Program helps to build our ethical compliance culture through appointed ELO personnel that rotate each year. Within their functions, they are expected to champion campaigns to ensure compliance with all applicable business ethics, policies, laws and regulations. We believe that an ethical business environment can only be achieved if all our stakeholders participate in continuous campaigning on expected conduct through effective communication to the organisation.

The first ELO Program in 2018 consisted of 27 personnel implemented at South Natuna Sea Block B PSC as a pilot project with attendees trained on our CoC, policies and procedures. In 2019, the program expanded to the Rimau PSC, South Sumatra PSC, Lematang PSC, Block A PSC, and Oman. More than 130 discussion sessions on business ethics were conducted. For the third series in 2020, we will expand the program to newly acquired assets in Indonesia and Thailand.

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Protecting the Health
and Safety of Our People

9.

Annual Declaration and Assurance Process

We are committed to upholding GCG and CoC guidelines through an annual declaration and assurance process. As such, all our directors and employees are required to submit the following:

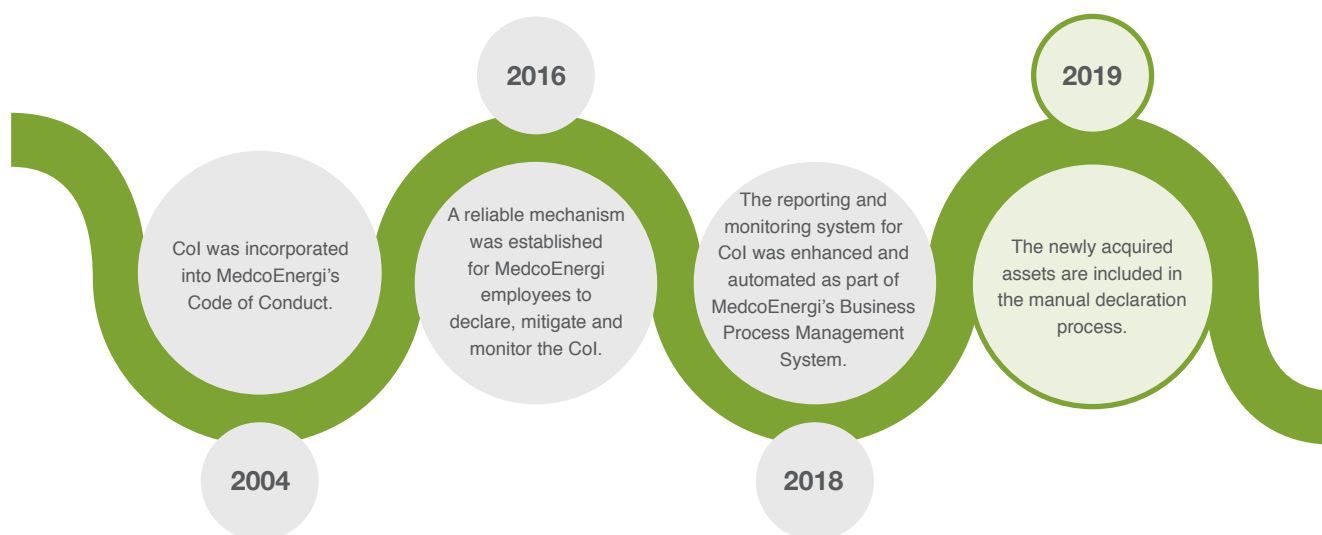
1. Annual Statement of Adherence (SoA)

Prior to submitting, employees are required to read and understand the CoC guidelines. All leaders are responsible to explain to all employees under their supervision and support them in understanding and complying/implementing the values

in our daily operational activities. All employees must pass an online test before signing their SoA.

2. Conflict of Interest (Col) Declaration

According to the Organisation for Economic Cooperation and Development, a conflict of interest occurs when an individual or a corporation is in a position to exploit his or their professional or official capacity in some way for personal or corporate benefit. Through Col declaration, we encourage our staff to disclose any activity in which they are uncertain whether it may represent a perceived, potential or actual conflict of interest.



Dealing with Political Participation

As reflected in our GCG and CoC Guidelines, we do not support political parties or make contributions or donations to any political party or affiliated organisation wherever we operate.

Nevertheless, we fully respect the freedom of our employees to participate in political processes and support their choice of parties or candidates without any influence whatsoever. Individuals actively participating in political activities, including participating as members in a political party or campaigning for an election, must do

so in accordance with our policies and regulations. All employees receive internal communications regarding our stance for donations and contributions before elections take place.

We also strictly adhere to the principle of non-discrimination in the design and implementation of our community development programs, including operational support programs (*Program Pendukung Operasi*, PPO) approved by SKK Migas. All of our programs are free from discrimination based on ideology, political party, ethnicity, religion, race, gender or age.

CASE STUDY

Driving Anti-Corruption Culture For Business Partners

The Indonesian Corruption Eradication Commission (KPK) data from 2004 to 2019 reported that almost 80% of corruption cases related to procurement. As such, ensuring our vendors' compliance and adherence to Anti-Corruption and Bribery plays a vital role in preventing corruption and bribery risks.

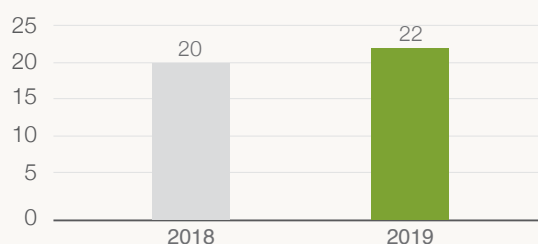
MedcoEnergi's Corporate Audit & Integrity Compliance has been delivering a series of training programs to our vendors and suppliers covering topics such as business sustainability, corporate responsibility, and MedcoEnergi's whistleblowing system program. The training also includes:

- Types of Corruption Actions based on Laws No. 31/1999 in conjunction with Laws No. 20/2001
- Our stance on gift and entertainment during religious celebration seasons
- ISO 37001:2016 ABMS Certification
- Business Ethics and FRA
- Corporate Crime Prevention
- Col Risk Deterrence

To strengthen our culture in anti-corruption and bribery, we published numerous articles through the Centralized Integrated

Vendor Database (CIVD) during 2019 to convey anti-corruption and bribery messages to MedcoEnergi's business partners. We also conducted awareness-raising through two vendor engagement sessions (Vendors Day) in East Aceh Block A PSC and Pekanbaru collaborating with SKK Migas and other PSCs. We will continue these efforts in 2020.

Number of Vendors Audited for Anti-Bribery and Corruption



In addition to the training program, MedcoEnergi also conducts audits of vendors as part of the Anti-Bribery Management System. In 2019, we completed 22 vendor audits following our 2018 commitment to expand the number of vendor Anti-Bribery Corruption (ABC) audits over the next three years. We aim to continue this effort in 2020 to reduce business risks from bribery and corruption.



Vendors Day event designed to engage our suppliers and to drive a culture of Anti-Corruption and Bribery.

Respecting Human Rights

We are committed to respecting human rights in line with the UN Guiding Principles (UNGP) for Business and Human Rights and the Voluntary Principles on Security and Human Rights (VPSHR). Protection of human rights is a core component of our relationship with local communities. A Human Rights Review of potential issues associated with our Block A PSC was conducted as part of our Environmental and Social Impact Assessment (ESIA). Potential impacts identified included security issues related to workforce recruitment, workforce demobilization, and upon completing operations.

Following the establishment of a security and human rights guideline and implementation of human rights training at Block A PSC, an independent assessment and field visit in 2019 found no issues related to human rights at the site. Our Medco Power operations have also complied with the International Finance Corporation (IFC) Performance Standards since 2012 and routinely undergo external audits at the IFC's request. The most recent IFC audit in 2018 reported no issues related to human rights violations.

Action Plan

The following action plan has been designed to enable us to meet our objectives and continue to improve our management of corporate governance issues. We are measuring, monitoring and reporting our progress and performance against these actions on a regular basis.

	Short Term Actions	Medium-Long Term Actions	Status
Anti-Corruption	Require all employees to sign an annual anti-corruption declaration after demonstrating their knowledge through an online evaluation.		Employees have signed an anti-corruption declaration on an annual basis.
	Conduct regular training on hosting government officials, Fraud Risk Assessment (FRA) for MedcoEnergi employees, and discuss anti-corruption programs in oil and gas forums.		Completed the training on hosting government and FRA workshops in South Natuna Sea Block B PSC, Supply Chain Management targeted participants and Medco Power in 2019.
	Establish piloting of Ethics Liaison Officer (ELO) program for South Natuna Sea Block B PSC, with more than 30 officers in each department or field.		
	Expand the ELO program at Rimau PSC, South Sumatra PSC, Lematang PSC, and Block A PSC with 48 officers in each department or field.		The ELO personnel expanded from 27 in 2018 to 48 in 2019.
	Expand the ELO program to newly acquired Indonesia and Thailand assets.		
	Implement and obtain ISO 37001:2016 ABMS certification for Medco E&P Natuna.		The certification process started in 2018 and was completed in May 2019. The success story has been shared with IPA Ethics & Compliance Committee members including Pertamina Hulu Energi (PHE), Ministry of Health and Indonesia Professional Audit and Control Association (IPACA).
	Implement and obtain ISO 37001:2016 ABMS certification for procurement process and Rimau PSC, South Sumatra PSC, Lematang PSC, Block A PSC, Tarakan PSC, South Natuna Sea Block B PSC.		Implementation and certification have been obtained in Q2 2020.
	Implement and obtain ISO 37001:2016 ABMS certification for Power assets.		Preparation to certify Power (Head Office) including and resource planning initiated in Q4 2019.
	Conduct Anti-Bribery and Corruption (ABC) vendor audits (minimum of 20 vendor audits per year).		Completed 22 vendor audits and conducted the program annually.
	Establish a standard for vendor due diligence process.		Completed procedures and standards establishment and implementation for South Natuna Sea Block B PSC, while for other oil & gas assets is currently being developed.

	Short Term Actions	Medium-Long Term Actions	Status
	Through the Indonesia Petroleum Association (IPA) Ethics & Compliance Committee, advance engagement with government authorities on anti-corruption practices in the oil and gas industry.	In collaboration with KPK, Transparency International Indonesia (TII) and IPA, facilitated Corporate Crime Prevention Event with participants from various functions from the oil & gas industry. Conducted meeting with National Strategic Team on Corruption Prevention providing feedback on permit simplification and transparency, representing IPA.	
Business Ethics	Carry out Code of Conduct (CoC) Assurance: Statement of Adherence (SoA) self-test.	Completed SoA self-test and Col at Corporate level. The process of Conflict of Interest Deterrence in the newly acquired assets in Indonesia and Thailand was conducted through hard-copy in 2019.	
	Automate Conflict of Interest Deterrence.		
	Standardize CoC Practices related to SoA Declaration, Conflict of Interest (Col) Declaration, Governance & Ethics Policy, Government Hosting Policy, Contribution & Donation Policy.	Completed the required alignment at Corporate and oil & gas.	
	Ensure alignment between audit and compliance practices at the corporate level.	The Company implements continuous improvement compliance program in the area of and disciplinary actions related to retaliation clauses in CLA across the group.	
	Standardize vendor due diligence process for Medco oil & gas assets.	Completed the audit and compliance practice alignment at Corporate level. Vendor due diligence is still ongoing. Medco oil & gas CLA has retaliation clauses to reinforce disciplinary actions.	
	Reinforce disciplinary actions related to Code of Conduct Violations in the Collective Labour Agreement (CLA) for Medco oil & gas assets.		
	Finalize and implement a standardized, rigorous compliance program (covering prevention – detection – response) across MedcoEnergi.	Implemented one CoC standard across MedcoEnergi (including the newly acquired assets in Indonesia), ABMS implementation in key overseas assets, and standardized 3rd party risk management.	
Human Rights	Develop human rights policy and framework.	Initiate the development of Human Rights Policy in 2020. Inclusion of Human Rights aspects in the Community Development and Security Policy.	
	Conduct human rights training for relevant employees and vendors.	Conducted training for security guards that includes a human rights component.	
	Conduct a human rights assessment for major assets.	Initiate the development of human rights impact assessment in 2020. The result of the assessment will serve as the foundation to develop MedcoEnergi Human Rights Policy.	
Public Policy	Develop an accountability mechanism to monitor MedcoEnergi's public policy statements versus execution, and agenda versus implementation.	Completed the accountability mechanism and reporting to BoD.	
Socioeconomic Compliance	Through the IPA Ethics & Compliance Committee, support industry efforts to increase simplification and transparency around social and environmental permits for Medco oil & gas assets.	Ongoing authority engagement under the National Anti-Corruption Strategy Forum.	

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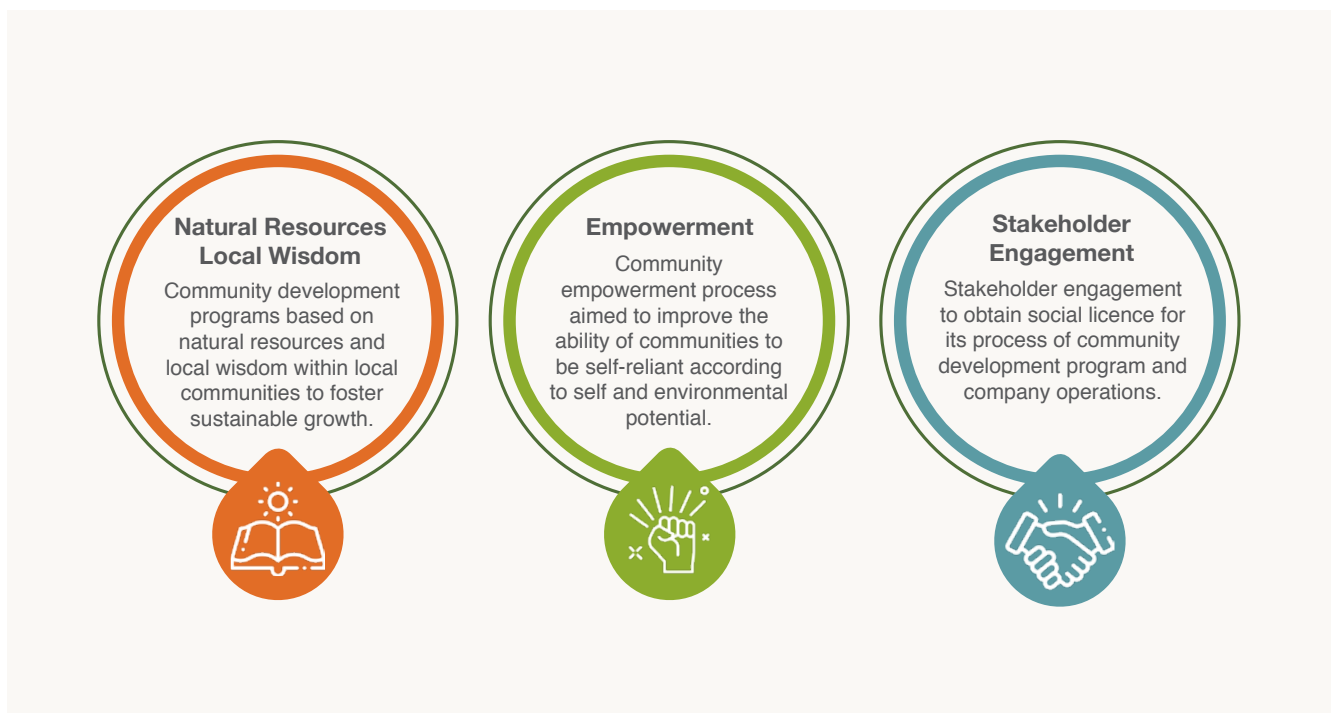
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Approach and Commitment

MedcoEnergi is committed to empowering the communities in which we operate and respecting local traditions and cultural heritage. Our journey to sustainability can only be successful if we support thriving local communities; proactively listening to concerns and undertaking meaningful consultations and discussions, regularly and openly. We invest in long-term community development programs that provide access to employment, business opportunities, training and capacity building towards sustainable livelihoods.

In engaging communities, we adopt international best practices, and attempt to walk the extra-mile to develop self-reliant communities in alignment with the UN SDGs, the UN Guiding Principles on Business and Human Rights, and the Voluntary Principles on Security and Human Rights. Local community business is our business, and we aim to establish mutually beneficial relationships that last for our next 40 years in business.

To support our community relations activities, Medco has developed a Social Management System (SMS) that provides guidance for our operations in managing social risks and helping us define the goals for our social management programs.



We implement our community development approach in line with the following objectives:

Social and economic impacts: We assess and prioritise community needs based on local renewable resources and local wisdom to support sustainable community development.

Security practices: We provide a safe working environment by conducting security risk assessments for all assets and ensure compliance with security management regulations. We leverage the knowledge of our employees and contractors regarding security risks, and maintain Memoranda of Understandings with public security forces that includes human rights clauses.

Stakeholder engagement: We engage key stakeholders in government organisations, non-government organisations, and the media to develop good partnerships and enhance our understanding of expectations. All assets implement stakeholder engagement plans to manage ongoing engagement with local communities and other relevant stakeholders.

Grievances: We establish a grievance mechanism as an avenue for local communities to communicate their complaints directly to MedcoEnergi and ensure that grievances are addressed in a timely manner.

Engaging Our Stakeholders Meaningfully

Meaningful stakeholder engagement requires developing relationships based on trust and respect. We have grown our understanding of our stakeholders by conducting consultations and responding to concerns through clear communication channels regarding potential risks, impacts of our operations, and their mitigations.

We conduct identification and mapping to better guide our stakeholder engagement strategies with planning and facilitating a two-way dialogue that enables all parties to exchange views and information.

The majority of our oil & gas and power operations have stakeholder engagement plans in place to implement and monitor hundreds of intensive community engagement activities across multiple stakeholders. Our plans also set out the historical consultation we

have undertaken and the future strategy along with monitoring and evaluation.

We engage our local stakeholders in designing our plans and community development programs. Besides understanding the socio-economic context of our communities, we identify their needs and feedback through a participatory approach. We also routinely approach the related authorities, NGOs and youth organisations to build partnerships and enhance our understanding of community aspirations.

We plan our activities in line with the capacity, resources, and needs of the communities, through multi-stakeholder engagements involving the District Leadership Coordination Forum (Forum Komunikasi Pimpinan Daerah/FORKOPIMDA), Local Youth Organisation (Karang Taruna), NGOs and community-based organisations.



We engage and consult our local stakeholders to establish meaningful relationships in developing programs toward self-reliant communities.

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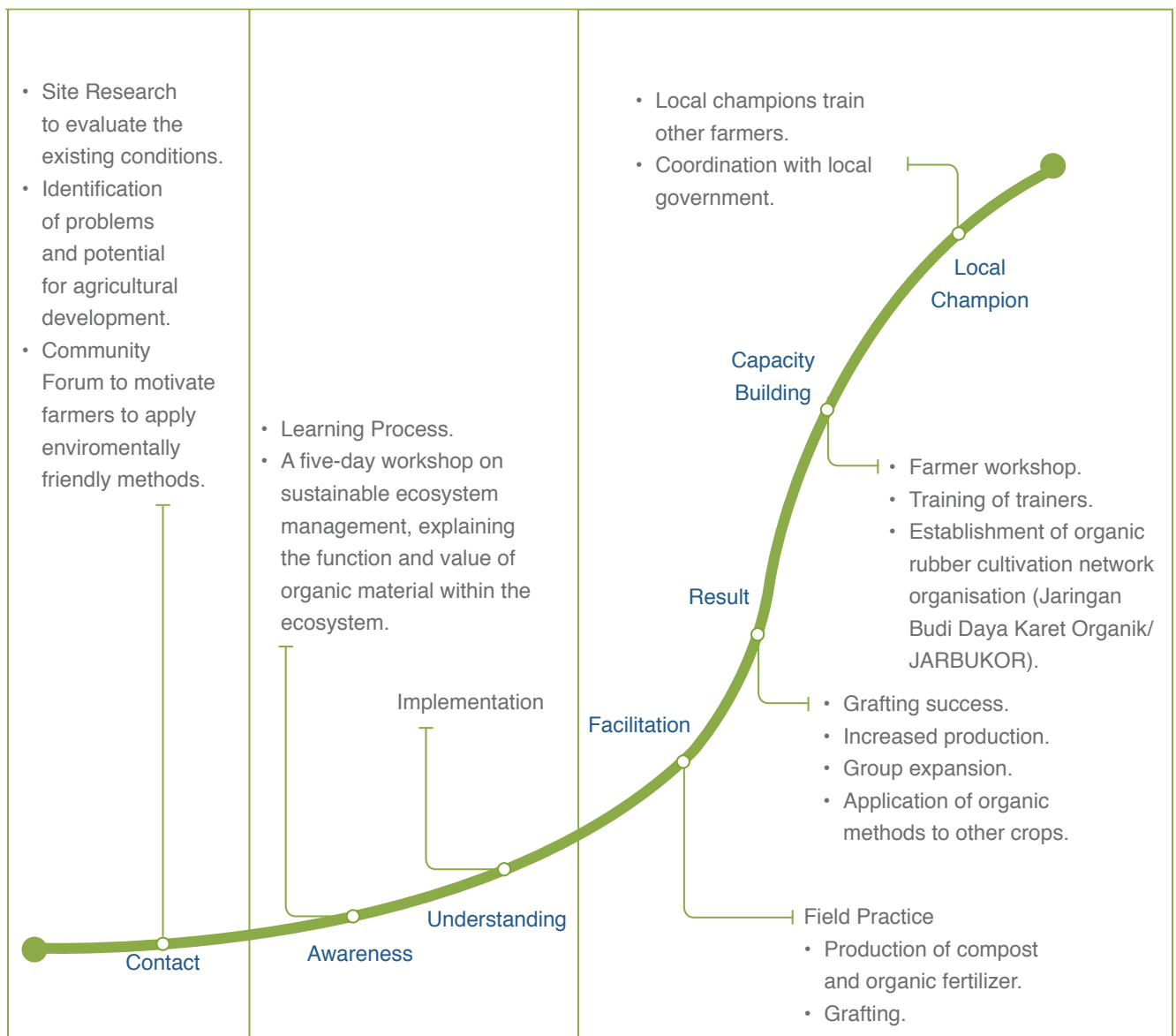
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Supporting Community Livelihoods

Our community development programs aim to nurture local potential, increase productivity, and improve welfare. The programs are long-term and designed to empower communities to be self-reliant. Our focus is on infrastructure development and sustainable livelihoods.

We have integrated S-Curve principles within our community engagement and development process with stakeholder engagement, taking place at strategic milestones throughout this process. This has enabled us to build strong social ties with our local communities based on mutual understanding and cooperation.

S-Curve Adoption Technology



In 2019, we contributed approximately US\$1,8 million to infrastructure development, including the drilling of clean water wells, construction of drainage systems, housing for vulnerable groups, establishment of evacuation routes, constructing roads and bridges, mosques and schools renovations, village libraries and public areas, sports facilities, organic plant nurseries, and farming infrastructure.

We develop sustainable livelihoods in communities to improve their quality of life and preserve local ecosystems. In 2019, we invested approximately US\$2,1 million for livelihood projects and charitable contributions.

Our livelihood projects focus on agriculture (cultivation of crops such as rice, vegetables, rubber, mushrooms, herbal medicine), livestock commodities (honey and dairy goats), and aquaculture (organic catfish cultivation).

Our charitable contributions aim to improve the quality of local health and education services, provided emergency disaster reliefs, and support for people with disabilities across our operations.

We also provided funds for capacity building programs such as entrepreneurship training, fisheries eco-tourism development, mosque management training, teacher training, and development of a paper recycling business.

Total Community Empowerment Contribution of Oil & Gas, Power and Mining (in US\$)			
Programs	2017	2018	2019
Infrastructure	1,202,234	969,644	1,802,374
Sustainable Livelihoods	1,188,590	1,483,575	1,704,412
Others	741,709	625,420	409,914
Total	3,132,533	3,078,639	3,916,700



In addition to introducing sustainable agriculture practices, our organic farming program (System of Rice Intensification or SRI) in Rimau PSC has helped local farmers increase their crops by twofold.

Community Development Implementation

Community development information disclosed in this report covers our oil and gas, power and mining businesses. The list of complete programs is available in the GRI Performance Data, GRI 203 and GRI 413 on page 82-92 (www.medcoenergi.com/en/subpagelist/view/36). Further examples of our community programs and beneficiary testimonials can be found at www.medcoenergi.com/id/subpagelist/view/3. All information is also accessible through MedcoEnergi's website: www.medcoenergi.com.

Our Community Development Programs	
Assets	Programs
BLOCK A PSC	
Construction & Infrastructure	Mosque renovation, educational facilities rehabilitation, house construction for the vulnerable group, cleaned water well drilling, social & public facilities rehabilitation
Sustainable Livelihood & Others	Organic Farming, Honey Bee Cultivation, Entrepreneurship Training, Community Learning Center, Students Capacity Building Support, Health Counselling for Pregnant Women/Toddler/Elderly
RIMAU PSC	
Construction & Infrastructure	Village road rehabilitation, mosque renovation, school facilities renovation, public facility renovation
Sustainable Livelihood & Others	Assistance & Business Development), Home-Based Business Enterprises Training (Jumputan - Traditional Batik-making Technique), Support to Education Activities
SOUTH SUMATRA PSC	
Construction & Infrastructure	Sport facility, mosque renovation, village road rehabilitation cleaned water well drilling, public and social facilities rehabilitation, ambulance unit for community health center
Sustainable Livelihood & Others	Health Counselling, Strengthening Agribusiness, Strengthening Local Economy and Micro, Small and Medium Enterprises, Support to Religious and Cultural Activities
SOUTH NATUNA SEA BLOCK B PSC	
Construction & Infrastructure	Social & public facilities support, sport facility support, village access & facility development, electricity for community in Riau Islands
Sustainable Livelihood & Others	Mentoring (Adiwiyata Program), Village Management Capacity Building in Palmatak District, Grouper Cultivation, Natural Disaster Victim Support
LEMATANG PSC	
Construction & Infrastructure	Village road rehabilitation, mosque renovation, school facilities support, village health post facility support, social & public facilities rehabilitation
Sustainable Livelihood & Others	Organic Farming, Cooking Class, Small and Medium Enterprise Development, Waste Management and Biodiversity, Support to Religious, Health and Education Activities
TARAKAN PSC	
Construction & Infrastructure	Social & public facilities support
Sustainable Livelihood & Others	Strengthening of Agribusiness Based on Organic Farming, Organic Farming Class for Students, Sokola Alam Activities, Support to Religious, Health, Education and Cultural Activities
SAMPANG PSC	
Construction & Infrastructure	Public facility construction, bridge construction, cleaned water drilling well, construction of community building
Sustainable Livelihood & Others	Procurement of Fishing Equipment for Fishing Groups, Home Industry Pastry, Sewing Production
THAILAND	
Construction & Infrastructure	Koh Tao island playground, learning center renovation
Sustainable Livelihood & Others	Support to education, environment, community and others
BANGKANAI PSC	
Construction & Infrastructure	Public sanitary facility development, repair of Karendan clean water facilities, construction of village market, public facility renovations, electrification to the poor households as participation to ESDM program

Our Community Development Programs

Assets	Programs
Sustainable Livelihood & Others	Madrasah Teacher Assistance and Madrasah Yard Cementing in Muara Pari Village, Disaster Aid, Social Mapping
MADURA OFFSHORE PSC	
Construction & Infrastructure	Village road asphaltting, construction of a concrete rebate road, public facility construction, supporting fishing equipment, village road plots
Sustainable Livelihood & Others	Procurement of equipment (fishing groups, women's empowerment activities, carpentry, agricultural, and community activities), and support to education
MEDCO POWER	
Construction & Infrastructure	Road renovation, mosque and church renovation, bridge renovation, irrigation system renovation
Sustainable Livelihood & Others	Disaster Victim Donation, Support on Religious Event, Support on Village Community Event, Support on Health, Education and Cultural Activities
BATU HIJAU MINE (AMNT)	
Sustainable Livelihood & Others	Vannamei Shrimp Cultivation, Community Businesses Focusing on Agribusiness Sector, Revitalization of Several Tourism Objects

Community Development Highlights

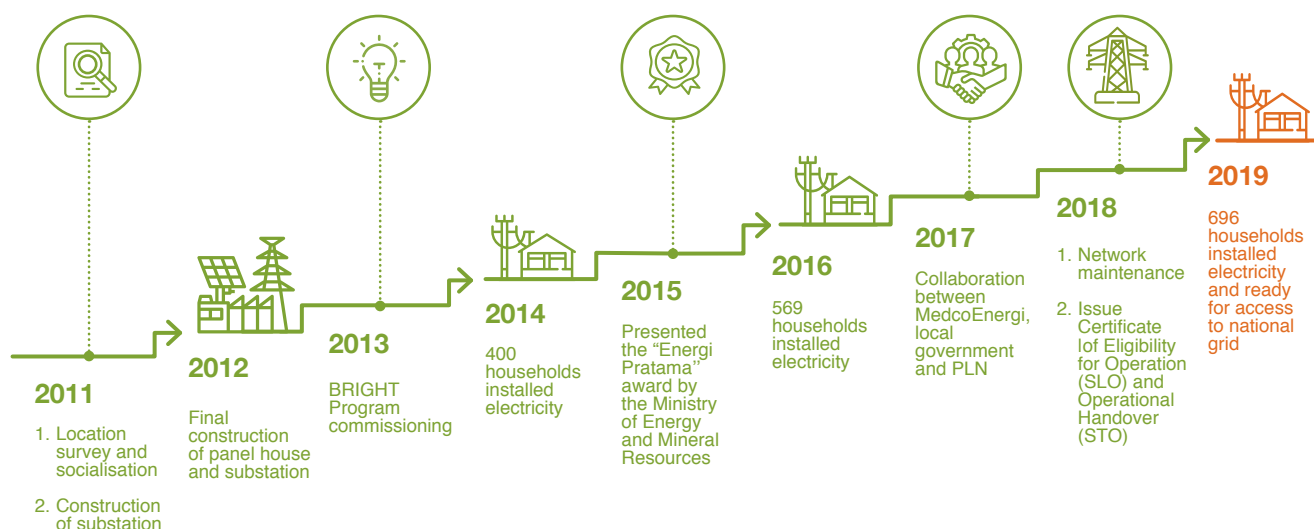
Illuminating Villages through the BRIGHT Program

The BRIGHT program provides access to electricity for the communities surrounding our South Sumatra PSC. Electricity is generated from a gas power plant utilizing associated gas from oil production that otherwise would be flared, reducing emissions by approximately 872 tons of CO₂eq per year.

We believe this program is a successful long-term investment to communities to help providing access to electricity in partnership with the local and central government. Our cumulative impact from

2013 to 2019 has benefited the local communities through electricity savings of up to IDR 2.3 billion (approximately US\$164,285).

Our contributions through the BRIGHT program also deliver other positive indirect impacts including employment and business opportunities. The program has facilitated the community to develop small-scale enterprises with better quality products. The quality of local product packaging has improved since the community can use electrical vacuum sealer machines. We believe this has contributed to the establishment of self-reliant communities; empowering them to improve their livelihoods by the provision of electricity and the opportunity to build a bright and sustainable future.



Empowering Women through Micro Business Groups

In Mendangin, a remote island located near our offshore oil and gas operation in Sampang PSC, the population is 60% female. To support their livelihoods a sewing home-industry program was established to enhance their skills. Initiated in 2017, we have invested in modern sewing machines with the program involving 80 participants. The skills training and equipment assistance empower the women to gain economic independence, contributing to an increase in their household income. As a result of our support, the group can now produce a larger volume of clothes, increasing their annual average income to IDR91 million (approximately US\$6,500).



The women of Mendangin Island have developed home-sewing skills to improve their financial independence through our women empowerment program.

Promoting Behaviour Change in Sanitation

Access to clean water and sanitation is a basic need for all. The community of Haragandang Village, Lahei District, North Barito Regency, Central Kalimantan Province, where our Bangkanai PSC is located rely on the river as the primary source of water for daily consumption and sanitation purposes. This exposes the community to waterborne diseases and periods of drought.



The handing over of the Haragandang village community water facility by Ophir in February 2019; a program that has been further sustained by MedcoEnergi after the integration.

To address this issue, we initiated a clean water and sanitation access program in 2018 for 135 houses in the village. The construction of infrastructure was completed and handed over to the community in February 2019. The program has provided the village access to clean water, better sanitation and allows a healthier lifestyle as they no longer use the river for sanitary purposes. In 2020, we will provide capacity building on infrastructure maintenance to ensure a more self-sustaining program.

Partnership Program for Mushroom Cultivation

Partnering with mushroom distributors in Musi Banyuasin, we facilitated a straw mushroom cultivation (Budi Daya Jamur Merang/ Bumerang) program using Empty Fruit Brunches (EFB)¹ and corn stalks that otherwise would be land filled or burned. We trained farmers in Lais and Teluk village, inside our Rimau PSC to utilize 500 m² of land to process nearly 30 tons of EFB per month. Post cultivation, the EFB are transported to a composting area.

After approximately 25 days of composting, the farmers can use the compost materials, reducing their reliance on expensive synthetic fertilizer. This program generates multiple benefits, not only for the local economy but also for the environment. In 2020 we are supporting local farmers to build a nursery facility and conducting training and workshops to develop the local economy of these communities.



Lais and Teluk village farmers trained by our mushroom cultivation program reusing EFB.

1. EFB are what remains of the fresh fruit bunches after the fruit has been removed for oil pressing. They are a type of mill wastes which is very valuable for farmers because it provides nutrients and increases the soil organic matter content of the soil.

Promoting Sustainable Agriculture through Plant-based Ice Cream

The Tarakan youth organic farmers for creative food intervention program (*Petani Organik Olahan Kreatif Anak Tarakan* abbreviated POLA KATA) is a community-based program in the Tarakan PSC initiated by a youth group interested in organic farming at the Waste Industry Park Learning Center (*Taman Industri Sampah – Kegiatan Ekonomi Berbasis Lingkungan/TIS-KEBAL*). The program involves capacity-building activities with participants that include students, housewives, and farmers.

We provide training on organic fertilizer and vegetable production, ice cream making, and packaging. The ice cream products have been sold to nearby school canteens and at public celebration days.



One of POLA KATA food products is the vegetable ice cream.

In addition to promoting healthy food, this program has successfully supported sustainable agriculture by farming the vegetables without pesticides and chemical insecticides.

Vannamei Shrimp Cultivation

Local farmers in Dasan Anyar Village, West Sumbawa, close to our AMNT mining operation area, rely on shrimp cultivation as their primary livelihood. They unsuccessfully cultivated tiger prawns due to its susceptibility to disease and unsuitable land conditions. To support this group, we empowered the community to cultivate the Vannamei shrimp, a common species to aquaculture that is more resistant to diseases.



Vannamei shrimps cultivation as the livelihood of local farmers in Dasan Anyar Village, West Sumbawa.

The program provides capital assistance and ongoing coaching to the local shrimp farmers, guiding them on producing the Vannamei shrimp feed that is environmentally friendly.

The impact of this program has stimulated the establishment of three independent Vanammei cultivation areas of approximately 2,500 m²-10,000 m² per unit area. In addition, the total potential of pond area development is around 32 hectares or 320,000 m². Considering the high demand, the community plans to continue expanding the business in 2020. The table below presents the timeline of the Vannamei shrimp cultivation program.

Timeline of the Vannamei Shrimp Cultivation Program

2017	2018	2019
- Program initiation - Proposal submission to Management - Discussion of business concepts with the target group - Assessment and preparation of business feasibility documents - Management approval - Training and institutional strengthening - Inviting group members for comparative studies to shrimp farming businesses with intensive scale	Implementation of a Phase I Pilot Project on 10,000 m² of land. - Building ponds into 4 plots of 20 acres each (2,000 m²) - Installation of a 33 KVA electricity grid - Installation of drainage pipe and pond water intake - Provision of infrastructure - Cycle I cultivation activities - Technical assistance - Harvesting and marketing of yields - Monitoring and evaluating activities	Implementation of the cultivation activities of cycle II and III. - Draining, drying, liming (improving alkalinity by applying agricultural limestones) and fertilizing ponds - Water filling and treatment - Release of seeds and cultivation activities - Harvesting and marketing

Empowering Fishing and Women's Group

Our threadfin breams and anchovies fish programs involve 34 fishermen and women's groups from Kerisi Kasturi Village, Nyamuk Village, and Piabung Village in Anambas Regency, in close proximity of our South Natuna Sea Block B PSC offshore operations. The program has two components; upgrading the fish catch equipment and storage and increasing the value of dried threadfin breams and anchovies fish. These interventions focus on increasing fish catch, ensuring fish stock availability, modernising production and the selling of processed fish snacks.

Both fish species have a low market value, however by introducing food processing to produce high-quality fish snacks with modern packaging and production permit facilitation, the program has resulted in higher product value of and market competitiveness.

Since 2016, the program has increased fish catch and reduced diesel fuel consumption by 24%. Dried fish processing has improved the quality of food products and packaging, attracted markets in Anambas and the surrounding regions. It has also helped increase the beneficiaries' income.

In 2019, the market was expanded to Batam, Riau Island Province. More women were involved in creating improved packaging and producing variety of saleable fish products, from dried anchovies, to snacks and ready-to-eat products.

By this expansion, they are able to meet market demand with a profit of IDR1 billion (approximately US\$71,428) for the recent year.

Building Village Economy Resilience through Climate Change Adaptation and Mitigation

In 2019, the Indonesian Ministry of Environment and Forestry awarded Suka Makmur Village with the Climate Action Village

program (*Kampung Iklim/Proklim*). This is the Ministry's national program to enhance communities and stakeholders involvement in capacity strengthening of climate change adaptation and greenhouse gas reduction.

The award is given as a recognition of efforts that improve community well-being through climate change adaptation and mitigation measures. The village, located near our South Sumatra PSC operational area, succeeded in reducing carbon monoxide concentration by 147,600,000 mg/Nm³/year. We engaged local experts to support awareness and capacity building leading to behavioural changes such as ending land and hay burning. The hay is now used as organic compost fertilizer. The success of the capacity building activities has inspired 40 more villages to replicate these activities.

Besides organic-based farming (rice, rubber, vegetable, and herbal medicine), Suka Makmur Village has also developed honeybee and catfish cultivation and initiated the establishment of the Organic Farmers Alliance (Aliansi Gabungan Tani Organik/ALIGATOR). The organic farmers that were once the beneficiaries of our training and are now facilitating the implementation of ALIGATOR with the local community, sustaining the program. By 2019, all village facilitators were from the local community. The program has successfully sustained by the establishment of the community groups and organisations.

Measuring Our Impact

We periodically evaluate the benefit of our programs to the community and continue our partnerships with relevant stakeholders; i.e. government, academic experts, consultants, and NGOs. The evaluation helps us in understanding and quantifying the social, environmental and economic value of our programs and informs our future decisions on the design, budgeting, and scale of each program.



MedcoEnergi local experts provide context-based approach for a local organic rubber farming in South Sumatra.



Our Lematang Honey Bee Cultivation Program has helped the community in increasing their economic livelihood through organic farming.

In 2019 we evaluated the 2018 implementation of our Honey Bee Cultivation Program, Apis Cerana in Lematang, assessing the increased income and savings resulting from the reduction in herbicide use. Our in-kind contribution was IDR80 million (approximately US\$5,714) and the community participation in a form of social capital was IDR520 million (approximately US\$37,142); providing additional income to the beneficiaries of IDR44 million (approximately US\$3,143) in 2019.

At Musi Banyuasin region, Lais village, we provided straw mushroom cultivation farmers training programs helping them to utilize empty fruit bunches (EFB) to improve the cultivation process. From the program implementation period in 2018-2019, approximately 30 tons of EFB per month were used by the farmers, a value of IDR2 million (approximately US\$142) per harvesting season (about every 6 weeks) per farmer. After the cultivation process, the EFB is used for composting supporting the farmers to reduce their use of synthetic fertilizer.



At our South Sumatra PSC, we have established a village partnership and development program where farmers can harvest up to 6 tons of rice per hectare equal to IDR5 billion (approximately US\$357,142) per year with an area of 36 hectares of paddy fields for two harvesting seasons. In the dry season, farmers gain an additional income from vegetable cultivation of around IDR46 million (approximately US\$3,285) from 2 hectares land planted.

At Tarakan PSC, Mamburungan Timur village, we continue strengthening the community organic agribusiness program in 2019 that provides income to the assisted community group for herbal medicine cultivation for IDR103 million (approximately US\$7,357) in that year. In addition, the environment school, Sokola Alam Bina

Muda Mandiri (BINARI), has provided economic benefits of IDR91 million (approximately US\$6,500) during the period of August 2018 to June 2019. This program has been running since 2015 and continued in 2019. Up to June 2019, the frequency of Sokola Alam activities increased significantly from 6 to 35 activities per year.

Our focus is to improve the ability of communities to be self-reliant based on local renewable resources and local wisdom. to self and environmental potential. Our aim is to add value by creating new knowledge and skills in the production and marketing process, implementing good supply chain management for the low-income communities, establishing new local economic institutions with the presence of farmer groups and cooperatives, and empowering community groups by becoming a promoter of sustainable practices through learning processes.

Human Rights and Security

We are committed to complying with all applicable laws and regulations, respecting human rights in line with the UN Guiding Principles on Business and Human Rights and the Voluntary Principles on Security and Human Rights (VPSHR). To this end, we have developed a Security Management System applying industry best practices and relevant international standards across our operations.

We are developing a Human Rights Policy and are continuing to provide training to ensure our security personnel possess the skills and knowledge on human rights issues.

The integration of human rights in our security practices aims to identify potential risks and safeguard our employees and community. In 2019, 78.46% of our Oil & Gas and 99.04% of our Power security personnel have participated in human rights training.



Action Plan

The following action plan has been designed to enable us to meet our objectives and continue to strengthen our relationships with local communities and other key stakeholders. We are measuring, monitoring, and reporting our progress and performance against these actions on a regular basis.

	Short Term Actions	Medium-Long Term Actions	Status
Local Communities	Develop grievance mechanisms manual and support business processes.	Socialize and implement grievance mechanisms for internal and external parties, for all assets.	Developed Medco oil & gas corporate level grievance mechanism guideline.
			Developed Medco Power corporate level community grievance handling procedure as its derivative from Health, Safety, Environment and Quality Management System (HSEQMS) manual.
			Progressing with further socialization plan for all assets.
	Develop and implement stakeholder engagement plans for all assets.		Developed stakeholder engagement plans in Medco oil & gas: Block A PSC, South Sumatra PSC, South Natuna Sea Block B PSC, Tarakan PSC, JOB Senoro and in Medco Power: MEB DEB, ELB, MCG, MRPR, PPP and BJI.
	Develop Social Management System (SMS) for all assets.		Developed Medco oil & gas corporate level SMS and progressing with the socialization plan for all assets.
	Complete standardization of community satisfaction survey methodology.	Implement a community satisfaction survey and establish a baseline score and determine a target score. Achieve target community satisfaction score.	Conducted qualitative perception survey as part of Environmental Management & Monitoring Plan Implementation Report, covering transparency of information, grievance mechanism and corporate contribution.
	Conduct community needs mapping and determine community development pillar and strategy.	Develop strategic partnerships with government and non-government organisations to expand the impact of existing programs and to enable synergy of community development programs in priority pillars across all business units.	Completed community needs mapping and established priority pillars.
		Develop and leverage Public-Private Partnerships (PPPs) with external organisations to expand impact.	Developed and leveraged PPP with Ministry of Environment & Forestry, UNFCCC, local government, Ministry of Marine Affairs & Fisheries (DKP), Ministry of Energy and Mineral Resources and PLN for electricity support.

	Short Term Actions	Medium-Long Term Actions	Status
	Enhance Medco's existing employee volunteer program and expand the program to all business units to strengthen the company's relationship with local communities.	Implement broader employee volunteer pilot program.	Implemented employee voluntary teaching programs in Medco oil & gas, such as "Sahabat Mengajar" in South Sumatra PSC, South Natuna Sea Block B PSC, Block A PSC and Tarakan PSC.
		Review employee volunteer pilot program results and expand the program to other assets.	Implemented an employee voluntary program in Medco Power by conducting Teaching Program in Medco Geothermal Sarulla (MGS).
Infrastructure	Monitor budget and the development and maintenance of project infrastructure.	number of people affected by the	Monitored using Community Satisfaction Index (IKM), SROI and the local community financial impact measurement.
Security	Review security provider company compliance against National Police Chief Regulation 24/2007 regarding security management plan for all assets.	Complete security risk/threat assessment for all assets.	Completed the review of our security provider company compliance against National Police Chief Regulation 24/2007 for all assets.
		Establish and implement security policy, risk management plans and training in reference to the VPSHR for all assets.	
Key Stakeholder Engagement	Engage key stakeholders in government organisations, non-government organisations and mass media to develop good partnerships.		Partnership with Ministry of Environment & Forestry, local governments, Ministry of Marine Affairs & Fisheries (DKP), Ministry of Energy and Mineral Resources and PLN for electricity support.
			Partnership with Medco Foundation to establish a house of empowerment, with the training center (Balai Latihan Kerja/BLK) of East Aceh for tailoring training with University Samudra for stakeholder and social mapping, with Yayasan Aliksa, a sustainable agriculture consultant for program assistance, and with University Sriwijaya for dairy goat farming.
			Journalism certification program certified by PWI for local journalist, national & local media gatherings, oil and gas training.

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EMPOWERING OUR PEOPLE

Approach and Commitment

MedcoEnergi strives to engage and develop our people, our most valuable asset. Our focus is to recruit and retain a diverse range of talent that can support our vision, mission, and values. We provide career advancement opportunities and remuneration based on market, job requirements, individual performance, and competence.

Our commitment to diversity and inclusion is reflected by the provision of equal opportunities across all roles within the organisation. We recruit, employ, train and promote our people regardless of race, colour, religion, gender identity, age and disability.

We develop our people through two underlying principles; openness towards changes and having an agile or can-do attitude. This promotes a work culture that breaks down silos and fosters collaboration and transparency in communication. These principles will remain key in accomplishing our business goals and achieving an integrated solution to people management.

Managing Our Human Resources

In 2019 Medco executed an integration of our onshore and offshore operations and strengthening leadership capability and capacity. Through a new human resources organisation model, we have transformed our organisation to support the integration of all business support and technical functions.

Following the organisation's integration completion, a major milestone for remuneration was reached, aligning our employee's grades with their benefits. We consider this critical in managing our performance consistently and enabling cross rotation between assets as part of talent movement and development. The program also ensures equal remuneration and benefit measures are in place for male and female workers alike.

We manage our people's career development through a talent management framework. This cross-functional framework enables us to offer optimal support to our employees, ensuring the right people are in the right place at the right time to support our business. The framework has further helped us in designing our programs and initiatives to develop our people.

We recognise the importance of providing our employees with the best opportunities in a business that supports their potential for growth.



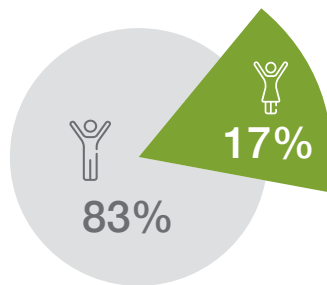
At MedcoEnergi, our people are our most valuable asset.

Recruitment and Remuneration

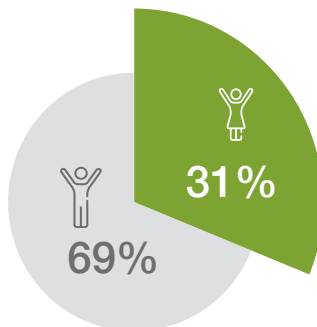
To meet our needs for qualified talent, we recruit across all regions where we operate, hiring employees based on individual merit, skills and abilities. Empowering our local communities by providing opportunities to contribute to our operations is important to us.

Addressing our gender balance remains a focus area for us, in particular at the senior management level. In 2019, we hired 40 female employees out of a total 220 new hires in our Oil & Gas and Power businesses, of which five female employees are in management positions. Furthermore, five out of 16 (31%) of our governance body members are women. We will continue addressing gender equality in line with our diversity and inclusion goals.

Gender Percentage of Total Employees in Oil & Gas and Power

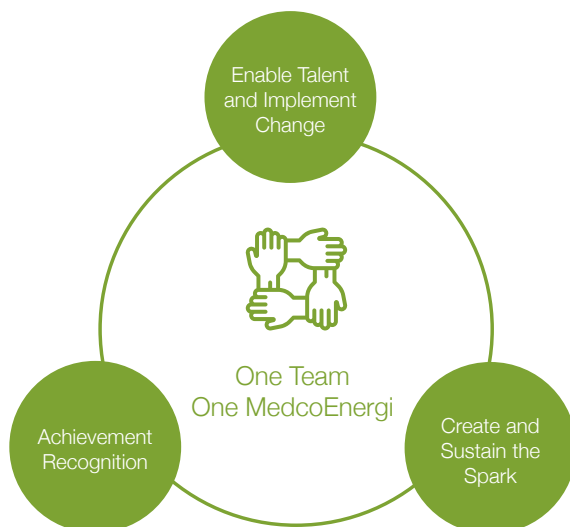


Gender Percentage of Governance Bodies



Change Management

The integration of Ophir Energy plc focused on system integration with our Human Resources, Finance, Supply Chain Management, and Plant Maintenance areas.



Our pillars are the foundation of MedcoEnergi's communication strategy; ensuring our employees embrace the changes at all levels and across all locations. We conducted a bimonthly Pulse Survey (a rapid survey sent to employees) to measure our communication effectiveness and to capture our employees' current attitudes and feelings towards their work environment. This survey has formed a core part of our strategy to realise a One Team, One MedcoEnergi that forges the integration of corporate values with our people.

Labour Compliance

Maintaining healthy and productive industrial relations involves providing access to freedom of association and expression. We respect our employee's right to join or form trade unions or organisations of their choosing and to bargain collectively, without prior authorisation from the company.



We manage industrial relations through our Collective Labour Agreements (CLAs) holding regular meetings with labour unions. These efforts have contributed to maintaining harmonious relationships between the company and our employees.

The CLAs provide employees with guidance on their rights and responsibilities as agreed under labour laws, regulations and negotiations, including freedom of associations. We currently have four CLAs in place for our major operations including the Ophir operations.

We are proud to have not received any government fines or sanctions related to labour compliance and will continue this effort to protect our employees' regulatory rights.

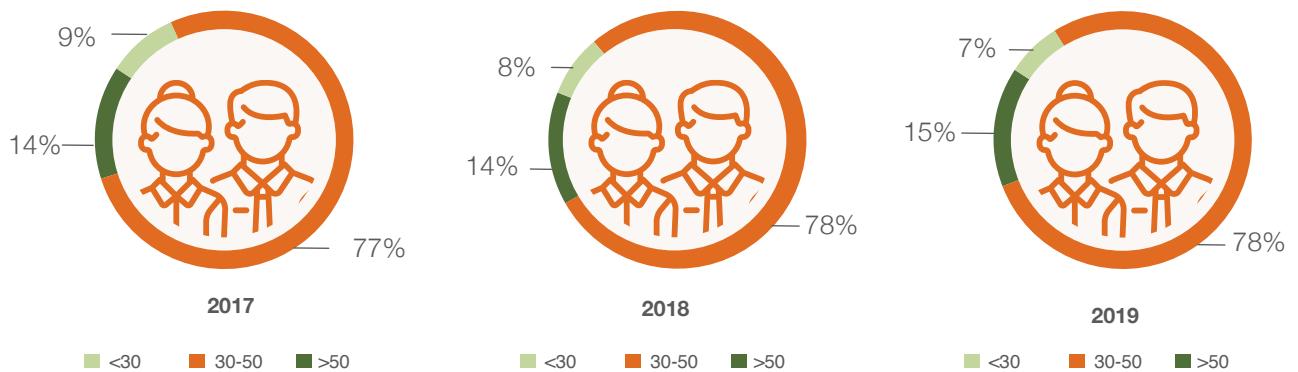
People at a Glance

Number of Employees in Oil & Gas, Power and Mining Based on Geographical Locations, Local versus International

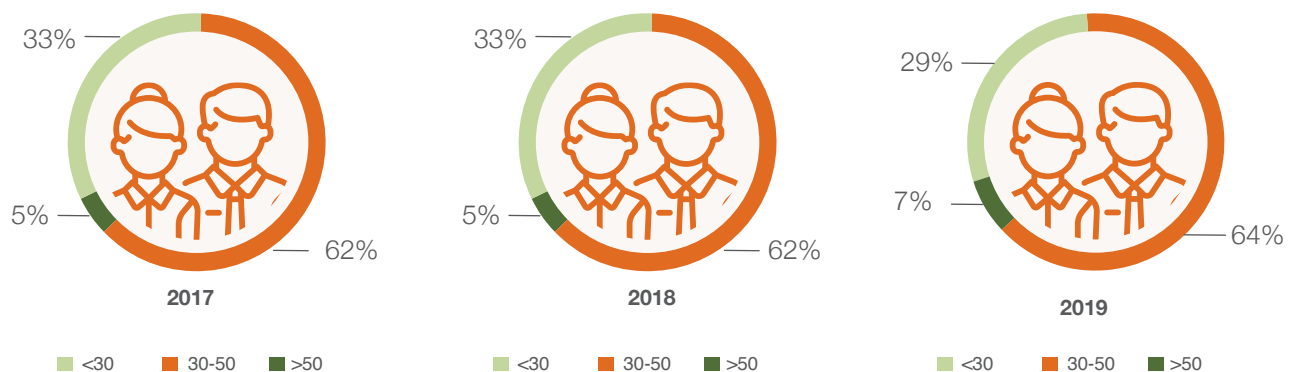


Recruiting talented individuals to develop our future pipeline of leaders and specialists comes hand in hand with our people development and growth strategy. Between 2017 and 2019, we have seen a gradual increase in the number of employees aged between 30 and 50.

Number of Employees Based on Age in Oil & Gas



Number of Employees Based on Age in Power

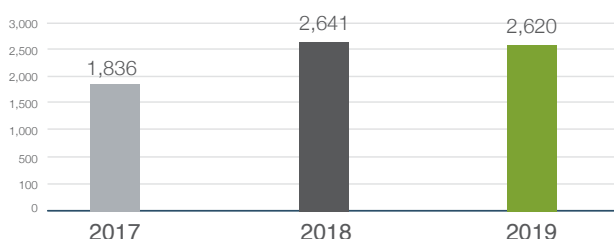


Developing Our Human Resources

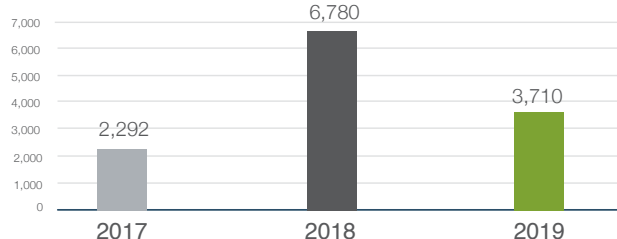
Professional and qualified human resources, as described in our Core Values, are key to our success in delivering the company's business agenda. Investing in the development of our people at all levels (both the leadership and the technical business lines) entails implementing training and development programs. These include programs in accelerated development, leadership and technical competence; tailoring each program to suit the needs of our employees. The successful implementation of these programs has resulted in the strengthening of our human resources, contributing to who we are today.

We provided a total of 3,710 training courses in 2019, with an average participation of 1.6 courses per employee. These attendance numbers decreased from 2018 due to the completion of certain regulatory certification requirements in Medco Power. We spent US\$3.5 million on training in 2019 – an increase of 75% compared to 2018.

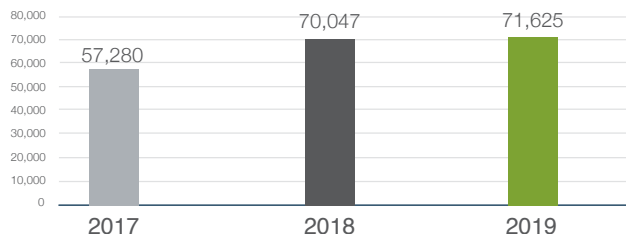
Total Attended Training



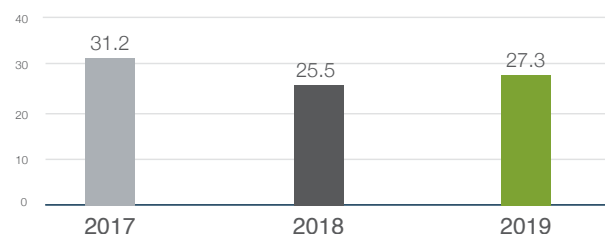
Total Mancourses



Total Training Hours



Average Training Hours per Employee



Developing MedcoEnergi's Future Leaders

It is critical to prepare future leaders by implementing targeted programs, developing leadership skills and abilities. We identify talented employees across our business that participate in these programs to maximize. Our Medco Senior Leadership Development Program (MSLDP) was established to shape and grow our business, leadership and culture of the organisation in three stages:

- First Year : A focus on class-centered learning;
- Second Year : Aimed at learning through experience; and
- Third year : Learning through creating leaders.

Participants attended two classroom-training sessions in 2019 with coaching, case studies, simulations and strategic business initiatives. In November 2019, 240 leaders from different business groups and subsidiaries attended the Leadership Talk Series which included discussions upon:

- Profit : Entrepreneurship, Energy, Technology, Global positioning of MedcoEnergi
- People : Character Building, People
- Planet : Measuring Food Security, Education, Environment, Health, Social Inequality

We also held a Future Leaders Forum with the topic of "Investing Human Capital". Out of seven speakers, we invited three female leaders to share their unique experience, empowering and inspiring others; contributing to the growth in our future female leaders.



MedcoEnergi's Technoday

In December 2019, we held the “Technoday” event to increase industry and technology awareness of our employees. The Technoday featured discussions on “Integrated Innovation for Energy Sustainability” reflecting readiness for the industrial revolution 4.0 and supporting the Indonesian economy through sustainable national energy provision.

Attended by 1,000 visitors from more than 70 multinational companies, we presented new technological innovations in the area of oil and gas, digital services, and renewable energy. The event's Quick Response barcode (QR Code) systems allowed materials to be accessible digitally, reducing any paper waste.



MedcoEnergi's Technoday signified our readiness to embrace and welcome industry 4.0.

Action Plan

The following action plan has been designed to enable us to meet our objectives and continue to empower our employees and improve their overall wellbeing. We are measuring, monitoring, and reporting our progress and performance against these actions on a regular basis.

	Short Term Actions	Medium-Long Term Actions	Status
Diversity	Establish a MedcoEnergi policy related to diversity and anti-discrimination in compliance with ILO Conventions and local laws.		Conducted benchmarking to industry best-practice on human rights, including diversity and anti-discrimination.
			Commenced our Human Rights Policy initiative at the corporate level, which includes diversity and anti-discrimination.
		Revise the MedcoEnergi Human Resources manual and guidelines to clarify the Company's standards and expectations on diversity and anti-discrimination.	Identified relevant internal HR policy to impose diversity and anti-discrimination context.
		Set diversity-related targets to ensure successful implementation of the policies.	Reviewed existing internal policy for any diversity and anti-discrimination and progressing to update.
Employment	Establish MedcoEnergi policy related to the hiring of local community members.		Monitored diversity performance focusing on gender diversity to support our plan to establish a Human Rights Policy.
			Policy related to the hiring of the local community members is in place for Block A PSC.
	Maintain retention of high-potential MedcoEnergi employees, as indicated by overall retention rate and high-potential employee retention rate.		Regular monitoring on employee demography to ensure compliance with community members' commitment.
			The retention rate of high potential employees met the Company's target.
			Continue to provide appropriate retention tools i.e. talent development and targeted retention program.

8 SAFEGUARDING THE ENVIRONMENT

Approach and Commitment

Minimizing environmental risk and safeguarding the environment are at the core of our operational excellence strategy. We set goals and monitor our performance aiming for zero environmental incidents and the reduction of waste and emissions. We have established an integrated environmental management policy and are implementing a range of programs to reduce and offset any environmental impact from our operations. These programs include increasing capital allocation in renewable energy, reducing energy usage in our operations and enhancing biodiversity.



Environmental Objective

MedcoEnergi will implement policies and practices that comply with all applicable environmental laws and regulations, as well as other relevant industry standards and requirements such as those of the International Finance Corporation (IFC) and the Asian Development Bank (ADB).

Management System

We minimize our environmental impact through our integrated Health, Safety, and Environment Management System (HSEMS). In this way we comply with all applicable environmental laws and regulations wherever we operate and have an established system to track regulatory changes.

In 2019 we had no incidents of non-compliance with environmental laws and regulations, with no monetary fines, non-monetary sanctions, or complaints registered in dispute resolution mechanisms.

We implement international best practice standards adopted from the IFC, ADB, Equator Principles (EP) and International Organization for Standardization (ISO) across our operations. For example PT Medco Ratch Power Riau, our gas power plant project in Pekanbaru, Riau is being developed with financing support from the IFC and ADB along and international banks. We have applied a comprehensive set of safeguards to both ensure that and to demonstrate that we manage the project's environmental and social risks.



Our South Natuna Sea Block B PSC maintains its ISO 14001:2015 certification.

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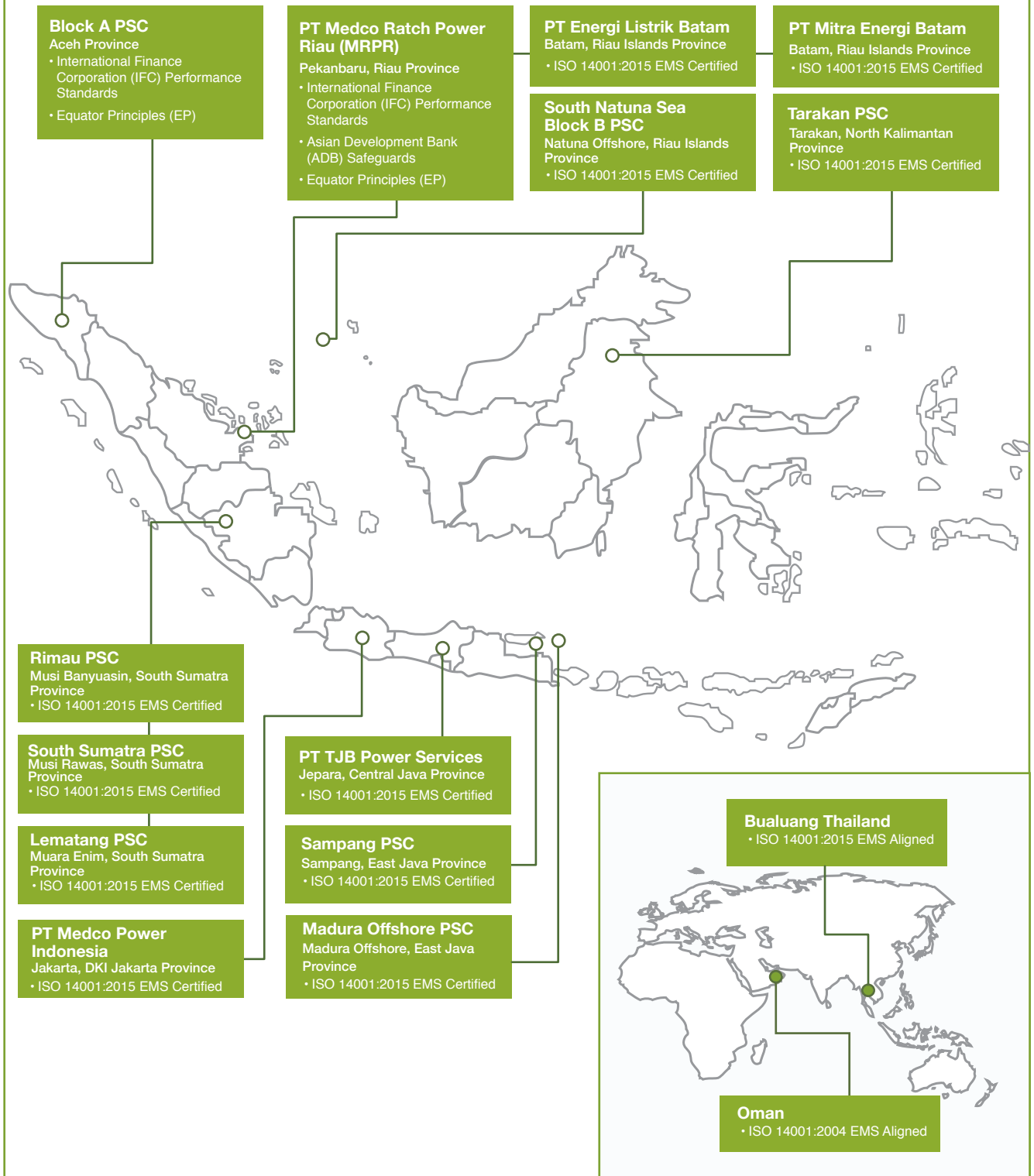
Safeguarding the Environment

8.

Protecting the Health and Safety of Our People

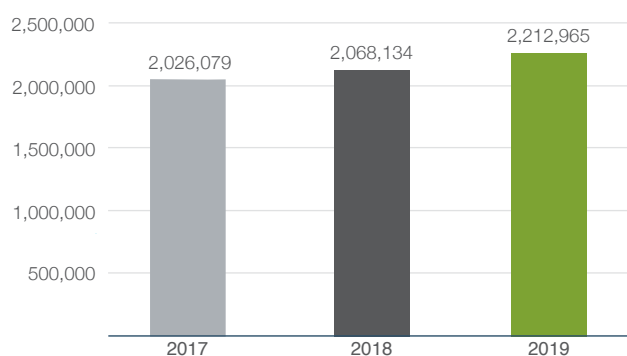
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Map of Assets Applying International Standards

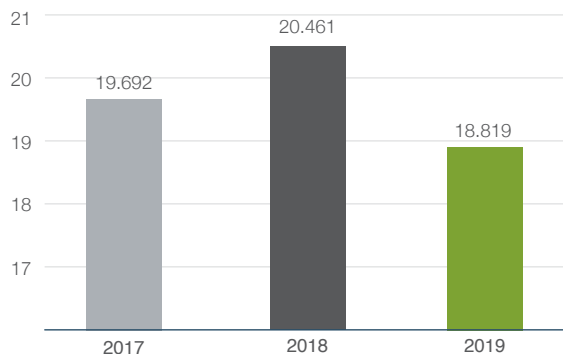


Environmental Management at a Glance

Scope 1 GHG Emissions (in tCO₂eq)
of Oil & Gas and Power



Energy Consumption in Oil & Gas (in million GJ)



2.5 million

Tons of carbon dioxide equivalent (tCO₂eq) reduced from renewable energy assets¹



↓ 19%

Reduction of oil & gas emissions intensity from 2018-2019



↓ 8%

Reduction of oil & gas energy consumption from 2018-2019



17.8 MW

Hydropower production capacity



330 MW

Geothermal production capacity



2.9 million

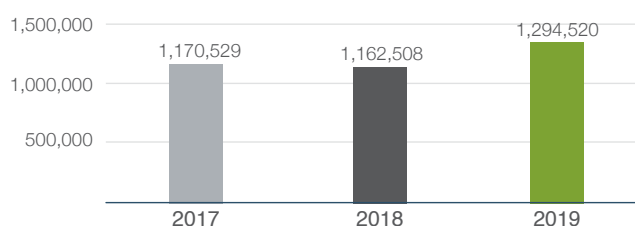
Total number of houses the Medco Power's renewable energy assets are able to supply²

1. The calculation is based on ESDM (Ministry of Energy and Mineral Resources) 2016 emission factor in Java, Madura, and Bali (Jamali).
2. Based on the per capita average of Indonesian household electricity consumption in 2019 at 1,084 kWh.

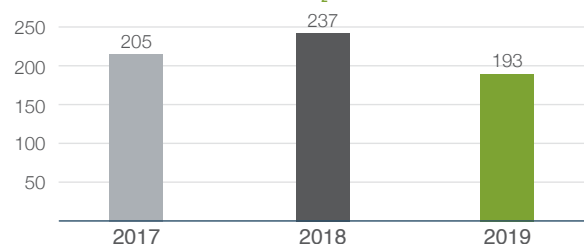
GHG Emissions and Energy Performance (Oil & Gas)

Our GHG emissions intensity fell by 19% year on year due to the various initiatives listed in the following pages. This is despite an increase of 11% in our scope 1 GHG emissions from our oil & gas assets¹ due to the acquisition in mid 2019 of the Ophir assets in Indonesia and Thailand. However, despite these additional major assets in our 2019 calculations, we were able to reduce energy consumption² by 8% year on year by managing and optimising fuel consumption.

Scope 1 GHG Emissions (in tCO₂eq)



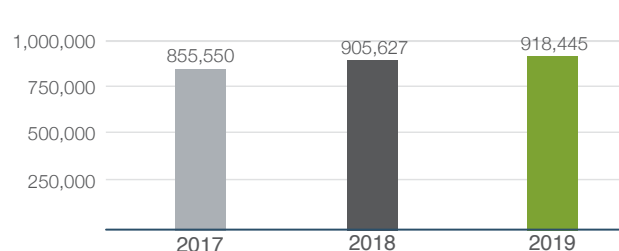
GHG emissions intensity (tCO₂eq/1,000 TOE HC product)



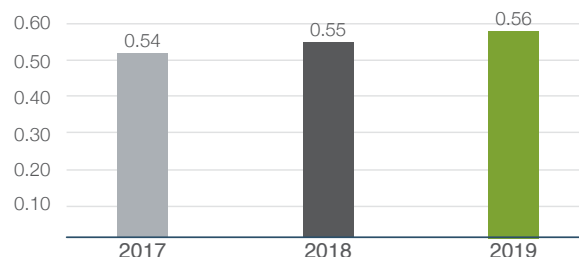
GHG Emissions (Power)

Our power business³ showed no significant increase year on year in scope 1 GHG emissions and GHG emissions intensity.

Scope 1 GHG Emissions (tCO₂eq)



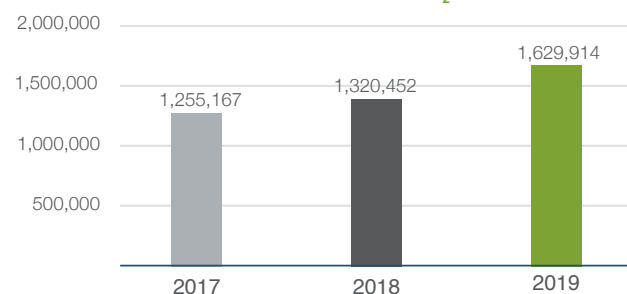
GHG Emissions Intensity (tCO₂eq/MWh)



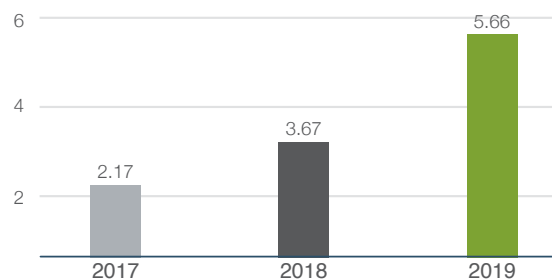
GHG Emissions (AMNT)

Scope 1 GHG emissions and intensity increased by 15% and 21% respectively in our mining operations due to waste rock stripping and stockpile management. During this period, there has been extensive use of hauling trucks resulting in increasing emissions due to fuel combustion, while the concentrate production (as the denominator of the ratio) has decreased significantly. AMNT is assessing the conversion of the trucks' fuel to Compressed Natural Gas (CNG) following the signing of HoA for the construction of a Liquefied Natural Gas (LNG) re-gasification facility and power plant with MedcoPower.

Scope 1 GHG Emissions (in tCO₂eq)



GHG Emissions Intensity (in tCO₂eq/WMT Copper Concentrate Production Ratio)

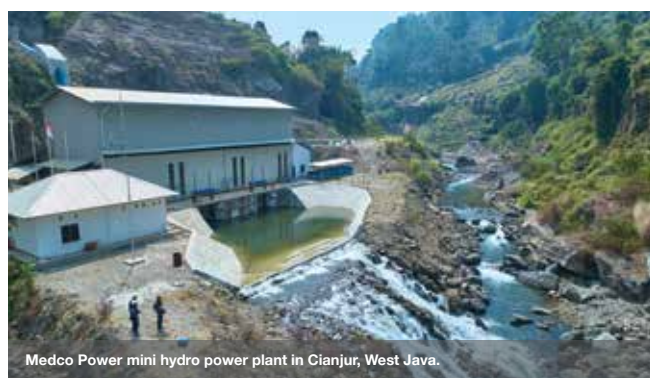


1. Scope 1 Emissions 2018: International: Oman and Tunisia; Domestic: Rimau PSC, South Sumatra PSC, Lematang PSC, Tarakan PSC, South Natuna Sea Block B PSC. Scope 1 Emissions 2019: Oman and Thailand; Domestic: Rimau PSC, South Sumatra PSC, Lematang PSC, Tarakan PSC, Block A PSC, South Natuna Sea Block B PSC, Bangkanai PSC, Sampang PSC, Madura Offshore PSC. Scope 1 in Thailand includes stationary and mobile combustion sources, fugitive and vent. Scope 1 in Bangkanai PSC, Sampang PSC includes only stationary combustion and flaring, and Madura Offshore PSC.
2. Energy Consumption 2018: Rimau PSC, South Sumatra PSC, Lematang PSC, Tarakan PSC, South Natuna Sea Block B PSC. Energy Consumption 2019: International: Thailand; Domestic: Block A PSC, Rimau PSC, South Sumatra PSC, Lematang PSC, Tarakan PSC, South Natuna Sea Block B PSC, Bangkanai PSC, Sampang PSC, Madura Offshore PSC. Scope 1 in Thailand, Bangkanai PSC, Sampang PSC, and Madura Offshore PSC include mobile combustion sources.
3. Scope 1 Emissions 2017, 2018, 2019: Mitra Energi Batam, Dalle Energi Batam, Energi Listrik Batam, Energi Prima Elektrindo, Multidaya Prima Elektrindo. Scope 1 in Mitra Energi Batam, Dalle Energi Batam include mobile generator (TM2500).

Emissions Reduction Strategy and Initiatives

Contributing to Indonesia's Energy Transition

As part of our corporate strategy, we are diversifying the sources of energy we produce and sell to our customers transitioning to cleaner energy assets including geothermal, hydropower and solar PV.



In 2019, three renewable energy assets were in operation in Java and North Sumatra with a total power production capacity 347.8 MW, equal to powering an average of 2.9 million Indonesian homes¹. We are expanding the capital allocated to renewable energy by developing three solar PV power plants in Bali and Sumbawa, and one geothermal plant in Ijen, East Java.



GHG Emission and Energy Performance Improvement Opportunities in PSC Bangkanai, PSC Madura Offshore, PSC Sampang and Thailand

Our teams in Bangkanai, Madura Offshore, Sampang & Thailand have been evaluating reduction strategies for our GHG emissions through facilitated workshops that:

- Analyze and provide a three-year projection and forecast of GHG emissions and energy efficiency of Thailand operations; and
- Identify energy efficiency opportunities including GHG emissions-reductions, energy-saving, capital and operational costs and return of investment.

1. Based on per capita average of Indonesian household electricity consumption in 2018 at 1,064kWh.

We identified a number of short and long-term opportunities for our GHG initiatives by employing technological innovations associated with resource efficiency. We are implementing six GHG emissions reduction opportunities with a potential reduction of 9,122 tCO₂eq total annual emissions including:



1. Leak Detection and Repairing (LDAR) in Bangkanai PSC;
2. Modification power generators from diesel to condensate in Madura Offshore PSC;
3. Gas compressor restaging in Madura Offshore PSC;
4. Gas compressor restaging in Sampang PSC;
5. LED bulb replacement in Bualuang Thailand;
6. Infrared surveys for fugitive emissions in Bualuang Thailand.

We are also working with our future condensate buyer to improve our condensate management in Kerendan Field, Bangkanai PSC in Central Kalimantan. This improvement will be carried out by changing the condensate mode of transportation from using trucks and barges to transportation through pipeline. Transportation with pipeline in such remote area will be more effective as it will be independent on weather condition. This arrangement will potentially reduce emissions contributed from the ineffective lifting and transportation of the condensate in the supply chain.

Flare Gas Utilisation – Tarakan City Gas Program

In our Tarakan PSC we have implemented the Tarakan City Gas program, where we utilised associated gas that otherwise would be flared, using a Very Low-Pressure Compressor (VLPC) unit to supply households with gas and electricity.

Beginning in 2011, by 2019 this program has now used 98.42% of previously flared gas to provide gas to 29,061 households, 90% sub-district coverage of Tarakan Island. The program has reduced emissions by 19,131 tCO₂eq since 2015.

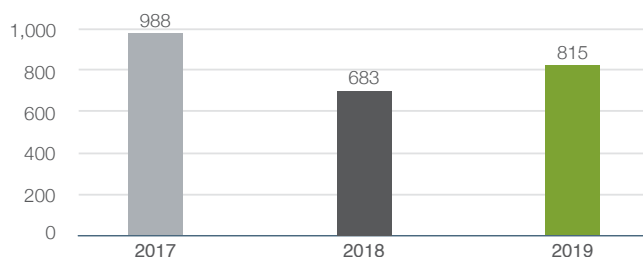
Water and Wastewater

We prioritise water conservation as a part of our integrated environmental management programs. We use water for our supporting facilities, such as accommodation, office and mess areas and focus on employing the best practices to further support our water efficiency action plan.



In addition to providing access to household gas, the Tarakan City Gas program has also enabled community to engage in alternative income-generating activity.

Water Consumption from Oil & Gas Operation (in million m³)

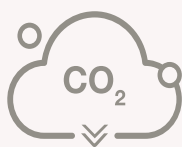


In 2019, we observed an increase in our total water consumption in two out of five¹ major oil & gas operations in Indonesia due to water injection for reservoir pressure maintenance and water use for workover activities in Rimau PSC and South Sumatra PSC. We are currently implementing strategies to reduce our water consumption.

All of our oil & gas assets employ best wastewater management practice by re-utilising produced water. In Rimau PSC, South Sumatra PSC, Tarakan PSC, and Bualuang Offshore, we employ water re-injection technology to fully eliminate produced water.



90%
of Tarakan Island
covered by city
gas program



19,131
tCO₂eq
total emissions
reduction from
Tarakan city
gas program
2015 - 2019



We employ best wastewater management standards at all of our assets.

In South Natuna Sea Block B PSC, we reduce water stress by introducing various innovative approaches. For instance, we optimise our separator and hydro cyclone units resulting in a decrease of 49.23 tons of wastewater. We also utilise a reverse osmosis optimisation process to acquire freshwater from the sea. Previously, we purchased freshwater from a nearby village in Palmatak Island. Our South Natuna Sea Block B PSC is currently self-sufficient in its water consumption avoiding annual groundwater consumption of 23,502 m³.

1. Water Consumption 2018 & 2019 : Rimau PSC, South Sumatra PSC, Lematang PSC, Tarakan PSC, South Natuna Sea Block B PSC.



We conserve water by reusing treated effluent water through our wastewater treatment plant in Lematang PSC.

In Lematang, effluent water treated by our wastewater treatment plant (WWTP) is recirculated into our production process. This cyclical process ensures that we reduce our wastewater discharge and create a more efficient and cost-effective system. The produced water from Lematang is also discharged to the environment, in compliance with the regulations.

Waste Management

In all our operations, we generate non-hazardous and hazardous wastes and as such, employ an integrated approach to waste management and disposal, storage and treatment using best available technologies (BAT).

Non-Hazardous Waste

Our approach to non-hazardous wastes management is through the 3R (Reduce, Reuse, and Recycle) principle. Most of our non-hazardous wastes originates from domestic wastes including organic, plastic, and paper. To apply the 3R approach, we engage our employees, independent third parties and local communities to support our initiatives to reduce wastes, resulting in a reduction of 14% in 2019¹.

We compose our organic wastes and use them as fertilizer in our operation area and for our neighboring communities. A number

of our programs' successes were achieved by community collaboration; for example, plastic waste recycling by Lestari, a civil society organisation.

Hazardous Waste

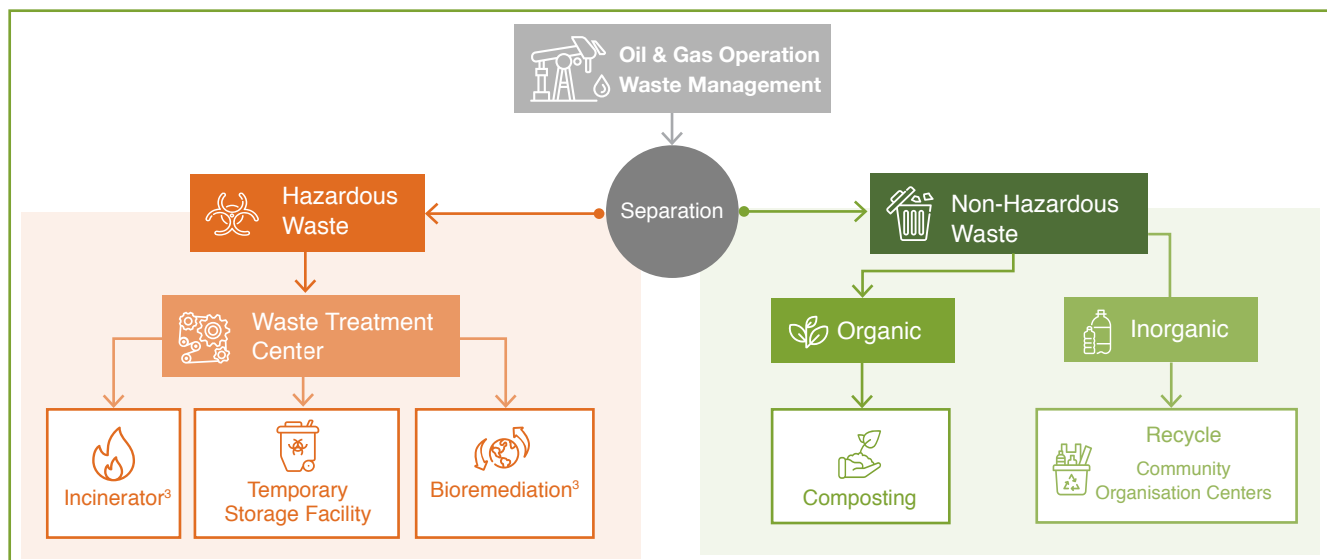
Our business has a number of risks associated with the management of hazardous wastes². We have implemented an oil spill prevention management program to avoid soil contamination by routinely inspecting and maintaining machines, equipment, and pipelines. We also operate licensed temporary hazardous wastes storage facilities before wastes are transported by a certified third party for proper treatment and disposal.

In 2019, our hazardous waste generation increased by 3% due to the acquisition of Ophir assets in Indonesia and Thailand. However, we are proud to report that no hazardous or non-hazardous waste is landfilled from our Thailand asset as the wastes are used for Alternative Raw Materials (ARM) or Alternative Fuels (AF) in a cement production process.

The process can eliminate both hazardous and non-hazardous waste depending on the substance. By exposing the materials in a cement kiln to 2,000°C and lime chemicals, it eliminates organic pollutants, non-biodegradable, and non-recyclable contaminants. The materials can then be re-processed and utilized as alternative raw materials for cement production.

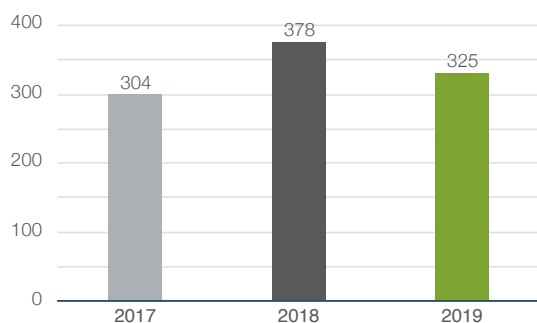
Our waste streams being utilised comprise of:

- Drill cuttings with water-based mud and synthetic base mud;
- Absorbents, wiping clothes, and personal protective equipment;
- Discarded inorganic chemicals containing hazardous substances;
- Packaging contaminated with hazardous substances; and
- Glass, plastic, and wood contaminated with hazardous substances.

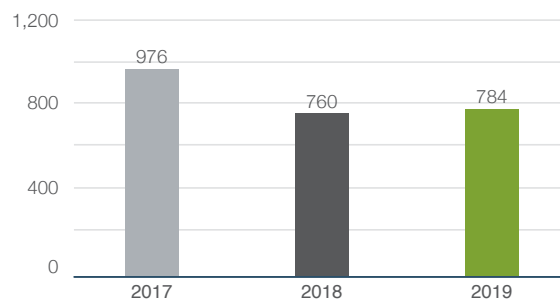


1. Hazardous and Non-Hazardous Waste 2018: Rimau PSC, South Sumatra PSC, Lematang PSC, Tarakan PSC, South Natuna Sea Block B PSC. Hazardous and Non-Hazardous Waste 2019: International: Thailand; Domestic: Rimau PSC, South Sumatra PSC, Lematang PSC, Tarakan PSC, South Natuna Sea Block B PSC, Bangkanai PSC, Sampang PSC, Madura Offshore PSC.
 2. As stipulated by applicable regulations.
 3. Incinerator and bioremediation: only in Rimau PSC.

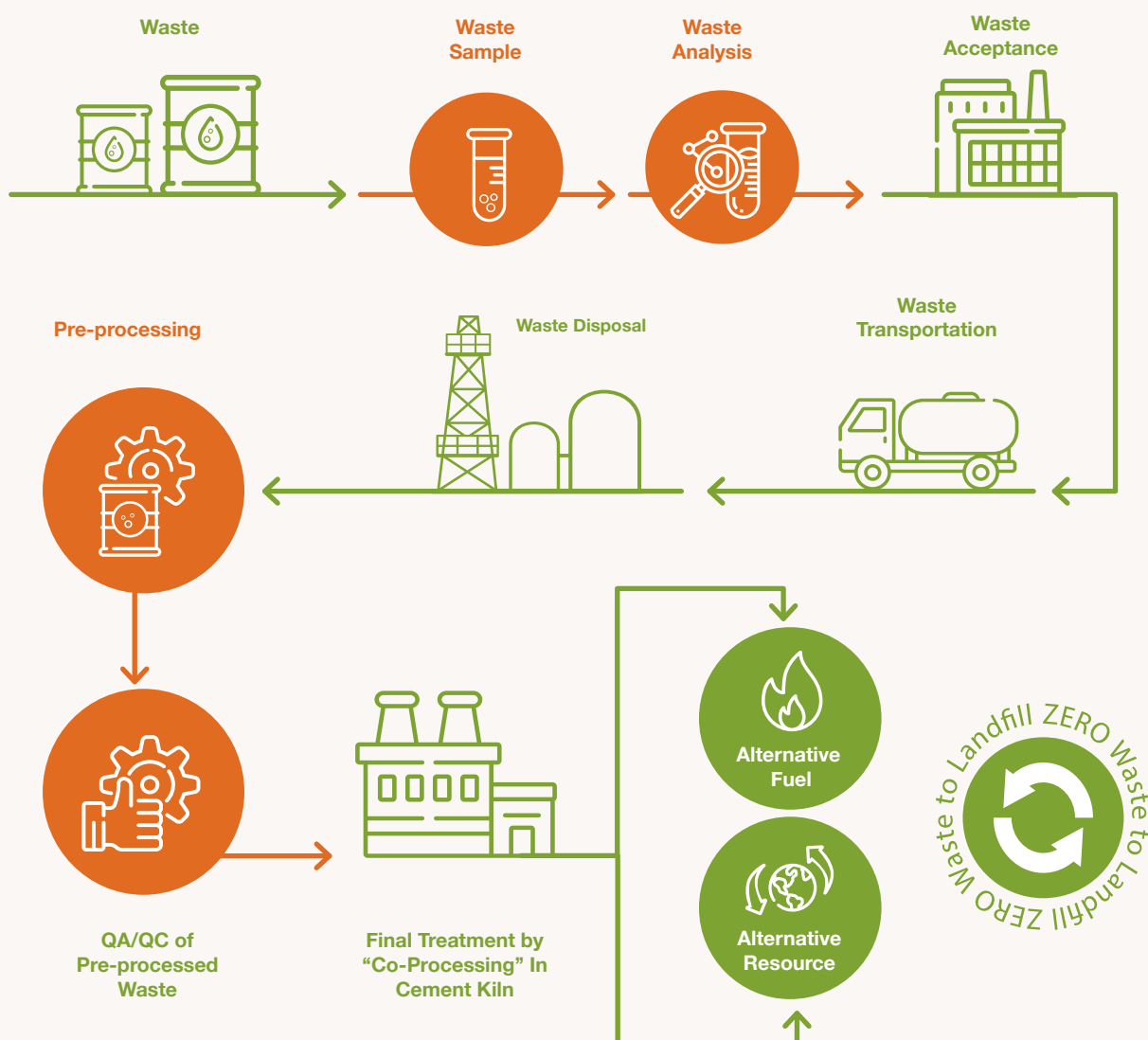
Non-Hazardous Waste from Oil & Gas Operation (tons)



Hazardous Waste from Oil & Gas Operation (tons)



Zero Waste Management Flow in Thailand Operations.

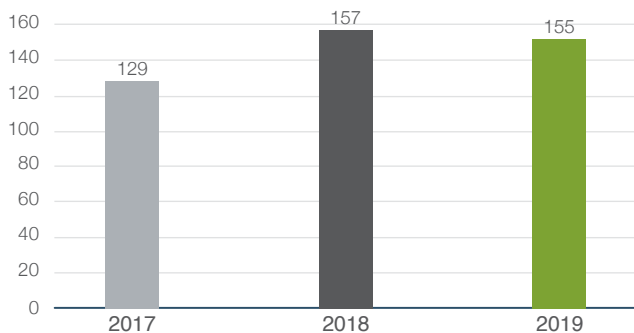


Oil Spill Incidents and Lessons Learnt

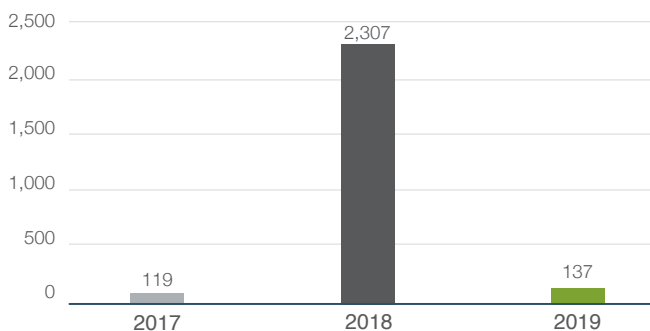
In 2019, there was a decrease in spill events (and volume) in our oil & gas operations from 157 to 155 events, and from 2,307 bbls to 137 bbls (excluding events caused by vandalism). This was achieved due to the strengthening of our process safety and risk management systems.

We have security systems in place in our facilities across all our assets. However, in February 2019, an oil spill occurred at our Rimau PSC due to pipeline vandalism. The volume spilt was an estimated 69.99 bbls with a dispersion area of 16.23 ha.

Number of Spill Events

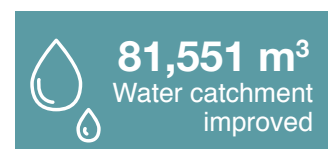
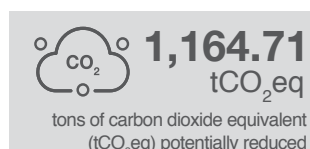


Volume of Spills (bbls)



Upon notification, we immediately triggered our emergency response mechanism and mobilized a team to isolate and recover the oil and contaminated materials. We have strengthened our security around our pipeline; increasing surveillance and enhancing cooperation with local authorities and communities.

Biodiversity Highlights



A key focus when remediating environmental impacts is to put our priority to communities impacted by the spill incidents.

Biodiversity Conservation

Our commitment to safeguarding the environment extends to biodiversity conservation; across our operations, we implement a series of programs that protect biodiversity through conservation management.

In Muara Enim Regency, South Sumatra Province, we rehabilitated 124 hectares of land in the Sungai Bukit Jambul watershed area and engaged local government, academics from Gajah Mada University and the local communities in the preservation activities. To acknowledge the program's efforts, the Indonesian Ministry of Environment and Forestry (MoEF) presented us with a recognition award. We have also built a strong partnership with MoEF to conduct critical land rehabilitation in Malang Regency, East Java.

In Kalimantan, we oversaw efforts to improve the biodiversity of Bornean ironwood (*ulin*) trees, and agarwood (*gaharu*) trees, both threatened species. We also planted 4,100 mangrove trees at our Tarakan PSC improving the water catchment performance by 81,551m³ as well as absorbing up to 1,165 tCO₂eq in emissions.



MedcoEnergi received recognition from the Indonesian government due to the success of the Bukit Jambul Watershed conservation program.

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MedcoEnergi takes active steps in protecting and conserving Indonesia's local biodiversity.

Rimau PSC, South Sumatra	Bukit Jambul, Lematang PSC, South Sumatra	Tarakan PSC, North Kalimantan	Matak, Riau Islands	Sumbawa, West Nusa Tenggara
Since 2012, we have targeted 33 native species plants covering 73 ha.	We planted 32,167 hardwood trees in Lematang to maintain biodiversity and watersheds.	We have been preserving the Bornean ironwood tree, rare and native to Southeast Asia, by nurturing 69 ironwood trees and 56 gaharu trees since 2010.	We conducted environmental awareness to support our local community in conserving local biodiversity.	We have planted one million trees including 42 endemic species to conserve Sumbawa's biodiversity.
We have been protecting 7 ha area of tropical forest with 27 types of native plant species.		In partnership with the city government and local community, we are developing revegetation programs to conserve Tarakan's local habitat.		
Since 2014, we have been planting bamboo at the Rimau PSC to improve the watershed quality.		We revitalised mangrove forests by planting 4,100 mangrove seedlings to help the conservation of the long-nosed monkeys.		
We are replanting Shorea trees across 669.55 ha to help conserve the Padamaran River watershed.				

Action Plan

The following action plan has been designed to enable us to meet our objectives for emissions reduction and environmental compliance, strengthening our environmental performance across all of our operations. We are also measuring, monitoring, and reporting our progress and performance against these actions on a regular basis.

Short-Term Actions		Medium-Long Term Actions	Status
Environmental Compliance	Ensure that all new major projects comply with international standards, where relevant.	Continue implementing Health Safety Environment Management System (HSEMS) by all assets.	Continue the implementation of HSEMS in all assets.
		Obtain ISO 14001:2015 certification for Block A PSC (in addition to Rimau PSC, Lematang PSC, South Sumatra PSC, Tarakan PSC, and South Natuna Sea Block B PSC).	Block A PSC has developed its management system according to ISO 14001:2015 and will be certified in 2021.
		Conduct baseline analysis and determine opportunities for improvement to further lower GHG intensity.	Benchmarking study and baseline analysis completed.
		Conduct baseline analysis and determine opportunities for improvement to further lower energy intensity.	
		Conduct baseline analysis and determine opportunities for improvement to further lower water consumption and waste generation (hazardous and non hazardous).	
	Disclosure of all assets' GHG and environmental performance data.	Obtain Green PROPER rating for all new assets within 4 years.	Identifying and assessing challenges and opportunities.
		Calculate scope 1 GHG emissions for all assets.	Disclosed the scope 1 GHG emissions, energy consumption, water consumption, waste and hazardous waste generated, waste utilization and recovery to MOEF, SKK Migas, and Local Environmental Offices.
		Calculate energy consumption for oil & gas assets.	
		Calculate water consumption for oil & gas assets.	
		Calculate hazardous and non-hazardous waste generation for oil & gas assets.	
		Waste utilization and recovery.	Assessing disclosure for low-pressure gas utilization.
		Low-pressure gas utilization.	

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9. Protecting the Health and Safety of Our People

Approach and Commitment

The health and safety of our employees, contractors, and the communities in which we operate is an essential and integral part of our long-term business sustainability. MedcoEnergi's Health, Safety and Environment (HSE) Policy emphasises the protection of all involved in our business and underlines the need for strong HSE leadership at all levels. We are committed to complying with applicable government regulations and ensuring alignment with industry best practices and relevant international standards.

We aspire to maintain safe and reliable operations, ensuring all our employees and contractors go home safely each day. We embed HSE in our workplace culture providing a safe and healthy working environment. We have set a target of zero fatalities, to achieve lower than industry average rates for Lost Time Incidents (LTIR) and Total Recordable Incidents (TRIR), and to complete occupational health hazard assessments for all assets.

We are continually strengthening our operational excellence, enhancing our safety culture and leadership with the ongoing adoption and development of best practices. We regularly establish and monitor our goals and performance with the aim of zero injuries or illnesses.

We have integrated HSE into our management systems and our daily activities and provide training to all employees, contractors and neighbouring communities to mitigate the risks of incidents.

In 2019, we focused on structuring our organisational capacity to sustain the continuous improvement of our performance in HSE and process safety. A dedicated Corporate HSE and Process Safety division was established and is responsible for supporting standardization and assurance of relevant policies, systems, standards, and procedures towards HSE and Process Safety excellence.

Operational Excellence

Maintaining safe operations that reflect sound management, coupled with reliable, efficient and cost-competitive operations is essential for us to support the company's sustainable growth. To pursue this, we adopt and implement a rigorous application of systematic, transparent and collaborative approaches to achieve Operational Excellence (OE). The OE framework is a systematic approach: HSE, Asset and Operating Integrity (A&OI), Operating Efficiency, and Cost Management. The framework is designed to ensure the consistent delivery of HSE, asset integrity, operation, and financial performance improvements through organisational learning, knowledge sharing, and application of best practices.



In 2019, we focused on developing the Operational Excellence guideline and assessment protocols, at the same time piloting the A&OI protocols in onshore assets. The journey towards excellence within our oil & gas business began by holding A&OI enhancement workshops and field verification visits aimed at facilitating discussions with our onshore operations. We carried out field verification visits across all onshore assets, held discussions with a range of employees, and observed operational activities and communications between various functions. These activities have assisted us in identifying our strengths and potential improvements.

In 2020, we have embarked on upgrading our operations to meet the requirements of the full Operational Excellence program (HSE, A&OI, Operating Efficiency and Cost Management).

Management System

Our HSE Management System (HSEMS) enables us to systematically identify, assess, control, and monitor operational HSE risks for the business, employees, contractors and the environment. The HSEMS requires each asset and business unit to plan, coordinate, and monitor HSE implementation throughout our operations. Our contractors and suppliers are also required to adhere to this management system.

We developed the HSEMS based on international standards for management systems: ISO 14001:2015 (Environmental Management Systems) and OHSAS 18001:2007 (Occupational Health and Safety Assessment Series). In Medco oil & gas, our Rimau PSC assets maintained its OHSAS 18001:2007 certification. Our South Natuna Sea Block B PSC operation has also maintained its ISO 14001:2015 certification, whereas Medco Power has succeeded in obtaining an Integrated Management System certification for ISO 9001: 2015, ISO

14001: 2015, and OHSAS 18001:2007. Medco Power is in the process of transitioning from OHSAS 18001 to ISO 45001, due for completion by the end of 2020. Tanjung Jati B (TJB) has completed the ISO 45001:2018 certification in 2019 and the majority of power sector is certified by the Occupational Health Safety Management System/OHSMS (*Sistem Manajemen Kesehatan dan Keselamatan Kerja/SMK3*) under the Indonesian Ministry of Manpower.

HSE Programs

We translate our commitment to protect the health and safety of our people through various HSE programs and initiatives aimed at our employees, contractors and stakeholders.

Safety Leadership and Workforce Engagement

We place strong emphasis on the participation and leadership from all workers to demonstrate HSE culture in their daily work. This embodies our belief that safety is everyone's responsibility, with early warning interventions embedded in our safety leadership.

We protect the rights of our workers by ensuring that all employees receive the necessary information and training to enable them to perform their work safely and responsibly. MedcoEnergi continues to provide HSE training for our workforce based on their tasks, including those that are mandated for certain roles such as incident investigators, and Emergency Management Team (EMT). In 2019, we delivered training on process safety competency, Root Cause Analysis (RCA), respiratory protection, and working at heights.

To enhance our safety culture, we implement a Safety Card program to encourage personnel to communicate and discuss safe and at-risk behaviours, or at-risk conditions. The Safety Card Reporting System includes a simple checklist to guide observations, discussions and online reporting and is implemented based on the 3T Golden Rules (Know the Task, Know the Hazard, Know the Risk Mitigation). As an incentive, we provide monthly safety awards that promote behaviour-based safety. The Safety Card program began in 2018 to encourage employees to submit a minimum of one card per week at sites and two cards per month at the head office. The program continued in 2019 and we incorporate the safety card submission into each units performance goals.

Management plays an important role in driving a strong HSE culture throughout the company, regularly undertaking HSE tours at operating assets, engaging in dialogues with our workforce on expectations and risks, and reinforcing positive safety behaviours. Our leaders and supervisors also conduct compulsory and routine monitoring and review of the HSE Key Performance Indicators (KPIs). Their responsibility involves sharing lessons learned and findings with the operations team; we believe this has had a strong and positive influence on our safety culture.

Across our business, we continually improve our workplace safety by implementing safety and loss prevention programs. At our sites, our employees, contractors' and visitors' safety is a priority with everyone required to follow the company's safety rules. All employees have the authority to stop unsafe operations in the event of a breach of safety or hazardous condition without fear of reprisal.



Wearing appropriate personal protective equipment is essential as practiced by our field personnel at the Lematang PSC.

Contractor HSE Management System (CHSEMS)

Managing HSE for our contractors is equally as important to our HSE performance, given contractors comprise the majority of our total workforce.

We integrate our HSE principles into our contractor's operations, by setting expectation of shared roles and responsibilities to create a collective safe and healthy working environment. Our contractor HSE management framework enables us to monitor the implementation of their HSE programs and the performance.

In 2019, Medco Power aligned its CHSEMS with Medco oil & gas and commenced its implementation. In oil & gas operation, we improved safety recording and developed a CHSEMS monitoring dashboard.

We also conduct regular KPI monitoring of our contractors. The HSE incidents at Tarakan PSC and Medco Ratch Power Riau Project in 2019 (page 65 to 66) emphasise the importance of a strong and reliable CHSEMS.

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HSE Culture and Strategic Improvement

In 2018–2019, we commissioned DuPont Sustainable Solutions (DSS), an independent third-party consultant, to assist us in reinforcing our HSE culture and conducting strategic improvements. We started with a Safety Perception Survey of all oil & gas domestic assets. Following the survey, the Safety and Operational Risk Assessment was conducted in South Natuna Sea Block B PSC (2018–2019) and Block A PSC (2019). Outcomes from the survey and assessment have been included in each asset's multi-year strategic improvement plan to achieve and sustain a world-class HSE culture and performance. Similar surveys and assessments are planned for our international and remaining domestic assets in 2020–2021.

In addition we carried out an assessment to evaluate our process safety tools. The assessment found key aspects that we are now addressing, namely the absence of a Safety Critical Element (SCE) Risk Assessment review and assurance, commitment for SCE deferrals, the use of various systems for SCE in our facilities and an incomplete SCE status update or dashboard for our teams to monitor. We commenced the improvement of our SCE function in 2019 that included risk assessments and developing mitigation actions.

Reinforcing Health and Safety at Work

Monitoring the quality of our working environment is essential to create a healthy space. This includes the measurement of noise levels, light intensity, vibration, airflows in the workplace, the prevalence of viruses, bacteria and dust, as well as the presence of gaseous pollutants such as CO, CO₂, SO₂, and NO₂. We have design monitoring to ensure that working conditions meet the highest safety standards within our industry as we aim to protect employees' health at work.



Our field personnel in full PPE, as part of Emergency Response Exercise, at Jene Station, South Sumatra PSC.

In 2019 we conducted training on respiratory & hearing protection and first aid, as part of the Occupational Health & Industrial Hygiene (OHIH) program; led by HSE practitioners and paramedics within the organisation. Where health hazards are detected as risks to workers, we undertake monitoring that includes personal noise monitoring, biomonitoring and periodic health check-ups. This surveillance program helps to ensure that a person is not exposed to health hazards that exceed the allowable limit as per regulations or industry standards.

To ensure that our employees are in good health and of sound physical condition, we implement a Fit for Work program that involves regular medical check-ups, regular health talks by medical professionals and a general medical test for field workers prior to their deployment to site.

In addition, our Indonesia assets cooperate with the National Anti-Narcotics Agency to conduct random drug testing and anti-drug socialization events for all employees and contractors working in operation areas and the head office.

Health and Safety Emergency Response

Our emergency preparedness and response system was developed to deal with serious occurrences or major emergencies and is an important element of our HSEMS. In all emergencies, protecting our employees, contractors, visitors and the surrounding communities is our priority. We have emergency procedures in place and emergency response teams across our business.

Our emergency response teams are exposed to real case situations that have reinforced their capabilities. For example, our MedcoEnergi Emergency Management Team (EMT) in Indonesia was activated when a major spill incident occurred in South Sumatra in 2018. They used aerial surveillance pictures to assess the extent of the oil spill and to establish an oil spill recovery plan. Boats, oil booms, skimmer, and dispersants were deployed on the same day, and a barge was sent to recover the remaining crude oil. It took 48 hours for EMT to effectively manage the spill.

At Medco Power and South Natuna Sea Block B PSC, our emergency response teams supported the disaster management program of the Ministry of Energy and Mineral Resources (ESDM). Medco Power's emergency and medical relief team also assisted at natural disaster events under the coordination of ESDM; in 2019 they supported regional and national emergency response activities. We have received a number of awards from the Ministry of ESDM in appreciation of our participation in these emergency response events.

Dealing With the COVID-19 Pandemic

The global community has been striving to deal with the outbreak of COVID-19. After global cases significantly surged in 114 countries, the WHO declared a global pandemic on 11 March 2020.

We have adopted a number of measures to respond to the COVID-19 pandemic by establishing our COVID-19 Task Forces at the corporate and the operating country level, assessing risks and putting in place preventive and mitigating measures. We implemented our established security and medical protocols to minimize potential security and health risks, activated the Emergency Communication Centre (ECC) phone number, and a Work from Home program.

We have conducted socialization and campaigns on COVID-19 preventive measures including Personal Hygiene, Hand Washing, Using Face Masks, and Social Distancing to our employees. We conduct health screening at entry points of our offices and facilities, provide hand sanitizers at the workplace area including the building's lobby and receptions, and implement elevator restrictions in our offices. In addition, we have provided information on how to self-isolate if any of our employees and their family members show symptoms of COVID-19. Strict precautionary measures are also enforced at our operational facilities in Indonesia, Thailand, Oman and other international assets such as tightening access control, scaling down site crews, adjustment of crew rotation schedules and the application of pre-on-shift rota quarantine time and COVID-19 tests for offshore and onshore crews. In Oman, the additional efforts for international crew rotation include coordinating with several travel agencies periodically for the availability of international flights, working with the Embassies for the entry permit approval, and applying 14-day pre on-shift quarantine upon arrival in the country.



As part of our efforts in dealing with COVID-19, we have donated much needed medical personal protective equipment to Jakarta's Persahabatan Central General Hospital.



We conduct temperature screening and health checks for all workers and visitors at our head office.

As of 6th July 2020, we had donated IDR7,223,260,650 (around US\$515,947) from our employees, subsidiaries of MedcoEnergi and Medco Foundation. This money has been used to supply donated medical equipment, personnel protective equipment (PPE - masks, face shields, protective suits) and temperature scanners to several hospitals, community health centers and health clinics. The company also supported and equipped a Jakarta based laboratory to accelerate the results of COVID-19 testing. Importantly we have helped affected communities and those around our operations with the provision of sterilization and sanitation equipment, vitamins and supplements, food supplies and undertaken socialisation programs on prevention measures. In Thailand, we also supported our stakeholders in Bangkok, Sattahip, Chumphon, and Surat Thani by donating medical and fabric masks, and sanitation equipment worth over THB1,000,000 (approximately US\$31,777).



In Tarakan PSC, we provided food relief support to help local community during the impact of COVID-19.

Health and Safety Performance

We monitor our Occupational Health & Safety (OHS) performance and track key indicators to identify areas for improvement and ensure the effective implementation of our programs.

We were deeply saddened by the safety incidents in our businesses in 2019. On 17th March 2019, a fire broke out during maintenance pigging activities in our oil & gas operation at Tarakan PSC resulting in a contractor fatality. In our Power operations at the Medco Ratch Power Riau (MRPR), a fatality took place on 5th February 2019 at the Combined Cycle Power Plant (CCPP) Project Site in Tenayan due to an incident involving heavy equipment.

The EMT was activated to implement immediate actions and investigation team was deployed to conduct a root cause analysis for each incident. A number of recommendations were identified and implemented and full reports were reported to our BoD and the relevant government authorities. We also provided support to the families of the deceased.

Following the fire at Tarakan PSC, we conducted comprehensive assessments focusing on operational integrity and strengthened our HSEMS' process safety culture by collaborating with an independent third-party consultant. In MRPR, we have focused on strengthening our contractors' and subcontractors' HSE performance by establishing Contractor HSE procedures, implementing a full phase of CHSEMS and conducting contractor HSE audits by an independent party.

The non-operated mining site, AMNT also experienced two fatalities in 2019. On 24th March 2019, a fatality occurred in the laydown area at the Batu Hijau mine during the electrical pigtail wiring maintenance and a second fatality on 28th December 2019, as a result of a landslide during horizontal drilling. Following these fatalities, AMNT worked closely with the relevant government authorities to thoroughly investigate and find the root cause to prevent similar incidents in the future. AMNT has also made improvements to protecting the health and safety of all workers and contractors at site as well as focusing on campaigns to ensure that employees and contractors internalize and implement safety in their daily tasks.

Our HSE performance in 2019 are presented in the tables below:

Oil & Gas	2017	2018	2019
Number of Fatalities	0	1	1
Lost Time Incident Rate ^{1,2}	0.18	0.13	0.27
Total Recordable Incident Rate ²	0.7	0.59	0.58
Occupational Disease Rate ²	0	0	0
Percentage of Incidents Involving Contractors	100%	100%	100%

1. Lost Time Incident including Fatality, Permanent Disabilities and LTI.

2. Workforce includes employees and contractors. Incidents include both injuries and illnesses.

Power	2017	2018	2019
Number of Fatalities	1	0	1
Lost Time Incident Rate ^{1,2}	0.35	0	0.22
Total Recordable Incident Rate ²	0.35	0.31	0.44
Occupational Disease Rate ²	0	0	0
Percentage of Incidents Involving Contractors	0%	0%	100%

1. Lost Time Incident including Fatality, Permanent Disabilities and LTI.

2. Workforce includes employees and contractors. Incidents include both injuries and illnesses.

Mining	2017	2018	2019
Number of Fatalities	0	0	2
Lost Time Incident Rate ¹	not available	9.27	576.20
Total Recordable Incident Rate ¹	not available	0.43	0.68
Occupational Disease Rate	not measured	not measured	not measured
Percentage of Incidents Involving Contractors	100%	100%	100%

1. Total manhours as the denominator is derived from total manhours of AMNT employees and business partners.

Process Safety Event (PSE)	2017	2018	2019
Tier 1 PSE	0	2	6
Tier 1 PSE Rate per 1,000,000 work hours	0	0.08	0.22
Tier 2	17	9	10
Tier 2 PSE Rate per 1,000,000 work hours	0.71	0.32	0.37

CASE STUDY

Bangka Marine Terminal: A Journey of Safeguarding Health, Safety and Environment

Since 2000 the Bangka Marine Terminal (BMT) was a hub for various export operations of our oil production. Located in Bangka Belitung, for 19 years, the BMT operated three Floating Storage and Offloading (FSO) vessels. During operations we chartered barges, utility vessels, crew boats, and supporting equipment and facilities cooperating with other PSCs such as ConocoPhillips Grissik (2010) and Seleraya Merangin Dua (2012-2015) through a Facility Sharing Agreement (FSA). The decommissioning phase for the BMT began on 31st July 2019 and was completed in December 2019.

BMT provided substantial value to our operational excellence and financial sustainability and shipped over 78 million barrels, producing an average of more than US\$100 million in revenue per year. At the peak of activities, the operation delivered more than US\$300 million worth of crude oil.

BMT's performance was driven by our high standard of HSE management and since 2015, the operation achieved more than a 70% average HSE Index performance with 173,460 safe

man-hours. To ensure domestic and hazardous waste was well-managed, BMT implemented a rigorous standard through the Environment Management System ISO 14001:2009 certified in 2012. Between 2014 and 2019 we were awarded a Blue PROPER rating by the Ministry of Environment and Forestry (MoEF); the first for an oil & gas FSO operation in Indonesia.



BMT during its operation serving oil shipping and storage activities in the Bangka Strait.

BMT's 19-year journey and achievements are an important legacy and serve as a constant reminder for our operations that maintaining a world-class HSE performance is business-critical.



Medco management, BMT crews, contractors, and Indonesian government representatives from the Navy and Immigration, during the Management HSE Site Visit for the decommissioning in July 2019.

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Action Plan

The following action plan has been designed to enable us to meet our objectives for improving health and safety in our workplace and protecting our workers by reducing injuries and process safety events and strengthening our health and safety performance across all of our operations. We are measuring, monitoring, and reporting our progress and performance against these actions on a regular basis.

	Short-Term Actions	Medium-Long Term Actions	Status
Occupational Health and Safety	To implement work safety culture towards: 1. Contractor HSE management 2. Hazard Identification and Risk Management 3. Process Safety	To achieve zero fatality in all assets.	One contractor fatality in Tarakan PSC and one in Medco Ratch Power Riau (MRPR). Another two contractor fatalities in the non-operating mining asset.
		To achieve lower average Lost Time Incident Rate (LTIR) compared with the equivalent industry in Indonesia.	Based on benchmarking with the oil & gas industry in Indonesia, our LTIR is 0.27, higher than the equivalent industry average in Indonesia. LTIR for power is 0.22. Benchmarking with equivalent power industry in Indonesia is not available.
		To achieve lower average Total Recordable Incident Rate (TRIR) compared with the equivalent industry in Indonesia.	Based on benchmarking with the oil & gas industry in Indonesia, our TRIR is 0.58, higher than the equivalent industry average in Indonesia. TRIR for power is 0.44. Benchmarking with equivalent power industry in Indonesia is not available.
		To complete occupational health hazard assessment in all assets.	All assets have conducted health hazard assessment (not including the newly acquired assets in 2019).

APPENDIX

2019 Awards

Corporate Governance

Operations	Name of Award	Awarded By	Description
Oil & Gas	Certificate of Anti-Bribery Management System (ABMS) ISO 37001:2016 for Medco E&P Natuna.	PT. TÜV NORD Indonesia as Certification Body – TÜV Nord Group	This certification was obtained by Block B Natuna for applying a management system in line with the Anti-Bribery Management System (ABMS) ISO 37001:2016 standards. Certification Scope: Operator of the South Natuna Sea Block B Contract Area in Jakarta Office and Matak Operation.
	Debt Market Deal of the Year	Asian Legal Business South East Asia Law Awards 2019	Block A and JOB Tomori US\$500 million secured reserve-based lending facility. The largest reserve-based lending closed in Asia in 2018.
	Asia Pacific Upstream Oil & Gas Deal of the Year	IJGlobal Awards 2019	
	Best Indonesian High Yield Bond for 2019	The Asset Triple A Country Awards 2019	US\$ 650 million 2026 notes issuance - "the highlight in Indonesia's corporate sector in 2019, showcasing the capital markets' role in financing an overseas takeover".
	Indonesia Capital Markets Deal of the Year	IFR Asia Awards 2019	

Health and Safety

Operations	Name of Award	Awarded By	Description
Oil & Gas	Patra Nirbhaya Karya Madya	Directorate General of Oil and Gas	Patra Nirbhaya Karya Oil and Gas Safety Award was given to PT Medco E&P Indonesia as the Cooperation Contract Contractor (KKKS) in exploration, exploitation, processing, transportation, storage and commercial business at the main, intermediate and primary levels that performed without losing working hours as a result of accidents within a certain period and meet other criteria set by the Assessment Team (achieved 5,000,000 working hours without an accident).
	Zero Accident Award	Manpower & Transmigration Agency of Central Kalimantan province	A Zero Accident Award was given as an appreciation of the health and safety program implementation and achievement in reaching 5 million safe manhours.
	Best Overall HSE Management System	SKK Migas	In appreciation of HSE Management System implementation covering the manhours, No Lost Time Injuries, HSE reporting, PROPER, OSCP implementation and Migas Safety Award.
	Shukran Award	Petroleum Development of Oman	In appreciation for employees in Oman based on their performances, awareness, and In Vehicle Monitoring System analysis records.

Operations	Name of Award	Awarded By	Description
Power	Zero Accident Award	The Indonesian Ministry of Manpower	In appreciation of our occupational safety and health (K3) program implementation and achieving 5,436,220 working hours of people without work accidents.
	Volunteers/Anti-Narcotics Activists 2019 in The National Anti-Narcotics Agency (Badan Narkotika Nasional/BNN) Prabumulih City Neighborhood	BNN of Prabumulih City	In appreciation of Prevention and Eradication of Drug Abuse and Trafficking implementation to support the empowerment of anti-narcotics communities.
	Drugs-Free Workplace	BNN of Prabumulih City	In appreciation of implementing urine drug testing in 2019 and establishing a narcotics-free workplace.
	The International Anti-Narcotics Day Charter	BNN of Riau Islands Province	For the active role in preventing and eradicating drug abuse and illicit trafficking.
	HIV & AIDS Prevention and Management Program in The Workplace – Gold category	The Indonesian Ministry of Manpower	For the achievements in implementing HIV & AIDS prevention and control programs in the workplace.
	Drugs-Free Workplace	BNN of South Sumatra Province	In appreciation of implementing urine drug testing in 2019 and establishing a narcotics-free workplace.
	Zero Accident Award	The Indonesian Ministry of Manpower	For the implementation of the occupational safety and health (K3) program to reach 6,700,744 working hours of people without work accidents.
	HIV & AIDS Prevention and Management Program in The Workplace – Platinum category	The Indonesian Ministry of Manpower	For the achievements in implementing HIV & AIDS prevention and control programs in the workplace.

Environment

Operations	Name of Award	Awarded By	Description
Oil & Gas	Charter of Appreciation for Flaring Gas Utilization/Reduction Program	Directorate General of Oil and Gas, the Indonesian Ministry of Energy and Mineral Resources	Awarded for the success in utilising the flared gas in the field. The Flare Gas Utilisation program was carried out to support the government programs to utilise flared gas and reduce emission.
	Subroto Award	The Indonesian Ministry of Energy and Mineral Resources	In appreciation of public and private institutions that implement energy conservation.
	Thank You Note of Participation	Petroleum Development of Oman	Sponsor and participation in environmental campaign "Better than it was" at Nimr – Oman.

Operations	Name of Award	Awarded By	Description
Power	The Use of Reuseable Bags to Reduce Plastic Bags	The Mayor of Prabumulih	For the active participation in the "Use of Reusable Bags for Reducing Plastic Bags" Campaign in commemoration of the National Waste Care Day and World Environment Day 2019 in Prabumulih City.
	Performance Rating Program in Environmental Management, obtaining Gold rating	The Indonesian Ministry of Environment and Forestry	In appreciation of PT Tanjung Jati B Power Services that performs environmental management and community development efforts.
	Charter of Environmental Award	The Indonesian Ministry of Environment and Forestry	For supporting mangrove ecosystem conservation in Tanjung Piyau - Batam with 5,000 sticks replanted.
	Charter of Environmental Award	The Indonesian Ministry of Environment and Forestry	For company that supports mangrove ecosystem conservation in Pancur Pelabuhan, Tanjung Piyau - Batam with 10,000 sticks of mangrove replanted.

Community Empowerment

Operations	Name of Award	Awarded By	Description
Oil & Gas	Padmamitra Award	Aceh Government	For the achievement of community empowerment programs in increasing farmers' income, public health services and quality education in East Aceh in particular and Aceh in general.
	Nusantara Corporate Social Responsibility (CSR) Award	The La Tofi School of CSR	For demonstrating commitment and contribution to environmental sustainability and community empowerment.
	Appreciation Note	Oman Chamber of Commerce and Industry	Community contribution of Medco LLC to financially support the construction and development on Jazir beach.
Power	Social Service for Blood Donation	The Indonesian Red Cross Society, Prabumulih Municipality	For conducting blood donation activities.
	Social Service for Blood Donation	The Indonesian Red Cross Society, Palembang Municipality	For conducting blood donation activities.
Mining	Gold Rating for CSR sub category Community Development and Sustainability	Public Relations Indonesia	For the achievement in implementing community development program in West Sumbawa by PT Amman Mineral Nusa Tenggara (AMNT) focusing on agribusiness, small and medium enterprises development, and revitalization of tourism destination sites.

Aligning Our Sustainability Initiatives with the UN Sustainable Development Goals

MedcoEnergi's Sustainability Initiatives mapping against the UN Sustainable Development Goals (SDGs) is part of our effort to assist the Government of Indonesia in identifying private sector contributions.



The mapping was prepared in consultation with PT ERM Indonesia using the United Nations Global indicator framework for the SDGs and targets of the 2030 Agenda for Sustainable Development version E/CN.3/2018/2 and SDGs dimension classification¹. Note this mapping does not constitute a claim that MedcoEnergi has measured or committed targets to the Government of Indonesia.

Life

We support the realization of SDG 1, SDG 2, SDG 3 with aligned targets 1.4, 2.3, 2.4, 2.a, 3.4, 3.6, 3.8, 3.9.

Initiatives: community development programs focusing on income generation for small-scale food producer, vocational skill development, and agricultural productivity; environmental management including emission reduction, energy efficiency, waste management and conservation; various health and safety programs for employees and contractors.

Equity

We support the realization of SDG 4, SDG 5, SDG 10 with aligned targets: 4.1, 4.2, 4.3, 4.4, 4.c, 4.7, 5.5, 5.a, 10.2, 10.3.

Initiatives: technical and management capacity development for our employees including staff and leaders; community development program that aimed at improving vocational skills, promoting entrepreneurship, creating jobs and reaching out to women groups.

Social Development

We support the realization of SDG 11, SDG 16, SDG 17 with aligned targets: 11.b, 16.3, 16.5, 16.6, 16.7, 17.17.

Initiatives: building village resilience through climate change adaptation and mitigation, strengthening corporate governance through various programs such as ethics and compliance, business integrity, anti-bribery and corruption training for employee and vendors, annual declaration and assurance for conflict on interest.

Resources

We support the realization of SDG 6, SDG 7, SDG 12, SDG 14 with aligned targets: 6.1, 6.b, 6.3, 6.4, 6.6, 6.b, 7.1, 7.2, 7.3, 7.a, 7.b, 12.2, 12.4, 12.5, 12.6, 14.1, 14.2, 14.5, 14.7, 14.b.

Initiatives: community development programs focusing on electricity provision, fisherman empowerment and sustainable aquaculture business development; environmental management including emission reduction, energy efficiency, waste management and biodiversity conservation.

Environment

We support the realization of SDG 13, SDG 15 with aligned targets: 13.2, 15.1, 15.2, 15.4, 15.5.

Initiatives: environmental management including emission reduction, energy efficiency, waste management and conservation; community development that promotes sustainable agricultural.

Economic and Technological Development

We support the realization of SDG 8, SDG 9 with aligned targets: 8.2, 8.5, 8.6, 8.8, 9.1.

Initiatives: promoting decent work and productive employment through human resources management that is inclusive and non-discriminatory; community development programs focusing on infrastructure development for local community around the operations.

1. Jinsong Wu, Song Guo, Huawei Huang, William Liu, and Yong Xiang, Information and Communications Technologies for Sustainable Development Goals: State-of-the-Art, Needs and Perspectives (The Institute of Electrical and Electronics Engineers (IEEE) Communications Surveys & Tutorials, vol. 20, no. 3, 2018), page 2389-2406.

Acronyms and Abbreviations

P3	Proved, Probable, and Possible
3R	Reduce, Reuse, and Recycle
A&IC	Audit and Integrity Compliance
A&OI	Asset and Operating Integrity
ABC	Anti-Bribery and Corruption
ABMS	Anti-Bribery Management System
ADB	Asian Development Bank
AF	Alternative Fuels
AIHCR	ASEAN Inter-Governmental Commission on Human Rights
ALIGATOR	Organic Farmer Alliance (<i>Aliansi Gabungan Tani Organik</i>)
API	American Petroleum Institute
ARM	Alternative Raw Materials
AMNT	PT Amman Mineral Nusa Tenggara
AMG	PT Api Metra Graha
BLK	Training Center (<i>Balai Latihan Kerja</i>)
South Natuna Sea Block B PSC	Medco E&P Natuna Ltd
BAT	Best Available Technologies
BBLS	Crude barrels
BoC	Board of Commissioners
BoD	Board of Directors
BOE	Barrel of Oil Equivalent
CCPP	Combined Cycle Power Plant

Acronyms and Abbreviations

CIVD	Centralized Integrated Vendor Database
CLA	Collective Labour Agreement
CO2e	Carbon dioxide equivalent
CoC	Code of Conduct
CoI	Conflict of Interest
COP	Conference of Parties
CSR	Corporate Social Responsibility
DEB	PT Dalle Energy Batam
E&P	Exploration and Production
EITI	Extractive Industries Transparency Initiative
ELB	PT Energi Listrik Batam
ELO	Ethics Liaison Officer
EMS	Environmental Management System
EP	Equator Principles
EPE	PT Energi Prima ElektriKA
ERM	Enterprise Risk Management
ESDM	Ministry of Energy and Mineral Resources
ESG	Environmental, Social, and Governance
ESIA	Environmental and Social Impact Assessment
EFB	Empty Fruit Bunches
ELB	PT Energi Listrik Batam
EU	European Union

Acronyms and Abbreviations

FORKOPIMDA	Regional Leadership Communication Forum (Forum Komunikasi Pimpinan Daerah)
FRA	Fraud Risk Assessment
GCG	Good Corporate Governance
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
HSE	Health, Safety, and Environment
HSEMS	Health Safety and Environment Management System
IBCSD	Indonesian Business Council for Sustainable Development
IDR	Indonesian Rupiah
IDX	Indonesia Stock Exchange
IFC	International Finance Corporation
IGCN	Indonesia Global Compact Network
IKM	Community Satisfaction Index (<i>Indeks Kepuasan Masyarakat</i>)
ILO	International Labour Organisation
IPA	Indonesia Petroleum Association
IPIECA	International Petroleum Industry Environmental Conservation Association
IPP	Independent Power Producer
ISO	International Organisation for Standardization
JOB	Joint Operating Body
KADIN	Indonesian Chamber of Commerce and Industry (Kamar Dagang dan Industri)
KLHK	Ministry of Environment and Forestry (Kementerian Lingkungan Hidup dan Kehutanan)
Koz	Thousand ounces

Acronyms and Abbreviations

KPI	Key Performance Indicator
KPK	Corruption Eradication Commission (<i>Komisi Pemberantasan Korupsi</i>)
KVA	Kilovolt ampere
LDAR	Leak Detection and Repairing
MBOEPD	Million Barrel of Oil Equivalent Per Day
MEB	PT Mitra Energi Batam
MEPI	PT Medco E&P Indonesia
MGS	PT Medco Geothermal Sarulla
Mlbs	Million pounds
MMSCFD	Million standard cubic feet per day
MoEF	Ministry of Environment and Forestry
MPE	PT Multidaya Prima Elektrindo
MPEP	Medco Project Excellence Process
MRPR	PT Medco Ratch Power Riau
MSCI	Morgan Stanley Capital International
MSLDP	Medco Senior Leadership Development Program
MW	Megawatt
NGO	Non-governmental organisation
NOx	Nitrogen oxides
O&G	Oil and Gas
O-NET	Ordinary National Educational Test
OE	Operational Excellence

Acronyms and Abbreviations

OM	Operation & Maintenance
OHS	Occupational Health and Safety
OHSAS	Occupational Health and Safety Assessment Series
OJK	Financial Services Authority (<i>Otoritas Jasa Keuangan</i>)
PDCA	Plan Do Check and Adjust
PERKAP	Indonesian National Police Chief Regulation (<i>Peraturan Kepala Kepolisian Negara Republik Indonesia</i>)
PLN	National Power Company (<i>Perusahaan Listrik Negara</i>)
PM	Particulate matter
PPO	Operational Support Programs (<i>Program Pendukung Operasi</i>)
PSC	Production Sharing Contract
POLA KATA	The Tarakan youth organic farmers for creative food intervention program (<i>Petani Organik Olahan Kreatif Anak Tarakan</i>)
PROPER	Performance Rating Program in Environmental Management
PT	Limited Liability Company (<i>Perseroan Terbatas</i>)
SCBD	Sudirman Central Business District
SDGs	Sustainable Development Goals
SKK Migas	Special Task Force for Upstream Oil and Gas Business Activities (<i>Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi</i>)
SME	Small and Medium Enterprises
SMS	Social Management System
SoA	Statement of Adherence
SO ^x	Sulfur oxides
SRA	Security Risk Assessment

Acronyms and Abbreviations

SRI	System of Rice Intensification
SROI	Social Return on Investment
TIS-KEBAL	Waste Industry Park Learning Center (<i>Taman Industri Sampah – Kegiatan Ekonomi Berbasis Lingkungan</i>)
TJBPS	PT Tanjung Jati B Power Services
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
US	United States of America
US\$	US Dollar
VLPC	Very Low-Pressure Compressor
VOC	Volatile Organic Compound
VPSHR	Voluntary Principles on Security and Human Rights
WTP	Water Treatment Plant
WWTP	Wastewater Treatment Plant

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Feedback Form

This Sustainability Report provides an overview of MedcoEnergi's 2019 sustainability performance. We look forward to receiving suggestions for improvement from our stakeholders. Please share your feedback and/or comments about this Sustainability Report by completing this feedback form and returning to us by email, fax, or mail.

Stakeholder Group

- | | | | |
|---|------------------------------------|-----------------------------------|---|
| ☐ Shareholders | ☐ Employee | ☐ Partners | ☐ Government & Regulator |
| ☐ Bank & Investor | ☐ Community | ☐ Customer | ☐ Media |
| ☐ Others, please specify _____ | | | |

Please choose the most appropriate answer(s) to the questions below:

- | | Yes | No |
|--|--------------------------|--------------------------|
| 1. This report is useful to you | ☐ | ☐ |
| 2. This report describes the Company's performance in sustainability development | ☐ | ☐ |

Please rate the following material aspects based on the level of importance according to your view of MedcoEnergi's sustainability performance (score 1 = most important to 17 = least important).

- | | |
|---|-----|
| Local Communities | () |
| Labour Practices | () |
| Business Ethics/Fair Business Practices | () |
| Political and Regulatory Environment | () |
| Transparency | () |
| Human Rights | () |
| GHG Emissions | () |
| Environmental Impact of Products and Services | () |
| Access to Natural Resources | () |
| Procurement Practices | () |
| Storage and Transportation | () |
| Biodiversity | () |
| Effluents and Waste | () |
| Material and Resource Use | () |
| Water | () |
| Privacy and Data Protection | () |
| Energy Use | () |

Please provide suggestions/comments for this report:

Thank you for your participation. Kindly send this feedback form to the following address:

PT Medco Energi Internasional, Tbk

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