

When is  
Sustainability  
not just an  
Initiative?

When  
everyone  
Supports it.



PT Perusahaan  
Gas Negara  
(Persero) Tbk

# SUSTAINABILITY REPORT

2016







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# IMPORTANT EVENTS





01

**FEBRUARY**

About 20,000 households in Medan, North Sumatra, are now able to enjoy a lower gas price.

02

**FEBRUARY**

Through the gas network development program, the Ministry of Energy and Mineral Resources targeted the number of households using natural gas by 326,600 home connections units by 2016. Up to 2019, the target for the number of users of this green energy is set at 1,308,100 units.

03

**FEBRUARY**

PGN is committed to increasing its natural gas infrastructure, among others by building 60 gas filling stations (SPBG) until 2019. The SPBG construction will take place in DKI Jakarta, West Java, East Java, Banten, Batam, Lampung, Riau, and North Sumatra.

04

**FEBRUARY**

Starting from 2016 until 2019, PGN will expand its natural gas infrastructure, among others a 1,685-km long natural gas pipeline. This project will extend the total length of PGN's gas pipeline that is currently more than 6,971 km, which in 2019 will be 8,656 km long.

05

**FEBRUARY**

Up to the end of January 2016, industries and power plants supplied by PGN numbered 1,529 customers. PGN distributed gas to 1,857 small and medium businesses, eateries, hotels, restaurants, hospitals, and more than 107,690 households.

06

**MARET**

Annual General Meeting of Shareholders took place.

07

**MARCH**

PGN distributed natural gas to 3,898 houses in Sorong.

08

**MARCH**

In the last year, PGN built 825-km long gas pipeline as open access transmission pipeline and natural gas distribution pipeline. Currently, PGN's pipeline's total length is 6,986 km, representing 76% of the total natural gas pipeline length in Indonesia.

09

**MARCH**

PGN targets to add 110,000 new natural gas connections for households in various areas, from 2016 until 2019, using solely the Company's own funding without resorting to the State Budget.

10

**APRIL**

30 SMEs in Kampung Kue Surabaya, East Java, produced cakes and cookies with natural gas as the fuel.

11

**APRIL**

PGN's natural gas supply had been enjoyed by the Pondok Pesantren Terpadu Darul Muttaqin, Surabaya, for the past five years, used in the daily activities of about 100 boarders.

12

**APRIL**

About 119 customers of PGN were selected as winners in the experience sharing competition, where participants share stories about their use of PGN's gas, through the PGN Sayang Ibu program.

# IMPORTANT EVENTS



13



14



15



16



17



18



19



20



21



22



23



24



25

13

MAY

Islamic Boarding Houses in East Java switched from LPG to biomass (pellet) stoves that are more efficient and environmentally-friendly. One of them, Pondok Pesantren Nurul Huda, Bendungan Tengah, Keraton, Pasuruan, East Java, has been using the gas for cooking for 250 female and 200 male boarders.

14

JUNE

PGN extended donation to 15,000 orphans in 11 provinces in Indonesia, with a total amount of Rp7.5 billion.

15

JUNE

The BUMN Hadir Untuk Negeri program was implemented in the form of a Low-Cost Marketplace in 8 regions, where a total of 10,000 basic goods packages, valued at Rp1.5 billion, were provided.

16

JULY

PGN signed an agreement for the mentoring and donation of practice bicycles, competition bicycles, and other equipment to a number of national cycling athletes, in the hope of spreading the good energy of natural gas in every competition.

17

JULY

PGN held the Grade IV PGN Piala Thamrin tournament, participated by 130 tennis players from 10 countries, 87 of whom were male and 43 were female athletes.

18

JULY

PGN held the PGN Innovation Camp & National KSE Community Summit in Yogyakarta, in collaboration with Karya Salemba Empat Foundation. Scholarships for training program were provided to students from 28 universities in Indonesia to come up with innovations in the field of Leadership, Social Entrepreneurship, and Technology for Indonesia.

19

AUGUST

PGN became the principal sponsor in the international men's tennis championship, Indonesia PGN Men's Future 2016, with total prize of USD 10,000, as a form of PGN's effort in supporting Indonesian tennis players.

20

AUGUST

The "Ayo Kita Ngegas Merdeka" program from PGN was well received by the public in Jakarta. On the first day, 1,394 people enjoyed the free bajaj rides. The program took place from 14 to 20 August 2016.

21

SEPTEMBER

The Floating Storage and Regasification Unit (FSRU) facility in Lampung, managed by PT PGN LNG Indonesia, subsidiary of PGN, received the LNG cargo from LNG Refinery in Tangguh, Papua.

22

OCTOBER

PGN provided special service to hospitals that use natural gas in Jakarta. One of the 10 hospitals in Jakarta using PGN's natural gas was RSPAD Gatot Subroto, which for 30 years has been using PGN's gas.

23

OCTOBER

PGN recorded net income of USD 2.16 billion, up by USD 17.32 million from the net income of the previous period, amounting to USD 2.14 billion.

24

NOVEMBER

PGN held the "PGN Liga Voli Indonesia" (Livoli) volley competition involving 13 men's and women's teams in the First Division, and 8 men's and women's teams in the Main Division.

25

DECEMBER

PGN donated 13 ambulance units to the Indonesian Police Force. The ambulance were to be placed in the Police Headquarters, the Mobile Brigade, and spread out to various Regional Police Offices to serve the community around PGN's areas.

# AWARDS

01



02



03



04



05



06



07



08



09





▶ 01

**BEST OF CEO COMMITMENT  
ON HUMAN CAPITAL  
DEVELOPMENT**

for PGN's President Director,  
Hendi Prio Santoso

▶ 02

**INDONESIA GOOD  
CORPORATE GOVERNANCE  
(GCG) AWARDS**

Economic Review with  
"Excellent" (A) rating

▶ 03

**INDONESIA MOST  
ADMIRE CEO KATEGORI  
OIL AND GAS**

for PGN's President  
Director, Hendi Prio  
Santoso

▶ 04

**SUSTAINABLE FINANCE  
AWARD**

Capital Market Category,  
from the Financial Services  
Authority (OJK)

▶ 05

**BEST OVERALL  
SUSTAINABILITY REPORT  
AWARD**

▶ 06

**BEST SUSTAINABILITY  
REPORT KATEGORI  
ENERGI**

▶ 07

**HIV-AIDS PREVENTION  
AND TREATMENT  
PROGRAM (P2HIV-AIDS)**

Ministry of Manpower

▶ 08

**ASEAN OCCUPATIONAL  
SAFETY AND HEALTH  
NETWORK  
(ASEAN-OSHNET)**

Zero Accident

▶ 09

**ZERO ACCIDENT  
AWARD**

PMO

# AWARDS

10



11



12



13



14



15



16



17





▶ **10**  
**SAFE WORKING HOURS IN  
OIL & GAS AWARD**  
  
GDM I

▶ **11**  
**SAFE WORKING HOURS  
IN OIL & GAS AWARD**  
  
GDM II

▶ **12**  
**SAFE WORKING HOURS IN  
OIL & GAS AWARD**  
  
GDM III

▶ **13**  
**SAFE WORKING HOURS IN  
OIL & GAS AWARD**  
  
GTM


▶ **14**  
**BLUE PROPER FOR  
OFFTAKE CIMANGGIS,  
WEST JAVA REGION**  
  
Ministry of Environment  
and Forestry

▶ **15**  
**BLUE PROPER FOR SBU  
TRANSMISSION SUMATRA-  
JAWA STATION PAGARDEWA**  
  
Ministry of Environment and  
Forestry

▶ **16**  
**REGIONAL II BLUE PROPER**  
  
Ministry of Environment  
and Forestry

▶ **17**  
**BLUE PROPER OFFTAKE  
PANARAN BATAM REGION**  
  
Ministry of Environment  
and Forestry

# MESSAGE FROM THE PRESIDENT COMMISSIONER [102-14]



Fajar Harry Sampurno  
President Commissioner

Esteemed Stakeholders,

The Board of Commissioners welcomes the publication of the 2016 Sustainability Report of PT PGN (Persero) Tbk and appreciates the Board of Directors for this effort. Through this report we have become more aware that PGN's operational activities affect the earth and the society we live in, through both positive and negative impacts. As a responsible company, PGN must to the best of its ability minimize the negative impacts resulting from its operations.



The Board of Commissioners appreciates PGN for having implemented the programs that are aimed at improving wellbeing of the people.

The Board of Commissioners appreciates PGN for implementing the programs that aim to improve the quality of life in the society.

This sustainability report can also be regarded as a communications medium for the Company to connect with its stakeholders. This report contains the Company's performance in Sustainable Development. In this regard, this report provides information on PGN's contribution to the achievement of the Sustainable Development Goals (SDGs) which have become part of the Government's program since early 2016.

The Board of Commissioners also regards this report as a detailed explanation of the Company's corporate social responsibility (CSR) implementation in a larger context of the term, which goes beyond the programs that aim to improve communities' livelihoods, but also encompassing programs that are aimed at: preserving the environment, fulfilling the Company's responsibility to customers, fostering a strong and conducive industrial relationship with the employees, and improving the occupational health and safety performance.

In our view, PGN has a significant role to play to ensure the conservation of the environment by improving natural gas distribution. As more and more customers utilize the natural gas, this will help reduce the accelerating rate of greenhouse gas emissions to the atmosphere.

The global communities agreed in the end of 2015 to prevent the average increase in earth's temperature from going beyond 1.5 degrees Celsius. Therefore, greenhouse gas emissions must be controlled and be kept at a minimum. This can be done among others by utilizing natural gas as fuel source, as it is more environmentally-friendly than oil or coal. This is where PGN plays an important role in preserving nature.

As a State-Owned Enterprise, PGN also plays a crucial role in implementing the Government's program to improve society's wellbeing. The Board of Commissioners appreciates PGN for having implemented the programs that are aimed at improving wellbeing of the people. Through these programs, not only have the Company's image and reputation been improved, but also a more harmonious relationship between PGN and the society has been established. A harmonious relationship with the public is an immense capital for maintaining the Company's ongoing existence in the long run.

The Board of Commissioners confers the mandate to the Board of Directors to continue run the Company by taking into consideration the issue of sustainability. PGN has the capability to help solve various issues related to sustainability, such as global warming that has resulted in natural disasters, disrupting the lives of the people and ruining the environment. Every decision that PGN makes, across all organizational levels, must carefully take into consideration the potential impacts on the economy, environment, and society.

In closing, the Board of Commissioners would like to thank the Board of Directors, PGN People, and all stakeholders for their hard work in 2016 in developing the Company based on the principle of sustainability.

Jakarta, February 2017



**Fajar Harry Sampurno**  
President Commissioner





## MESSAGE FROM THE PRESIDENT DIRECTOR [102-14]

**Hendi Prio Santoso**  
President Director

Esteemed Stakeholders,

As we are facing an increasingly complex set of business challenges, especially in relation to the issue of global warming, and given the current social situation of our society which is of a great concern to us, we feel compelled to run our business in the context of sustainable development with the 3P principles: Profit, Planet, and People.



We believe that the Company will grow and progress in the long run and will also provide benefits to the society, should the 3P principles be implemented consistently. On the corporate level, the sustainable development consists of three dimensions aligned with the 3P principles. They are the economic, environment, and social contexts, each is interconnected with one another. In this context, every decision that will be made by the Company will always be based on the impacts of these three dimensions, namely economic, environment, and social dimensions, resulting from the Company's operational activities. In this regard, sustainable development for PGN means to deliver the Company's operational activities whilst at the same time striving to keep the negative environmental impacts at a minimum. In addition to that, sustainable development is also related with PGN's contribution to increasing society's welfare, which includes the welfare of PGN employees. From the economic dimension, sustainability means the Company's contribution to the growth of Indonesia's economy.

#### **ECONOMIC IMPACT**

We realize that the presence of the Company is to create economic values for the stakeholders,

which include the employees, customers, investors, government, and the society. The economic impact from PGN's operational activities in 2016 to the customers showed positive growth compared to the previous year's. Sales to customers in the past 5 years had grown by 0.20% on average per year. The distribution of economic values among the stakeholders also showed a positive trend in the last 5 years. All this is PGN's contribution to Indonesia's economic growth. PGN's operations' impact on Indonesia's economic growth is also marked with dividend payouts and various tax payments to the State. The distribution of economic value to the employees also showed an increase. We make an effort to always provide competitive incentives to our employees because they are an indispensable element for the Company's growth. The increase in remuneration and facilities provided to employees not only positively benefit the employees and their families, but it also contributed to the growth in the surrounding areas indirectly.

We always strive to provide competitive incentives to our employees because they are an indispensable element for the Company's growth.

We make an effort to always provide competitive incentives to our employees because they are an indispensable element for the Company's growth.

### SOCIAL IMPACT

As a state-owned enterprise (SOE), the distribution of economic value to the society is implemented through an allocation of investment in the form of corporate social responsibility funding, which aims to improve the marginalized society's welfare. The implementation of the Company's CSR program, called the Social & Environmental Responsibility, which includes the Partnership and Community Development Program, makes manifest the Company's business philosophy that is in line with the 3P principles. In this program, our main focus is in the improvement of the marginalized society's welfare, delivered through the community's economic empowerment programs, construction of facilities and infrastructure for the public, support for the improvement in education quality, aid for victims of natural disasters, and preserving the environment together with the public. In 2016, we allocated Rp129.8 billion as social investment fund.

### MORE ENVIRONMENTALLY-FRIENDLY ENERGY

As a company that is engaged in the natural gas industry, PGN's business has a positive impact on the state of the earth. The increased usage of natural gas translates to less emission of greenhouse gases into our atmosphere, thus ensuring that planet earth becomes a healthier place to live in. Natural gas is a more environmentally-friendly source of energy if compared to coal and oil. In 2016 we distributed 803 MMscfd of natural gas to our customers, consisting of the 801 MMscfd for industry and commercial and 2 MMscfd for households.

### HUMAN RESOURCES DEVELOPMENT

Facing a tighter business competition, we also conducted strategic measures in human resources development, as we believe that to achieve a

better future for the Company, we need skilled and professional labor. In 2016, we conducted educational programs and training programs aiming to improve employees' skills and professionalism in line with each of their departments in PGN. Education and training are among the programs that are prioritized in 2016 in order to prepare skilled and professional workforce for achieving PGN's 2020 vision. In 2016, the total amount of time spent for training and education programs for PGN employees was 17,627 days.

In addition to education and training, as a company that is highly sensitive to the issue of occupational accidents, in 2016 we continued to improve our environmental management system followed by effective implementation of occupational health and safety programs in order to establish a more conducive, healthy, safe, and accident-free workplace. In 2016, we were once again successful in retaining the Zero Accident status. "PRIORITIZE WORKPLACE SAFETY" is a credo which should be in all of our employees' mindset in the aspect of occupational health and safety management.

### FUTURE OUTLOOK

PGN always continues to support global efforts in mitigating greenhouse gas emissions. For if it is let loose, climate change will simply become worse, and the impacts will be felt not only by the earth, but also will have massive adverse implications for humanity in general. This is a defining moment for the global society, and a challenge to PGN. We want to address this challenge by continuously improving the sustainability of natural gas. The greater natural gas usage means that the increase in PGN's contribution to mitigating greenhouse gas emissions. In 3-5 years' time into the future, PGN will continue to expand business in the natural gas production and distribution as an eco-friendly source of energy.

In closing, allow me on behalf of the Board of Directors of the Company to extend our gratitude to the Board of Commissioners and stakeholders for the support and input we received in 2016. We'd like to appreciate the entire workforce of PGN and other stakeholders for their tremendous role and support in 2016.

Jakarta, February 2016



**Hendi Prio Santoso**  
President Director





# ABOUT THIS REPORT

# 01



Welcome to PT PGN (Persero) Tbk's 2016 Sustainability Report (subsequently referred to in this Report as "We" or "the Company"). This report marks the eighth year that the Company has published such report since its initial publication in 2010. This report provides information on the Company's economic, environmental, and social impacts, and also provides a means to measure PGN's contribution towards the achievement of the Sustainable Development Goals (SDGs). [\[102-50, 102-52\]](#)

This report has been prepared using the GRI Standards "Core" Option, the international standard for sustainability reporting issued by the Global Reporting Initiative (GRI) in October 2016 to supplant the GRI G4. The previous year's sustainability report was published in March 2016 and was prepared using the GRI G4. [\[102-51, 102-54\]](#)



To facilitate the readers to obtain the GRI Standards we have implemented in this report, we display the GRI Disclosure Index on each relevant page, while the GRI Standards Indices have been compiled and presented on page 120 of this report. [102-55].

## REPORTING PERIOD & BOUNDARY

This report contains the data and information for the period of 1 January 2016 until 31 December 2016. The sources of the data and information used while preparing this report encompass the Head Office and subsidiaries. PGN has business units subsidiaries and affiliated entities, found on page 40 of this report. [102-48, 102-49]

There were no significant changes to the scope nor to the boundary of this year's report compared to the previous year's. Thus there were no restatements of the previous year's reported information. [102-48, 102-49]

## DETERMINING REPORT CONTENT [102-42, 102-46]

The principles in determining content of this report includes: (1) Stakeholder Inclusiveness; (2) Sustainability Context; (3) Materiality; (4) Completeness.

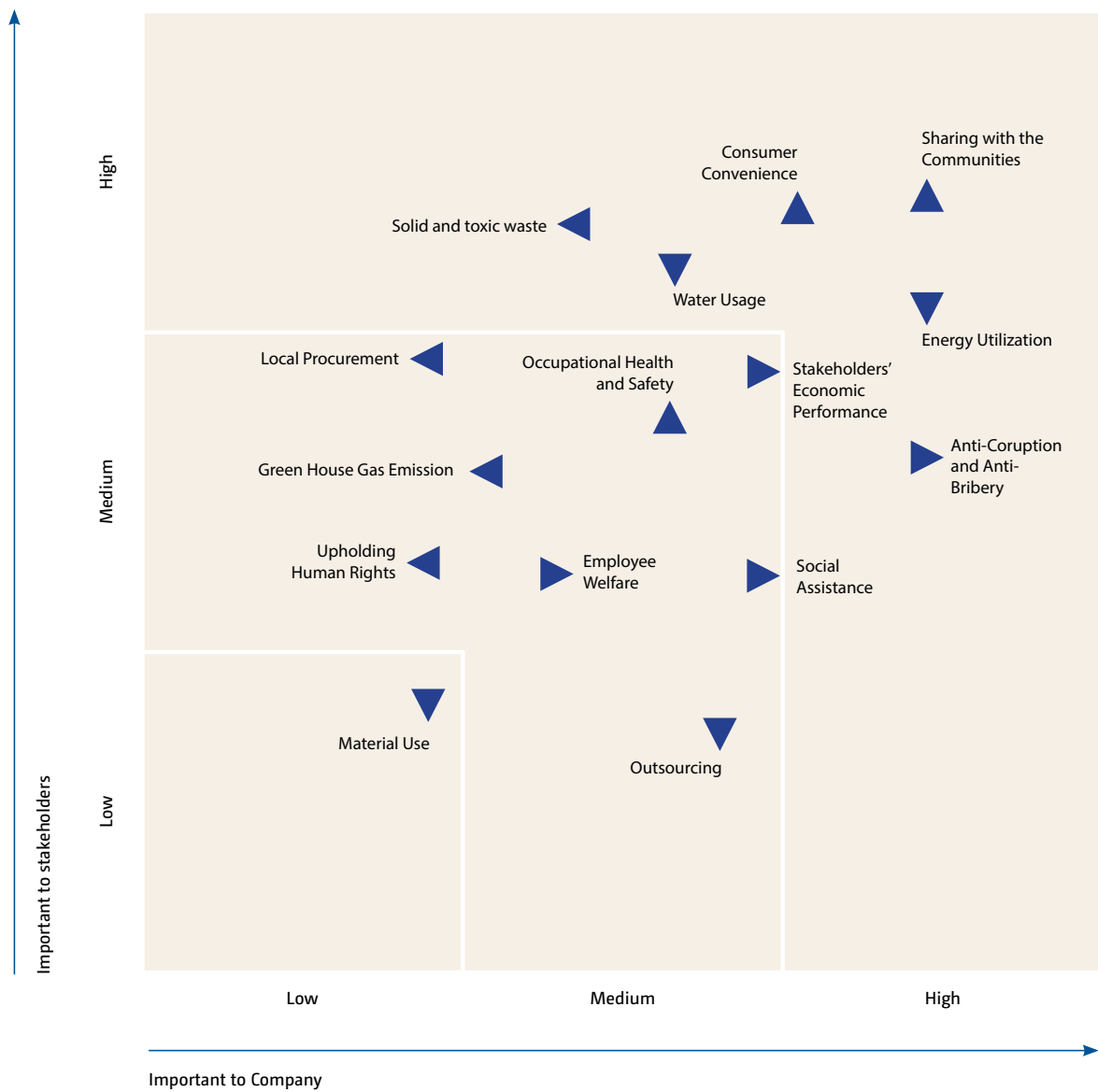
Stakeholder Inclusiveness was implemented through the Focus Group Discussion (FGD) activity involving stakeholders, and materiality survey. The Sustainability Context principle in determining report context was implemented in the sense that the report contains issues and topics that are related to the sustainability context, covering the economic, environmental, and social aspects. Sustainability in this sense also means the character of being long-lasting. In addition to the FGDs, the Stakeholder Inclusiveness principle was also implemented in the follow up of feedback to the previous year's report that we received from our stakeholders.

The Materiality principle was implemented in determining report context through the procedure of determining materiality by previously identifying specific topics, followed by examining the materiality level of the report's content. Meanwhile, the Completeness principle was implemented by examining specific and material topics to check the data availability and determination of the topics' boundaries.

## Materiality [102-43, 102-44, 102-47]

FGDs as stated above were intended to obtain input from stakeholders regarding material topics in the report. In addition, at the FGDs, stakeholders also provide input and opinion on their relationship with the Company, in addition to providing input regarding how to improve the relationship between the Company and its stakeholders. The FGDs took place on 13 February 2017. Participants of the FGDs included members of the Workers Union (SP) of PGN, suppliers, customers, regulators, recipients of the Partnership Program, and scholarship recipients. Other stakeholders that were unable to attend the FGD had their opinions delivered via the materiality survey. The results of the FGDs and the survey are presented in the materiality graph below.

Materiality



### INDEPENDENT ASSURANCE [102-56]

Assurance is an important process for ensuring that the information presented in the Sustainability Report is free from material errors, thus increasing the report's credibility. For the last four years, PGN has assigned an independent assurer to conduct the assurance process. Moores Rowland was appointed as the independent assurer to conduct assurance process of this report. The determination of Moores Rowland as the assurer was done upon the approval of the Board of Directors as represented by the Corporate Secretary. Considerations in determining an assurer among others were experience and capability of said party as an assurer. The independent assurer's report is presented on page 118.

In addition to the assurance by an independent assurer, we also assigned the National Center for Sustainability Reporting (NCSR) to conduct the "GRI Standards In Accordance Check" for this 2016 Sustainability Report. NCSR's report is presented on page 120.

The purpose of the assurance is to ensure that the report's contents are supported by reliable evidence, while the In Accordance Check has the aim to ensure that the report has been prepared in accordance with the GRI Standards.

### POINT OF CONTACT [102-53]

We will continue to improve the quality of our Sustainability Report. Therefore, we encourage all readers and stakeholders to provide input, ideas, criticisms, and questions regarding this 2016 Sustainability Report, via the following address:

#### Corporate Secretary

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ABOUT  
PGN

02





## ABOUT PGN



For more than half a century, PGN has existed in Indonesia and we continue to strive to become a provider of energy that is integrated, economic, and sustainable, for all customers ranging from the commercial industry, power plants, transportation industry, small and medium enterprises (SMEs), and households, spread across all regions in Indonesia, and at the same time participates in the development of the nation.

The solution for satisfying the demands for a safe, value-adding, economic, and competitiveness-enhancing type of energy

## At a Glance: PGN & Sustainability



Enhanced level of wellbeing and sustainable economic development via energy self-sufficiency and environmental conservation efforts





The Company's optimal and sustainable value creation via internal and external synergies

PGN achieves sustainability through its main product, namely natural gas. This alternative fuel is cleaner and more environmentally-friendly as a fuel used in supporting development programs. The safety and economic value of natural gas have made commercial businesses such as restaurants, hotels, and hospitals switch to PGN's natural gas. So have the households in high-concentration residential areas. [102-2]

## VISION AND MISSION

### ► VISION

To be a world  
class company  
in gas sector  
in 2020.





# ► MISSION

To enhance the value of the organization for stakeholders through:

- Customer: Secure energy needs fulfillment solutions, value-added, cost effective and improve competitiveness.
- Community: Increased prosperity and sustained economic through energy independence and environmental conservation efforts.
- Shareholder value: The creation of an optimal and sustainable company through internal and external synergies.

PGN's Vision is stipulated based on the Decree of the Board of PT Perusahaan Gas Negara (Persero) Tbk No: 000303.K/HM.03/UT/2015 issued on 8 Januari 2015



# CORPORATE CULTURE



The corporate culture is the values and philosophies agreed and believed by all PGN employees as the basis and reference for PGN to achieve the goals. PGN defines it corporate culture through the five values, abbreviated into ProCISE and translated into 10 corporate behaviors. Guidelines for PGN Corporate Culture were established under Decision No. 010705.K/ SM .02.02/UT/2009 dated May 12, 2009 on Guidelines for Corporate Culture.

5 Corporate Values of PGN in the ProCISE:

## I PROFESIONALISM



## II CONTINUES IMPROVEMENT



## III INTEGRITY



## IV SAFETY



## V EXCELLENCE SERVICE



Always provides the best results, with improved competencies in the relevant fields and responsibility for every action taken and decision made.

**1** Competence

**2** Responsibility

Committed to continual improvements.

**3** Creative and Innovation

**4** Adaptive to Change

Honesty with oneself and others. Consistency between thoughts, words and deeds based on a high-standard of ethics.

**5** Honest, Open, and Positive Thinking

**6** Disciplined and Consistent

Prioritizing Occupational health and safety for one self and the surrounding environment.

**7** Prioritizing Workplace Health and Safety

**8** Prioritizing the Environment and Society

Prioritizing satisfaction of internal and external customers by providing the best service.

**9** Prioritizing Internal and External Customer Satisfaction

**10** Proactive and Quickly Responding

**PGN'S CORE BEHAVIORAL GUIDELINE [102-16]**

Based on the company's corporate culture and the principles of good corporate governance, PGN has established the Code of Conduct for all Employees of PGN.

The Code of Conduct in general contains the desired behaviors of all PGN employees in their daily activities

and in their interaction with the stakeholders. This guideline is further intended to provide a practical guideline on conflict of interest, corruption, bribery, gratification, management of information, and many more. The Code of Conduct has been published and must be adhered to by all employees of PGN.

**PGN'S TIMELINE****1859**

PGN is a state-owned company that was initiated on 1859 when it was named L.J.N. Eindhoven & CO Gravenhage Firm.

**1965**

On 13 May 1965, based on the Government Regulation Number 19 Year 1965, PGN was defined as a State Company and known as "Perusahaan Gas Negara".

**1994**

Based on the Government Regulation Number 37 Year 1994, the status of PGN changed followed by the addition of a broader business scope, namely other than in the area of natural gas trading also in the area of transmission, where PGN serves as the transporter.

**2003**

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

**2007**

On 25 October 2007, the gas pipeline of SSWJ II Grissik – Pagardewa segment was inaugurated by the Minister of State for State-Owned Enterprises (SOE) for PT Krakatau Daya Listrik from Pertamina field in Pagardewa. In the same year, PGN established a subsidiary company that engages in the telecommunication industry, namely PT PGAS Telekomunikasi Nusantara (PGASCOM). PGASCOM manages the operation and maintenance of fiber optic cable networks.

**2008**

PGN exercised the split of PGAS shares par value (stock split) with a ratio of 1 (one) share exchanged with 5 (five) shares with a nominal value of Rp100 per share so that the number of shares is 22,967,185,965 shares.

**2010**

Conducted the SOE Synergy with Pertamina through the establishment of a joint venture company, PT. Nusantara Regas that operates the Floating Storage & Regasification Unit (FSRU) in West Java with a capacity of 400 MMScf. This FSRU is the first LNG Receiving Facility in Indonesia.

**2011**

PGN formed 2 subsidiary companies that respectively engage in the natural gas upstream and downstream businesses. The subsidiary company in the upstream business is PT Saka Energi Indonesia (SEI) while the subsidiary company in the downstream business is PT Gagah Energi Indonesia (GEI).

**2012**

PGN established a Subsidiary Company PT PGN LNG Indonesia (PLI). The PLI's scope of business among others engages in the supply of LNG and natural gas, storage activities including regasification to buyers, as well as in other LNG business activities.



## 1998

PGN succeeded in completing the Transmission Pipeline of Grissik – Duri which then followed by the establishment a Subsidiary Company in the field of Transmission that is PT Transportasi Gas Indonesia (TGI).

## 2009

To optimize the power and competence that have been built over the years by utilizing the future business development opportunities, PGN re-established a subsidiary company with a name of PT PGAS Solution that relates with engineering, operation, and maintenance, EPC contractor, as well as trading businesses.

## 2015

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

With the operation of that infrastructure, then PGN becomes the only natural gas downstream Company that serves to all Customer sectors (Household, Commercial, Industry, and Power Plant) in Central Java.

## 2016 [102-10]

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

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

Currently PGN is a SOE that is professionally managed and is focused on distributing and connecting main sources of natural gas in Indonesia to the customers. PGN is fully committed to utilizing the benefits of the clean natural gas wealth of this country for the greater good of the people. [102-2]

PGN's humble beginnings hark back to 1859 as a Dutch private firm, L.J.N Eindhoven, which was then acquired by the Government of the Republic of Indonesia, and became a State Owned Entity (SOE) called Perusahaan Negara Gas in 1965.

PGN transformed to a public SOE via the initial public offering of its shares on 5 December 2003, with the ticker code of PGAS, on the Jakarta Stock Exchange. Up to the end of 2016, the majority shareholder of PGN was the Government (56.96% ownership) and the public (43.04%). [102-5]

#### **MARKET** [102-6]

PGN is committed to managing the wealth of the country's natural gas and provide the best service to all customers. Our customers come from various walks of life and various industries, from household, commercial, and industrial customers, to power plants. To this end, PGN is supported by its subsidiaries engaged in the fields of upstream exploration, downstream businesses, LNG, construction, telecommunications, natural gas transmission, regasification terminal, and floating storage.

Up to 2016, PGN had distributed natural gas to more than 165,392 household customers, 1,929 customers from the micro, small, and medium businesses, health centers, hospitals, orphanages, educational

institutions, government offices, private sector offices, shopping centers, hotels, restaurants/eateries, and other commercial businesses, and 1,652 customers from the manufacturing and power generation industries.

#### **GAS DISTRIBUTION NETWORK AND OPERATIONAL AREAS**

In 2016 PGN constructed 252 kilometers of gas pipeline, thus adding the length of 7,025 km in 2015 to 7,277 km as of now. The natural gas transmission pipelines operated by PGN consist of high-pressure pipeline network to transport natural gas from gas fields/gas suppliers to bulk customers and off take stations to be subsequently distributed to power plants, industrial zones, commercial areas, end-users, and depots to be further transported into other marketing areas using gas distribution pipelines. Up to the end of the reporting period, we control 73% of the gas distribution market share and 34% of the gas transmission market share in Indonesia. The gas transportation activities are carried out in accordance with the provisions in the Gas Transportation Agreement (GTA) with an operational period of ten to twenty years.

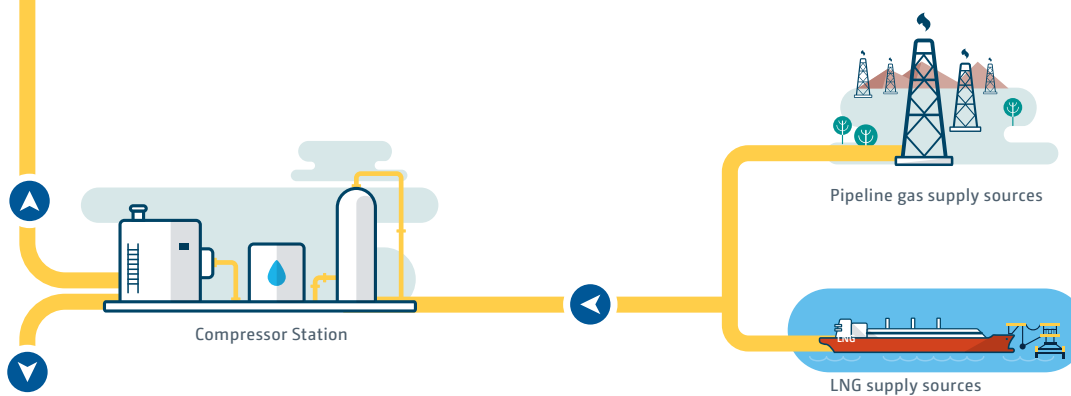
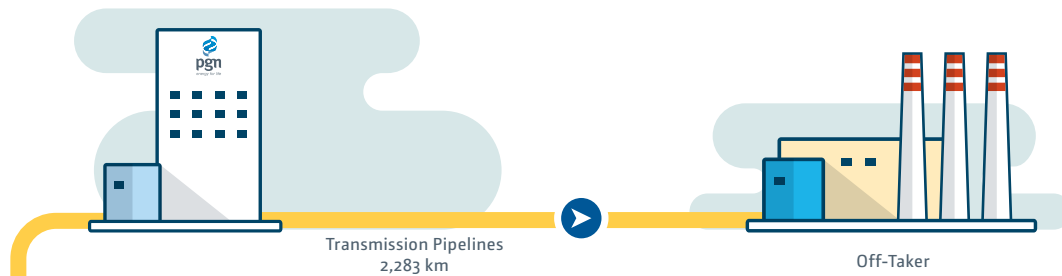
#### **PGN PEOPLE'S WORK ETHIC** [102-16]

As a reference for the Company and all PGN People in conducting business activities and interacting with the stakeholders, PGN has formulated and issued the Code of Conduct and Business Code for PGN People. In its implementation, each unit head also conducts supervision and review of the application of this Code of Conduct and Business Code.

## BUSINESS UNIT

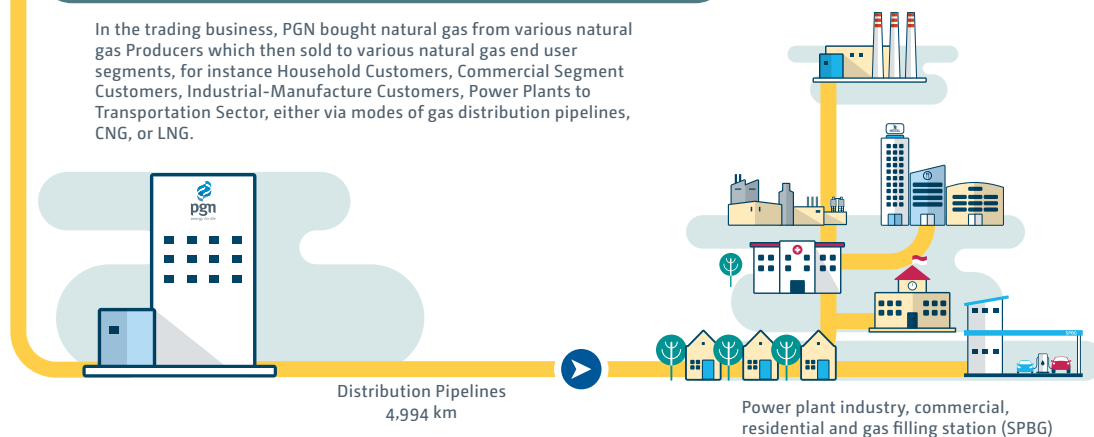
### GTA (Gas Transportation Agreement)

PGN and TGI role as the gas carrier through transmission pipelines by charging toll fees



### GSA (Gas Sales Agreement)

In the trading business, PGN bought natural gas from various natural gas Producers which then sold to various natural gas end user segments, for instance Household Customers, Commercial Segment Customers, Industrial-Manufacture Customers, Power Plants to Transportation Sector, either via modes of gas distribution pipelines, CNG, or LNG.



## ONE PGN SYNEGY [102-9]

### UPSTREAM

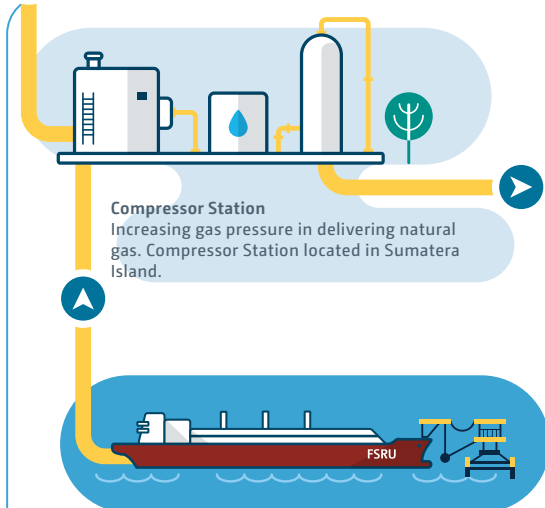
#### Gas Station

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



#### Compressor Station

Increasing gas pressure in delivering natural gas. Compressor Station located in Sumatera Island.



#### Floating Storage Regasification Unit (FSRU)

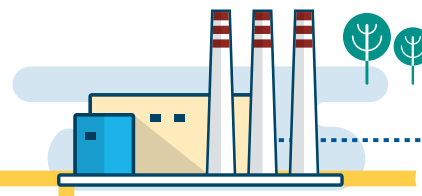
FSRU convert the LNG to high quality natural gas. FSRU Lampung is located on offshore of South Sumatera

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



#### Power Plant

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

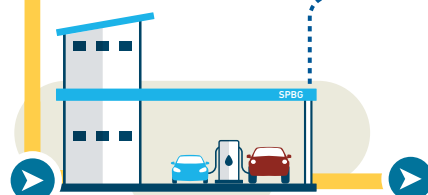


#### Commercial Customers

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



**Gas Filling Station (SPBG) and Mobile Refueling Unit (MRU)**  
PGN operating 15 SPBG and MRU to customer in transportation sector in 8 big city thorough out Indonesia.

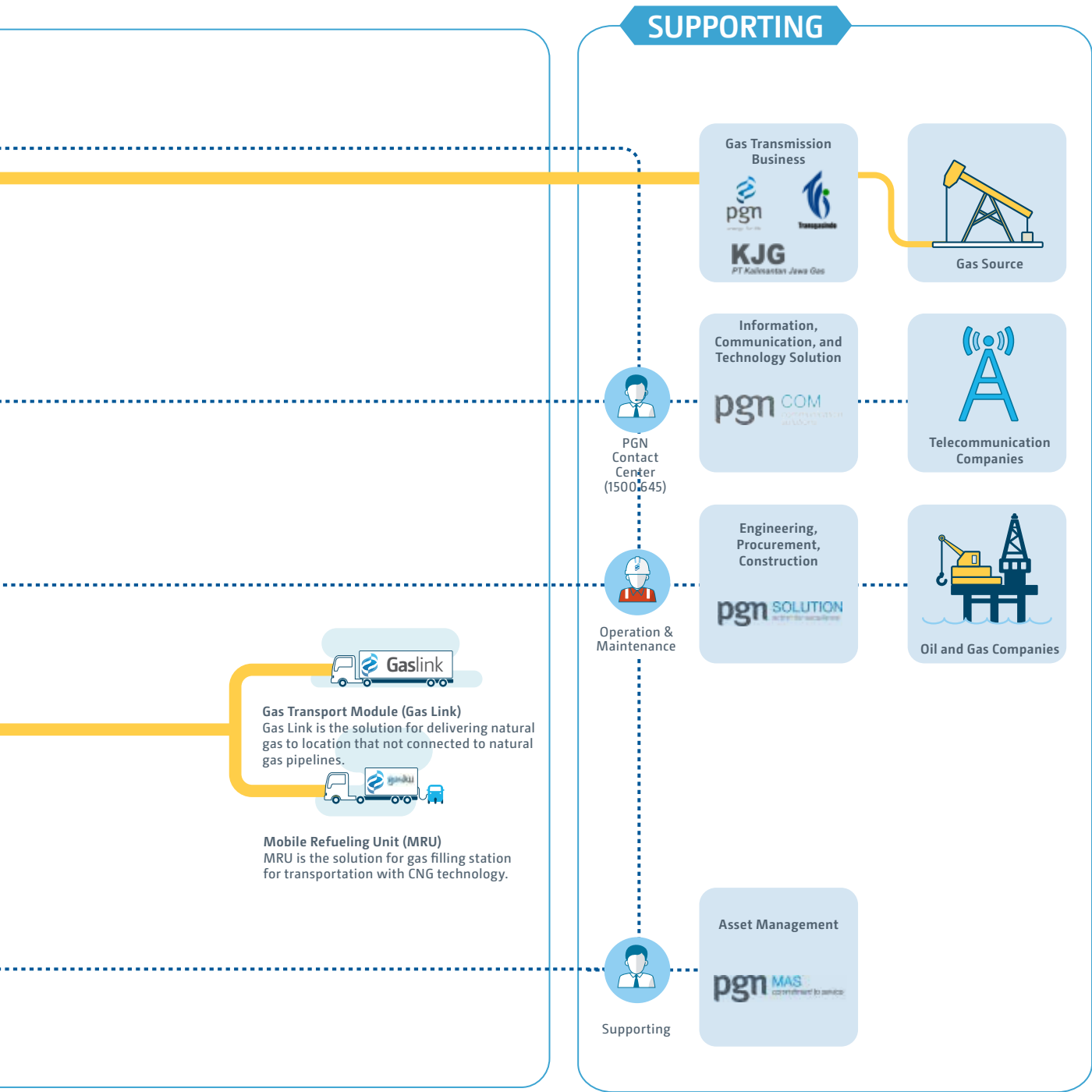


**Residential Customers**  
PGN served more than 160.000 residential customer in Indonesia which make PGN the biggest natural gas operator.



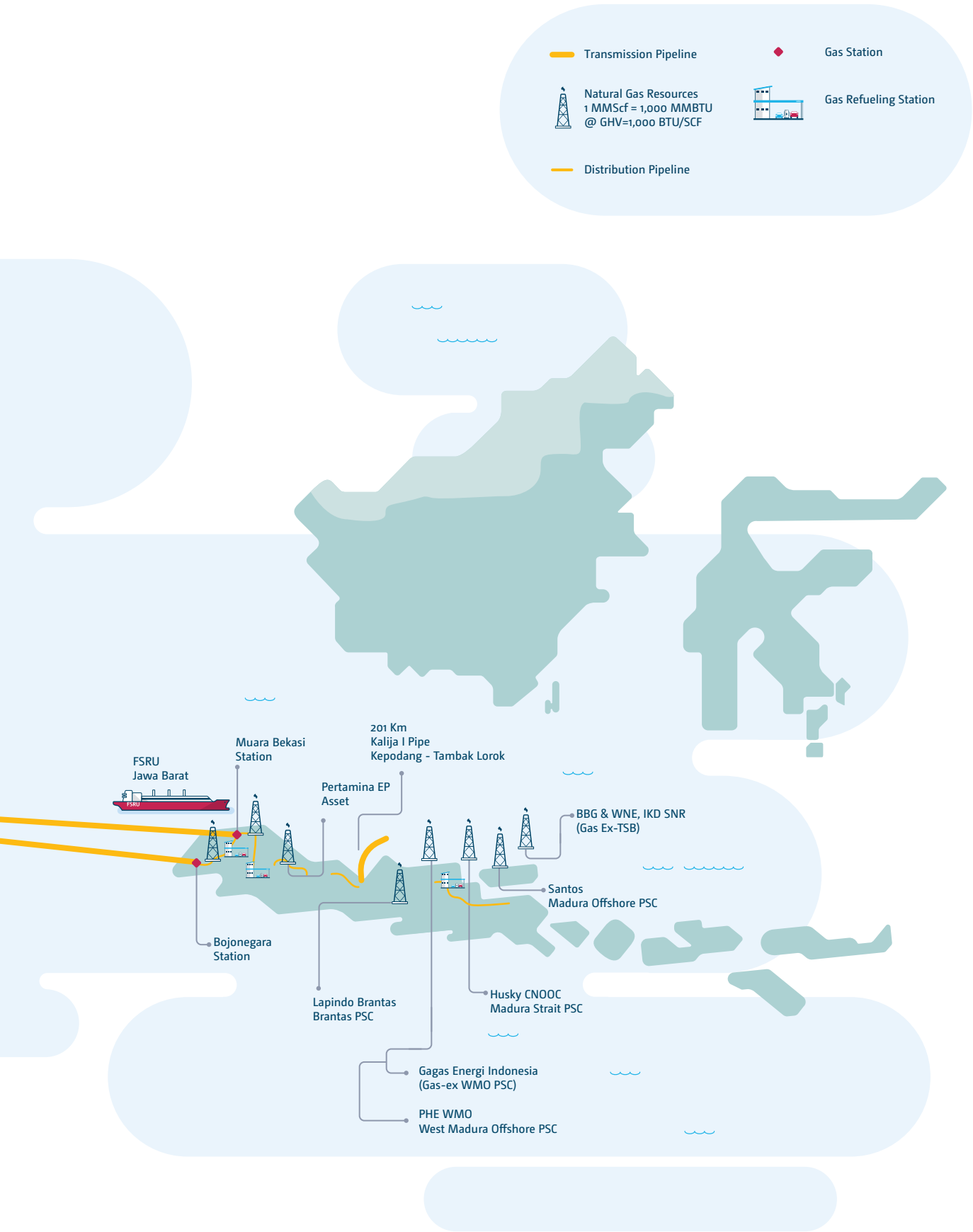
### DOWNSTREAM





## OPERATIONAL AREA [102-4]





## SUBSIDIARIES AND AFFILIATED ENTITIES <sup>[102-40]</sup>

Company	Company's Address	Subsidiary /Affiliated Company	Shares Ownership	Line of Business	Company's Profile	Status
PT Saka Energi Indonesia (SEI)	The Energy Building 11th -12th Floor Jl. Jend.Sudirman Kav.52-53, SCBD, Jakarta 12190 Telp. +622129951000 Fax. +622129951001 Email: contact.us@sakaenergi.com Web: www.sakaenergi.com	Subsidiary Company	- Company – 99,997% - PT PGAS Solution – 0,003%	Upstream Business	SEI was established on 27 June 2011. The purpose and objectives of SEI is to engage business and investment in the oil and gas upstream business, that covers the activities of exploration, exploitation, business development in the oil and gas sector, coal bed methane, and other energy sources. Currently, SEI manages 9 blocks in Indonesia and 1 block of shale gas in the United States of America. SEI as the operator with ownership of 100% in Pangkah PSC, South Sesulu PSC, and Wokam II PSC.	Operating
PT Transportasi Gas Indonesia (TGI)	Jl. Kebon Sirih Raya No.1 Jakarta 10340 Telp. +62 21 315 8939 Fax. +62 21 310 3757 Email: public.relations@tgi.co.id Web:www.tgi.co.id	Subsidiary Company	- Company – 59,87% - Transasia Pipeline Company Pvt. Ltd. – 40% - PGN's Employees Welfare Foundation – 0,13%	Gas Transportation	TGI was established on 1 February 2002. Currently, TGI has and operates pipeline network for more than 1,000 km long which extending outward from Grissik to Duri and Grissik to Batam, then to Singapore with Grissik-Duri distribution capacity in the amount of 427 mmscfd and Grissik-Singapore in the amount of 465 mmscfd.	Operating
PT PGN LNG Indonesia (PLI)	PGN Complex, Graha PGAS, 2nd Floor Jl. K.H. Zainul Arifin No. 20 Jakarta 11140 Telp. +622129073266 Fax. +62 21 2907 1133 Web:www.pgnlng.co.id	Subsidiary Company	- Company – 99,999% - PT Gagas Energi Indonesia – 0,001%	Liquified Natural Gas Business	PLI was established on 26 June 2012 and engaged in the Liquified Natural Gas (LNG) business, including but not limited to processing, transportation, storage, commerce.  Since 2014, PLI has been operating FSRU Lampung which located in Labuhan Maringgai, with a capacity of 1,5 - 2 MTPA and the delivery limit reached to 240 mmscfd. FSRU Lampung is integrated with SSWJ pipeline facility that connects the gas sources in Sumatera with the biggest potential customers in Indonesia in West Java.	Operating





Company	Company's Address	Subsidiary /Affiliated Company	Shares Ownership	Line of Business	Company's Profile	Status
PT Gas Energi Indonesia (GEI)	PGN Complex, Tower B, 9-10th Floor Jl. K.H. Zainul Arifin No.20 Jakarta 11140 Telp. +62 21 29071415 Fax. +62 21 29071138 Email: contact. information@gagas. co.id Web: www.gagas. co.id	Subsidiary Company	- Company – 99,88% - PTPGASolution– 0,12%	Downstream Business	<p>GEI was established on 27 June 2011 and currently engages in the natural gas and CNG trading businesses.</p> <p>GEI provides the natural gas commodity which comes from the Company and secondary market for the needs of electricity, industry, commercial, household, and transportation. The natural gas needs for household, commercial, and industrial sectors served with transportation modes of gas pipeline, CNG and mini LNG. While for serving the transportation sector, GEI provides the Gas Refueling Stations (SPBG) and Mobile Refueling Unit (MRU), as the form of support from PGN to the conversion program of oil fuel to gas fuel.</p>	Operating
					<p>GEI operates 6 (six) MRUs, namely MRU IRTI Monas, MRU Pluit, MRU Bogor, MRU Bandung, MRU Grogol and MRU Gresik. Other than that, GEI also operates 7 (seven) Gas Refueling Stations (SPBG), namely SPBG Pondok Ungu, SPBG PGN Head Office, SPBG Batam, SPBG Bogor, SPBG Purwakarta, SPBG Ngagel and SPBG Sukabumi.</p>	
PGAS Solution	PGN Complex, Tower C, 4th Floor Jl. K.H. Zainul Arifin No.20 Jakarta 11140 Telp. +62 21 6385 4572/ 4506 Fax. +62 21 6385 4572 /4506 Email: info@pgn- solution. co.id Web: www.pgn- solution. co.id	Subsidiary Company	- Company – 99,91% - PGN's Employees Welfare Foundation–0,09%	Engineering	<p>PGAS Solution was established on 6 August 2009 and currently engages in 4 (four) line of businesses, namely Operation &amp; Maintenance Services (the Operation and Maintenance Services of Distribution Gas Pipeline Network, the Operation and Maintenance Services of Transmission Gas Pipeline Network, and Provision of Information and Integrated Data Control), Engineering services, Engineering Procurement, and Construction services, as well as Trading services.</p>	Operating

Company	Company's Address	Subsidiary /Affiliated Company	Shares Ownership	Line of Business	Company's Profile	Status
					<p>Apart from doing the development of gas pipeline infrastructure network and be fully responsible for end-to-end on the operation and maintenance of the pipeline network reliability or PGN's facilities, PGAS Solution has been working on the construction of offshore-onshore Kalimantan Java Gas Project Stage I for ±200 km from Kepodang Field to Tambak Lorok. PGAS Solution also serves to build Gas Refueling Station owned by GEI and trusted by the Regional Government of Bekasi for the fiber optic cable network deployment project for 120 km long.</p>	
PT PGAS Telekomunikasi Nusantara (PGASCOM)	PGN Complex, Tower B, 4th Floor Jl. K.H. Zainul Arifin No. 20 Jakarta 11140 Telp. +62 21 633 1345 Fax. +62 21 633 1381 Web: www.pgasc.com.co.id	Subsidiary Company	- Company – 99,93% - PGN's Employees Welfare Foundation –0,07%	Telecommunication	PGASCOM was established on 10 January 2007 and engaged in the provision of telecommunication services. Through the coverage of fiber optic cable network available throughout Jakarta - Sumatera - Batam - Singapura, PGASCOM has provided services throughout that backbone for operator customers, corporate customers, and PGN.	Operating

Company	Company's Address	Subsidiary /Affiliated Company	Shares Ownership	Line of Business	Company's Profile	Status
					As the ICT (Information, Communication, Technology) provider, PGASCOM serves telecommunication (connectivity, the internet), business solution and managed service. With the Local Fixed Network (JARTAPLOK) license has been gained, PGASCOM able to channel the internet from international to corporate customers to households in Indonesia, so that enables PGASCOM to develop multiple services. To improve services to customers, PGASCOM built a network with high reliability through the Dense Wavelength Division Multiplexing and Metro Carrier Ethernet-based Next Generation Network devices.	
PT Permata Graha Nusantara (Permata)	PGN Complex, Tower B, 8th floor Jl. K.H. Zainul Arifin No. 20 Jakarta 11140 Telp. +6221 634 0030 Fax. +6221 634 0031 Web: www.pgnmas.co.id	Subsidiary Company	-Company – 99,989% -PGAS Solution – 0,011%	Property Management, Provisions of Manpower & Facility Management Services, Profitization of Resources and Assets of the Company	Permata was established on 24 April 2014 and run 3 (three) business activities, among others facility management services, assets management, and real estate entrepreneurial. The Company contributes to support the growing PGN's business activities especially in the assets management as well as to contribute to the provisions and management of property in order the support the PGN's infrastructure development efficiently and professionally.	Operating
PT Nusantara Regas (NR)	Wisma Nusantara, Lantai 19 (19th Floor) Jl. M.H. Thamrin No. 59 Jakarta 10350 Telp. +62 21 315 9543 Fax. +62 21 315 9525 Web: www.nusantararegas.com	Joint Venture Company	- PT Pertamina (Persero) – 60% - Company – 40%	Fasilitas Floating Storage and Regasification Terminal ("FSRT")	NR was established on 14 April 2010 and as the joint venture company between PT Pertamina (Persero) and the Company. The NR's main business activities are developing and managing the Floating Storage and Regasification Terminal (FSRT), LNG procurement and LNG regasification gas sales.	Operating

Company	Company's Address	Subsidiary /Affiliated Company	Shares Ownership	Line of Business	Company's Profile	Status
					Since 2012, NR has been operating FSRU Nusantara Regas Satu as the first LNG Receiving Terminal in Indonesia with the regasification capacity of 500 mmscfd. The NR existence specifically intended to provide gas supplies to the centers of power plants owned by PLN and a number of industry players in West Java. The gas distribution process to the center of power plant includes the FSRU, under the sea transmission pipelines, and Onshore Receiving Facilities. To optimize the available FSRU capacity, NR also provides LNG regasification services to meet PLN's needs.	
PT Kalimantan Jawa Gas (KJG)	PGN Complex, Tower B, 2nd Floor Jl. K.H. Zainul Arifin No. 20 Jakarta 11140 Telp. +62 21 6385 4534 Fax. +62 21 633 1632 Web: www.kalijagas.co.id	Associated	- Permata – 80% - PT Bakrie & Brothers Tbk – 20%	Gas Transportation	KJG was established on 23 July 2013 to run natural gas transportation business through pipelines from natural gas sources to customers' location and operate the natural gas distribution facilities. Since the groundbreaking on 14 March 2014, KJG has completed the construction of natural gas transmission pipelines from Kepodang field belong to Petronas Carigali Muriah Limited to power plant unit belong to PLN in Tambak Lorok for ±200 km long which is known as the transmission pipelines of Kalimantan Java Stage I lane Kepodang-Tambak Lorok.	





Company	Company's Address	Subsidiary /Affiliated Company	Shares Ownership	Line of Business	Company's Profile	Status
PT Permata Karya Jasa (Perkasa)	PGN Complex, Tower A, 4th Floor Jl. K.H. Zainul Arifin No. 20 Jakarta 11140 Telp. +62 21 6385 0047 Fax. +62 21 6385 0047 Web: www.pgn-perkasa.co.id	Associated	- Permata – 75% - PGN's Employees Welfare Foundation – 25%	Supporting Services for Oil and Natural Gas	Perkasa was established on 29 April 2015 and engaged in the business activities which cover the equipment provider services and the manpower provider services that support the smooth operation of business in oil and natural gas sector. Perkasa has the role in supporting the PGN's growing rapidly business activities through the provisions of supporting services to oil and natural gas sector, as well as has the commitment to provide the best services to its customers through the human resources solution and chiller specialist business activities.	Operating
PT Solusi Energi Nusantara (SENA)	PGN Complex, Tower C, 3rd Floor Jl. K.H. Zainul Arifin No. 20 Jakarta 11140 Telp. +62 21 6385 4557 Fax. +62 21 6386 8805 Web: www.pt-sena.co.id	Associated	- PGAS Solution – 99% - Permata 1%	Engineering	SENA was established on 20 April 2015 to provide engineering services in the oil and natural gas industry that include the pipeline, mechanical, electrical, geodetic, civil, process and telemetry businesses. The services provided by SENA include the survey, technical research, Front End Engineering Design (FEED), and Detail Engineering Design (DED), Project Management consultancy, inspection and technical testing, commissioning, as well as other post-operating works.	Operating
PT Widar Mandripan Nusantara (WIDAR)	KPGN Complex, Tower A, 4th Floor Jl. K.H. Zainul Arifin No. 20 Jakarta 11140 Telp. +62 21 2984 5050 Fax. +62 21 2984 5140 Web: www.wmnusantara.co.id	Associated	- GEI – 99,996% - Permata Karya Jasa – 0,004%	Pembangkit Listrik dan Perdagangan (Power Plant and Trading)	WIDAR was established on 29 July 2015. Engage in the services related to the power plant and trading. WIDAR handles planning, construction, testing, and operating as well as maintenance of power plant including its infrastructures, starting from gas supply pipelines and all equipment required to support the power plant until the energy supplied to customers.	Operating

Company	Company's Address	Subsidiary /Affiliated Company	Shares Ownership	Line of Business	Company's Profile	Status
PT Gas Energi Jambi (GEJ)	Jl. Jend. A. Yani No. 17 Telanaipura, Jambi Telp. +62 741 670 207 Fax. +62 741 670 207	Joint Venture Company	<ul style="list-style-type: none"> <li>- Company– 40%</li> <li>- PT Wahana Catur Mas– 40%</li> <li>- PT Jambi Indoguna Internasional – 10%</li> <li>- PT Bukaka Corporindo– 10%</li> </ul>	Trading, Construction, and Services	GEJ engages in the trading, construction, and services businesses through gas fuel distribution, chartering in the gas mining, and business in the supporting facilities of mining and gas construction companies, and other supporting devices.	Yet in Operation
PT Banten Gas Synergi (BaGS)	Kantor Taman E3.3 Unit D6 Kawasan Mega Kuningan Lot 8.6-8.7 Setiabudi, Jakarta 12950 Telp. +62 21 5794 8870/71 Fax. +62 21 5794 8870/71	Joint Venture Company	<ul style="list-style-type: none"> <li>- PT Andiracitra Grahawira (68,43%)</li> <li>- PT Banten Global Synergi (14,14%)</li> <li>- PT Banten Global Development (8,57%)</li> <li>- zma Agyano Bursman (8,71%)</li> <li>- Company (0,14%)</li> </ul>	Services, Transportation, Trading, and Mining	BaGS engages in the services, transportation, trading, and mining businesses.	Operating

## CORPORATE IDENTITY [102-1, 102-2, 102-3, 102-5, 102-7]

In accordance with the Government Regulation No. 19/1965, PT Perusahaan Gas Negara (Persero) Tbk is a legal entity that has the right to operate independently within its own scope of business, namely the provision of gas and gas industries, in particular to improve the quality of life of the public.

### Company Name

PT Perusahaan Gas Negara (Persero) Tbk

### Head Office Address

PT Perusahaan Gas Negara (Persero) Tbk  
Jl. K .H. Zainul Arifin No. 20  
Jakarta 11140, Indonesia  
T +6221 633 4838  
F +6221 633 3080

### Business Sector

Oil and Gas

### Products & Services

Distribution and Transmission of Natural Gas

### Legal Basis of Establishment

BUMN, PP No. 19/1965

### Authorized Capital

Rp7,000,000,000,000

### Issued and Fully Paid Capital

Rp2,424,150,819,600

### Shareholders

(As at 31 December 2015)  
Republic of Indonesia (56.96%)  
Public (43.04%)  
SHARES REGISTERED ON  
Jakarta Stock Exchange  
Surabaya Stock Exchange

### Ticker Code

PGAS

### Contact

PT Perusahaan Gas Negara (Persero) Tbk  
Jl. K .H. Zainul Arifin No. 20  
Jakarta 11140, Indonesia  
T +6221 633 4838  
F +6221 633 3080  
Email: [contact.center@pgn.co.id](mailto:contact.center@pgn.co.id)  
Contact Center: 1500 645  
PO BO X 1119 JKT  
[www.pgn.co.id](http://www.pgn.co.id)



# SUSTAINABLE GOVERNANCE

# 03





## SUSTAINABLE GOVERNANCE



Implementation of good corporate governance practices is the foundation for a high integrity among PGN People across the Company. This encourages the sustainable transformation within PGN, from a company initially engaged in the distribution and transmission of natural gas via pipeline, to an energy company that carries out the production of gas fields, gas transmission via various means, maintenance of gas pipeline network, and maintenance of optical fiber network to support the Company's management as a whole.

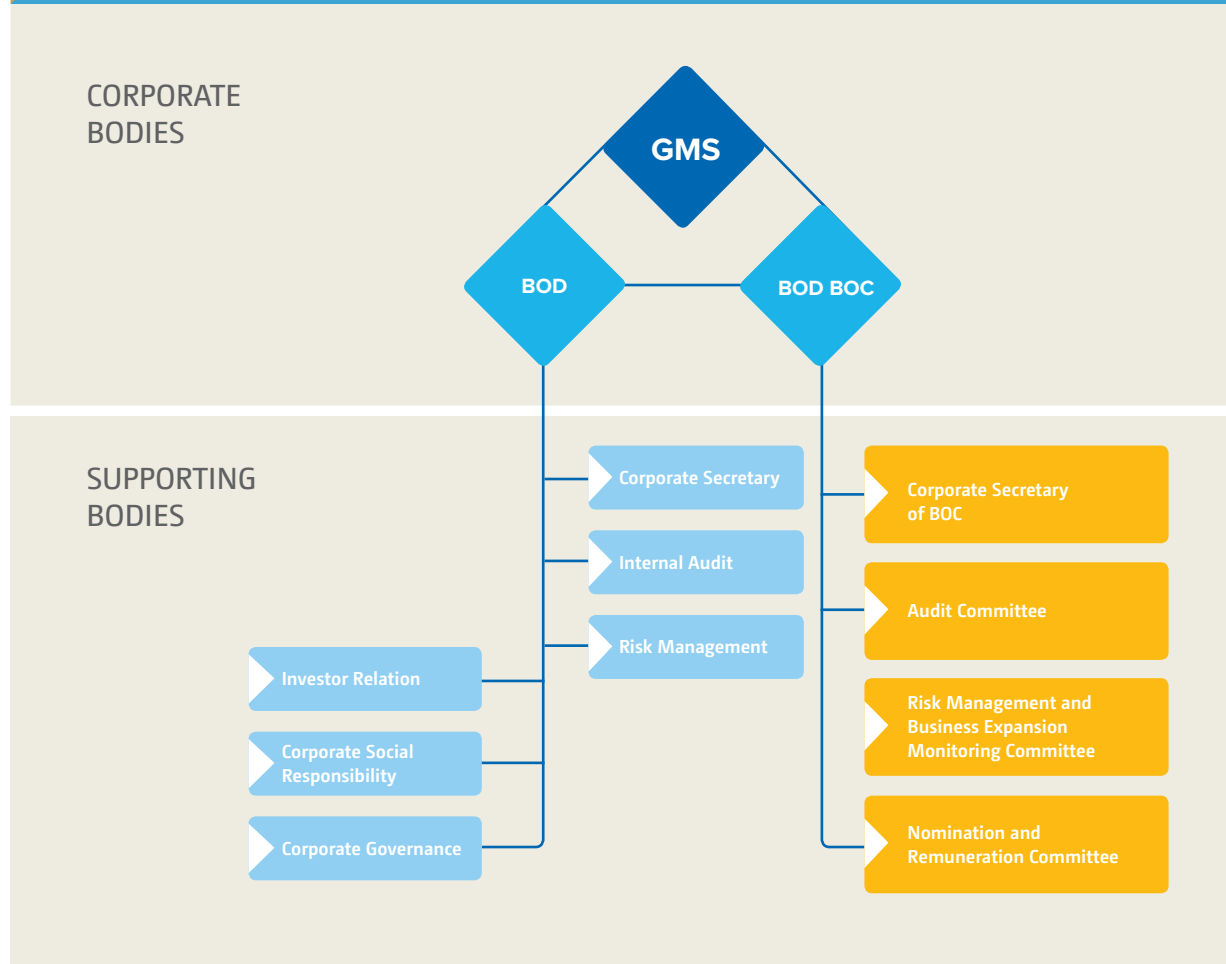


PGN continuously strives to integrate the principles and practices of sustainability in the governance of its operational activities. Economic, environmental, and social aspects are PGN's focus in implementing the best governance system, serving as a foundation to reaching the Company's vision and mission. The governance structure has been designed with a priority on the independence of all of the Company's organs. The General Meeting of Shareholders (GMS) serves as a mechanism for selecting and appointing the Board of Commissioners (BOC) and the Board of Directors (BOD), under the rules that the Commissioners are not allowed to have concurrent position as Directors, and vice versa.

#### **GOVERNANCE STRUCTURE** [102-18, 102-23, 102-25]

PGN's governance structure involves the Company's main organs, consisting of the GMS, BOC, BOD, as well as the supporting organs namely the committees under the supervision of the BOC. The structure design is aimed at ensuring the independence of each Company's organ in implementing its functions. In accordance with the regulations in Indonesia, PGN adopts a two-tiered board system, a system consisting two boards namely the BOC and BOD. Each organ has the duties and responsibilities regulated in the Articles of Associations and prevailing regulations. The BOC and BOD have responsibilities to maintain the Company's sustainability. In order to avoid conflict of interest, the members of the BOC are not allowed to concurrently assume the Director's position.

## PGN'S CORPORATE GOVERNANCE STRUCTURE



The BOC and BOD are elected, appointed, and dismissed through the GMS. As a State-owned Enterprise (SOE), the right of taking initiative in proposing the appointment and dismissal of the BOC and BOD members lies in the hands of the shareholders of Dwiwarna A Series, represented by the Minister of SOE. Prior to giving proposal in the GMS, the shareholders of Dwiwarna A Series conduct a selection process in accordance with PER-03/MBU/02/2015. The candidate to be appointed as a BOD member must fulfill the formal and other

requirements as stipulated in that regulation as well as pass the fit and proper test carried out by a professional institution. Moreover, the candidate to be proposed in the GMS must be assessed by a team established by the Minister of SOE, involving the President Commissioner or the Head of BOC Nomination Committee. Personal qualifications, experiences/track records, and expertise are the main considerations in this process. The result will be delivered and determined in the GMS. [102-24]



**BOC**

The BOC's main duty is to supervise the Company's policies with considerations on the main aspects of the Company's business sustainability principles, namely economy, social, and environment. In the reporting period, the BOC consists of 5 (five) members for the period of 1 January until 8 April 2016, with one of them or 40% of all BOC members is an Independent Commissioner, and for the period of 8 April until 31 December 2016, two of them or 33.33% of all BOC members are Independent Commissioners. In order to perform its duties, the BOC is led by a President Commissioner, and assisted by three committees, namely Audit Committee; Risk Management and Business Development Monitoring Committee; Nomination, Remuneration, and Good Corporate Governance Committee. The details of duties and responsibilities are shown in PGN's 2016 Annual Report. [102-22]

**BOD**

The BOD consists of five members, headed by a President Director with the task of coordinating all Directors' activities. The BOD has full authority and responsibility for managing the Corporation and representing PGN both inside and outside the court of law in accordance with the provisions in the Article of Association. The BOD is in charge and responsible collegially, however they can take actions and decisions based on the division of their tasks and authorities, including for the economic, environmental, and social aspects. [102-22]

**RISK AND ERADICATION OF CORRUPTION**

The fraud of authorities for personal or certain party's gain will cause losses to all parties, including the government and employees, as well as bring the negative impacts on PGN group's image. In order to enhance PGN personnel's integrity and understanding on some practices that may harm the Company, many activities have been conducted with the aim to encourage all PGN personnel to continuously hold on the positive values that surely enhance the Company's credibility and additional values in its efforts to supporting the Indonesians' welfare. The Company consistently and continuously prioritizes and builds the values of all employees so that they become an individual with integrity and professionalism.

**MONITORING ACTIVITIES ON THE OPERATIONAL LEVEL [102-11]**

PGN has established an Internal Audit Division (IAD) for conducting the evaluation process of effectiveness, efficiency, and compliance to the implementation of internal control system. The IAD personnel possesses the qualifications of profession and competency, assured by the certifications of internal auditor profession in the sections of Internal Audit and Risk Management from both national and international institutions, e.g. the CIA (Certified Internal Auditor) and CRMA (Certification in Risk Management Assurance) issued by the Institute of Internal Auditors; CFE (Certified Fraud Examiner) from the Association of Certified Fraud Examiners; QIA (Qualified Internal Auditor) issued by the Internal Audit Education Foundation; as well as CRMP (Certified Risk Management Professional) issued by the Risk Management Profession Certification Institution (Lembaga Sertifikasi Profesi Manajemen Risiko-LSPMR).

PGN also adopts an Audit Charter and Internal Audit Operation Procedure referring to the audit standard issued by the Institute of Internal Audit. The Audit Charter and Internal Audit Operation Procedure are stipulated in compliance with the Decision of the Head of the Capital Market Supervisory Agency and Financial Institutions (Baepam-LK) No.KEP-496/BL/2008 dated 28 November 2008. As a part of the Company's strategies in increasing the efficiency and effectiveness of internal control, the assessment are conducted under a risk-based audit approach, prioritizing the units and activities considered sensitive to the fraud and corruption. In 2016, the Company went through a transformation process, so that the Internal Audit Division preferred to prioritize consultation in the form of companion programs with the Revenue Assurance, a work unit established during the transformation process. The program phases are:

- Revenue Data Analytic
- Revenue Solution
- Collection Administration
- Collection Handling

The consultation program was formally included in the Company's annual program. The Internal Audit Division also actively gave consultation to other work units based on a needs basis. During the reporting period, there were no acts of corruption taking place in the Company. [205-1]

### ANTI-CORRUPTION COMMUNICATION

PGN is committed to eradicating all corruptive and fraudulent activities by prohibiting the employees to conduct actions that may drive to corruption, such as giving or taking the bribes. One of the strategic actions aimed at preventing the corruptive actions is developing a whistleblowing system. The implementation of whistleblowing system in the SOEs is referring to the Regulations of the Minister of SOE No. Kep-117/M-MBU/2002 on the Implementation of Good Corporate Governance (GCG) Practices in the SOE.

The whistleblowing system enables internal and external parties to report incidents related to corruptive and fraudulent actions as well as violations on the Company's code of conduct. PGN possesses a policy for protecting the whistleblower's (someone who reported the incidents or potential incidents of corruptive actions) identity. The whistleblower's report is controlled and managed professionally and independently. For any person committing the corruptive actions will be proceed in accordance with the prevailing regulations. This commitment is also strengthened by the issuance of regulations related with anti-corruption, e.g. the Whistleblowing System Guidance stipulated by the President Director based on the BOD Decree No. 066303.K/PW.01/ UT/2013 and the Policies of Conflict of Interest and Gratification Control as embodied in the BOD Decree No. 0184001.K/OT/03/ UT/2014 dated 1 October 2014. The whistleblowing system is implemented in various work units in order to prevent corruption, through some preventive actions as well as curative actions if corruption and bribes occur. This issue is in accordance with the Gratification Control Implementation Commitment Statement signed on 30 July 2013.

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

### ANTI-CORRUPTION TRAINING [205-2]

All PGN employees have participated in education and training on audit procedures and methods for detecting the risks of violations, such as fraud auditing, investigative auditing, and advanced internal auditing. This training is a proof of the Company's commitment in preventing corruption.

In order to enhance the anti-corruption spirit of all PGN personnel, some education and training programs have been held in the forms of seminar and workshop participated by all employees of the Internal Audit Division, Procurement Division, and other work units considered vulnerable to corruption, fraud, bribery, or similar violations. Through these efforts, the Company expects that all employees will possess the same vision and spirit in preventing corruption. During 2016, several trainings about the GCG implementation were followed by 44 participants of various levels. The access to whistleblowing system has been facilitated through various methods such as e-mails and postal mails, and have been followed up professionally and proportionally.

### ETHICS AND INTEGRITY [102-16]

PGN believes that the work ethics and culture cultivated and implemented by PGN personnel will create a high integrity along with the existence of an inspirational role model in creating the conducive and sustainable environment. The character building of all employees has been started since the Company's culture, ProCISE, is implemented consistently and continuously. The establishment and implementation of the Company's Code of Conduct become one of the main elements in increasing the internalization of each program which in turn enhancing the integrity of all PGN personnel.



The Company's culture is a form of value and philosophy serving as a foundation for the Company in achieving the Company's vision and mission. PGN believes in the Company's culture values as embodied in the ProCISE (Professionalism, Continuous Improvement, Integrity, Safety, Excellent Service) and explained further into 10 main behaviors of the Company's Code of Conduct.

The Code of Conduct contains the Behavior Guidelines for PGN personnel in conducting their daily work and method for communicating with the stakeholders. The Code of Conduct also includes some practical guidelines regulating about conflict of interest, corruption, bribes, gratification, information management, etc. The Code of Conduct has been socialized and must be adhered by all PGN personnel. In order to uphold the integrity in business ethics, PGN requires all parties involved in the procurement of goods and services to sign an integrity pact. The objective of the integrity pact is to prevent fraud and incompatibility in the procurement process of goods and services.

#### **INTERNATIONAL INITIATIVES AND MEMBERSHIP IN ORGANIZATIONS [102-12, 102-13]**

The main hindrance to achieving the objective of sustainable development is the phenomenon of climate changes and global warming. PGN realize that it has contribution in this natural phenomenon as a result of its operational activities, so that PGN continuously strives to minimize its environmental impacts. PGN participates in various global efforts to reduce the global warming through the implementation of several international initiatives such as the ISO 26000, SDG's and UN Global Compact.

In order to expand the business network and strengthen the Company's existence in the society and associated communities, PGN actively participates in several associations. As of the end of 2016, PGN has taken an active participation in some organizations, namely:

1. SOE Law Forum  
The SOE Law Forum was established on 31 August 2012 and has 140 members consisting of several Legal Heads or Heads of SOE Law Bureau in Indonesia. This forum is expected to give suggestions therefore the regulations in the SOE business is growing stronger especially for the law section. Moreover, the SOE Forum will give education or present various seminars held both in Indonesia and abroad. The theme of seminar is associated with the SOE activities, especially the law section.
2. Indonesian Gas Association (IGA)  
The IGA was established in 1980 and has been a member of Indonesian Chamber of Commerce and Industry (Kamar Dagang Indonesia—KADIN) since 2006. The mission of IGA is to promote the industry of nature gas aimed at developing the economy and welfare. The members of IGA are more than 46 companies. Mr. Hendi Prio Santoso was IGA Chairman for the period of 2014–2016.
3. Asia Pacific Natural Gas Vehicles Association (ANGVA)  
The ANGVA has been established since 2002 with the vision of leading and promoting the NGV Industry in Asia Pacific towards a sustainable development. The ANGVA activities are managed by the executive committee members (known as board members), led by a President and assisted by the secretary office. For the period of November

2015–October 2017, the ANGVA is led by Danny Praditya, the Director of Commerce of PT PGN (Persero) Tbk.

4. Human Capital Indonesia Forum (FHCI)

The FHCI is a communication forum for the BOD or Human Resource Development Director as well as the managers of human resource department. They collaborate to give some strategic ideas and policies in the forms of suggestion, review, input, opinion, and recommendation related to the development of Human Capital Management. The result of this forum is conveyed to the Ministry of SOE as well as all SOEs.

5. The Institute of Internal Auditors Indonesia,

6. Internal Control Unit Communications Forum (Forum Komunikasi Satuan Pengawasan Intern—

FKSPI) at the FKSPI Head Office as well as FKSPI at the Ministry of Energy and Mineral Resources Secretariat.

## STAKEHOLDER INVOLVEMENT

We realize that stakeholders play an important strategic role in maintaining long-term company growth. Concurrently, the company's performance also influences its stakeholders from the business, financial, operational, environmental and social aspect. We, therefore, continue to strive to improve harmonious relations with our stakeholders.

The following table clarifies our relationship and interaction with stakeholders during 2015.

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





FROM PGN,  
TO THE NATION'S  
ECONOMY

04



# FROM PGN, TO THE NATION'S ECONOMY

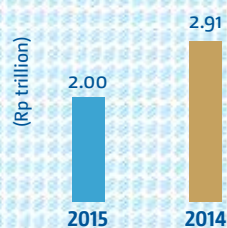


Growth in economic performance is key to PGN's contribution to the state. PGN's consistency in expanding its infrastructure and adding new features to its services as an energy company have resulted in the increase in the number of customers, which in parallel provided a greater economic impact on PGN both in terms of dividend payout to the government as well as social and environmental investments.

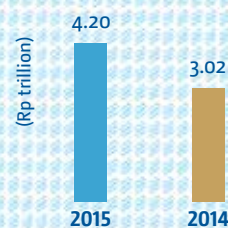


## AT A GLANCE: THE REVOLVING WHEEL IN 2016

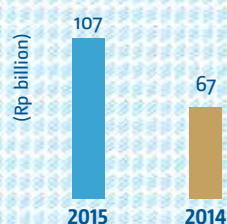
### Dividend Payment to the State Rp1.26 trillion



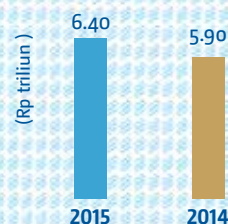
### Tax Payments Rp3.76 trillion



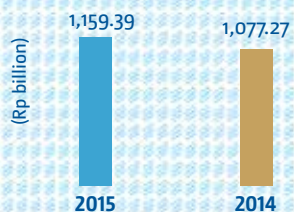
### BPH Migas Levy Payment Rp175.72 billion



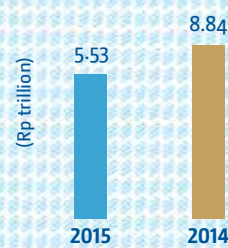
### Total Contribution to the State Rp5.19 triliun



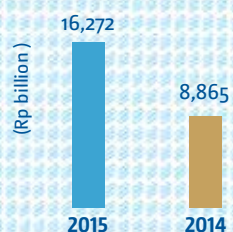
### Total actual employee remuneration and allowances Rp988.04 billion



### Net Profit in 2016 Rp4.08 trillion



### Funds Returned to the Society Through Environmental Conservation Activities Rp3,639,384,332



## ECONOMIC IMPACT

As an economic entity, the business of PGN will continue to yield maximum contribution to the economic growth of all stakeholders, including consumers, suppliers, the Government, investors, workers, and society. This contribution will continue to be improved through harmonious working relationship. Community empowerment and development programs will be enhanced, tax

payments to the State will increase along with the economic growth of the Company. Similarly, dividend payment to the shareholders will be increased with the increasing profits. Adequate compensation for Employees and a strong relationship with all suppliers and consumers, all of which are effective indicators to measure the economic impact of PGN's business. This following table shows the economic value yielded and distributed by PGN to various stakeholders. [201-1]

### ECONOMIC VALUE GENERATED AND DISTRIBUTED (USD)

	2016	2015	2014
<b>Economic Value Generated</b>			
Income	2,934,778,710	3,068,790,845	3,253,388,634
Interest Income	17,838,004	18,439,067	32,016,480
Income from Gain on Foreign Exchange			
Income from Sale of Assets			
Income from Investments in Foreign Currencies	(5,120,175)	(14,304,070)	(49,074,653)
Other Income	113,869,338	137,981,239	105,290,176
<b>Total</b>	<b>3,061,365,877</b>	<b>3,210,907,082</b>	<b>3,439,769,942</b>
<b>Economic Value Distributed</b>			
Operating Expenses	2,384,508,898	2,382,503,116	2,270,418,450
Employee Salaries and Other Benefits			
Operations Department	23,927,688	16,184,362	31,381,783
Administration Department	81,785,171	84,350,074	81,793,332
<b>Total Salaries and Other Benefits</b>	<b>105,712,859</b>	<b>100,534,436</b>	<b>113,175,114</b>
<b>Payments to Investors</b>			
Dividend Payment	166,655,213	268,723,467	443,982,248
Interest Payment	132,404,898	119,162,853	73,651,657
<b>Total Payments to Investors</b>	<b>299,060,111</b>	<b>387,886,320</b>	<b>517,633,905</b>
Expenditure to Government	282,721,387	321,528,256	415,116,235
Expenditure to Communities	8,559,589	10,114,628	11,345,328
<b>Total Economic Value Distributed</b>	<b>3,080,562,844</b>	<b>3,202,566,756</b>	<b>3,327,689,032</b>
<b>Economic Value Retained Before Dividend</b>	<b>147,458,246</b>	<b>277,063,792</b>	<b>556,063,159</b>
<b>Economic Value Retained After Dividend</b>	<b>(19,196,967)</b>	<b>10,819,411</b>	<b>112,080,911</b>

	2016	2015	2014
Reward for Employees (In USD)	105,712,859	100,534,436	113,175,114
Payment to Suppliers (In USD)	1,746,010,090	1,786,658,619	1,820,259,299
CSR and Environmental Development Fund (In USD)	8,559,589	10,931,584	11,700,452
	2016	2015	2014
Dividend for State (In USD)	94,929,345	153,088,494	252,931,292
Payment to Government(In USD)	282,721,387	321,528,256	415,116,235
Payment to Capital Providers(In USD)	299,060,111	387,886,320	517,633,905

### NATURAL GAS TRANSMISSION

Natural gas transmission is an activity of natural gas transporting through high-pressure transmission pipelines from producers' gas fields to the station. PGN acts as the transporter and earns toll fee as service reward. PGN enters into Gas Transportation Agreements (GTA) with shippers (gas transporters) with a contractual period ranging from 10 to 20 years. This serves as the legal basis for the natural gas transmission business. PGN controls 34% of the transmission gas market in Indonesia.

### NATURAL GAS DISTRIBUTION

This service is an activity of direct-to-consumer natural gas distribution. PGN conducts trading business in the form of natural gas sales to end users through pipelines distribution network and earns sales revenues from such trading activities. PGN controls around 73% of the distribution market share, with the household sector being the biggest consumer group for natural gas distribution service.

Based on the two business lines mentioned above, the composition of PGN Customers is presented in the following table:

User Groups/Consumers	2016	2015	2014
Household	97.26%	97.0%	96.68%
Commercial	1.47%	1.6%	
Industry	1.26%	1.4%	3.32%
Total	100%	100%	100%

## DEVELOPMENT STRATEGY

### Management Approach

PGN has determined several strategic business priorities commencing in 2015. This was performed to seize business opportunities, face future challenges, improve revenues and increase PGN's market capitalization. The efforts demonstrate PGN's commitment to providing optimal benefits to all stakeholders while keeping the spirit to maintain its business sustainably. [103-2]

PGN's strategic business priorities are as follows:

- Market retention and expansion
- Certainty of Gas Reserve and Supply
- Transmission and Distribution Infrastructure Development
- Management of Regulations and Stakeholders
- Business Expansion and Diversification
- Technology Development to Simplify Business Processes
- Development of Organization and Human Resources Capacity & Capability
- Operational Excellence and Safety

#### BUSINESS DEVELOPMENT PLANS AND REALIZATION

To achieve PGN's vision as a 'World Class Company in the Gas Sector by 2020', PGN has prepared a number of strategic measures by formulating various business development programs to be carried out consistently and continuously by all levels within the Company. PGN focuses on reinforcement of upstream business through the implementation of gas supply security program in order to meet the growing demand for natural gas in the future. In addition, physical infrastructure development program and organizational structuring are crucial and absolute elements that must be implemented in PGN Business Development Program. The infrastructure development includes:

- **Development of Receiver Terminal for Liquefied Natural Gas (LNG) in Lampung**  
As a follow-up of the provision of Minister of State-Owned Enterprises (SOE) as stated in the

Letter No. S-141/MBU/2012 dated 19 March 2012 regarding LNG Terminal Project Relocation in Belawan, Medan, and LNG Terminal Revitalization Project Arun, PNG relocated LNG from Medan to Lampung

The main objectives of this LNG terminal construction is to fulfil the gas demand in Lampung, Banten, West Java, and surrounding areas. LNG Receiver of Lampung and Floating Storage and Regasification Unit (FSRU) was inaugurated since April 2014.

- **Upstream Minority Participation to expand access to gas supply**  
PGN continues to purchase minority ownership in entities operating in the upstream side of the natural gas. In addition, PGN will also invest in these refineries, namely, the gas refineries which have been in the production process, refineries which have obtained approval on Plan of Development (POD) from the Special Task Force for Upstream Oil and Gas Business Activities (SKK Migas), and refineries which have small to medium scale remaining reserves.
- **Commercial Gas**  
As part of the effort to expand the natural gas industry value chain, PGN has developed gas trading business with mutually beneficial cooperation with other entities, such as Regional Owned Enterprises in providing and distributing natural gas. PT Gagas Energi Indonesia as subsidiaries of PGN plays an important role in



implementing this cooperation program. In the reporting period, PT Gagas Energi Indonesia has been operating and owning the gas sales agreement (GSA) with a number of suppliers.

- **LNG Mini**

PGN is to build and operate small scale LNG terminals to fulfil the gas requirement in the Eastern Indonesia and other areas which are not covered with gas pipelines.

- **Point-to-Point Compressed Natural Gas (CNG)**

CNG aims to fulfil the demand for gas fuel (BBG) in the industrial and transportation sectors located in West Java, Central Java, and other areas that are out of the reach of existing natural gas distribution pipelines. PGN will continue to develop Point-to-Point CNG as a follow-up of the conversion policy from BBM to BBG that has long been initiated by the Government. This is an opportunity for PGN to build Point-to-Point CNG in the areas that are not yet covered by natural gas pipelines.

- **Town Gas Distribution**

PGN will continue to expand its distribution of municipal gas in the existing areas, namely Subang-Purwakarta and Bogor-Ciawi-Sukabumi, as well as penetration to new areas such as Dumai and Semarang. The objectives of this expansion is to fulfil the needs of gas power plants, small industries, commercial, transportation, and households. The expansion of distribution network is strengthened by the increasing gas demand in those potential areas.

- **Power Plant**

Fuel gas is an alternative fuel that is currently being utilized by the power industry in the country. The Government also provides DMO (Domestic Market Obligation) to several industries including power generation. This encourages PGN to participate in the power plan business as its strategy to gain gas supply and to increase added value in natural gas utilization. This power

plant business development is performed by the subsidiaries of PGN in the downstream area.

PGN has also designed a strategic move to strengthen the upstream business, which includes, among others:

- **Regulatory management**

Regulatory management is an initiative on the attitude of the regulatory impact of natural gas to PGN's growth in the future. PGN has formed a special team to handle matters related to rules, provisions, and regulations, through clear organizational structure and business processes.

- **Stakeholders Management**

This initiative is formed to create and foster a harmonious relationship with stakeholders.

- **Integrated Project Management**

The objective of this initiative is to arrange business process strategy and organizational structure in order to realize the integrative, effective, and efficient project management.

- **Supply Chain Management**

This initiative aims to create a reliable, effective, and efficient flow of supply chain in order to support PGN business which includes procurement, asset management, inventory management, and asset transportation.

- **Implementation of Integrated Information Technology and Operations**

This initiative aims to develop and implement the integrated information technology system and operations technology (SCADA, GMS, and others) in order to enhance business processes and to achieve PGN's operational excellence.

- **Enterprise Risk Management**

This initiative aims to encourage the implementation of risk management in PGN based on the global best practices of risk management.

- **PGN Business Process Transformation and Engineering**

This initiative aims to develop PGN as a corporate and an organization, including the preparation of PGN structuring to a holding company, synergy improvement, and the improvement of the relationship pattern clarity between PGN and its subsidiaries, as well as the arrangement of the synergic, effective, and efficient business both PGN as parent company with its subsidiaries or SBUs.

- **Integrated Management of Integrated Human Resources**

This initiative aims to prepare the Human Resources development strategy that is aligned with organization roadmap and to create Human Resources as PGN's competitive advantage.

- **Culture and Change Management**

This initiative aims to create a competitive and conducive culture for the implementation of PGN's transformation.

- **Corporate Branding and Reputation**

This initiative aims to improve PGN's brand image in the face of all stakeholders in enhancing PGN's value and increasing the loyalty of its customers and employees.

- **Safety Excellence**

This initiative aims to ensure that safety excellence is implemented throughout PGN's operational environments, subsidiaries, and SBUs.

### CONTRIBUTION TO THE STATE

Up to the end of 2016, the Government remained the majority shareholder of PGN with 56.96% ownership, and the rest 43.04% were owned by the public. PGN contributes to the state in cash dividend derived from its operating profit. The cash dividend amount was determined by the General Meeting of Shareholders (GMS), to be distributed in proportion to the ownership of PGN by the State. In the last couple of years, the dividend payout ratio ranged from 50%-60% of the current year's net profit. In accordance with 2016 GMS's decision, the total dividends paid to the state as the majority shareholder was Rp1.26 trillion.

PGN contribution to the state:

	2016	2015	2014
Dividend	Rp1.26 trillion	Rp2.00 trillion	Rp2.91 trillion
Tax Payments	Rp3.76 trillion	Rp4.29 trillion	Rp3.02 trillion
BPH Migas Levy	Rp175 miliar	Rp107 billion	Rp67 billion

### CONTRIBUTION TO THE REGIONAL ECONOMY

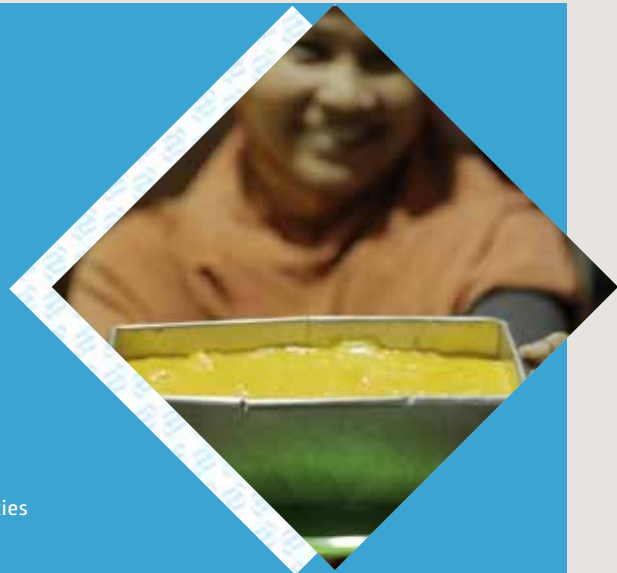
PGN's existence directly contributes to the state and the economic growth of the regions where PGN operates. Regions where PGN has built its operational offices and supporting offices around PGN's natural gas transmission and/or distribution pipelines are significantly impacted by this contribution. Natural gas supply to a certain area may attract investors to develop new industrial areas. Moreover, such areas can be further developed with residential areas, shopping centers, hotels, and other developments in the real sector.

The locations where PGN operates its businesses thus became new economic zones. They provide positive benefits for the regions in terms of manpower absorption, income from natural resources utilization, and increase in district/region own source of revenues (PAD) from local taxes, advertisement taxes, and others. PGN has designed and conducted activities which were directly addressed to improve the economy, aside from realizing indirect economic impacts from its operational activities. These activities include designing and implementing community development programs, which have been proven to successfully improve the welfare of the community around PGN's operational areas.

### A CUSTOMER'S STORY

“My production cost can be reduced by 50%, and I do not have to fear about running out of gas now. Running out of gas while you're baking a cake is really undesirable. As we are now using natural gas, I do not have that fear anymore ... it's secure.”

Elfa Susanti - Owner of Die Va Cake & Cookies



Elfa Susanti is one of the 40 bakers in Rungkut Lor, Surabaya, East Java. When she still used gas cylinders Elfa claims that she needed one to two 3-kg sized cylinders each day to bake her cakes. “The average daily cost was Rp25,000. Monthly it was Rp600,000,” she said. Since she started using natural gas from PGN network, Elfa claims that her monthly bill now ranges from Rp250,000 to Rp300,000 only, which makes her able to reduce production cost by around 50 percent. For businesses like Elfa's and her neighbors', such reduction in production cost is certainly significant, given that the retail price for their cakes ranges from Rp1,000 to Rp3,000 per piece.

PGN, FOR THE  
PRESERVATION OF  
THE EARTH

05





# PGN, FOR THE PRESERVATION OF THE EARTH

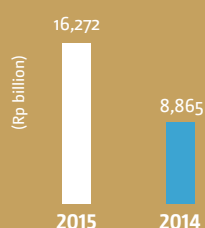


PGN is committed to improving its operational performance quality in line with environmental sustainability. One of the issues that endanger environmental conservation is massive carbon emissions resulting in greenhouse gases (GHG). GHGs are the main culprit for global warming, that in turn has resulted in climate change. One of the PGN's commitments to environmental conservation in order to ensure that its sustainable business, which both directly and indirectly affect global warming, be properly monitored, measured, and controlled, is made manifest in the carbon calculator mechanism.

## AT A GLANCE: FOR THE PRESERVATION OF THE EARTH IN 2016



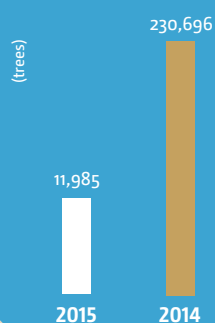
Funding for the  
Community  
through Nature  
Preservation  
Activities in 2016  
Rp3,639,384,332



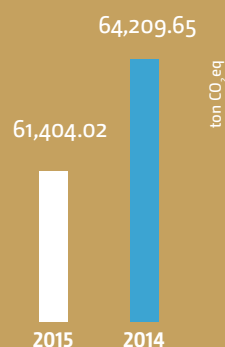
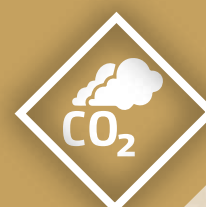
SRI-KEHATI AWARD  
2016 in recognition of  
environmental efforts in  
conservation of natural  
resources and energy



Trees planted around the  
operational area in 2016  
85,329 trees



Carbon footprint reduction  
commitment 2016  
63,065.64 ton CO<sub>2</sub>eq



## THE CHALLENGE OF CLIMATE CHANGE

Environmental responsibility is an inseparable part of PGN's upstream to downstream policy. This has been consistently included in the Company's operational activities and in its effort to meet present and future expansion regarding energy needs, as well as to minimize the environmental impact. As a company that prioritizes the preservation of the environment in conducting its business in the field of natural gas distribution and transmission, PGN continues to make sure that Indonesia's natural gas resources are managed for the benefit of the nation and also to contribute in an effort for a better environmental quality.

One of the agreements in the global stage which has been mutually agreed in order to mitigate threats and take more progressive stance to overcome climate change is Paris Agreement. This agreement was officially adopted on 12 December 2015 and signed by 175 countries. As many as 114 countries up to 28 November 2016, including Indonesia, had proven their commitment by adhering to the agreement by ratifying it.

Ratification of the Paris Agreement by the Government of Republic Indonesia showed the government's commitment to taking meaningful and binding actions in order to protect and to prevent negative impacts of climate change. One of which is to reduce emission of greenhouse gases, commonly believed as the main cause of global warming. Indonesia is determined to reduce emission of greenhouse gases by up to 29% from the total global emission by 2030 and sees it as the nation's contribution in order to enhance global effort to reduce the earth's average temperature by 1.5 degrees Celsius.

## MANAGEMENT APPROACH

PGN will fully support the government's policy in the environmental sector, specifically in reducing greenhouse gas emissions. This is delivered through tangible contribution in a form of energy conservation and efficiency measures in addition to the usage of natural gas in a hope to minimize contribution to greenhouse gas emissions. Apart from that, PGN have also applied several eco-friendly policies. We also encourage our business partners to conduct more eco-friendly based business activities on a daily basis.

[103-2]

## ENVIRONMENTAL MANAGEMENT AND RECOVERY EXPENDITURES (in Rp)

Description of Activities	2016	2015
Preparation of AMDAL/UKL-UPL Documentation & Environmental Licensing	1,694,192,887	8,237,269,389
Environmental Monitoring	3,855,064,181	3,705,493,000
Environmental Campaign	54,500,000	56,500,000
Hazardous and Toxic Waste Management	1,295,000,000	1,295,972,000
PROPER-related Environmental Management Programs	600,000,000	1,291,748,500
Environmental Measurement Tools Calibration	11,000,000	12,000,000
Environmental Training	589,681,506	271,659,289
Energy Monitoring System and Carbon Calculator	820,017,000	-
Energy Efficiency Program	600,000,000	910,814,000
Hazardous and Toxic Waste Temporary Placement Site Management Facility	62,000,000	242,704,500
Environmental Reports	18,500,000	55,852,500
Environmental Management System	449,680,000	192,940,000
<b>Total</b>	<b>10,049,635,574</b>	<b>16,272,953,178</b>



### MORE ECO-FRIENDLY FUEL

PGN produces a more eco-friendly natural gas-based fuel that helps preserve the natural environment compared to other fossil fuels such as oil and coal. This is due to the fact that the burning of natural gas for energy produces less emissions of almost all airborne pollutants and carbon dioxide (CO<sub>2</sub>) per unit of heat generated, compared to coal or refined petroleum products.

The demand for natural gas energy will be increasing linearly with increasing concern from various community groups about the preservation of the environment. In recent time there are many industries that have shifted in favor of natural gas for their fuel source. Data released by the Ministry of Energy and Natural Resources of the Republic of Indonesia on the equilibrium of natural gas supply and demand shows that the overall demand for natural gas by industries in 2016 increased by 3.64% to 2,280 million standard cubic feet per day (MMSCFD). In 2015, the total amount of the gas demand for raw materials or energy sources reached 2,200 MMSCFD. In line with the increasing demand, PGN continues to innovate in its investments in both the downstream and upstream sectors, to ensure availability and to meet customer demands

with more enhanced gas supply to the network of its distribution and transmission systems.

### RESOURCES EFFICIENCY & IMPACT MINIMIZATION

#### Emission

PGN's business activities use energy that either directly or indirectly generates carbon emissions directly proportional to PGN's energy consumption. Therefore, PGN strives to continue mitigating its carbon emissions by employing the carbon footprint calculation mechanism.

Since 2012, PGN has been using a carbon calculator to enable the Company to keep track of and control its carbon footprint. Areas where this mechanism is used are emitting areas such as PLN's electricity usage, PGN-owned power generators, and emissions generated from PGN's operational vehicles usage. The result of the carbon calculator measurements showed that in 2016 carbon emissions produced from PGN's business environment amounted to 63,065.64 ton CO<sub>2</sub>eq. In the previous year PGN managed to reduce its carbon emissions level by 4.4% compared to that in 2014. [\[GRI 305-1\]](#)



Total carbon footprint measurement shows efficiency in energy usage across PGN's business environment.

2016	2015	2014
63,065.64 ton CO <sub>2</sub> eq	61,404.02 ton CO <sub>2</sub> eq	64,209.65 ton CO <sub>2</sub> eq

Contribution to carbon emissions reduction from PGN's natural gas distribution business in Indonesia in 2016 was:

	2016	2015	2014	2013	2012
Natural gas distribution volume (MMscfd)	810.71 (+0.15%)	809.49 (-6.9%)	865.27 (+4.8%)	823.83 (-2%)	807.16
CO <sub>2</sub> emissions reduced (ton/day)	15,218.70 (+23.06%)	11,709.35 (-38.7%)	16,243.09 (-4.8%)	15,465.17 (-2%)	15,152.24

## REFORESTATION IN OPERATIONAL ENVIRONMENT



In an effort to reduce the impacts from operational activities and simultaneously in line with an attempt to reduce CO<sub>2</sub> emissions, PGN carried out a reforestation program around the Company's operational areas and within the areas around the construction of the main transmission pipeline. As part of an effort to support the program's effectiveness through the ability of plants to

absorb CO<sub>2</sub>, the plants are selected very carefully, i.e. only plants with excellent CO<sub>2</sub> absorption ability were chosen while not disrupting the condition of the transmission pipeline or operational activities in the supporting offices. Plants in this category include *sengon laut*, fruit-bearing trees, red robin trees, mangroves, and local specialty plants.

### Energy

PGN's operational activities use direct and indirect forms of energy. Direct energy is used as a source to move the turbine compressors so that the gas inside the transmission network can flow through to the end customers' facilities, such as power plants, ceramic industries, commercial customers (hotels and shopping centers) and household customers. Indirect energy comprises electricity usage in the head office, area offices, and lighting around operational facilities. PGN's electricity is supplied by PLN and self-owned power plants.

### ENERGY INTENSITY

The following programs are related to PGN's efforts to increase efficiency in electricity usage:

- Energy audit is done once every three years in order to obtain information on energy consumption and also any energy saving potential that is feasible for PGN. The results of the audit will serve as a tool for identifying ways to gradually enhance PGN's energy management
- system in order to achieve the green energy level, identifying departments or facilities that consume the highest amount of energy, departments or facilities that have the lowest energy efficiency, and as well as discovering methods to improve staff's understanding and concern on energy saving. Therefore, in addition to the improvements in energy usage efficiency, PGN is also able to reduce spending for its energy needs. For example, there are two energy sources that can be used to move the turbine compressors economically, i.e. diesel fuel and natural gas. The results of the energy audit recommends the use of natural gas as a source, as it can reduce impacts of emissions by 25.3% compared to diesel fuel. As a result, natural gas is proven to be a more eco-friendly energy source.
- Energy management programs, such as:
  - a. Use of low-energy lightbulbs
  - b. Application of rewiring on the lighting system thus reducing the number of lightbulbs that are used unnecessarily

- c. Setting of AC temperature in the work rooms (not including battery and server rooms) on 24-27°C based on SNI 6390-2011
- d. Optimization of sun shelters/blinds adjusted to the needs for lighting and protection from the heat from the sun
- e. Application of zoning on the air circulation system so AC use can be reduced
- f. Installation of energy metering system to be subsequently monitored, recorded, reported and evaluated regularly

PGN's efficiency efforts have shown effective results, as indicated by the carbon emission and energy intensity figures in various operational activities of the Company's. In 2016 PGN's energy consumption was 19.3% lower than the previous year's, in line with the successful energy reduction measures, as indicated by a 17.3% lower energy intensity. In the previous year, PGN's electricity consumption was reduced by 7.5%, as its energy intensity was successfully reduced by 34% compared to that in 2014. The reduction in Scope 1 carbon emissions in 2016 consistently demonstrated PGN's effective measure in increasing its energy efficiency, with the amount of reduction reaching 11.6% compared to that in 2015. However, efforts to reduce carbon emissions haven't shown significant results due to the fact of the rising Scope 2 carbon emissions and rising GHG emissions intensity. [302-1, 302-3]

#### EMISSIONS INTENSITY

	2016	2015	2014
Production (MMscfd)	1,373.44 (-2.5%)	1,408.57 (+64%)	859.05
Electricity Consumption (Gigajoule)	662,996 (-19.3%)	821,871 (-8.1%)	759,983.7
Energy Intensity (Gj/MMscfd)	482.73 (-17.3%)	583.48 (-34%)	884.68

#### SCOPE 1 CARBON EMISSIONS (in thousand tons of CO<sub>2</sub> eq) [305-1]

Energy Consumption Activity	2016	2015	2014
Venting	2,564.59 (+65%)	890.88 (-80.7%)	5,138.42
Instrumentation	2,777.95 (+67%)	915.5 (-71.2%)	3,186.79
Blowdown	506.47 (+84%)	80.27 (-73%)	300.54
Gas Leakage	8.34 (+81.5%)	1.54	-
Fuel Gas	37,039.48 (+21.9%)	47,396.94 (+18%)	38,572.77
Genset Fuel	973.25 (1.8%)	990.26 (-20%)	1,238.67
Vehicle Fuel	1,762.40 (16.4%)	1,473.09 (-35.7%)	2,290.61
Vehicle Gas Fuel	498.37 (12.1%)	566.81 (+13%)	492.72
Gas for Chiller	314.84 (+22.1%)	245.29 (-77.8%)	1,104.18
Total	46,445.68 (-11.6%)	52,560.58 (+0.5%)	52,324.70

#### SCOPE 2 CARBON EMISSIONS [305-2]

Energy Consumption Activity	PGN's Carbon Emissions (Ton CO <sub>2</sub> eq)		
	2016	2015	2014
Electricity	15,837.03 (+92.7%)	8,217.58 (-28.7%)	11,530.07
Flights	782.93 (+25%)	625.86 (+76.4%)	354.86
Total	16,619.96 (+87.9%)	8,843.44 (-25.6%)	11,884.93

#### GREENHOUSE GAS EMISSIONS INTENSITY

Greenhouse Gas Source	2016	2015	2014
Total Emisi Carbon (ton CO <sub>2</sub> eq)	63,065.64 (+2.7%)	61,404.02 (-16%)	73,113.37
Volume Produksi (MMscfd)	1,373.44 (-2.5%)	1,408.57 (+64%)	859.05
Intensitas Emisi GRK (ton CO <sub>2</sub> eq/MMscfd)	45.92 (+5.4%)	43.59 (-48.8%)	85.11

#### Water

Water is used in PGN's operational supporting offices for cooling medium in compressor pump installations and for domestic activities. Meanwhile in PGN's main supporting offices, the water sources, namely the Municipal Water Utilities and water wells, have had their use adjusted according to the quantity limits. The efficacy of water consumption efficiency policy has been successfully increased as demonstrated by PGN's water usage record from the water utilities. In PGN's head office in Ketapang, Jakarta, water consumed from the water utilities in 2016 amounted to 61,856 m<sup>3</sup> or an increase of 28.3% compared to that in 2015. However, this was still far lower than 2014 figure of 77,073 m<sup>3</sup>.

For water taken from wells, consumption in 2016 also experienced a 11.9% rise from that of the year before. The measurements were performed directly using a flow meter. [303-1]

In the open areas surrounding the head office building, PGN utilizes a sizeable plot of land as a water infiltration area. In this area, PGN has created biopores as the infiltration media for rain water or water runoffs into the soil. The condition of the water table thus becomes relatively preserved as a result, and there have been no grievances made by the residents in the vicinity or any related parties regarding the reduction in the water table. [303-2, 413-1]

#### WATER CONSUMPTION OF KETAPANG

Water Consumption Source	2016	2015	2014
Municipal Water Utilities	61,856 m <sup>3</sup> (+39.5%)	44,342 m <sup>3</sup> (-42.5%)	77,073 m <sup>3</sup>
Wells	56,608 m <sup>3</sup> (+13.5%)	49,887 m <sup>3</sup> (+9.7%)	45,460 m <sup>3</sup>

#### Waste [306]

For waste management, PGN currently does not possess any waste management unit. Therefore, up to this day, PGN procures the service from a third party, PT Prasada Pamunah Limbah Industri, to handle its waste management by transporting hazardous and toxic waste (B3) in the head office area and GDM areas. The waste will then be processed outside of PGN's operational areas.

The hazardous and toxic waste (B3) generated from PGN's operational activities are:

1. Used lubricating oil
2. Used filters
3. Used batteries
4. Used hazardous and toxic waste-contaminated packages
5. Used rags



Those hazardous and toxic waste materials are temporarily stored in temporary waste storage installed in each Off Take Station. The waste storage facility has been properly licensed by the pertinent authority. Once the waste has been stored for a period of time allowed by the relevant permit, the

waste is then transported periodically by PT Prasada Pamunah Limbah Industri for further processing. This demonstrates PGN's commitment to maintaining its operational process so as not to pollute the environment. [306-2, 306-3, 306-4]

#### HAZARDOUS & TOXIC WASTE PILE TW 1

	2016	2015	2014
SBU TSJ	3.86987	5.16471	-
SBU 1	0.0099	0.0502	-
SBU 2	0.00652	0.16825	0.1885
SBU 3	0.2443	2.29	-
Head Office	2.705	-	-

#### HAZARDOUS & TOXIC WASTE PILE TW

	2016	2015	2014
SBU TSJ	2.41233	0.2399	5.03514
SBU 1	0.0074	0.0887	0.68
SBU 2	0.26804	0.11525	0.1322
SBU 3	0.524	0.36	0.4685
Head Office	-	-	-

#### HAZARDOUS & TOXIC WASTE PILE TW 3

	2016	2015	2014
SBU TSJ	2.81751	2.17404	1.254
SBU 1	-	0.0891	0.067
SBU 2	0.0640	0.00784	0.0215
SBU 3	0.158	0.6939	0.06
Head Office	-	-	-

#### HAZARDOUS & TOXIC WASTE PILE TW 4

	2016	2015	2014
SBU TSJ	3.12015	0.85711	29.8007
SBU 1	0.0026	-	0.008
SBU 2	0.0945	0.055	0.1495
SBU 3	0.365	0.179	0.074
Head Office	0.354	-	1.48

#### Notes

SBU TSJ: Bojonegara, Muara Bekasi, Pagardewa, Labuhan Maringgai, Terbanggi Besar

SBU 1: Cimanggis, Klender, Jakarta, Bogor, Cilegon

SBU 2: Tandes, Gresik, Waru, Kalisogo

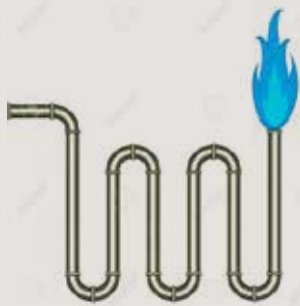
SBU 3: Pasar 9, Panaran

## MATERIALS USAGE

As a non-renewable source of energy, PGN's natural gas is processed in such a way that the resulting natural gas specifications meet the standard requirements of the gas processing facilities, and the exhaust gases from natural gas processing are ensured to not harm the environment. The end product of the processing determines the appropriate method of transportation. As PGN's main business is the transmission and distribution of natural gas, transporting via pipelines is the method of delivery for PGN's products to its customers.

PGN continues to add new pipelines made from steel or coated polyethylene(PE)plastic with certain means of protection. The coating will make the pipes immune

to rust, more durable, and can be buried beneath the soil for a very long period of time (around 30 years). Other materials that are also important in the main operational activities are impurity filters. This material is placed in pipes to serve as a cleanser for impurities, such as steam or other dissolved substances, so that the natural gas quality is properly maintained. The absorbent material in the pipes is replaced with a new one periodically. The used absorbent material is treated as solid waste and proper precautions in waste management are taken in accordance with the regulations in order to not pollute the environment. PGN uses these materials to minimize the undesirable impacts from its production activities.



Accumulated Length of Transmission & Distribution Pipelines Managed by PGN

2016	2015	2014
7,277 km	7,025 km	6,067 km

**DISTRIBUTION PIPELINE LENGTH****Region**

Jakarta

Bogor

Tangerang

Cilegon

Bekasi

Karawang

Cirebon

Palembang

Lampung

Sidoarjo

Pasuruan

Surabaya

Semarang

Medan

Pekanbaru

Batam

**TRANSMISSION PIPELINE LENGTH****Region**

Medan

Grissik-Duri

Grissik-Batam-Singapura

SSWJ

Kepodang – Tambak Lorok

LNG Lampung

LNG Jakarta

**TOTAL PIPELINE LENGTH DISTRIBUTION AND TRANSMISSION (KM)**

	2016	2015	Additional
Distribution	4,994	4,742	252
Transmission	2,283	2,283	-
Total Distribution and Transmission	7,277	7,025	252

In line with the efforts to continue to increase access and affordability of public coverage, PGN is adding more services related to its distribution and transmission pipelines. The length of the distribution pipeline was increased by 5% in 2016 with a total pipeline length of 4,994.14 km, compared to 4,742.01 km in 2015. There was no addition to the length of the transmission pipeline.



## TARGETS & ACHIEVEMENTS [103-3]

2015 Targets	2016 Achievements	2017 Targets
PGN Ecocare plan for 2016: ISO 14001:2004 certification.	ISO 14001:2004 certification obtained from PT Lloyd Register.	ISO 14001:2004 Surveillance Audit successfully implemented.
Achieve PROPER Green rating (Beyond Compliance) for 2014–2016.	PROPER Blue obtained. Pagardewa station and Tandes, Gresik, Kalisogo and Waru offtake station become the candidates for PROPER Green.	PROPER Blue maintained in line with the preparation for PROPER Green assessment.
No environmental pollution.	Zero pollution target achieved.	Zero Pollution.

### A STORY FROM OUR CUSTOMER

“I choose to use PGN’s natural gas as it is cleaner and more eco-friendly.”

Tandean Rustandy - President Director of PT Arwana Citramulia



The coherence of the “green industry” vision with eco-friendly engine technology has encouraged PT Arwana Citramulia Tbk, a company engaged in the ceramics industry, to choose the natural gas produced by PGN as its main fuel. According to the President Director of PT Arwana Citramulia, Tandean Rustandy, the consideration for selecting the natural gas produced by PGN for the five factories owned by PT Arwana is due to the fact that natural gas is a cleaner

and more environmentally-friendly source of energy. The other consideration is the quality of PGN’s services. “There is an excellent mutual understanding between PGN and PT Arwana. Their service excellence is commendable. They are very responsive to customers’ needs,” said Tandean, emphasizing that all of PT Arwana’s factories in the region of Tangerang, Serang, Gresik, Palembang and Mojokerto use natural gas provided by PGN.





FROM PGN,  
TO OUR  
PEOPLE 06

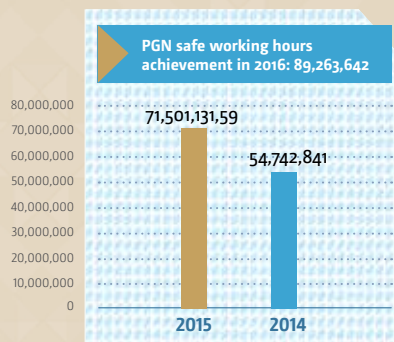
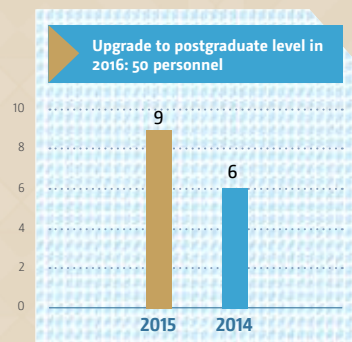
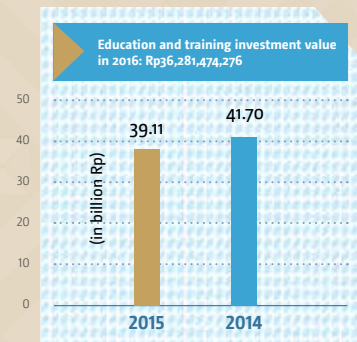
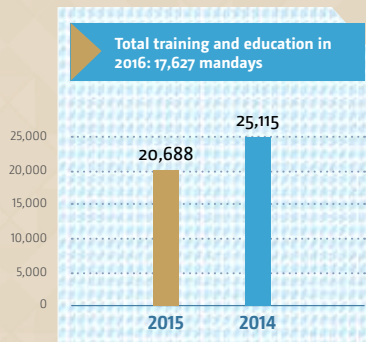
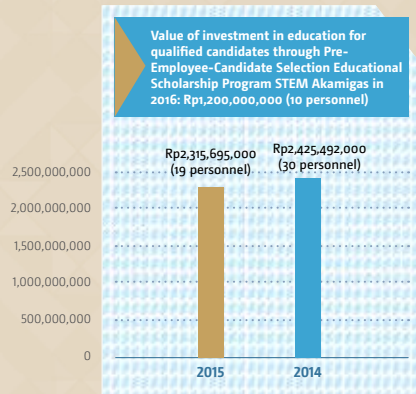


# FROM PGN, TO OUR PEOPLE



As one of the stakeholders, PGN People play a key role in every step of the way towards the Company's sustainability. This role is comprehensively executed, encompassing economic value, environmental value, and social value, which bring health, safety, and wellbeing to all PGN People in the whole company.

## AT A GLANCE: 2016 PERFORMANCE



**Zero Incident**

PGN obtained the ASEAN Occupational Safety and Health Network (ASEAN-OSHNET) award in May 2016 at an event in Vietnam for its zero incident performance for three consecutive years (2013-2015)

**KPI**

100% employees receive Key Performance Indicators (KPI) assessment results as the basis for annual review on their work result and quality performance

**CLA**

100% employees have been signed into the Collective Bargaining Agreement (CLA) Total training hours per participant in 2016 was 43 hours per participant



PGN's success, accomplishments, and achievements are an inseparable part of the hard work performed by PGN People on every level of the Company. Their spirit and sense of responsibility have made PGN grow in accordance with the Company's strategic objectives. Therefore, PGN is committed to providing comfort and safety in the work environment in order to achieve PGN 2020 Vision: to be a world-class energy company in the natural gas sector.

### PGN PEOPLE DEVELOPMENT STRATEGY AND POLICY

PGN believes that the employees are one of the stakeholders that are important for the Company's growth. In managing its human resources (HR), PGN always strives to align its HR programs with the Company's vision and mission. Thus, intensive communication serves as a bridge to ensure what

is needed to be heard and responded to can be conveyed clearly and precisely. This includes the primary expectations expressed by PGN People which have been fulfilled by the Company, namely: a conducive work environment, a clear career path, a fair performance assessment, performance-based remuneration, and an assurance in their well-being. In managing its human resources, PGN strives to improve employees' professionalism and competence in accordance with PGN's HR development roadmap.

Indicators of work comfort and safety are low turnover rate, absence of employee layoffs, high level of safe working hours, and increased employees' quality based on the competence assessment results.

PGN regularly conducts employee engagement survey to gain feedback from the employees regarding their work conditions to be subsequently used as the basis in formulating improvements and adjustments for various strategic changes in HR management.

#### TOTAL EMPLOYEES [102-8]

Year	M	F	Total
2016	1,067	359	1,426
2015	1,107	370	1,477
2014	1,136	373	1,509
2013	1,170	370	1,540
2012	1,194	369	1,564
2011	1,157	359	1,516
2010	1,153	368	1,521



Number of employees in PGN in 2016 was the lowest in the past seven years. There was a 3.6% drop in the number of employees from 2015 to 2016.

#### TOTAL EMPLOYEES BASED ON LEVEL OF EDUCATION [102-8]

Year	Level of Education					Total
	Doctorate	Master's	Bachelor's	Diploma	High School or Equivalent	
2016	1 (0.07%)	132 (9.26%)	640 (44.88%)	434 (30.44%)	219 (15.36%)	1,426 (100%)
2015	1 (0.07%)	126 (8.53%)	649 (43.94%)	457 (30.94%)	244 (16.52%)	1,477 (100%)
2014	1 (0.07%)	110 (7.29%)	621 (41.15%)	498 (33%)	279 (18.49%)	1,509 (100%)

In terms of competence structure, in 2016, employees with bachelor's and master's degrees made up 54.21% of total PGN employees. Employees' distribution can be seen from their positions, with Lower Management (48%) as the position stratum with the largest proportion, followed by Staff (36%) and Middle Management (11%) strata. Personnel in the productive age group (<50 years) with competence, experience, and skills made up 83% of total employees in 2016. Human capital is a part of PGN's backbone for achieving its targets in 2016 and in the following years, which include the vision to become a world-class energy company in the natural gas sector by 2020.

#### PGN EMPLOYEES DISTRIBUTION TABLE 2016 [102-8, 401-1, 405-1]

Distribution	Total Employees	Portion of the Total Employees
<b>Gender</b>		
Female	359	25.2%
Male	1,067	74.8%
<b>Age Group</b>		
Below 30 years old	272	19%
30 – 50 years old	907	64%
Above 50 years old	247	17%
<b>Career Path</b>		
Top Management	74	5%
Middle Management	158	11%
Lower Management	682	48%
Staff	512	36%
<b>Operational Areas</b>		
Head Office/Holding	459	32%
Business Unit Gas Product	238	17%
Business Unit Infrastructure Operations	162	11%
Business Unit Gas Network	10	1%
Program Management Office	164	12%
Subsidiaries	393	28%

#### TABLE OF EMPLOYEE RESIGNATIONS

Description		F	M	Total
Employees resigned in 2016	Total	12	48	60
	Percentage	0.84%	3.37%	4.21%
Employees resigned in 2015	Total	11	31	42
	Percentage	0.74%	2.1%	2.84%
Employees resigned in 2014	Total	4	41	45
	Percentage	0.27%	2.72%	2.98%

#### EMPLOYEE RECRUITMENT TABLE

Description		Age Group			Total	Gender	
		<30	30 - 50	>50		F	M
New employees 2016	Total	9	0	0	9	2	7
	Percentage	100	0	0		22.2%	77.8%
New employees 2015	Total	10	0	0	10	8	2
	Percentage	100	0	0		80%	20%
New employees 2014	Total	10	5	0	15	6	9
	Percentage	66.67%	33.33%	0		40%	60%

Employee turnover in PGN in 2016 was marked by the increasing number of employees who resigned, from 2.84% of the total in 2015 to 4.21% in 2016. More male employees resigned (3.37% of the total) compared to female employees (0.84%). All employees who resigned did so for family reasons.

#### EMPLOYEE LAYOFF RECAPITULATION 2015–2016

Year	Normal Retirement	Early Retirement	Resignation	Death	Total
2015	29	3	7	3	42
2016	37	13	7	3	60
<b>Total</b>	<b>66</b>	<b>16</b>	<b>14</b>	<b>6</b>	<b>102</b>

Note: 100% of resignation cases were due to family reasons.

#### EQUALITY AND OPPORTUNITY

Ensuring equality among the employees is an important factor for building a healthy and positive work environment as well as for motivating the employees to continue expanding their capacities and enhancing their work commitment.

Implementation of principle of equality in PGN has taken the following forms:

- Ensuring that the principle of equality is applied when determining career path during the promotion process.
- Equal pay for male and female employees.
- Equal health insurance coverage for male and female employees.



- All employees, both males and females, have the same opportunity for competence improvement through formal education and in-house/public training.
- Factors that distinguish remuneration between male and female employees are performance and level.

#### **EQUAL OPPORTUNITY**

With current total employees of 1,426 personnel, there are 359 female employees in PGN, making up 25.2% of the total employees in PGN. The challenge for PGN is to maintain the number of female employees who

currently perform with excellence, and improve the opportunity to obtain the best talents in the field. PGN also supports the efforts to improve employee capacity, such as by training them and providing opportunity to improve their level of education based on the principle of equality.

Regarding their career path, there is a dynamic distribution of female employees in PGN. This can be seen from their placement in operational areas where female employees make up the largest portion, namely at the head office, Business Unit Gas Product, and Business Unit Infrastructure Operations.

Operational Areas	Composition	Gender		Total
		M	F	
Head Office	Total	286	173	459
		(62%)	(38%)	(100%)
Business Unit Gas Product	Total	162	76	238
		(68%)	(32%)	(100%)
Business Unit Infrastructure Operations	Total	136	26	162
		(83%)	(27%)	(100%)
Unit Gas Network	Total	10	0	10
		(100%)	0	(100%)
Program Management Office	Total	125	39	164
		(76%)	(24%)	(100%)
Subsidiaries	Total	348	45	393
		(88%)	(12%)	(100%)

As PGN is committed to the principle of equality, full support given in providing opportunity for career development as reflected in the following employee training table: [\[404-1\]](#)

Job Level		Gender		Total Employees	Gender		Total Training Hours
		M	F		M	F	
Top Management	Percentage	58	16	74	2,360	648	3,008
		(78%)	(22%)				
Middle Management	Percentage	121	37	158	5,608	2192	7,800
		(76%)	(24%)				
Lower Management	Percentage	491	191	682	23,896	9400	33,296
		(72%)	(28%)				
Staff	Percentage	397	115	512	14,704	4880	19,584
		(77.5%)	(22.5%)				

Another form of the implementation of the principle of equality in PGN HR management is manifest in the promotion policy, where all employees are given equal opportunity with regard to the applicable requirements and needs of the Company. Promotions in PGN is carried out with consideration of each employee's competence, be it technical or managerial,

as well as their performance assessment result as tabulated in the Individual Performance Management System (SMKI). After the performance assessment results, position requirements and business development were all considered, 245 employees were promoted to a new position in 2016. The recapitulation of promotions in 2016 by gender is given below:

Level	Gender		Number
	M	F	
Top Management	3	1	4
Middle Management	4	2	6
Lower Management	62	23	85
Staff	118	32	150

Another aspect of PGN's commitment to ensuring that the principle of equality is implemented is the provision of health insurance and remuneration for male and female employees. The health insurance coverage for female employees is the same as that for the male employees. In terms of remuneration, this following table provides an overview of the ratio of remuneration gap between male and female employees. The existing gaps are due to differences in employee performance and level.

AVERAGE REMUNERATION BY GENDER				
Level	2016		2015	
	M	F	M	F
Top Management	1.00	1.19	1.00	1.03
Middle Management	1.00	1.07	1.00	1.00
Lower Management	1.00	1.23	1.00	1.05
Staff	1.00	1.14	1.02	1.00

### Improving Employee Welfare

As an energy company that is on its way to become a world-class company, PGN strives to improve its performance by referring to the international standards. Achievement of the Company's vision and mission relies upon the quality of PGN's human resources who must be able to meet the demands from the increasingly competitive global economy's dynamics. Therefore, PGN remains committed to

maintaining a sustainable investment in human resources in order to increase the number of highly competent employees.

This has been carried out through the implementation of the following policies:

### Training & Education

PGN develops education and training programs to achieve a balance between employees' expectations and an optimal HR performance. Increasing HR competencies will therefore correspond to the business development and challenges faced by PGN today or in the future. A comprehensive HR management will be able to provide valuable work experience, cultivate a sense of belonging and camaraderie, and eventually optimize PGN's overall performance and productivity.

Human resources quality development program in PGN is done through education and training to improve the performance and competency of each employee. PGN provides Master's Degree Overseas Scholarship Program at reputable universities and internship programs at world-class companies in the natural gas sector. In 2015, nine PGN People continued their Master's Degree education in the United States of America.

Another channel to increase the competence of PGN People is through national self-management education program, international self-management, and regular training programs. In 2016, the total training and education hours for PGN people were 17,627 days, involving 1,170 people, with an investment value of Rp36,281,474,276. In the previous year, the total training and education hours for PGN People were 20,688 mandays, with total investment value of Rp39,113,062,861. [\[404-1\]](#)



#### TOTAL TRAINING HOURS BASED ON LEVEL

CLASSIFICATION	2015			2016		
	Total Overall Training Hours Per Year			Total Overall Training Hours Per Year		
	Male	Female	Total	Male	Female	Total
Top Management	1,800	472	2,272	2,360	648	3,008
Middle Management	15,368	6,960	22,328	5,608	2,192	7,800
Lower Management	10,28	4,424	14,704	23,896	9,400	33,296
Staff	21,400	6,240	27,640	14,704	4,880	19,584
Total	48,848	18,096	66,944	46,568	17,120	63,688

Note: Figures of total hours in the table above do not include hours obtained from educational programs.

As seen from the table, training programs in PGN are adjusted to each employee's level. This program is designed in a planned, systematic, and focused way to improve HR competence.

#### Performance Assessment and Remuneration

As a means of managing performance assessment and establishing the employees' career path, we have developed Individual Performance Management System (SKMI) program which aims to synergize employees' competence and performance with the Company's long-term business goals. An individual's targets are synergized at all times with the Business Priority Strategy and linked to the targets set by their superiors. PGN's corporate targets are directly divided into targets for each director to be directed downwards to the staff level. This reflects PGN's unified goal of achieving the Company's vision and mission in accordance with the capabilities of each level.

The SKMI is supported by a web-based application used by all employees across Indonesia to monitor all information related to performance management. Making use of internet connection anywhere and anytime, employees can perform any task required for performance management throughout the year.

Results of individual employee assessment at PGN are divided into six categories: Outstanding, Very Good, Good Plus, Good, Reasonable, and Unsatisfactory. Overall, these categories present qualitative and quantitative measurements through achievement of Key Performance Indicators (KPI). KPI assessment results will form the basis for determining remuneration and career development paths of the PGN People.

We determine job promotions, transfers, and rotations with regard to the Company's needs, as well as employee competence and performance assessment conducted once a year. Transparent and accountable implementation of performance measurement is expected to boost all PGN People to do their best. By the end of 2016, all employees had received KPI assessment for the 2016 assessment period. [404-3]

Regarding remuneration, PGN is committed to providing salaries that exceed the minimum standards regulated by the regional government. Salary of a newly recruited PGN employee is above the Minimum Regional Salary or Minimum Provincial Salary at PGN's main location.

**BASIC SALARY RATIO 2016**

Operational Area	Minimum Wage in Province/Regency (Rp)	Basic Salary for Lowest Entry Level Position (Rp)	Ratio of Regional Minimum Wage to PGN Basic Salary (Rp)
Head Office/Holding	3,100,000,00	3,300,000,00	93.94%
Jakarta and surrounding area	3,100,000,00	3,300,000,00	93.94%
Surabaya and surrounding areas	3,045,000,00	3,300,000,00	92.27%
Medan and surrounding areas	2,271,225,00	3,300,000,00	68.83%
Management Office Program	3,100,000,00	3,300,000,00	93.94%
Subsidiaries	3,100,000,00	3,300,000,00	93.94%

**Industrial Relations and Freedom of Association**

In line with the Law No. 21/2000 on Labor Unions, PGN gives freedom for its employees to join a labor union. The labor union registered in PGN is the PT Perusahaan Gas Negara (Persero) Tbk Labor Union, abbreviated SP-PGN and is officially registered on the

West Jakarta Office of Manpower under the Proof of Registration No. 387/II/P/IX/2009 dated 19 September 2009. SP-PGN supports the realization of the three principles of partnership (partner in profit, partner in responsibility, and partner in production) in day-to-day industrial relations.

**Aspect Disclosure****2016**

Freedom of Association and Collective Bargaining	√
Minimum notice periods regarding operational changes	√
No child labor	√
No forced or compulsory labor	√
Human rights training for all security personnel	√

**Freedom to Form Associations** <sup>[102-41]</sup>

Industrial relations in PGN is governed by a mutual agreement reached through an intensive discussion in the Collective -Labor Agreement (CLA) which has been agreed upon, and will be evaluated every two years. The CLA is prepared by the management along with representatives of the employees under SP-PGN. The current CLA is applicable for the period of 2015–2017. It was approved and ratified on 1 December 2015 and is in effect from 31 December 2015 to 30 December 2017. The CLA contains the rights and obligations of both the employees and PGN in an equal standing, such as:

- 1) Certainty regarding the rights and obligations of both PGN and employees including: industrial relations, working conditions, and company procedures
- 2) The partnership between PGN and the employees, and
- 3) The method for fair settlement not to result in disputes.
- 4) All difference of opinions shall be settled through the principle of consultation and consensus.

**Commitment to Preventing Child Labor and Forced Labor**

PGN is against all practices of child labor and forced labor, in line with the provisions of the International Labor Organization (ILO). Policies related to human resources in PGN are aligned with the prevailing regulations in Indonesia.

## OCCUPATIONAL HEALTH & SAFETY

PGN views the management of occupational health & safety (OHS) as a crucial factor, given that operational activities in the field of natural gas transmission and distribution carry a high risk. One of the main indicators of success in PGN related to OHS is how PGN is able to provide protection and comfort to all employees, not only PGN People but also all parties who work within PGN operational areas.

PGN has established a Central Safety Committee on the corporate, area, and project levels to make sure the implementation and management of OHS can be done effectively and efficiently. In PGN's organizational hierarchy, the management and implementation of OHS programs fall under the responsibility of Health, Safety, Security, and Environment Division (HSSE Division) under the Director of Infrastructure and Technology. The HSSE division has 16 personnel, making up 1% of the total PGN employees. [403-1]

PGN has implemented a highly standardized OHS management in a consistent manner, by referring to OHSAS 18001:2007 Occupational Health and Safety Management System certification. OHSAS (Occupational Health and Safety Assessment) 18001 is an internationally recognized standard for the implementation of Occupational Health and Safety Management System, or OHS Management in short. PGN's OHS policy emphasizes on the implementation of OHS management system in all of PGN's activities, achieved through the strengthening of the principles of Plan, Do, Check and Action. The OHS goals of PGN also emphasize the health aspect, as an embodiment of PGN's concern for the health of each of its employees. Only with a healthy workforce can PGN achieve its goals and ensure its business sustainability. PGN's management's commitment to implementing OHS policies is made manifest not only

in the OHS Policy and Work Reference Document, but also in the inclusion of specific clauses in the Collective Bargaining Agreement (CBA), which has been prepared in collaboration with the representatives of the Serikat Pekerja Perusahaan Gas Negara (SP-PGN) workers' union and the representatives of PGN's management. The specific clauses on occupational health and safety are found in:

### CHAPTER IX. HEALTHCARE GUARANTEE

Article 50. Medical Rehabilitation

Article 51. Routine Medical Check-Up

Article 52. Specific Medical Check-Up

Article 53. Declining to Participate in Medical Check-Up

### CHAPTER X. OCCUPATIONAL HEALTH & SAFETY

Article 58. General Provisions

Article 59. Occupational Safety

Article 60. BPJS Ketenagakerjaan

Article 61. Occupational Accidents

Article 62. Grievance Support

### CHAPTER XI. GUARANTEES

Article 63. Occupational Accident Insurance

### CHAPTER XIII. DISCIPLINARY ACTIONS FOR VIOLATIONS

Article 69. Actions and Sanctions for Violations [403-4]

## WORK ACCIDENT RECORDING & REPORTING SYSTEM [403-2]

**Safety Metric:** Performance indicator for PGN's area and Head Office in the management and implementation of OHS.

**Objective:** To monitor and evaluate the performance of OHS and establish corrective measures for the achievement of PGN's OHS every month.

PGN's Safety Metrics 2016 by operational areas [403-2, 403-3]:

Head Office: 16 accidents

GDM I: 2 accidents

GDM II: 1 accidents

GDM III: 0 accidents

GTM: 1 accidents

PMO Instructors: 22 accidents

LTIF at all locations: 0 accidents

### Safe Work Hours

Operational Area	2016	2015	2014
Head Office	10,837,827	8,149,977	6,574,016
GDM I	23,607,803	20,724,213	18,201,958
GDM II	14,662,382	13,233,803	11,621,334
GDM III	11,130,453	10,374,418	9,278,717
GTM	11,467,788	10,006,139	8,752,333
PMO Infrastructure	17,577,389	8,838,258	314,483

	2016	2015	2014
Minor Injury	7	12	2
Major Injury and Fatality	-	-	1
Awards for Occupational Safety	7	11	2
OHSAS 18001 and SMK3 Certification	6	10	10

### Safe Working Hours

In 2016, as there was no Lost Time Injury (LTI) due to the excellent OHS performance in all areas, no lost working hours were recorded, and thus PGN successfully booked total safe working hours of 89,263,642 hours as of the end of 2016.

### Safe Vehicle Distance Traveled

During 2016, there were no reported incidents involving heavy vehicles across all Units, Head Office and Projects. As of the end of 2016, the total safe vehicle distance traveled reached 86,466,510 Km.

### Total Sickness Absence Frequency (TSAF) [403-2]

This parameter measures workplace health based on the number of employees unable to work due to sickness. PGN aims to improve workplace health to continually reduce the number of production hours lost and increase employee productivity overall. For 2016, employee sickness at SBU and project level was below the target. Thus PGN managed to achieve a TSAF of 0.17 in 2016, better than 0.27 in 2015.

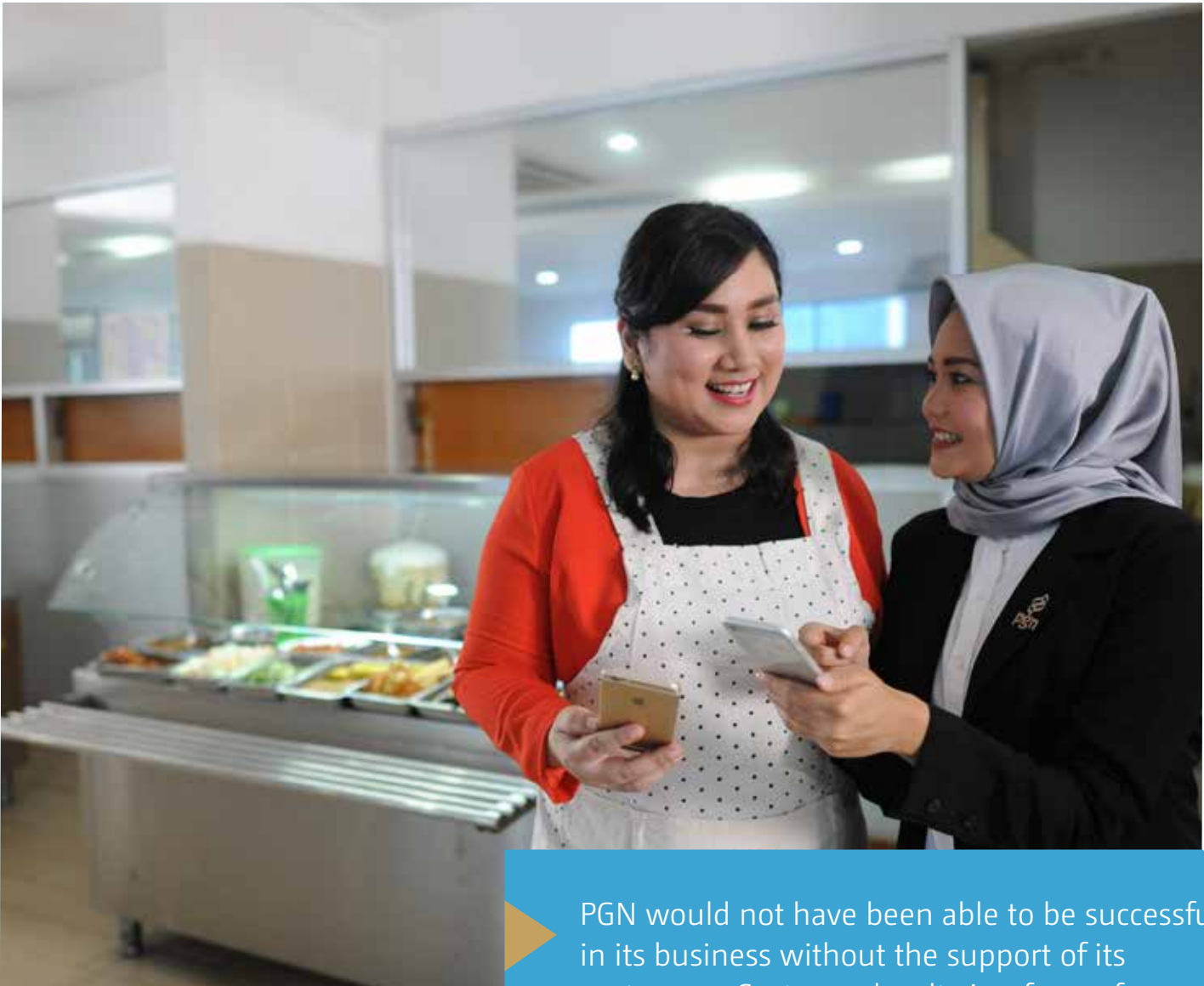
FROM PGN,  
TO THE  
CUSTOMERS

07





# FROM PGN, TO THE CUSTOMERS



PGN would not have been able to be successful in its business without the support of its customers. Customer loyalty is a form of appreciation of excellent products and services. The increasing number of PGN's customers from year to year indicates that PGN's efforts to improve its products and services have met or even gone beyond customers' expectations.



The era where PGN was conducting its strategy that was solely focused on its products and their benefits has now shifted, in line with the changes and the dynamics in the market and recent technological developments that affect customers' behaviors, and thus now PGN's approach to its marketing strategy has been different.

Monthly delivery of billing via courier, recording of gas usage manually via meter reader, and limitations of customers' access to information, were some examples of service encounters along the customer journey that has become PGN's focus for improvement in relation to its customer service quality.

How to listen to, interact with, and observe the customers along the customer journey to obtain information that can be acted upon, is one of the ways in which PGN is improving itself to develop the products and services that are tailored to the needs and expectations of its customers.

PGN is improving to become a customer-centric company, which understands its customers better by emphasizing on the concepts of customer experience and experiential marketing.

Starting from the understanding of customer experience, which is further translated into the fulfillment of needs and expectations of customers based on the use of technology, PGN is innovating its services in order to increase customers' satisfaction and engagement—all this has been done throughout 2016.

#### SPREAD OF PGN'S CUSTOMERS IN 2016

Household			
M3	MMBTU	BBTU	BBTUD
22,415,798	827,003	827.00	2.26

Small & Commercial Industries			
M3	MMBTU	BBTU	BBTUD
210,045,941	7,340,467	7,340.47	20.06

Manufacturing & Power Generation Industries			
M3	MMBTU	BBTU	BBTUD
8,127,580,076	285,880,359	285,880.36	781.09

Number of Customers		
Household	Small & Commercial Industries	Manufacturing & Power Generation Industries
126,250	1,927	1,651

## PRODUCT HEALTH AND SAFETY IMPACTS

(GRI417-1)

We pay attention at all times to the health and safety of our customers in relation to the use of chemical and other hazardous materials in our products and services. The information regarding the use of materials that must be made known to our customers is provided in the Material Safety Data Sheet (MSDS). We provide the MSDS to our customers and prospective customers so they are able to recognize and understand the materials used in our products.

Our products' health and safety guarantee is also ensured via a series of Standard Operating Procedures among others by conducting regular inspection to ensure that the quality of gas being transported is in accordance with the sale contract. The result of the inspection according to the SOP will be delivered to the relevant customer, as stated in the sales contract.

To ensure our customers' health and safety as well as to optimize the use of gas equipment at the customers' sites, we periodically conduct sampling of the gas content in various production points, representative comingle pipe points, and input points at the user's pipeline (for certain customers). This comprises a routine procedure that we perform as part of our responsibility to customers.

In inspecting the quality of natural gas we distribute, the other gas components that are strictly monitored are methane (the main constituent of natural gas), ethane, propane, and butane contents, as well as other gas components. In addition we also check the presence of dangerous impurities such as carbon dioxide, nitrogen, mercury, and hydrogen sulfide, in particular at the production points and at the points of entry to the transmission network. The checking of such gas components demonstrates our commitment to our customers' health and safety regarding the quality of our natural gas.

Natural gas pressures are regulated by PGN in a way that is in line with the Gas Sales & Purchase Agreement, taking into account the health and safety aspect. The periodic monitoring of pressure result is attached to the manifest of gas transmission billing to our customers. With this, the information regarding the natural gas product received by the customers becomes clear and accountable.

## UPHOLDING PRODUCT QUALITY

We are strongly committed to maintaining the quality of our natural gas delivered via our transmission and our distribution networks by applying the ISO 9001:2008-accredited quality management system. In accordance with this standard, we conduct inspection on gas availability, functionality of our gas production facilities, and gas quality from our suppliers prior to entering into contract agreements with these suppliers.

Gas samples are checked from the entry points to the transmission pipeline. An independent and competent inspection agency conducts random sampling and the result of this quality check is presented to our customers, so that they will be aware of the quality and volume of the gas they use.

For our customers' health and safety, we control the quality of the gas we supply. Customers will receive immediate notification should there be a significant change in terms of quality and amount of gas that may disrupt gas delivery to customers. Thus customers will have options as to the alternative measures to be performed to maintain their health and safety and ensure their business process continuity.

To maintain quality and gas pressures in the transmission pipeline, we have installed filters and scrubbers at the off take stations and filters at the customers' metering devices. These devices help reduce and eliminate dust particles, condensate and non-gas particles that may cause damage to the customers' gas installation. This procedure eliminates potential complaints from customers arising from gas quality and pressures via PGN's transmission and distribution pipelines.

**ENHANCING CUSTOMER SATISFACTION**

As a commitment to improving services to customers, we provide an information center and customer care center, PGN Contact Center reachable by phone at 1500645 and e-mail address of [contact.center@pgn.co.id](mailto:contact.center@pgn.co.id). PGN Contact Center makes it easy for customers, prospective customers and stakeholders to obtain information, file complaints and questions about products and services of PGN.

PGN Contact Center operates 24 hours a day and 7 days a week. Any inquiries regarding general information about PGN will be addressed directly by the Contact Center agents. Complaints will be responded in maximum 24 hours after receipt. In general, all questions and complaints will be recorded in the Contact Center's database.

In line with its transformation program, PGN is also transforming its Contact Center. Since 2015, along with the elimination of the Strategic Business Unit (SBU) functions and to support the PGN Sayang Ibu program as well as the assignment of Natural Gas for Households program from the Ministry of Energy and Mineral Resources (Jargas EMR) of the Government, we centralized the Contact Center at the Head Office, gathering all our Contact Center agents and operational systems that previously had been in the SBUs. This centralization has improved the quality and strengthened PGN's Contact Center services. To support the optimization of Contact Center's performance at the Head Office, we commissioned walk in agents in each sales area, with the aim to follow up on customers' complaints immediately in coordination with the related functions in the sales area. Walk-in agents also provides consulting services directly to customers and prospective customers in the sales area.

In order to improve the quality of service to customers, we have run an employee competence development program for those serving in the field of services, implementing a policy of minimum service standards, and enforcing quality of service as part of their KPI assessment.

We have also enhanced our work system to ensure that:

- There are no violations to the provisions of the gas sales contract,
- There are no breaches in the form of distribution of customer identity as per the contract,
- There are no deletions of customers' data stored in PGN's customer identification system,
- There are no violations occurring while conducting our advertising, promotion and sponsorship programs.

We did a customer satisfaction survey to obtain feedback for improving our service quality to the level of Service Excellence. As in the previous years, in 2016 we measured the level of customer satisfaction in the entire Sales Area from all customer segments.

This year, the measurement of customer satisfaction was conducted by an independent party that had been selected via a fair procurement process. Measurement was conducted on five categories of respondents, namely prospective customers, customers in the installation phase, existing customers, customers with two sources, and former customers. Measurement was conducted using the questionnaire, pen and paper, focus group discussion, and in-depth interview methodologies, encompassing all of PGN's marketing areas. The results of the survey, after processing by an objective, independent consultant, became an input for the improvement of questionnaire methodology, content, and processing technique, which PGN has performed.



Survey results discovered various expectations and issues that arose, which will be used as an input for PGN in providing the best level of service and improve its service performance. For 2016, the measurement of our customer satisfaction level was emphasized on each service encounter via eight dimensions of PGN service (service bites) from the five categories of customers that were the respondents, and the customers' future expectations amidst the competition in the natural gas business and a highly dynamic market. Our customer satisfaction survey has been conducted on all customer segments, i.e. household, commercial, and industry customers.

The measurement results are summarized in matrix form that comprises the Customer Satisfaction Index (CSI), Customer Loyalty Index (CLI), Customer Referral Index (CRI), and Net Promoter Score (NPS). From the results from 2016 we obtained a total CSI score of 5.37 (Likert scale 1-6).

#### CUSTOMER SATISFACTION INDEX

2016	2015	2014
5.37	5.30	5.29

In addition to designing and realizing a wide range of service improvements, based on the measurement of the customer satisfaction level, we also strive to resolve all the problems causing these customer complaints.

In 2016 customers informed us of that their level of convenience and the quality of our gas product as the two major factors for them to continue engaging in the partnership with PGN. Reliability of distribution, competitive gas pricing, and timeliness of installation time, are the customers' major expectations for PGN's future performance. PGN continued to coordinate with the government and regulators in ensuring the reliability of gas supply and ensure the gas supply allocation to ensure the needs of all customers. PGN also maintains a synergy in support of the government's program to utilize natural gas optimally across the country. We strive to conduct a number of

cost efficiency measures by continuing to distribute reliable natural gas products to our customers in order to ensure our competitiveness in the market.

In 2016 we received complaints from our customers regarding the recurrence of the condition of lack of gas pressure in distribution pipelines in the area near the end user outlets, caused by reduced supply from the suppliers. This type of complaint we have followed up accordingly by investing heavily in the upstream sector of the natural gas business chain, as well as by constructing the Floating Storage Regasification Unit (FSRU) facilities and other gas transportation modes. We have also coordinated with the gas suppliers to ensure their capability of supplying gas as per the contract and requested the allocation of additional gas supplies to the Government.

In the future, when gas supply from producers becomes reduced, we shall be able to compensate for the shortfall by employing certain procedures: supply of gas from the wells, supply of gas from other suppliers as well as from FSRU, Compressed Natural Gas (CNG) and LNG Receiving Terminal facilities that have been constructed in the areas near our primary customers, namely the commercial and industrial customer groups.

Besides the issue of gas supply, customer complaints were more dominated by issues surrounding the reliability of PGN's pipelines and customers' end installations. To overcome this, we have worked closely with our Subsidiary, PGASOL, for the operation and maintenance of PGN's infrastructure network, and helped our customers maintain their installation pipelines.

#### FOSTERING HARMONIOUS RELATIONSHIPS WITH CUSTOMERS

Customer Gathering is a routine event held by PGN to proactively improve service quality to customers. The participants of this event are from industrial, commercial, and household customers.

The purpose of Customer Gathering is to foster a harmonious relationship between PGN and its customers. Face-to-face meetings ensure that a two-directional communication can happen in many forms, ranging from submission of comments and suggestions to sharing information that can be used as input for PGN. PGN also uses this opportunity to educate the market, to promote natural gas usage and its network, and to establish closer relationships via greater understanding and reduction of the gap between customer expectations and PGN's capability. In 2016 we held Customer Gatherings in various sales regions and cities that will be engaged by PGN.

In addition to Customer Gatherings, PGN's frontliners pay visits to customers or potential customers in order to establish a synergy in the natural gas distribution activities. In line with the organizational transformation program, PGN has changed the functions and duties of its sales, previously assumed by Account Executive, into two major groups, namely Customer Management and Sales. Customer Management focuses on serving existing customers of PGN, while Sales focuses on serving and prospecting new customers. This segregation of duties and functions shows PGN's breakthrough in order to improve its service quality, increase sales, and accelerate the process of getting new potential customers. During the visits, Customer Management and Sales actively provide input to customers or potential customers on how to improve the efficiency of their equipment as well as to understand the business situation of the customers or prospective customers. This will be used as a valuable input for management to establish policies regarding natural gas subscription.

## CUSTOMER CARD

The customer card is a form of PGN's appreciation for its customers' loyalty in using the products and services of PGN, as well as a means for PGN to improve its service quality. Every year since 2014, we have issued new customer cards that indicated the growth in PGN's customers over the years. In 2016, we have send 127,130 customer cards and updated our new customer data.

For customers, the Customer Card will help them interact with PGN as it readily provides information on the customer identification number and PGN's customer care center that is nearest to them.

The Customer Card also has a function of being the PGN's customer identity, helping facilitate interaction with PGN and obtain information regarding area code, customer identification number, and PGN's Contact Center number 1500645 as well as the nearest PGN office. PGN's customer service quality improvement programs demonstrate the stout resolve of PGN to uphold customer satisfaction.

## PAYMENT METHODS

In order to improve service to customers, PGN cooperates with financial institutions and service providers to facilitate customers' payment mechanisms, in particular for the household customers. In addition to via banks through their ATM systems, tellers, or online transfers, PGN has also set up other payment methods, i.e. via Indomaret and Payment Point Of Bank (PPOB). The aim is to enhance PGN's excellent service and facilitate household customers to pay their gas bills.

## CUSTOMER ENGAGEMENT VIA SOCIAL MEDIA

Making use of new technological developments, PGN constantly improves its services and has made it easier for customers to monitor their gas use accurately via mobile apps. The apps are available in Android and iOS platforms, developed by PGN as it adapts to the new technology that helps improve

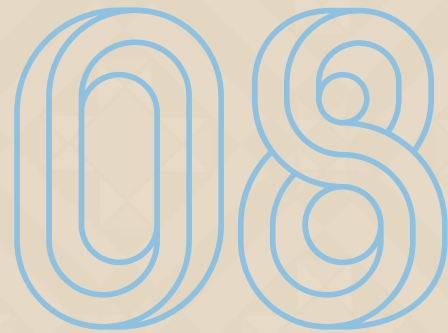
service quality and ease of use for the customers. The apps can be accessed via:

1. For Android: <https://play.google.com/store/apps/details?id=id.cameolabs.pgn.mobile>
2. For iOS: [https://appsto.re/id/\\_RQkcb.i](https://appsto.re/id/_RQkcb.i)





FROM PGN,  
TO INDONESIANS







# FROM PGN, TO INDONESIANS



As part of the society, PGN strives at all times to provide significant added value to the improvement of wellbeing of the communities both within and outside PGN's operational area. Such added value is distributed through aspects that hold a central role as the indicator for the society's wellbeing, such as economic level, presence of public facilities and infrastructure, and, no less importantly, education.

## AT A GLANCE



### Local Community-Based Investments in 2016

The Company returned its investment to the community in the form CSR of TJSL (*Tanggung Jawab Sosial dan Lingkungan*/Social and Environmental Responsibility) and PKBL (*Program Kemitraan dan Bina Lingkungan*/Partnership and Environmental Development Program), which amounted to

**Rp129,872,041,136**

The Social and Environmental Responsibility funds distributed to society amounted to

**Rp22,891,227,990**

The PKBL funds distributed to society amounted to

**Rp106,980,763,146**

## INDIRECT ECONOMIC IMPACT [201-2]

As one of the Company's stakeholders, the community, PGN believes, must grow in line with the Company's growth. One of the methods to grow the community is by cooperating with them through various initiatives, such as providing employment, conducting training and education programs, supporting health services, improving the quality of environment, and many more.

While carrying out the philosophy of growing in line with the Company's growth, PGN considers and assesses its programs based on their benefits to the marginalized elements of the community, so that the Company can prioritize the programs. Moreover, the Company takes into considerations the level of need and potential of factual impact of its process to the local community.

PGN's corporate social responsibility (CSR) programs consist of the Partnership & Social Development Program (PKBL) and Social-Environmental Responsibility Program (TJSL). PGN is obliged to conduct the PKBL as mandated in the Regulation of the Minister of State-Owned Enterprises No. PER-03/MBU/12/2016 dated 16 December 2016, while the TJSL is regulated by the Law No. 40/2007 on Limited Liability Companies, article 1 paragraph 3 and article 74. Implementation of TJSL is stipulated further in the Government Regulation No. 47/2012 as mandated by the Law No. 40/2007.

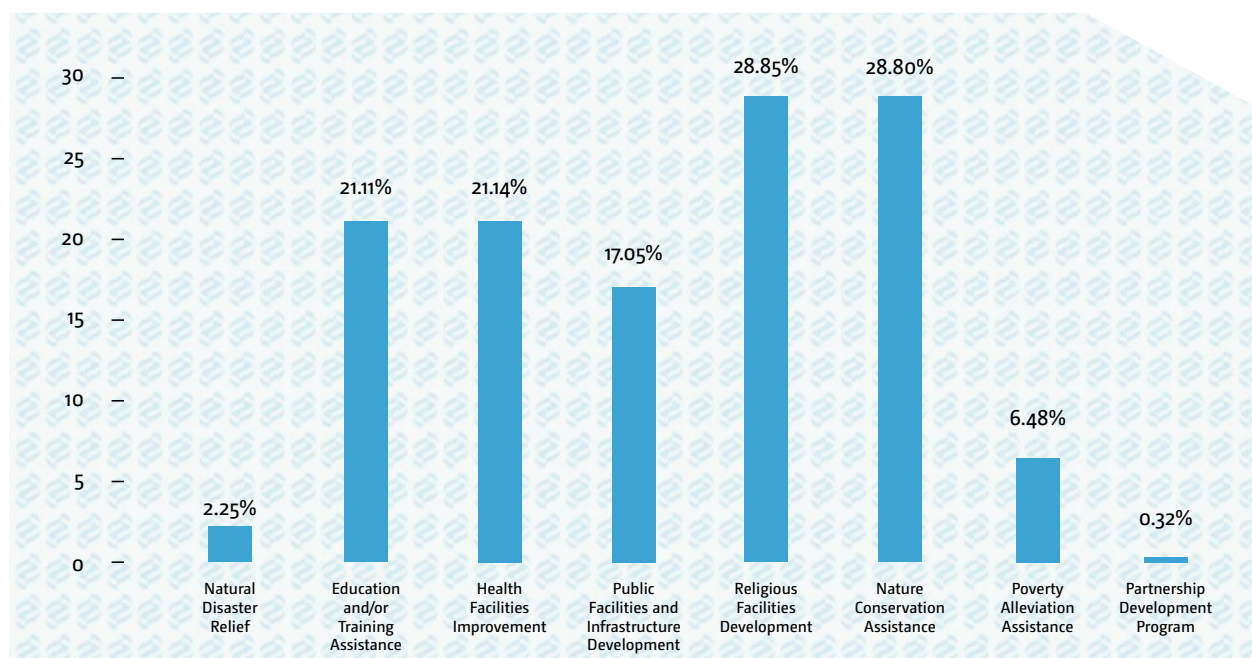
In 2016, PGN disbursed Rp106.98 billion to enhance the marginalized community's welfare through PKBL, with the following details:

Community Development Programs	PKBL (Rp)		
	Company Expense	Profit Allocation	Total
Natural Disaster Relief	2,076,517,236	607,926,775	2,684,444,011
Education and/or Training Assistance	17,142,374,666	8,639,062,655	25,781,427,321
Health Facilities Improvement	17,831,773,626	2,647,235,745	20,479,009,371
Public Facilities and Infrastructure Development	15,649,002,847	5,708,798,800	21,357,801,647
Religious Facilities Development	19,781,654,528	5,673,813,726	25,455,468,254
Nature Conservation Assistance	2,669,131,736	726,971,400	3,396,103,136
Poverty Alleviation Assistance	5,417,397,859	1,988,709,897	7,406,107,756
Partnership Development Program		420,391,650	420,391,650
<b>Total</b>	<b>80,567,852,498</b>	<b>26,412,910,648</b>	<b>106,980,763,146</b>

The impact of PGN activities to the community through various CSR Programs including PKBL, financially, amounted to Rp129.8 billion in 2016, with the following details:

Community Development Programs	Fund Source		
	CSR	PKBL	Total
Natural Disaster Relief	238,456,682	2,684,444,011	2,922,900,693
Education and/or Training Assistance	1,630,881,013	25,781,437,321	27,412,318,334
Health Facilities Improvement	6,971,710,735	20,479,009,371	27,450,720,106
Public Facilities and Infrastructure Development	789,034,370	21,357,801,647	22,146,836,017
Religious Facilities Development	12,012,095,208	25,455,468,254	37,467,563,462
Nature Conservation Assistance	243,281,196	3,396,103,136	3,639,384,332
Poverty Alleviation Assistance	1,005,818,786	7,406,107,756	8,411,926,542
Partnership Development Program	-	420,391,650	420,391,650
<b>Total</b>	<b>22,891,277,990</b>	<b>106,980,763,146</b>	<b>129,872,041,136</b>

The diagram of the 2016's PGN contribution to enhance community welfare especially that of the local community, is as follows (based on funding allocation):





Based on the funding allocation, the CSR programs gaining the primary priority in 2016 were the construction of religious facilities, assistance for religious activities, and enhancement of educational and health quality.

### **SOCIAL INVESTMENT TRACK RECORD IN 2016**

The track record of PGN's contribution to social investment activities in 2016 is described below:

#### **PGN's Contribution to Religious Facilities Construction [203,413]**

In 2016, PGN contributions in relation to religious facilities were:

- Construction and renovation of religious facilities and the supporting facilities.
- Donation to orphanages and to the poor, support of mass wedding ceremony as well as religious activities related to various religious holidays.
- Offering of sacrificial animals for the event of Eid al-Adha (Idul Adha) 1437 H.

#### **PGN's Contribution to Community Education and Training [203,413]**

In 2016, PGN contributions to the educational sector were:

- Educational infrastructure and tools to the community in the vicinity of PGN's operational areas.
- Scholarships for 1,125 students of 15 state universities in Indonesia.
- Assignment of young teachers to Musi Banyuasin and Muara Enim Regencies in South Sumatera.
- Building of the School Reading Areas (Taman Baca Sekolah) in Cirebon, Semarang, Palembang, Siak and Mataram.
- Supplying the PGN serial comic books titled Legenda Nusantara, Pahlawan Nasional and Biografi Orang Sukses to the community in the vicinity of PGN's operational areas.
- Training for weavers' community in Garut.
- PGN Innovation Camp Program. This program was followed by the students receiving PGN scholarship.
- Student Knows Indonesia (Siswa Mengenal Nusantara) Program, a student exchange program between West Nusa Tenggara and Jambi areas.
- State-Owned Enterprises Teach (BUMN Mengajar) Program.



## A STORY FROM GERAKAN INDONESIA MENGAJAR (INDONESIA TEACHES MOVEMENT)



Gerakan Indonesia Mengajar (IM) is one of PGN's partners in enhancing the quality of education in Indonesia. For the last 5 years, PGN has been supporting IM in recruiting, training, and sending Indonesia's best youths to various areas in Indonesia to serve as the teachers in Primary Schools and the community for a one-year period. "PGN clearly understands that in order to change behavior, it will take time. So I'm impressed with PGN's commitment to support us during the last five years," said the Executive Director of IM, Evi Herawati Trisna. She also mentioned other contributions from PGN, namely that PGN sent various comics and PGN's own people to become the teachers in various areas.

Nursidah Yaru is one of IM participants supported by PGN. She is assigned to teach at SDN 4 Sidogedungbatu, Bawean Island, Gresik Regency, East Java. Ida, as she is affectionately called, told the process of behavior transformation occurring in the community during the five-year cooperation between PGN and IM. She said, "I heard from my seniors, that during the first until the third years, they had to

bring many books to the villages in order to encourage the children having the reading habit. In the fourth and fifth years, the children's initiative began to form, and they asked for a place where they can read, such as a library." Nursidah Yaru graduated from Khairun University, Ternate, North Maluku.

The "Collaboration for Indonesia" (Kolaborasi Untuk Negeri), a report of the five-year cooperation between PGN and IM, described that 30 young teachers had been sent to Bawean and it had greatly impacted the 46 teachers, 699 students, and 5,585 people there. The impact was demonstrated by the existence of dhurung elmo, a place built by the local community, serving as a library, initiated and managed by the community. The initiative of performing transformation and improvement in the community is essentially the core of the development endeavor's success.

### PGN's Contribution to Community Health [203,413]

In the health sector, in 2016 PGN contributed to the following programs:

- Provision of 19 ambulances and 1 hearse for North Sumatera, Riau (including Riau Islands), South Sumatera, Lampung, Banten, Jakarta, West Java, Central Java, East Java, West Kalimantan, and West Papua.
- Provision of 10 PGN Mobile Health Vehicles with various health facilities, e.g. pre-natal checkups; supplements for pregnant women; contraceptive services; general health services and basic dental care; toddler growth checkups; and food supplements for children and toddlers. In 2016, PGN provided the mobile health vehicles to several areas, i.e. Medan, Batam, South Sumatera, Lampung, Banten, Jakarta, West Java, and East Java.
- Provision of Temporary Health Stations during Eid Al-Fitr season, aimed at providing various services to the homecoming travelers, such as health services, vitamin distribution, and entertainment facilities. In 2016, the stations were built in some areas, i.e. Lampung, Brebes, Semarang, and Surabaya.

### A STORY FROM RUMAH ZAKAT

Dok. Proberteng.com, tangerangrayaonline.com

Rumah Zakat is one of PGN's partners in enhancing the quality of community health. PGN has worked together with Rumah Zakat for eight years. Various services have been provided throughout the time, one of them being a mobile health vehicle for Manis Jaya modest rental flat (rusunawa) at Jatiuwung, Tangerang. The benefit of this service was not only experienced by the flat tenants but also the surrounding communities. "The vehicle is mobile and close to us. It is very helpful because we don't need to come to the community health center (Puskesmas). Moreover, the nearest Puskesmas is almost three kilometers away from this place," said Saefudin, the coordinator of the flat tenants. In Manis Jaya, the gas network has been installed in 336 out of 350 units in the 7 towers. At the official inauguration of the gas service, Mayor of Tangerang, H. Arief R. Wismansyah, said that he expected PGN to reach out to the other residential units in Tangerang, because the price offered was very affordable. "In the

future, the developer may be obliged to equip their housing with the natural gas pipe network. The characteristic of natural gas is very environmentally-friendly," said Arief, as quoted by proberteng.com.

The Relationship Management Division Head of Rumah Zakat (RZ), Aap Apipudin told that for Tangerang area, PGN has supported the program of community health quality improvement in Babakan Cikokol Village. The research conducted by RZ proved that the community's awareness and practice of clean and healthy lifestyle subsequent to the implementation of this program, is improving fast. "90% out of 50 respondents obtain a high score in the clean and healthy lifestyle awareness level. And 58% respondents reach the 'Blue' score for their behavior practices, meaning that they have implemented all 10 indicators of such lifestyle," said Aap enthusiastically.

### PGN's Contribution to Natural Disaster Victims [203,413]

As a form of the Company's concern and empathy to natural disaster victims, in 2016 PGN has provided several aids, such as:

- Food and health station set up for landslide victims in Banjarnegara.
- Staple food and health services for flood victims in Bima (West Nusa Tenggara), Garut, Karawang, Kampar, Medan, Sampang, and Kendal.
- Food packages for earthquake victims in Aceh.
- National food assistance, by providing canned beef and beef sausages for areas affected by disasters.
- Rescue Indonesia emergency disaster toolkit for flood victims in West Java, distributed to 18 areas in the vicinity of PGN's operational areas.

### PGN's Contribution to Poverty Alleviation [203,413]

To help alleviate poverty in the society, in 2016 PGN conducted the following programs:

- Supply of 14,000 staple food packages to the communities in Riau, Banten, Jakarta, West Java, East Java, and West Nusa Tenggara.
- Training and development programs for weavers community in Garut.
- Support to PGN development partners to participate in the 2016 Inacraft and IFEX Exhibition.
- Support to the development villages in Panaran, Pagardewa, Labuhan Maringgai and Bojonegara Stations.
- Training about product branding to PGN development partners.
- Make-up training for ex-prisoners in Mataram, West Nusa Tenggara.
- Support to former national athletes in the form of entrepreneurship training in West Nusa Tenggara.
- Provision of daycare facilities in Mataram, West Nusa Tenggara.
- Implementation of the electrification program for households, by providing electricity facilities to 800 underprivileged households in West Nusa Tenggara.

### PGN's Contribution to Public Facilities and Infrastructure Development [203,413]

- Clean water facilities and infrastructure in West Jakarta, Lampung, South Sumatera, West Java, Central Java, and Yogyakarta.
- Bridge in Pasir Buyut Village, Jawilan Sub-district, Serang.
- Floating dock at Menjer Lake, Wonosobo.
- Arboretum in Pagardewa, Muara Enim.
- Biodiversity Park in Bedegung – Muara Enim.
- Roadwork in Pantai Makmur Village, Tarumajaya Sub-district, Bekasi.
- Clean water facilities and infrastructure in Central Lombok.
- 400 public baths and toilets (MCK) in West Nusa Tenggara.
- House renovation program for 50 veterans in West Nusa Tenggara.

### PGN's Contribution to Nature Conservation [203,413]

In the nature conservation sector, PGN lent support to the following programs:

- Reforestation in Citarum headwater watershed, Pacet, Bandung.
- Construction of green open space in Cikuasa Area, Grogol, Cilegon.
- Management of community-based watershed in Kulonprogo.
- Mangrove cultivation in Sungai Apit Sub-district, Siak Regency, Riau.
- Shade trees cultivation in Mega Mendung Sub-district, Bogor Regency.

### PGN's Contribution to Public Facilities Development [203,413]

- Construction of clean water facility in Jakarta Barat, Lampung; Muara Enim, Jakarta Barat, Serang, Cirebon, and Semarang;
- Construction of a hanging bridge in Hamberang Lebak (carried over from 2015) and construction of a bridge in Pasir Buyut village, Jawilan, Serang;
- Construction of arboretum in Pagardewa – Muara Enim and development of Biodiversity Park in Bedegung – Muara Enim for PROPER Green, a program carried over from 2015;
- Renovation of roads in Pantai Makmur village, Tarumajaya, Bekasi;
- Construction of clean water facility in Lombok Tengah (BUMN Hadir Untuk Negeri program);
- Renovation of 50 veterans' houses in NTB (BUMN Hadir Untuk Negeri program);
- Construction of 400 MCK units in 8 regencies in West Nusa Tenggara (BUMN Hadir Untuk Negeri program).



Dok. Kabarmuaraenim.com, PKSPL LPPM IPB

PGN is committed to conserving the environment as well as maintaining the natural resources and biodiversity in Indonesia, especially in the vicinity of PGN's operational areas. In South Sumatera, PGN constructed the gas station in Pagar Dewa, Muara Enim, as well as expanded its pipe network across several areas in Muara Enim Regency. In this regency, PGN is also committed to conserving biodiversity by participating in the construction of an arboretum inside Pagardewa Station, and a Biodiversity Park (Taman Keanekaragaman Hayati/KEHATI) in Bedegung Waterfall Park, Bedegung Village, Tanjung Agung Sub-district, Muara Enim Regency, South Sumatera.

Through the Arboretum and Taman KEHATI, PGN intends to provide a place that will enhance the quality of the environment and natural resources, as well as providing insight about forest environment and biodiversity along with the germplasm (genetic bank) serving as a storage place for various local (endemic) plants. Moreover, the Arboretum and Taman KEHATI also serve as a place for educational tours, recreation, practice, research, and others. These benefits are in line with PGN's vision and mission, namely to distributing energy from natural gas, which has clean, efficient, and environmentally-friendly characteristics, derived from Indonesia's own soil.





## Independent Assurance Statement

Report No. 0317/BD/0003/JK

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

We were engaged by PT Perusahaan Gas Negara (Persero) Tbk ('PGN') to provide assurance in respect to its Sustainability Report 2016 ('the Report'). The assurance has been carried out by a multi-disciplined assurance team with a broad range of skills and depth of experience, thus providing a high level of competency for the assurance engagement.

### Independence

We were not involved in the preparation of any key part of the Report and carried out all assurance undertakings with independence and autonomy. We did not provide any services to PGN during 2016 that could conflict with the independence of assurance engagement.

### Assurance Standards

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

### Level of assurance and criteria used

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

### Scope of Assurance

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

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

### Responsibility

PGN is responsible for all information and claims contained in the Report, including established sustainability management targets, performance management, data collection and report preparation, etc. Our responsibility in performing this engagement is to the management of PGN only for the purposes of verifying its statements relating to its sustainability performance, more particularly as described in the agreed scope. Our responsibility is to express our conclusions in relation to the agreed scope.

### Methodology

We have assessed several assertions and specified data sets included in the report and the systems and processes used to manage and report these using the following methods:

- Reviewed report, internal policies, documentation, management and information systems
- Carried out interviews with staff involved in sustainability-related management and reporting
- Followed data trails to initial aggregated source and checked sample data to a greater depth during the engagement process.



## Limitations

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

## Conclusions

We have confirmed that the Report has been prepared in accordance with GRI Standards Core Option issued by the Global Reporting Initiative (GRI)

Findings and conclusions concerning adherence to the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness include:

### ▪ Inclusivity

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

We found PGN demonstrates a strong commitment to stakeholder inclusivity. PGN has an effective system in place for key stakeholders to participate in the development of the organization's response in the context of sustainability. This is demonstrated for instance, by conducting needs assessment surveys and materiality level survey to the key stakeholders group.

However, we recommend that PGN continues to improve stakeholder inclusivity systems and procedures on a regular basis to maintain their effectiveness.

### ▪ Materiality

An assessment has been made as to whether PGN has included in the Report the material information required by its stakeholders in order to enable them to make informed judgements, decisions and actions.

We found PGN has a strong process in place to determine material issues. Key material issues were adequately reported and were found to provide balanced information about PGN's sustainability performance. However, we recommend that PGN continues to conduct materiality test on a regular basis in future reports.

### ▪ Responsiveness

An assessment has been made as to whether PGN demonstrates that it responds to its stakeholders and is accountable to them.

PGN was found to be responsive to key stakeholder concerns and expectations. This was achieved through the organization's allocation of resources to stakeholder engagement, the timeliness and accessibility of reported information, and the types of communication mechanisms regularly employed.

However, we recommend that continues to improve stakeholder engagement procedures on a regular basis in future reports.

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

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

Jakarta, March 29, 2017

**James Kallman**  
President Director



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*We can rely on the skills of more than 33,400 professionals operating together in 97 countries, sharing the same values and sense of responsibility, whilst in Indonesia is served by Moore's Rowland, one of the leading sustainability assurance providers.*



### **Statement GRI Standards Core in Accordance Check**

The National Center for Sustainability Reporting (NCSR) has conducted a GRI Standards Core in Accordance Check on the PT Perusahaan Gas Negara (Persero) Tbk Sustainability Report 2016 ("Report"). The check communicates the extent to which the GRI Standards Core criteria has been applied in the Report. The check does not provide an opinion on the sustainability performance of the reporter or the quality of the information provided in the report.

We conclude that this Report has presented disclosures, in accordance with GRI Standards Core criteria.

Jakarta, 13 March 2017

**National Center for Sustainability Reporting**



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

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## FEEDBACK SHEET

We would like to thank you for taking your valuable time to read this Sustainability Report 2015. In an effort to improve the Sustainability Reporting the coming years, the PT Perusahaan Gas Negara (Persero) Tbk would like to ask you to kindly fill out this feedback sheet and send it back to us.

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

☐ Agree ☐ Don't Know ☐ Disagree

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

☐ Agree ☐ Don't Know ☐ Disagree

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

☐ Agree ☐ Don't Know ☐ Disagree

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

☐ Agree ☐ Don't Know ☐ Disagree

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

☐ Good ☐ Don't Know ☐ Dissatisfactory

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

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

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.....

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

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### Your Information

Full Name : .....

Institution/Company : .....

Email : .....

Identification of stakeholder groups (select one):

- Government • NGO • Industry
- Academic • Media • Public
- Other

.....

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## **2016 Sustainability Report**

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