



MEDCOENERGI ME

WEATHERING THE STORM

2020
SUSTAINABILITY REPORT

WEATHERING THE STORM2020 Sustainability Report

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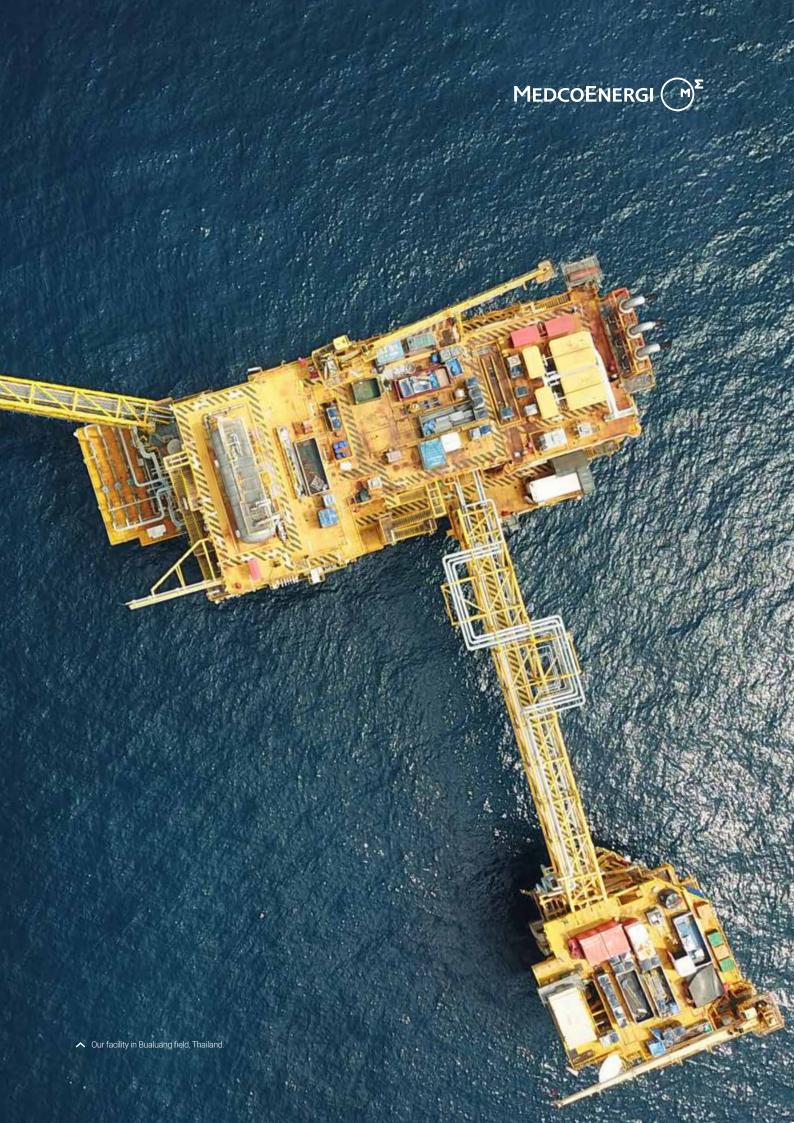
Illustrative cover photo: MedcoEnergi supported a series of Teacher and Parent Remote Education Skills Training in Tarakan and Sumatra and donated gadgets to ensure learning continuity during the pandemic.



PT Medco Energi Internasional Tbk 2020 Sustainability Report is available at:



For further information, please visit www.medcoenergi.com









We support the Sustainable Development Goals





MedcoEnergi is a co-founder of the Indonesia Business Council for Sustainable Development, the Indonesian chapter of the World Business Council for Sustainability Development (WBCSD)



As of 2019, PT Medco Energi Internasional, Tbk received an MSCI ESG Rating of BB.

MSCI ESG Research provides MSCI ESG Ratings on global public and a few private companies on a scale of AAA (leader) to CCC (laggard), according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers. Learn more about MSCI ESG ratings here.





PT Medco Energi Internasional Tbk ESG Risk Rating places it 52nd in the Oil ϑ Gas Producer industry and 37th in the Oil ϑ Gas Exploration and Production sub industry assessed by Sustainalytics.

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ABOUT THIS REPORT

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

This report covers MedcoEnergi's activities and performance per material topic between the period of 1st January and 31st December 2020 and provides progress updates on the action plans established to achieve our short, medium and long term sustainability objectives. A summary of the achievements and challenges for 2020 can be found on page 13. There are no significant changes in our materiality assessment since the previous report issued in 2020.

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

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

Restatement of GRI 305 Emissions Indicators for the Years 2018 and 2019

We have improved our emissions calculation methodology by implementing the Air and GHG Emissions Calculation tool in 2020. The improvement includes addition of some references in the methodology and inclusion of some more accurate quantification methods in several emissions sources as guided in the references. In order to have a more thorough and comparative year on year emissions figure, we have recalculated and restated the GRI 305 Emissions disclosures for the years 2018 and 2019 in this report. For a more detail information, please refer to page 64.

Reporting Assurance

The number of data indicators disclosed and assured by KAP Purwantono, Sungkoro & Surja (A member firm of Ernst & Young Global Limited, or "EY") has increased from 63 in 2019 to 75 in this 2020 report. The Company will continue to enhance disclosure and increase the number of assured indicators once reliable and consistent data collection can be maintained across reporting units.

EY Limited Assurance Statement

Scope and Limited Assurance of Sustainability Report

EY was engaged by MedcoEnergi to undertake limited assurance over selected disclosures in the sustainability report. The Subject Matter for EY's limited assurance engagement for the year 2018, 2019 and 2020 was limited to:

- A selection of 75 non-financial performance indicators ('Selected Performance Information') contained in the sustainability report (www.medcoenergi.com/en/subpagelist/view/36).
- The consolidated performance metrics relating to the Selected Performance Information, presented in the sustainability report.

EY's Conclusion Statement

EY was engaged by MedcoEnergi to undertake limited assurance as defined by Standards on Assurance Engagement (SAE) 3000 (Assurance Engagements Other than Audits or Reviews of Historical Financial Information) established by the Indonesian Institute of Certified Public Accountants (IICPA) over selected sustainability disclosures in the sustainability report as disclosed in the Appendix 1 of EY's independent limited assurance statement. Based on the limited assurance procedures performed and evidence obtained, nothing has come to EY's attention that causes EY to believe that the Subject Matter set out in MedcoEnergi's Sustainability Report for the year 2020, has not been reported and presented fairly, in all material respects, in accordance with the Criteria.

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

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MEDCOENERGI COVID-19 RESPONSE



Due to the pandemic, my son Hasbi is unable to attend school. Now with his mobile device from MedcoEnergi, he is able to participate and learn from online classes.

Lahama, a landless farmer from Tarakan, after his child received a mobile device from the MedcoEnergi 1,200 mobile devices program.

MedcoEnergi's response to the COVID-19 pandemic focused upon supporting the health and safety of our workforce and the communities surrounding our operations. In April 2020, the Company established three multi-functional task forces each reporting to the Board of Directors. The *COVID-19 Task Force* was tasked with developing health protocols for employees, monitoring, reporting and ensuring compliance throughout our operations in Indonesia and Internationally. The *Social Impact Task Force* focused upon identifying, mitigating and analysing the impact on the social, economic and security conditions in the communities around our operations. Finally, the *Work from Office Resumption Task Force* planned for the safe return of our employees to the office by developing health protocols, designing and implementing office refits and providing work-from-home and work-in-office guidelines and support.

Under the coordination of these Task Forces our business assets and functions developed mitigation plans, mobilised resources and began implementation, always working closely with local governments, communities and other stakeholders.

In 2020, the Company spent approximately US\$7 million on employee health protocols. These included pre-entry quarantine and PCR screening before accessing worksites, extended on-site work rotations, reducing on-site personnel and visitors, revised medivac routes and procedures and extensive work from home support. As work from home periods were extended again and again, significant efforts were made to monitor the physical and mental health of our employees and their families through educational and well being campaigns; regular communications via multiple channels were made to reach them and provide support.

MedcoEnergi also worked closely with our stakeholders to support the communities surrounding our operations areas, especially those in remote areas. MedcoEnergi made donations to hospitals, community health centers and clinics, including COVID-19 testing and personal protective equipment to health workers. In total during 2020, the Company disbursed aid totaling US\$1 million. The Company also conducted educational campaigns to raise community awareness on personal hygiene and health protocols, such as the wearing of face masks and social distancing.

The pandemic affected educational systems worldwide, often forcing the closure of schools, universities and colleges. In response educators turned to distance learning programs and open educational applications and platforms to allow schools and teachers to reach learners remotely. However, in remote communities both students and teachers often have limited internet access and lack the basic equipment and skills needed to work online. In response, MedcoEnergi and its employees distributed 1,200 mobile devices to students and teachers and installed hot-spots and provided teachers and parents remote education skills training.

To address the social-economic impact, the Company also provided staple food packages and utilities to help communities and social workers. MedcoEnergi also redirected its community capacity building programs towards COVID-19 initiatives, including teaching the production of face masks in MedcoEnergi supported women tailor cooperatives and distributing them within our operation areas.

Thanks to strict health protocols, the diligence of our employees and the relief efforts made to the surrounding communities, the Company managed to avoid any direct operational disruption from COVID-19 in 2020.



Medical Necessities

97,550 Items

MedcoEnergi provided medical necessities including masks, thermo guns, hospital beds and PCR test kits to support the COVID-19 Response.







Essential Supplies

25,810 Items

MedcoEnergi assisted communities and Small Medium Sized Enterprises by providing essential supplies.



Education Aid

2,230 Items

Training, facilities and mobile devices helped school teachers, students and parents to learn remotely.





1 MESSAGE FROM THE CHAIRWOMAN

Whilst we navigate through the pandemic, we are committed to pursue long-term sustainability and contribute towards the United Nations Sustainable Development Goals (UN SDGs), in particular addressing the issues of climate change and energy transition.

Yani Y. PanigoroPresident Commissioner

The challenges posed by the combination of the COVID-19 pandemic, the sudden drop in energy demand and the fall in oil prices impacted the energy industry worldwide. In MedcoEnergi, we had to swiftly adapt to these unprecedented circumstances by prioritising the safety and health of our workforce and stakeholders, company liquidity and managing the economic and social risks for the communities where we operate. This Sustainability Report records how MedcoEnergi weathered this storm and reports on our progress towards achieving our sustainability aspirations.

We exercised maximum effort to mitigate the risks from the pandemic through the imposition of strict operating and office protocols, health communication campaigns and community support programs. Despite the many challenges we faced in 2020, I am pleased to report that we were able to avoid any COVID-19 related disruption and downtime in our businesses.

We also continued to expand our partnerships with international and national organisations this year through engagement with Business for Social Responsibility (BSR), Global Reporting Initiatives (GRI) and the Indonesia Business Council for Sustainable Development (IBCSD). In particular in October 2020, we contributed virtually as a panellist in the international BSR Annual Conference, 'Focusing on Long-Term Goals Amidst Unprecedented Uncertainty".



The health and safety of our workforce and their families and the communities where we operate is always our primary concern and I deeply regret the fatality during the demobilisation of our Ijen Geothermal drilling operations. We conducted a thorough independent investigation to learn from the incident to prevent recurrence. The results and recommendations from the investigation have been implemented as we continue our multi-year effort to improve our HSE culture and performance.

This year we standardised our air and greenhouse gas (GHG) emissions calculation methodologies and data collection. In addition, we have now reported Scope 2 emissions for all our assets. Moving forward, this standardisation will enable us to

establish a strong foundation to identify the opportunities in GHG emissions reduction and energy efficiency.

Enduring success will only come from a strong base in good corporate governance and so this year we revised our employee Code of Conduct to integrate international best practices in personal data privacy, money laundering prevention and human rights.

Whilst we navigate through the pandemic, we are committed to pursue long-term sustainability and contribute towards the United Nations Sustainable Development Goals (UN SDGs), in particular addressing the issues of climate change and energy transition. I am confident that with your trust and support we can play our part in this global challenge.

Yani Y. Panigoro

President Commissioner

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LETTER FROM THE BOARD



Without doubt this year has been a challenging year on many levels. However despite these challenges, the direct risk to employees and communities, low energy demand and the resulting drop in the oil price we were able to avoid downtime and disruption to our operations and still meet most of the corporate commitments we made in 2017 to contribute to the achievement of the United Nation Sustainable Development Goals (SDGs).

In April 2020 when the extent of the pandemic began to become apparent, MedcoEnergi established three task forces to assess the risks from COVID-19 and ensure the health and safety of our workforce, their families, the communities surrounding the areas where we operate, to sustain our business, and to manage the resulting socioeconomic impacts on staff and communities.

We also had to revise our production targets, focus operating costs on the essentials only and high grade our capital investments. Nevertheless we saw success in both our oil, gas and our geothermal exploration programs and progressed value adding projects and alliances. As a result, we were able to achieve our revised production target of 100 MBOEPD with a unit cost of US\$9.0 per BOE.

The protection and well-being of our employees and their families will always remain our first priority. Our task forces developed and implemented strict health protocols and we engaged our workforce, their families and the communities around our operational areas to raise awareness of the pandemic and how to actively mitigate the risks we jointly faced.

The COVID-19 pandemic also resulted in us redirecting our community support resources. For example, in Anambas we supported the production of cloth face masks by a local tailor women's cooperative under our existing women empowerment program. We also delivered a remote teacher training program for teachers and parents to introduce remote teaching skills in Tarakan. In addition, the Company and our employees donated medical necessities to local health providers and basic staples of food and vitamins to communities. We also standardised and implemented a revised Social Management System and Grievance Mechanism across our businesses to guide us as we engage with local communities.

Our multi-year effort to improve HSE performance through initiatives in safety culture, including leadership visibility and various HSE capability development programs appears to be bringing results since this year we continued to see a decreasing trend in our HSE incident rates. Based on a Safety Perception Survey by DuPont Sustainable Solutions (DSS) we achieved "Independent Level" safety culture in most of our Indonesian operational assets. In spite of all these efforts, it was incredibly disheartening to see another fatality in our power operations. We conducted a thorough independent investigation and will continue to prioritise employee and contractor safety.

In 2020, we continued to engage our workforce through socialisation, advocacy and capacity building activities in sustainability. We standardised data collection of Scope 1, including mobile sources

and Scope 2 emissions. In the South Natuna Sea Block B, we reduced fuel gas consumption through strengthening production strategy by optimising the machine operating conditions and applying digitised operations. These fuel gas savings reduced South Natuna Sea Block B's total emissions by 269,512 tCO₂e between 2018 and 2020. We managed to reduce emissions by 8% in 2018-2019 and further 20% in 2019-2020.

MedcoEnergi also focuses on our business in clean power generation through its wholly-owned subsidiary Medco Power. We have green energy projects which define our direction and vision to renewable energy; an energy generated from natural resources such as hydroelectricity/mini hydro, geothermal and solar.

We continued to implement systematic, transparent and collaborative approaches to achieve Operational Excellence (OE). The OE Framework is designed to ensure that MedcoEnergi runs a safe and efficient business as well as consistently delivering improvements in HSE, asset integrity, operations and financial performance. We continue to employ organisational learning, knowledge sharing and application of best practices across the organisation to meet these objectives.

We also reached out to our vendors in a "2020 Vendor Day" which successfully raised sustainability awareness and clarified our

expectations of vendors across our supply chain. Our revised Code of Conduct, launched in May 2020 now integrates relevant international practices, our Community Development Policy, our Security Policy and also our Sustainability Policy. It raises expectations for all employees. "Know the Code, Know the Commitment" is the campaign theme to guide every MedcoEnergi employee on how to conduct business ethically. In 2020, we also expanded the footprint of businesses that have been certified for the ISO 37001:2016 Anti-Bribery Management System to include Medco Power Indonesia (MPI), and all Procure to Pay Business Processes becoming the first oil & gas company in Indonesia to be certified for this standard.

MedcoEnergi holds a non-consolidating 23.13% effective interest in, a large copper and gold mine, located in Sumbawa, West Nusa Tenggara, Indonesia. Therefore, considering the non-controlling nature of our interest, we no longer include PT Amman Mineral Nusa Tenggara (AMNT) in this report.

This 2020 sustainability report reflects our steady progress to respond to the challenges of sustainable development. With your support, MedcoEnergi will continue its sustainability journey by addressing the many challenges that the future presents to us all.

10 3

Hilmi PanigoroPresident Director



3 ABOUT MEDCOENERGI

MEDCOENERGI IN BRIEF

Positioned as a leading energy and natural resources Company in South East Asia, MedcoEnergi is well placed to benefit from the rapid economic growth and expanding energy demand in the region.

MedcoEnergi is an energy and natural resources company focused on three key business segments: oil & gas, clean power generation and copper mining. As a leading energy and natural resources company in South East Asia, the company is well placed to benefit from the rapid economic growth and expanding energy demand in the region.

MedcoEnergi has interests in 15 oil & gas properties in Indonesia, 11 of which are producing. The Company also has interests in 12 oil & gas properties in eight other countries with key producing assets in Oman, Thailand and Vietnam and other assets in Malaysia, Yemen, Libya, Tanzania and Mexico. In 2020, oil & gas production was 100 MBOEPD in line with the Company's revised guidance. Oil & gas unit cash costs were US\$9.0 per BOE, well within the Company's target of US\$10 per BOE. In 2020, the Company also successfully and safely delivered the Bualuang Phase 4B oil project in Thailand and the Meliwis gas project in Indonesia on time and on budget. The delivery of these projects further enhances the Company's track record and proven ability to execute complex capital projects.

MedcoEnergi, through its wholly-owned subsidiary Medco Power, operates in the power generation industry in Indonesia. Medco Power promotes clean energy solutions and has interests in gas-fired, geothermal, hydro-electricity and solar PV power plants. Medco Power owns and operates nine small to medium-sized IPP power plants and is developing new power generation facilities while providing Operational and Maintenance (O&M) services to its own and to third-party power plants. In 2020, Medco Power signed a strategic alliance with the Kansai Electric Power Company to develop new gas-fired IPP facilities in Indonesia.

MedcoEnergi also holds a non-consolidating effective interest in PT Amman Mineral Nusa Tenggara (AMNT), a large copper and gold mine, located on Sumbawa, West Nusa Tenggara, Indonesia.



2020 SUSTAINABILITY PERFORMANCE AT A GLANCE

Highlights

COVID-19 Response



Established three employee-led task forces in anticipating the impacts of the pandemic: prioritising the health and safety of our workforce, their families and communities, sustaining our business and managing social-economic risks.

Governance



Obtained ISO 37001:2016 certification for the Procure-to-Pay (P2P) process of Block A, Rimau, Lematang, South Sumatra, Tarakan and South Natuna Sea Block B. Medco Power became the first power company in Indonesia to receive ISO 37001:2016 certification.



Launched the revised Code of Conduct ("Our Code") to align with international best practices in sustainability in the areas of Human Rights, Personal Data Privacy and Anti-Money Laundering.

Human Resources



We invested US\$2.4 million in training and education.

Launched the Sustainable Performance Improvement Project and identified the ways of working initiative to capture the opportunities for cost saving and staff well-being from remote working.

Lowlights

Health and Safety



A fatality occurred in our power subsidiary involving a contractor during the demobilisation of our Ijen Geothermal drilling operations.

Environmental Management



Reduced Scope 1 GHG emission intensity by 12% from 2018-2020 in our oil & gas operation.

Improved our emissions calculation methodology and collection by implementing the Air & GHG Emissions Calculation Tool and will use the 2020 data in our first reporting through the CDP platform in 2021 in alignment with TCFD recommendations.

Local Community



Created opportunities for local communities during the pandemic through Teacher and Parent Remote Education Skills Training, Empowering Women's Cooperative Groups and Biogas-based Energy Self-Reliant Village programs.

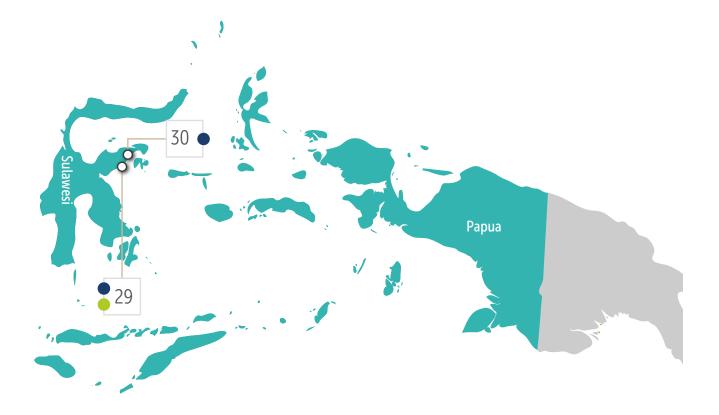
Health and Safety

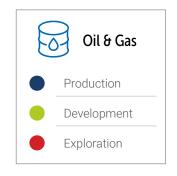


Improved Oil and Gas Total Recordable Injury Rate (TRIR) for four consecutive years and ahead of the TRIR improvement in the TRIR for the International Association of Oil & Gas Producers (IOGP).

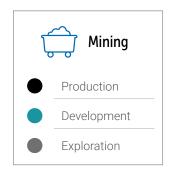


1 Block A Aceh	11 Madura Offshore	21 Block 12W, Vietnam
2 Sarulla Geothermal	12 Bali Solar PV	22 Sinphuhorm, Thailand
3 Riau IPP	13 Batu Hijau & Elang Mines	23 Bualuang, Thailand
4 South Sumatra Region	14 Sumbawa Solar PV	24 Bangkanai
5 South Sumatra IPP	15 PM322, Malaysia	25 West Bangkanai
6 Cibalapulang Mini Hydro	16 ORF, Singapore	26 Bengara
7 The Energy Building (HQ)	17 Batam IPP	27 Tarakan
8 Pusaka Mini Hydro	18 South Natuna Sea Block B	28 Simenggaris
9 Sampang	19 South Sokang	29 Senoro-Toili
10 Ijen Geothermal	20 North Sokang	30 Donggi Senoro LNG











VISION, MISSION AND CORPORATE VALUES

Our Vision

To be the Energy Company of Choice for our investors, shareholders, partners, employees and the communities where we work.

Our Mission

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

Corporate Values



Professional

All employees must conduct themselves in a professional manner by:

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



Ethical

All employees must conduct themselves in an ethical manner by:

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



Open

All employees must make efforts to promote transparency by:

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



Innovative

All employees must cultivate a spirit of innovation by:

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

BUSINESS PORTFOLIO



Oil & Gas

In 2020, MedcoEnergi achieved its revised production target of 100 MBOEPD. The development work programs in the South Natuna Sea Block B also progressed well. The Block has increased both gas delivery and oil production, in addition to four successful commercial exploration gas discoveries.

In the Madura Offshore Block, the Company achieved first gas production from the Meliwis field in July 2020. This gas field development was discovered in 2016 and was completed within four years, a testimony to the Company's strong execution capabilities. In international operations, the Phase 4 Oil development of the Bualuang block in Thailand was completed in May 2020. Bualuang is an offshore block in the Gulf of Thailand acquired through the acquisition of Ophir in 2019.

Our 2020 personnel and process safety results also improved after several years of concerted effort, these efforts will continue as we reinforce safety culture, process safety, hazard identification in our fields and contractor companies. The Company improved Total Recordable Injury Rates (TRIR) from 0.58 in 2019 to 0.33 in 2020. There were zero Tier-1 and Tier-2 PSEs in the Bangkanai, Oman, Rimau, Sampang and Bualuang fields. Survey performed by an independent consultant shows that the Indonesian assets reached the Independent Safety Culture Stage, where the employees are responsible for safety and believe that actions will make a difference.



Power



Medco Power has four business segments, Gas-fired Independent Power Producer (IPP), Geothermal, Other Renewables and Operations & Maintenance (O&M) Services in 18 locations across Indonesia.

Medco Power operates a 330 MW Sarulla geothermal IPP in North Sumatra, the world's largest single contract geothermal operation. As part of wider renewable energy development plans, Medco Power continues to push its geothermal agenda through the second development in Ijen and the third geothermal project in Bonjol.

In the Other Renewables business segment, Medco Power is developing a 26 MWp Solar PV facility in Sumbawa, East Nusa Tenggara. The facility is expected to start generating electricity by the end of 2021. Medco Power has also signed a Letter of Intent with the Indonesian state-owned electricity company PT Perusahaan Listrik Negara (PLN) to develop two 25 MWp Solar PV facilities in Bali, which are expected to be on-stream by the end of 2022.

In June and December 2020, Medco Power signed an MoU (Memorandum of Understanding) with PLN, Grab Indonesia and Bank Mandiri to develop business potential and to encourage faster adoption for electric vehicles. In February 2021, Medco Power launched the Electric Vehicle (EV) Ecosystem as a pilot program of Medco Power's business expansion in the electric vehicle sector. This electrical vehicle ecosystem is a way in supporting Government's electric vehicle program and positioned as catalysts for the growth of the electric vehicles in Indonesia.



SUPPLY CHAIN MANAGEMENT

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

Every year we participate in the Indonesia upstream oil & gas regulator's¹ Key Performance Indicator (KPI) assessments for Production Sharing Contract (PSC) operators. In the 2020 assessment, our Medco Oil & Gas Indonesia onshore Supply Chain Management (SCM) operations won the first place for the second year in a row. In 2020, Block A, Rimau, Lematang, South Sumatra, Tarakan, South Natuna Sea Block B's Procure to Pay (P2P) Process. In line with these certifications, we made several improvements in our e-procurement system to make the tools more robust and fully integrated following the Ophir integration.

In 2020, MedcoEnergi's procurement system was fully integrated under one e-platform and business process. The system implementation was completed for Indonesia and Thailand Oil & Gas, and Medco Power. This integration acts as one of the key factors to achieve business sustainability from synergy of the management processes.

We implemented Integrated Performance-based Contract for the first time during Ijen drilling campaign for Medco Power in 2020. We aimed to improve the effectiveness in contract strategy. This is particularly important to respond to the challenges of renewable energy development in Indonesia.

In our international assets, we completed procurement program for drilling campaign and additional production platform in line with our efforts to sustain the production and economic life of the field in Bualuang, Thailand. In Malaysia, we completed data acquisition survey contract for PM322 and PM310 Blocks as part of our exploration commitment to the Government of Malaysia.

Furthermore, we held an annual Vendor Day virtual event in 2020. The event for oil & gas was attended by approximately 900 participants from various companies. We shared key information and updates on MedcoEnergi's Sustainability Policy Framework, as well as vendor related topics, including Contractor Health, Safety and Environment Management System (CHSEMS) and the use of local products in our business activities.

In the same year, we also conducted biggest virtual Vendor Day for all sites in Medco Power with the theme "Creating Values Beyond Power". It was attended by more than 150 vendors and financial institutions. As a result of this event, there has been an increase in the number of CHSEMS-certified vendors. Moreover, it also provided our financial institution partners with the messages on future business prospects. These results created a positive impact to our power operations. Following the event, in 2021 we held the Compliance & Ethics Contractor Forum in Batam to emphasise our commitment to safety and compliance with applicable laws and regulations.

1. Special Task Force for Upstream Oil and Gas Business Activities in Indonesia/SKK Migas



BUSINESS AT A GLANCE

Our Business Segments















2020 ECONOMIC PERFORMANCE

Direct Economic Value Generated and Distributed

	Value (US\$)	Value (US\$)	Value (US\$)
	2018	2019*	2020
Direct economic value generated	1,230,955,779	1,388,286,779	1,111,772,590
Revenues	1,230,955,779	1,388,286,779	1,111,772,590
	2018	2019*	2020
Economic value distributed	1,018,392,392	1,171,596,971	945,652,976
Operating costs	556,671,116	647,919,925	500,371,598
Employee wages and benefits	73,423,317	99,405,231	89,686,142
Payments to providers of capital	188,990,540	227,274,338	282,220,004
Payments to host countries governments	196,480,990	195,358,203	72,353,410
Community investments	2,826,429	1,639,274	1,021,821
Economic value retained	212,563,387	216,689,807	166,119,615

^{*} In accordance with the provisions of Indonesia Statement of Financial Accounting Standards/PSAK No. 22, the management of the Group retrospectively adjusted the provisional amounts of net asset arising from the acquisition of Ophir Energy Ltd on May 22, 2019, as previously reported in the Group's consolidated financial statements as of December 31, 2019 and for the year then ended to reflect the final fair value of such identifiable net assets. Also, in accordance with PSAK No. 58, the Group also restated the profit and loss accounts pertaining to the operations of PT Medco Geopower Sarulla which have been previously presented under "Continuing Operations" for the year ended December 31, 2019. Accordingly, the Group restated its consolidated financial statements for the year ended December 31, 2019.

04

SUSTAINABILITY JOURNEY AT MEDCOENERGI

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

We approach sustainability within the framework of the three pillars of our Sustainability Policy which are built upon a strong foundation of good corporate governance, and each year we aim for continuous improvement as we attempt to achieve our targets.

In 2020 the implementation of MedcoEnergi's sustainability programs were challenged by the impacts of the COVID-19 pandemic and the low worldwide demand for energy. To assess the risks from the pandemic and to identify and implement appropriate mitigations, the Company undertook an extensive risk assessment

of the impacts on the health and safety of MedcoEnergi's employees, their families and the communities around our operational areas, as well as the associated economic and social implications. Three task forces were established, reporting directly to a Steering Committee consisting of senior leaders and the Board of Directors. One task force ensured the health and safety of the workforce through strict operational protocols, another managed office working arrangements and conducted health campaigns for our workforce and their families, while the third worked together with other stakeholders to redirect resources to support the communities around MedcoEnergi's operational areas.

By managing the risks through these three task forces, MedcoEnergi minimised operational disruptions and maintained its commitment to contribute to the achievement of the United Nations (UN) Sustainable Development Goals (SDG's). Each chapter in this Report is assigned with the relevant SDG logos that indicate our contributions.



MedcoEnergi Three Pillars of Sustainability



Leadership of and by Our Employees



Environment and Social Development



Local Community Empowerment







Leadership of and by Our Employees

Our people are our most valuable asset. They are the keystone of our operations and our future success. Therefore, we must recruit diverse talent from all backgrounds who possess the right skillsets and ethical values. We are committed to maintaining a healthy, safe workplace built upon a culture of mutual respect. To be successful, we will develop the capacity of all of our employees while recognising and rewarding individual performance and expecting

personal accountability. All levels of our management are expected to set clear directions towards our expectations.

Environmental and Social Development

As a responsible corporate citizen, we are committed to comply with all applicable laws and regulations and aligning our health, safety and environmental management with industry best practices and relevant international standards. We regularly set and monitor



our goals and performance to achieve zero injuries, illnesses, environmental incidents and the reduction of waste and emissions. We seek to continually strengthen our operational excellence through enhancing our safety culture, stakeholder engagement, environmental stewardship and the ongoing adoption and development of best practices. We are committed to complying with all applicable laws and regulations, to respecting human rights in line with the UN Guiding Principles for Business and Human Rights and the Voluntary Principles on Security and Human Rights, and to learning from and applying industry best practices and relevant international standards.

Local Community Empowerment

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

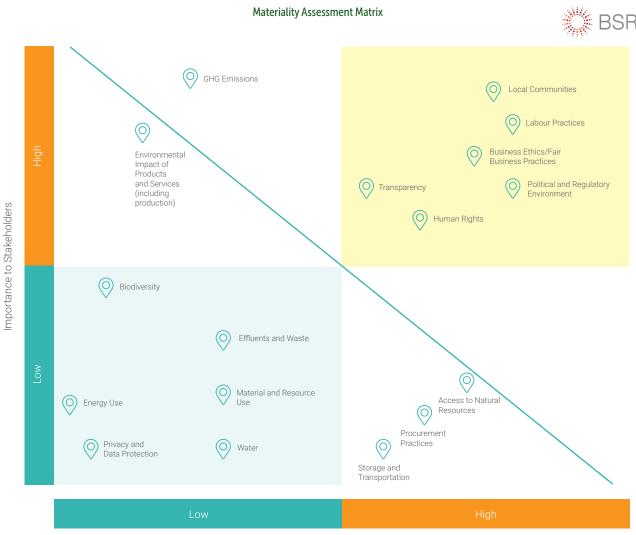
Journey to Sustainability



In 2018, we conducted a comprehensive risk-based materiality assessment with Business for Social Responsibility (BSR) in identifying material issues to the business through an inclusive engagement with our internal and external key stakeholders. We defined the criteria to gauge priorities and perceptions on the importance of each material issue. We then evaluated the results of the engagement and generated our 2018 Sustainability Report, and established our first materiality assessment matrix.

Based on the 2018 materiality assessment, our priority issues include the following:





Influence on Business Success

In 2018, we also established our Sustainability Policy together with short and medium-long term goals. In 2019, we focused on socialising the policy and goals across our business assets. In 2020, we implemented programs and initiatives to embed sustainability in the Company through socialisation, advocacy and capacity building activities.

To respond to the accelerating demands for sustainability from society, we will renew our stakeholder materiality assessment in 2021. In the wake of the COVID-19 pandemic, this will help us to understand our priority Environmental, Social and Governance (ESG) topics and set the roadmap for our goals from 2022 onwards.

Engaging Our Stakeholders

Stakeholder engagement is essential to maintaining our social license to operate and to ensure that we remain informed and address our stakeholders' expectations, priorities and needs.

We use various communication channels to reach our stakeholders in the communities in which we operate. We engage our

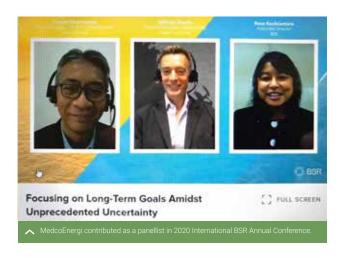
stakeholders, local and central government authorities, non-government organisations (NGO's), the media, our supply chain and our shareholders to understand their perspectives. We incorporate and prioritise their feedback into our programs and targets for operational activities, community development, social welfare improvement and environmental conservation.



In 2020, we maintained our partnerships with international and national organisations in sustainability, such as Business for Social Responsibility (BSR), Global Reporting Initiatives (GRI) and Indonesia Business Council for Sustainable Development (IBCSD). In October 2020, we contributed virtually as a panellist at the international BSR Annual Conference, "Focusing on Long-Term Goals Amidst Unprecedented Uncertainty". We also collaborated with GRI in enhancing our understanding of the GRI Sustainability Reporting Standards. This collaboration was possible with the support by GRI's Australian Department of Foreign Affairs and Trade

funded project "Strengthening Trade Initiative through Reporting in the Indo-Pacific" or STIR 2. We continued our close and transparent engagements with our investors through bi-annual investor calls, quarterly information updates, a yearly non-deal roadshow and frequent participation in investor conferences.

Our contribution in business associations strengthens our relationships with stakeholders through collaboration in various sustainability initiatives.





MedcoEnergi's Stakeholders

Shareholders

Our Corporate Governance principles require that we protect the interests of our shareholders. We conduct General Meetings with shareholders to present the Company's annual results and adopt resolutions, including the appointment and termination of Commissioners and Directors, material decisions regarding investments and divestments, and other significant corporate actions. Our management team also has regular engagement with our investor base.

Employees

We hold regular meetings with Worker Union representatives to ensure an open line of communication concerning employee aspirations and the Company's ability to meet those aspirations. We also have communication forums as an effective way to resolve matters of employee relations and employment benefits, terms and conditions.

Contractors, Suppliers and Business Partners

The Corporate Governance principles and Corporate Values guide all of our engagements with contractors, suppliers and business partners. The newly revised Code of Conduct has been communicated to all of our business partners. To support the local economy in areas where we operate, MedcoEnergi contracts local businesses to supply goods and services and forges strong mutually beneficial relationships.

MedcoEnergi's Stakeh	nolders
Communities	Our local community empowerment entails strengthening engagement, enhancing livelihoods and creating self-reliant and resilient communities wherever we operate. Our community development teams facilitate the establishment and implementation of stakeholder engagement and community development plans. We established a corporate-level Social Management System (SMS) which includes a grievance mechanism as an avenue for local community members to communicate their aspirations or concerns directly to MedcoEnergi and ensure that the grievances are addressed in a timely manner. We have also standardised our online recording system of grievances for better closure monitoring.
Government and Regulators	MedcoEnergi engages governments and regulators in various ways, including consultation and cooperation with government agencies to strengthen policies and activities to mitigate adverse impacts on our operations' environmental, social and health issues. We regularly conduct consultations with government authorities on employment and workforce recruitment issues and cooperate to bolster local communities' capacity and develop and empower local economies.
Banks and Investors	We issue periodic monitoring reports to our lenders and provide data on ESG indicators in our Sustainability Report and quarterly investor update materials. We also work with banks that adhere to the Equator Principles ("EP Lenders") to finance our projects, such as in Senoro Toili JOB, Block A, Sarulla Geothermal and Riau.
Non-Government Organisations (NGOs)/Civil Society	NGOs and civil society organisations are important stakeholders that we engage on a proactive basis. We maintain communication with stakeholders from the NGO community to listen to and gather feedback.
Consumers	We support consumers with our production both directly and indirectly. We contribute to the government objectives of increasing natural gas use as a viable source of energy for Indonesia, Singapore and Vietnam. We also supply gas to the Indonesian state-owned enterprise PT Pupuk Sriwidjaja Palembang that produces urea fertilizers for farmers throughout South Sumatra. As an independent power producer, our Medco Power provides electricity in Java and Sumatra to the Indonesian state-owned electricity company PT Perusahaan Listrik Negara Persero.
Media	We conduct media engagement at a local and national level to keep journalists updated on our current activities, with media gatherings, knowledge sharing and press conferences. We have also held competency training for journalists in the oil & gas industry to develop their capacities and knowledges of the sector. In 2020, this certification program was carried out virtually for South Sumatra in collaboration with the Special Task Force for Upstream Oil & Gas/SKK Migas, the Indonesian Journalist Association/PWI of South Sumatra and other Production Sharing Contractors.
Academia	We work with academics from various universities, such as Gadjah Mada University (Yogyakarta), Syiah Kuala University (Banda Aceh), Tadulako University (Palu), Bogor Agriculture Institute, Bandung Institute of Technology and Universitas Samudra Langsa Aceh in conducting environmental and social assessments as well as other relevant studies. In Thailand, we delivered an "Introduction to Petroleum Industry" class to the Energy Engineering students in King Mongkut's Institute of Technology Ladkrabang – Prince Chumphon Campus (KMITL-PCC). We also participated in their senior projects proposal defendant session to build energy efficiency machinery for households or small scale usages. In Oman, we work through a series of initiatives in partnership with universities. We are part of Ejaad, a platform that connects industry and academia through challenges and research projects. We accept students from all universities in our summer internships. We frequently send our specialists to perform lectures in different courses and we tailor a specific training for universities.



Company's Membership and Initiatives

Our efforts to implement global practices and standards include alignment with the UN SDG's and incorporating the Global Reporting Initiative (GRI) Standards in this Sustainability Report. Our ESG performance has been assessed by Sustainalytics, a Morning Star company, and MSCI ESG Research LLC, a subsidiary of MSCI Inc. (formerly Morgan Stanley Capital International). In 2020, PT Medco Energi Internasional Tbk. maintained its rating of BB (on a scale of AAA-CCC) in the MSCI ESG-rating assessment. In the same year, we have also improved our Sustainalytics ESG risk rating score from 49.9 to 46.9.

List of Memberships

Name of Association	Position
Indonesia	
Association of Indonesian Oil & Gas Industry Remuneration Practitioners (APRIMI)	Member
Auditors Forum of SKK Migas - KKKS (FAMI)	Steering Committee
Hydropower Plant Developers Association (APPLTA)	Member
Indonesian Business Council for Sustainable Development (IBCSD)	Member
Indonesian Employers Association (APINDO)	Member
Indonesian Chamber of Commerce and Industry (KADIN)	Member
Indonesian Electrical Power Society (MKI)	Member
Indonesian Environmental Impact Assessment Forum (FAI)	Chairman
Indonesian Geothermal Association (INAGA)	Member
Indonesian Petroleum Association (IPA)	Board of Directors
Indonesian Independent Power Producers Association (APLSI)	Member
Indonesian Renewable Energy Society (IRSE)	Board of Supervisors
International Society of Sustainability Professionals (ISSP)	Member
IPA Ethics & Compliance Committee	Chairman
National Center for Sustainability Reporting - Energy Sector (NCSRE)	Chairman
Public Relations Forum of SKK Migas - KKKS	Steering Committee
The Climate Reality Project Indonesia	Leader
Thailand	
Oil Industry Environmental Safety Group Association (IESG)	Member
Petroleum Institute of Thailand (PTIT)	Member
Society of Petroleum Engineers (SPE)	Member
Oman	
Oman Chamber of Commerce and Industry (OCCI)	Member
Oman Society for Petroleum Services (OPAL)	Member

05

RENEWING OUR CODE TO STRENGTHEN OUR GOVERNANCE

Approach and Commitment

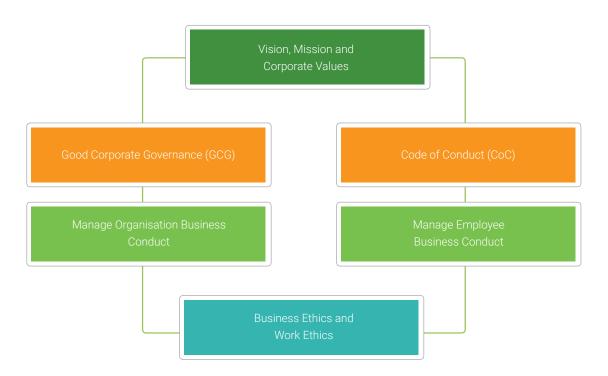
Sustainable business practices rely upon a foundation of effective and ethical corporate governance and a culture of transparency and compliance. MedcoEnergi takes a two pronged but complementary approach to implementing Good Corporate Governance (GCG). An ethics-based approach, underpinned by fostering a culture that recognises and rewards sustainable and profitable long-term relations with stakeholders. Together with a regulatory approach based on compliance with prevailing laws, regulations and international industry best practices.

Good Governance Structure and Principles

MedcoEnergi's good governance is aligned with how the organisation is managed.

- MedcoEnergi Good Corporate Governance (GCG) is guidance on how the organisation is managed by the Company's Board of Commissioners and Board of Directors.
- MedcoEnergi Code of Conduct (CoC) is guidance on ethical conduct for employees and stakeholders for how Company business should be conducted.

Relationship Between GCG and CoC





Good Corporate Governance (GCG)

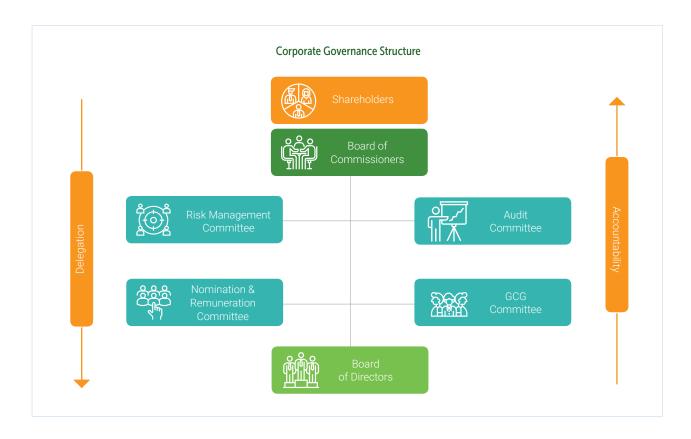
MedcoEnergi applies the Good Corporate Governance Principles of Transparency, Accountability, Responsibility, Independence and Fairness. Our GCG structure has a segregation of duties between the General Meeting of Shareholders (GMS), the Board of Commissioners (BOC) and the Board of Directors (BOD).

The MedcoEnergi BOC supervises the BOD and provides advice pursuant to the Articles of Association. The BOC supervises risk management and internal control within MedcoEnergi and ensures that GCG is implemented in an appropriate manner. The BOC is also tasked with chairing the Annual GMS (General Meeting of Shareholders), monitoring internal and external audits, supervision of risk management for all businesses, performance evaluation and remuneration recommendations for the BOC and the BOD. To implement its duties effectively the BOC has the support of the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee and the GCG Committee.

Sustainability Governance

An effective and properly constituted BOD is key to GCG. To support their roles, the Corporate Sustainability and Risk Management (CSRM) division is tasked with assisting the BOD in creating the required infrastructure and implementing the Board's agenda in sustainability and risk management. The CSRM division coordinates with other divisions such as HSE, Human Resources, Relations and Security, and Audit and Integrity Compliance, to monitor progress towards achieving the Company's sustainability targets. Operating businesses and divisions report to the BOD on their risk registers and sustainability performances in Quarterly Performance Reviews (QPR).

The BOD provides updates to the BOC on Sustainability and Risk Management matters in Risk Management Committee (RMC) meetings. The progress of our sustainability efforts in 2020 are disclosed in each chapter of this Sustainability Report.



The Revised MedcoEnergi Code of Conduct

MedcoEnergi's revised Code of Conduct ("Our Code") was launched in May 2020 to address the increased complexity following the expansion of MedcoEnergi's portfolio and the higher expectations from stakeholders to align with international best practices in sustainability.

The Code is the principal guidance on ethical conduct for management and employees to carry out their responsibilities. The Code must also be followed by all stakeholders of the Company. It is also aligned with international best practices in the area of Human Rights, Personal Data Privacy and Anti Money Laundering. The guidelines clearly defines expectations, roles and responsibilities for management, employees and business partners. The tagline of the revised Code is "Know the Code, Know the Commitment" and underlines our beliefs in conducting business. Our Code is accessible through this link: www.medcoenergi.com.

Our Commitment & Our Responsibility

- · Our Corporate Values and Code of Conduct
- · Expectation to Everyone
- · Expectation to Supervisors
- · Raising Our Concerns
- · Disciplinary Actions

Protecting Our Employee & Our Workplace

- Equal Opportunity and Discrimination
- · Workplace Harassment
- Personal Data Privacy
- · Safe Workplace

Protecting Our Company Interest & Assets

- · Conflict of Interest
- · Accuracy of Financial Reporting
- Protection of Company Assets
- Intellectual Property Rights
- Information Technology and Communication System
- · Insider Trading

The Revised
MedcoEnergi
Code of Conduct

"Our Code"

Respecting Our Stakeholders

- · Our Business Partners
- Our Communities
- · Our Goverment

Obeying the Law

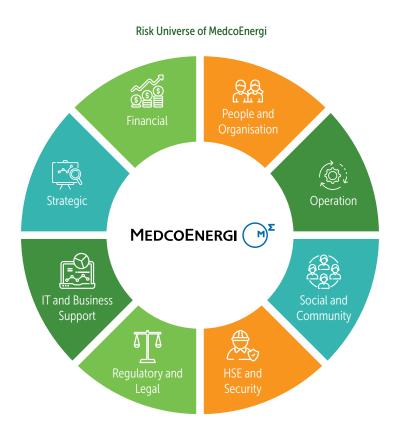
- · Corruption and Bribery
- Preventing Money Laundering
- Involvement in Politics



Risk Management

The Enterprise Risk Management (ERM) framework provides a structured approach for risk management across MedcoEnergi. The framework follows ISO 31000:2018 standards and covers all facets of risks that may impact the Company. They include risks related to strategic, financial, operational, people and organisation, information technology and business support, regulatory and legal, HSE and security, as well as social and community. It also covers risks that may arise from third-party stakeholders, including suppliers and contractors. The ERM is part of the governance of our Sustainability Framework.

One of the key risks identified through our ERM framework is climate change risk. We are currently assessing the details of the risks and opportunities to develop mitigations that can be incorporated into our strategic business development.



Ethics and Compliance Programs

MedcoEnergi operates in countries with high exposure to corruption. To address this challenge, we invest time and effort to maintain a transparent and strong business culture that is supported by regular capacity building and auditing.

We prioritise ethical conduct and transparency when interacting with our business partners, government agencies and local communities and proactively track regulatory updates. In 2020, no material penalties or sanctions were imposed on any of our assets for regulatory violations or compliance issues.

Annual Statement of Adherence (SoA) and Conflict of Interest (CoI) Declaration

All MedcoEnergi employees submit annual SoA and Col declarations. For both the annual SoA and Col, each supervisor is responsible for reviewing their direct reports' declarations, discussing issues and taking action to mitigate any identified risks in the employee's situation. Based on the type of declarations made by employees and contractors, the potential conflict will be elevated for review by direct supervisor, head of division and Board of Directors. Subsequently, the Company will develop action plans to mitigate any risk.

Annual Statement of Adherence (SoA)

Our employees receive ethics and compliance-related education and communication through emails, classroom trainings and the appointed Ethics Liaison Officers (ELO). Furthermore, there is also a self-learning requirement followed by a comprehension test that employees must pass in the annual SoA declaration in our Business Process Management (BPM) system.

Conflict of Interest (CoI)

Decision-making processes must be based on professional considerations without influence that may compromise independent and professional judgment. Through the Col declaration we encourage our employees to disclose any situation that may represent a perceived, potential or actual conflict of interest.

Ethics Liaison Officer (ELO) Program

The ELO Program helps to build MedcoEnergi's culture of ethical compliance by developing selected employees to become Ethics Liaison Officers. They are rotated within the organisation every year and are expected to promote compliance to all applicable business ethics rules, policies, laws and regulations. Before serving as the Ethics Liaison Officers, the assigned individuals participate in an ELO capacity building program. The scope of the workshop includes enhancing awareness of compliance, assisting and reinforcing ethics and compliance, communication and training activities, risk identification, monitoring activities and remediation. In 2020 this ELO Program was quoted as a good practice by the ABMS ISO 37001 certification body.

2018-2020 Ethics Liaison Officer (ELO) Program

2018 2019 2020 Ħ Corporate: Corporate: Corporate: Oil & Gas Operations: Oil & Gas Operations: Oil & Gas Operations: Coverage Offshore: Offshore: Offshore: Onshore: International:



Corporate Anti-Corruption Measures

Due to the COVID-19 pandemic and health protocols, the corporate anti-corruption measures and capacity building program was converted into a virtual program. Anti-corruption training and campaigns in 2020 included:

Induction Sessions - Regular 1-2 hour induction sessions on anticorruption for new hires (staff and senior leaders in oil & gas and power) and apprentices.

Ethics and Compliance Awareness Session - The target audience for this training in 2020 were secretaries and administrative assistants. The purpose of the session is to gain an understanding of MedcoEnergi Code of Conduct and its application in performing their roles to support the BOD, BOC, business and function leaders.

International Anti-Corruption Day - This was celebrated by several anti-corruption campaigns through Leadership Messages from the President Director and the CEO, video and tagline competitions, an ELO anti-corruption campaign challenge and a workshop.

Virtual Ethics and Compliance Education Program - The program is an internally produced Conflict of Interest video campaign reaching a wide audience across the MedcoEnergi Group.

Third Party Compliance Management - Quarterly articles on anticorruption, conflict of interests and compliance risks for vendors and contractors.

Vendor Day - This is an annual campaign and communication event on MedcoEnergi's Ethics and Compliance Program to ensure implementation throughout the value chain. The event for Medco Oil & Gas was attended by approximately 900 participants from various companies, while the event for Medco Power was attended by more than 150 vendors and financial institutions.

External Collaboration

MedcoEnergi strives to continuously improve its governance programs by establishing external collaboration, learning from and contributing to the professional community. This collaborative effort is to foster a culture of high integrity within the industry and to promote a level playing field.

In collaboration with the Indonesian Special Task Force for Upstream and Oil & gas Business Activities/SKK Migas, MedcoEnergi held a virtual Oil & Gas Auditor Summit in November 2020.

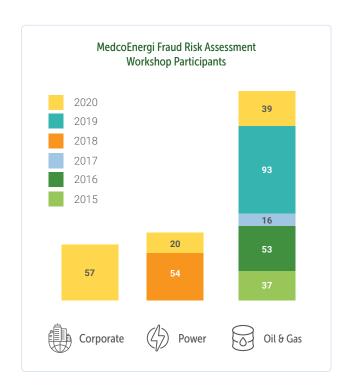
We contributed to the Organisation for Economic Co-operation and Development (OECD) Focus Group Discussions (FGD) on High-Level Reporting Mechanism in November and December 2020. In the FGD, we provided insights on best practices in secure and anonymous reporting systems.

In 2020 MedcoEnergi sponsored the Integrity Business Forum "Investment with Integrity – Navigating the New Realities in 2021" with speakers from the Indonesian Corruption Eradication Commission (Komisi Pemberantasan Korupsi/KPK), the Indonesian Investment Coordinating Board (Badan Koordinasi Penanaman Modal/BKPM), the Financial Services Authority (Otoritas Jasa Keuangan/OJK) and the keynote speech by the former Indonesian Vice President. Mr. Boediono.

Compliance Risk Management

Fraud Risk Assessment (FRA) Workshops

Our approach to prevent corruption includes the use of corruption risk assessment procedures. MedcoEnergi first conducted Fraud Risk Assessment (FRA) workshops in 2015 to identify fraud risks, the required controls and mitigation actions. In 2020 FRA workshops were conducted for the Relations & Security function and East Java assets (Sampang, Madura Offshore and Bangkanai).

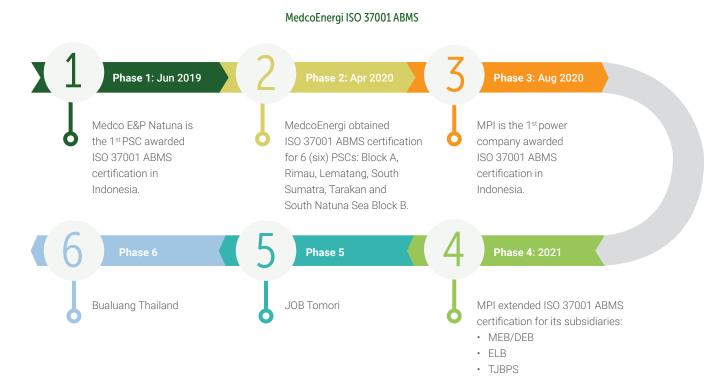


Anti-Bribery and Corruption (ABC) Vendor Audit

In 2020 we conducted 21 ABC Vendor Audits after a risk assessment of our supply chain contracts. The risk assessment was based on business risks (e.g. shipping, security, formalities, inspection, certification and licensing) and the specific background of the contractors e.g. reputation for corruption and presence of contractors' personnel with political affiliation.

Anti-Bribery Management System (ABMS)

Since 2018 we have been developing an anti-bribery management system to prevent, detect and respond to bribery, corruption and fraud risks. In 2020, we obtained ISO 37001:2016 certificate for the Procure-to-Pay (P2P) process of Block A, Rimau, Lematang, South Sumatra, Tarakan and South Natuna Sea Block B. Also in 2020 Medco Power became the first power company in Indonesia to receive ISO 37001:2016 certification.



Operational Technology-Information Technology (OT-IT) Audit

MedcoEnergi recognises the increasing number of cyberattacks on Operational Technology (OT) in recent years. We engaged PricewaterhouseCoopers (PWC) Australia in 2020 to attest our OT practices at South Natuna Sea Block B through OT Audit and adopted a National Institute of Standards and Technology (NIST) Controls Framework, which is a guideline for Industrial Control Systems. The audit provided valuable insights and recommendations for improvement of our OT implementation.

Furthermore, we also engaged PWC Indonesia for an Information Technology (IT) Audit to assess the adequacy of our IT security system using NIST Cybersecurity Framework. The NIST Cybersecurity Framework is a voluntary framework that enable organisations to inform and prioritise decisions regarding cybersecurity based on business needs. On its completion, we ensured that any attacks can be detected, contained and remediated to avoid business disruption and significant loss from social engineering, spear-phishing attacks, ransomware, business continuity and other IT security threats.



Sanction Compliance Program

Since 2018, MedcoEnergi has been assessing the impacts of expanding US, EU, and UN sanctions. We scrutinise our operations to detect and eliminate potential violations, and developed specific ways to mitigate civil monetary penalties imposed by the Office of Foreign Assets Control (OFAC) of the United States of America. As a result, we have initiated the development of the Sanction Compliance Program. As part of the capacity building, we conducted Sanction Compliance workshops in 2020 covering the fundamentals of sanction risk and assessment, related internal control measures, OFAC screening tools and the WorldCheck System.

Whistleblowing Channels

MedcoEnergi has whistleblowing channels as an integral part of the ABMS system for employees and wider stakeholders. The whistleblower system allows reporting through website, telephone, text messages (SMS), WhatsApp messenger in Indonesian, English, Thai and Arabic.

MedcoEnergi has a system in place to process whistleblower reports that involves rigorous investigation overseen directly by the BOD. We employ Deloitte Consultants Indonesia (Deloitte), to operate our external whistleblower channel. This ensures the independence of the investigation process for whistleblowing reports. We encourage any parties to raise their concerns through our channels, especially in the following areas: fraud, corruption,

breaches of Code of Conduct & other policy, conflicts of interest, financial statement fraud, bribery, misconduct and any unethical behaviors.

We treat every reported misconduct with the utmost confidentiality. We value individual willingness to report potential violations of MedcoEnergi's set of ethical standards and policies as long as the report is based on good faith. We take seriously claims of retaliation, validate them thoroughly, and will take appropriate action.

Our whistleblowing system includes safeguarding the anonymous reporters to ensure no retaliation. We consider acts of retaliation as misconduct which, if substantiated, can result in disciplinary actions up to, and including, dismissal or termination of employment. We proactively promote the whistleblowing channel to our employees through Ethics and Compliance Programs, to the Ethics Liaison Officers, and other awareness raising activities. Anyone may file a report on any violation via various channels that are listed on the MedcoEnergi website, www.medcoenergi.com, or via Deloitte websites at https://lapor-medcoenergi.tipoffs.info.

Deloitte screens and categorises reports and may require more information and supporting documents from the Whistleblower. Deloitte will then report and submit the complete reports to the Company's President Commissioner, President Director and Head of Corporate Audit & Integrity Compliance. The Company will conduct an independent investigation and take necessary follow-up actions.



MedcoEnergi Ethics Hotlines



Internal Ethics Hotline

Email: EthicsHotline@medcoenergi.com

Phone (Office Hours 7AM-4PM): (+62-21) 2996 5899

Office Visit:

The Energy Building - MedcoEnergi Audit & Integrity Compliance division, SCBD Area Lot. 11A, Jl. Jendral Sudirman, Jakarta 12190

External Ethics Hotline

(managed by appointed independent party)

Direct Website: https://lapor-medcoenergi.tipoffs.info

Email: lapor-Medcoenergi@tipoffs.com.sg

Indonesia

Phone: 0800-150-3020

Text Messages (SMS) and WhatsApp Messenger: (+62-813) 8870-3300

Thailand

Phone: 1800-010-316

Text Messages (SMS): (+66) 655986 1887 WhatsApp Messenger: (+62-813) 8870-3300

Oman

Phone: 80074565

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

Internal Audits

We perform regular internal audits to provide independent, objective assurance and advice to the BOD, corporate functions and business units.

Auditee	2017	2018	2019	2020
Corporate	PT Energi Prima Elektrika/PT	PT Medco Power Indonesia	Sarulla Operation Limited	PT Medco Power Indonesia
	Multi Daya Prima Elektrindo	Tanjung Jati B Power Services		
Function	Supply Chain Management			Well Operation Onshore
	General Services Drilling			Information Services
Oil & Gas	Block A	Rimau	Block A	South Sumatra
(Domestic &	Rimau	South Sumatra	South Natuna Sea Block B	
International)	Tarakan	Lematang	Tarakan	
		Oman		
Partnership with	Joint Operating Body		Joint Operating Body	
JOB	Pertamina – Medco E&P		Pertamina – Medco E&P	
	Tomori Sulawesi		Tomori Sulawesi	



Public Policy

As reflected in Our Code, we do not support political parties and make no contributions or donations to any political party or affiliated organisation wherever we operate.

Nevertheless, we fully respect the freedom of our employees to participate in political processes and support their choice of parties or candidates without any influence whatsoever. Individuals actively participating in political activities, including participating

as members in a political party or campaigning for an election, must do so in accordance with our policies and regulations. All employees receive internal communications regarding our stance for donations and contributions before elections take place.

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

Alignment of Sustainability Initiatives with the UN Sustainable Development Goals

Our sustainability initiatives in Corporate Governance is part of MedcoEnergi's efforts in contributing to UN SDGs. We map these initatives against relevant SDGs targets below. This mapping does not constitute a claim that MedcoEnergi has measured or committed targets to the host governments of our operational areas regarding the achievement of UN SDGs.



Relevant target:

4.7

Key initiatives:

Training on business ethics, fraud risks, human rights, anti bribery and corruption.



Relevant target:

12.6

Key initiatives:

Publication of sustainability reporting.



Relevant target:

16.3, 16.5, 16.6, 16.7

Key initiatives:

Ethics and compliance, business integrity, annual SoA and Col declarations.



Relevant target:

17.17

Key initiatives:

Partnership with civil society organisations in promoting transparency and business integrity.

Action Plan

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

	Short Term Actions	Medium-Long Term Actions	Status
Anti-Corruption	Require all employees to sign an annua demonstrating their knowledge through		Employees in domestic and international assets have signed an anti-corruption declaration on an annual basis.
	Assessment (FRA) for MedcoEnergi employees and discuss anti-corruption programs in an oil & gas forum.		Completed the training on hosting government and FRA workshops for Relations & Security division, Sampang, Madura Offshore & Bangkanai as targeted in 2020. Extended the FRA Workshop to other PSC members of the Indonesia Petroleum Association (IPA) Ethics & Compliance Committee as part of MedcoEnergi's collaborative action in sharing best practices on anticorruption.
	Piloting of Ethics Liaison Officer (ELO) pr B, with more than 30 officers in each dep		The number of ELO personnel expanded from 48 in 2019 to 54 in 2020. Currently the number is progressing to
	Expand the ELO program at Rimau, Sout with 48 officers in each department and	_	have more personnel in 2021 (56 personnel) through virtual communication & training program.
	Expand the ELO program to newly acquir	ed Indonesia and Thailand assets.	
	Implement and obtain ISO 37001: 2016. Natuna Ltd.	Implement and obtain ISO 37001: 2016 ABMS certification for Medco E&P	
	Implement and obtain ISO 37001:2016 ABMS certification for Procure to Pay: Block A, Rimau, Lematang, South Sumatra, Tarakan and South Natuna Sea Block B.		Implementation and certification have been obtained in Q2 2020.
	Implement and obtain ISO 37001:2016 ABMS certification for power assets.		The certification process for Medco Power (Head Office) started in Q4 2019 and completed in Q3 2020.
			Preparation to certify PT Mitra Energi Batam (MEB) & Dalle Energi Batam (DEB), PT Energy Listrik Batam (ELB) and PT Tanjung Jati B Power Services (TJBPS) including resource planning was initiated in Q4 2020. The certification is planned to be completed in 2021.
	Develop ABMS implementation in the Th	ailand asset.	Ongoing gap analysis on ABMS requirements.
	Conduct Anti-Bribery and Corruption Vendor Audits (minimum of 20 vendor audits per year).		Conducted the vendor audits annually and completed 21 virtual vendor audits in 2020.
	Establish a standard for vendors due dili	gence process.	Completed procedures and standards establishment and implementation for South Natuna Sea Block B in 2019. The development for other oil & gas assets is currently ongoing.
	Through the Indonesia Petroleum Asso Committee, advance engagement with corruption practices in the oil & gas indu	government authorities on anti-	Through the Indonesia Petroleum Association (IPA) Ethics & Compliance Committee, maintained effective engagement with government authorities and key stakeholders on anti-corruption practices, regulation simplification and transparency in the oil & gas industry, including collaboration with some universities in campaigning the importance of business integrity and anti-corruption programs, particularly in the energy sector.



	Short Term Actions	Medium-Long Term Actions	Status
Business Ethics	Carry out Code of Conduct (CoC) Assurance: Automate Statement of Adherence (SoA) self-test.		SoA self test and CoI deterrence automated across the organisation referring to the revised Code of Conduct.
	Automate Conflict of Interest (CoI)	Deterrence	
	Standardise CoC practices related to SoA Declaration, Conflict of Interest (CoI) Declaration, Gift & Entertainment Policy, Government Hosting Policy and Contribution & Donation Policy.		Completed the required alignment at the corporate level and oil & gas. Medco Power completed developing Gift & Entertainment Policy in 2019 and Anti-Bribery and Corruption and Government Hosting Policies in 2020.
	and compliance practice at the continuous improvement		Completed the audit and compliance practice alignment at the corporate level. Vendor Due Diligence is still ongoing. Medco Oil & Gas CLA has retaliation clauses
	Standardise vendor due diligence process for Medco Oil & Gas assets.	due diligence and disciplinary actions related to retaliation clauses in CLA across the group.	to reinforce disciplinary actions. Our Code has included MedcoEnergi's commitment to not tolerate any kind of retaliation and its reporting mechanism.
	Reinforce disciplinary actions related to Code of Conduct Violations in the Collective Labor Agreement (CLA) for Medco Oil & Gas assets.		
	Finalise and implement a standardised, rigorous compliance program (covering prevention - detection - response) across MedcoEnergi.		Implemented Our Code across MedcoEnergi, ongoing ABMS implementation in key international assets and standardised 3 rd party risk management.
Human Rights	Develop human rights policy and framework.		Inclusion of human rights aspects in the Community Development Policy and Security Policy.
			Our Code includes a commitment in doing business ethically, a commitment for business partners to have the same high ethical standards, a commitment in maintaining a sustainable relationship with stakeholders in compliance to the relevant human rights laws wherever MedcoEnergi operates.
	Conduct human rights training for re	elevant employees and vendors.	Conducted training for security guards that includes a human rights component.
	Conduct human rights assessment for major assets.		Review of existing internal policies to incorporate human rights aspects as part of human rights assessment preparation.
Public Policy	Develop an accountability mechanism to monitor MedcoEnergi's public policy statements versus execution and agenda versus implementation.		Completed the accountability mechanism and reported to the BOD.
Socioeconomic Compliance	Through the IPA Ethics & Compliance Committee, support industry efforts to increase simplification and transparency around social and environmental permits for Medco Oil & Gas assets.		Ongoing engagement in the National Anti-Corruption Strategy Forum.

06

CREATING OPPORTUNITIES FOR COMMUNITIES

Approach and Commitment

MedcoEnergi is committed to be a leading company in the field of community practices and corporate social responsibility (CSR). The social and economic impact of the pandemic challenged our ability to reach our targets in 2020. However, together with communities and other stakeholders we found creative ways to adapt our community development programs to continue to empower and create resilient and self-reliant communities.

Key Focus Areas of the MedcoEnergi Community Development Policy

Natural Resources and Local Wisdom Community development programs are developed based on natural resources and local wisdom within local communities to foster sustainable growth.

Empowerment

Community empowerment process is aimed to improve the ability of communities to become self-reliant according to self- and environmental-potentials.

Stakeholder Engagement Stakeholder engagement is carried out to obtain social license to operate and community development program implementation.

Our Community Development policy is available on MedcoEnergi's website at www.medcoenergi.com.

We implement our Community Development policy with the following focus:

- Social and economic impact: We assess and prioritise community needs based on local renewable resources and local wisdom to support sustainable community development.
- Stakeholder engagement: We engage stakeholders in government organisations, non-government organisations and the media to develop good partnerships and enhance our understanding of expectations. All assets implement stakeholder engagement plans to manage ongoing engagement with local communities and other relevant stakeholders.
- Grievances: We have a grievance mechanism as an avenue for local communities to communicate their complaints directly to MedcoEnergi and to ensure that grievances are addressed in a timely manner.

A social, economic and culture impact assessment is conducted during project appraisal as part of an Environmental Social and Health Impact Assessment/ESHIA¹ in line with regulatory permit requirements. The socio-economic-cultural components of this assessment emphasise community income, demography, livelihood, culture, archeology and cultural sites. The public health component of the ESHIA evaluates any potential impact on public health. Public involvement in ESHIA/AMDAL occurs through public

consultation prior to the submission of the assessments' terms of reference, and also by having representatives of the Project Affected People serving as Commission members. The ESHIA assessment and the subsequent Government permits must be issued before any MedcoEnergi project can proceed.

Meaningful Engagement with Our Stakeholders

We have a precautionary and participative approach to stakeholder engagement. We involve communities and local governments in planning, implementing and evaluating our plans and community development programs based on our capacities, resources and the needs of the communities. Our community development programs are long-term in nature and apply the S-Curve² approach.

We use multi-stakeholder engagement platforms that include district leadership coordination forums (Forum Komunikasi Pimpinan Daerah/FORKOPIMDA), local youth organisations (Karang Taruna), NGOs, and other community-based organisations.

Our Stakeholder Engagement Plans involve two-way dialogue to allow parties to exchange views and information.

Human Rights and Security

In 2020, Medco established a Security Policy which outlines our framework to provide protection for employees, assets, facilities, operations and our reputation. It also reflects our commitment

^{1.} In the case of the Government of Indonesia's regulatory framework, this is called the Analisis Mengenai Dampak Lingkungan (AMDAL) process.

^{2.} The S-Curve concept describes the different phases a community goes through in the process of adopting new technology.



to comply with all applicable laws and regulations and to respect human rights in line with the UN Guiding Principles on Business and Human Rights and the Voluntary Principles on Security and Human Rights (VPSHR).

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

To this end, we have established a Security Management System by applying industry best practices and relevant international standards. We provide training to ensure that our security personnel possess the necessary skills and knowledge on human rights issues. This training is also an effort to empower the local community, since many of our security personnel are taken from the local community.

The integration of human rights in our security practices aims to identify potential risks and safeguard our employees and communities. In 2020, 80% of our oil & gas security personnel and 100% of our power security personnel participated in human rights training.

Supporting Community Livelihoods

In 2020 we upgraded community development programs in four areas: emergency response, awareness building, community support, and economic programs.

In Indonesia, we coordinated with the Government's Central and Regional COVID-19 Task Force, as well as central, regional, district and village level government bodies, health service providers and communities to attempt to mitigate the social and economic impacts of the pandemic. In Thailand, we also collaborated with government bodies to support their efforts to raise awareness of the disease and mitigate its impacts.

The diagram below provides an overview of the adjustments made to our community development programs during the pandemic.

Government		Community		
Emergency Response	Awareness	Support from Community	Economy Program	
Coordination with SKK Migas, Oil and Gas Management Agency of Aceh (BPMA) government task force, public health office.	Coordination with public healthcare providers.	Coordination with Sixix Migas,		
1st - 2 nd month	2 nd - 3 rd month after designated	d emergency response period	vulnerable groups with food supply and the foster groups with capacity building through online monitoring • 3rd month: expand the target groups	
Support the program to prevent the spread of COVID-19: • Emergency response: Personal Protective Equipment, hand sanitisers, masks, etc. • Food aid for the susceptible groups Following the emergency response programs of each local government	Deliver COVID-19 campaign through videos, brochures, posters, WhatsApp/text messages (SMS): COVID-19 disease and its prevention Health information to improve the immunity during pandemic Strict health protocols awareness	Deliver COVID-19 campaign through videos, brochures, posters, WhatsApp/text messages (SMS): Strict health protocols implementation by site offices and personnel, including local employees What to do after exposure to COVID-19	Deliver economy program campaign through videos, brochures, posters, WhatsApp/text messages (SMS): Development of household-based and environmental-based community economic programs Expansion of environmental-friendly agricultural programs (SRI Organic, organic vegetables, land fisheries,	

Community Development Program Implementation

The complete list of community development programs is available in the GRI Performance Data, GRI 203 on page 90 and GRI 413 on page 94 (www.medcoenergi.com/en/subpagelist/view/36). The beneficiary testimonials can also be found at www.medcoenergi.com/id/subpagelist/view/4.

Our Community Development Programs

Assets	Programs
South Natuna Sea Block B	
Construction & infrastructure	Social & public facilities support (taman bermain, gerbang wisata), Public Road Solar Lighting (<i>Penerangan Jalan Umum Tenaga Surya</i> /PJUTS), electricity, hospital bed support
Sustainable livelihood & others	Marine environment conservation, university students scholarship, Adiwiyata (environment-based school), village management capacity building, distance learning support, grouper cultivation, market development and product diversification of Micro Small Medium Enterprises (MSME) primary product, Anambas tourism village program, equipment and producing machine for fishermen groups, waste management, social assistance for disaster management, COVID-19 handling support
Block A	
Construction & infrastructure	Mosque renovation, bridge rehabilitation, road rehabilitation, school facilities renovation, health facilities renovation & support, public & social facility rehabilitation, clean water facility
Sustainable livelihood & others	Organic farming, entrepreneurship training (sewing & air conditioning technician), fishpond, red chili plants cultivation, community learning center, cassava cultivation, goat breeding, social & stakeholder mapping study
South Sumatra	
Construction & infrastructure	School renovation, mosque renovation, village road and bridge rehabilitation, public facility support, village culvert rehabilitation, public toilet construction, village library construction, clean water drilling well, mobile library
Sustainable Livelihood & others	Organic farming, goat husbandry, business diagnose & market assessment, youth economic development in overcoming economic turmoil due to COVID-19, fishery program, plant seed assistance for rehabilitation program, school facilities and equipment support, school activities support, health counseling program, sport program, basic food need for vulnerable groups, village event support, food aid and fire disasters support, support for district-level Development Planning Forum (<i>Musrenbang</i>)
Rimau	
Construction & infrastructure	Village road rehabilitation, school facilities renovation, clean water facility, public facility rehabilitation, house construction for vulnerable group, village park, bidar boat
Sustainable Livelihood & others	Plant nursery program support for elderly groups at hospital, goat husbandry, fishery program, household-based creative economy activities, watermelon cultivation, waste management, business diagnose & market assessment, organic farming, community development study, students transportation, health institution capacity building, education support (<i>Sahabat Mengajar</i>), health (counseling and sport program), COVID-19 handling support, forest fire prevention support, religious activity support, national disaster support



Assets	Programs
Lematang	
Construction & infrastructure	Public facilities rehabilitation, clean water facility, mosque renovation, sport facility rehabilitation, village road & bridge rehabilitation, school facility rehabilitation
Sustainable livelihood & others	Teacher training of distance learning, school learning & library support, business diagnose & market assessment study, honey bee park development for community, cooking training for women group, organic farming, social mapping & SROI study, medical equipment support, sport equipment support, health program through joint sport activites, COVID-19 handling program support
Tarakan	
Construction & infrastructure	Village road rehabilitation, walk-way construction, public & social facility rehabilitation
Sustainable livelihood & others	Organic farming mentoring program, mobile library, honey bee and durian montong cultivation, culture program support, government green program support, online drawing, COVID-19 handling support, market fire victims handling support, trash container support, health program (counseling & COVID-19 handling support)
Bangkanai	
Construction & infrastructure	School building construction, village road rehabilitation, clean water facilities construction
Sustainable livelihood & others	Capacity building for health and clean water, cadres teacher capacity building, freshwater fish cage breeding and development, cattle development, freshwater fish pond nursery and development, social mapping study, natural disaster assistance
Madura Offshore	
Construction & infrastructure	Village road rehabilitation, school facilities construction, rescuer vehicle (Mobil Siaga Desa)
Sustainable livelihood & others	Three-wheeled motorbikes for youth empowerment activities, capacity building, monitoring and mentoring CSR program implementation, community library support (<i>Taman Baca</i>), integrated healthcare center (<i>pos pelayanan terpadu</i> /posyandu), education facilities support and cadres capacity building, fisherman group equipment support, carpentry group equipment support, agriculture group equipment support, women empowerment, community activities equipment support
Sampang	
Construction & infrastructure	Village road rehabilitation, public toilets construction, cleaned water drilling, mosque renovation, public facilities rehabilitation, city park construction
Sustainable livelihood & others	Monitoring and mentoring CSR program implementation, fishermen group equipment support, youth program, women empowerment, community activities equipment support, medical equipment support for integrated healthcare center (pos pelayanan terpadu/posyandu), health counselling

Assets	Programs
Thailand	
Sustainable livelihood & others	Food for Sustainable Lives (FSL) project, natural food container project, craft paper from pluping of palm bunch project, support on education, environment, community and others
Power	
Construction & infrastructure	Road renovation, bridge renovation, school renovation
Sustainable livelihood & others	Catfish cultivation training, women enterpreneur small enterprise, COVID-19 mitigation support, community event support, contribution to 75 th Independence day celebration, support to community religious event: Eid al-Adha and Christmas event donations, HSE workshop/socialisation to community, food aid to fishermen groups in Jepara Regency during drought season, public facilities and infrastructure support: water pump and clean water facilities donation, Mosque facility, reading facilities, public roads, school, statue rehabilitation, irrigation system, blood donation, staple food support to orphanage

Community Empowerment Support

Community Empowerment support over the last three years is shown in the table below

Programs US\$	2018	2019	2020
Infrastructure	505,890	765,686	754,992
Sustainable Livelihoods	544,676	712,012	625,353
Others	625,020	409,913	377,088
Total	1,675,586	1,887,611	1,757,433

Our investment contribution in 2020 decreased due to the implementation of pandemic health protocols and reduced community activity levels.

Community Development Highlights

Educational Care

Our community development education programs are conducted in the communities surrounding our operational areas. Our multi-year education programs are focused improving education quality, such as teacher – parent capacity building and providing education materials.

During the pandemic, education is an area that has been heavily affected. Indonesian schools had to close as part of the effort to curb the spread of the virus. This deprived children of their right to receive quality education. The change to remote learning brought further challenges with issues related to teacher and parent teaching skills and the availability of technology infrastructure.

Teacher and Parent Remote Education Skills

When health protocols prohibited face-to-face interaction and education had to be carried out remotely, teaching was limited to online communication channels. However, remote education requires a different set of skills for both teachers and parents.

Tarakan and Lematang turned this challenge into an opportunity to enhance the capacity of school teachers through a series of virtual training sessions. The training involved 36 teachers and school principals from 7 public and private elementary schools in Tarakan, North Kalimantan. They received training in preparing remote learning modules and online counselling. Parents also received training to support their children to adapt to remote learning and they were introduced to the concept of fun and creative learning.



These innovative adjustments to our long-term education programs received very positive responses from the Education Offices of the local government, as well as the teachers and the communities. This led to the expansion of the programs to other assets in South Sumatra.

In Lematang, South Sumatra, the training was attended by 115 teachers and principals from 22 elementary schools in the Gunung Megang District, Muara Enim Regency, South Sumatra.

Capacity Enhancement Training for Teachers and School Principals

"We are grateful for PT Medco for facilitating this activity. In the current condition, teachers are required to be more creative in teaching methodologies. This training is very useful and helpful for teachers."

- One of the teachers at 047 Elementary School in Tarakan.

1,200 Devices Program

Remote learning has its challenges since many schools within our operation areas lack the necessary infrastructure, such as mobile devices and internet facilities. To complement our Teacher and Parent Remote Education Skills program, MedcoEnergi initiated the 1,000 devices donation campaign. The campaign exceeded the initial target and successfully donated 1,200 devices. Our employees, management and the company contributed to fundraising for the donation of these devices and access to the internet.

News from Aceh: Devices Help Parents

"I thank God that my son received a donated device. I hope that his education doesn't stop at the elementary level. I want to see him reaching higher levels of education."

— Parent of a beneficiary, a farmer in the Anambas islands, near the logistics base of the South Natuna Sea Block B.



As the next stage, we delivered an online tutoring program to prepare students for university admission through remote learning. The program was funded by donation from Medco Group employees and management. 95 out of 249 students successfully passed state admission tests in various universities around MedcoEnergi's operation areas.



Siboli Empowerment House Program

Our Siboli Empowerment House Program by JOB Pertamina-Medco E&P Tomori Sulawesi (JOB Tomori) focuses on mother and child educational development. This program was established following social mapping which indicated low education levels in the local community which was reducing their economic ability.

One of the activities in 2019-2020 included the production of a children's story book entitled "Rainbow in South Batui" in collaboration with the Babasal Mombasa Foundation in Luwuk, Central Sulawesi, a non-government organisation focusing on literacy development. The children of Siboli contributed 37 stories and art work to the book. The book is an appreciation for their contribution and it is hoped that this will motivate them to keep improving their literacy and artistic skills.

Empowering Women's Tailor Groups Amid the Pandemic

MedcoEnergi has redirected community capacity building programs towards initiatives to mitigate the impact of COVID-19. This included the production of face masks by MedcoEnergi supported women groups and distributing them to communities around our operation areas. In addition to the enhanced skill sets and immediate pandemic mitigation, the programs are also sustaining the livelihoods of the womens groups.

In Block A, womens tailor groups from four villages in East Aceh switched focus from a tailor cooperative to prioritising the production of fabric face masks. We purchased the masks from the cooperative since the much needed face masks were not easily available locally. The face masks were then donated to the general public surrounding our facilities.

The womens tailor group in South Natuna Sea Block B in Payamaran and Tarempa villages in Anambas Regency, Riau Islands Province had a similar program. MedcoEnergi helped the groups to learn face mask making skills. We also donated fabric materials to support the production. The village authorities then purchased and distributed these masks to communities.

In Tarakan, we also supported a womens farmer group in Salak village to produce face masks, which we then purchased and distributed to surrounding communities. These women were previously trained with sewing skills by the local government's vocational training center. We also worked with the local government to provide capacity building for the women tailor group in Lematang. Again the masks from these groups were purchased by MedcoEnergi and donated to the surrounding communities.

Solidarity in Fighting Against COVID-19

COVID-19 posed many hardships for the communities around our operations areas. We provided assistance to the communities to mitigate the impact of the pandemic. Tarakan distributed food aid to a nursing home and school supplies to an orphanage. In East Aceh, we donated Polymerase Chain Reaction (PCR) test equipment to the Zubir Mahmud Regional General Hospital. MedcoEnergi constructed this hospital as part of our community development program in Block A in 2015. We also distributed portable handwashing systems equipped with portable water tanks and a simple water flow control mechanism. The system was designed by the Nature Enthusiast Student Group of Syiah Kuala University and distributed through the COVID-19 Task Force of East Aceh.

In collaboration with other PSC operators in the area the South Natuna Sea Block B provided 1,000 PCR test kits, 30 hospital beds and 10,000 face masks to Tarempa Regional General Hospital in Anambas Islands Regency.

Medco Power distributed 425 sets of personal protective equipment (PPE) to regional hospitals and local public health centers in Medco Power's operational areas, accross North Tapanuli, Palembang, Prabumulih, Cianjur, Jepara, Bondowoso, Bali and the COVID-19 hospital in Galang Island, Batam. This initiative was the result of a fundraising by Medco Power and its employees.

The distribution was carried out in several phases. In addition to PPE for medical staff, the donation continued with provision of basic necessities and 6,250 kilograms of staple food packages.

In the northern province of Chiangrai, Thailand, we donated excess and unused office furniture through the Mirror Foundation, one of the most prominent non-governmental organisations in Thailand. These items were donated to needy groups or sold as secondhand items to be turned into cash for COVID-19 prevention activities. We also provided fabric masks and face shields to the foundation's staff

We donated medical supply packages to the Thailand Department of Mineral Fuels (DMF), Ministry of Energy, and Marine Department. In addition, we donated packages to the quarantine site at the Naval Area Command Office, the Plutaluang Sub-district Administrative Organisation, and Sattahip District Public Health Office, Sattahip District, Chonburi Province. Their main duties were focused on advocating and protecting people in the communities to be safe from infection.

We continued to conduct our annual Ordinary National Educational Test (O-NET) tutor camp program in Thailand amidst the pandemic. This program has been carried out for seven consecutive years in various secondary schools in Chumphon province, Koh Pha-ngan and Koh Samui in Surat Thani province, and Plutaluang District of Chonburi province. Combination of on-site and online tutor program was conducted in 2020–2021.





STORIES FROM JOB TOMORI





Resilient Herbal Business Development

Following the results of a social mapping study in 2018, our team in JOB Tomori encouraged families in Banggai Regency in Central Sulawesi to use their garden for cultivating medicinal plants. The community-based herbal development program grew herbal products, such as ginger, turmeric, curcuma juices and virgin coconut oil, which are traditional immunity boosters. Notwithstanding the movement restriction under the COVID-19 health protocol in 2020, the participating community groups were able to expand their small herbal enterprise. In 2020 it has accelerated its development and grown in into a program that has improved the economy of the whole community.

With the social distancing protocols during the pandemic, virtual training sessions were delivered to strengthen organisational development, managerial skills, marketing network enhancement, and product standardisation based on Good Manufacturing Practice¹ (GMP).

In 2020, the South Batui Herbalist Forum (Komunitas Herbalis Batui Selatan/Kalisbatan) was able to procure office equipment with its own budget, forged marketing collaborations with several cooperatives in the Banggai Regency, produced its own brand of herbal food supplements and an innovative antiseptic product for hand and food grade sanitisers. Product marketing was managed by the millennials in the group using social media. Approximately 60% of product sales resulted from their social media marketing. The improved capacity development of the participants has resulted in enhanced confidence, and increased their abilities to adapt to challenges of the pandemic situation.

Year	Stage	Activities	Targets
2018	Empowerment: strengthening the capacity of herbalist groups	Skills development for making herbal products Development of production Standard Operating Procedures (SOP), laboratory testing, business license, product license, packaging	 Herbalist certified Product quality improved, standardised, and government prerequisites complied with
2019	Empowerment: strengthening the capacity of herbalist groups	Skills development for making herbal productsDiversification of products	Increased the number of certified herbalistsHerbal products diversified
2020	Strengthening of herbalist groups' self-reliance	Herbalist forum establishment Herbal Beauty House development	Herbalist groups business was more coordinated Herbal Beauty House acknowledged by the market
2021	Strengthening of herbalist groups' self-reliance (expanding the business)	Herbal business cooperative establishment Herbal medicine production management and quality improvement	Business expansion managed by the herbal business cooperative
2022	Sustainable self-reliance	Herbal market growth creation to support self-reliant business	Community-based business sustained

^{1.} A system for ensuring that products are consistently produced and according to quality standards.

Biogas-based Energy Self-Reliance

In Banggai, Central Sulawesi, we empowered the communities of Sumberharjo and Selametharjo villages to build biogas facilities through the collaboration between JOB Tomori and Home of Energy Foundation (Yayasan Rumah Energi)¹. Farming and cattle raising are the main livelihoods of the communities in these two villages.

Year	Stage	Activities	Targets
2018	Empowerment	 Mapping of potential villages for Biogas development Education on production of biogas from cattle manure utilisation and environmental awareness Construction of biogas facility 	 1 village selected for Biogas Village development Integrated agriculture demonstration plot implemented
2019	Empowerment	Education on production of biogas from cattle manure utilisation and environmental awareness Construction of biogas facility Facilitation of integrated agriculture	Students and communities developed to become environmental conservation champions Integrated agriculture initiated
2020	Strengthening community self-reliance in energy security	Education on production of biogas from cattle manure utilisation and environmental awareness Construction of biogas facility Facilitation of integrated agriculture	 Biogas facility expanded to an additional village Number of environmental conservation champions increased Increased integrated agriculture acreage Farmers' organisations established
2021	Strengthening community self-reliance in energy security	Education on production of biogas from cattle manure utilisation and environmental awareness Construction of biogas facility Facilitation of integrated agriculture	Number of environmental conservation champions increased Communities motivated to develop biogas facility Integrated agriculture acreage increased Farmers' organisations strengthened
2022	Strengthening community self-reliance in energy security	Education on production of biogas from cattle manure utilisation and environmental awareness Construction of biogas facility Facilitation of integrated agriculture	Biogas facility expanded to an additional village Integrated agriculture acreage increased Farmers' organisations play a significant role as the driver of biogas and integrated agriculture development

Over 2018 to 2019, two biogas reactor demonstration pilots were integrated into a larger sustainable agriculture program. From 2019 to 2020, the program continued with the installation of biogas digesters and the enhancement community knowledge on bio-slurry utilisation.

In 2020, the focus group discussions and socialisation activities for the biogas reactor operation and bio-slurry utilisation faced some challenges due to the pandemic. The previously planned face-to-face activities had to be adjusted to become remote sessions using information tecnology and social media. Despite the challenges, 21 biogas reactors were successfully built in 2020.





 $^{1. \ \ \,} An Indonesian non-governmental organisation (NGO) that works together with the community building renewable energy, innovation and knowledge.$



Measuring Our Impact

Social Outcome Measurement

We periodically evaluate the benefit of our programs. The evaluation helps us in understanding and quantifying the social, environmental and economic value of our programs and informs our future decisions on the improvement of the design, budgeting and scale of each program.

MedcoEnergi uses the social value methodology¹ to measure the impact of community development programs. It measures change in ways that are relevant to the people or organisations that experience or contribute to the change, assigning monetary values to represent social, environmental and economic outcomes. We applied the methodology in engaging our stakeholders in Lematang, one of our oldest operation areas. The accounting was based on the Seven Principles of Social Value International² and was adjusted and implemented by a national university-based consultant, the Center for Entrepreneurship, Change, and Third Sector (CECT) of Trisakti University, a renowned private university in Jakarta.



Three CSR programs were investigated to gauge their outcomes: women empowerment through sewing training, local economy development through honey bee cultivation, and sanitation enhancement through the provision of household toilets.

SROI Calculation

	TOTAL		
	Women Tailor Cooperatives Honey bee Cultivation ³ Toilet Cor		Toilet Construction
	2018-2019	2018-2020	2019
Present Value of Investment (IDR)	46,324,148	222,674,149	107,712,000
Present Value of Total Outcome (IDR)	353,423,761	524,094,485	652,447,371
SROI Ratio	7.63	2.35	6.06

The Honey Bee Cultivation program was introduced to supplement rubber and oil palm harvesting. The benefits of the Honey Bee Cultivation program in Lematang include increased income from honey sales and lecturing opportunities at Sriwijaya University in South Sumatra. Another added value from this program is increased capacity of the honey bee farmers, development of home industry, and enhanced product quality.

^{1.} The methodology for measurement is based on the Social Return on Investment principles and guidelines from Social Value UK, the professional body for social value and impact management.
2. The Seven Principles of Social Value International was developed by Social Value International, a global network focused on social impact and social value (https://socialvalueint.org/principles-of-social-

^{3.} The Honey Bee Cultivation program is included in the EY limited assurance as the program is still ongoing in 2020.

Based on an SROI calculation for Honey bee Cultivation in 2020, the present value of total outcome throughout 2018-2020 is IDR 524,094,485, with a total investment of IDR 222,674,149. The SROI value from 2018 to 2020 is 2.35. This means that for every investment of IDR 1, the benefit over three years of the program is IDR 2.35.

These efforts support the realisation of the following Sustainable Development Goals (SDG): SDG-1 No Poverty (Target 1.1), SDG-2 Zero Hunger (Target 2.3), SDG-8 Decent Work and Economic Growth (Target 8.3) and SDG-15 Life on Land (Target 15.2).

The High Social Value of Open Defecation Free (ODF)1

In 2020, Medco E&P Lematang conducted a social value study with the help of a national university. The social value of ODF is the calculation of total benefits in monetary terms of a development program.

Based on the consultant's calculation, the household toilet program had a Social Return on Investment Ratio (SROI) of 6.06, much higher than the 2.35 SROI of the honey bee cultivation program. The two most important factors were the happiness and the perceived increase in dignity of the beneficiaries.

Open defecation is a serious problem that has received international attention from the United Nations. In Indonesia, the government has been aiming to develop ODF villages for more than a decade.

The ODF program is not only a solution for health problems, but also a way to increase happiness and uphold dignity. While the

honey bee cultivation program came third and the household toilet program came second, the highest SROI ratio was achieved by the women empowerment program. Sewing together as a group increased happiness, upheld dignity by creating a higher level of independence, and provided additional income to the household.

"I am moved by the fact that a child dies every 2 and a half minutes from diseases linked to open defecation. Those are silent deaths – not reported on in the media, not the subject of public debate. Let's not remain silent any longer."

- Jan Eliasson, UN Deputy Secretary-General, May 2014

Emergency Disaster Relief

In 2020, MedcoEnergi's employees, through the Medco Foundation², raised funds to provide emergency disaster relief in response to landslides and floods in DKI Jakarta, West Java and Banten provinces. The activities continued in early 2021, following the landslides in Sumedang, West Java, the earthquake in West Sulawesi and floods in South Kalimantan.

We donated staple food and face masks to 16,000 disaster victims in Mamuju, Majene, Sumedang, Banjar Baru and Tanah Laut in February 2021. We worked together with the Regional Board for Disaster Management and the Ministry of Energy and Mineral Resources Disaster Preparedness Team for these disaster relief activities.



^{1.} Open defecation free (ODF) is a term used to describe communities that have shifted to using toilets instead of open defecation

^{2.} Medco Foundation is an independent non-profit organisation focusing on disaster relief and community-based development and supported by MedcoEnergi companies and their employees through donations.



Alignment of Sustainability Initiatives with the UN Sustainable Development Goals

Our sustainability initiatives in Local Community Empowerment is part of MedcoEnergi's efforts in contributing to UN SDGs. We map these initatives against relevant SDGs targets below. This mapping does not constitute a claim that MedcoEnergi has measured or committed targets to the host governments of our operational areas regarding the achievement of UN SDGs.



Relevant target:

1.4

Key initiatives:

Women empowerment, fish cultivation, plants cultivation, animal husbandry.



Relevant target:

2.3, 2.4, 2.A

Key initiatives:

Food aid through COVID-19 emergency response and disaster relief program, basic food need for vulnerable group, organic farming and support to agriculture productivity.



Relevant target:

3.3

Key initiatives:

Awareness building and community support through COVID-19 emergency response program.



Relevant target:

4.1, 4.2, 4.3, 4.4, 4.C

Key initiatives:

University students scholarship, Adiwiyata (environment-based school), distance learning support, community capacity building, Education Support program (Sahabat Mengajar), teacher and parent remote education skill.



Relevant target:

5.5, 5.A

Key initiatives:

Empowerment through capacity building for women groups.



Relevant target:

6.1, 6.B

Key initiatives:

Open Defecation Free (ODF) villages program, clean water facility.



Relevant target:

7.1, 7.b

Key initiatives:

Community biogasbased energy selfreliance, Public Road Solar Lighting (Penerangan Jalan Umum Tenaga Surya/ PJUTS).



Relevant target:

17.17

Key initiatives:

Multi-stakeholder engagement platforms that include district leadership coordination forums, NGOs, and community-based organisations.

Action Plan

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

	Short Term Actions	Medium-Long Term Actions	Status	
Local Communities	Develop grievance mechanisms manual and support business processes.	Socialise and implement grievance mechanisms for internal and external parties, for all assets.	 Completed the socialisation of grievance mechanism guidelines for all oil & gas assets. Deployed online grievance recording system on the intranet. Developed Medco Power corporate-level community grievance handling procedure. Completed refresher workshop of grievance handling procedure for power assets. 	
	Develop and implement stakeholder engagement plans (SEP) for all assets.		 Developed SEP for Medco Oil & Gas and Power. Completed the SEP workshops for all assets. Established and communicated Stakeholder Data Management online recording system for assets in oil & gas to create more integrated, updated and centralised data. Established and communicated SEP for power assets. 	
	Develop Social Managassets.	gement System (SMS) for all	 Developed and communicated Medco Oil & Gas corporate-level SMS to all oil & gas assets. In progress for site-specific SMS document development in the assets. 	
	Complete standardisation of community satisfaction survey methodology.	Implement a community satisfaction survey and establish a baseline score and determine a target score.	 Conducted qualitative perception survey as part of Environmental Management & Monitoring Plan Implementation Report, covering transparency of information, grievance mechanism and corporate contribution. Defined evaluation indicators of community development 	
		Achieve target community satisfaction score.	 programs in the Community Development Guidelines for Medco Oil & Gas. Conducted SROI study in Lematang. Carried out community satisfaction surveys in power assets. 	



	Short Term Actions	Medium-Long Term Actions	Status
	Conduct community needs mapping and determine community development pillar and strategy.	Develop strategic partnerships with government and non-government organisations to expand the impact of existing programs and to enable synergy of community development programs in priority pillars across all business units.	Completed community needs mapping and established priority pillars. Developed the following partnerships for community devopment programs in oil & gas and power: Local government's vocational training centers of Aceh Timur and Banda Aceh, Aliksa Foundation for training of trainers (local facilitators). Tarakan city government, School of Universe & Tarakan Education Office for teachers' capacity building in remote learning. School of Universe and Muara Enim Education Office for teachers' capacity building in remote learning in Lematang. Education, Youth and Sports Office of the Anambas and Village Entrepreneurs Association to provide distance learning support equipment, Fishermen Association of Anambas for fishing gear, Peramu Foundation for grouper seed centers, Griya Foundation for Riau Islands tourism infrastructure development, Dwi Sabda Nusantara Foundation for SME (small & medium enterprises) program assistance. Bisma & Madura Development Watch (MDW) NGOs in East Java for community development program monitoring. Batam City Environmental Office for mangrove plantation in ELB. Energy Academy Indonesia for increasing the literacy and knowledge of the younger generation of the sustainable and green energy sector.
		Develop and leverage Public- Private Partnerships (PPPs) with external organisations to expand impact.	Developed and leveraged PPP with Ministry of Environment & Forestry, local government, Ministry of Marine Affairs & Fisheries, Ministry of Energy and Mineral Resources and PLN for electricity support.
	Enhance Medco's existing employee volunteer program and expand the program to all		Implemented employee voluntary teaching programs in Medco
	business units to strengthen the com- pany's relationship with local communities.	Review employee volunteer pilot program results and expand the program to other assets.	 by conducting teaching program in Medco Geothermal Sarulla. Expanded the employee volunteer programs with the following programs during the pandemic: Teacher and Parent Remote Learning in Medco Oil & Gas 1,200 Gadget Movement Collective fundraising movement from employees and corporation through the "Medco Power Group, Fighting the Corona Together" program.
Infrastructure	-	ne number of people affected and maintenance of project	Monitored using Community Satisfaction Index, SROI and the local community financial impact measurement.
			In 2020, SROI study was conducted for Lematang.

	Short Term Actions	Medium-Long Term Actions	Status
Security	Review security provider company compliance against National Police Chief Regulation 24/2007 regarding security management plan for all assets.	Complete security risk/ threat assessment for all assets. Establish and implement security policy, risk management plans and training in reference to the VPSHR for all assets.	 Completed the review of our security provider company compliance against National Police Chief Regulation 24/2007 for all assets. Established and communicated a corporate-level Security Management System to Medco Oil & Gas management. Medco Power Security Management Plan is in place for each subsidiary.
Key Stakeholder Engagement	Engage key stakeholders in government organisations, non-government organisations and mass media to develop good partnerships.		 Partnership with Ministry of Environment & Forestry, local governments, Ministry of Marine Affairs & Fisheries, Ministry of Energy and Mineral Resources and PLN for electricity support. Journalism certification program by the Indonesia Journalists' Association/PWI for local journalists, national & local media gatherings, and journalist's oil and gas training.
	Strengthen internal pa units.	artnership between business	 A collaboration between Medco Oil & Gas and the Medco Foundation for the community learning center and cassava cultivation programs in Block A, and assistance in handling COVID-19 outbreak. Joint task forces between oil & gas and power subsidiaries in COVID-19, Work From Office Resumption and COVID-19 Social Impact.



7 EMBRACING CHALLENGES, CREATING OPPORTUNITIES FOR OUR PEOPLE

Approach and Commitment

MedcoEnergi's success depends on leadership by and of our employees, our most valuable asset. We aspire to recruit and retain diverse talent from all backgrounds who support our vision, mission and values.

Resuming Work from Office

A challenge of the COVID-19 pandemic was how to continue our business while ensuring the health and safety of our staff in our office and on-site. The Work from Office Resumption Task Force (WFOR Task Force) was formed to plan the safe return to the office of our employees during and after the pandemic. The Task Force developed office pre-entry screening health protocols, designed and implemented office refits, developed guidelines for both working-from-home and working-from-office and provided support for staff and their families. The WFOR Task Force also obtained feedback through pulse surveys, focus group discussion and mini townhall meetings.

High Level Plan and Phasing

Since the beginning of the pandemic, most of our staff have been working from home with the exception of a skeleton crew working in the offices and on-site to sustain the business. The WFOR Task Force coordinated with our MedcoEnergi COVID-19 Task Force (please refer to MedcoEnergi COVID-19 Response on page 6 for the roles of the Task Forces) and established a plan for resuming office work. The plan was divided into four phases with movement between phases determined by independent data on the prevalence and severity of the COVID-19 pandemic.

In the beginning of the pandemic, during Phase I, strict health protocols were introduced and control systems were established to monitor office and site access to ensure the health and safety of staff, their families and community. Various management systems were established: building and workplace management (office space reductions, office facility upgrades to minimum or no touch systems, screening points, public access and control of movement/flow of tenants, security, sterilisation, etc.), workforce management (work schedule, transportation, etc.) and communications management. Continued communication and updates on the general pandemic and company situation were important to maintain awareness and support staff and their families. The two-way communication was also facilitated by establishing Champions in each division/asset to act as liaison officers between the WFOR Task Force and the divisions/assets.

We strengthened our Work from Office (WFO) protocols by introducing a rapid antigen test in the pre-entry health screening requirements in early 2021.



Strategic Goals

MedcoEnergi is committed to develop a strong, diverse and inclusive workforce. The Company hires, evaluates and rewards staff based on skill, competency and performance, regardless of ethnicity, race, skin color, religion, gender, age, marital status and nationality. We provide career advancement opportunities, skill development and merit-based remuneration. We do our utmost to create an inclusive and discrimination-free working environment, respecting human rights and complying to host government labor laws.

The main people-related goals for 2020 were to complete the integration of Ophir Energy Plc (Ophir) and align Human Resource (HR) policies and programs, strengthen our technical functional excellence capability and conduct a comprehensive organisational structural review.

In August 2020, the integration of the ex-Ophir personnel into Medco's organisational model was complete and by year-end, all HR policies and benefit programs, i.e. Salary Grade and Benefit entitlements, were aligned with MedcoEnergi's policies and programs. The alignment process considered both job description definitions and individual competence in order to achieve equitable treatment for all employees. This policy alignment completed the integration of Ophir Energy plc into MedcoEnergi following the acquisition in June 2019.

Ophir Integration

A critical factor in the success of the integration was the Integration Management Office (IMO). The IMO team developed a robust integration management plan and drove implementation with the support of our adviser, Accenture.

Another critical success factor was Change Management, which engaged all personnel involved in the integration. It involved leadership meetings, change-agents, informal forums, town hall meetings, organisation announcements, small team meetings, job handover socialisation and training, buddy programs, and regular newsletters.

In 2020, as part of a commitment to diversity and inclusion, a review was undertaken and in a small number of instances, revisions were made to align all HR policies and programs to ensure they incorporated gender diversity and equal opportunity philosophies.

Another focus area was to strengthen the capability our technical functions by addressing critical organisation gaps. A limited number of capability gaps were addressed by selective external hiring and other improvements were made by establishing processes that embedded further peer review and peer assists. With a fully equipped organisation, the technical functional assurance process is expected to deliver better results to the business.

In mid-2020, a Sustainable Performance Improvement Project (SPI) was launched, facilitated by Kearney, a leading global management consulting firm, to benchmark performance against international best practices. Twelve initiatives were identified across six work streams: Maintenance, Procurement Supply Chain Management, Planning, Operations, Operating Model, and Ways of Working. The Ways of Working initiative aims to capture the opportunities for cost saving and staff well-being from remote working and began implementation in March 2021. Aligned with the Ways of Working initiative, we also completed the Ophir Jakarta office relocation to our headquarter office building without adding additional floors.







Capability Development

In 2020, we continued a number of Capability Development programs.

Strengthening the Talent Pipeline

MedcoEnergi has a structured talent development program to identify, assess and grow talent. Our focus was the implementation of Individual Development Plans (IDP) for individuals with the potential to continue to develop their careers and reach Senior Management levels in the company.

In 2020, we participated in the Indonesia Global Compact Network's (IGCN) Women's Empowerment Principles learning series. The Principles provide guidance for businesses to promote gender equality and women's empowerment in the working environment and in the community.

Talent Development Talent Mapping Succession Planning Individual Development Planning

Developing Future Leaders

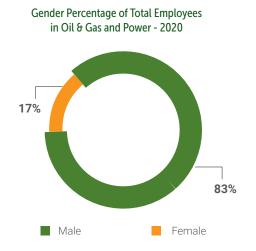
We continued our Medco Senior Leadership Development Program (MSLDP), elaborating on the the class-centered learning in 2019 that was delivered in partnership with INSEAD, the Singapore-based graduate business school. In 2020, due to the challenges of the pandemic, we continued the program by managing a monitored program of learning through experience, where the participants tested their learning insights from the INSEAD classes in their everyday work. In 2021, we aim to continue the learning process in the form of a mentoring program, enriched with leadership talks.

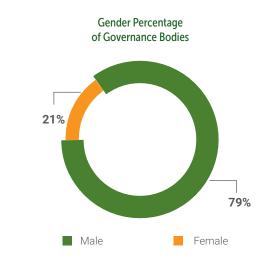
Acceleration Program

To ensure that we have enough bench-strength in our Finance discipline, we continued our Finance and Accounting Apprenticeship Program (FAAP) and expanded the program into Medco Power. Since this program began three years ago, more than 65% of the successful recruits are now highly valued members of staff who are progressing through the organisation, 70% of the successful recruits are female.

Mentoring Program

We implemented our mentoring pilot program, where senior leaders and senior professionals support junior and young employees in their career development. We started the program with geoscientists and FAAP participants as mentees, beginning with assessment and IDP discussions, continuing with mentoring alignment workshops, and strengthened the program by conducting series of mentormentee forums.





"Lead & Inspire" Webinar Series

MedcoEnergi held a series of webinars open to all staff under the title of "Lead & Inspire". The webinars were intended to strengthen leadership qualities and to provide insights and motivation to cope with the challenges during pandemic. We invited prominent industry leaders to be the speakers of the webinars. They helped us reinforce digital learning to our employees and delivered insight for each individual to take charge of his or her own development. In total, 650 employees from across MedcoEnergi were involved in the webinars.

We also supported the well-being of our employees and their families through various inspiring webinars.



Industrial and Employee Relations Reinforcement

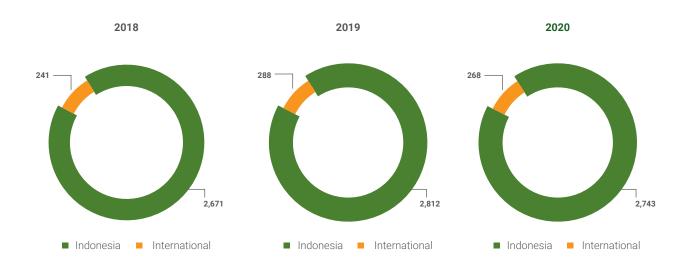
MedcoEnergi builds sound industrial relations and maintains peaceful industrial relations by adopting a proactive communication approach with employees. In 2020, we agreed on the roadmap for Collective Labor Agreement (CLA) renewals in 2021. CLAs guide employees' rights and responsibilities and are based upon national labor laws and regulations. We hold regular meetings with labor unions. We also worked with the unions to conduct an Industrial Relations Forum that involved external experts.

People at a Glance

We engage employees through established policies, guidelines and procedures, such as a Labor Management Plan, Retirement Plan, Competency Plan, Induction Training, Mentoring Program as part of an Human Resources (HR) management system.

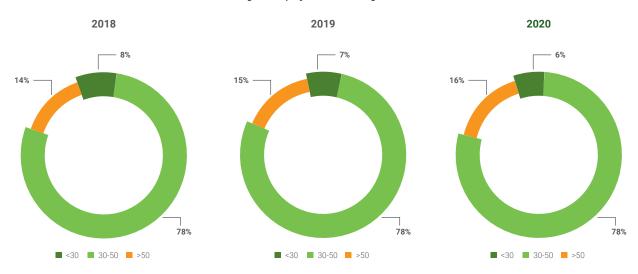
Despite the constraints imposed by the pandemic we continued executing development programs and training for our employees. We conducted online classes using live surveys, quizzes and interactive break-out rooms. We developed several initiatives that combined routine and pressing human resource development measures.

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

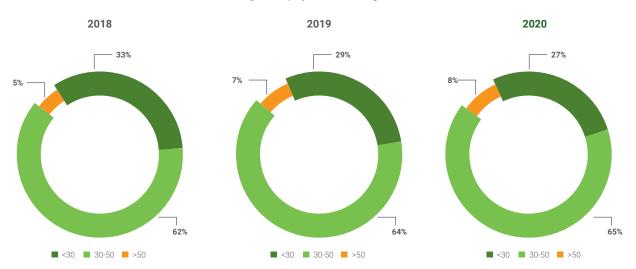




Percentage of Employees Based on Age in Oil & Gas



Percentage of Employees Based on Age in Power



In 2020, we provided a total of 577 training courses and invested US\$2.4 million in training. Training frequency and external training costs declined in 2020, however greater time was spent on capability development activities.

Training by Numbers in 2020

2.4 million Total Training Investments (US\$)	577 Total Training Courses	6,373 Total Participants
6,893 Total Man-Course	63,389 Total Training Hours	20.9 Average Training Hours

Alignment of Sustainability Initiatives with the UN Sustainable Development Goals

Our sustainability initiatives in Human Resources is part of MedcoEnergi's efforts in contributing to UN SDGs. We map these initatives against relevant SDGs targets below. This mapping does not constitute a claim that MedcoEnergi has measured or committed targets to the host governments of our operational areas regarding the achievement of UN SDGs.



Relevant target:

4.3

Key initiatives:

Mentoring programs, Senior Leadership Development Program, Finance & Accounting Apprenticeship Program, Leadership Capability Program.



Relevant target:

5.1, 5.5

Key initiatives:

Policy and business alignment, talent development programs, Senior Leadership Development Program, Finance & Accounting Apprenticeship Programs.



Relevant target:

8.2, 8.5, 8.6, 8.8

Key initiatives:

Completion of Ophir integration, policy and business alignment, Sustainability Performance Initiatives (SPI), and employee training.



Relevant target:

10.2, 10.3

Key initiatives:

Salary grade entitlements and benefits alignment.



Relevant target:

16.b

Key initiatives:

Industrial relations engagement with labor unions, Collective Labor Agreements renewals roadmap.



Action Plan

The following actions were designed to guide our efforts of empowering our employees and improve their well-being. We monitored, measured and reported our progress and performance based on the stated actions.

	Short Term Actions	Medium-Long Term Actions	Status
Diversity	Establish a diversity and anti- discrimination policy for MedcoEnergi, which complies with International Labour Organisation (ILO) Conventions and local laws.		Established new Code of Conduct that incorporates human rights and communicated to all employees through the campaigns and annual Statement of Adherence (SoA) declaration and to business partners through Vendor's Day.
		Revise the MedcoEnergi Human Resources manual and/or guidelines to clarify the Company's standards and	Diversity and anti-discrimination are stated in the Recruitment Guidelines of Medco Power and Medco Oil & Gas.
		expectations on diversity and anti-discrimination.	Further review of existing internal Human Resources policies, guidelines and manuals to endorse the diversity and anti-discrimination policy is in progress.
		Set diversity-related targets to ensure successful implementation of the policies.	Continue regular monitoring on diversity performance, focusing on gender diversity to support our plan to establish a Human Rights Policy.
Employment	Establish MedcoEnergi policy on members.	the hiring of local community	Policy on the hiring of local community members is in place for Block A.
			Maintain the number of local community members based on 2020 target and continue the monitoring on a regular basis.

08

STRENGTHENING OUR ENVIRONMENTAL SAFEGUARDS

Approach and Commitment

MedcoEnergi is committed to achieving zero incidents in all our activities and to protect our employees, stakeholders and the environment where we operate. Minimising environmental risk and safeguarding the environment are at the core of our Operational Excellence¹ strategy. We manage the utilisation of energy and resources in order to minimise any impact on the environment and protect ecosystems and biodiversity.

Management System

We have an integrated Health, Safety and Environment Management System (HSEMS) to ensure compliance with all applicable environmental laws and regulations. Our HSEMS is aligned with international best practices and standards, ISO 14001:2015 Environmental Management System.

For Indonesian assets, the government of Indonesia conducts an annual environmental assessment called PROPER/Program Penilaian Kinerja Perusahaan Dalam Pengelolaan Lingkungan (Performance Rating Program in Environmental Management). This is to ensure our adherence to environmental regulations. All of our Indonesian participating assets received at least a PROPER Blue rating in 2020 which means that we have complied with all government regulations related to environmental impact assessments, emissions, noise, water and wastewater pollution.

In 2020, we had no incidents of non-compliance with environmental laws and regulations, with material monetary fines, non-monetary sanctions, or cases brought in our dispute resolution mechanisms.

We implement our HSEMS across all of our operations and 53% of our assets are ISO 14001:2015 certified. Several of our projects are funded by institutions adopting Equator Principles, for example, our gas power plant project in Pekanbaru, Riau is being developed with financing support from the IFC and ADB along with other international banks. We have applied a comprehensive set of environmental and social safeguards to ensure and demonstrate that we manage the project's environmental and social risks.

The Operational Excellence framework is a systematic approach to ensure the consistent delivery of HSE, Asset & Operating Integrity (A&OI), Operating Efficiency, and Cost Management performance improvements through organisational learning, knowledge sharing, and application of best practices by applying Plan-Do-Check-Adjust cycle.





MAP OF ASSETS APPLYING INTERNATIONAL STANDARDS

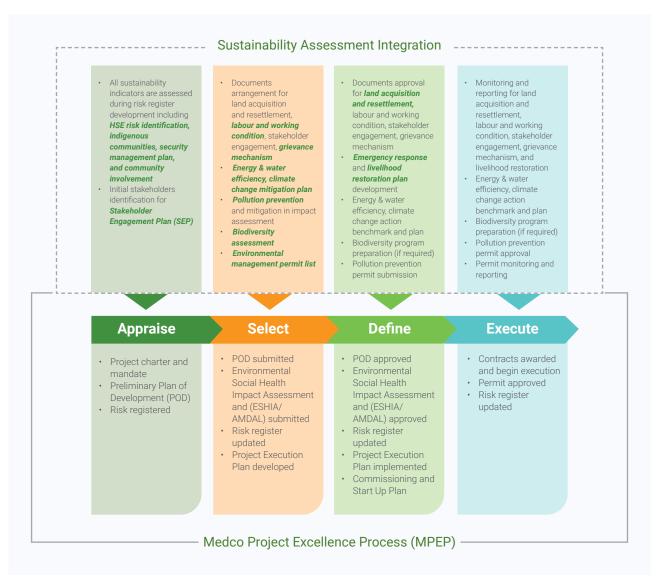


Sustainability Assessment

We implement a Sustainability Assessment as part of our commitment to manage the environmental and social risks at all stages of our projects, under a capital project assurance system Medco Project Excellence Process (MPEP). The Sustainability Assessment process involves the integration of environmental and social risks mitigation measures in the project schedule and budget.

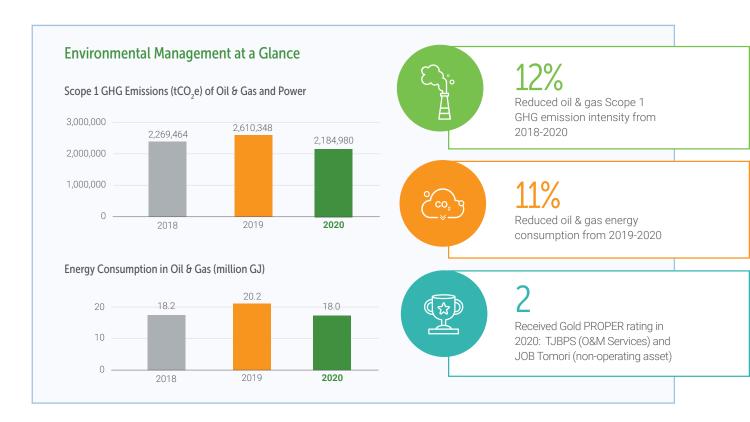
The Sustainability Assessment is a leading indicator which is used to measure the sustainability risk level of a project. The italic texts below reflect the indicators.

Sustainability Assessment Integration with Medco Project Excellence Process (MPEP)



The assessment results are presented in the form of maturity level scorecards, which indicate high risk, medium risk, or low risk based on the environmental and social issues identified and the level of stakeholder engagement. The risk level will determine the actions needed to mitigate these risks. These are monitored at regular management reviews.





GHG Emission and Energy Performance

In 2020, we began reporting Scope 2 emissions (indirect emissions) for oil & gas and power, 11,329 tCO $_2$ e. We are still assessing how Scope 3 emissions can best be assessed for our business. As part of our continual improvement, we have included mobile combustion sources in our Scope 1 GHG emission report from 2018–2020.

Scope 1 GHG Emissions (Oil & Gas)

We have improved our emissions calculation methodology by implementing the Air and GHG Emissions Calculation tool in 2020. The improvement includes addition of some references in the methodology, namely IPCC Guidelines for National Greenhouse Gas Inventories 2006, the GHG Protocol for Corporate Accounting and Reporting Standard from WBCSD and WRI 2004, and ISO

14064-1:2006; and inclusion of some more accurate quantification methods in several emissions sources as guided in the references, such as stationary combustion, mobile combustion, flaring, crude storage tank, dehydration unit and thermal oxidiser. In order to have a more thorough and comparative year on year emissions figure, we have recalculated and restated the GRI 305 Emissions disclosures for the years 2018 and 2019 in this report.

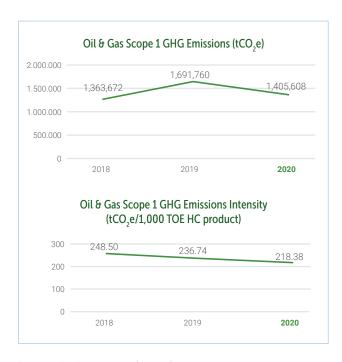
Our Scope 1 GHG emissions intensity fell by 12% in 2018–2020 due to the various initiatives listed in the following pages. This is despite an increase of 24% in our absolute Scope 1 GHG emissions from our oil & gas assets¹ in 2018–2019 due to the acquisition in mid 2019 of the Ophir assets in Indonesia and Thailand. However, despite these additional major assets in 2019, we were able to reduce energy consumption² by 11% from 2019–2020 by managing and optimising fuel consumption.

Scope 1 Emissions 2018—International: Oman and Tunisia; Domestic: Rimau, South Sumatra, Lematang, Tarakan and South Natuna Sea Block B.
 Scope 1 Emissions 2019—International: Oman, Thailand and Malaysia; Domestic: Rimau, South Sumatra, Lematang, Tarakan, Block A, Bangkanai, South Natuna Sea Block B, Sampang and Madura Offshore.

Scope 1 Emissions 2020—International: Oman, Thailand and Malaysia; Domestic: Rimau, South Sumatra, Lematang, Tarakan, Block A, Bangkanai, South Natuna Sea Block B, Sampang, Madura Offshore, Jakarta Offices and Singapore Office.

^{2.} Energy Consumption 2018—International: Oman; Domestic: Rimau, South Sumatra, Lematang, Tarakan and South Natuna Sea Block B.
Energy Consumption 2019—International: Oman, Thailand and Malaysia; Domestic: Rimau, South Sumatra, Lematang, Tarakan, Block A, Bangkanai, South Natuna Sea Block B, Sampang and Madura Offshore.

Energy Consumption 2020—International: Oman, Thailand, Malaysia and Singapore; Domestic: Rimau, South Sumatra, Lematang, Tarakan, Block A, Bangkanai, South Natuna Sea Block B, Sampang, Madura Offshore and Jakarta Offices.



Scope 1 GHG Emissions (Power)

Our power business 1 showed no significant increase in 2018–2019 in Scope 1 GHG emissions and GHG emissions intensity. The electricity demand decreased in 2020, therefore fuel consumption and subsequently the 2020 GHG emission also decreased.



Emissions Reduction Strategy and Initiatives

In May 2021, we became a member of CDP² (formerly the Carbon Disclosure Project) and start disclosing our annual climate change data through the CDP's widely recognised reporting platform. This will assist our reporting to be in alignment with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

In 2020, we implemented various measures to reduce GHG emissions and improve energy efficiency. We have achieved emissions reductions through, among others, optimising fuel gas consumption and transportation fuel³. We also make effort to avoid flaring by utilising associated gas that otherwise would be flared through the use of a Very Low-Pressure Compressor (VLPC) unit to supply the national city gas program for households energy consumption. Moving forward, we are identifying further opportunities in GHG emissions reduction and energy efficiency in 2021.

Flare Gas - Tarakan City Gas Program

In Tarakan, we are implementing a multi-year program to use associated gas to supply households with gas and electricity.

This program began in 2011 and by 2020 gas is now supplied to 29,061 households, over 90% on Tarakan Island. The program has reduced emissions by $87,792 \text{ tCO}_{2}$ e since 2016.

Tarakan received special recognition from the Mayor of Tarakan City in 2011, 2015 and 2018 for its support in supplying electricity and gas to the community. At the national level, the Indonesian Ministry of Energy and Mineral Resources also gave its recognition to the Tarakan for reducing gas flaring in 2020.



^{1.} Scope 1 Emissions 2018, 2019—Energi Listrik Batam, Energi Prima Elektrika, Multidaya Prima Elektrindo. Mitra Energi Batam and Dalle Energi Batam include mobile generator (TM2500)

Scope 1 Emissions 2020—Energi Listrik Batam, Energi Prima Elektrika, Multidaya Prima Elektrindo. Mitra Energi Batam and Dalle Energi Batam.

^{2.} An international non-profit organisation that helps companies and cities disclose their environmental impact (www.cdp.net)

 $[\]hbox{3. Please see the Case Study of Reducing Our Carbon Footprint in the South Natura Sea Block B on page 65. } \\$



CASE STUDY

Reducing Our Carbon Footprint in the South Natuna Sea Block B

MedcoEnergi operates the South Natuna Sea Block B following their acquisition in 2016. Our facilities in Natuna are quite extensive, including a Floating Production Storage and Offloading vessel, a Floating Storage and Offloading vessel, a Moveable Gas Production Unit, two Central Processing Platforms, a Gas Lift Platform, a Drilling Production Platform, several unmanned Wellhead Platforms, numerous subsea wells and a logistics and air transport base at Matak, in the Riau Islands. MedcoEnergi also operates the West Natuna Transportation System (WNTS) 28" gas pipeline, which is a shared asset among the West Natuna Gas Producer consortium. The WNTS stretches ±500 km from the Natuna Sea to Singapore and has access to markets in both Singapore and Malaysia.

Since the acquisition, we have introduced several energy efficiency and emission reduction initiatives to reduce platform fuel gas, aviation fuel and marine fuel consumption in line with our commitment to Operational Excellence across all of our assets.

The reduction in fuel gas consumption has been achieved by optimising and digitising compressor and turbine control and operating conditions. The operating hours of gas export compressors, gas turbine generators and gas injection compressors are now managed in line with the changing dynamics of gas market demand. Natuna total net emission from stationary sources was reduced by $269,513~\rm tCO_2e$ between 2018-2020 (see Table 1). Fuel gas optimisation itself accounted for $194,722~\rm tCO_2e$ (see Table 2).



In our role as Operator, we coordinated with the other members of West Natuna Gas Producers Consortium to improve the efficiency of crew-change and logistics schedules. This has reduced the consumption of aviation fuel and marine diesel fuel by the Consortium members.

MedcoEnergi is piloting the use of renewable energy, i.e. Solar PV, as an alternative power source for the Matak Base and new development wellhead platforms. MedcoEnergi also conducts regular energy audits, GHG analyses for further reduction opportunities, emission reduction benchmarking with peers, and continues to identify energy efficiency improvement to support a company-wide climate change strategy.

Table 1. GHG Emissions Reduction in South Natura Sea Block B1

	2018	2019	2020
Total Emissions (tCO ₂ e)	1,022,315	938,991	752,803
Emission Reduction (tCO ₂ e)	83,3	324 18	36,189
Emission Reduction (%)	89	%	20%
Emission Intensity Reduction (%)	79	%	9%

Table 2. GHG Emissions Reduction from Fuel Gas Optimisation in South Natuna Sea Block B1

	2018	2019	2020
Total Emissions (tCO ₂ e)	778,022	694,922	583,299
Emissions Reduction (tCO ₂ e)	83,099		111,623

^{1.} Accounted for using the 2020 MedcoEnergi corporate standardised GHG emission calculation methodologies and data collection

Renewables

Our Medco Power subsidiary generates approx one-third of its power from renewable energy. We are harnessing geothermal energy in Sumatra, developing solar PV in Sumbawa and Bali, and operating two mini-hydropower facilities in West Java.

Sarulla Geothermal

The 330 MW Sarulla geothermal power plant, located in North Sumatera, is the world's largest single contract and one of the world's biggest geothermal power plants. Fully operational with three units in 2018, the plant is owned and operated by Sarulla Operations (SOL), a consortium of Kyushu Electric Power, Itochu, Medco Power Indonesia, INPEX, and Ormat International. The geothermal plant supplies power to the State-owned Electricity Company (*Perusahaan Listrik Negara* – PLN) electricity grid in Sumatera.

Bali PV Project

PT Medco Power Indonesia and Solar Philippines have completed a feasibility study and received a Letter of Intent to award from PLN.

Sumbawa PV Project

PT Medco Power Indonesia and Amman Mineral Nusa Tenggara (AMNT) is developing a 26 MWp Solar PV Power Plant in Indonesia. The solar PV plant will avoid CO₂ emissions of 40,000 tonnes/year.

Mini Hydro

PT Medco Hidro Indonesia operates two 9 MW mini hydropower plants in West Java.

Electric Vehicle Ecosystem

Medco Power launched the electric vehicle (EV) ecosystem in early 2021. We signed an MoU (Memorandum of Understanding) with PLN, Grab Indonesia and Bank Mandiri to develop business potential and to encourage faster adoption for electric vehicles in 2020. As a first step, Medco Power launched a charging station at The Energy building, Jakarta. Further plans include the development of another ecosystem in Batam, Riau Islands, utilising the facilities of Medco Power's subsidiaries.



Water and Wastewater

Water conservation is a part of our integrated environmental management program. In our oil & gas operations, we use water for our supporting facilities, such as accommodation and office areas. All of our oil & gas assets re-utilise produced water and in Rimau, South Sumatra, Tarakan and Bualuang Offshore, we employ water re-injection technology to fully eliminate produced water.

Water Consumption of Oil and Gas Operations

In 2020, we standardised the data collection of our water consumption across oil & gas and power assets. The 2018-2020 data presented below is the result of the standardised data collection.

In our oil & gas operations, the increase of our total water consumption in 2019 was due to water injection for reservoir pressure maintenance and workover acidising activities in Rimau and South Sumatra, as well as Meliwis project execution in Madura.

In 2020, the decrease of water consumption was the result of the completion of Block A project activities in 2019, and the reduction of activities at our operational facilities as part of the strict precautionary measures due to the pandemic. We are installing water meters in several assets in line with our continuous improvement in water consumption management.

Our power operations reported water consumption for the first time this year. The slight increase of the consumption in 2020 was the result of the ongoing MRPR project activities.

Oil & Gas Water Consumption (in m3)



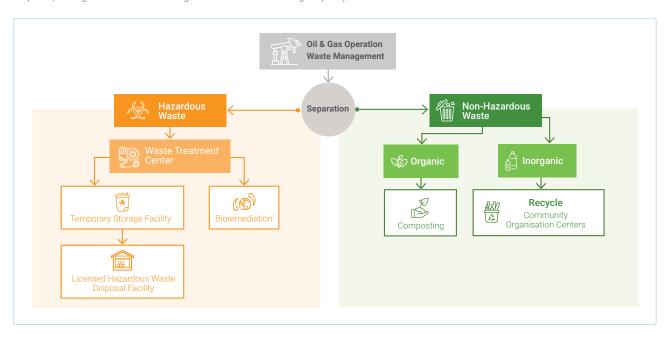
Power Water Consumption (in m³)





Waste Management

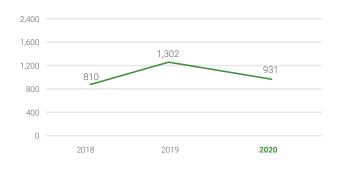
In all our operations, we generate non-hazardous and hazardous wastes and employ an integrated approach to waste management and disposal, storage and treatment using best available technologies (BAT).



Similar to the improvements in data collection for water consumption, we also standardised the data collection of our waste generation across oil & gas and power assets in 2020. This is to enhance our data accuracy in alignment with GRI requirements. The 2018-2020 data presented below is the result of the standardised data collection.

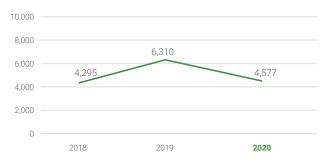
The decrease of non-hazardous waste generation in 2020 was the result of the completion of the Block A project in 2019.

Oil & Gas Non-Hazardous Waste² (tonnes)



Our oil & gas assets generated 4,577 tonnes of hazardous waste in 2020, which is 27% lower than the 2019 figure of 6,310 tonnes. Rimau and Lematang were the major contributors to this reduction.

Oil & Gas Hazardous Waste^{2,3} (tonnes)



Rimau has reduced hazardous waste by 89% from 874 tonnes in 2019 to only 99 tonnes in 2020 through a pipeline replacement and revitalisation campaign. This campaign increased the integrity of the facility and reduced the spills due to pipeline corrosion.

^{1.} Bioremediation: only in Rimau.

^{2.} Hazardous and Non-Hazardous Waste 2018: International: Oman; Rimau, South Sumatra, Lematang, Tarakan, South Natuna Sea Block B. Hazardous and Non-Hazardous Waste 2019: International: Thailand and Oman; Domestic: Rimau, South Sumatra, Lematang, Tarakan, Block A, South Natuna Sea Block B, Bangkanai, Sampang, Madura Offshore.

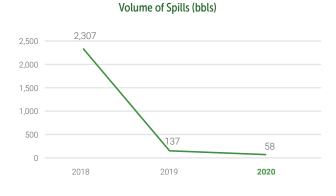
Hazardous and Non-Hazardous Waste 2020: International: Thailand and Oman; Domestic: Rimau, South Sumatra, Lematang, Tarakan, Block A, South Natuna Sea Block B, Bangkanai, Sampang, Madura Offshore.

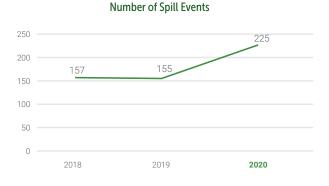
^{3.} As stipulated by applicable regulations.

Therefore, the volume of spills on land and contaminated soils as hazardous waste also decreased. The pipeline replacement and revitalisation campaign of Rimau started in 2018. Until 2020, a total of 22,878 m of pipelines have been replaced and revitalised.

Pipeline Replacement and Revitalisation Campaign Total 22.878 76,259 2020 10,619 35,395 2019 4,987 16,624 2018 7,272 24,240 0 20 40 60 80 100 Length (Meter) Length (Feet)

Lematang reduced its hazardous waste by 90% from 188 tonnes in 2019 to 18 tonnes in 2020. The higher number for waste generation in 2019 resulted from facility turnaround¹ activities. The turnaround was performed as part of the facilities' preventive maintenance program to ensure that facilities were operating efficiently and reliably.





Scheduled shutdown for routine maintenance services.

Environmental Actions in Thailand

We launched a competitive awareness campaign across working locations in line with World Environment Day in 2020. It was aimed at enhancing the importance of biodiversity conservation. In addition, we also encouraged our employees to share their activities to make reduce-reuse-recycle (3R) an integral part of their lifestyle. They participated and supported the campaign by sharing their ideas on biodiversity and best practice to implement 3R.

Oman Clean-Up Campaign

In 2020, we held an Environmental Cleaning Campaign to raise the awareness on waste management among employees and contractors in Oman. We conducted a series of activities including communication sessions as well as collecting and segregating leftovers from construction, drilling, operation and office activities within our working areas, such as plastic, wood, paper and tires.

Biodiversity Conservation

MedcoEnergi is committed to safeguarding the environment, which extends to biodiversity conservation across our operations. The following illustrations show the extent of our revegetation initiatives.



Type of endengared species planted

Kebun Raya Sriwijaya

Location: Ogan Ilir, South Sumatra

- Ramin (Gonystylust bencanus)
- Medang (Phoebe)
- Merawan (Hopea odorate Roxb.)
- Bayur (Pterospermum jacanicum)

Meranti Sungai Merah

Location: Musi Banyuasin, South Sumatra

- Meranti Merah (Shorea johorensis)
- Tengkawang (Shorea spp.)
- · Merawan (Hopea odorata Roxb.)

Reference: https://www.iucnredlist.org/





Medco Ratch Power Riau (MRPR) Biodiversity Program

Medco Ratch Power Riau (MRPR) is developing a 275 MW combined cycle gas fired power plant in Pekanbaru city, Riau Province and is expected to start commercial operation in late 2021.

The construction of gas pipelines in Pekanbaru city goes along the public roads that also goes through the oil palm plantation in Riau Province. During the Environmental Social Impact Assessment, there were indications of the presence of the Sunda pangolin (Manis javanica) in the form of indirect evidence of their nests and leftovers food. The Sunda pangolin is considered critically endangered by the International Union for Conservation of Nature (IUCN) due to high levels of hunting and poaching for its meat and scales. Based on the assessment result, it was agreed by the stakeholders to offset by supporting the biodiversity remediation efforts of the Sunda pangolin habitat elsewhere.

In line with this biodiversity offsetting, we collaborated with Community Forest Ecosystem Services, an Indonesian based non-governmental organisation partnering with Flora & Fauna International, in enhancing biodiversity conservation (including Sunda pangolin and its habitat) and the livelihood of the surrounding communities in Kemunyang Village Forest, Merangin Regency, Jambi Province. The Kemunyang Village Forest area is the buffer zone of Kerinci Seblat National Park, which is one of the United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage Site. The main activities include protection of biodiversity through patrols and forest monitoring, forest rehabilitation which covers producing forestry plant seeds (especially protected tree species) and fruit seeds, and improving community livelihoods through sustainable agricultural development by conducting payments for ecosystem services. MRPR's contribution to this biodiversity program runs for five years with a total funding of US\$99,450 which is distributed in two phases, US\$82,314 in Phase 1 (2020-2023) and US\$17,136 in Phase 2 (2023-2025).

Tomori Biodiversity Conservation

The biodiversity conservation programs of Joint Operating Body Pertamina–Medco E&P Tomori Sulawesi (JOB Tomori) cover the conservation of the Sulawesi Masked Owl (*Tyto rosenbergii*), the Maleo (*Macrocephalon maleo*) and the Banggai Cardinal Fish (*Pterapogon kauderni*). The Sulawesi Masked Owl is an endemic species in Sulawesi, while the Maleo and Banggai Cardinal Fish are listed as endangered species based on the International Union for Conservation of Nature (IUCN) Red List.

The Sulawesi Masked Owl conservation program has reduced the application of pesticides with savings equivalent to US\$52.5 per hectare per year. Owls are natural predators of rodents that allows farmers to grow organic rice.

Nursery Rack with Bottom Cage Coral Reef Program

JOB Tomori has enhanced its coral reef transplantation program by introducing the use of bottom-cage nursery racks to ensure the sustainability of environmental conservation. These racks help in stimulating the growth of the coral reef as the Banggai Cardinal Fish (BCF) species' habitat and the natural protection against their predators. The BCF plays an important role in the coral ecosystem of Banggai, Central Sulawesi.

Upon the periodical evaluation of coral reef transplantation program, we are improving the structure of the coral reef installation that helps to increase the BCF's survival rate from 60% to 95.5%. This is achieved through the application of bottom-cage nursery racks from its original artificial bio-reefs and spider structures.

Furthermore, nursery racks are proven to be very effective as habitat for accelerating the growth of new coral reef transplant. As a result, the BCF and other coral fish have become domesticated at the bottom cage.

Further efforts included the publication of a book on coral reef conservation program of the Tiaka Field – Toili Block with the title "Banggai Cardinal Fish: *Si Cantik dari Perairan Banggai*" (The Banggai Cardinal Fish: the Beauty from the Waters of Banggai) ISBN No. 978-602-73197-8-3. The book can also be accessed on JOB Tomori's website https://www.job-tomori.com/Report.aspx.





Alignment of Sustainability Initiatives with the UN Sustainable Development Goals

Our sustainability initiatives in Environmental Safeguards is part of MedcoEnergi's efforts in contributing to UN SDGs. We map these initatives against relevant SDGs targets below. This mapping does not constitute a claim that MedcoEnergi has measured or committed targets to the host governments of our operational areas regarding the achievement of UN SDGs.



Relevant target:

3.9

Key initiatives:

Integrated Health, Safety, and Environment Management System (HSEMS), environmental compliance.



Relevant target:

6.3, 6.4, 6.6

Key initiatives:

Wastewater management, water conservation and efficiency.



Relevant target:

7.2, 7.3, 7.A, 7.B

Key initiatives:

Tarakan city gas network, renewable energy development: geothermal power plant and mini hydropower plants.



Relevant target:

12.2, 12.4, 12.5

Key initiatives:

Waste and effluent management including hazardous and non-hazardous wastes.



Relevant target:

13.2

Key initiatives:

GHG emission reduction from lower fuel gas, aviation fuel and marine fuel consumption in South Natuna Sea Block B assets.



Relevant target:

14.1, 14.2, 14.5

Key initiatives:

JOB Tomori coral reef program, oil spill reduction efforts.



Relevant target:

15.1, 15.2, 15.4, 15.5

Key initiatives:

Revegetation program, Medco Ratch Power Riau (MRPR) biodiversity program, JOB Tomori biodiversity conservation.



Action Plan

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

	Short Term Actions	Medium-Long Term Actions	Status
Environmental Compliance	Ensure that all new major projects comply with international standards,	Continue implementing Health, Safety, and Environment Management System (HSEMS) by all assets.	'
	where relevant.	Obtain ISO 14001:2015 certification for Block A (in addition to Rimau, Lematang, South Sumatra, Tarakan and South Natuna Sea Block B).	Block A has been implementing the Environmental Management System (EMS) and progressing towards ISO 14001:2015 certification.
		Conduct baseline analysis and determine opportunities for improvement to further lower GHG intensity.	
		Conduct baseline analysis and determine opportunities for improvement to further lower energy intensity.	Benchmarking study and baseline analysis completed.
		Conduct baseline analysis and determine opportunities for improvement to further lower water consumption and waste generation (hazardous and non-hazardous).	analysis completed.
		Obtain Green PROPER rating for all new assets within 4 years.	Identifying and assessing challenges and opportunities.
Environmental Performance	Disclosure of all assets' GHG and environmental	Calculate Scope 1 GHG emissions for all assets.	Standardised methodology for GHG emission accounting including
	performance data.	Calculate energy consumption for oil & gas assets.	emission sources, calculation, emission factors, in alignment with
		Calculate water consumption for oil & gas assets.	international standards.Disclosed the Scope 1 and 2 GHG
		Calculate hazardous and non-hazardous waste generation for oil & gas assets.	emissions, energy consumption, water consumption, waste and
		Waste utilisation and recovery.	hazardous waste generated, waste utilisation and recovery to Ministry of Environment and Forestry (MoEF), SKK Migas, Local Environmental Offices, and Sustainability Report.
		Low-pressure gas utilisation.	Low pressure gas utilization has been included in the GHG emissions accounting, as part of Scope 1 combustion sources.

PROTECTING THE HEALTH AND SAFETY OF OUR PEOPLE

Approach and Commitment

The health and safety of our employees, contractors, and the communities in which we operate is an essential and integral part of sustainability. MedcoEnergi's Health, Safety and Environment (HSE) Policy emphasises protecting the people involved in our business activities, and underlines the need for strong HSE leadership at all levels. We believe that all work-related incidents, injuries, occupational illnesses and process safety events are preventable. We are committed to complying with government regulations and ensuring alignment with industry best practices and relevant international standards. Our HSE Policy is available on the MedcoEnergi website at www.medcoenergi.com.

We aspire to maintain safe and reliable operations, ensuring that all our employees and contractors go home safely each day. We continually strengthen our safety culture and leadership with the ongoing adoption and development of best practices. We regularly establish and monitor our HSE goals and performance.

Operational Excellence

In 2020, we continued strengthening our Operational Excellence (OE) culture. The OE framework covers HSE, A&OI (Asset and Operating Integrity), Operating Efficiency (Planning & Scheduling, Maintenance & Reliability, and Production Monitoring & Organisation), and Cost Management. In 2021, we will further expand the implementation to our international oil & gas assets and Medco Power.



Our OE implementation is divided into four maturity levels.

Maturity Level	Definition		
1	Some evidence that the practice exists.		
2	Documented, but implementation is ongoing/not effective		
3	Documented and effectively implemented.		
4	Effective and efficient. Visible continuous improvement culture efforts in place.		

Our current target is to achieve Maturity Level 3 for all Indonesia oil & gas assets.

In 2020, we conducted virtual workshops to enhance communication on standards, documentation and behaviors. This was followed by a self-assessment to identify our strengths and improvement areas. The identified gaps were used as a basis to develop Strategic Improvement Plans (SIPs). Implementation of the SIPs for each asset was carried out by the leadership team in weekly discussions. A virtual corporate OE assessment was then conducted in October-November. Our offshore assets attained Maturity Level 3 in almost all aspects, however our onshore assets are still progressing to this level. We realise that the journey towards building a culture of excellence is challenging. However, we strongly believe that our visible commitment and leadership will ensure a safe, reliable and cost competitive operation.

The actions above signify our commitment to pursue OE maturity through a structured application of the Plan-Do-Check-Adjust (PDCA) learning cycle.

HSE Management System

As part of our commitment to achieve zero injuries, illnesses, process safety events, zero environmental incidents and elimination of waste and emissions, we implement an HSE Management System (HSEMS). The management system enables us to systematically identify, assess, control and monitor operational HSE risks to the business, employees, contractors and the environment. The HSEMS requires each asset and business unit to plan, coordinate and monitor HSE implementation throughout our operations. Our contractors and suppliers are also required to adhere to this management system.



We developed the HSEMS in alignment with ISO 45001:2018 for Occupational Health and Safety Management Systems. In our oil & gas and power operations, 35% of our assets have obtained and maintained ISO 45001:2018 certified. Please see page 62 for the complete list of certified assets. In 2020, we established a new five year HSE and Process Safety

Roadmap as part of our HSEMS to achieve our vision to become world-class in HSE and process safety. The roadmap has four focus areas: Safety Culture, Hazard Identification and Implementation of Associated Controls, Contractor HSE Management and Process Safety. It also consists of four stages of safety culture maturity: Reactive, Dependent, Independent and Interdependent.

Focus Areas Supporting 5 Year Journey Toward Interdependent Safety Culture



Corporate HSE Governance ensures that the focus areas of the roadmap are communicated and implemented effectively at all levels.

Implementation of the Roadmap

Corporate Board Committee (CBC) · Approve corporate HSE vision/mission, policies, management system, standards, goals, KPIs Chair Person: Director & Chief Operating Officer Approve corporate audit plan Co-Chair: Director & Chief Officer Human Capital & Business Support Review corporate HSE performance and provide strategic direction Members: Senior Vice Presidents (SVPs), MPI Chief Executive · Approve incident investigation terms of reference and incident Officer, VP Project Development & Engineering Excellence, investigation report of high potential near miss & injuries and high risk VP HSE, VP Technical Assurance Approve Corporate HSE Programs Bi-Monthly Asset Leadership Team (ALT) · Approve asset's timeline of corporate HSE procedures and tools implementation Chair Person: VP Operations, General Manager · Participate in corporate audit Members: Senior Managers, Managers · Approve and implement asset's goals, KPIs, HSE programs · Review assets' HSE performance Communicate and discuss incidents' lesson learned Functional Leadership Team (FLT) · Approve and implement HSE site specific procedures · Participate in corporate audit Chair Person: Operations Managers, Field Managers/General · Implement asset's goals, KPIs, HSE programs Manager, Offshore Installation Managers Review sites' HSE performance Members: Lead/Superintendent, HSE Managers

· Report any incidents and near misses

Monthly

Safety Culture

Strengthening our HSE governance, capability and culture is a multi-year concerted effort by all levels of the organisation. In 2020, we engaged a reputable safety consultant, DuPont Sustainable Solutions (DSS), to strengthen our safety culture.

Safety Culture Roadmap

Safety Culture					
Establish a Foundation	Strengthen the Inc	Strengthen the Independent Culture		Shift to Interdependent Culture	
2019 2020	2021	2022	2023	2024	
Conduct safety culture survey and safety assessment across operating assets	Conduct HS program for s supervis	site leaders &	All assets continue to im the safety & risk a		
Update & develop 1st phase of corporate HSE standards	Implement 1st phase of c HSE standards	corporate	Continue to implement, improve & sustain		
	Update & develop 2' corporate HSE st		effectiveness of	standards	
	Develop and impleme audit standard and		Continue corporate HS	E audit program	
Conduct HSE capability assessment & trainings for HSE professional Conduct HSE Leadership trainings	Update & develop standar & material for HSE tra		Continue delivery of mandatory		
for Top Management & Senior Managers levels	Implement train the program	e trainer	HSE training for a	all workers	

The 2020 HSE Summit

We held an HSE Summit in early 2020. The theme "I Choose to Work Safely" was aimed at inspiring and encouraging every worker and contractor at MedcoEnergi to commit to work safely. Approximately 500 workers were present and representatives from our large contractor companies participated in this event. MedcoEnergi's senior management officiated the event and launched the campaign. External speakers from DuPont and LebSolution, as well as internal speakers and experts in their field were also invited to knowledge-sharing sessions. The topics include Safety Culture, Hazard Identification & Risk Management, Contractor HSE Management System and Process Safety.



The event provided HSE Leadership training for top management and senior management levels. These key personnel are expected to participate actively in their organisations to become role models with Visible Felt Leadership¹, leading the organisation towards an interdependent safety culture.

^{1.} Felt leadership is a style of leadership in which the employees can feel that their supervisors respect them genuinely and are deeply invested in their well-being. It is ultimately about saying the right things, doing the right things consistently and ultimately, believing it is the way to work.



HSE Programs & Campaigns

We translate our HSE and process safety commitments through various programs and campaigns for our employees, contractors and stakeholders.

Virtual HSE Management Site Visit

HSE management site visit is an essential way for our senior leaders to directly meet the the onsite workforce. It enables two-way, transparent conversations between management and workforce to discuss HSE issues. We had to adjust the program during the pandemic of course, and conducted the site visits virtually.

Before each virtual site visit, a short HSE survey was carried out to gauge the site workers' perception of the current HSE programs & tools, including the existing COVID-19 health protocols. The feedback was discussed openly during the virtual site visit. The workforce appreciated the close interation with senior leaders and management team members.



HSE Competency

In 2020, we conducted an HSE capability assessment, developed a training and competency matrix, and held a series of HSE technical training sessions. The key topics included:

- · HSE Professional Roles & Responsibilities
- · Incident Investigation
- · Visible Felt Leadership
- Safety Observation
- Effective Standards and Procedures
- Bypass, Inhibit, Force, Override (BIFO)
- HSE Assurance and Audit
- Technical Best Practices

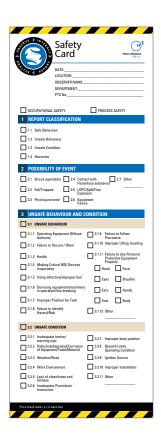
The HSE & Process Safety training and competency program will continue throghout the 5-year roadmap, aimed at reaching all working levels in the organisation.

Incident Lessons Learned Communication

We communicate lessons learned in a systematic way aimed at prevent the reccurence of incidents. Incidents are followed with an investigation by a team of independent experienced staff and professionals. The team determines the root cause(s), identifies deficiencies in the HSEMS, and develops corrective actions and lessons learned. These actions and lessons learned are communicated to all assets. The communication is also included in the Weekly HSE email distribution & Process Safety Tips.

Integrated Safety Card

MedcoEnergi has a Safety Card Reporting System that includes a simple checklist to guide observations, discussions and online reporting. The checklist is based on the 3 Golden Rules, Know-the-Task, Know-the-Hazard, and Know-the-Risk-Mitigation. In 2020, we improved the Safety Card Reporting System by integrating process safety measures to increase process safety knowledge, raise awareness of process safety hazards and to capture defect and abnormalities at an early stage.





Thailand Hand Injury Prevention Program

Our Thailand asset conducted a "Helping Hands" activity as part of our continual effort to prevent hand injuries. This activity involved all Sattahip Shorebase personnel who assembled artificial hands to be donated to amputee landmine victims around the world who otherwise could not afford prosthetic hands. The artificial hands were distributed to the victims with the assistance of a charity organisation in Thailand. This practical engagement helped increase awareness about the importance of hands and hand injury risks.



Business Continuity

MedcoEnergi has a Disaster Recovery Plan (DRP), designed to ensure the continuity of critical business functions in the event of a disruption or disaster. Throughout the pandemic, MedcoEnergi has also enhanced preparedness by developing an Operational Continuity Plan (OCP) that contains detailed procedures for operational personnel if their working area is affected by a significant number of COVID-19 cases.

Emergency Preparedness and Response

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

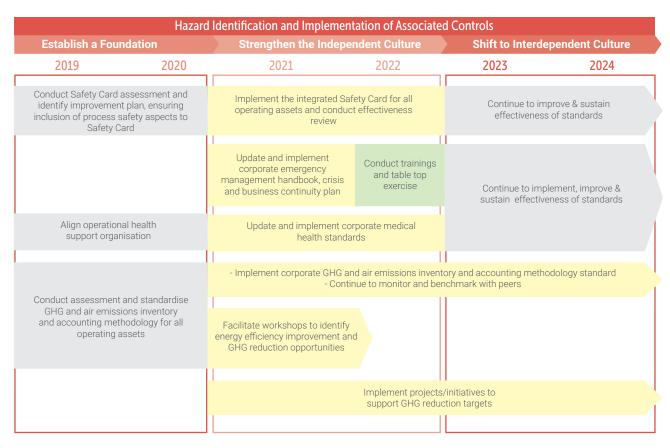


In Thailand, we conducted an incident management training program and table-top exercise based upon a scenario of a major oil spill at the Bualuang oil production facility. We tested our capabilities to minimise impacts on our assets, people, the environment and our company reputation in the event of a spill. Opportunities for improvements were identified and translated into action items to improve the effectiveness of our emergency response program. The progress of the action items was monitored on a regular basis until conclusion.



Hazard Identification and Implementation of Associated Controls

In 2020, we established the foundation of hazard identification and implementation of associated control to strengthen our safety culture.



Contractor HSE Management System (CHSEMS)

Contractors make up the majority of our total workforce and so managing their HSE activities is important for our HSE performance.

We integrate our HSE principles into our contractor's operations by setting expectations of shared roles and responsibilities to create a collective, safe and healthy working environment. Our contractor HSE management framework enables us to monitor the implementation of their HSE programs and performance. For that purpose, we standardised the CHSEMS document in 2020 in

line with MedcoEnergi's corporate HSE standards to be applied by all of our oil & gas and power operations. We also enhanced the mutual partnerships in the full cycle of CHSEMS implementation and strengthened both contractors' and contract owners' HSE capabilities.

Despite the pandemic, all assets have successfully conducted onsite coaching to develop contractors competency, audits, and virtual engagements such as contractor HSE training and contractor HSE forums.

Contractor HSE Management System					
Establish a Fo	undation	Strengthen the Ind	lependent Culture	Shift to Interde	oendent Culture
2019	2020	2021	2022	2023	2024
Review and update corporate		Standardise contractor H	SE mentoring program	Continue to sus	stain CHSEMS
CHSEMS standard		Conduct assessment on C	HSEMS implementation	capability & p	erformance

Process Safety

MedcoEnergi has been conducting process safety assessments of our oil & gas and power assets and the assessment will be completed by mid 2021. This is part of our multi-year effort focusing on Asset and Operating Integrity (A&OI) towards achieving the Interdependent maturity level of our safety culture. The outcome from assessments are used as input to develop the continual improvement plan. The aim is to ensure that our assets operate effectively and efficiently whilst protecting health, safety and the environment.

We developed and standardised the process safety framework across oil & gas and power assets to ensure that people, systems, processes and resources that deliver asset and operating integrity are in place, in use and will perform when required over the whole life-cycle of the asset.



Process Safety Board

In 2020, we established a Process Safety Board to oversee process safety framework implementation. The Process Safety Board meetings also provide an opportunity for a Process Safety Network of Excellence across assets to share and discuss best practices and challenges.

Process Safety Functional Organisation

	Member	Role
Process Safety	Asset &	Approve the process safety roadmap, programs and Key Process Safety Indicator (KPSI)
Board	Corporate	Ensure consistent process safety implementation
(Asset and	Leadership	Monitor the progress of process safety programs
Corporate level)	Team	Provide resources as required for process safety
Meetings conducted		
on a monthly basis		
Process Safety	Technical	Drive the implementation of process safety programs
Council	Assurance/	Assess process safety performance requirements & develop gap analysis
(Asset and	Subject	Serve as subject matter experts for significant process safety issues
Corporate level)	Matter Expert	Nominate, train and provide mentoring for process safety coaches
	& Senior	Develop and execute process safety training
Meetings conducted	Specialist	Proactively contribute in process safety knowledge sharing
on a weekly basis		
Process Safety	Engineer &	Serve as a facilitator of Safety Critical Element Abnormal Risk Assessment (SCEARA) meetings
Coach-Council	Specialist	Lead and facilitate process hazard analysis for the assigned asset
(Asset level)		 Raise process safety issues from the asset to the process safety council for guidance and support
Meetings can be		 Deliver process safety training to the asset and provide feedback to the process safety council
arranged at anytime		 Participate in process safety audits



Process Safety Performance

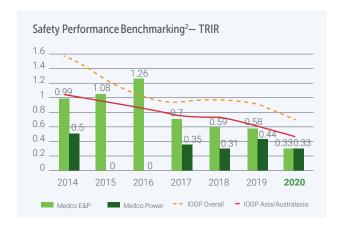
At MedcoEnergi, process safety includes standards and procedures, equipment testing and certification, staff competency, contractor requirements, safety cases, a two-barrier policy and incident response and recovery mitigation plans. We gauge asset and operating integrity based on these parameters and evaluate process safety performance based on the reduction of process safety events.

In 2020, we focused on enhancing the process safety culture and standardisation of standards across the operating assets. As a result of multi-year efforts, the number of Tier 1 and Tier 2^1 process safety events was significantly below recent years.

Process Safety Event (PSE)	2018	2019	2020
Tier 1 PSE	2	6	0
Tier 1 PSE Rate per	0.08	0.22	0
1,000,000 work hours			
Tier 2 PSE	9	10	2
Tier 2 PSE Rate per	0.32	0.37	0.09
1,000,000 work hours			

Health and Safety Performance

We monitor our Occupational Health & Safety (OHS) performance, track key indicators to identify areas for improvement and ensure the effective implementation of our programs. Our Total Recordable Injuries Rate (TRIR) for both oil & gas and power operations has improved in each of the past four consecutive years, and is below the International Association of Oil & Gas Producers (IOGP) Asia/ Australasia's TRIR.



In 2020, we were deeply saddened by a fatality involving one contractor's personnel in our power subsidiary during the demobilisation of our Ijen Geothermal drilling operations. We deeply regret this loss and have taken steps to thoroughly investigate this incident to conduct a root cause analysis. We identified and implemented a number of recommendations, and reported to our BOD and the relevant government authorities. We also provided support to the family of the deceased.

Following this fatality, we focused on strengthening our hazard identification and risk mitigation, HSE verification/assurance processes, and emergency response management.

Our HSE performance in 2020 is presented in the tables below:

Oil & Gas	2018	2019	2020
Number of Fatalities	1	1	0
Lost Time Incident Rate ^{3, 4}	0.13	0.27	0.09
Total Recordable Incident Rate ⁴	0.59	0.58	0.33
Occupational Disease Rate ⁴	0	0	0
Percentage of Incidents Involving Contractors	100%	100%	100%

Power	2018	2019	2020
Number of Fatalities	0	1	1
Lost Time Incident Rate ^{3,4}	0	0.22	0.11
Total Recordable Incident Rate ⁴	0.31	0.44	0.33
Occupational Disease Rate ⁴	0	0	0
Percentage of Incidents Involving Contractors	0%	100%	100%

^{1.} The definition of Tier 1 and Tier 2 Process Safety events refers to American Petroleum Institute Recommended Practice 754 Process Safety Performance Indicators for the Refining and Petrochemical Industries; Second Edition.

^{2.} The number of recordable injuries (fatalities + lost work day cases + restricted work day cases + medical treatment cases) per million hours worked. Source for benchmarking: Data Series International Association of Oil & Gas Producers (IOGP) Safety performance indicators - 2020 data, issued in May 2021.

^{3.} Lost Time Incident including Fatality. Permanent Disabilities and LTI.

^{4.} Workforce includes employees and contractors. Incidents include both injuries and illnesses.

Alignment of Sustainability Initiatives with the UN Sustainable Development Goals

Our sustainability initiatives in Health and Safety Management is part of MedcoEnergi's efforts in contributing to UN SDGs. We map these initatives against relevant SDGs targets below. This mapping does not constitute a claim that MedcoEnergi has measured or committed targets to the host governments regarding the achievement of UN SDGs.



Action Plan

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

	Short Term Actions	Medium-Long Term Actions	Status	
Occupational Health and	To implement a work safety	To achieve zero fatalities in all assets.	One contractor fatality in our power subsidiary during the demobilisation of our Ijen Geothermal drilling operations.	
Safety	culture towards: 1. Contractor	To achieve a lower average Lost Time Incident Rate (LTIR) compared with the	Our 2020 oil & gas LTIR is 0.09. The 2020 IOGP Asia/ Australasia LTIR is 0.09.	
	HSE management 2. Hazard identification and risk management 3. Process safety	equivalent industry in Indonesia.	LTIR for power is 0.11. Benchmarking with an equivalent power industry in Indonesia and International is not available.	
		and risk management 3. Process	sk To achieve a lower average Total Recordable Incident Rate (TRIR)	Our 2020 oil & gas TRIR is 0.33. The 2020 IOGP Asia/ Australasia TRIR is 0.48.
			compared with the equivalent industry in Indonesia.	TRIR for power is 0.33. Benchmarking with an equivalent power industry in Indonesia and International is not available.
		To complete occupational health hazard assessment in all assets.	Most assets have conducted a health hazard assessment in 2020. The assessment process will be continued in 2021 for the remaining mini hydro assets in West Java and for the Thailand oil & gas asset.	



2020 AWARDS

Corporate Governance

Operation	Name of Award	Awarded By	Description
Oil & Gas	Supply Chain Management KPI Performance	SKK Migas	First Place, awarded to MEPI
	PSC Most Committed and Cost- Efficient Drilling Rig Procurement	SKK Migas	Awarded to South Natuna Sea Block B

Health and Safety

Operation	Name of Award	Awarded By	Description
Oil & Gas	Patra Nirbhaya Karya Utama Adinugraha I	Ministry of Energy and Mineral Resources, Directorate General of Oil & Gas	Exploitation - Large Companies Category: Recognition of safety performance for zero LTI in JOB Tomori
	Patra Nirbhaya Karya Utama Adinugraha	Ministry of Energy and Mineral Resources, Directorate General of Oil & Gas	Refinery – Large Companies Category: Recognition of safety performance for zero LTI in DSLNG
	Patra Nirbhaya Karya Madya	Ministry of Energy and Mineral Resources, Directorate General of Oil & Gas	Exploitation – Large Companies Category: Recognition of safety performance for zero LTI in Lematang
	Patra Nirbhaya Karya Utama	Ministry of Energy and Mineral Resources, Directorate General of Oil & Gas	Exploitation - Small Companies Category: Recognition of safety performance for zero LTI in JOB Simenggaris
	Patra Karya Raksa Madya	Ministry of Energy and Mineral Resources, Directorate General of Oil & Gas	Safety Management – Upstream Category: Recognition of safety management achievement of JOB Tomori
	Operational Excellence Achievement in the 10–50 MB0EPD category	Special Task Force for Upstream Oil & Gas Business Activities of the Republic of Indonesia (SKK Migas)	First Place, awarded to South Natuna Sea Block B and Third Place, awarded to South Sumatra
	Operational Excellence Achievement in the <10 MBOEPD category	SKK Migas	First Place, awarded to Madura Offshore, second rank, awarded to Rimau and third rank, awarded to Lematang
Power	Zero Accident Award	Governor of the Riau Islands Province	Achievement of accident-free work hours, awarded to Mitra Energi Batam
	Certificate of Appreciation for Occupational Safety and Health Management System	Ministry of Manpower of the Republic of Indonesia	Implementation of Occupational Health and Safety Management System – awarded to Energi Prima Elektrika, Multidaya Prima Elektrindo, Mitra Energi Batam, Energi Listrik Batam and TJB Power Services

Environment

Operation	Name of Award	Awarded By	Description
Oil & Gas	PROPER – GOLD Rating	Ministry of the Environment and Forestry of the Republic of Indonesia	Recognition of the Company's environmental conservation efforts that exceed regulation standards, awarded to JOB Tomori
	Charter of Appreciation for Flaring Gas Utilisation/ Reduction Program	Ministry of Energy and Mineral Resources	Recognition of support to Indonesia's commitment in greenhouse gas emission reduction and Zero Routine Flaring 2030, awarded to Tarakan
Power	PROPER – GOLD Rating	Ministry of the Environment and Forestry of the Republic of Indonesia	Recognition of the Company's environmental conservation efforts that exceed regulation standards, awarded to PLN Tanjung Jati B, operated by PT TJB Power Services, where MPI provides Operation and Maintenance Services

Community Empowerment

Operation	Name of Award	Awarded By	Description	
Oil & Gas	Charter of appreciation for participation in the development	Musi Rawas' Head of Regency	Charter of appreciation for participation in the development Musi Rawas Regency	
	Musi Rawas Regency		through South Sumatra's Corporate Social	
			Responsibility Program in 2019	



ACRONYM AND ABBREVIATIONS

3R	Reduce, Reuse, and Recycle			
A&IC	Audit and Integrity Compliance			
A&OI	Asset and Operating Integrity			
ABC	Anti-Bribery and Corruption			
ABMS	Anti-Bribery Management System			
ADB	Asian Development Bank			
API	American Petroleum Institute			
South Natuna Sea Block B PSC	Medco E&P Natuna Ltd			
BAT	Best Available Technologies			
BBLS	Barrels			
BOC	Board of Commissioners			
BOD	Board of Directors			
BOE	Barrel of Oil Equivalent			
BSR	Business for Social Responsibility			
CDP	Formerly the Carbon Disclosure Project, an international non-profit organisation that helps companies and cities disclose their environmental impact			
CEO	Chief Executive Officer			
CLA	Collective Labour Agreement			
CO ₂ e	Carbon dioxide equivalent			
CoC	Code of Conduct			
Col	Conflict of Interest			
C00	Chief Operating Officer			
CSR	Corporate Social Responsibility			
DEB	PT Dalle Energy Batam			
DSS	DuPont Sustainable Solutions			
E&P	Exploration and Production			
EITI	Extractive Industries Transparency Initiative			
ELB	PT Energi Listrik Batam			
ELO	Ethics Liaison Officer			
EMS	Environmental Management System			
EP	Equator Principles			
EPE	PT Energi Prima Elektrika			
ERM	Enterprise Risk Management			

ESDM	Ministry of Energy and Mineral Resources			
ESG	Environmental, Social, and Governance			
ESIA	Environmental and Social Impact Assessment			
ELB	PT Energi Listrik Batam			
FORKOPIMDA	Regional Leadership Communication Forum (Forum Komunikasi Pimpinan Daerah)			
FRA	Fraud Risk Assessment			
GCG	Good Corporate Governance			
GHG	Greenhouse Gas			
GMS	General Meeting of Shareholders			
GRI	Global Reporting Initiative			
HSE	Health, Safety, and Environment			
HSEMS	Health Safety and Environment Management System			
IBCSD	Indonesian Business Council for Sustainable Development			
IDR	Indonesian Rupiah			
IDX	Indonesia Stock Exchange			
IFC	International Finance Corporation			
IGCN	Indonesia Global Compact Network			
ILO	International Labour Organisation			
IOGP	International Association of Oil & Gas Producers			
IPA	Indonesia Petroleum Association			
IPP	Independent Power Producer			
ISO	International Organisation for Standardization			
JOB	Joint Operating Body			
KADIN	Indonesian Chamber of Commerce and Industry (Kamar Dagang dan Industri)			
KLHK	Ministry of Environment and Forestry (Kementerian Lingkungan Hidup dan Kehutanan)			
KPI	Key Performance Indicator			
KPK	Indonesian Corruption Eradication Commission (Komisi Pemberantasan Korupsi)			
LTIR	Lost Time Incident Rate			
MBOEPD	Million Barrel of Oil Equivalent Per Day			

MEB	PT Mitra Energi Batam				
MEPI	PT Medco E&P Indonesia				
MGS	PT Medco Geothermal Sarulla				
MMSCFD	Million standard cubic feet per day				
MoEF	Ministry of Environment and Forestry				
MPE	PT Multidaya Prima Elektrindo				
MPEP	Medco Project Excellence Process				
MPI	Medco Power Indonesia				
MRPR	PT Medco Ratch Power Riau				
MSCI	Morgan Stanley Capital International				
MSLDP	Medco Senior Leadership Development Program				
MW	Megawatt				
NGO	Non-governmental organisation				
NIST	National Institute of Standards and Technologies				
NO _x	Nitrogen oxides				
ODF	The High Social Value of Open Defecation Free				
O-NET	Ordinary National Educational Test				
OE	Operational Excellence				
OFAC	Office of Foreign Assets Control				
0&M	Operation & Maintenance				
OHS	Occupational Health and Safety				
OHSAS	Occupational Health and Safety Assessment Series				
OJK	Financial Services Authority (Otoritas Jasa Keuangan)				
P2P	Procure-to-Pay				
PDCA	Plan Do Check and Adjust				
PLN	State-owned Electricity Company (Perusahaan Listrik Negara)				
PPE	Personal protective equipment				
PM	Particulate matter				
PPO	Operational Support Programs (Program Pendukung Operasi)				
PSC	Production Sharing Contract				

PSE	Process Safety Events		
PROPER	Performance Rating Program in Environmental Management		
PT	Limited Liability Company (Perseroan Terbatas)		
SCBD	Sudirman Central Business District		
SCM	Supply Chain Management		
SDGs	Sustainable Development Goals		
SEP	Stakeholder Engagement Plan		
SKK Migas	Special Task Force for Upstream Oil and Gas Business Activities (Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi)		
SME	Small and Medium Enterprises		
SMS	Social Management System		
SoA	Statement of Adherence		
SO _x	Sulfur oxides		
SPI	Sustainable Performance Improvement		
SRI	System of Rice Intensification		
SROI	Social Return on Investment		
TCFD	Task Force on Climate-related Financial Disclosures		
tCO ₂ e	Metric tons of carbon dioxide equivalent		
TJBPS	PT Tanjung Jati B Power Services		
TRIR	Total Recordable Injury Rate		
UN	United Nations		
UNFCCC	United Nations Framework Convention on Climate Change		
UNGP	United Nations Guiding Principles on Business and Human Rights		
US	United States of America		
US\$	US Dollar		
VLPC	Very Low-Pressure Compressor		
VOC	Volatile Organic Compound		
VPSHR	Voluntary Principles on Security and Human Rights		
WNTS	West Natuna Transportation System		



FEEDBACK FORM

This Sustainability Report provides an overview of MedcoEnergi's 2020 sustainability performance. We look forward to receiving suggestions for improvement from our stakeholders. Please share your feedback and/or comments about this Sustainability Report by completing this feedback form and returning to us by email, fax, or mail.

Stakeholder Group										
Shareholders	Employee	Partners	Government	& Regulator						
Bank & Investor	Community	Customer	Media							
Others, please specify		_	_							
Please choose the most appropriate answer(s) to the questions below:										
			Yes	No						
1. This report is useful to you										
2. This report describes the Company's perf	ormance in sustainabili	ty development								
Please rate the following material aspects based on the level of importance according to your view of MedcoEnergi's sustainability performance (score 1 = most important to 17 = least important).										
Local Communities Labour Practices			()							
Business Ethics/Fair Business Practices			()							
Political and Regulatory Environment			()							
Transparency			()							
Human Rights			()							
GHG Emissions			()							
Environmental Impact of Products and Se	prvione		()							
Access to Natural Resources	el vices		()							
Procurement Practices			()							
Storage and Transportation			()							
Biodiversity			()							
Effluents and Waste			()							
Material and Resource Use			()							
Water Water			()							
Privacy and Data Protection			()							
Energy Use	()									
9, 000			()							
Please provide suggestions/comments for thi	s report:									
			•							

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

PT Medco Energi Internasional, Tbk

Attn: Investor Relations The Energy Building, 53rd Floor SCBD Lot 11A Jl. Jend. Sudirman Jakarta 12190, Indonesia Tel. (62-21) 2995 3000 Fax. (62-21) 2995 3001

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