

SUSTAINABLE GROWTH

SUSTAINABILITY
R E P O R T

2013

TABLE OF CONTENTS

Executive Summary

04	Message From The President Director
06	About MedcoEnergi
12	Sustainability Approach

1

2

MedcoEnergi Sustainability Report

16	About This Report
18	Business and Market
28	Human Resources
34	Corporate Social Responsibility
34	Stakeholder Engagement
38	Local Communities and Social Investment
45	Resettlement
46	Indigenous People
47	Grievance mechanism
49	Security Practices
52	Safety, Health and Environment (SHE)
52	Safe, Effective and Efficient Operations
54	Occupational Health and Safety
56	Process Safety
56	Climate Change and Energy
60	Water, Effluent and Waste
64	Biodiversity
65	Spills

Additional Information

68	Performance Data Summary
74	GRI Index and Disclosure Status
79	Acknowledgements

3

MedcoEnergi

The term "MedcoEnergi" in this 2013 Sustainability Report refers to PT Medco Energi International Tbk and all its subsidiary entities. MedcoEnergi focuses on the integrated energy sector, mainly oil and gas exploration and production.

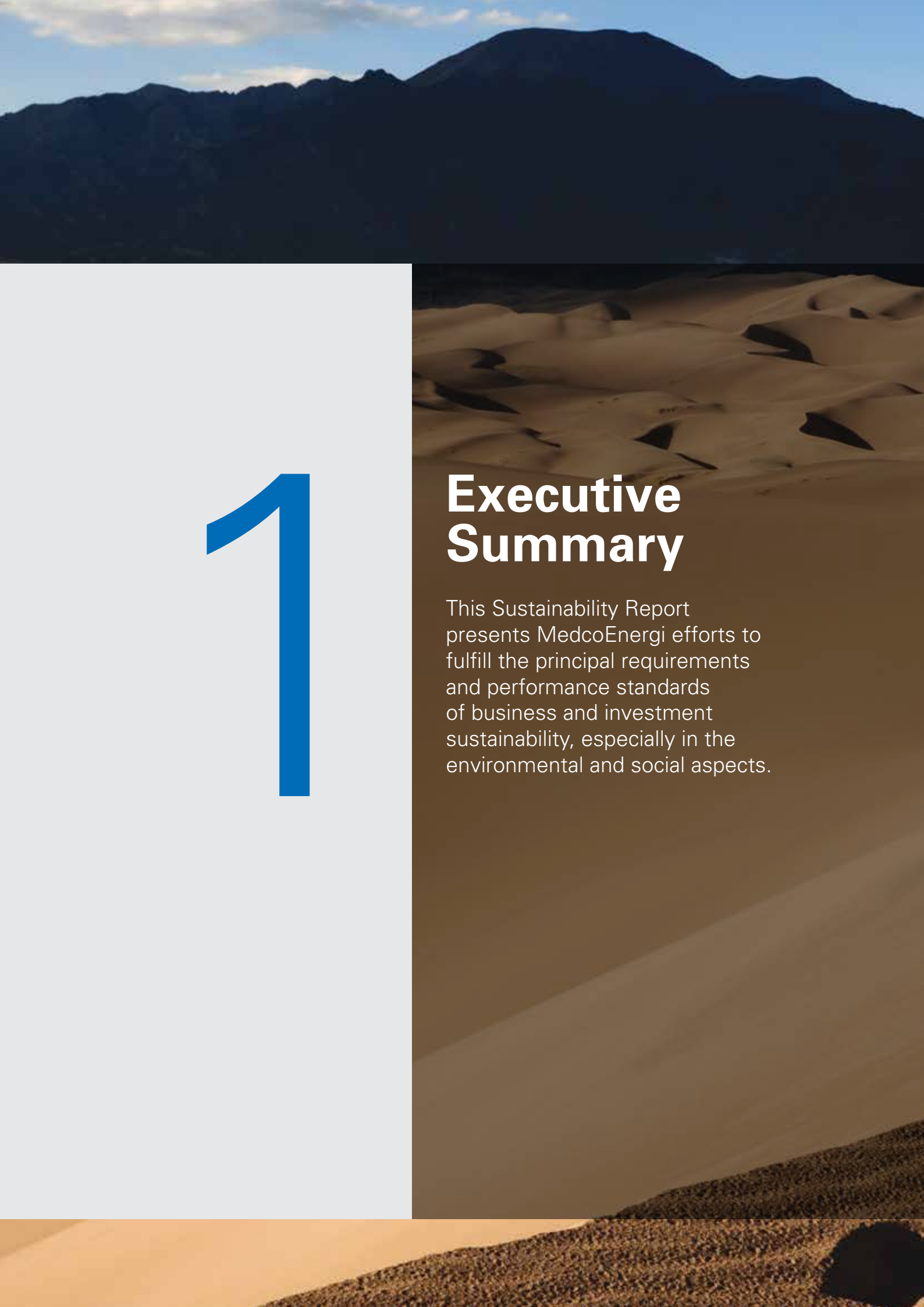
PT Medco Energi Internasional Tbk (the "Company") is the holding company which is regulated under Indonesian Law, registered on the Indonesian Stock Exchange and owns shares directly and/or indirectly in some of its subsidiary entities. A number of these subsidiary entities is established under Indonesian Law, whilst others are established under country laws of the United States of America, Republic of Singapore, Libya, and the Sultanate of Oman.

"We believe the growth of a sustainable business can be achieved by integrating the communities' interests in our business activities."



This Sustainability Report provides an overview of relevant data for the stakeholders with respect to the environment, people, and finance. By communicating MedcoEnergi's understanding and commitments, in terms of sustainability and business correlation, the stakeholders can comprehend how MedcoEnergi meets the Company values, measure and manage transformation as well as carry out improvements and innovation.

This Sustainability Report has been prepared by PT ERM Indonesia (ERM) to inform MedcoEnergi's 2013 Sustainability Report. The report outlines MedcoEnergi efforts in terms of business sustainability according to the GRI (Global Reporting Initiative) G4 Guidance.



1

Executive Summary

This Sustainability Report presents MedcoEnergi efforts to fulfill the principal requirements and performance standards of business and investment sustainability, especially in the environmental and social aspects.

01



Message From The
President Director

02



About
MedcoEnergi

03



Sustainability
Approach

Message From The President Director

01



"SUSTAINABLE GROWTH THROUGH INTEGRATING THE THREE PILLARS OF SUSTAINABLE DEVELOPMENT, PEOPLE, PLANET, AND PROFIT: MedcoEnergi's Vision to be the energy company of choice for all key stakeholders."

Lukman Mahfoedz
President Director & CEO

Our Vision is to be the energy company of choice for all our stakeholders, consistently delivering the world class competitive energy products and services.

MedcoEnergi's mission is to develop energy resource potentials into profitable investment portfolios with proper implementation. It is our task to bring this mission into realization. As a result we focus on environmental protection and preservation in addition to the implementation of effective and sustainable Corporate Social Responsibility (CSR) programs.

We are committed to providing energy for our society, seeking to double our oil and gas production rate by delivering successful major projects and acquisition, growing reserves both organically and inorganically,

whilst ensuring compliance with the highest Safety, Health and Environmental (SHE) standards.

Through the integration of our three pillars (People, Planet, and Profit) we are paving the direction of how we grow our business over future years through long term sustainable outcomes to generate greater benefits for our Company and stakeholders as well as for the communities located where we operate.

MedcoEnergi was founded in 1980 by Arifin Panigoro, one of Indonesia's leading oil and gas businessmen, as the first private national oil and gas drilling company. Within three decades, the Company has significantly grown and developed its business in the area of oil and gas Exploration and Production (E&P),

Liquefied Petroleum Gas (LPG) production, trading, high speed diesel storage and transportation, drilling and rig services, electrical power generation, gas transportation, and coal mining.

Since 2011, we have refocused the Company's core competencies in the E&P business. This has resulted in increased productivity in existing oil and gas assets, as well as the on-going development of new major projects.

We are continuing to seek new opportunities for the growth through acquisitions focusing on substantial production assets in Indonesia and overseas. Our aim is to acquire assets with a long life span potential and significant reserves that meet the required economic benefits. Currently we have expanded our footprint into Libya, Oman, United States of America, and Yemen.

Driven by the Company's Vision we have developed our company into one of Indonesia's business leaders in the energy sector. We are viewed as a company that complies beyond national regulations and have gained recognition as pioneers in adhering to the highest standards of Good Corporate Governance (GCG) and business ethics. We also prioritize SHE and the effective implementation of our CSR activities. In addition, in 2013, we established a new division (Integrated Social and Environmental Sustainability (ISES)) with the main goal of promoting the integration of our three sustainable development pillars.

MedcoEnergi has received several GCG awards since 2005 and is always striving for continuous improvement. All of our work is conducted in a professional, ethical, open and innovative way in accordance with our corporate values. These values are at the core of MedcoEnergi's corporate culture and sustainability efforts. For example we have implemented a policy whereby all employees are required to comply with our GCG principles and business ethics. Six years ago, MedcoEnergi introduced a 'whistle-blowing' system to support this policy. It is critical to our business that we monitor the implementation of our corporate values and provide assurance that our people are safe and secured in their work environment, thus minimizing occupational accidents, environmental impacts, and financial losses.

Throughout this Report, we describe our efforts, approach and improvements in managing our risks and challenges. By referring to the Global Reporting Initiative's (GRI) fourth generation (G4) Guidelines we are able to provide greater visibility to our stakeholders of the sustainability efforts across the Company.

Finally, on behalf of our Board of Directors, I would like to thank our stakeholders for their contributions to the growth of our business which is supporting MedcoEnergi's Vision of becoming the energy company of choice.

Warm greetings,

Lukman Mahfoedz
President Director & CEO

About MedcoEnergi

02



MedcoEnergi continues to focus its business on oil and gas E&P, capitalizing on three decades of core competences.

Strategy of MedcoEnergi for 2013 is to:

- Strengthen the business portfolio of production assets, including acquisitions;
- Increase the reserve life index through high-grade exploration activities;
- Complete all Major Projects as planned; and
- Accelerate the growth of other energy related assets (Non E&P) through strategic partnerships.

In 2013, MedcoEnergi achieved main E&P target despite the decline in oil production. This was largely the result of the return of two production assets, Lirik to the Indonesian government and Sembakung to Pertamina. Despite this MedcoEnergi has successfully maintained a natural production decline rate

for MedcoEnergi mature fields of 20- 30% per year to below 10% per year.

2013 Achievement Highlights:

Listed below are highlights of MedcoEnergi achievements and awards in 2013 covering operational, business, occupational health and safety, and environmental performance.

21
Jan

Contract renegotiation of GSPA (Gas Sale and Purchase Agreement) with PGN and Meppogen, increasing the gas price in the range of US\$6.5 - 7 / MMBTU.



7
Mar

Asset swap with Salamander Energy for the release of Bangkanai Block, in return for additional participating interests in the Simenggaris and Bengara Blocks.

25
Mar

Establishment of the Joint Operating Company "Nafusah Oil Operations" as the operator for the development of Area 47, Libya.

4
Apr

Signing of the Amendment ESC (Energy Supply Contract) and JOC (Joint Operating Contract) with PLN and PGE respectively, for the Sarulla geothermal project.

10
Jul

Received HSE Shield Award from PDO Shell for achieving six million man-hours without an accident for the Karim Small Fields operation in Oman.

31
Jul

Signing of the financing agreement for Senoro Upstream Project with Standard Chartered Bank, Bank Mandiri, ANZ and Natixis amounting to US\$260 million.

30
Sep

Drilling of Matang-1 in Block A and Bajul Besar in Simenggaris Block exploration wells, with successful discoveries of new gas reserves.

18
Nov

MEI (Medco Enhancement Initiatives) Project completed to enhance productivity, business process efficiency and cost effectiveness, including organisation restructuring.

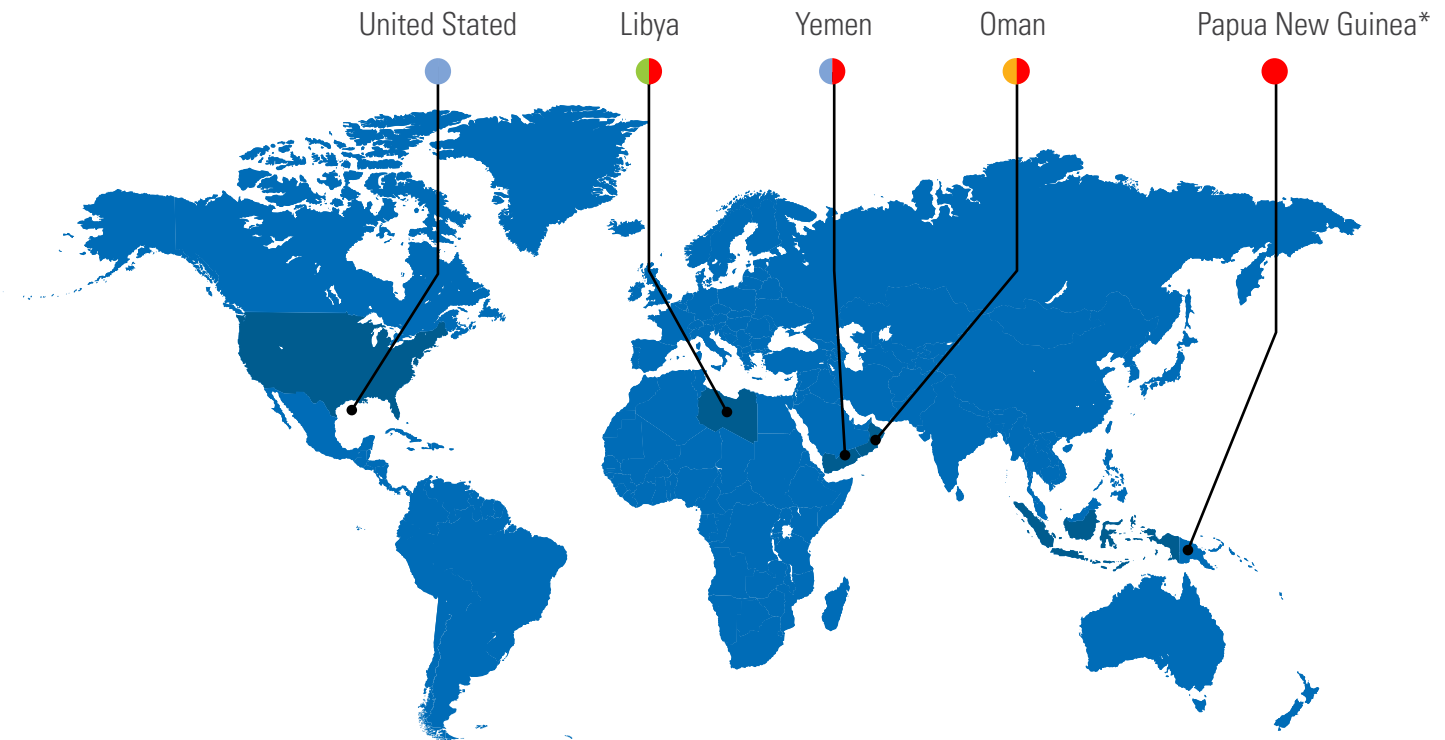
10
Dec

Received Gold PROPER rating for Rimau Block for the third consecutive time (2011, 2012 and 2013).

31
Dec

Production of 630,000 tons of coal, exceeding the target of 600,000 tons.

Operation Areas



● Exploration ● Service Contract ● Development ● Production ● CBM ● Economic Participation

Major Project Highlights:

1. Senoro Upstream

Monetising of proven and probable gas reserves of 2 Trillion Cubic Feet (TCF) by developing gas production facilities with a capacity of 310 Million Standard Cubic Feet (MMSCF) per day. As of year-end 2013, construction progress had reached 55%. Construction works and development well drilling continues in 2014. First gas supply is targeted for 4Q 2014.

2. Donggi Senoro LNG

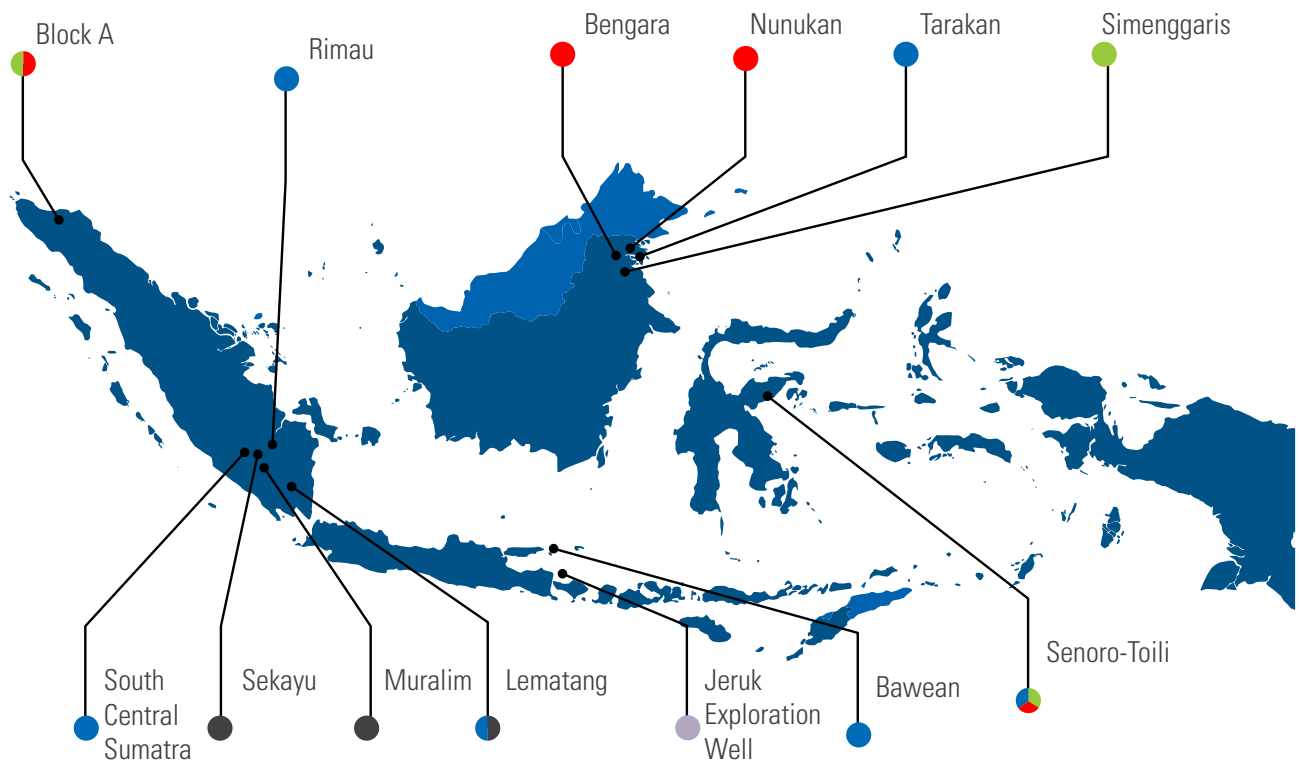
The construction work on the LNG plant with JGC Corporation as the main contractor commenced on 1 March 2011, by the end of 2013 construction was 96.3% complete. The plant construction is due to be completed by the end of 2014.

3. Block A

Monetising gas reserves by constructing gas production facilities with a capacity of 63 MMSCF per day of gas to supply to a fertilizer plant. The Company completed drilling of Matang – 1 exploratory well in May 2013. From the Matang – 1 well testing results, it is predicted that gas flow up to 25 MMSCF per day with a low H₂S content can be produced.

4. Simenggaris

The Company has completed the development of a gas production facility with a capacity of 30 MMSCF per day. The gas will be supplied to a power generating plant through a mini LNG project that will commence in 2014. The drilling of Bajul Besar exploratory well



has been successfully completed, resulting in a new gas reserve discovery.

5. **Rimau EOR (Enhanced Oil Recovery)**

Chemical injection into the EOR pilot project well has been performed since 2012 and has shown positive results in increasing oil production. The use of chemical injection EOR technology is targeted to uplift additional volumes of oil reserves to 64 MMBO. Discussions with the Government are on-going for incentives related to a full-scale EOR Rimau project development.

6. **Sarulla Geothermal**

Development of the geothermal power plant of 3 x 110 MW capacity in North Sumatra, representing the largest single contract of geothermal project in the world with the potential to be developed further up to 1,000 MW. The total investment cost amounts to US\$1.6 billion. Project financing totalling US\$1.2 billion has been secured

from JBIC (Japan Bank for International Cooperation), ADB (Asian Development Bank), and a consortium of commercial banks, the agreements of which were signed on 28 March 2014.

7. **Area 47, Libya**

MedcoEnergi formed a Joint Operating Company (Nafusah Oil Operations B.V), with the National Oil Corporation (NOC) Libya and Libyan Investment Authority (LIA) to develop Area 47. In 2013 Nafusah Oil Operations established the organisation as well as the expertise required for the project development. In addition, preparation works for Front End Engineering Design (FEED) have also commenced, with a targeted completion date and the selection of the Engineering, Procurement, and Construction (EPC) contractor in 2015.

List of Stakeholders

MedcoEnergi has worked with a variety of stakeholders throughout 2013 from contractors to government agencies. A summary is presented below.

Stakeholder Groups

Customers:

BP
Meppogen
Pertamina
Petro Diamond Company Ltd.
PLN Indralaya
PUSRI

Suppliers:

Halliburton
PT EON Chemicals Putra
PT Citra Tubindo
PT Tridaya Esa Pakarti
Schlumberger
Seamless Pipe Indonesia Jaya

Contractors:

Halliburton
PT Tripatra Engineering & Constructors
Samsung Engineering Company Ltd.
Schlumberger

Unions:

Labor Union of PT Medco E&P Indonesia
Labor Union of PT Medco Energi Internasional Tbk

Partners:

Pertamina
Puma Energy
Saratoga Power

Institutions:

Indonesia Mengajar
Institut Teknologi Bandung
Universitas Tadulako
Universitas Gajah Mada
Universitas Indonesia

Government:

Ministry of Energy and Mineral Resources
Ministry of Forestry
Ministry of Finance
Ministry of Environment
SKKMIGAS

Shareholders:

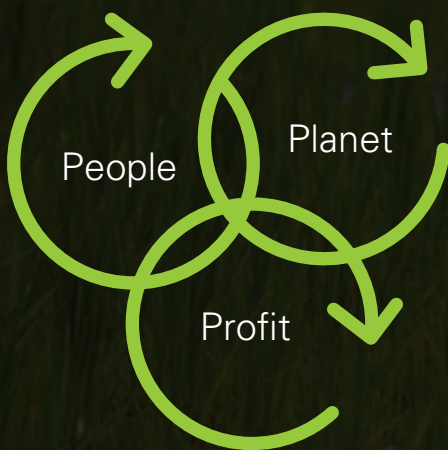
Credit Suisse Ag Sg Trust Account Client
Encore Energy Pte. Ltd
Mitsubishi Corporation
PT Prudential Life Assurance-Ref
Public



Drilling rigs operating in one exploration well in Area 47 Libya

Sustainability Approach

03



Throughout the history, MedcoEnergi believes that to be successful in business it is obliged to improve the quality of life of the communities in which MedcoEnergi operates and to protect the natural environment. MedcoEnergi believes that sustainable business development can be achieved by integrating community interests into key activities.

MedcoEnergi espouses the Triple Bottom Line principle of People, Planet, and Profit (community, environment and the economy) into all of business activities in the journey towards sustainable development.



In line with the Vision of MedcoEnergi to become the energy company of choice for the investors, shareholders, partners, and employees as well as for the greater public, MedcoEnergi will continue to ensure that its energy resources can be developed into a profitable investment portfolio responsibly. Thus providing competitive returns to the stakeholders.

MedcoEnergi's stakeholders are represented by People (community), where it is committed to protecting the interests of the stakeholders, especially employees, government, and communities. The highest standard of GCG and sustainable CSR programs are adopted to

protect these stakeholders. As a responsible company, MedcoEnergi always aims to preserve the Planet by minimizing impacts on the environment. As such the Company newly established ISES (Integrated Social and Environment Sustainability) Division is driving the Triple Bottom Line approach by integrating each of the sustainable business principles.

2

MedcoEnergi Sustainability Report

This Sustainability Report applies the GRI G4 standard, used by numerous international energy companies in their sustainability reporting.

01



About This Report

02



Business and Market

03



Human Resources

04



Corporate Social Responsibility

05



Safety, Health And Environment (SHE)

About This Report

01



This Report provides a summary of MedcoEnergi's sustainability policies, programs, and performance throughout 2013. Using the GRI's G4 Sustainability Reporting Guidelines, the Report provides a concise overview of the material aspects that have been identified as a priority for the stakeholders.

Reporting Period

This Report covers MedcoEnergi's annual performance for 2013, with some performance data for 2011 and 2012.

Materiality Assessment Result

MedcoEnergi stakeholders including employees, shareholders, suppliers, contractors, communities, government and customers, are engaged in the assessment process. Also a benchmarking exercise against the industry peers is undertaken.

Considering the above mentioned stakeholders, aspects are prioritized and chosen based on internal and external factors used as the assessment criterion.

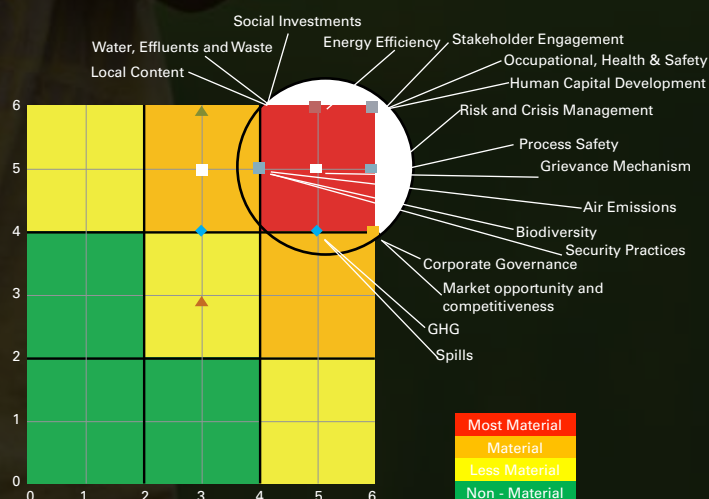
Calculation Approach

January to June 2013 data were used in the disclosure of the environmental performance data. This was due to the ongoing data collection and calculation process at the time of writing this Report. These data will be disclosed in 2014 Report.

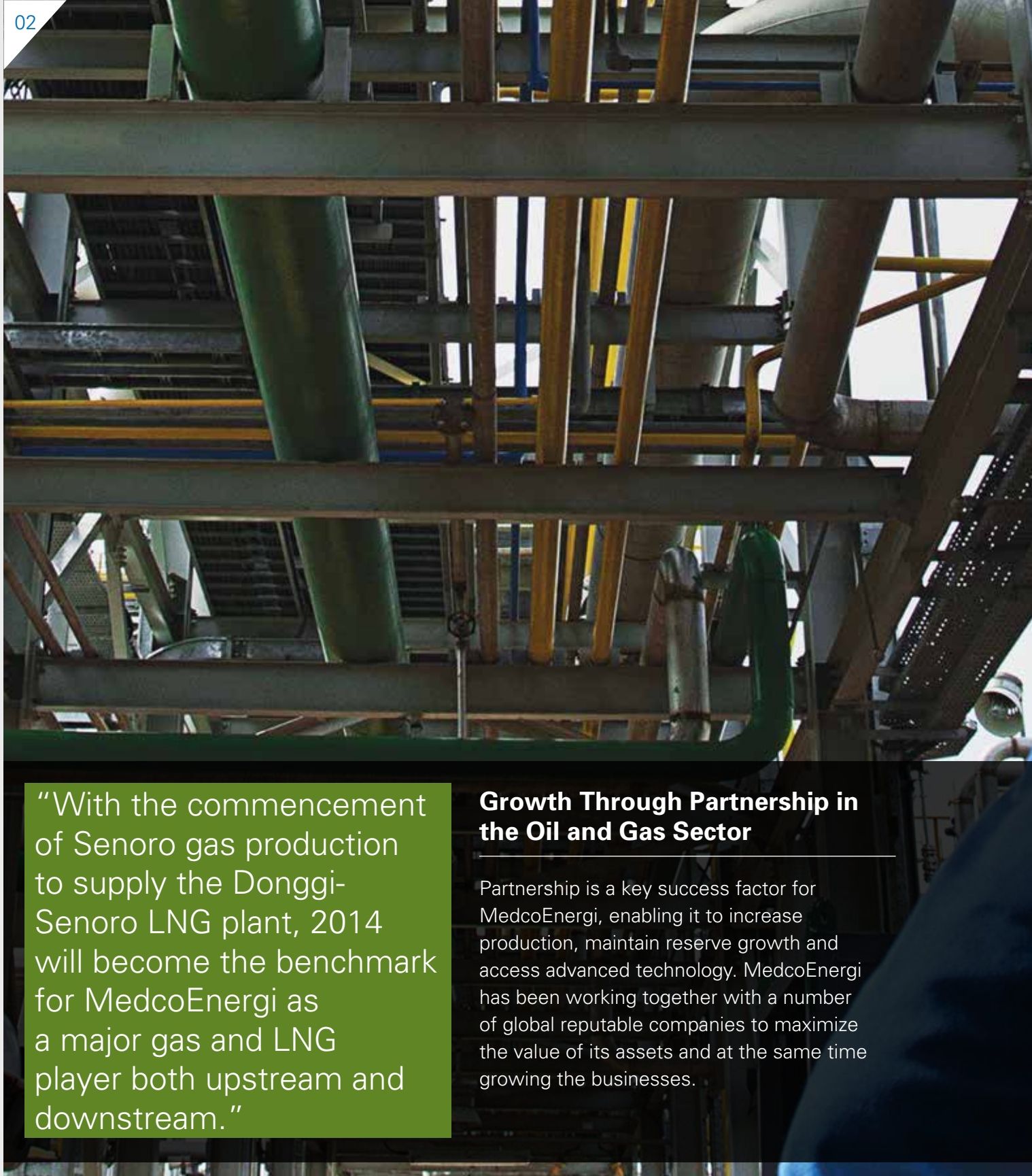
Scope and Boundary of the Report

All material aspects resulting from the materiality assessment are within the boundary of MedcoEnergi, except for the Security Practice where it uses an outsourcing company.

Hereafter the term MedcoEnergi represents the international business units and subsidiaries of PT. Medco E&P Indonesia (MEPI), PT. Medco Power Indonesia (MPI), and PT. Medco Energi Mining Internasional (MEMI), with additional information taken from the international operations.



02



"With the commencement of Senoro gas production to supply the Donggi-Senoro LNG plant, 2014 will become the benchmark for MedcoEnergi as a major gas and LNG player both upstream and downstream."

Growth Through Partnership in the Oil and Gas Sector

Partnership is a key success factor for MedcoEnergi, enabling it to increase production, maintain reserve growth and access advanced technology. MedcoEnergi has been working together with a number of global reputable companies to maximize the value of its assets and at the same time growing the businesses.



Over the last two decades, MedcoEnergi has successfully grown its E&P business and maintained reserves. It has also demonstrated its expertise in restraining declining production rates in mature fields as well as in operating its assets efficiently, both domestically and internationally.

Outside Indonesia, MedcoEnergi has expanded its business into countries such as Libya, Oman, Yemen, and the USA. These operations include exploration, development and production of crude oil and natural gas.

MEDCOENERGI
Oil & Gas

MedcoEnergi will also continue exploration activities, development of Major Projects and implementation of EOR technology in producing and mature assets, as well as the acquisition of new assets.

In addition MedcoEnergi is considering expansion of the exploration and production business into unconventional hydrocarbons, including coal bed methane (CBM), heavy oils and shale oil/gas in Indonesia. MedcoEnergi recognizes these types of exploration and development activities, particularly in challenging areas, require the application of sophisticated technology and massive capital investment. Therefore the involvement of experienced partners is key to materialize the objectives.

MedcoEnergi is confident that its history of successful performance combined with partnerships will enable MedcoEnergi to demonstrate a better performance thus maximizing value for the stakeholders in the near future.

Independent Power Producer & Power Services Provider

MedcoEnergi, in collaboration with PT Saratoga Power, established a power business, through PT Medco Power Indonesia (MPI), in December 2011.

MPI is developing renewable projects, comprising the Sarulla Geothermal Power Plant in North Sumatra and Ijen in East Java as well as mini-hydropower plants in West Java.

Plans for the development of the Sarulla Geothermal Power Plant Project to produce the world's largest single-contract of geothermal power of 3 x 110 Mega Watts (MW) are in place. In 2013, MPI, as the majority shareholder in partnership with Itochu, Ormat Technologies and Kyushu Electric, signed the Amendment to the Energy Supply Contract (ESC) and Joint Operating Contract (JOC).



The investment amounted to US\$1.6 billion, of which 80% is financed by JBIC together with the ADB and a consortium of commercial banks. The remaining 20% will be the paid-in capital of the project sponsors.

In East Java, MPI has commenced the preparation for exploring a geothermal power plant development activity of 2 x 55 MW in Ijen, following a successful geology and geophysics study.

MedcoEnergi, through MPI, is also operating a total of six gas-fired power plants in Batam and South Sumatra. The MPI's Independent Power Producer (IPP) in Batam utilizes various types of engines to ensure a continuous supply of electricity, including simple cycle, combined cycle engines and a truck mounted plant. Whereas in South Sumatra, MPI supplies electricity to the gas production facilities, with most of the electricity produced delivered to the local PT Perusahaan Listrik Negara (PLN) and surrounding communities.

The Indonesian state-owned electricity company, PLN, has recognized MPI's commitment and capability to supply electricity. PLN awarded MPI an operation and maintenance service contract for the 2 x 660 MW coal-fired power plants in Tanjung Jati,

Central Java, which commenced operation in 2006. The plant supplies 8% of the total electricity transmitted. MPI has succeeded in operating this plant while maintaining the highest SHE standards.

In 2013, MPI produced a total of 1,268 GigaWatt-hour (GWh) of electricity from six power plants in Batam and South Sumatra, a slight decline from 1,284 GWh of electricity produced in 2012. This was due to the adjustment in the utilization of electricity power produced by PLN Batam from the TM2500 power generator that is in operation in Batam.

Within the next four years, MPI is committed to developing nine power plant projects fueled by geothermal, mini hydropower, and natural gas with a total capacity of 590 MW and a capital expenditure of US\$1.3 billion.

MPI is currently developing a mini hydropower plant company (Pembangkit Listrik Tenaga Mini Hydro, PLTMH) in Cianjur and Sukabumi.

Diversifying Energy Sources

In 2009 MedcoEnergi began its coal mining business by acquiring two mining companies, PT Duta Tambang Sumber Alam (DTSA) and PT Duta Tambang Rekayasa (DTR). Both own mining business licenses (IUP) in Nunukan, North Kalimantan. The coal mining in Nunukan is capable of producing coal with a high calorific-value of 6,800 kilocalorie per kilogram air dry basis (kCal/kg adb). This is in line with the Vision, striving to maintain an environmentally friendly operation with good mining practices. Moving forward MedcoEnergi is aiming to grow its coal mining business, focusing on small to medium sized coal and saleable mineral mines and commodities. MedcoEnergi plans to do this by implementing joint venture schemes with existing IUP holders. In the long term

MedcoEnergi will seek opportunities to develop coal prospects using best available technologies.

MedcoEnergi's production target is 600,000 metric tons per year with initial production starting in the fourth quarter of 2012. In October 2012 MedcoEnergi successfully shipped its maiden coal sales to China. In 2013 the total coal production was 630,000 tons (5% above target), with total sales amounting to 525,342 tons at an average selling price of US\$ 81.8 per ton. In the coming years MedcoEnergi is aiming to discover more coal prospects as well as adding more coal mining portfolios from various regions in Indonesia.



One of MedcoEnergi's coal mining areas

1. Risk Factors from Core Business

The Company's core business is oil and gas E&P. The Company's main revenue source proceeds from the sale of oil and gas that are produced from fields managed by the company. Table II-1 summarizes the key risks as an oil and gas company and how the risks have been mitigated.

Risks	Mitigation
Risk of Declining Reserves	Enhancement of the technology for reserves mapping and its interpretation, certification by competent independent consultants, as well as the enhancement of human capital.
Exploration Risk	Carried out all the exploration stages carefully and prudently, from the initial study of geology and geophysics (G&G), seismic, determination of drilling point, cost estimation up to economic feasibility.
Development Risk	A Director of Development was appointed in 2011 to ensure the completion of major development projects according to schedule, techniques, and budget of respective projects.

Production Risk	Maintain the level of production and performing initiatives including maintaining reservoir pressure, the use of sand fracturing technique, drilling of infill wells, horizontal drilling and application of secondary recovery techniques with a high standard of SHE to maintain operational stability in MedcoEnergi fields. The Company utilizes advanced technology, such as EOR, with chemical additives to lift more oil, in addition to seeking opportunities to acquire producing assets.
-----------------	--

2. Risk Factors from Auxiliary Businesses

In addition to E&P business, MedcoEnergi also has interests in gas transportation, renewable energy, rig rental services, coal mining and power generation sectors.

The establishment of the Company's mining business has undergone a rigorous risk assessment. Following an extensive due diligence, the Company was convinced that the risks were commensurated with the amount of sales contracts that the business could generate. Other risk factors, such as physical damage to production equipment and other disruptions, can be adequately covered by the insurance.

MedcoEnergi also anticipates and mitigates risks associated with power generation, by having favorable clauses in the Power Sale Agreement, Gas Supply Agreement and Maintenance Contracts with PLN, gas suppliers and equipment manufacturers respectively, in addition to relying on insurance coverage.

3. Economic Business Risk (Impairment Risk)

Business income projection value carries a risk of inaccuracy in covering the expected cost and marginal value in the future. Continuous monitoring of performance and budget variance for each business unit, including monitoring realization of improvement /recovery initiatives and sustainable business, are performed as part of the Company's business strategy to mitigate these risks.

4. Risk Factors Related to Government Regulation/Policy, Legal and Regional Security

Risks that are related to Government Regulation/Policies could have a direct impact on oil and gas, power generation, mining, and renewable energy businesses. MedcoEnergi manages these risks by actively providing inputs to the Government in relation to legislation reforms and formulation of Government policies.

Other major legal risks include law suits and litigation related to partnerships with other parties and/or relations with local communities in which MedcoEnergi operates. Mitigation of that risks was through undertaking CSR programs that benefit local communities. This includes developing social empowerment, education, and infrastructure development programs.

Regional security risks where the Company operates are continuously monitored closely by improving Government

relationships and governance in high risk areas as well as performing effective CSR programs, engaging credible consultants and consulting with advisors. These efforts also include forming close ties with local companies and participating in social and informal inter-country friendship programs.

5. Risk Factors in Safety, Environment, and Natural Disasters

Environmental risks as a result of oil spills, gas blowouts and fires can result in potential damage to third parties in where the Company is liable for damages to properties and lives. Ways to reduce the possibility of these risks are sought by adhering to rigorous and fixed standard operating procedures (SOPs) as well as through adequate insurance coverages.

The safety and health of employees and contractors is the number one priority for the Company. It seeks to mitigate these risks by enforcing strict adherence to the SOPs, increasing awareness on safety issues (safety first) among personnel through training programs as well as providing guidelines and strong enforcement of these programs.

Given the locations of the operations which are spread across various geographical locations, MedcoEnergi is often subject to natural disasters such as tropical storms, hurricanes, earthquakes, tsunamis, floods, landslides, and other tragedies that may have an adverse impact on the operations.

To mitigate these risks, the Company strives to maintain safe access to energy resources when such risks occur. In addition, MedcoEnergi has appropriate insurance coverage against these types of risks whenever possible.

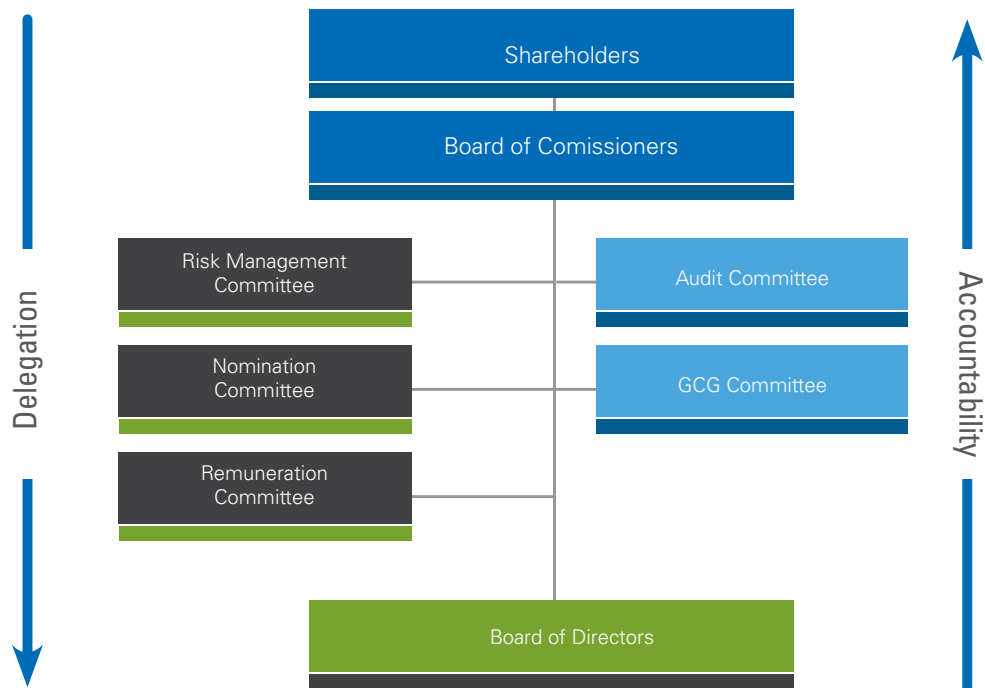
Implementation of Good Corporate Governance (GCG)

MedcoEnergi implements the principles of GCG pursuant to Law No. 40/2007 regarding the Limited Liability Company, Law No. 8/1995 regarding the Capital Market, the Company’s Articles of Association, the regulations of the Indonesian Capital Markets and Financial Institution Supervisory Agency (BAPEPAM-LK), the regulations of the Indonesia Stock

Exchange (IDX), the principles set forth by the Organization for Economic Cooperation and Development (OECD), the Indonesian GCG Guidelines and other pertinent regulations. The implementation of GCG is reviewed periodically and is an important aspect in annual evaluation of the Company's performance.

Board of Commissioners and Directors work within a clear framework that is described in the Company's Articles of Association which refers to GCG and Code of Conduct (CoC) guidelines. These stipulate the roles and responsibilities of both Boards, how they shall execute their functions and duties effectively, their interaction with each other and the main tasks of each board.

MedcoEnergi’s Governance Framework



GCG Committee

The GCG Committee was formed to assist the Board of Commissioners and Directors in strengthening and ensuring consistent implementation of GCG, CSR and good corporate values at all levels throughout the Company.

Duties and responsibilities of the GCG Committee include:

- Developing and recommending a set of GCG principles and standards and reviewing these periodically in terms of relevance to the present global and local conditions.
- Reviewing GCG policies periodically to ensure they are in line with the recommended GCG principles and standards as well as recommending adjustments/amendments/improvements on the GCG policies whenever necessary.
- Promoting consistent implementation of GCG practices in all business groups as well as monitoring the implementation consistently at the Board of Commissioners and Directors level and across Corporate and Business Entity employees.
- Evaluating any potential conflicts of interest or any other potential violations among the Directors, Commissioners and employees and providing recommendations to the Board of Commissioners on the resolution.

Realized Program of the GCG Committee

Throughout 2013, the GCG Committee realized its working program, which among other things included the review of several newly enacted regulations and their implications for the Company. One of which was to ensure that the GCG principles are implemented by monitoring the signing of GCG Adherence Form by all Commissioners, Directors, and employees by electronic means through the BPM (Business Process Management).

In addition to the signing of the GCG adherence form, the Committee also undertook a GCG socialization program at the Head Office and Subsidiary Entities. The aim is to increase the awareness of both internal and external stakeholders on the importance of GCG implementation.



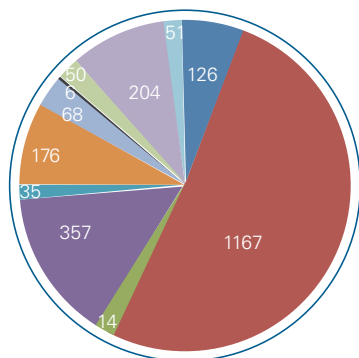
Good Corporate Governance Guidelines and Code of Conduct of MedcoEnergi

Human Resources

02



Number of Employee



■ MEI	■ MEPI	■ MDI	■ MEMI
■ MGI	■ EPI	■ SRB & MRB	■ USA
■ LIBYA	■ OMAN	■ YEMEN	

Human resources constitute the main triggering factor in achieving the Vision and Mission of MedcoEnergi to become a leading company in the global energy industry.

During 2013, MedcoEnergi employed around 1,943 people across its Indonesian operations. This was a slight reduction from 2012 due to significant changes in MedcoEnergi downstream business, namely the closure of the ethanol plant in August 2013. For international operations, the number of employees increased by 2% to 311 employees. Overall dynamics



in the number of employees is due to the organizational restructuring caused by the implementation of the Medco Enhancement Initiatives (MEI) Project. The Project aims to evaluate and implement a new business process to improve operating efficiency and supporting functions, to increase organizational and human resources productivity, as well as strengthen the global financial and operating performances.

Human Capital Development

People competency and engagement are crucial for MedcoEnergi's performance. Through strategic human capital initiatives, MedcoEnergi ensures that the right talent is attracted and that it motivates and retains the highest calibre of employees by enhancing skills and providing lifelong training. This begins at the recruitment process through to retirement.

Training needs are developed through Training Needs Plan (TNP) and Individual Training needs are developed through Training Needs Plan (TNP) and Individual Development Plans (IDP). Training covers a series of internal courses for technical disciplines, leadership (referring to Leadership Learning Curriculum), and safety. Also encourages employees to further develop their qualifications and skills through external public training domestically and overseas via Educational Refund Plan (ERP). MedcoEnergi also supports employees taking sabbaticals to continue their academic studies, as well as rotating roles between different business units.

Accelerated Development Programs

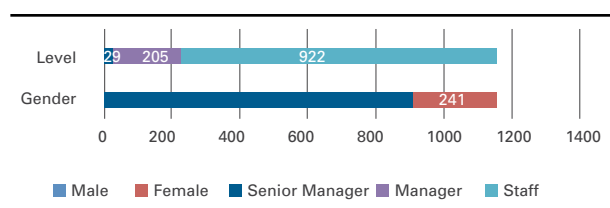
To ensure a sustainable supply of talent to fill the various key positions within the organization, a number of accelerated development programs have been implemented including the:

- Worker Accelerated Development Program;
- Leadership Competency Development Program;
- Technical Competency Development Program;
- International Assignments;
- International Graduate Engineers and Geoscientists Trainee (GEGT);
- Behavior Driven Performance, and
- One Working Organization.

Since the implementation in 2010, the number of participants on this accelerated development program has increased by nearly 90%, with 59 employees participating in 2013. Further details of these accelerated programs can be found in 2013 Annual Report.

Performance Management System

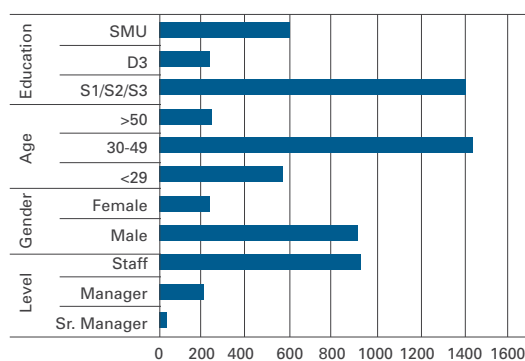
MedcoEnergi organizes, develops and rewards its employees so that they can continuously increase their competency, delivering their best performance. This has been done through performance management system that serves two purposes, business performance and employee development. In 2013, performance management system also incorporated behaviors as part of worker performance assessment. Behaviors, such as performance, teamwork and continuous improvement, will further contribute to sustainable employee performance.



Performance planning is required for all employees, except for those that are in the Graduate Engineer Trainee (GET), Driller Development Program (DDP), and Graduate Relations and Security Trainee (GREST) development or training programs. Performance objectives is evaluated based on timeline, quantity, quality and cost/value added as well as SHE factors that the employee has contributed to.

Diversity and Equal Opportunity

MedcoEnergi offers the same equal opportunities to every employee to work without discrimination based on ethnic group, skin color, religion, gender, age, marital status, or nationality. The recruitment process takes into consideration several factors that include among others professional competency, formation, compensation, training, promotion, assignment, dismissal, as well as other terms and conditions of work.



Non-discrimination policy is aligned with GCG principles since 2004. Every employee, regardless of gender, ethnicity, religion, education or experience, is given the same opportunity to perform and develop their skills. MedcoEnergi's whistleblowing system assists in monitoring any unacceptable behaviors deemed non-compliant with company behavioral guidelines.

Local Content

What is the main challenge that Medco is facing on human resources?

We operate in areas with communities from diverse ethnicities, cultures and backgrounds. To maximize the benefits of having such a diverse range of neighboring stakeholders we have strengthened our strategy towards community relations and CSR by hiring experienced people in these areas to develop and guide our approach.

- Hilmi Panigoro, President Commissioner

To support employee diversity aspirations and Vision, MedcoEnergi also employs local people (directly or via contractors) where it operates. MedcoEnergi believes this is essential in the business growth.

In Indonesia (MEI and MEPI) 97% of local people hold a senior managerial level position (Senior Management, Division Head and Department Head).

The hiring practice of local communities as part of workforce is well implemented across all business units and assets. This is being performed, not only in Indonesia, but across our assets internationally. This is reflected by our international GEGT program (Graduate Engineers and Geoscientists Trainee). Currently MedcoEnergi has hired 14 employees from Oman and 2 from Yemen working as engineers, geologists and geoscientists who have participated in this program. After 8 months of training in Jakarta the participants are expected to work in the Company's operational areas in Oman, Libya, or Yemen.

When procuring goods locally, MedcoEnergi ensures quality through the provision of training to local suppliers. In 2013, approximately 75% of overall materials and 80% of services were purchased from local suppliers.

Retirement Assistance Program

Recognizing the contributions and loyalty that each employee has given to support the growth of MedcoEnergi, it has designed assistance programs for employees who will retire or be retrenched. These programs (pre-retirement planning and transitioning to a non-working life, retraining, and severance pay) aim to support and assist employees in managing their career endings and in continuing their life after MedcoEnergi.

The International Graduate Engineers and Geoscientist Trainee (GEGT) participants from Oman and Yemen participating in the training program at MedcoEnergi's office in Jakarta.





02



Stakeholder Engagement

It is MedcoEnergi's commitment to continuously implement the principles of GCG, one of which is to protect the interests of the stakeholders. Therefore, stakeholder engagement is an essential part of the business strategy.

MedcoEnergi believes that sustainable business growth can only be achieved by integrating the needs of the communities into the key business activities. Therefore, as a good corporate citizen, MedcoEnergi recognizes the importance of fostering strong relations with local communities and providing the added values in the Company's activities wherever it operates.

The assessment of social impacts undertaken for all of MedcoEnergi projects throughout Indonesia, has identified the change of stakeholder perceptions and disturbance to social conditions as key non-technical risks for the operations.

Accordingly, the identification of project stakeholders and their concerns has been undertaken as part of 2013 development planning. This is in recognition that having effective relationships with the stakeholders is not only helping the Company addresses critical social, economic, and environmental challenges, but also enhancing business benefits. As such, MedcoEnergi considers the commitment to conduct stakeholder



engagement in every project as a high priority.

In 2013, PT Medco E&P Indonesia (MEPI) worked closely with a number of local universities to prepare a Public Consultation and Disclosure Plan (PCDP), in accordance with the IFC's 2012 Performance Standards, for the Senoro Upstream Gas Development and Tiaka Oil Field Project in Central Sulawesi. This has included undertaking a comprehensive stakeholder assessment and developing a stakeholder engagement plan.

The PCDP will provide a basis guidance to engage and communicate with the

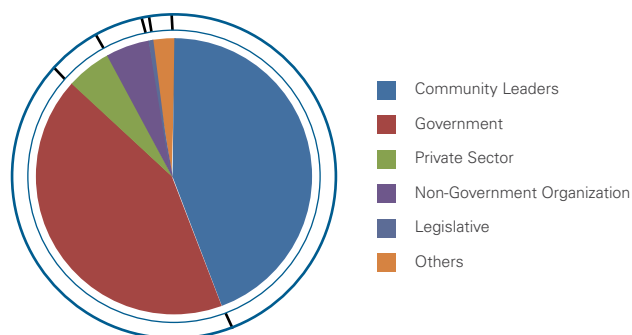
stakeholders in an effective and timely manner. Through its implementation MedcoEnergi is committed to genuinely seeking to understand the stakeholders' concerns and to address them in project planning and implementation. MedcoEnergi is also committed to providing the stakeholders with clear, accessible, and relevant information on activities.

Stakeholder assessments for both projects were conducted through a range of group discussions and in-depth interviews with a variety of stakeholders. This process

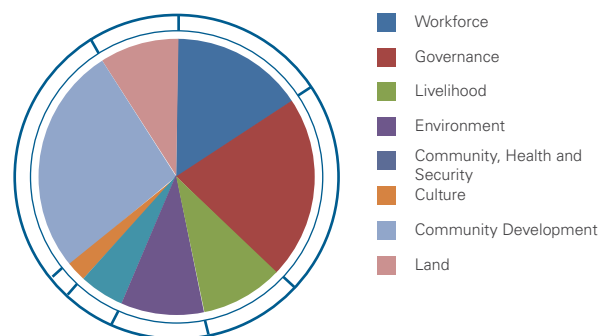
enabled the Company to identify its key stakeholders, their concerns and interests, and how it should engage with them.

The assessment of stakeholders for both projects has become a priority to enable to support community development and

Stakeholder Groups



Stakeholder Concerns and Interests



enhance local employment opportunities, both of which are current focus of the Company.

MedcoEnergi's goal is to understand the expectations, priorities and concerns of stakeholders who may be affected by activities and who in turn may affect.

MedcoEnergi aims to interact and openly communicate with its stakeholders to identify opportunities that will in turn improve the business operations as well as strengthen social license to operate.

Stakeholders and Engagement Approach	Engagement Plan
GOVERNMENT Consultation and Collaboration	• Collaboration with relevant government agencies to strengthen the development of policy and regulation on CSR. • Consultation and collaboration with relevant government agencies with regards to mitigation of environmental, social and health impacts. • Consultation with relevant government agencies to strengthen the labor recruitment and retrenchment mechanism. • Close collaboration with government agencies to develop an influx management plan.
LEGISLATIVE Consultation and Information Disclosure	• Consultation with the special committee of local parliament (DPRD) to strengthen the development of policy and regulation on CSR.
OTHER PRIVATE SECTORS Collaboration	• Collaboration for delivering community development and empowerment programs. • Partnerships to enable the development and empowerment of local economic clusters.

NON-GOVERNMENT ORGANIZATION Collaboration and Information Disclosure	• Disseminate information on environmental, social and health impacts of the project • Collaboration to conduct mitigation on environmental, social and health impacts. • Disseminate information on the labor recruitment and retrenchment mechanism.
COMMUNITY LEADERS Consultation and Information Disclosure	• Disseminate information on environmental, social and health impacts of the project • Disseminate information on community development and empowerment program. • Disseminate information on project design, construction plan and operational activities. • Consultation on cultural heritage preservation framework and action plan • Consultation and disseminate information on the labor recruitment and retrenchment mechanism.
OTHER COMMUNITY GROUPS Empowerment and Information Disclosure	• Disseminate information on environmental, social and health impacts of the project. • Deliver community development program for affected communities. • Deliver community empowerment program on livelihood improvement and local business development • Disseminate information on project design, construction plan and operational activities. • Disseminate information on land liberation and acquisition process and procedure. • Disseminate information on labor recruitment and retrenchment mechanism.

A similar approach has been undertaken by the mining business unit, PT Medco Energi Mining Internasional (MEMI). MEMI through its main project PT Duta Tambang Rekayasa (DTR) in the Nunukan Regency, North Kalimantan, has collaborated with the local government and other private companies within the regency to implement a community development program through a CSR Forum. Through this forum, DTR has been able to align its social and economic program with the government's existing community development program. This approach was determined based on a stakeholder mapping exercise which was previously undertaken. The exercise identified the following categories of key stakeholders to be engaged by the project when implementing its community development program:

- Local government;
- Youth organizations;
- Local vocational high school founder and head master;
- Community based organizations; and
- Village economic institutions i.e. cooperatives (Koperasi Unit Desa – KUD).

Additionally, clear commitment to engage with key stakeholders is shown by internally providing dedicated resources to manage the implementation of stakeholder engagement across MedcoEnergi projects. Overseeing and monitoring of stakeholder engagement activities will be conducted through regular reporting by a designated project team, where responsibility includes the distribution of the internal monitoring reports as a basis for lessons learnt.

Local Communities and Social Investment

MedcoEnergi believes the sustainable business growth can only be achieved by integrating the interest of community into key business activities. One way of doing this is through CSR strategy. Moreover, CSR is viewed as helping MedcoEnergi to obtain its license to operate in the regions where it operates. MedcoEnergi will continue its commitment to implement this strategic plan, empowering local communities and laying the foundations for accelerated sustainable development in the communities where MedcoEnergi operates.

The implementation of CSR program also aligns with the commitment to manage the potential significant environment and social impacts of MedcoEnergi operations as identified through the Environmental and Social Impact Assessments (ESIA) the Company has conducted between 2011 and 2013 for a range of E&P projects. The project assessed in 2013 with potentially significant impacts was the Senoro Upstream Gas Development Project. The ESIA for the project was undertaken to meet international standards for investment purposes. The report identified a number of potentially significant impacts:

- Noise and vibration;
- Community unrest due to land acquisition;
- Community unrest as a result of construction demobilization; and
- Cultural heritage disturbance/damage.

Accordingly, the ESIA recommended a range of specific social management plans and procedures to manage these potential impacts, including developing and implementing a PCDP, community development plan, contractual workers decommissioning plan, community health and safety plan, and community emergency response plan. In developing these plans, MedcoEnergi expects them to meet the majority of the community priority needs.

In addition to ESIA, MedcoEnergi conducts social mapping study as a basis for identifying appropriate community needs and designing fit for purpose community development programs. The results of social mapping are then integrated into strategic plan for community development which defines mid-term strategy for CSR. The program consists of four key categories:

- Social investment;
- Social-environmental programs;
- Local economic development; and
- Improvement of community access to public infrastructure.

“Social mapping should be done properly before we start to develop a project. This is the basis for our community programs. In addition, it is important for us to be able to build mutual relationships with our communities as they also need the business for their growth through local project employment and economic development.”

- Hilmi Panigoro – President Commissioner

Social Investment

In 2013, MedcoEnergi strategy aims at social investment programs that enhance skills, technology, education, health care and community development. This investment is expected to be the basis for social capital for future human resources development in areas surrounding the operations, mostly support is provided via in-kind support. Increased social cohesion through community development is also expected to strengthen social solidarity that will serve as a stronger bond for an improved social stability.



In education, MedcoEnergi actively contributed to improving the nation's learning ability. MedcoEnergi established a mobile Community Awareness Centre as a learning center for school age children in the areas where it operates.



Elementary school at the Kintom Village, Banggai, with just a single classroom.



The same elementary school at the Kintom Village, Banggai, now with three classrooms and one praying room.

Social Investment Program

- The development of the smart home, car and motorcycle in the city of Tarakan, North Kalimantan Province, Pelalawan Regency, Riau Province, and the Musi Regency, South Sumatra Province.



SRI Organic Planting



Elucidation to Farmers by the Company



Groundbreaking East Aceh General Hospital Funded by MedcoEnergi and Partners

- Training for enhancing the quality of teachers, introduction to raising and communicating with children, and early childhood education in the Pelalawan Regency and Indragiri Hulu, Riau Province, and the Muara Enim Regency, South Sumatra Province.
- Supporting Indonesia Mengajar Program through funding of young teachers who are assigned to various remote areas of Indonesia for a 12 month period.
- Providing scholarships in cooperation with the Indonesian Yayasan Rumah Zakat Foundation for 70 elementary school students located near the Rimau Block areas in the Musi Banyuasin and Banyuasin regencies, and six students from the Aliyah Agriculture Madrasah of the Darul Fallah Pesantren within the SCS Block areas in the Musi Rawas Regency, South Sumatra Province.

Hospital in Aceh

The existing general hospital in Aceh Province has been constructed by MedcoEnergi. The groundbreaking development was commissioned directly by the Aceh Governor, Irwandi Yusuf, supported by East Aceh religion leaders, the East Aceh Regent, Muslim Hasballah, and MedcoEnergi's CEO, Lukman Mahfoedz and witnessed by guests on Wednesday, 30 Nov 2011 at East Aceh General Hospital (Rumah Sakit Umum Aceh Timur) construction site in East Idi District.

According to Lukman Mahfoedz, it is part of MedcoEnergi and its partners (Premier Oil and Japex) commitments to prioritize the interest of the local community, not only to fulfill the requirement of Indonesian Regulation No. 40 year 2007 but to meet the needs of the local community. The very urgent need of the community in East Aceh and Aceh people in general was the provision of a public health facility which aligns with the Vision, Mission, and Values.

The role of the hospital for public health care is very important in providing public health solutions. The hospital, categorized as a Regional General Hospital with international standards, is expected to greatly benefit the community by providing optimal services to the people.

Social-Environmental Program

In the effort to support sustainable development, MedcoEnergi intensified the introduction and development of renewable energy and the revegetation of the environment to community surrounding the operating areas. Most of these programs are provided to communities as in-kind support to improve their economic condition.

Through E&P business unit, MedcoEnergi succeeded in implementing an agricultural program of organic rice cultivation called Organic SRI. This program won recognition from the Millennium Development Goals (MDGs) Award of 2010 with a Certificate of Recognition for being one of the best corporate initiatives for environmental conservation and sustainability.

To enable the development program to meet the community needs, as well as to maintain its sustainability, MedcoEnergi always involves community representatives throughout all the stages of the program implementation.

For Rimau Project, South Sumatra Province, MedcoEnergi involved the community early in identifying their own needs. The result of such identification is then disclosed and consulted widely with the community in a number of public meetings. During the planning stage of

the Organic SRI Program, the public meetings were conducted for the following purposes: (i) validate information from the social mapping study (ii) gather further technical information which was required to support the program implementation and (iii) discuss the program goals, objectives, and expected outcome.



Recycling Paper made by local communities



Products Made from Recycling Paper

By conducting public meetings, local community was empowered to determine and implement the most suitable development program for themselves. This was considered essential for the communities' empowerment. Both women and men were involved in the meetings and received training to build their understanding on the Organic SRI program.

For Rimau project, MedcoEnergi has implemented a paper waste management program which collaborate with the Project's environmental management program. The program was implemented through cooperation with several local youth groups (Karang Taruna) in Lais. This program not only creates benefits for local entrepreneurs but also is deemed environmental friendly by minimizing and recycling used-paper.

Social-Environmental Program

- Training for future public health practitioners, information on the culture of healthy living as well as training for the cultivation and use of holistic medicinal plants in the Banyuasin Regency, South Sumatra Province and Tarakan City, North Kalimantan Province.
- Introduction and training of rice cultivation techniques via the Organic SRI method that has been developed since 2009 by 315 farmers in the East Aceh Regency, Aceh Province, Indragiri Hulu and Pelalawan, Riau Province, Musi Rawas Muara Enim and Banyuasin regencies – South Sumatra Province, Tarakan City and Nunukan Regency, North Kalimantan Province.
- Introduction and training on organic rubber cultivation using a technique developed in 2011 in cooperation with the Sembawa Research Unit of the Plantation Office Musi Rawas Regency. A total of 147 rubber farmers participated from the Musi Rawas Regency, South Sumatra Province.



Collaborative working with local communities



Solar electricity panel utilized by the local communities

- Strengthening social cohesion through basic organizational training and facilitating via the organic rubber cultivation farmers' network in the Musi Rawas Regency, the fish farmers group in Tarakan City, North Kalimantan Province, the Family Welfare Cooperatives as a vehicle for the organic SRI rice farmers and the Herbal Plant Cultivation Cooperatives in Banyuasin Regency, South Sumatra Province.
- Biogas by harnessing it from cow manure in the surrounding areas of the Kampar Block operations in the Indragiri Hulu Regency, Riau Province. Since 2012 MedcoEnergi has installed biogas facilities in five villages. The biogas program is integrated with the organic vegetable cultivation program in home backyards.
- The use of backyards for the cultivation of organic vegetables by village housewives represents the efforts to promote greening the environment with an activity that offers economic value add. This cultivation program was first introduced in areas surrounding the Kampar Block operations and has helped supplement the basic needs of families, developing new livelihoods for 22 groups of housewives in the Indragiri Hulu and Pelelawan regencies of the Riau Province.
- In June 2013 the Company planted 1, 000 trees in the Gede Pangrango Mountain National park (TNGGP), Cipanas, West Java. The purpose was to improve the ecosystem in the TNGGP by reducing carbon emissions and supporting the government's effort to green the environment.

Facilitating Economic Development

In line with MedcoEnergi's commitment to promote local economic sustainable development, the Company continued the Micro, Small and Medium-size Enterprise (MSME) development programs focusing on female groups in the Banyuasin, Musi Rawas and Muara Enim Regencies of South Sumatra Province. MedcoEnergi's economic development program aimed at improving community access to capital resources, with support mostly in the form of financial support.

Local Economic Development Program

- Entrepreneurship training on developing livelihood skills, access to capital and markets.
- Financial assistance for housewives micro businesses provided in the form of micro-finance in cooperation with the National Program on the Empowerment of Independent Villagers (Program Nasional Pemberdayaan Mandiri, PNPM-Pedesaan) in the Musi Rawa Regency, South Sumatra Province. The assistance is given through the Women's Loans and Savings Program (Program Simpan Pinjam Perempuan, SPP).

Improving Community Access to Public Infrastructure

As part of the efforts to support the accelerated sustainable welfare development of the community surrounding operations, the Company contributed extensively to the repair and construction of social and physical public infrastructure. Physical infrastructure comprised roads, clean water facilities and dams. The Company also improved access to electricity. In 2013, the Company commenced operations for the IDR 3 billion investment in a

gas-fired power generating plant in the South Sumatra Block, Musi Rawas Regency – South Sumatra Province. The gas-fired power plant monetizes gas flaring of 11.3 MMSCF per day from one of the gas production stations producing electricity of 175 kW that can be used to light 195 homes with a capacity of 900W per house.

Coal Mining

The coal mining business unit, PT Medco Energi Mining Indonesia, implements the following CSR activities:

- Social: responding to community needs through donations e.g. for Indonesia Independence Day in August, as well as contributing to community religious, youth, and environmental activities. This included the breaking of fast during Ramadan and donations for Idul Adha celebrations, and reforestation;
- Education: providing assistance for Simenggaris vocation school;
- Health: collaborating with local community health centers; and
- Economic: supporting the development of a local cooperative for palm oil farmers.

MedcoEnergi International

MedcoEnergi's commitment for CSR has also applied to international business unit. The following activities were implemented during 2013:

- MedcoEnergi cooperated with the Ministry of National and Culture Education of the Republic of Indonesia to provide financial support for 26 Indonesian students who had previously studied in Libya. Their study was disrupted due to the political turmoil in Libya, therefore the Company worked with the government to move them to Tunisia to continue with their study.

- In Libya, the Company also provided assistance to renovate cemeteries and houses of worship by providing garbage trucks and office equipment. The Company collaborates with the Local Council of Nalut to provide fencing around the grave yard in Nalut town and built a praying hall next to the cemetery.
- In Yemen MedcoEnergi donated computer equipment for education activities in Hadramaut.
- In Oman, the Company helped build the supporting facilities of a mosque.

Program Monitoring and Reporting

To maintain the sustainability of community development programs, the Company has established a set of key performance indicators to be used as basis for program monitoring and evaluation. This was included within the Strategic Plan for Community Development of MedcoEnergi and implementation reported both internally and externally on an annual basis.

Accordingly, a dedicated team who would manage the implementation of community programs was identified, coordinated by the ISES Department.

Sector	Program	Key Performance Indicator
Economics	- Catfish aquaculture - Development Cooperatives	- The formation of economic community - Increased income for members and community - Increase in number of community members - Network and marketing of products
Environment	- Recycling Paper - Organic Agricultural (SRI)	- Increased income - Improved environmental quality - Reduced unemployment
Social and Public Facilities	- Smart Gazebo program - Solar Power	- Formation of community - Reduced crime and unemployment - Linked relationship between the community, government and company - Provision of solar power - Pilot program training conducted
Education and culture	- Scholarship program - Development of football school	- Reduced number of dropouts - Assistance community group - Increased grantee and student achievement - Increased workers as foster parents
Health	- Heading empowerment (POSDAYA) Program - Medicine and vegetable organic farming	- Decreased number of patients with disease - Establishment of a healthy community - Increased income - Increased community skills - Increased knowledge of health: midwives, community and health agencies (Cadre)



Rimau Project Strategic Plan for Community Development 2009 – 2013

Resettlement

MedcoEnergi often requires land to build its facilities in the areas where it operates. The E&P business unit has established a SOP on Land Procurement and Compensation Payments which is followed by all projects involved in land acquisition. This is developed in accordance with SKKMigas Regulation No.027/PTK/XII/2007 regarding Land Acquisition for Upstream Oil and Gas Activities. The procedure requires compensation for the affected asset to be paid based on the agreed negotiation with the asset or land owner. Between 2011 and 2013, Rimau, South Sumatera, and Tarakan Projects have acquired land, compensating land owners in accordance with this procedure. None of these projects involved physical resettlement.

Total Affected Land Area under E&P Business Unit, 2011 – 2013

No	Asset	Resettlement Year		
		2011 (m ²)	2012 (m ²)	2013 (m ²)
1	Rimau	151,249.4	33,554	86,017.59
2	South Sumatera	70,638.6	32,135.6	137,125.45
3	Tarakan	39,534.43	12,510.06	23,550.98

Larger land area is acquired for Senoro Upstream Gas Development Project. The land acquisition process for the Project commenced in 2007 and was completed in 2013. A total of 235.5 ha of land in the Banggai Regency, Central Sulawesi Province was acquired affecting 300 landowners.

The Senoro Project has committed to providing a range of supplemental action plans to mitigate the potentially significant social impacts of the Project. To comply with the International Finance Corporation's Performance Standard 5 (IFC PS5) regarding land acquisition and involuntary resettlement, MedcoEnergi conducted a land acquisition audit which resulted in a corrective action plan being developed.

Proposed Land Acquisition Corrective Action Plan

- Review compensation provided to date to determine fairness, consistency and accuracy of payments. Apply additional compensation to affected households deemed to have been insufficiently compensated;
- Establish a continuance process for community engagement to improve Project relations with the affected people;
- Enhance the Grievance Mechanism and communicate it more effectively to the community; and
- Increase baseline understanding on the affected people as basis for monitoring.



The Sarulla Geothermal Power Plant Project, operated by a joint venture of Sarulla Operations Limited (SOL), in which Medco Power Indonesia is one of the partners, also acquires land in the North Tapanuli Regency, North Sumatera Province. The Project compensated around 177 land owners/users.

SOL has been committed to implementing a livelihood restoration program which will adopt a broader concept of livelihood restoration than that required by local or national legislation. It will promote both income restoration and the social development processes supporting impacted landowners and users to maintain or where possible improve their income levels over time.

SOL Project Livelihood Restoration Principles:

- The Project will play a lead role in implementing the livelihood restoration strategy for impacted households through planning, financing, implementation and monitoring. Planning will require close coordination with the government with respect to its development priorities, training, infrastructure and service provision.

It will also require an understanding of regional economic conditions and the market for goods, services and labor which will provide opportunities for the impacted households' business development and employment.

- The Project will be able to provide long-term employment opportunities for only a small proportion of impacted households. Therefore SOL has developed a draft Recruitment Plan to ensure the optimization of local communities in the Project.
- The Project will, however, provide a greater number of short-term employment opportunities during construction. It will also promote broader economic development in the region, which is expected to create increased demand for goods and services.

Indigenous People

MedcoEnergi recognizes and respects the choice of indigenous people and community to live as distinct people, preserving their culture and relationships. This acknowledgement and tribute to culture is very important. Consequently when the operations nearly implicate indigenous people or community, the Company seeks to partner and engage with them to reduce negative aspects of the operations and maximize social and economic benefits.

The Sarulla Project will operate within an area where the Batak Toba and Batak Karo reside. Both groups are considered as indigenous under the ADB's 2009 Safeguard Policy as they have a strong collective attachment

to land of their ancestors, have their own distinct language different from the national language, have their own distinct customs and traditions which they continue to display and are identified by others as distinct ethnic groups. The key impact on the Batak groups, identified by SOL, was a loss of land resulting in potential limitations when practicing their traditional customs.

To manage this impact, MPI and SOL developed an Indigenous People Plan (IPP) with the aim of maximizing Project benefits for the Batak groups. The IPP provides guidance to ensure that the Project design and implementation fosters full respect for the indigenous peoples' identity, dignity, human rights, livelihood systems, and uniqueness as defined by the Batak peoples themselves. The following program activities will be provided for the affected Batak communities:

- Community development;
- Improvements to education services and facilities;
- Agriculture and livelihood restoration;
- Provision of health services and facilities;
- Support for local infrastructure development; and
- Provision of employment opportunities for local workers.

To ensure the effectiveness of the program's performance, SOL has established a monitoring and performance management system comprising internal and external monitoring. This is integrated, as part of IPP.

Grievance Mechanism

The aim of this mechanism is to ensure MedcoEnergi is a safe, fair, and honest place to work. Fraud, dishonesty, harassment, unethical behavior and safety hazards will have a negative effect on the workplace. Therefore MedcoEnergi believes by reporting misconduct, it can help to ensure that people are safe and secure in the working environment whilst also helping to save costs by eliminating theft, fraud and dishonesty.

To strengthen the implementation of GCG principles and internal control systems, MedcoEnergi has launched a whistleblowing system since 2008. This system has enabled the reporter to submit a written report to the Company in a confidential and safe manner.

A whistleblowing report comprises disclosures on fraudulent activities, transgression of rules, unethical and immoral behavior deemed harmful to the organization and/or stakeholders. Each report is addressed to President Commissioner, President Director, and Head of Internal Audit.

Whistleblowing System Mechanism

Protection for the Whistleblower

As stated in GCG and CoC, the confidentiality of every report is guaranteed to protect the rights and security of every whistleblower from any potential danger or repercussion.

Complaints Handling and Management

In 2013 MedcoEnergi received a number of whistleblowing reports from external and internal parties. MedcoEnergi is continuing to process and investigate several of these reports, specifically those related to fraud, corruption, breaches of MedcoEnergi policies and conflict of interest cases.

Complaints Handling and Management

Years	Number of Grievances
2011	10
2012	4
2013	2

Results of Complaint Resolution

The reported cases are investigated via a number of appropriate steps to determine the course of disciplinary action in line with the GCG manual and MedcoEnergi policies and regulations.

Reporting Mechanism and Whistleblower Protection

To ensure the independency of the whistleblowing report, MedcoEnergi engages Deloitte Consultants Indonesia (Deloitte). It limits the reporting of whistleblowing to the following areas: fraud, corruption, breaches of policy, conflict of interest, financial statement fraud, bribes, misconduct and any unethical behavior. Anyone, internally and externally, may submit a report on any violation that relates to the above areas associated with MedcoEnergi through the website: www.medcoenergi.com, intranet or by e-mailing Deloitte at: lapor-medcoenergi@tipoffs.com.sg.

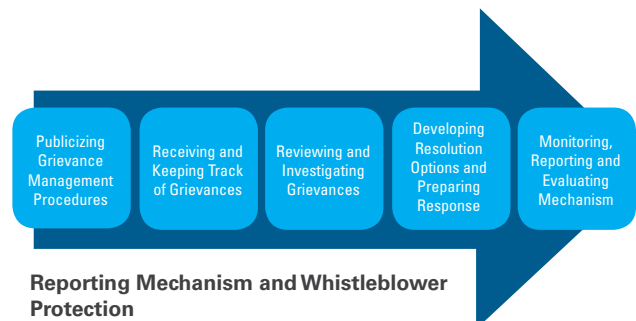
Following the receipt of the report, Deloitte will screen and categorize the reports and may request more information and supporting documents from the whistleblower. Once all the necessary information and supporting documents are obtained, Deloitte will report and submit the complete report to MedcoEnergi's President Commissioner, President Director and Head of Corporate Internal Audit. The Company will then process the complete report and conduct a thorough investigation.



In addition, as part of the Company's commitment to meet international best practice standards, MedcoEnergi has started to establish project-based grievance mechanisms. On Senoro Project, a grievance mechanism is established to strengthen the Company's commitment to understanding stakeholder concerns and interests and to provide suitable and appropriate responses and resolution for any grievances raised by community members or other stakeholders.

General Approach for the Senoro Project's Grievance Mechanism

The management of grievances should be a business function with clearly defined objectives, assigned responsibilities, timelines, budget, senior management oversight, and regular reporting.



This grievance mechanism will be integrated into the broader Project management system, and will serve as one of the indicators as to whether the system is functioning properly. Therefore, to be effectively and efficiently implemented, a monitoring system has been built into the mechanism with monitoring undertaken through a tracking system reporting the number of grievances received and resolved.

Lesson learned throughout the process of handling grievances will help to ensure continual improvement of the Project's operations. The Project will also use the monitoring results to report back to the community on the evaluation of how the grievance mechanism is implemented and managed.

Security Practices

Security is an important aspect for MedcoEnergi across all assets and blocks worldwide. As the operations move into more culturally, geographically, and politically challenging environments, MedcoEnergi security practices need to be able to respond in a culturally appropriate and sensitive manner, engaging effectively with local communities and government.

Security, along with Safety, Health, and the Environment are the main concerns of the management, ensuring all employees and contractors are performing their functions in accordance to the prevailing laws and regulations, as is stated in Code of Conduct. The approach to security is non-repressive as this is an effective method in dealing with security issues related with local communities.

Meanwhile Gada Pratama training is given to onsite security. This compulsory basic security training is required for every security personnel in Indonesia. The 21 day training course includes educating security personnel on various issues including introductory knowledge about human rights.

Tanjung Jati B Power Services (TJBPS) receives the “Best Security in all of Central Java” award from the Central Java Region Chief of Police.

TJBPS is a subsidiary entity of MPI that operates the 2x660 MW Coal Fired Power Plant in Central Java. TJBPS outsource their security services to a local security provider, with a requirement that 80% of local people are hired as security officers. Prior to recruitment, screening is undertaken by the PANTUHIR (Final Determination Committee) of MPI and daily monitoring is undertaken by its Relations Department in Jakarta.

The training needs of the qualified security officers are determined by MPI, covering the obligatory Gada Pratama training, and also safety and firefighting. The security provider must then ensure the training is implemented appropriately.

The MedcoEnergi Risk Management approach sets out how to mitigate regional security issues by minimizing the Project impacts and maximizing the benefits. In addition, the Company undertakes CSR programs that benefit local communities. The programs range from social empowerment and education to infrastructure development. The Company also strives to maintain open communications with local communities as well as with the Company business partners.



The farmer is harvesting SRI organic rice

Safety, Health And Environment (SHE)

02



Safe, Effective and Efficient Operations

MedcoEnergi is committed to managing its operations safely, effectively and efficiently. It always ensures that all of the assets implement Performance Integrity of MedcoEnergi (PRIME) as SHE management system. PRIME is developed in accordance with the International Safety Rating System 7th edition (ISRS7), the audit standard that is implemented across all of its assets.

Due to the high standard of SHE management system, the contents of PRIME are also in line with the key international standard management systems i.e. ISO 9001 (Quality Management System), ISO 14001 (Environmental Management Systems), OHSAS 18001 (Occupational Health and Safety Assessment Series), PAS 55-Asset Management, and the GRI (Global Reporting Initiative).



PRIME is a manual for MedcoEnergi to implement its operations management, risk management, human resources management, project management, asset management, incident and crisis management, also knowledge management systems.

MedcoEnergi has been implementing various initiatives to regularly enhance SHE performance and to show the Company appreciation to employees and contractors

who implement the behavior based safety program. Examples of this include Health Risk Assessment (HRA) and specific occupational health programs that aim to prevent or minimize potential occupational illnesses. In addition, the Company requires all of its contractors to implement Contractor Safety Management (CSM) guideline and evaluate their SHE performance during their service to ensure that they understand and implement CSM properly and effectively.

Occupational Health and Safety

"Employees must be in good health and physically fit condition to be able to work without endangering themselves or other parties."

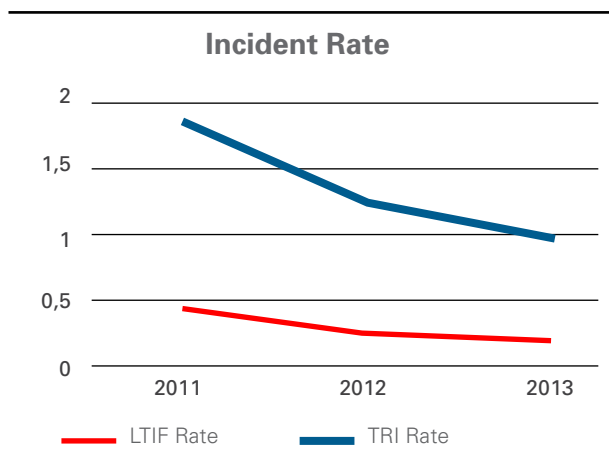
MedcoEnergi complies with the prevailing SHE regulations, as well as the international standards and practices and integrates SHE management system into daily activities. MedcoEnergi provides employees and contractors with sufficient SHE advocacy and training at all times to minimize events that may affect employees', contractors', and communities' safety and health.

A number of programs has been developed and implemented with the aim of protecting the safety and health of employees, contractors and neighbouring communities.

Specifically, these programs aim to:

1. Prevent all work related illnesses and increase health awareness among employees. To support this, provide and regulate health services deemed necessary to support employees, handling work accidents as well as emergency cases rapidly, and
2. Improve the SHE performance at all times by proactively identifying work accident potentials, investigating events, identifying the root cause, and implementing alternative solutions.

In 2013, the Company merged several safety and health programs into a "Going Back to Basics" campaign which aims at enhancing its safety and health performance at work.



Through this program, the Company has achieved the lowest rate of TRIR (Total Recordable Incident Rate) since 2006 and the lowest rate of LTIFR (Lost Time Incident Frequency Rate) since 2000 (all rates are per 1,000,000 working hours).

Through this program, the Company is improving the compliance towards work procedures and permits, quality of risk evaluation, frequent workplace hygiene inspections, hearing protection devices assessment, and overall inspection on production facilities especially static equipment and electrical installations.

The Company's safety performance has recorded 4 MTIs (Medical Treatment Incidents) and 1 RWI (Restricted Work Incident) in Rimau, and also 1 LTI (Lost Time Incident) in Block A. No fatalities have occurred and the ODR (Occupational Disease Rate) (as in the definition of "Penyakit Akibat Kerja" based on Presidential Decree No. 22 of 1993) was recorded as zero in 2013.

"Hi Five" Campaign to Protect Your Hands



Sixty two percent of all injuries throughout the organization in 2012 related to hands and fingers.

The "Hi Five" Campaign (Hand and Finger Injury Prevention Campaign) has reduced 10% of hand and finger injuries, and reduced 25% of the overall number of injuries in 2013.

Several achievements in safety have been received in the Company operational assets worldwide. The following are some of the awards received in 2013:



Achieved 7 million man-hours without LTI: Karim Small Fields in Oman



Tanjung Jati B Power Services (TJBPS), a subsidiary of MPI, achieved a Zero Accident Award for 13,231,416 hours worked without an accident from 1 April 2005 to 30 November 2013. This was awarded by Ministry of Man Power and Transmigration.

PT Duta Tambang Rekayasa (DTR), a subsidiary entity of MEMI, achieved an internal target of Zero LTI for 1,273,555 working hours

The collective labor agreement with labor unions and the Ministry of Manpower (Perjanjian Kerja Bersama) covers the issue of health and safety as follows:

1. Providing safety equipment to MedcoEnergi employees, relevant to the Act of Indonesian Republic No. 1 of 1970;
2. Allowing workers the right to refuse using equipment or tools that do not meet acceptable safety standards;
3. Providing PPE (Personal Protective Equipment) to all workers and ensuring all workers use appropriate PPE where necessary;
4. Enforcing disciplinary actions to workers if any safety regulations are not adhered to;
5. Ensuring all workers report every accident that has occurred on sites;
6. Taking responsibility for the costs to extend drivers' / operators' driving licenses;

7. Compensating worker who is involved in a work-related accident ; and
8. Undertaking employee (and their family) medical checkups annually.

Process Safety

“SHE is number one. Get it right and other performance will follow”

– Frila B. Yaman, Director and COO

MedcoEnergi integrated the policy on SHE on 17 April 2012. The policy addresses its commitment towards implementing process safety from the planning phase to operations to abandonment.

The Company uses international standards from organizations such as the American Petroleum Institute (API), American Society for Testing and Materials (ASTM) and National Fire Protection Association (NFPA) for the implementation of process safety. These international standards have been adopted into engineering standards and other relevant procedures such as the Management of Change and Project Safety Review.

In addition, equipment and facilities under the operations have secured their license from the Directorate General of Oil and Gas of Energy and Mineral Resources Ministry in particular the license of equipment operation feasibility (SKPP) and license of installation operation feasibility (SKPI). The Company consistently records its process safety events, as required in Incident Management Guideline. Between

2011 and 2013 no safety events occurred under the severity of Tier 1 or Tier 2.

As defined by the API Recommended Practice (RP) 754, a Tier 1 Process Safety Event is an unplanned or uncontrolled Loss of Primary Containment (LOPC) release of any material from a process, resulting in a release of material greater than the threshold quantities as described in the Tier 1 table in the API RP 754, in any one-hour period. A Tier 2 Process Safety Event is a less severe event.

Climate Change and Energy

MedcoEnergi continues to help meet the world's energy demand while managing, monitoring and measuring steps to reduce the energy use, developing renewable energy and reducing the carbon footprint at existing and planned operations. This commitment underpins MedcoEnergi strategy to address climate change challenges and opportunities.

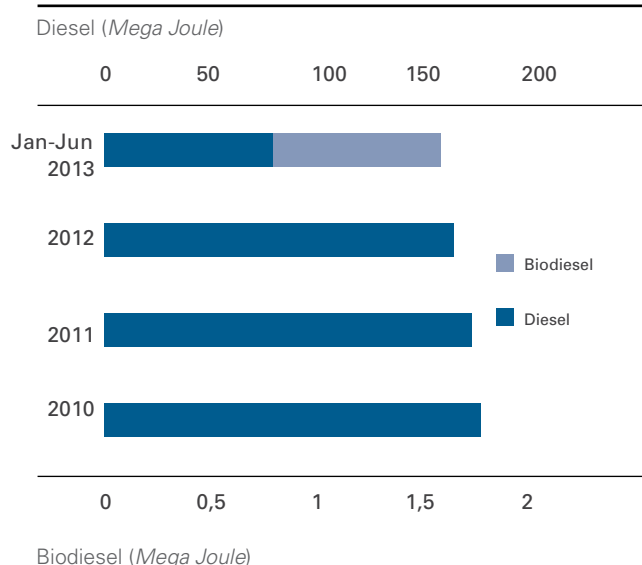
In 2010, MedcoEnergi developed a series of green action plans to address climate change challenges. Its main green action plan is producing gas fuel as the main energy source during production. Gas fuel can reduce 27% of kgCO₂ equivalent in atmosphere than the utilization of diesel fuel.

Based on the energy consumption data, between 2010 and 2013, MedcoEnergi decreased its energy consumption from 3,344 Terra joules (TJ) in 2010 to 3,306 TJ at the end of 2012. Data for 2013 was only available until June, i.e. 1,719 TJ. The remaining data from July to December 2013 will be

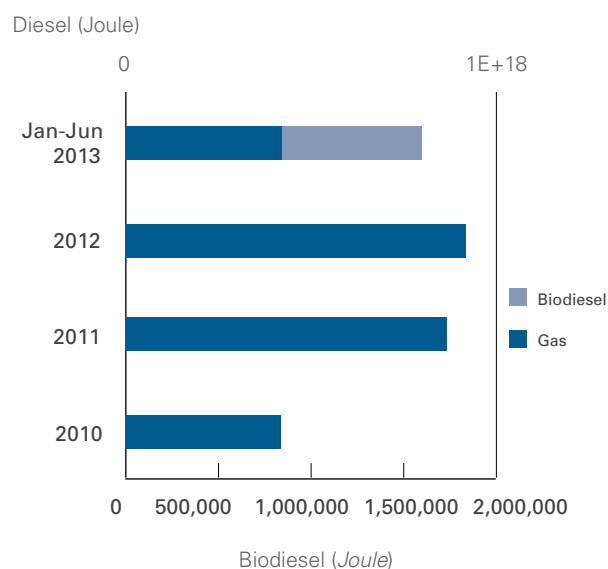
reported in 2014 reporting. Between 2010 and 2012, MedcoEnergi reduced its fossil fuel consumption by integrating gas fuel as the main fuel source and implementing biodiesel as an additional fuel.

Energy Efficiency

Energy management is fundamental to the Company's business strategy and ongoing efforts to improve energy efficiency. Therefore, to address increasing energy consumption, MedcoEnergi plans to reduce the energy intensity through the green actions set out in Table II 6.



The green actions show that during the increasing energy consumption MedcoEnergi can reduce its energy intensity. The rate of energy intensity reduction is 76.8% per year or equal to 12,459 Gigajoules per year over the last four years.



The Company is always concerned with the occupational safety, actualized by providing intensive training to its employees

Green Actions to Improve Energy Efficiency

Action	Progress
Install flare reduction unit at Tarakan Asset	Since 2010 the Company has been operating a flare reduction unit at the Tarakan Asset. This strategy demonstrates good performance in improving energy and emission efficiencies.

Reduce gas flaring by installing low pressure compressor at Sembakung Asset	Due to the commitment to improve GHG emission efficiencies, the Company has installed a gas low pressure compressor to reduce flaring /gas emissions at Sembakung Asset. To assess the gas low pressure compressor performance, the Company annually calculates GHG saving from the gas low pressure compressor. In 2012 the Company saved 22,371 ton CO ₂ through operating this unit.
Install bell mouth radiator generator set at Rimau Asset	Beyond compliance requirements.
Implement Amine Solvent Management at Lematang Block	Amine Solvent Management (ASM) is a management model using PDCA (Plan Do Check Act) to improve efficiencies.
Reduce stripping gas in the H ₂ S stripper process at the Lematang Block	In 2013 stripping gas at Lematang Block decreased to 0.16 MMSCF per day.
Replace the electrical pump for a mechanical pump at the SS Block	Reduced 0.127 MMSCF a year.
Use a solar lamp at the SS Block	Reduction in energy use of 18 KW/day.
Utilize a LED lamp in the office of the Rimau Asset and Kampar Block	Reduction in energy use of 12 Mega joules.
Utilize a solar lamp at the SS Block, Kampar Block and Lematang Block	Reduced diesel consumption by 1,440 L.
Use heat produced by the compressor of the air conditioner for heating water at the SS Block	Improved energy efficiency by 1,095 kWh/unit of water heater.

Use a shuttle bus for employee transportation at the Rimau Asset	Reduced energy consumption by 2 Giga joules.
Install a CNG converter kit in light vehicles and shuttle buses at the Rimau Asset	Reduced energy by 723 Mega joules.

Installation of the flare reduction unit at the Tarakan Asset has minimized flaring gas by 0.9 MMSCF per day, which can be allocated by the Tarakan Government to meet 20,000 household's gas needs. Meanwhile, the utilization of bell mouths radiator generator sets, solar and LED lamps, and heating water using heat released from air conditioner compressors has resulted in energy savings of up to 27.8 Gigajoules per year.

Furthermore, by installing low pressure compressors, flare reduction units, reducing stripping gas in the H₂S stripper process and replacing electrical pumps to mechanical pumps, gas consumption has decreased. While reducing fossil fuel use by using shuttle buses for employee transportation and installing CNG converter kits in light vehicles and shuttle buses has reduced energy use by 2.5 Megajoules.

CNG Application

The use of gas fuel is implemented by providing shuttle buses for employees and providing incentives in form of converter kits (the fossil to gas fuel converter instrument). The utilization of gas fuel aims to reduce traffic volumes as employees are switching from their private car to shuttle buses. The Company also has a mini gas fuel station at headquarters in Jakarta to fuel the shuttle buses.

As an illustration, the savings during the trial period resulting in IDR 7 million/month saving for buses, IDR 2.3 million/month for double cabins, and IDR 1.3 million/month for SUVs. Three vehicles were converted in Soka and four in Rimau. As for Jakarta, since the implementation at the end of 2009 the average monthly saving result (until 2013) was IDR 50 million with a total of 23 units of vehicle converted every year (15 diesels and 8 gasoline-fueled vehicles).

At Soka, in April 2013, the DDF converter technology which was applied on the vehicles in Jakarta, Soka, and Rimau was tested on the Hydraulic Pumping Unit (HPU) generator set's motor at Lagan #15 well. By utilizing the associated gas with some pipe and connection modifications and USD 7,500 of investment a saving of up to 79% of diesel fuel was successfully achieved. The diesel fuel was replaced by the gas produced from the well and the average monthly saving reaching up to IDR 65 million. In two months the investment already reached its break-even point. Currently, the gas consumption has lowered to 50% or a monthly average of IDR 40 million.

If this conversion technology can be implemented in all operational areas that are using the same HPU instrument and have a sufficient level of gas availability, then the Company could achieve significant savings. In addition, the CNG program is utilizing flared gas. If 95 unit vehicles (excluding the heavy vehicles) are to be involved, then the resulting saving potential is estimated to be IDR 254 million/month from the utilization of flare gas with the break-even point achieved after 4 months. The Ministry of Energy and Mineral Resources has agreed with this plan

and KKKS is starting to utilize the flare gas to support the CNG program in each operational area. If the flare gas can be used by the communities, then it will help to increase their income through the savings gained, as well as lowering the need for fossil fuel subsidies by the government.

Renewable Energy

To address MedcoEnergi commitment in addressing climate change challenges, especially those related to diversification, it not only focuses on developing non-renewable energy sources but also on renewable energy sources.

Through collaboration with PLN Tarakan Regency, MedcoEnergi has converted diesel fuel into CNG for power plants. This program has been underway for 8 years and has reduced CO₂ emissions by 144 352 tons of CO₂e into 1,024 tons of CO₂e, or 99.3%. With the conversion of 125,000 liters / day of diesel fuel to 4.8 MMSCFD gas fuel savings gained has reached 1.25 billion rupiah / day.

MedcoEnergi, through MPI, is currently involved in a number of renewable resource projects in the mini hydro power and geothermal sectors. Several mini hydro projects are developed with a total capacity in the range of 60 to 120 MW of electricity. Whereas the SOL geothermal project, with a capacity of 3 x 110 MW, will become a large scale geothermal resource with high productivity and an expansion potential of up to 1,000 MW.

Oil refinery construction and bioethanol production are also among MedcoEnergi

business activities which it takes to address the Government Regulation of Ministry of Energy and Mineral Resources No. 32/2008 concerning the Provision, Utilization, and Procedures of Commerce Biofuels (Biofuel) As Other Fuel. However, due to the raw materials availability and non-competitive market MedcoEnergi discontinued the bioethanol production in 2013.

At Rimau Asset, MedcoEnergi uses biodiesel for operating vehicles, where the total biodiesel use has reached 2,415,895 Liters. To execute this program, MedcoEnergi spent approximately IDR 2,055,000,000 in 2013. MedcoEnergi is currently preparing its future plans for the development of this energy source.

Greenhouse Gas and Air Emissions

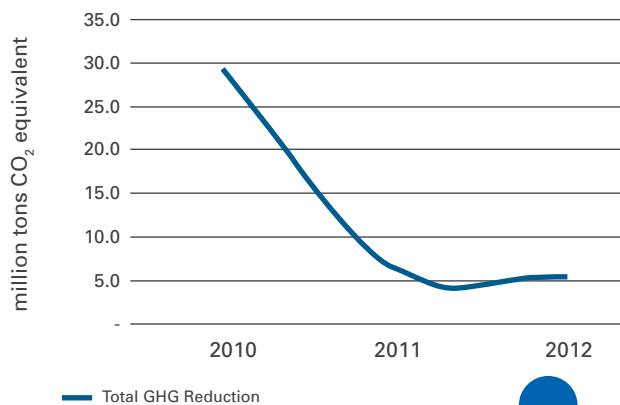
To increase the awareness of climate change challenges, the Company calculated and reported the GHGs emissions over the past four years. In 2012, 645,000 tons of gross GHG emissions was released to the atmosphere. This consisted of 561,000 tons CO₂ equivalent from production processes and 84,000 tons CO₂ equivalent from supporting facilities.

GHG emissions from operated assets has calculated at 5.5 million tons CO₂ equivalent. In 2012, a decrease from 2010 when 29 million tons CO₂ equivalent was emitted.

Based on the GHG data gathered from six blocks, the implementation of MedcoEnergi energy efficiency program has saved 29.74% of GHG emissions compared to usual operations. Meanwhile in 2013, the utilization of biodiesel at Rimau Asset has saved 84 ton CO₂ equivalent.

Besides reducing energy consumption and using renewable energy, the Company's efforts in reducing GHGs are also supported by decreasing air emissions from the operational activities e.g. by reducing gas flaring and using eco-technology.

Total Reduction of GHG Emission



Over the past three years, the Company has reduced 20% of VOC (volatile organic compound) emissions from 9,011 ton VOC to 1,815 ton VOC. Although there are decreasing trends in some air emission parameters such SO_x, NO_x and Particulate Matter (PM) over the past four years, the Company's aim is to keep reducing air emissions while complying with all relevant regulations.



Converting Associated Gas Flaring Using Low Compressors at the Sembakung Asset

Overall MedcoEnergi green action program has decreased 3,507,894 ton CO₂ equivalent to 644,970 ton CO₂ equivalent from the six blocks.

The efforts in implementing these green actions have resulted in a number of environmental achievements and recognitions. On 26 April 2011, in the "Save The Earth" occasion, MedcoEnergi was recognized by the Ministry of the Environment for effort in emissions reduction. In the same year, MedcoEnergi received an achievement award from the Ministry of Energy and Mineral Resources namely Energi Pratama 2011 for the green action activities.

MedcoEnergi was also awarded for the Gold PROPER from the Ministry of the Environment for its site in Rimau between 2011 and 2013. This made MedcoEnergi the first and only E&P Company to be awarded the Gold PROPER for three consecutive years as well as the Green PROPER award for Tanjung Jati B Power plant and Blue PROPER award for DTR coal mining.

To improve the goal of meeting the world's energy and addressing the climate change challenges, MedcoEnergi developed a book "Menyediakan Energi Melestarikan Bumi" (Provides Energy Saves the Earth). Through this book, MedcoEnergi hopes to share with others the experiences and lesson learnt in environmental management.

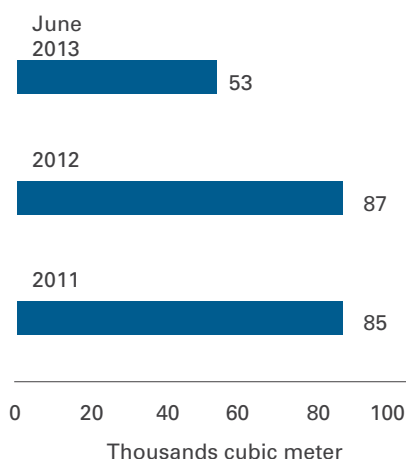
Water, Effluent, and Waste

Water and Effluent

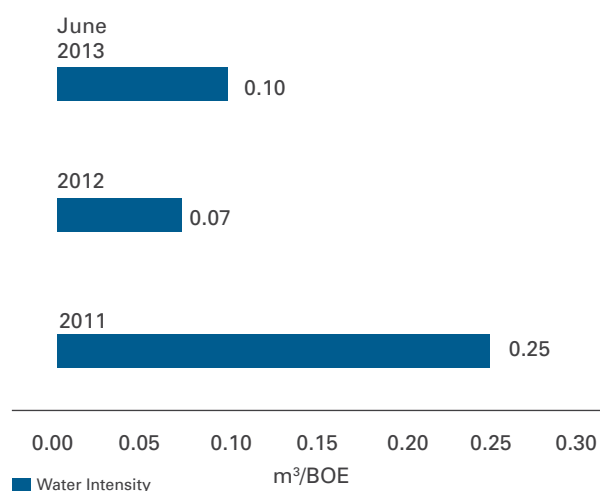
Water is the most abundant element on the earth accounting for 70% of the earth's surface, it is therefore essential for businesses and livelihoods including industry. However, availability of clean water in Indonesia has been on the decrease due to destruction of water catchment areas and increasing environmental pollution. Since MedcoEnergi recognizes that water is a precious resource that requires protection and conservation, MedcoEnergi is actively participating in a water conservation program. This program is guided by the Policy on conservation of water sources which is a key priority for the management of MedcoEnergi.

In 2012, operations in Tarakan, SSE, Rimau, Sembakung and Kampar Assets used 87,000m³ of fresh water and 53,000m³ was used between January and June 2013. Due to the conservation program, MedcoEnergi has reduced water intensity by 72% per barrel of oil equivalent (BOE) between 2011 and 2012. A reduction in water intensity shows a decrease in water use per BOE.

Fresh Water Use



Water Intensity



“Water Conservation Task Force at Rimau Asset”

A Task Force was formed at the Rimau Asset to identify potential water conservation initiatives with the operations, developing and executing the water conservation program. The Task Force is evaluating previous programs for continuous improvement.

The Task Force also conducts audits to obtain an overview of water usage in Rimau’s operation as well as to identify water efficiency opportunities that are technically and economically feasible to perform. The first audit was conducted in 2010 partnering with Gajah Mada University, this is carried out periodically every three years.

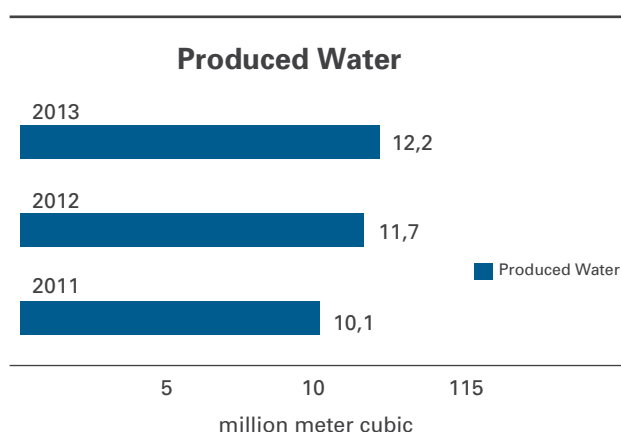
MedcoEnergi also reinjects produced water back into the reservoir. Produced water (also known as produced formation water or associated water) is water that has accumulated underground with oil and/or gas deposits and is brought to the surface from the wells, where it is separated from the products. All of produced water is reinjected into the reservoir so that no wastewater is discharged to the environment (zero discharge). In addition, this practice has reduced the usage of fresh water from the river by 87.6% between 2008 and 2012.

MedcoEnergi also implements the water conservation activities in the offices and camps by:

- Encouraging employees and contractors to turn off water taps when not in use;
- Regularly checking connections between water pipes and taps;
- Replacing squat toilets with seated toilets;
- Using showers instead of baths; and
- Placing water saving notices/stickers in toilets and bathrooms.

Furthermore, to accelerate water adsorption, MedcoEnergi has constructed infiltration ponds in the operation areas to collect treated wastewater and rain water. Some of the water collected in the pond is adsorbed and reused for watering plants. MedcoEnergi has also created biopores to increase the rate of water adsorption to groundwater.

Tarakan, Lematang and Kampar operations generated approximately 12.2 million m³ of produced water in 2013 (a 4.3% increase from 2012 and 20.8% increase from 2010). This increase was due to increasing oil production.

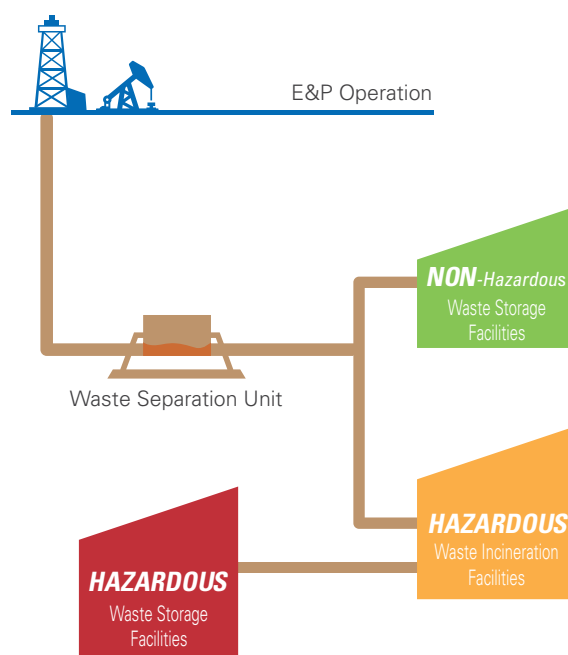


Domestic wastewater generated from the offices and camps is treated and reused for fire water. At the South Sumatra Block, MedcoEnergi operates a fire pump for 15 minutes every day for routine maintenance. The fire pump capacity is 1,000 gallon per minutes (GPM) that requires as much as 4,200 L/min. By using treated water, approximately 378 kL/week or 19,656 kL/year of freshwater can be saved. The treated wastewater can also be used for watering plants.

Waste

MedcoEnergi continues to minimize the waste generation through the consistent implementation of waste reduction and recycling programs. In 2013, MEPI operations generated 600 tons of hazardous waste and between January and June 2013, approximately 51 thousand tons of non-hazardous waste was produced.

Hazardous Waste Management



When managing hazardous waste, MedcoEnergi focuses more on reduction and prevention of generated waste. In addition, spill prevention is managed through routine maintenance and inspections conducted on machines and pipelines. Generated hazardous wastes is located in permitted hazardous waste temporary storage, for transportation and treatment by licensed third party. Typical hazardous wastes consist of contaminated soil, sludge, used oil, used filter, used fluorescent lamps, used batteries, expired chemicals, ex-chemical containers, and empty drums.

Routine machinery and pipeline maintenance and inspections in Rimau Asset have improved the reliability of the operation by significantly

reducing the amount of oil spill from 287,790 kg in 2011/2012 to 153,130 kg in 2012/2013. Meanwhile, Lematang Block has successfully reduced the number of its generated hazardous waste through Amine Solvent Management (reduction of the amount of expired liquids or chemicals) since 2011.

Another success story relates to efforts to switch from fluorescent lamps to CFL and LED lamps to save energy usage by 70%. As of January 2012, 90% of fluorescent lamps in MedcoEnergi offices has been replaced helping it to save the electricity consumption.

Non-Hazardous Waste Management

When managing non-hazardous waste focused management strategy on organic waste, plastic waste and paper waste, where MedcoEnergi prioritizes more in reduction practices rather than reusing or recycling. This includes encouraging the employees to use reusable water bottles (tumbler) and utensils to reduce food packaging waste, work with electronic documents and print double-sided paper etc. MedcoEnergi also composts the organic waste which is then used in MedcoEnergi's organic rice, herb, and vegetable plantations.

MedcoEnergi composting program is one of the integrated environmental programs that involves local communities that live near its assets. Between 2009 and 2012 South Sumatra Block compost was sent to a composting center in "SP5 Suka Makmur Village". In Lematang Block, MedcoEnergi collaborates with the Health Department of Muara Enim Regency to conduct a composting program involving the local communities. The



compost produced from this program is used for a horticultural program around Lematang Block's operation site.

In the Rimau Asset, MedcoEnergi has a composting hall facility that uses two methods for composting, conventional and modern. Produced composts are then used to support the reforestation activities. The Rimau Asset also cooperates with the Garbage Bank in South Sumatera and Karang Taruna of Lais Village in Musi Banyasin Regency (KATALIS) to distribute produced inorganic waste (such as plastic) to be recycled into resins and souvenirs. This activity can reduce approximately 7.11 % of overall generated inorganic waste at the Rimau Asset.

The Tanjung Jati B Power Generation Station produces flue gas from its combustion of fossil fuels. This combustion by-product contains nitrogen oxides (NO_x), sulfur dioxide (SO₂) and particulate matters. The Flue Gas Desulfurization (FGD) Plant at the Station is designed to remove approximately 95% of this by-product's sulfur content. Besides meeting the EPC contract specified limits of 300mg/Nm³ (Indonesian legislative limit regulation is 750 mg/Nm³), this FGD plant also produces "gypsum" that can be further sold as one of ingredients required by cement industries or used internally.

Biodiversity

MedcoEnergi conducts continuous efforts in improving the environmental management performance by implementing a wide range of biodiversity programs. The commitment to maintaining the highest ethical and environmental standards is clearly stated in the Company's mission. The Company is committed to providing energy in a green way that is environmentally friendly.

A demonstration of the commitment towards safeguarding biodiversity is reflected in MedcoEnergi's biodiversity protection policy for Rimau Asset. The policy is set out in the Strategic Environmental Management Plan, stating biodiversity protection as a part of the Company's plan. The purpose of biodiversity protection is to increase the understanding and participation and contribution of the Company in dealing with biodiversity protection and conservation.

One of the biodiversity protection programs includes planting a forest aimed at preserving endangered plants and fruit in Indonesia. As a commitment the Company has allocated 7.3Ha of its own land to be reforested. Baseline study undertaken indicates there are only 9 plant species with a diversity index of 0.790. Through this reforestation, it is anticipated that the diversity index will increase to 2.568 with some 4,196 trees planted, consisting of 21 endangered species of forest plants and local fruits. Some of the plant species are also sources of bird and animal feed (such as figs, banyan, bay-leaves and rukam) therefore birds and animals such as monkeys, squirrels, long-tailed macaques, weasels, squirrels and deer are expected to migrate from the surrounding

areas to inhabit the new forest. In addition tree canopies are built to support the prevention of soil erosion and help maintain water quality in the nearby tributary.

Sembakung Asset is a field that is still covered with lush area. To preserve the biodiversity of the operating environment, the Company planted an estimated 3,000 cover crops per year and also prohibited hunting in the Project and surrounding areas.



Besides actively participating in biodiversity protection in the operation areas, the Company has also participated in more national projects. In an effort to improve Indonesia ecosystem, MedcoEnergi conducted several activities including:

- Planting more than 4,000 mangroves since 2010 in the Mangrove Conservation Area and Proboscis Monkey (KKMB), Tarakan; and
- Conducting land rehabilitation in Suaka Margasatwa Rambang Dangku, in collaboration with the Natural Resources Conservation Agency of South Sumatra Province

A Biodiversity Review was commissioned to clarify the scale and nature of potential project risks for the Senoro Upstream Gas Development Project in 2013. In particular the report sought to determine if significant biodiversity values were likely to be disturbed as a result of the site clearing planned.

The review found that although the site may provide habitat for some threatened species based on their known distribution, the areas affected by the Project were relatively widespread within region and therefore unlikely to be of particular importance for the species considered. The review also found that construction activities to date had not had any significant impacts on the identified threatened species. Although the area provides habitat which may be used by some threatened species (such as the shallow marine environment, lowland forest, secondary forest and disturbed areas), the Project site was not considered to contain Critical Habitat for any IUCN (International Union for the Conservation of Nature and Natural Resources) listed threatened species assessed.

Spills

Spill management is part of the Performance Integrity document that falls under the Emergency Preparedness element. This requirement has been cascaded into MedcoEnergi SOP for spill management, both offshore and onshore.

MedcoEnergi monitors spill incident numbers and volumes from all oil and gas operations. The results are as follows:

Petroleum Spills

Year	Volume in Barrels	Number of Spills
2011	11	5
2012	110	36
2013	6	3

One of the root causes of spills is the illegal cutting of oil pipelines. Another root cause relates to pipeline corrosion. Periodic pipeline replacement and inspection are being implemented to manage these issues. Furthermore, MedcoEnergi undertakes periodic consultation with key local stakeholders including the police and local government to further address the issue of oil theft from pipelines.

Spill emergency drills (Tier 2) were undertaken by Medco E&P Rimau in Region II and Medco E&P Tarakan in Region VI in 2013. The oil spill response for Medco E&P Rimau was conducted with ConocoPhillips Indonesia and Pertamina in the Marine Region II at the Corridor Storage Tanker (CST) area.



3

Additional Information

Complete and comprehensive information is the key in presenting perfection to create MedcoEnergi performance in achieving sustainability efforts.

01

Performance Data Summary

02

Gri Index and Disclosure Status

03

Acknow- ledgments

Performance Data Summary

		Units	2011	2012	2013	Remark
Business and Market						
Business Performance						
	Income and sales	mill USD	817.7	904.4	888.9	
	Oil & Gas	mill USD	800.5	873	826.8	
	Coal	mill USD	17.2	9.1	43	
	Income from Services	mill USD	-	17.8	16.7	
	Sales of Chemicals and Other Petroleum Products	mill USD	-	4.4	2.4	
	Gross Profit	mill USD	350.9	401.9	367.2	
	Operating Profit	mill USD	220.3	260.3	245.7	
	EBITDA	mill USD	323	346	349.1	
	Income before tax expense	mill USD	-	197.2	193.7	
	Net Income	mill USD	-	12.6	12.6	
	Earnings per Share (US\$/share)	mill USD	-	0.0043	0.0041	
E&P Oil and Gas						
	Proved Reserves - 1P (MMBOE)	MMBOE	177.6	227.1	201.9	
	Proven and Probable Reserves - 2P (MMBOE)	MMBOE	228.1	294	267.3	
	Oil Sales (MBOPD)	MMBOE	30.4	29.8	26.3	
	Contract Service in Oman (MBOPD)	MMBOE	9.5	10.4	8.9	
	Gas Sales (BBTUPD)	BBTUPD	163.2	153.9	151.6	
	Production Level of Oil and Gas*		57.2	56.1	53	
	Average Selling Oil Price (US\$/barrel)	USD/Barrel	113.7	115.6	108.3	
	Average Selling Gas Price (US\$/mmbtu)	USD/MMBTU	3.8	4	5.4	
	LPG sales (MT per Day)	MT/day	41.8	40.1	525,342	
Human Resources						
Number of Employees						
	Based on Region					
	Indonesia	#		2,231	1,943	MEI, MEPI, MDI, MEMI, MGI, EPI, SRB and MRB
	International employees	#		304	311	USA (MEUS), LIBYA (MIVL), OMAN (MLLC), and YEMEN (MYAL)
	Based on Education					
	Bachelor (S1/S2/S3)	#		1,539	1,408	
	Associate (D3)	#		319	242	
	High School or equivalent	#		677	604	

		Units	2011	2012	2013	Remarks
Based on Age						
	Based on Age					
	More than or equal to 50 years old	#		314	246	
	In range of 40 - 49 years old	#		533	418	
	In range of 30 - 39 years old	#		1,020	1,019	
	Less than or equal to 29 years old	#		668	571	
	Based on Position					
	Board of Director	#		15	20	
	Senior Manager	#		48	45	
	Manager	#		191	176	
	Staff	#		2,281	2,013	
LA9	Average Hours of Training per Year					
	Employees under the Accelerated Development Program	#	35	43	59	
	Based on Gender					
	Female	Hour	45	51	45	
	Male	Hour	69	58	47	
	Based on Category					
	Senior Manager	Hour	33	58	66	
	Manager	Hour	57	55	45	
	Staff	Hour	68	57	46	
LA11	Employees Receiving Regular Performance and Career Development Reviews					
	Based on Gender					
	Female	#	253	257	241	
	Male	#	960	998	915	
	Based on Category					
	Senior Manager	#	31	33	29	
	Manager	#	234	232	205	
	Staff	#	948	990	922	

		Units	2011	2012	2013	Remark
Corporate Social Responsibility						
	Expenditures	mill USD	3.3	3.6	4.2	
Health and Safety						
LA6	Type and Rate of Injury					
	Recordable Injury Rate	%	0.42	0.23	0.16	
	Lost Time Injury Rate	%	1.83	1.21	0.96	
	Medical Treatment Incidents	#	-	-	4	
	Restricted Work Incident	#	-	-	1	
	Occupational Disease Ratio	#	-	-	0	
OG13	Process Safety Event					
	Tier 1	#	0	0	0	
	Tier 2	#	0	0	0	
Environment						
EN3	Energy Consumption within the organization					
	Total fuel consumption from non-renewable sources	Terra Joule (TJ)	3,344	3,306	1,719	- Data of Tarakan, Rimau, Sembakung, Lematang and Kampar Assets. - Data collected until June 2013.
	Total fuel consumption from renewable sources	Mega Joule (MJ)	0	0	1.58	- Data of Rimau Asset. - Data collected until June 2013.
	Total energy consumption	Terra Joule (TJ)	3,344	3,306	1,719	- Data of Tarakan, Rimau, Sembakung, Lematang and Kampar Assets. - Data collected until June 2013.
EN21	NOX, SOX and other significant air emissions					
	Amount of other significant air emissions					
	NOX	kg	3,620,780	17,172,260	7,993,220	- Data of Tarakan, Rimau, Sembakung, Lematang and Kampar Assets. - Data collected until June 2013.
	SOX	kg	300,000	129,960	23,140	
	Volatile organic compounds (VOC)	kg	1,815,360	1,310,770	9,011,920	
	Particulate matter (PM)	kg	1,277,660	1,086,180	24,770	
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)					
	GHG emissions (Scope 1)	ton CO ₂ eq	727,840	644,970	-	- Data of Tarakan, Rimau, Sembakung, Lematang and Kampar Assets. - 2013 data is not available.

EN18	Greenhouse Gas (GHG) Emissions Intensity					
	GHG emissions intensity ratio.	%	16.7677	9.96	-	- Data of Tarakan, Rimau, Sembakung, Lematang and Kampar Assets. - 2013 data is not available.
EN19	Reduction of greenhouse gas (GHG) emissions					
	GHG emissions reductions achieved as a direct result of initiatives to reduce emissions	ton CO ₂ eq	6.43	5.4	-	- Data of Tarakan, Rimau, Sembakung, Lematang and Kampar Assets. - 2013 data is not available.
EN8	Water withdrawal					
	Total Water Consumption	m ³	84,583	86,774	53,154	- Data of Tarakan, Rimau, Sembakung and Kampar Assets. - Data collected until June 2013.
	Water Intensity	m ³ /BOE	0.2503	0.0733	0.0985	
EN10	Water Recycled and Reused					
	Volume of water recycled and reused	m ³	570	7,710	8,631	- Data of Rimau Asset. - Data collected until June 2013.
	Percentage of volume of water reused	%	2	21	51	
EN22	Waste Water Discharge					
	Domestic waste water discharge	m ³	36,983	28,505	8,198	- Data of Rimau Asset. - Data collected until June 2013.
OG5	Produced Water					
	Total Produced water	m ³	10,109,791	11,704,145	12,177,771	Total produced water from Tarakan, Lematang, Kampar
	Volume and percentage of produced water					
	Treatment & discharged overboard	m ³	0	0	0	Total produced water from Tarakan, Lematang, Kampar
		%	0	0	0	
	Re-injected	m ³	10,109,791	11,704,145	12,177,771	
		%	100	100	100	
EN23	Waste					
	Non-Hazardous waste	ton	37877.449	92032.453	50646.559	- Tarakan, Rimau, Lematang, Kampar - Data collected until June 2013
	Composting	ton	19380.272	16378.134	8192.925	- Tarakan, Rimau, Lematang (2012-2013), Kampar (2012-2013) - Data collected until June 2013.

	Hazardous waste	ton	680.787	578.742	600.7871	-Tarakan (2013), Sembakung (2011-June 2013), Rimau, Lematang, Kampar
	Spill					
	Volume of oil spills	m ³	11	110	6	
	Number of spill	#	5	36	3	
EN25	Transported, Imported, Exported, or Treated Waste Deemed Hazardous					
	Weight of Hazardous waste transported	ton	680.787	578.742	906.0071	Transported to PPLI
	Weight of Hazardous waste imported	ton	NA	NA	NA	
	Weight of Hazardous waste treated	ton	680.787	578.742	906.0071	Treated in PPLI
	Percentage of hazardous waste shipped internationally.	%	NA	NA	NA	



GRI Index and Disclosure Status

GRI Indicator	General Description	Page(s)	Status	Remark
Strategy and Analysis				
G4-1	Message from the CEO	4		
G4-2	Key impacts, risks, and opportunities	4		
Organization Profile				
G4-3	Name of the organization	6		
G4-4	Primary brands, products, and services	6		
G4-5	Location of the organization's headquarters	83		
G4-6	Number of countries	8-9		
G4-7	Nature of ownership and legal form	18 - 21		See Annual Report 2013 on Production Assets (page 12)
G4-8	Markets services	18-21		See Annual Report 2013 on Operations (page 54, 86)
G4-9	Scale of the organization	70-71		
G4-10	Total number of employees	70-71		
G4-11	Percentage of total employees covered	70-71		
G4-12	Organization's supply chain	10		
G4-13	Significant changes	16	NA	This is MedcoEnergi's 1st GRI 4 report
Commitments to External Initiatives				
G4-14	Precautionary approach	23		
G4-15	Developed economic, environmental and social charters, principles, or other initiatives	-		Will be disclosed in next period of Sustainability Report
G4-16	Memberships of associations	-		Will be disclosed in next period of Sustainability Report
Identified Materials Aspect and Boundaries				
G4-17	Entities	6		
G4-18	Defining Process	16		
G4-19	Material Aspects	16		
G4-20	Aspect Boundary within the organization	16		
G4-21	Aspect Boundary outside the organization	16		
G4-22	Restatements of information	-	NA	This is MedcoEnergi's 1st GRI 4 report
G4-23	Significant changes	-	NA	This is MedcoEnergi's 1st GRI 4 report
Stakeholder Engagement				
G4-24	Stakeholder groups	16-17		
G4-25	Basis for identification and selection	16-17		
G4-26	Approach to stakeholder engagement	16-17		
G4-27	Key topics and concerns	16-17		

GRI Indicator	General Description	Page(s)	Status	Remark
Report Profile				
G4-28	Reporting period	16-17		
G4-29	Date of most recent previous report	-	NA	This is MedcoEnergi's 1st GRI 4 report
G4-30	Reporting cycle	16-17		
G4-31	Contact point	81		
GRI Content Index				
G4-32	GRI Content Index	76		
Assurance				
G4-33	Organization's policy and current practice	-	NA	MedcoEnergi are not seeking external assurance for this report
Governance				
G4-34	Organization Structure	70-74		See Annual Report 2013 on Human Capital (page 120)
Risk Management				
G4-45	Highest governance body's role the identification and management of economic, environmental and social impacts, risks, and opportunities	23-26		
G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	23-26		
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	23-26		
Ethics and Integrity				
G4-56	Organization's values, principles, standards and norms of behavior	23-26		
Economic Performance				
G4-EC1	Economic value	70-74		See Annual Report 2013 on Financial Highlights (page 8)
Indirect Economic Impacts				
G4-EC7	Infrastructure investments and services	39		
Procurement Practices				
G4-EC9	Local suppliers	31		
Energy				
G4-EN3	Energy consumption within the organization	56-60		
G4-EN4	Energy consumption outside of the organization	-		Will be disclosed in next period of Sustainability Report
G4-EN5	Energy intensity	56-60		
G4-EN6	Reduction of energy consumption	56-60		

GRI Indicator	General Description	Page(s)	Status	Remark
Renewable Energy				
EN3	Energy consumption within the organization	56-60		
G3-OG3	Renewable energy generated by source	56-60		
Water				
G4-EN8	Water withdrawal	61-62		
G4-EN9	Water sources	-		Will be disclosed in next period of Sustainability Report
G4-EN10	Water recycled and reused	61-62		
Biodiversity				
G4-EN11	Operational sites	-	NA	Not Applicable since MedcoEnergi does not operate in/or adjacent to protected areas
G4-EN12	Significant impacts	65-66		
G4-EN13	Habitats protected or restored	65-66		
G4-EN14	List species and national conservation list species	65-66	NA	
Emissions				
G4-EN15	GHG emissions (Scope 1)	60-61		
G4-EN16	GHG emissions (Scope 2)	60-61		Raw data is available but emission factors from the electricity provider are not provided
G4-EN18	Greenhouse gas (GHG) emissions intensity	60-61		
G4-EN19	Reduction of greenhouse gas (GHG) emissions	60-61		
G4-EN20	Emissions of ozone-depleting substances (ODS)	-		Will be disclosed in next period of Sustainability Report
G4-EN21	NOX, SOX, and other significant air emissions	60-61		
Effluents and Waste				
G4-EN22	Waste Water discharge	62-65		
G4-EN23	Total weight of waste by type and disposal method	-		Will be disclosed in next period of Sustainability Report
	Weight of waste	62-65		
	Total number and volume of significant spills	62-65		
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous	-	NA	Imported and exported are not relevant with context
G3-OG7	Drilling waste (drill mud and cuttings)	-		Raw data is available but it has not been calculated yet.

GRI Indicator	GRI Indicator	Page(s)	Status	Remark
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected	-	NA	
Occupational Health and Safety				
G4-LA5	Total workforce	-		Will be disclosed in next period of Sustainability Report
G4-LA6	Type and ratio of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	54-56		
G4-LA7	High incidence	-		Will be disclosed in next period of Sustainability Report
Training and Education				
G4-LA9	Training per year	29-32		
G4-LA10	Programs for skills management and lifelong learning	29-32		
G4-LA11	Performance and career development	29-32		
Diversity and Equal Opportunity				
G4-LA12	Composition of governance bodies and breakdown of employees	30-31		
Equal Remuneration for Women				
G4-LA13	Ratio of basic salary and remuneration	-		Will be disclosed in next period of Sustainability Report
Labor Practices Grievance Mechanisms				
G4-LA16	Labor practices filed, addressed, and resolved	48-49		Total number of grievances filed is available, however data on number of grievances not addressed and number of grievances resolved is not yet available
Security Practices				
G4-HR7	Security personnel trained	50		Percentage of employees who received the Gada Pratama training is not available
Indigenous Rights				
G4-HR8	Incidents of violations involving rights of indigenous people	47-48		The proposed IPP has not been implemented yet
Human Rights Grievance Mechanisms				
G4-HR12	Number of grievances	48		Total number of grievances filed is available, however data on number of grievances not addressed and number of grievances resolved is not yet available

GRI Indicator	GRI Indicator	Page(s)	Status	Remark
Local Communities				
G4-SO1	Operation with implemented local community engagement, impact assessment, and development program	38-39		
G4-SO2	Significant actual and potential negative impacts on local communities	38-39		
Grievance Mechanisms for Impacts on Society				
G4-SO11	Number of grievances	48		Senoro Project Grievance Mechanism proposed approach has not been implemented yet
Marketing Communications				
G4-PR6	Sale of banned or disputed products	-	NA	
G4-PR7	Incidents of non-compliance with regulations and voluntary codes	-	NA	
Resettlement				
G3-OG12	Operation where involuntary resettlement took place, number resettled, and livelihood restoration	45-47	◐	Information on location and number of affected people are available, however plans have not been implemented yet

● Fully reported ◐ Partially reported ○ No information is available or Not Applicable

Acknowledgments

Headquarter Office

PT Medco Energi Internasional Tbk

The Energy Building, 53rd Floor
 SCBD Lot 11A
 Jl. Jend. Sudirman
 Jakarta 12190, Indonesia
 Tel. (62-21) 2995 3000
 Fax. (62-21) 2995 3001
 Email. corporate.secretary@medcoenergi.com
 www.medcoenergi.com

Subsidiaries and Affiliates:

PT Medco E&P Indonesia

The Energy, 28 Floor
 SCBD Lot 11A
 Jl. Jend. Sudirman
 Jakarta 12190, Indonesia
 Tel. (62-21) 2995 4000
 Fax. (62-21) 2995 4001

PT Medco Power Indonesia

The Energy, 50 Floor
 SCBD Lot 11A
 Jl. Jend. Sudirman
 Jakarta 12190, Indonesia
 Tel. (62-21) 2995 3000
 Fax. (62-21) 2995 3001

PT Medco Downstream Indonesia

Plaza III Pondok Indah Blok A No. 3A-7 &
 The Energy, 27 Floor
 SCBD Lot 11A
 Jl. Jend. Sudirman
 Jakarta 12190, Indonesia
 Tel. (62-21) 2995 3000
 Fax. (62-21) 2995 3001

PT Medco Energi Mining Indonesia

The Energy, 51 Floor
 SCBD Lot 11A
 Jl. Jend. Sudirman
 Jakarta 12190, Indonesia
 Tel. (62-21) 2995 3000
 Fax. (62-21) 2995 3001

PT Medco Gas Indonesia

The Energy, 52 Floor
 SCBD Lot 11A
 Jl. Jend. Sudirman
 Jakarta 12190, Indonesia
 Tel. (62-21) 2995 3000
 Fax. (62-21) 2995 3001

PT Exspan Petrogas Intranusa

Graha CIMB Niaga, 16 Floor
 Jl. Jend. Sudirman Kav. 58
 Jakarta 12190, Indonesia
 Tel. (62-21) 2995 3400
 Fax. (62-21) 250 5504

This page is intentionally left blank



MEDCOENERGI

PT Medco Energi Internasional Tbk

The Energy Building, 53rd Floor
SCBD Lot 11A
Jl. Jend. Sudirman
Jakarta 12190, Indonesia
Tel. (62-21) 2995 3000
Fax. (62-21) 2995 3001
Email. corporate.secretary@medcoenergi.com

www.medcoenergi.com