

Energize, Harmonize, Realize

## 2014 SUSTAINABILITY REPORT



PetroChina International Companies in Indonesia

Menara Kuningan, Lantai 16<sup>th</sup>, 19<sup>th</sup>,  
21<sup>st</sup> - 27<sup>th</sup>, 30<sup>th</sup>

Jl. H.R. Rasuna Said Blok X-7 Kav.5  
Jakarta 12940

Phone. +62 21 5794 5300

Fax. +62 21 5794 5301

[www.petrochina.co.id](http://www.petrochina.co.id)

2014 SUSTAINABILITY REPORT

COMMITMENT TO SUSTAINABILITY

PetroChina International Companies in Indonesia



# COMMITMENT TO SUSTAINABILITY

2014 SUSTAINABILITY REPORT

PetroChina International Companies in Indonesia



# COMMITMENT TO SUSTAINABILITY







**W**e fully realise that the vision of PetroChina, that is to become a World Class Energy Company has its own challenges to overcome. Each employee of PetroChina must work smartly and be supported by all stakeholders. PetroChina believes that its success as a World Class Energy Company hinges not only on its business and operational aspects, but also shown through the sustained benefits received by the society and the environment in which the Company operates. “Energize, Harmonize, Realize” is thus a philosophy that underlies PetroChina’s strategy for sustainability. A commitment to sustainability.





# CONTENT



## 38 GOVERNANCE FOR SUSTAINABILITY



## 44 PETROCHINA'S PEOPLE



## 54 PETROCHINA CARES FOR AND SHARES WITH OTHERS

4	<b>SUSTAINABILITY HIGHLIGHTS</b>
4	<b>OCCUPATIONAL HEALTH &amp; SAFETY AND ENVIRONMENTAL PROTECTION</b>
5	<b>PERFORMANCE ON SOCIAL EMPOWERMENT</b>
6	<b>ABOUT THIS REPORT</b>
10	<b>A PRIMER ON PETROCHINA</b>
12	History of Petrochina
13	Vision, Mission & Logo
14	Company Profile
15	Our operational activities
15	Map of Area Operation Petrochina
16	Jabung Block in Sumatra
17	Bangko Block in Sumatra
17	Tuban Block in East Jawa
18	Salawati Basin & Salawati Island Blocks in West Papua
19	Organizational Structure
20	<b>MANAGEMENT REPORT</b>
24	<b>PETROCHINA'S AWARDS AND ACHIEVEMENTS</b>
26	<b>STAKEHOLDER ENGAGEMENT</b>
32	<b>IMPROVING THE ECONOMY</b>
34	Oil And Gas Exploration & Production
35	Oil & Gas Investments and Contribution to State Revenue
35	Contribution to Regional Economic Growth
36	Commitment to Sustainable Development and Energy
36	Promoting Good Relations with Partners

38	<b>GOVERNANCE FOR SUSTAINABILITY</b>
40	Culture
40	Code of Conduct
40	Corporate Governance Structure
41	Risk Control & Risk Management
41	Conflict of Interest
43	Anti-Corruption Initiative
43	Support For Sustainable Development Efforts In Operational, Social, Environmental, and Health & Safety Aspects
43	Membership in Associations
44	<b>PETROCHINA'S PEOPLE</b>
46	Workforce Profile & Distribution
47	Protecting Employees ' Rights
47	Becoming A Workplace of Choice
47	Employee Training and Development Program
49	Recruitment of Local Employees
49	Recruitment of New Employees
49	Carer Development
50	Employee Benefits and Allowances
51	Providing only The Best to Our Employees and Their Families
51	Scholarship For Employees ' Family Members
53	Health and Medical Facilities for Employees and Their Families
53	Appreciating Differences





## 76 OCCUPATIONAL HEALTH & SAFETY AND ENVIRONMENTAL PROTECTION

### 54 PETROCHINA CARES FOR AND SHARES WITH OTHERS

- 56 Community Development Strategic Plan
- 56 Roadmap to Community Development 2008-2015
- 57 Petrochina Cares
- 57 Community Economic Development
- 66 Science Comic Distribution in Tanjung Jabung Barat and Tanjung Jabung Timur
- 67 Petrochina Shares
- 68 Forest Rehabilitation and Reclamation at Former Location of Exploration Wells
- 70 Local Infrastructure Development
- 72 Improving Public Facilities for Surrounding Community

### 76 OCCUPATIONAL HEALTH & SAFETY AND ENVIRONMENTAL PROTECTION

- 78 Occupational Health & Safety and Environmental Management Systems
- 80 Water
- 82 Energy
- 83 Carbon Emission
- 86 Management of Hazardous and Toxic Waste
- 87 Mercury Monitoring
- 87 Oil Spill Prevention
- 87 Environmental Programs For Local Community
- 88 Environmental Investment
- 89 Commitment To Occupational Health & Safety
- 94 CSMS Procedure and Structure
- 95 REPORT IN ACCORDANCE CHECK GRI G4 CORE BY NCSR
- 96 GRI G4 CORE INDEX





# SUSTAINABILITY HIGHLIGHTS

## OCCUPATIONAL HEALTH & SAFETY AND ENVIRONMENTAL PROTECTION



### THE ENVIRONMENT IS OUR MAIN PRIORITY

We believe that the efforts to fulfill the world’s energy demand can go hand in hand with environmental conservation efforts. PetroChina continuously engages in the improvement and adjustment of our production processes to reduce our negative impacts on the surrounding environment.

In the period of 2013-2014 PROPER, PetroChina International Jabung Limited (PCJL) (oil and gas) receives the Blue label from the Ministry of the Environment.



**USD 547,117**  
FUNDING FOR  
ENVIRONMENTAL EXPENSES  
2014



PERFORMANCE ON SOCIAL  
EMPOWERMENT



**USD 2,211,142**  
Total CSR Funding 2014



**USD 379,559**  
Economic Value of  
PetroChina's Social  
Programs 2014.

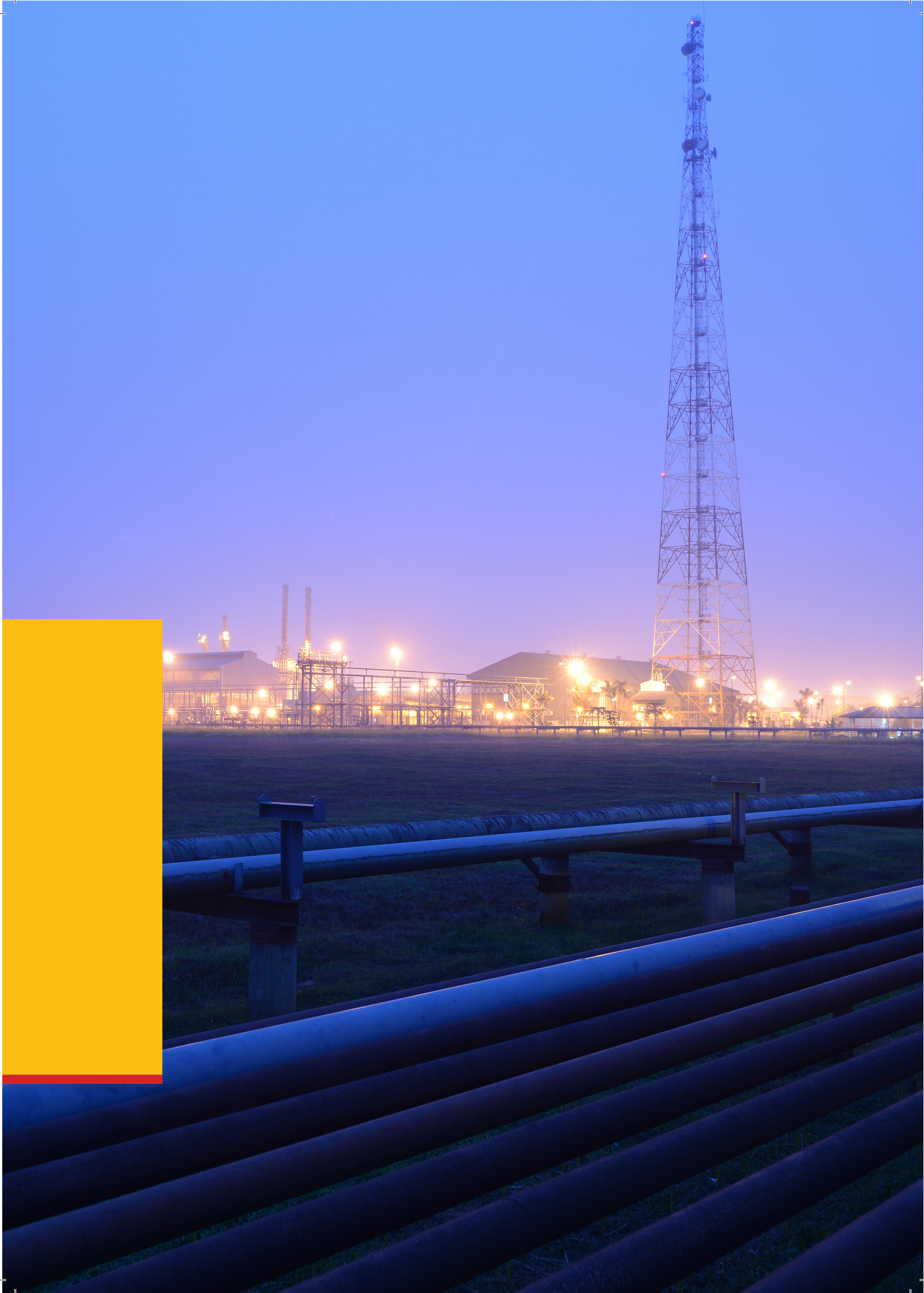


**USD 334,451**  
PetroChina's  
Funding for  
Education in 2014  
rose almost tenfold  
from that of 2013.

In this 2014 Sustainability Report, we report all our operations in Indonesia, however this does not include the performance of our suppliers, contractors and partners, unless otherwise stated. The entire financial information is stated in US dollar denomination, unless otherwise stated.

## ABOUT THIS REPORT







**P**etroChina 2014 Sustainability Report is our first sustainability report, and is proof of our commitment to conveying how we carry out our business safely, responsibly and in accordance with applicable regulations. Our first Sustainability Report has been prepared based on the Global Reporting Initiatives (GRI) G4 Core Sustainability Reporting Guidelines, including the Oil and Gas Sector Supplement as applicable. Our reporting period is two years. [G4-22] [G4-23] G4-29] [G4-30] [G4-32]

This report includes data and activities in 2014 derived from PetroChina's official documents, including statistical data from affiliated companies. This Report also prioritises the Company's development and the interests of stakeholders. The reporting period covered in this report is 1 January 2014 to 31 December 2014. [G4-28]

In this 2014 Sustainability Report, we report all our operations in Indonesia, however this does not include the performance of our suppliers, contractors and partners, unless otherwise stated. The entire financial information is stated in US dollar denomination, unless otherwise stated.

This report has been prepared based on the principles of accuracy, transparency and consistency. We have carried out an internal assessment to identify key issues and priorities, also to consider the greater context of the industry. This report has been verified internally by each contributor in each division. We plan to conduct an external verification process for future sustainability reports. [G4-33]

We eagerly accept all comments and feedback. [G4-31]



**PETROCHINA**  
**Menara Kuningan, Lantai 16<sup>th</sup>, 19<sup>th</sup>,  
 21<sup>st</sup> - 27<sup>th</sup>, 30<sup>th</sup>**  
**Jl. H.R. Rasuna Said Blok X-7 Kav.5**  
**Jakarta 12940**  
**Phone. +62 21 5794 5300**  
**Fax. +62 21 5794 5301**  
**www.petrochina.co.id**







PetroChina is one of the leading public companies in Asia and has received multiple awards at a global level. Asian Finance considered PetroChina as the best Asian company in terms of profitability and one of the top three in terms of corporate governance and management.

# A PRIMER ON PETROCHINA









### History of PetroChina, Vision, Mission & Logo [G4-56]

#### HISTORY OF PETROCHINA

Since 2002, PetroChina has implemented its expertise and experience on exploring and managing natural resources, i.e. oil and natural gas, in Indonesia. PetroChina was established on 5 November 1999 as part of the restructuring of China National Petroleum Corporation (CNPC). PetroChina now operates in 26 countries, three continents (Asia, Africa, and America) with over 400,000 employees. PetroChina shares are listed on stock exchanges in Hong Kong, Shanghai and New York.

PetroChina is one of the leading public companies in Asia and has received multiple awards at a global level. Asian Finance considered PetroChina as the best Asian company in terms of profitability and one of the top three in terms of corporate governance and management. Petroleum Intelligence Weekly ranked PetroChina seventh in the list of 50 largest oil companies in the world. Our financial performance is very satisfactory, with turnover reaching RMB 688.978 million with net profit of RMB 142.224 million.

Indonesia officially became the first of PetroChina's international regions of operations when the Company acquired Devon Energy Companies in 2002. Previously, Devon acquired Santa Fe Energy Resources in 2000. Devon had also signed a Production Sharing Contract (PSC), with the name of Trend International Limited, involving Pertamina, in 1970. PetroChina then aggressively invested and developed oil and gas exploitation fields in the provinces of Jambi, West Papua and East Java. Production in these areas soon increased rapidly to 90,000 BOPD. PetroChina has also become one of the largest natural gas suppliers to Singapore.

PetroChina plans to continue its oil and gas exploration and development, with 1,643 km<sup>2</sup> in Jabung Block; 770 km<sup>2</sup> in Bangko Block; 1,478 km<sup>2</sup> in Tuban Block; 2,713 km<sup>2</sup> in Madura Block; 1,907 km<sup>2</sup> in Salawati Island Block; and 870 km<sup>2</sup> in Salawati Basin Block.

There were no significant changes related to the operations, management or ownership of the Company within the reporting year. [G4-13]





## VISION

Become a leading international energy company in Indonesia by implementing performance in safety, occupational health, and environmental protection as well as involving stakeholders in order to achieve long-term business success.

## MISSION

The existence of PetroChina to produce energy (Energize) by always participating in environmental preservation, concerning about the welfare of the community, and to maintain long-term business continuity (Harmonize). We always make the effort to do our best in realizing the objectives of the company (Realize).



## LOGO'S PHILOSOPHY

*The PetroChina's logo with its ten-petal gem flower, shaded with the colors of China's national flag and suffused with the rays of the rising sun, embodies PetroChina's aim to achieve a harmonious convergence between the development of energy, the needs of society, and the sanctity of nature.*

## Company Profile

[G4-3][G4-4][G4-5][G4-6][G4-9][G4-7][G4-8][G4-16]

Corporate Name	PetroChina International Companies in Indonesia
Industrial Sector	Oil and Gas
Products and Services	Oil, Natural Gas and its derivatives
Market Target	Domestic and international, except for LPG of which is entirely for the Indonesian domestic market.
Number of Employees (2014)	1,302 employees
Total Investments (2002-2014)	Jabung : USD 3,645,599,036.15 Basin : USD 902,200,002
Central Government Revenue Sharing Fund (2002-2014)	Jabung : USD 8,837,417,053.82 Basin : USD 1,094,848,316.34
Tax (2002-2014)	Jabung : USD 2,873,600,645.2 Basin : USD 98,560,570.38
Starts to Operate in Indonesia	2002 (Take over from Devon)

### SHAREHOLDER

#### Jabung Working Area

- PetroChina International Jabung Ltd.  
27.86%
- Petronas Carigali (Jabung) Ltd.  
27.86%
- PP Oil & Gas (Indonesia-Jabung) Limited  
30.000%
- PT Pertamina (Persero)  
14.29%

#### Salawati Basin Working Area (PSC)

- PetroChina International (Bermuda) Ltd.  
30.00%
- Petrogas (Basin) Ltd.  
34.06%
- RHP Salawati Basin BV  
25.94%
- PT Pertamina Hulu Energi Salawati Basin  
10.00%

#### Salawati Working Area (JOB)

- PT Pertamina Hulu Energi Salawati  
50.00%
- PetroChina International Kepala Burung Ltd.  
16.79%
- Petrogas (Island) Ltd.  
18.70%
- RHP Salawati Island B.V.  
14.51%

#### Bangko Working Area (PSC)

- PetroChina International Bangko Ltd.  
100%

#### Tuban Working Area

- PT Pertamina Hulu Energi Tuban East Java 50%
- PetroChina International Java 25%
- PT Pertamina Hulu Energi Tuban 25%

### INDUSTRY ASSOCIATION

International Petroleum Association (IPA)  
Asosiasi Perusahaan Minyak dan Gas  
(Aspermigas)  
Ikatan Ahli Geologi Indonesia  
Ikatan Ahli Perminyakan Indonesia  
Asosiasi Kontraktor Kontrak Kerja Sama (AKKKS)  
Ikatan Internal Auditor (IIA)

### OPERATIONAL AREA

Jabung Block, Sumatra  
Bangko Block, Sumatra  
Tuban Block, Sumatra  
Salawati Basin and Salawati Island Blocks

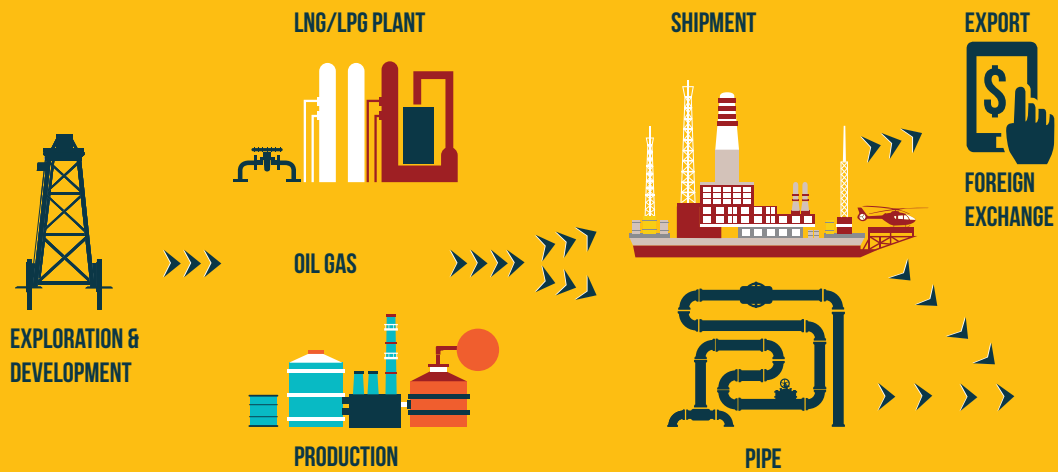
### HEAD OFFICE

Menara Kuningan, Lantai 16<sup>th</sup>, 19<sup>th</sup>, 21<sup>st</sup>-27<sup>th</sup>, 30<sup>th</sup>  
Jl. H.R. Rasuna Said Blok X-7 Kav.5  
Jakarta 12940  
Phone. +62 21 5794 5300  
Fax. +62 21 5794 5301  
[www.petrochina.co.id](http://www.petrochina.co.id)



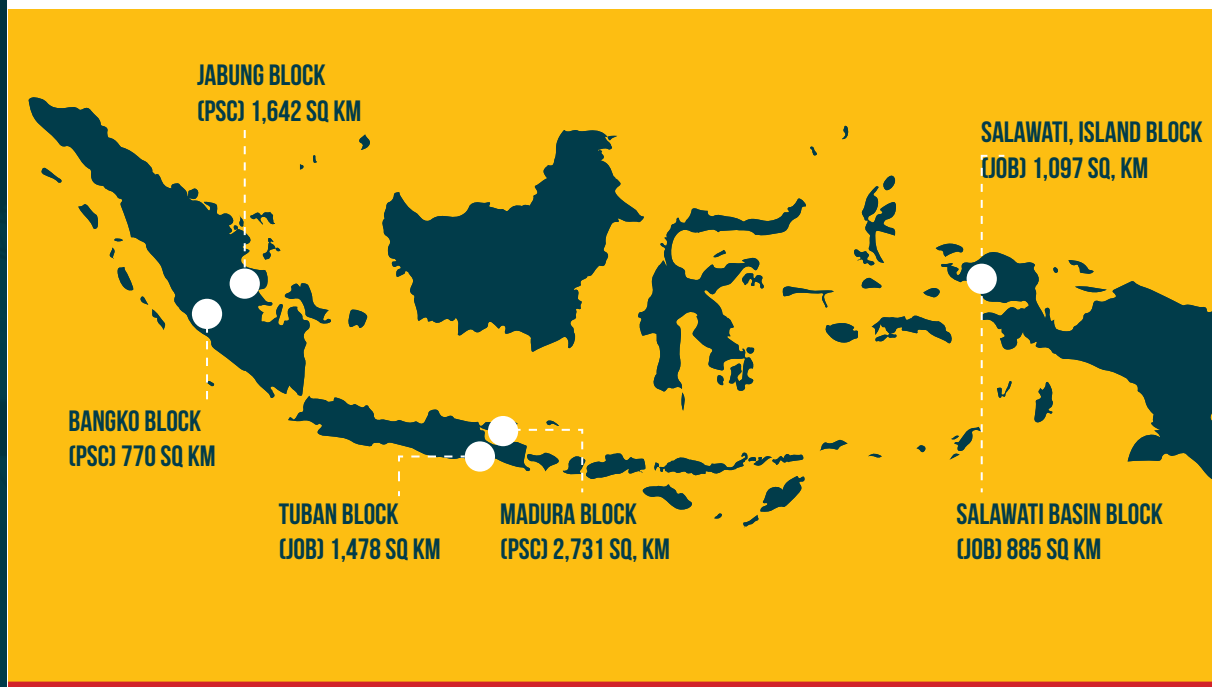
## OUR OPERATIONAL ACTIVITIES [G4-12]

### Upstream



Our Upstream operations includes explorations, development, and production of crude oil and natural gas.

## MAP OF AREA OPERATION PETROCHINA [G4-6]





### JABUNG BLOCK IN SUMATRA

Certain locations in this block, such as Geragai Utara and Makmur, have been in production since 1998. When acquired by PetroChina in 2002, the extent of field was widened to include Betara Utara, Laut Betara Timur, and Gemah. To extract liquids, liquefied natural gas (LPG) and condensate from the gas produced in Geragai Utara and Makmur, PetroChina has set up a gas plant in Geragai Utara. In 2005, a gas processing facility was built in Betara, which includes facilities for the cooling and storage of crude oil and offshore LPG condensate. The terminal allows PetroChina to sell products to the domestic market and abroad, to process 250 million cubic feet of crude gas to 100 million cubic feet of marketable gas, as well as to process 9,000 barrels of condensate and 1,500 MT (metric tons) of LPG.

In 2003, PetroChina and two other gas suppliers concluded a deal for a period of 20 years for the supply of up to 350 cubic feet of gas per day to meet electricity demand in Singapore. In 2008, PetroChina supplied 40 percent of the required gas. At present, we are supplying 140 million cubic feet of gas per day through a 450-km pipeline connecting Batam and Singapore.

Various new locations have been discovered, for example Ripah (2001), West Betara (2004) and South West Betara (2005). Meanwhile, other exploration and discovery of wells that were successfully drilled in 2007 took place in the Lumbung-1, West Betara-5, Merta-1, Suko-1, Panen-1, and South Betara-3. Approximately 2,206 barrels of oil and its condensate as well as 93.8 million cubic feet per day of gas are supplied each day.

In 2008, the Company discovered gas and condensate in the North East Betara (NEB-1), with the testing rate of 490 barrels of condensate per day and 11.37 MMSCF of gas per day. The Company made a successful discovery in Marmo-1, with a proven flow rate of 2,835 barrels of oil per day. Success in exploration continued to 2010, when the Company discovered oil and gas in the North Panen-1 with a proven flow rate of 3,877 BOPD of oil and 6.7 MMSCFD of gas. In the same year a discovery was made in North Sabar-1 with a proven flow rate of 365 BPD of condensate and 51 MMSCFD of gas. Underground fracturing became the new target of exploration in the north basin of South Sumatra. In 2013, the first underground well in the NEB Base-1 was successfully tested. From a total of 18 MMCFGD + 725 BCPD from the underground well have flowed 3.3 MMCFGD + 150 BCPD. In North Tiung-1 gas and condensate was discovered in early 2014, with an amount of 11 MMCFGD + 270 BCPD, thus proving that the Tiung structure contains high hydrocarbon potential to be developed in the near future.

PetroChina also foresees a significant potential in the fields of Panen, Sabar and Berkah to produce reserves amounting to 363.82 MMSCFG of gas, 44.82 MMBO of oil, and 7.24 MMBC of condensate.

From January 1997 to December 2014, the Jabung Block produced 24.3 MBOE of oil, condensate and gas. In 2014 alone, the average production from Jabung Block reached 52,206 BOEPD. PetroChina is committed to continuing its long-term investment of facilities and processing plants as well as exploration to find new hydrocarbon sources.





### BLOCK BANGKO IN SUMATRA

The first discovery in this block was in Gambang-1, which according to test results has the potential of gas with little oil. Gambang region is estimated to have 55 billion standard cubic feet (BSCF) of natural gas. In 2003 oil was discovered in the Piano-1 and Piano-1 Barat, according to the test results, reaching more than 1,520 BOPD + 7.7 MMCFGD, thus encouraging the Company to start drilling in 2005. Peak production in the region of Piano Barat was more than 1,200 BOPD from the Gumai sands tertiary reservoir. A total of 420 MBO was produced from the region of Piano Barat. Average production in Bangko in 2014 was 10 BOPD. PetroChina also tested other exploration wells in Kenong-1, with a total flow rate of 13.3 MMSCFD of gas and 480 BOPD of oil at the end of 2006. We will seek to increase production of Bangko Block, as well as continuing our exploration to find new oil and gas sources.

### TUBAN BLOCK IN EAST JAVA

Tuban Block in East Java has been undergoing exploration for more than a century. Royal Dutch/Shell DPM (Dordtsche Petroleum Maatschappij) was the first oil company to study the potential of this block and conducted exploration activities in the 1930s. This region has produced over 33 million barrels of oil equivalent, after Mudi Block in 1997. The oil is extracted, processed, shipped and stored to be exported in an offshore facility, 18 km off the coast of East Java. After the Sukowati region was discovered in 2001 and production commenced in 2004, PetroChina took over the Tuban Block, which initially produced 7,000 BOEPD. Convinced of the

potential of the region, PetroChina drilled four wells and immediately commenced production. Sukowati region produces 21,500 BOEPD with 32 wells in production. Production from Mudi and Sragen areas has increased fivefold from 5,000 BOPD in 2004 to 28,000 BOEPD in early 2008, thanks to the acquisition of Tuban Block. Due to the partnership with Pertamina, PetroChina continued to operate in the Block and recorded an average production of 28,000 BOPD in 2014.





### SALAWATI & SALAWATI ISLAND BLOCKS IN WEST PAPUA

The Salawati Basin Block's production in 2002 dropped from its 1970 peak, from 100,000 BOPD (barrels of oil per day) to 6,200 BOPD. After PetroChina took over the Salawati Basin and Salawati Island Blocks, the Company decided to assess 290 km<sup>2</sup> of seismic data to assess new potential in the Block. In 2004, PetroChina started the drilling of seven exploration wells. This brought optimum result for PetroChina, as the Wakamuk region was subsequently discovered and is now producing at a rate of 400 BOPD of a total maximum production rate of 1,200 BOPD.

This discovery boosted PetroChina's ability to effectively maintain and even increase its production in Salawati Basin at the rate of 9,000 BOEPD. Currently cost effective drilling wells are being developed as the Company expands its territory to the Klalin Utara region, which has some potential gas reserves. In addition, exploration drilling was also carried out in areas near Walio and Arar Blocks to locate hydrocarbon storage structures, especially gas reserves, to accommodate domestic needs.

Existing production facilities in the Salawati Basin Block also include Kasim Marine Terminal, which is capable of storing 980,000 barrels of oil and accommodating oil tankers with sizes up to 890 feet (nearly 300 meters).

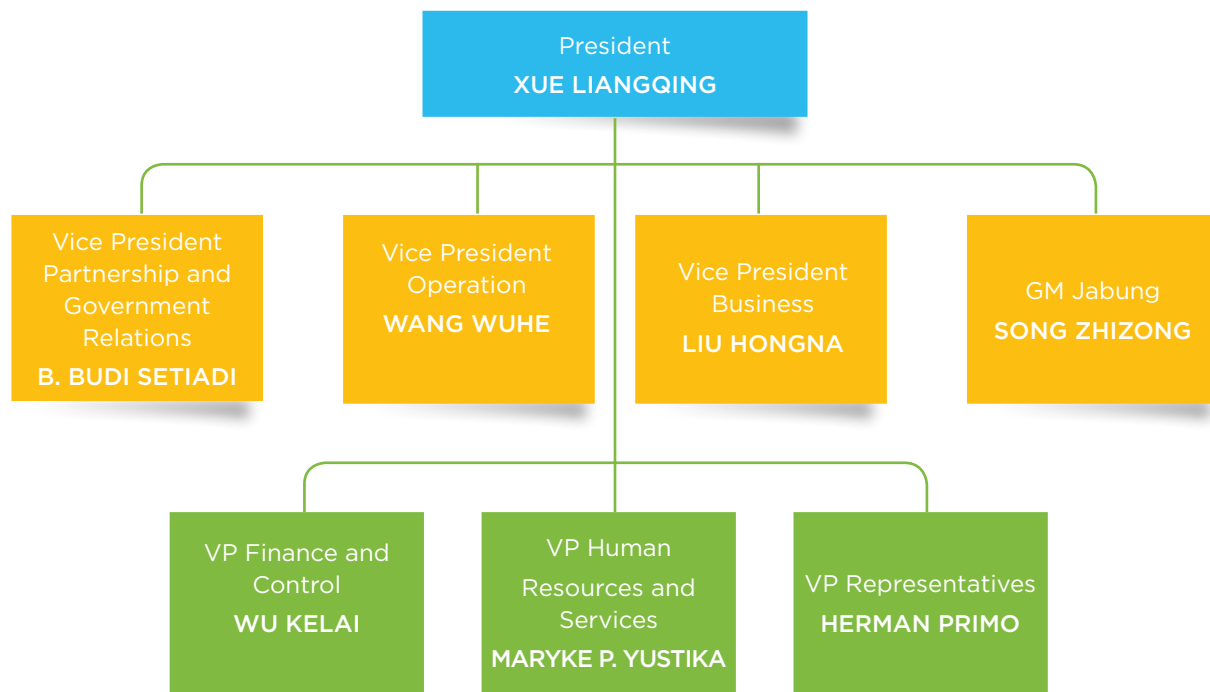
PetroChina is also working with Pertamina in the Joint Operating Body (JOB) covering Salawati Island Block. The cooperation of Pertamina and PetroChina Salawati included the onshore exploration and production development of areas whose production has stabilised to reach a rate of 2,200 BOPD, namely the areas of Matoa, SWO, NEO, Son, Argo and NE Aja.

Since commencing its production in 1973, the Salawati Basin and Salawati Island regions have each produced 350 million and 37 million barrels of oil. Average production of the Salawati Basin and JOB Pertamina-PetroChina reached 10,500 BOEPD in 2014.





## ORGANIZATIONAL STRUCTURE



## MESSAGE FROM THE PRESIDENT [G4-1]

“

“PetroChina will hold on to our commitment for sustainability and continue to bring benefits to Indonesia and its people.”



President  
XUE LIANGQING



## Respected Stakeholders,

On behalf of PetroChina Indonesia, I am delighted to present our first Sustainability Report in 2014. The report in your hand discloses our efforts and achievements in applying sustainable practices in our business. We believe that PetroChina has contributed to the development of our stakeholders, and we will continue to do so.

As a company that processing precious natural resources of Indonesia, PetroChina is committed to give our best efforts to this country. In the upstream oil and gas industry, we work hand in hand with the Indonesian government to realize the national energy resilience. We also strive for developing the socio-economy of the people of Indonesia, especially those living around PetroChina's working areas.

Looking back to what we had done in 2014, we must face the fact that global oil price continues to decline. It is a challenge for us to maintain our business. In spite of that, we are upbeat to improve our operational activities, environmental management, health safety, community relations and manpower. Each of our employees works hard to ensure that improvements and innovations in those sectors are taking place. Hopefully, the company will grow bigger following our PetroChina Vision 2020 as World-Class International Energy Company and bring more benefits to our Indonesian stakeholders.

Despite the drop in oil price, we recorded a total production of 52,206 BOEPD in Jabung Block last year, higher than the target of 51,268 BOEPD. We managed to achieve that by improving technical operation, extending production and strengthening cooperation with all stakeholders.

We have extended the government's energy efficiency initiative with various programs and company policies.

Thanks to the hard work of our employees and the support of our stakeholders throughout 2014, PetroChina was awarded with:

1. "Patra Nirbhaya Karya Utama Adinugraha II" Award from the Energy and Mineral Resources Ministry
2. State Property Management Award from the Energy and Mineral Resources Ministry.

We are proud of these achievements and remain optimistic about future of PetroChina in Indonesia. PetroChina will hold on to our commitment for sustainability and continue to bring benefits to Indonesia and its people.

We thank our stakeholders, for their support and trust allowed us to achieve good results in 2014. Your support is essential to PetroChina's journey toward sustainability.

Respectfully,  
**XUE LIANGQING**



President

## FOREWORD FROM THE VP OF PARTNERSHIP AND GOVERNMENT RELATIONS

“

In the future, the challenges in the oil and gas industry will be increasingly diverse. PetroChina will continue to develop technologies and strategies to increase oil and gas production while paying considerable attention to the environment.



*VP Partnership and Government Relations*

**B. BUDI SETIADI**





## Respected Stakeholders,

PetroChina has been in operation in Indonesia for thirteen years now. The Company has been capable of growing further thanks to the loyalty and hard work of employees, and the staunch support from all stakeholders. This year marks the publication of our first sustainability report. This report summarises our performance in the economic, environmental and social aspects. As a company engaged in the energy sector, we are doing our best to provide the optimum economic contribution while remaining in compliance with the regulations and paying close attention to the principles of environmental protection.

From 2002 to 2014, the total investment in Jabung Block in Jambi reached USD 3,645,599,036.15 and investments in Salawati Basin Block in West Papua reached USD 902,200,002. PetroChina has provided the government, through profit sharing mechanism, as much as USD 8,837,417,053.82 from Jabung Block and USD 1,094,848,316.34 from Basin Block. We are also proud to be involved in local economic development in the areas surrounding our operations.

We realise that our contribution in the economic aspect must be accompanied by a commitment to maintaining the state of the environment. By executing the strategy of energy efficiency, PetroChina managed to reduce electricity consumption by 32,371.6 gigajoule in Jabung Block in 2014. We also succeeded in reducing the use of fossil fuels for our daily operations by 2 million litres of diesel oil in 2014. With reduced fuel consumption we managed to reduce our carbon dioxide emissions by 5,280 tons.

As regards social aspect, PetroChina continues to promote the principles of sustainable development. We initiated the development of light solar-powered road lighting, wind-powered water filtration facilities, and solar panels for households located in our surroundings. We therefore expect the communities living around PetroChina will also be involved in various environmentally friendly energy conservation efforts.

Key to the success of sustainable development is in the hands of us all. PetroChina is paying particular attention to increasing the capacity of employees, as well as relevant stakeholders. Regularly we conduct seminars and training for employees and stakeholders, so that we can advance together.

In the future, the challenges in the oil and gas industry will be increasingly diverse. PetroChina will continue to develop technologies and strategies to increase oil and gas production while paying considerable attention to the environment.

We hope that our principles of sustainability will make PetroChina a responsible and reliable company.

Sincerely yours,  
**B. BUDI SETIADI**



**VP Partnership and  
Government Relations**



## ENVIRONMENT

- 2004 Blue rating for “Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup” (PROPER) for PetroChina East Java, awarded by the Minister of the Environment.
- 2005 Blue rating for “Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup” (PROPER) for PetroChina East Java, awarded by the Minister of the Environment.
- 2007 “Compliant” rating for the Management and Compliance with Environmental Regulations for PetroChina Jabung Ltd, awarded by the Governor of Jambi.
- 2008 “Compliant” rating for the Management and Compliance with Environmental Regulations for PetroChina Jabung Ltd, awarded by the Governor of Jambi.
- 2009 Blue rating for “Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup” (PROPER) for PetroChina East Java, awarded by the Minister of the Environment.
- 2010 Blue rating for Program “Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup” (PROPER) for PetroChina East Java, awarded by the Minister of the Environment.
- 2011 Blue rating for “Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup” (PROPER) for PetroChina East Java, awarded by the Minister of the Environment.

- 2011 Blue rating for “Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup” (PROPER) for PetroChina Int. Bermuda LTD (Kepala Burung), awarded by the Minister of the Environment.

- 2011 Blue rating for “Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup” (PROPER) for PetroChina Salawati Kepala Burung, awarded by the Minister of the Environment.



## OCCUPATIONAL HEALTH AND SAFETY

- 1998 Award for the Implementation of Occupational Health and Safety Programs resulting in no occupational accident within 1,414,140 work hours in PetroChina Jabung, awarded by the Minister of Manpower and Transmigration.
- 2000 Award for the Implementation of Occupational Health and Safety Programs resulting in no occupational accident within 3,170,000 work hours in PetroChina Jabung, awarded by the Minister of Manpower and Transmigration.
- 2000 “Patra Nirbhaya Karya Utama” award for the achievement of 4,207,932 work hours without loss of work days due to accident in Production for PetroChina Jabung, awarded by the Minister of Energy and Mineral Resources.
- 2000 “Patra Nirbhaya Karya Pratama” award for the achievement of 867,320 work hours without loss of work days due to accident in Drilling for PetroChina Jabung, awarded by the Minister of Energy and Mineral Resources.





Our stakeholder engagement involves how we work towards strengthening our relationship with individuals, groups and organisations that are both directly and indirectly affected by our business.

# STAKEHOLDER ENGAGEMENT







**W**e engage various stakeholders in order to understand the expectations of the society. Our stakeholder engagement involves how we work towards strengthening our relationship with individuals, groups and organisations that are both directly and indirectly affected by our business. Managing risks and identifying business opportunities are both crucial parts of our business at PetroChina.

One of the methods we employ to identify sustainability issues that carry significant impacts on our business is called the materiality assessment. This helps us in our engagement of main stakeholders and in understanding more of the issues of interest and significant from their standpoint, covering governance, social, environmental, and economic aspects. All our stakeholder engagement activities uphold the principles of inclusivity, materiality, and responsiveness.

[G4-24], [G4-25], [G4-26], [G4-27]

Stakeholder	Key Topics and Issues of Interest	Engagement Approach
Government and Regulator	<ul style="list-style-type: none"> <li>Legal compliance</li> <li>Sound integrity</li> <li>Risk management and contingency planning</li> <li>Work opportunity and increase of income</li> </ul>	<ul style="list-style-type: none"> <li>Annual Reports and Sustainability Reports</li> <li>Applications for exploration license</li> <li>Compliance to the requirements for conducting operational activities and stakeholders' capacity building workshops</li> <li>Monitoring of compliance</li> <li>Work Program and Budget (WP&amp;B) Meetings</li> <li>Applications to conduct operations</li> <li>Safety issues</li> <li>Capacity building seminars</li> </ul>
Business Partners	<ul style="list-style-type: none"> <li>Sustainability policies and approaches</li> <li>Reputation in the industry</li> <li>Best practices in the industry and their guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Annual Reports and Sustainability Reports</li> <li>Feasibility studies on business opportunities</li> <li>Partner meetings</li> <li>Membership and participation in national industrial associations</li> <li>TCM (Technical Committee Meetings) and OCM (Operating Committee Meetings)</li> <li>Joint industrial projects</li> <li>Multi-operator studies</li> </ul>
Contractors and Suppliers	<ul style="list-style-type: none"> <li>Long term relationship</li> <li>Opportunities for growth</li> <li>Compliance with sustainability standards and other business requirements</li> </ul>	<ul style="list-style-type: none"> <li>Commercial relations</li> <li>Review of contracts</li> <li>Annual Reports and Sustainability Reports</li> <li>Prequalification assessments and contractor audits</li> <li>Senior Executives' Meetings</li> <li>Training and briefing</li> <li>Placement of HSE Advisor</li> </ul>
The Public	<ul style="list-style-type: none"> <li>Protection of the environment and livelihoods</li> <li>Access to work opportunities</li> <li>Social development</li> </ul>	<ul style="list-style-type: none"> <li>Consultative meetings as part of the Environmental and Social Impacts Assessment (ESIA)</li> <li>Skills development programs and investments</li> <li>Social investments</li> <li>Village consultative forum</li> </ul>
Non-Governmental Organisations	<ul style="list-style-type: none"> <li>Approaches to sustainability issues</li> <li>Work in border zones</li> <li>Operational risk management and contingency planning</li> </ul>	<ul style="list-style-type: none"> <li>Website contents</li> <li>Meetings with local NGOs as part of ESIA consultation</li> <li>Responses to written inquiries</li> <li>Workshops involving stakeholders</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Remuneration and benefits</li> <li>Access to the directors and senior management</li> <li>Opportunities for development</li> <li>Corporate strategy</li> <li>Corporate culture</li> <li>Sustainability performance and approaches</li> <li>Fair and safe workplace</li> </ul>	<ul style="list-style-type: none"> <li>Staff remuneration statement issue</li> <li>Review of performance and development of all staff</li> <li>Staff meetings, including for business planning and presentation of strategy</li> <li>Informal meetings</li> <li>HSES Committee</li> <li>Intranet and other avenues for staff communication</li> <li>Collective and individual consultations</li> </ul>



Inputs from our stakeholders play an important role in the reporting process, as they help us identify and report sustainability topics that are significant. PetroChina considers the views of all stakeholders and collect comments through site visits, periodic reports, field studies and communications through the internet. Suggestions regarding the topics reported are greatly appreciated.

[G4-17], [G4-18], [G4-19], [G4-20], [G4-21]



The Company has a sustainability strategy and hereby underlines the significant social, economic and environmental events in relation to our strategy, risks and opportunities. Topics are chosen based on a comprehensive assessment of stakeholders' interests and the effects of the Company's strategy.

Tier 1	Tier 2	Tier 3
1. Occupational Health and Safety of Employees, including emergency response	5. Business Ethics	9. Product and Distribution Quality
2. Environmental Protection	6. Economic Contribution	10. Human Rights
3. Social Engagement	7. Work Practices	11. Economic Growth
4. Compliance with Regulations	8. Technological Innovations	12. Business, Operations and Profitability

Topics deemed material in this report includes: Occupational Health and Safety of Employees, Environmental Protection, Social Engagement, and Compliance with Regulations.

A more complete view on how we priorities topics based on the results of the materiality test is provided in the table below [\[G4-19\]](#)[\[G4-20\]](#)[\[G4-21\]](#)

Priority	Topic based on Materiality Test	Material Aspect & GRI G4 Indicators	Boundary	
			Internal to the Company	External to the Company*
High	Occupational Health and Safety	Occupational Health & Safety: LA5, LA6	✓	✓
	Environmental Protection	Energy: EN3, EN6	✓	✓
		Water: EN8, EN9, EN10	✓	✓
		Emission: EN21	✓	✓
		Effluent & Waste: EN22, EN23	✓	✓
		Overall: EN31	✓	✓
		Supplier Environmental Assessment: EN32	✓	
	Social Engagement	Local Community: SO1	✓	
	Compliance with Regulations	Compliance: EN29	✓	
Medium	Business Ethics	Anti-Corruption: SO3, SO4	✓	
	Economic Contribution	Indirect Economic Impact: EC7, EC8	✓	
		Procurement Practice: EC9	✓	
	Labour Practices	Employment: LA1, LA2	✓	✓
		Diversity & Equal Opportunity: LA12	✓	
		Supplier Labour Practice: LA14	✓	
	Technological Innovations	Training & Education: LA9	✓	



Priority	Topic based on Materiality Test	Material Aspect & GRI G4 Indicators	Boundary	
			Internal to the Company	External to the Company*
Low	Product and Distribution Quality	Organizational Profile: G4-12	✓	✓
	Human Rights	Non-Discrimination: HR3	✓	✓
	Economic Growth	Procurement Practice: EC9	✓	
		Local Community: SO1	✓	
	Business, Operations and Profitability	Organizational Profile: G4-12	✓	

\*External to the Company includes also Suppliers/Subcontractors

In conducting our operational activities, we at PetroChina have always been committed to contributing to the improvement and advancement of the Indonesian economy.

## IMPROVING THE ECONOMY









Oil and natural gas have become an inseparable part of human life as they are used as the main fuel for performing most activities in our lives. Indonesia is one of the countries in the world endowed with a wealth of oil and gas resources. Upstream oil and gas industry has long been a major source of foreign exchange and even become the backbone of the national economic growth.

With the rising population of Indonesia, the demand for oil and gas is also on the rise. However, recent data suggest that the contribution of oil and gas industry to the country's gross domestic product (GDP) continues to decline. This condition is admittedly attributable to the relatively stagnant, if not declining, oil production in the country. As a manifestation of our calling as a company operating in Indonesia, PetroChina is committed to contributing to the increase oil production in the country as well as providing a sustainable energy for the community and improving the country's economy.

## **OIL AND GAS EXPLORATION & PRODUCTION**

[G4-DMA]

Since the passing of the Law No. 22/2001 on Oil and Gas, the oil and gas industry has been divided into two main activities, namely upstream and downstream. In operational activities, PetroChina is part of the upstream oil and gas industry, whose main activities include exploration, development, and production. Exploration is an activity aimed at seeking and locating sources of oil and/or gas. Once oil and gas reserves have been located in a particular site, the next activity will be to conduct economic evaluation, i.e. ascertaining whether the oil and gas reserves are feasible for further development.

The second of PetroChina's operational activities is development. This includes drilling as well as construction of production facilities to produce crude oil, which has met certain standards or specifications for sale. The same thing applies to gas, which will be distributed directly to gas processing facilities to be further processed, in order to produce gas with the specifications of the users, such as industrial and power plants.

The last type of activity is production. Once the entire facility has been completely built and is ready for operation, production activities are carried out to produce raw materials and/or gas with various specifications.

In its oil and gas operations in Indonesia, PetroChina obtains operational working areas through tenders and signed a Production Sharing Contract (PSC) with the SKK Migas as the representative of the Indonesian government (i.e. as the state owning said oil and gas resources). After the PSC has been signed, PetroChina commences the exploration and exploitation activities as a PSC Contractor (KKKS).

In addition, PetroChina is also expected to be driver of the Indonesian economy while working with other stakeholders, such as universities and other industries, such as banking, shipping, steel, and many more.

PetroChina's products and services include crude oil, natural gas /LPG, and condensate – exploration and exploitation. PetroChina's products are eventually marketed for domestic and export markets.

## Production Programs & Targets 2014

Program	Total Production	
	2013	2014
Development Drilling (WELLS)	14	3 (10 wells pending permit)
Workovers (Wells)	7	7 (13 wells pending permit)
Total Oil (BOPD)	6,811	5,974
Total Condensate (BOPD)	8,683	8,681
Total LPG (BOEPD)	17,648	17,068
Gas Sales (BOEPD)	22,547	20,783
Total Production Target		
BOEPD	54,857	52,506
MBOE	20,023	18,986

## OIL & GAS INVESTMENTS AND CONTRIBUTION TO STATE REVENUE

Between 2002 to 2014, PetroChina invested heavily in Indonesia. The total investment in Jabung Block has reached USD 3,645,599,036.15, while total investment in Basin Block has reached USD 902,200,002. In 2014 alone, investment in Jabung Block amounted to USD 255,436,528.49, while in Basin Block it amounted to USD 89,000,000.

PetroChina conducts its sales of oil and gas products in a transparent, accountable and reliable manner. PetroChina has been supplying LPG to participate and support the government's program in energy conversion. In addition, PetroChina also uses the services of state-owned commercial bank in carrying out the payment for its transactions.

As our sales of oil and gas, our financial statements are also always transparent, accountable and reliable. The calculation of the Company's contribution to the Indonesian state revenue and the country's economy is performed in a consistent and transparent manner over a continuous period. In addition, PetroChina also supports local governments by reporting its

revenue at the regional level on a quarterly basis. PetroChina's total contribution to the state in the form of Government Share from Jabung in 2014 reached USD 8,837,417,053.82 and from Basin in 2014 reached USD 1,094,848,316.34.

## CONTRIBUTION TO REGIONAL ECONOMIC GROWTH

In addition to contributing directly to the state through tax payments, PetroChina contributed sizeably to the economic growth of the regions where it operates, especially in Jambi, and Sorong, West Papua. Presence of oil and gas resources in an area can certainly attract investors to establish new industrial zones. Eventually, the region will be developing as residential areas, commercial areas, hotels and other real sectors of the economy emerge and thrive. Thus, the areas where PetroChina operates will turn out to be new economic areas where job opportunities are created, deriving income from the exploitation of natural resources.



In addition, PetroChina also conducts programs that directly stimulate local economic development and improve the welfare of communities living in the vicinity of the Company's operations. Here are some programs that we are doing to ensure economic development taking place at the local level.

### COMMITMENT TO SUSTAINABLE DEVELOPMENT AND ENERGY

Today's business practices have changed the paradigm of development from one that solely relies on economic growth to one that is more sustainable. PetroChina strives to be part of that development, where meeting present needs is carried out without compromising the ability of future generations to meet their own needs in the future. As an oil and gas company, PetroChina has always been committed to providing sustainable energy.

### PROMOTING GOOD RELATIONS WITH PARTNERS [G4-EN32] [G4-LA14]

PetroChina fosters good and professional relationship with its partners throughout its operations, and at all time implements the basic principles for procurement, namely efficiency, effectiveness, transparency, fairness and accountability.

PetroChina has the qualifications and requirements that must be met by each of its business partners. The qualifications are as follows: able to provide required goods/services with the relevant quality standards, provide good service, meet all qualification requirements

of health and safety, environmental and labour practices, and grounded on estimable business ethics and the principle of mutual benefit.

[G4-EN32]

The process of procurement involving business partners is managed through a number of mechanisms, including:

- Public Tender**  
 This is for deals with a value of more than Rp5,000,000,000 or more than USD 500,000. The public tender is the procurement of goods and services conducted openly to the public in compliance with the basic principles of supply chain management, and is announced in advance.
- Limited Tender**  
 This is an offer to provide goods and services announced to the public, by inviting through the announcement at least two vendors of said goods or services that meet certain criteria to apply.
- Simple Tender**  
 This is for deals with a value up to Rp5,000,000,000 or up to USD 500,000. Tender for deals with values greater than USD 500,000 or Rp5,000,000,000 can be conducted through the simple tender mechanism, only when there is a justification in writing and approved by the relevant authorities.
- Direct Selection**  
 For deals of goods and services with values up to USD 500,000 or Rp5,000,000,000

All (100%) suppliers and contractors of PetroChina are required to implement the Contractor Safety Management System standards, which include occupational health and safety, environmental, and labour practices criteria, at the point of their registration as a new supplier or contractor. These CSMS criteria are also used as a reference in conducting regular assessment of PetroChina's suppliers' and contractors' performance [G4-EN32] [G4-LA14]

the direct selection mechanism can be conducted, by sending a written invitation to at least three bidders or vendors. For deals with a value greater than USD 500,000 or Rp5,000,000,000, direct selection can be conducted with a justification in writing and approved by the relevant authorities or by the chairperson of the PSC Contractor.

- **Direct Appointment**

For deals with values up to Rp200,000,000 or USD 20,000, direct appointment may be conducted through the appointment of one provider of goods or services.

PetroChina always monitors and regularly evaluates its business partners in a continuous manner in order to maintain their respective partnership contracts. Evaluation to maintain partnership quality is conducted in compliance with the PTK-007 Revision 3 Chapter XIV documentation on Management of Providers of Goods/Services. This includes:

- Complete administrative requirements of the business partners both at time of registration as well as at the annual renewal of licenses.
- Performance evaluation based on their active role in responding to invitations to participate in procurement activities, as well as sanctions given to improve their quality.

PetroChina has been conducting CSMS (Contractor HSE Management System) since 1 February 2014. All contractors undergo the CSMS before they can participate in the tenders. CSMS Certificate is valid for a period of two years. Should the performance of any particular contractor is lower than what is prescribed by the HSE qualification as measured in the final evaluation, the certificate will be revoked.

Procurements in the Company's operational areas have been done for deals with values up to USD 200,000. This involves procurement processes conducted at PetroChina's

representative office in Jambi, which has been done since 1 March 2013 up to the present. The Company also employs local workforce to conduct the procurements. [G4-EC9]

Note: Based on the PTK-007 Revision 3 2015 documentation, procurement of goods and services in operational areas have been increased in value to USD 500,000.

The ratio of goods and services procured locally in Jambi compared to the total goods and services procured in Indonesia is 23%, while the ratio for Sorong to the total in Indonesia is 15%. [G4-EC9]

#### PetroChina Business Partners

Material Classification	Number of Vendors
Drilling and Production	691
Plant and Machinery	1,171
Transportation	364
Machinery, Accessories, Instrument	1,048
Building, Tanks, Shop Equipments	480
Electrical	1,767
Tubulars, Goods and Valves	1,413
Building Materials, Metals, Hardware	657
Tools and Packing	469
Paints, Oils, Chemicals, Laboratory	870
Medical	116
Household, Office, Fire and Safety	1,125



We believe that good corporate governance and legal compliance are the foundations for the Company's business continuity. Therefore, PetroChina is committed to always upholding business ethics and legal compliance in the implementation of the principles of corporate governance across all of its operations and supply chain.

## GOVERNANCE FOR SUSTAINABILITY







EAST WALIO

EAST WALIO

WEST WALIO

10"



**P**etroChina remains committed to implementing the highest standards in good corporate governance (GCG). We adopt a corporate governance mechanism that is harmonious and transparent and upholds the principle of legal compliance, which is the main foundation of our business sustainability. [G4-DMA]

Therefore, the operational activities of all elements of PetroChina and their interaction with stakeholders are based on the following principles: safety, environmental protection, harmony, stability and anti-corruption.

#### **CULTURE** [G4-56]

PetroChina seeks to maximise its assets to carry out its production activities effectively and efficiently. Our values, ethics and culture are rooted in Good Engineering Practice and legal compliance that helps us in the operation and management of oil and gas reserves in a sustainable manner.

In addition, to guide the Company's internal behavior in interacting with each stakeholder, PetroChina is guided by the corporate values that are to be obeyed and implemented by everyone within PetroChina.

#### **CODE OF CONDUCT** [G4-56] [G4-SO4]

Our code of conduct is a basic standard of ethical and legal behaviour in carrying out all operational activities, and this apply to the entire board of directors, the management, employees and external parties such as suppliers and partners. These guidelines have been prepared made in accordance with the the laws and regulations and specifically those related to the Company's operations, including company policies and procedures, Oil and Gas Working Procedures (PTK Migas), as well as internal and

external provisions applicable for the Company as a permanent business institution operating in Indonesia. The Code of Conduct among other things regulates anti-corruption behaviour and prevention of conflict of interest.

We have established the Code of Conduct Committee responsible for the supervision and implementation. We provide thorough dissemination to all employees, business partners, suppliers and other related parties. Each of the suppliers and contractors who work with PetroChina without exception should undergo the selection process and is required to abide by this Code of Conduct.

#### **CORPORATE GOVERNANCE STRUCTURE** [G4-34]

PetroChina's governance structures was formed in accordance with the organizational structure of PetroChina Indonesia. The highest decisionmaking body in this corporate governance structure is the President of the Company, who will report all activities (operational as well as general) to the China National Petroleum Corporation (CNPC), the parent company headquartered in Beijing, China. In performing the duties, the President is assisted by the general manager of each area of operations and vice president of each section within the Company. The vice presidents are in charge among others of: partnerships and government relations; operations; business; financial and control; human resources and services; and corporate representation.

PetroChina always produces accountable work and annually PetroChina conducts internal audit in addition to external audit. In the external audit, PetroChina is audited by the Indonesian Financial and Development Supervisory Agency (BPKP), the Supreme Audit Agency (BPK), SKK Migas, Ministry of Energy and Mineral Resources, and the Directorate General of Oil and Gas.



## RISK CONTROL & RISK MANAGEMENT

[G4-14]

PetroChina's GCG implementation is inseparable from the control and risk management activities in PetroChina. The development of our strategy implements a comprehensive risk management system. This system helps us carry out internal supervision and control throughout PetroChina's operational chain.

Based on the comprehensive risk management system analysis in 2014, the risks bearing a significant impact on our business activities include:

1. Governance Risk, including risks related to Corporate Governance and Ethics.
2. Strategy and Planning Risk, including risks related to Corporate Responsibility & Sustainability (CR&S), External Factors, Planning, Project, and Strategy.
3. Finance Risk, covering risks related to Accounting, Credit, Liquidity & Finance Intelligence, Financial Market, Planning & Budgeting, and Operations.
4. Operational/Infrastructure Risk, including risks related to Corporate Assets, Human Resources, Information Technology, External Events, Legal, Process Management, Procurement, Product Development, Sales, Marketing and Communications.
5. Compliance Risk, including risks related to the Constitution, Government Regulations, Contracts and Agreements.

Reporting Risk, including risks related to reporting for stakeholders, such as Financial Reports, Quarterly Financial Reports, Annual Tax Statements, etc.

Throughout 2014 PetroChina's risk management system assisted in:

1. Implementing internal supervision and control processes in a more comprehensive, effective, efficient, and structured manner
2. Enhancing the competitiveness of the Company's operations as well as in the capital market
3. Optimising the management of business and operational processes

Strengthening internal audit systems with the issuance of the Quality Management Audit Guidelines, with a focus on design process, funding, investment and project acquisitions.

## CONFLICT OF INTEREST

PetroChina ensures that every employee does not have a conflict of interest. Each employee, including the management, directors and commissioners, as well as their family members are prohibited from directly or indirectly using their authority in decision making or their position to extract any personal gain. We have certain policies in place to regulate employees' exercise of their political aspirations and relations, and these policies are disseminated to all employees.



PetroChina has the following policies to avoid conflict of interest:

1. Integrity Pact
2. Prohibition of Gratuities: prohibition of receiving and/or giving of gifts (gratuities, souvenirs, and entertainment), either at home or abroad, and carried out through either electronic means or without electronic means, by the employees as per their authority/position in the Company, which may give rise to conflict of interest which affects their independence, objectivity, and professionalism.
3. Prohibition of Affiliated Relationships: this relationship involving any employee with parties related to the Company's business activities, either by blood, marriage or friendship, which may affect their decision making.
4. Prohibition of Concurrent Positions: employees are not allowed to hold other positions that may have a conflict of interest with their principal duties and responsibilities to the Company, which may affect their ability to be professional, independent and accountable in their position.
5. Prohibition on Vested Interest: this relates to the specific interests of employees that are personal in nature.
6. Policy for Handling Situations Involving Conflict of Interest
7. Policy for Preventing Situations Involving Conflict of Interest



## **ANTI-CORRUPTION INITIATIVE [G4-SO3] [G4-SO4]**

In Indonesia, the eradication of corruption is one of the main priorities and tasks of the state. Correspondingly, PetroChina is committed to improving its business and operational integrity by battling corruption and upholding the anti-corruption laws. We therefore treat our business partners, customers, suppliers, contractors and other parties with integrity, respect and equality. We oppose all forms of commercial bribery and also invite our business partners to support the anti-bribery and anti-corruption movement.

PetroChina has included provisions regarding Vendor Audit in the Contracts for Procurement of Goods and Services, which include the right of Production Sharing Contract (PSC) and SKK Migas or any independent auditor appointed by the PSC and/or SKK Migas to conduct an examination of the implementation of said contracts, including their compliance with the regulations on Corruption, Foreign Corrupt Practices Act (FCPA), and/or Anti-Bribery and Corruption (ABC).

In 2014 there were no incidents related to corruption, anti-competitive behaviour, anti-trust practice and monopoly took place, nor incidents that violated the prevailing laws and regulations that led to PetroChina being required to pay fines and non-monetary sanctions.

## **SUPPORT FOR SUSTAINABLE DEVELOPMENT EFFORTS IN OPERATIONAL, SOCIAL, ENVIRONMENTAL, AND HEALTH & SAFETY ASPECTS**

[G4-I5] [G4-EC8]

We realise that our daily production activities affect the environment. We continue to support development efforts conducted with the interest of the communities surrounding our operations, among others at PetroChina International Jabung Ltd. Such support is channelled through

the implementation of the Operational Support Community Program (Program Kemasyarakatan Penunjang Operasi—PKPO) and Community Development Program. Both programs are further elaborated in the chapter titled PetroChina Cares for and Shares with Others in this report.

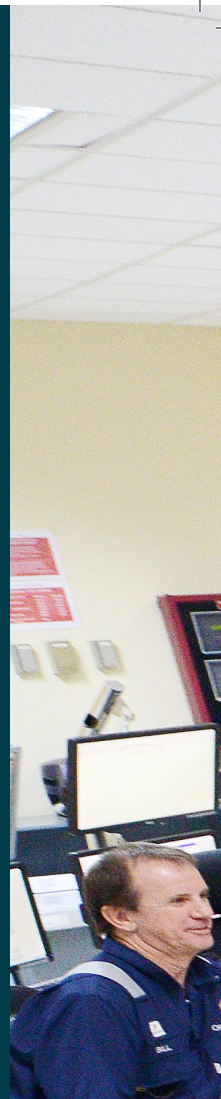
In addition, we also continue to implement global best practices in the oil and gas industry as our operational reference. These are, among others: ISO 29001 – Oil, Gas and Petrochemicals Quality Management Systems, ISO 14001 – Environmental Management Systems, OHSAS 18001 – Health and Safety Management Systems and Contractor Safety Management Systems (CSMS).

## **MEMBERSHIP IN ASSOCIATIONS**

In accordance with our commitment to providing a positive contribution to the people of Indonesia, PetroChina always strives to provide support to the formation of public policies through various organisations and industrial associations, either as a member or administrator. As of the end of 2014, PetroChina is listed as a member and continues to actively participate in the following associations: [G4-I6]

1. Indonesian Petroleum Association (IPA)
2. Association of Oil and Gas Companies (Aspermigas)
3. Indonesian Geologists Association
4. Petroleum Association of Indonesia
5. PSC Contractors Association (AKKKS)
6. Association of Internal Auditors (IIA)

Employees make up the most important element in our effort to achieve business sustainability. Thus, we are committed to providing the best work experience possible, so that employees feel valued, safe, comfortable, healthy, and treated fairly. We appreciate diversity in the workplace and always strive to create a workplace that truly suits employees' aspirations.



# PETROCHINA'S PEOPLE











**W**e are aware that our employees that number more than one thousand make up one of the most valuable assets of the Company. PetroChina's improving performance over time is certainly inseparable from the performance and hard work of our employees. We are committed to providing the best work experience possible, so that employees feel valued, safe, comfortable, healthy, and treated fairly. We have various policies and programs in place to support every employee to develop their potentials, talents, interests, and characters. As a manifestation of our respect for human rights, human resource policies in PetroChina are developed in accordance with the prevailing and relevant regulations. [G4-DMA]

## WORKFORCE PROFILE & DISTRIBUTION

PetroChina has a well distributed and diverse workforce profile, and each of them creates a synergy towards achieving our vision and mission. PetroChina's workforce profile and distribution of employees as at 31 December 2014 is shown in the table below. [G4-10]



Total Employees by area and gender

	Jakarta	Area Jambi	KMT
<b>Expatriate</b>			
Male	24	8	0
Female	3	0	0
<b>National</b>			
Male	369	429	274
Female	175	20	0

## PROTECTING EMPLOYEES' RIGHTS

In upholding the principles of human rights, justice, and equality, PetroChina does not discriminate against any religion, ethnicity, race, and gender of its employees. The Board of Directors of the Company currently consists of 6 men and 2 women. [G4-LA12]

### PetroChina Composition of Female Employee

	2012	2013	2014
Director	1	1	2
Senior Manager	1	1	0
Manager	3	4	5

There were no incidents involving employee discrimination occurring in 2013 or 2014. [G4-HR3]

We ensure all employees obtain their rights in the acquisition of allowances, health and safety, adequate working environment, career advancement, and training and development to develop their potential. Employees are entitled to refuse orders from their superiors if such orders would violate the prevailing procedures or endanger their safety.

As we uphold human rights and comply with the relevant regulations, we firmly oppose any form of forced labour and child labour. PetroChina requires each contractor and supplier to comply with the prevailing labour laws and health and safety standards, as well as environmental standards that we have enacted, to ensure the protection of the rights of employees and our business partners. [G4-HR3]

## BECOMING A WORKPLACE OF CHOICE

Employee loyalty is of utmost importance to us. We confer awards to employees that have fulfilled the following conditions:

1. Have been employed at the Company for 5 years, 10 years, 20 years, 25 years, 30 years, and 35 years.
2. Demonstrate outstanding performance that should be used as a model for other employees.

The award is given to employees who excel, in the form of a letter of appreciation and other forms to be determined by the executive of the Company.

PetroChina confers awards to employees who have worked at the Company for every five-year period. The award is given as we realise that it is owing to their loyalty that we are able to develop our business sustainably. Each year, we hold the awards ceremony as a form of appreciation for our employees' loyalty and contribution to the Company.

## EMPLOYEE TRAINING AND DEVELOPMENT PROGRAM

Our employee training and development programs are aimed at evaluating and improving their respective performance. We are committed to continuously improving the individual capacity of our employees, so that their knowledge can expand and their performance can be optimised. [G4-LA9]

The training materials we give are broad, covering expertise in the field of management, leadership, safety, and various professional development. Furthermore, we provide a system for all employees to participate in courses at a global level. [G4-LA9]

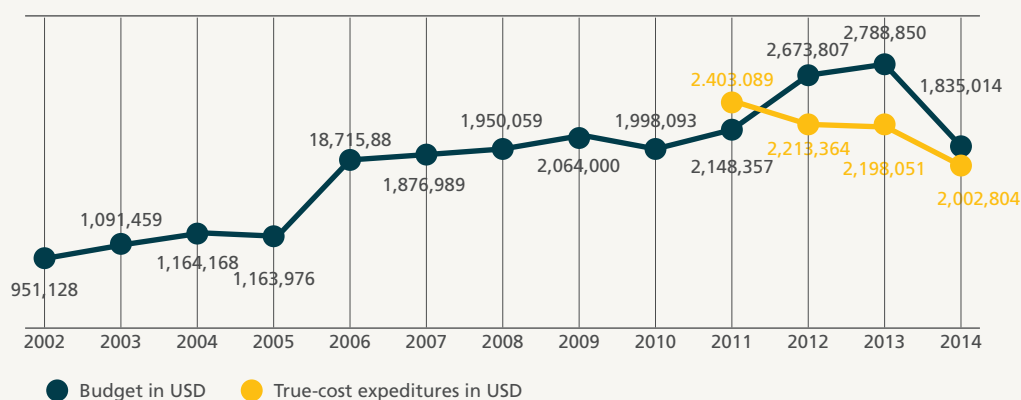
PetroChina has a Training Need Analysis in place for assessing each employee according to their level, type of work, and career path,



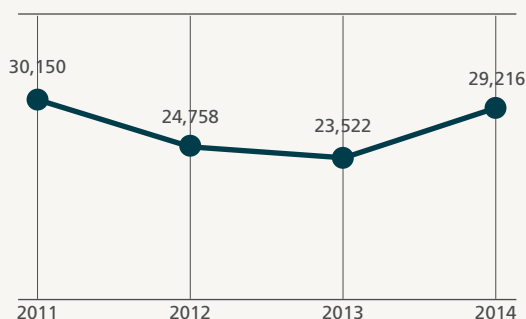
so that employees will have the necessary competence and skills to enable them to compete globally. Through this Training Need Analysis, the Company can assess and determine the forms and training materials to be provided to employees. Development programs take the forms of in-house training, domestic training, overseas training, on-the-job training and education programs in universities or the Academy of Oil and Gas. The Company provides scholarships to employees who drop out of school or who want to further their education at accredited universities in order to further their

career. The training materials we give are broad, covering expertise in the field of management, leadership, safety, and various professional development. Furthermore, we provide a system for all employees to participate in courses, seminars, and certification programs conducted at a global level to enrich their capacity and knowledge. We allocate funds for training our employees and improve their potential every year. Total employee training expenditures incurred from 2002 to 2014 amounted to USD 25,510,093. Meanwhile, seen on a true-cost basis, training expenditures from 2011 to 2014 amounted to USD 9,534,407. [G4-LA9]

TRAINING BUDGET



MAN COURSE (HOUR)



## RECRUITMENT OF LOCAL EMPLOYEES

Our focus is to recruit employees with the highest quality and diverse talents while offering equal opportunities to everyone. We have prioritised the recruitment of the right people to participate in growing our business, and making us the leading employer of choice.

Although PetroChina has no specific policy regarding local recruitment, we always give priority to recruit our employees from the local community. We believe that the Company should grow alongside the active support and participation of local communities, not only as an external element of the Company, but as an inherent part of us.

## RECRUITMENT OF NEW EMPLOYEES

Our strategy to build a strong work culture has resulted in our employees being highly qualified and talented. In 2014, we recruited 124 new employees. [G4-LA1]

Year	Total New Employee
2011	54
2012	70
2013	69
2014	124

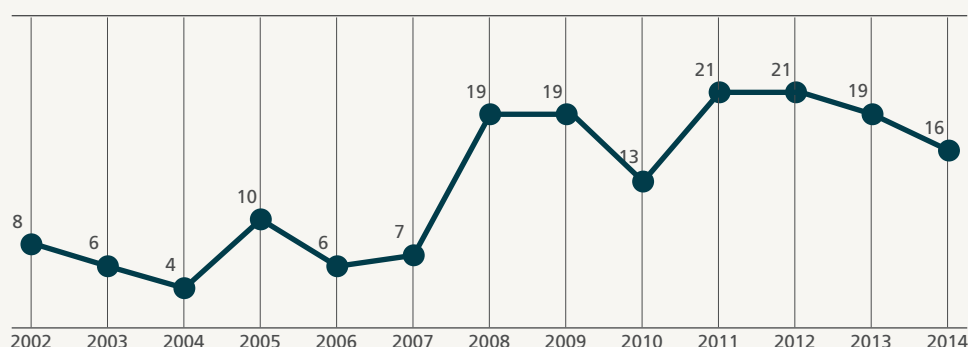
## CAREER DEVELOPMENT

Our employees' performance is regularly evaluated to ensure their career and personal development. PetroChina appreciates employees who excel and contribute positively to the Company by supporting their career development, such as offering scholarships to pursue higher education and developing their future career paths.

1. In 2014, the Company provided scholarships to 16 employees and in 2015, 19 employees also received scholarships to pursue a Master's degree.
2. In 2014, 309 employees (280 men and 29 women) received career promotions.

Our scholarships given to employees to encourage their career development are detailed in the following graph. A total of 188 employees have received scholarships from 2002 to 2015.

TRAINING BUDGET







## EMPLOYEE BENEFITS AND ALLOWANCES

Each employee has a right to receiving a salary, benefits and allowances. PetroChina realises that employee welfare is one of the most important factors in fostering their loyalty, sense of community and belonging in the Company. We recognize that highly skilled and motivated employees interact and communicate better, which contributes to achieving the Company's ambitious growth targets.

Thus, we apply a remuneration system that upholds the principles of fairness. We also do not discriminate employees based on their gender. Remuneration is considered based on the job level, performance assessment result, position, and work period. Remuneration structure is reviewed annually and adapted to the current market situation, thereby ensuring its continuity to meet the provisions of applicable regulations. Our remuneration structure always complies with the minimum wage regulations.

Our employees are working under the agreed Collective Labour Agreement (CLA) between PetroChina International Management Companies in Indonesia and PetroChina Union

which was acknowledged by SKK Migas. It was registered under the Directorate General of Industrial Relations and Social Security, Ministry of Manpower and Transmigration. This agreement governs the rights and responsibilities of employers, employees and the union. [G4-11]

Based on the CLA, should there be any operational changes that might significantly affect employees, such as possible merger or closing, PetroChina shall meet the local-scale requirements and applicable collective agreement. Notification or announcement to the employees has been set at a minimum of 30 days. [G4-LA2]

We are also committed to protecting employees by providing a comprehensive and competitive benefit package to meet their needs, which includes: [G4-LA2]

1. Health Insurance,
2. Maternity Leave and Child-Bearing Leave,
3. Pension Provisions,
4. Religious Festivity Allowance and
5. Other benefits for both employees and the members of their core family.

## PROVIDING ONLY THE BEST TO OUR EMPLOYEES AND THEIR FAMILIES

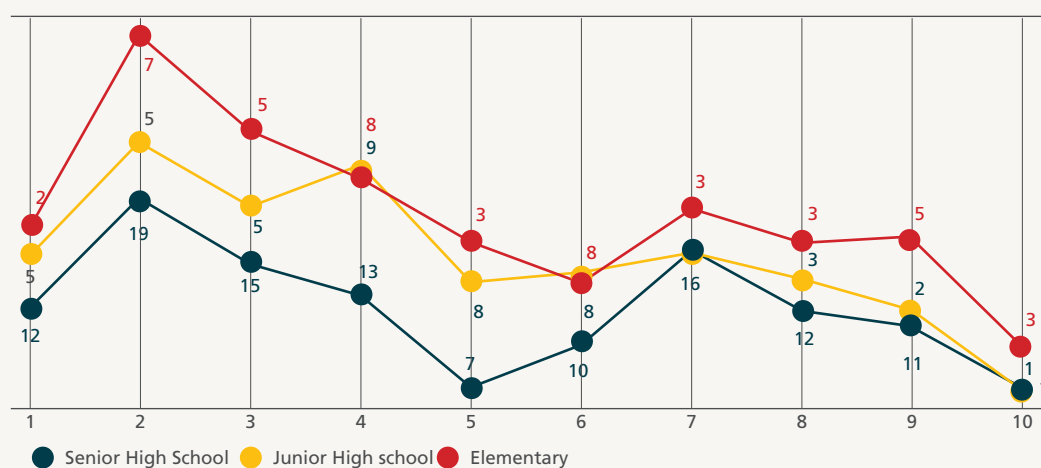
Both permanent and contract employees are Entitled to the following remuneration scheme and benefits: [G4-LA2]

Employee Remuneration & Benefits Package	Permanent Employee	Contract Employee
Salary	✓	✓
Disability and Workplace Accident Insurance	✓	✓
Workplace Fatality Insurance	✓	✓
Insurance for Disability and Accident Outside of the Workplace	✓	✓
Insurance for Fatality Outside of the Workplace	✓	✓
Employee Health Insurance	✓	✓
Employee's Spouse Health Insurance	✓	✓
Employee's Children Health Insurance	✓	✓
Leave	✓	✓
Pregnancy Leave	✓	✓
Menstruation Leave	✓	✓
Religious Leave	✓	✓
Public Holiday Leave	✓	✓
Retirement Fund	✓	
Severance Pay	✓	✓

### SCHOLARSHIP FOR EMPLOYEES' FAMILY MEMBERS

Not only do we show deep appreciation to our employees, we also care about their beloved core families, especially young children, considering that today's youth will be the nation's future generation. Each year during the commemoration of Indonesia's Independence Day on 17 August, PetroChina gives scholarships to employees' children in order to motivate them to achieve good grades at school. This scholarship program has been running since 2005. The following data detail the scholarships provided to the employees' children.

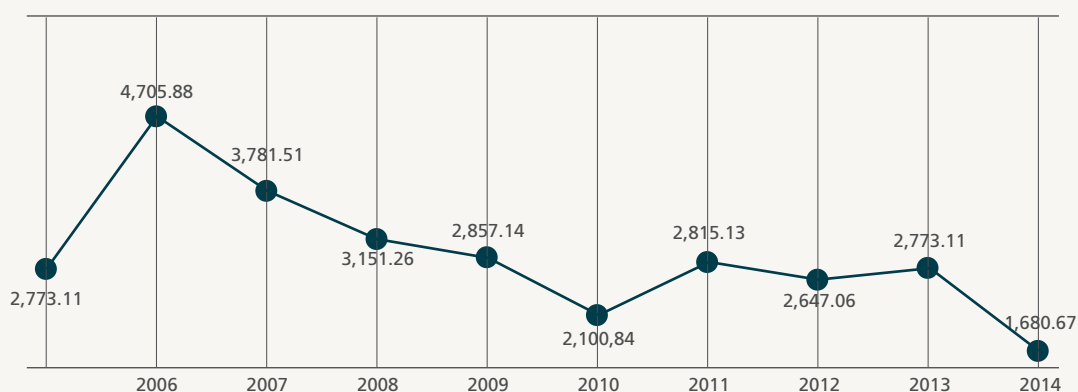
THE NUMBER OF CHILDREN WHO RECEIVE SCHOLARSHIPS





We strive to give the best to our employees' children, whom each will receive an appropriate funding according to their level of education. Elementary school students will receive a scholarship amounting to USD 126.05, meanwhile junior and senior high school students will receive an amount of USD 168.07 and USD 210.08, respectively.

SCHOLARSHIP FOR EMPLOYEES'S CHILDREN (USD)





## HEALTH AND MEDICAL FACILITIES FOR EMPLOYEES AND THEIR FAMILIES

Employees' health matters to us. Therefore, we strive to provide excellent health and medical benefits to them, such as outpatient, inpatient, eyeglasses aid and delivery/maternity services. Those facilities are given not only to the employees but also to their family members, up to three children. With this, we expect our employees to be able to work optimally, without worrying their families' healthcare.

## APPRECIATING DIFFERENCES

PetroChina defines itself as a workplace of great diversity. We oppose discrimination in any form, including that based on age, race, disability, nationality, religion, gender, sexual orientation and other statuses protected by law. Embracing diversity in our way of thinking, background and culture, knowing that it is crucial for us to continue operating our business in a rich country with a great diversity of culture that is Indonesia. [G4-56]

Our commitment to these principles is reflected upon the Company's policies and strategies. Our efforts to promote workplace diversity in every organisational level should be continuously maintained. As an example, PetroChina greatly appreciates our employees' religious preferences and deeply respects their rights to worship. We provide worship facilities, such as a mosque for the Muslims and a prayer room for the Christians and Catholics. Moreover, we hold a religious ceremony every year and participate in various religious celebrations along with those who celebrate. We also run an annual Hajj pilgrimage program, and since 2002 we have issued an approximate of IDR 4 billion to bring 125 people on the Hajj pilgrimage.

As part of the community, PetroChina is responsible for developing a sustainable social life. Through our carefully-designed strategic plans, we strive to develop the surrounding community by implementing socio-economic development programs, improving social welfare, and advancing social progress. PetroChina is also committed to actively contributing to building an independent and yet harmonious society.



# PETROCHINA CARES FOR AND SHARES WITH OTHERS









**T**he development of a sustainable society is our corporate social responsibility (CSR) to the surrounding communities. We hope that our continuous support will contribute and positively improve social welfare and independence. PetroChina has implemented its social responsibility program since 2008. The program distribution is implemented through the Operational Support Program (OSP) and Community Development (ComDev). We implement them in coordination with the Local Government (Pemda) to create proper programs. Now, our local communities have benefited from the results.  
[G4-DMA][G4-EC8]

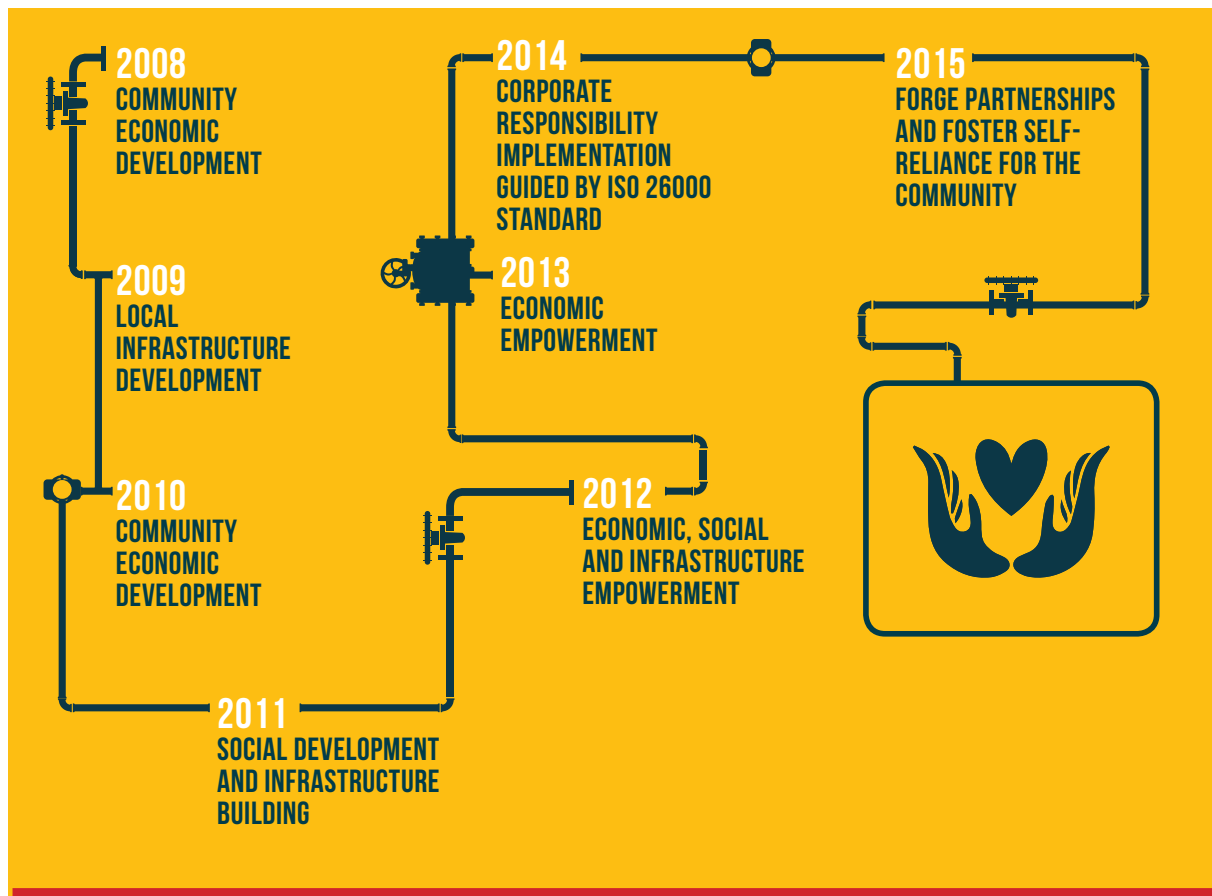
## COMMUNITY DEVELOPMENT STRATEGIC PLAN

[G4-DMA]

PetroChina's Community Development Strategic Plan has one main objective, which is to maximize our presence in the surrounding community as a driving force for regional development, without neglecting the local government's development agendas.

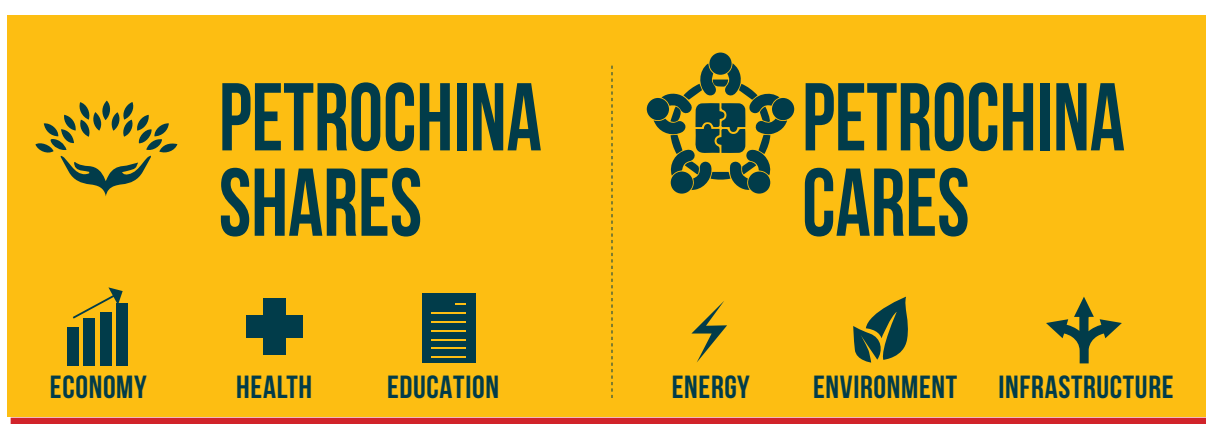
We implement numerous strategic plans of community empowerment every year in each operational area, either independently or through certain collaborations with various parties.

## ROADMAP TO COMMUNITY DEVELOPMENT 2008-2015



PetroChina's focus in its implementation of Community Development Strategy plan is modified every year, in order to achieve our CSR goals equitably. However, our entire CSR programs and objectives are structured and applied to achieve the ultimate goal of establishing potential partnerships which will benefit the community and foster self-reliance of the people. [G4-DMA]

Our CSR programs can be categorised broadly into two, namely:



## PETROCHINA SHARES

Through PetroChina Shares, we are implementing various programs aimed at promoting social welfare around the operational areas. Our CSR focus in "PetroChina Berbagi" program is divided into:

1. Economy
2. Public Health
3. Education

## COMMUNITY ECONOMIC DEVELOPMENT

Community economic development programs implemented by PetroChina continue to encourage people to maximise local potential to the fullest. In practice, we assist communities in building networks and integrate various sectors. Such efforts will bring about improved social welfare, increased living standards and a more sustainable economic development in the future.

## PARTICIPATING IN THE COMMUNITY ECONOMY

As regards economic development, PetroChina strives to be the key to improving the quality of life of local people through supporting potential local entrepreneurs to develop their businesses. We provide assistance to local businesses, including venture capital, business tools, entrepreneurship training and the opportunity to participate in business fairs in different cities. These activities have increased citizens' income and supported excellent local products to be marketed more widely.

"Thanks to PetroChina's help with my business. Now, it has been growing well. In the beginning, I used to put my products in other people's shops and also sold them from home. Now, I can sell my products in my own store, built by PetroChina. I won't forget such a great contribution from PetroChina," stated Rupini.



Mrs. Rupini, owner of hawker center "Mak Denok" in Tanjung Jabung Barat Regency

**PetroChina's contribution to community economy the period of 2002 to end of 2014**  
**USD 1,949,866**

**In 2014, PetroChina Economic Empowerment program reached a value of**  
**USD 379,559**

### Livestock Farming [G4-DMA][G4-EC7][G4-EC8][G4-SO1]

Running since 2008 in Tanjung Jabung Timur, PetroChina's livestock farm has been improving to respond to rapid and dynamic changes to strengthen its existence in the surrounding community. At the beginning of 2008, PetroChina provided livestock farming assistance, facilities and start-up capital, such as livestock (cows), shelters and equipment in order to utilise bio-gas from livestock manure as a source of energy. It cost IDR 1.599 billion in 2008.

Since the beginning of 2013, PetroChina has developed this livestock farm to the next level by focusing on the cooperatives' empowerment in conjunction with the University of Jambi (UNJA). The focus of this cooperation lies not only in the numbers livestock but also developments in other areas, such as transforming livestock (cow) manure into

organic fertiliser, utilising livestock urine, livestock fattening, and others. PetroChina developed this program in two farmers' groups, in Kota Baru village, Geragai sub-district, Tanjung Jabung Timur, and in Muntialo village, Tanjung Jabung Barat. Both villages served as pilot projects as UNJA had previously worked there, thus ensuring that the program implementation can be monitored carefully, be better organised and developed. We hope that this program will be more successful in the long run.

### Agriculture [G4-DMA][G4-EC7][G4-EC8][G4-SO1]

PetroChina helps local communities by carrying out programs that increase agricultural productivity through implementing the appropriate technologies since 2013. In 2014, we cooperated with UNJA to empower agricultural cooperatives. Furthermore, PetroChina also





#### Cooperation Between PetroChina and UNJA

helped develop organic farming innovation programs by utilising cultivation techniques which have saved more than 60% of production facilities and at the same time, achieved the desired quality and quantity improvements.

We often hear the usual complaints from Indonesian farmers about declining crop yields and productivity, that the operating cost is not proportional to the requisite profit gained. What has happened? Is it no longer true that Indonesia is an agrarian country?

This depends on the use of fertilisers and chemicals that have become more expensive and has cost farmers more on the production process. Initially it was encouraging that fertilisers and other chemicals doubled the size of the harvest. It is now easier to manage harsh natural conditions with the aid of chemical fertilisers.

However, we are sometimes unaware of the damage chemical substances may bring to the soil. For example, farmers may be required in the future to double the dosage of chemical substances to harvest the same amount of crop within a certain time period. Why can this happen? Chemicals damage soil structure. The soil degrades and there are no more living microorganisms in it that help maintain the natural balance of the soil structure.

PetroChina International Jabung Ltd., SKK Migas agriculture program. Increasing its agricultural products through organic farming innovation.

So, what are the solutions to it? Let's get back to the beginning. Start with applying only a reasonable amount of fertiliser and chemicals. If necessary, try not to apply any chemicals and set out to implement our ancestors' old horticultural patterns using organic technology to increase agricultural productivity.

The reason why it is important to develop organic agriculture system is that because our soil has been degraded and the condition has only become worse. Constant use of chemical fertilisers without being balanced by organic and bio-fertilisers is often blamed as the number one cause of soil fertility decline.

Farmers should be ready to accept the fact that agricultural productivity may decline as a result of soil structure recovery process during the first few periods of harvesting.

Our farmers are also often told that organic farming is very expensive in general. However, organic farming developments have proven that if rice farmers apply an appropriate cultivation technique, they would actually be able to cut down more than 60% of their production costs and at the same time increase both product quality and quantity(\*).

### Micro-Enterprise Empowerment Programs [G4-EC7][G4-EC8][G4-SO1]

PetroChina has helped develop micro-enterprises since 2013. We aim to increase the degree of people's financial freedom so that people surrounding our operational areas can have their own businesses in order to improve their livelihood and well-being. In 2014, our micro-enterprise empowerment programs were carried out through several organised training sessions for many micro-enterprise owners.

In collaboration with the Family Social Welfare Guidance (PKK) in Tanjung Jabung Barat, PetroChina held an embroidery skill and entrepreneurship training. The training was held on 15 December to 20 March 2014 in PKK Training Center in Tanjung Jabung Barat, which is now used as an embroidery centre. We hope

that the training, attended by 30 housewives, will become an early momentum in empowering PKK cadres in Tanjung Jabung Barat.

Furthermore, PetroChina also held four marketing training sessions for micro- and small enterprises in 2014. The first training was held on 22 October 2014, namely a training for Household Governance in the surrounding operational villages of Tanjung Jabung Barat and Tanjung Jabung Timur. The second training bore the theme of "Micro and Small Enterprises Marketing" and was held on 10 November 2014. PetroChina cooperated with the Centre of Small and Medium Enterprises (SMEs) from the Faculty of Economics, University of Indonesia. The third training was conducted in cooperation with Bank of Jambi from November 2014 to February 2015.

## MARKETING TRAINING PRESENTATION FOR MICRO AND SMALL ENTERPRISES

[G4-EC7][G4-EC8][G4-SO1]

This program is a corporate social responsibility initiative of the Special Task Force for Oil and Gas (SKK Migas) and PetroChina aimed at fostering partnerships between various parties, including local government and universities. The second program is expected to boost autonomy as well as welfare of the training participants who live around the Company's operational areas. The training program was implemented in eight subdistricts in two regencies, namely Tanjung Jabung Barat and Tanjung Jabung Timur. The eight subdistricts were Tebing Tinggi, Tungkal Lilir, and Betara in Tanjung Jabung Barat, along with Mendahara lilir, Mendahara Ulu, Muara Sabak TimurWest Muara Sabak Barat, and Geragai. In each subdistrict, the training was held for four days. The Small and Medium Enterprises (UKM) Centre of the Faculty of Economics, University of Indonesia, also conducted a site observation to explore and develop the potential of micro and small enterprise businesses in those areas.

The third program was also conducted by PetroChina in order to foster partnerships with the community, and was aimed at developing capacity of SME business owners. Training became the main focus of the partnership and facilitation process, and was aimed at teaching SME owners to be familiar with Business Financial Accounting processes. The SME owners were encourage to regularly record their finances in order to be able to understand, evaluate and increase their business revenues. PetroChina invited Bank of Jambi to provide a speaker for that training, which was held in three subdistricts in Tanjung Jabung Barat Regency (Tebing Tinggi, Betara and Tungkal Ilir) and five subdistricts in Tanjung Jabung Timur Regency (Mendahara, Mendahara Ulu, Geragai, Muara Sabak Barat, and Muara Sabak Timur).

In this training, various tools were employed to assist SME owners in running their businesses. These tools were Business Model Canvas, Business Check-Up Form and Business Check-List Form, for measuring their business development both qualitatively and quantitatively.

## SME'S THREE COMMITMENTS IN POST SECOND AND THIRD TRAINING

01

**SAVE AND RECORD THE  
SAVINGS**

02

**RECORD HOUSEHOLD INCOME  
AND EXPENSES**

03

**ACTIVATE BUSINESS GROUP  
AND FORUM ESTABLISHED  
AT THE END OF THE SECOND  
TRAINING**

### Community Health Development

PetroChina periodically conducts certain activities to improve the health of the community. The Company is committed to increasing the community's awareness about the importance of taking care of their health. To do so, PetroChina has been increasing funding from year to year. PetroChina conducts certain programs, such as blood donation and drug prevention dissemination, regularly.

#### Blood Donation [G4-DMA][G4-EC7][G4-SO1]

Blood donation is a regular activity organised by PetroChina from 2011 until now. It has been conducted twice in Geragai and twice in Betara Gas Plant (BGP). In 2014, PetroChina cooperated with PMI Jambi branch to conduct blood donation in one particular month specifically dedicated to Occupational Health & Safety (OHS). Blood collected from this blood donation was distributed to 12 hospitals in Jambi.

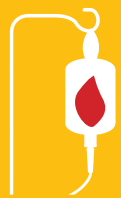


**IN 2014, PETROCHINA'S  
COMMUNITY HEALTH PROGRAMS  
WERE VALUED AT USD 622,545,  
AND SINCE 2013 TOTAL  
ACCUMULATED FUNDING FOR  
COMMUNITY HEALTH PROGRAMS  
HAS EXCEEDED USD 834,885.**





Blood Drive Event



**THIS BLOOD DRIVE WERE PARTICIPATED BY 130 DONORS FROM THE COMPANY'S MANAGEMENT AND STAFF, COLLECTING A TOTAL OF 112 FULL BLOOD BAGS AND 4 HALF BLOOD BAGS.**

#### Dissemination of Drug Abuse Prevention

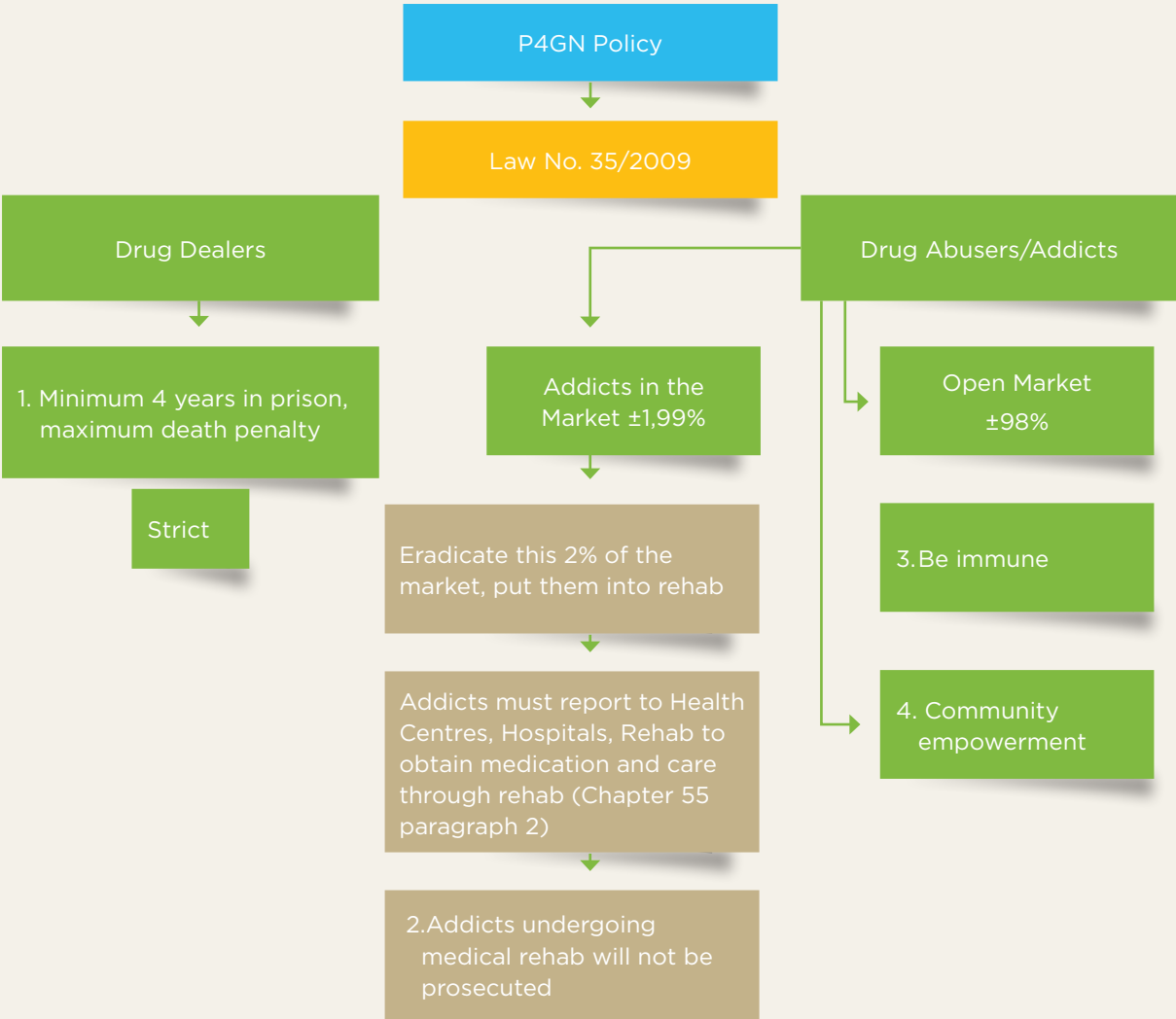
[G4-DMA][G4-EC7][G4-SO1]

We are strongly concerned about the hazard posed by drug abuse among students in Jambi. We conducted a dissemination of drug abuse prevention program gradually, starting from Tanjung Jabung Timur, Kuala Tangkul, Jambi City and continued with Tanjung Jabung Barat Regency.

## SPECIAL TASK FORCE FOR OIL AND GAS – PETROCHINA COLLABORATED WITH POLDA JAMBI TO DISSEMINATE INFORMATION REGARDING THE DANGERS OF DRUGS ABUSE

[G4-EC7][G4-EC8][G4-SO1]

PetroChina collaborated with the Regional Police of Jambi to disseminate educational messages on drugs abuse. This activity was carried out in three junior high schools and other equivalent schools, such as the SMK Negeri 1 of Tanjung Jabung Timur, SMA Negeri 1 of Kuala Tungkal, and SMK Negeri 1 of Jambi City. The event was held from 27 February 2014 to 3 March 2014 and was directly carried out by the Community Development (Binmas) Director of the Regional Police of Jambi, Police Commissioner Yassir.





#### Revitalisation of Integrated Health Posts (Posyandu)

PetroChina realises the importance of having an awareness about maintaining health, especially for villagers. This awareness compels the Company to revitalise integrated health posts in. PKBI of Jambi area and the PetroChina's Community Development conducted this program in Geragai and Betara subdistricts.

This program included several activities, such as:

1. Providing food supplements to children, especially toddlers, in the Posyandu.
2. Creating KIE media under the cadres' approval. The Company also repaired the Posyandu signboard, provided uniforms to the cadres for identification and purchased a body height measurement tool.
3. Providing incentives to the cadres aimed at motivating them to excel in what they do.

#### Education and Training

[G4-DMA][G4-EC7][G4-EC8][G4-SO1]

Education provides a strong foundation for our future. Hence community education and training programs become one of PetroChina Berbagi's main focuses. Several education and training programs for the surrounding community have been conducted, such as technical skills training, training for school committees, and general lecture on upstream oil and gas industry. The general lecture was started in 2014 and given to students from UNJA. The lecture's subject, on the business sector PetroChina is engaged in, was aimed at building awareness among young people on the importance of obtaining support from the government and community in the upstream oil and gas industry as well as fostering an interest in them to contribute both directly and indirectly.



**IN 2014, PETROCHINA'S EDUCATION AND TRAINING PROGRAMS SPENT USD 334,451 AND SINCE 2002 THE TOTAL ACCUMULATED FUNDING FOR THESE PROGRAMS EXCEEDED USD 561,463.**



## PETROCHINA CARE FOR EDUCATION

PetroChina highly prioritises education, and as such PetroChina conducts several programs for improving the quality of education. This improvement is not only directed to employees but also young people living around the Company's operational areas. PetroChina runs a scholarship program for students, especially high school and university students, on a yearly basis.

**FUNDING FOR SCHOLARSHIPS FOR  
HIGH SCHOOL STUDENTS AMOUNTED  
TO USD 61,538.**

**FUNDING FOR SCHOLARSHIP FOR  
UNIVERSITY STUDENTS AMOUNTED  
TO USD 61,538.**

### Apprenticeship Opportunity for Local People [G4-EC7][G4-EC8][G4-SO1]

Under the Special Task Force for Oil and Gas (SKK Migas) coordination, PetroChina participates in providing doctoral program scholarships for college teachers studying at several state universities in Indonesia. The Company also cooperates with other universities and higher education institutions to provide students the opportunity for internship and apprenticeship at the Company.

PetroChina considers highly their surrounding community, especially the young people. The Company is always committed to providing ample opportunity to young people living around its operational areas to work in the Company, so that in turn they can promote their own area's economic growth.



**SINCE 2002 TO NOW, 599 PEOPLE  
HAVE PARTICIPATED IN THE  
INTERNSHIP PROGRAM AND 121  
PEOPLE HAVE PARTICIPATED IN THE  
APPRENTICESHIP PROGRAM.**

**WE HAVE ASSISTED 392  
UNDERGRADUATE STUDENTS  
IN THEIR THESIS WRITING IN  
PETROCHINA SINCE 2002.**

## SCIENCE COMIC DISTRIBUTION IN TANJUNG JABUNG BARAT AND TANJUNG JABUNG TIMUR

[G4-EC7][G4-EC8][G4-SO1]

“The science books we are distributing are expected to stimulate students in Tanjung Jabung Barat and Timur to participate in the Science Olympics, which are held annually,” said Yuda Ramdani (Community Development Officer of PetroChina).

The enthusiasm of elementary school students in Simbur Naik Village was obvious, as their cheerful faces appeared from behind the classroom window. The students were enthusiastic because they saw the Community Development staff from PetroChina International Jabung Ltd. arrive, entering the teachers’ room and brought them something.

That day, the Community Development staff from PetroChina paid a visit to distribute science comic books for the students of Simbur Naik elementary school. This village became the first village in Tanjung Jabung Timur Regency that was PetroChina’s target for the distribution. At the same time, the Clean Water Facility in Simbur Naik Village was inaugurated. The latter event was also a program of the Special Task Force for Oil and Gas (SKK Migas) – PetroChina International Jabung Ltd. for 2014.

Eager to participate in the improvement of the quality of education, especially in the villages around the Company’s operational area, the Special Task Force for Oil and Gas - PetroChina International Jabung Ltd. distributed thousands of science comic books to more than twenty



schools located around the Company’s operational areas. The Special Task Force for Oil and Gas – PetroChina International Jabung Ltd. are aware that education is crucial for developing the country, and this issue cannot be separated from the availability of good books for the young people.

The science comic books are expected to become a key in boosting students’ interest in reading and fostering creativity, so that they can compete in national and even international events, such as the Science Olympics.

The books use the comic format, with attractive pictures to make them easy to read, understand, and directly implement by the elementary school students. PetroChina also donated packages of science comic books to junior high schools in Tanjung Jabung Barat Regency. It is expected that these books will result in a better-educated generation in the Tanjung Jabung region.

## PETROCHINA CARES

The development of the surrounding communities is the most important aspect within PetroChina's CSR programs. Under our main theme, "PetroChina Peduli" (PetroChina Cares), we show our utmost respect to the environment where we engage in production, as well as the surrounding environment. We organise several programs to reinforce our respect, such as:

### Energy Diversification

PetroChina strives to develop energy diversification strategies for the surrounding environment and community. This is made

### Environment

PetroChina pays a great attention to the condition of the surrounding environment. According to government regulations, the Company is obliged to restore the environment to its original state. In order to do that, PetroChina conducts a reclamation program aimed at restoring and improving the state of the environment.

Through the revegetation program PetroChina utilised 9 types of seed, namely Jelutung, Pulai, Manglid, Tembesu, Sungkai, Gelam, Nyamplung,



Yacobus Sakaja, Sakaja Village Chief, Sorong, West Papua

## SAKAJA VILLAGE CHIEF, BENEFICIARY OF RESIDENTIAL UNIT AND SOLAR CELLS

The following is a testimonial from the Sakaja Village Chief, who received a residential unit (a home) and solar cells for lighting from PetroChina:

"We thank PetroChina for building a house and donating a solar panel for our lighting purposes. As our village is yet to be connected to the electricity network, this solar panel is certainly very useful. We hope that PetroChina will provide similar support to more families."

manifest through some programs, such as the use of renewable energy to meet the community's demand for electricity. Some energy diversification programs have been implemented in Jambi, such as an installation of road lighting using solar power in several places and the development of Wind-Powered Power Plant (utilising wind-solar hybrid system) for providing clean water. In addition, we implement a CSR Program on energy diversification in remote areas in Papua where the electricity network has not been installed. We have donated solar cells to generate electricity.

Meranti Rawa and Jabon. PetroChina not only provides the seeds but also the plants, takes care and maintains the plantations. PetroChina also restores the soil by constructing a water canal, adding organic substances (active compost), conducting complete fertilisation, restoring the Cation Exchange Capacity (KTK), and reducing the toxicity level of Al and Fe (humic substance complex).



## FOREST RECLAMATION AT FORMER LOCATION OF EXPLORATION WELLS

PetroChina pays great attention to the condition of the surrounding environment. In compliance with government regulations, the Company rehabilitates the environment it has been exploiting to its original state.

For restoring and rehabilitating the functions and vegetation of the forest areas that have been damaged, and restoring their function into their original purpose as well as maintaining their sustaining capacity, productivity, and role in bolstering the life support system, PetroChina has always abided by all the prevailing regulations in the forestry sector, such as: (i) Rehabilitation and Reclamation Law No. 41/1999 on Forestry, (ii) Guidelines for the Leasing of Forest Area No. P.16/Menhut-II/2014, (iii) Permit Requirement for Siantang #1 Well Exploration Drilling Activity No. S.397/Menhut-VII/PW/200, (iv) Decree of the Minister of Forestry No. 421/kpts-II/99 on the Appointment of Forest Areas and Irrigation Areas in Jambi.

Under PetroChina International Jabung Ltd's sustainable commitment to the environment, forest reclamation were carried out at the ex-location of Siantang #1 oil and gas exploration well where drilling activities had been performed inside the Protected Peat Forest area in Tanjung Jabung Barat Regency, Jambi Province. The extent of the area exceeded 7.2 hectares, including 2.4 hectares of ex-location of the well and 4.8 hectares of ex-location of the well's entrance. Planting has been conducted since 2010, through the following stages:

- Restoration of the forest function by planting 9 varieties of plant seed for the first layer, such as: Jelutung, Pulai, Manglid, Tembesu, Sungkai, Gelam, Nyamplung, Meranti Rawa and Jabon. More than 2,500 seeds were planted in the location of the well pad and more than 6,000 seeds were planted along entrance.
- Application of compost and bio-remedial substances. 2% Clearance, measurement and erection. The planting distance was 3m x 3m.
- Drilling of approximately 2,500 holes on the ground (ex-location of the well), with a dimension of 30cm x 40cm x 30cm, and approximately 4,000 holes along the entrance.
- Application of rock phosphate guano at 500 grams/hole, 2% of HSC solution at 2 litres/hole, and compost at 5 kgs/hole.
- Construction of water canals and addition of organic substances (active compost).
- Total fertilisation, restoration of Cation Exchange Capacity, reduction of the toxicity levels of Al and Fe.
- Collar-roots are positioned in line with the ground, Replantating, Watering, and Fertiliser Addition.
- Erosion control and drainage, Pest and diseases control.

At this time, the rate of success of the Siantang #1 reclamation process is being reviewed and appraised by the BPDAS-PS Directorate General of the Ministry of Forestry and the Environment, who will deliver the result to the main office of the Ministry of Forestry and the Environment.

## BEFORE RECLAMATION



Initial Condition of Siantang 1 former exploration Well



Initial Condition of Siantang 1 former Exploration Well Access Road

## AFTER RECLAMATION



Final Condition of Siantang 1 former exploration Well



Final Condition of Siantang 1 former Exploration Well Access Road



Ir. H.Irmansyah

## HEAD OF FORESTRY OFFICE OF JAMBI PROVINCE

“PetroChina is one of the PSC Contractors of the Special Task Force for Oil and Gas (SKK Migas) operating in Jambi Province. It has conducted Reclamation forest on the former location of Siantang #1 oil and gas exploration well by planting various long-living native plants to promote biodiversity. The program is aimed at preventing erosion and surface flow, restoring biodiversity as well as improving landscape aesthetics. The reclamation done by PetroChina directly benefits the environment through the restoration of habitat for wildlife, land productivity, and water quality.”

### Local Infrastructure Development

[G4-EC7][G4-SO1]

At the beginning of our operations in 2002, the development of local infrastructure, especially around our operational areas, became one of the focal points in our CSR program called PetroChina Berbagi. We believe that sufficient infrastructure will boost local economic growth so the community welfare and self-reliance can be achieved.

PetroChina runs several partnership programs with local community, such as Operation Support Social Program and Community Development Program, aimed at creating a self-reliant local community. As stated in the regulations, these programs become the Company's effort to distribute the economic value obtained from the Company's net income allocation. Those two programs also became an embodiment of PetroChina's CSR program and were implemented under the coordination with local government. It is expected that activities in the CSR program will actively boost the Company's effort in reducing nationwide poverty rate as stated in the Millennium Development Goals (MDGs).

Infrastructure development for the surrounding community is implemented continuously from year to year. In 2009, PetroChina constructed four bridges connecting Muara Sabak and Batanghari II. These bridges have helped local communities save 2.5 hours of their travel time. In addition, in the same year, PetroChina established an electricity network from Bulian Island to Geragai. With the electricity network the surrounding community now have access to electricity supply, which clearly is important for their daily activities.

Meanwhile, in 2011, PetroChina allocated CSR budget of Rp5.3 billion. In that year, in addition to supporting a livestock farm development program, Petrochina also collaborated with the Special Task Force for Oil and Gas to support the construction of a permanent bridge infrastructure in Block C Market, Pandan Makmur Village, Geragai Subdistrict, and the construction of road in Pangkal Duri Village.



**IN 2014, FUNDING FOR  
LOCAL INFRASTRUCTURE  
DEVELOPMENT  
PROGRAM EXCEEDED  
USD 974,587 AND SINCE  
2002, TOTAL FUNDING  
FOR INFRASTRUCTURE  
PROGRAM EXCEEDED USD  
12,358,379**

In 2012, we constructed a road along Simpang Pelabi - Simpang IV Block D, a connecting road between Geragai KTM Center and SK 7 Block D with a length of 3.5 km, elementary schools, and also helped renovate a number of houses through the SAMISAKE program – done in collaboration with the Governor of Jambi – for underprivileged families.

In addition, in 2013, we constructed 2 houses for teachers, top-layered the 15-km road of Simpang 4 - Mendahara Ilir, and renovated 50 houses for underprivileged families. In 2014, we helped the community with solar-powered road lighting at a number of spots in crossing lanes, along with many other programs.



## SAMISAKE PROGRAM BEFORE AND AFTER RENOVATION

Conditions Before and After



## SAMISAKE PROGRAM RECEIVED AN AWARD FROM THE GOVERNOR OF JAMBI

The Governor of Jambi awarded the SAMISAKE Program received by Mr. Banu Subagyo, the Government Relation Superintendent and PCJL representative (leftmost).

In determining future CSR programs, PetroChina listens to the inputs from residents. In 2014, PetroChina installed solar-powered road lighting.

This year, PetroChina not only implemented programs that are beneficial for the residents but also environmentally friendly. By adopting a “Bright and Green” concept, PetroChina utilises a solar energy to power 40 road lightings installed in several spots along the road between Rantau Karya and Muara Sabak, the capital of Tanjung Jabung Timur Regency.

The road lighting, with a 30 watt (5,400 lumens) specification work automatically, turning off when the battery is charged at noon and turning on for about 11 to 12 hours during the night.

When the weather is cloudy or when it rains, each lighting unit has a battery backup that can last for three days. Because of that, people need not worry that the lights will be out during bad or uncertain weather. Those lamps are expected to increase comfort and security for the residents while driving at night. The lights’ fluorescence also provides a better view.

PetroChina’s CSR budget is proposed to the local government to be approved by the Special Task Force for Oil and Gas, so that it will be distributed properly and in accordance with the community’s needs. The budget must be approved by two parties, namely the local government and the Special Task Force for Oil and Gas.

## IMPROVING PUBLIC FACILITIES FOR SURROUNDING COMMUNITY

A focus of PetroChina’s CSR Program is contributing to the fulfillment of the need of an adequate public facilities. PetroChina constructs several facilities such as asphalt roads, bridges, road lighting, and clean water facility. These facilities are part of PetroChina’s CSR programs and the benefits are immediately felt by the public.

PetroChina has run other infrastructure programs such as development of religious facilities, Integrated Community Health Centres (Puskesmas), Integrated Health Posts (Posyandu), schools and houses.

## INFRASTRUCTURE AID 2014



Bridge  
USD 1,162,662



Main Road USD 18,179,489



Religious Facilities  
USD 18,880



Education Facilities  
USD 320,306



Public Facilities  
USD 239,571



Health Facilities  
USD 301,681



Electrification  
USD 1,679,615



Water Destillation Facilities  
USD 605,632



House  
USD 448,634



**SINCE 2002 UNTIL 2014,  
FUNDING FOR SPONSORSHIP  
AND DONATION EXCEEDED  
USD 853,450**

#### Sponsorship and Donation

PetroChina Berbagi & Peduli (PetroChina Shares & Cares) also allocates funding for sponsorship and donation for Indonesian communities. In 2011, PetroChina has awarded a number of sponsorships to the Women Association of Jambi PKK, Forestry Congress in Jakarta, and computer hardware to the Bandung Institute of Technology (ITB). In 2012 PetroChina awarded sponsorship to the 20th BBGRM and HKG in Tanjung Jabung Timur Regency, Jambi Emas

Expo, and National Day of the Press, as well as food packages aid to Tanjung Jabung Barat. PetroChina gave donations to the victims of fire disaster in Mendahara Subdistrict in 2011. The Company also gave donations in the form of a zinc roofing to victims of fire disaster in Teluk Nilau Village, Tanjung Jabung Barat Pengabuan, and dry materials for conflagration and forest in DALKRLAHUT in Muntialo, Tanjung Jabung Barat, in 2012.

#### CSR Fund Allocation and Realisation [G4-EC7]

At the beginning of our operations in 2002, PetroChina has been committed to participating in the improvement of the quality of life of the surrounding communities. The Company distributes CSR fund through various programs, with the amount increasing from year to year, starting from USD 39,898 in 2002 to reach USD 2,211,142 in 2014.

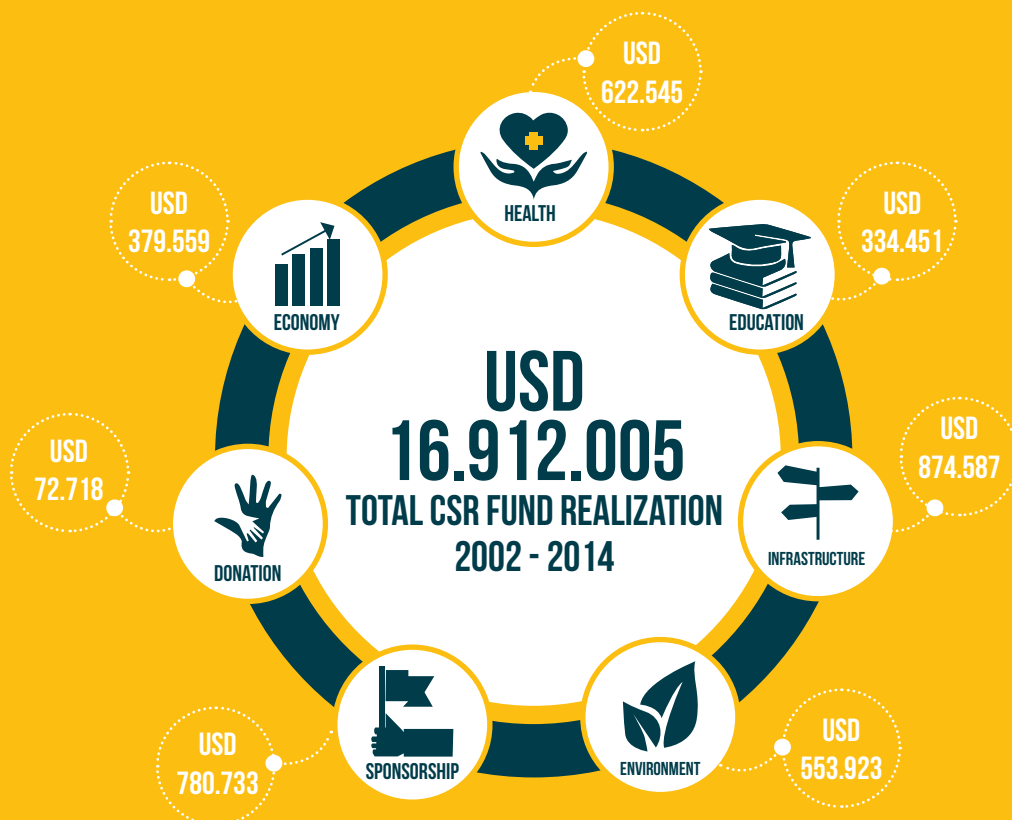
Our CSR programs are designed based on the needs of the surrounding communities as we expect that the programs benefit them properly. Some of our excellent CSR programs are the development of religious facilities, road and bridge construction, clean water provision, and funding to Small and Medium Enterprises.



CSR FUND ALLOCATION AND REALIZATION (USD)



## CSR FUND, TOTAL AND BY SECTOR, 2002 – 2004



In 2014, PetroChina incurred USD 2,211,142 for its CSR programs. This fund has been allocated to five sectors, namely community economic empowerment, community education, infrastructure development, health improvement, and community services. From 2002 until 2014, total CSR fund reached USD 16,912,005.

### Listening to Community's Feedback

We understand that to ensure a sustainable operation, response and feedback from our stakeholders greatly help and support us in improving our performance. We always strive to accommodate these recommendations, complaints, and reproofs from the surrounding community who feels the impacts from our operations. We strive to give an appropriate response to each. The community feeling the impacts from our operations may submit a formal complaint through a system, through which we ensure that all complaints and reproofs are properly managed and resolved accordingly, in accordance with the given procedures.

In 2014, 11 complaints were filed from two areas, namely Tanjung Jabung Barat and Tanjung Jabung Timur. A total of 9 cases were submitted from Tanjung Jabung Barat and 3 cases from Tanjung Jabung Timur.

In this year, the characteristics of the complaints are dominated by social conflict. All the complaints and critiques have been appropriately managed and resolved.

	Air	Water	Noise Impact	Blasting	Natural Disaster	Social Conflict
2012						
2013				2		2
2014	1			1		9

**Note: (including a number of cases about well permit and sealing off in 2013)**

As a follow-up action to those cases, we focussed on social conflict in 2014. Some problems or complaints normally occurred due to the lack of the community's understanding and a mismatch in perception between the Company's and the community's or the government's. We formulate certain actions to handle these issues and to anticipate them in the future, such as:

1. Approach the government and community.
2. Conduct meetings with the government and certain village institutions (such as Bappeda, Head of Subdistrict, and Head of Village) at a Village Forum to synchronise each party's perception and foster good communication.
3. Involve related department to investigate all complaints so the problems will be resolved properly and effectively, to prevent similar complaints or problems from arising again in the future.
4. Coordinate with Security (HSSE) to conduct initial protection as a preventive action should social conflict arise.
5. Disseminate necessary information and educate stakeholders about the impacts that may occur due to the Company's operations.

As a company engaged in the energy business, we are responsible for managing risks and emissions from our operations, in order to protect the environment surrounding our operational areas.

# OCCUPATIONAL HEALTH & SAFETY AND ENVIRONMENTAL PROTECTION









### OCCUPATIONAL HEALTH & SAFETY AND ENVIRONMENTAL MANAGEMENT SYSTEMS [G4-DMA]

PetroChina implements at all times an Occupational Health & Safety and Environmental Management Systems (OHSE-MS) to manage issues related to occupational health and safety and environmental protection. These systems implement 12 elements in their approach to the principles of planning, implementation, periodic review, and follow up, or the Plan – Do – Check – Action (PDCA) procedure. These systems have been implemented and adjusted to the ISO 14001 and OHSAS 18001 standards. In practice, PetroChina is committed to the continuous

PetroChina also mitigates occupational health risks, which may arise from the workplace or employees' own lifestyle. PetroChina conducts observations of occupational risk hazards at the workplace, which include level of noise, level of dust, lighting, ventilation, heat pressure, concentration of toxic gases, and vibration of heavy equipment.

In addition, PetroChina identifies all environmental aspects managed under the ISO 14001 Environmental Management Systems, based on the environmental impacts of all activities and production processes. In practice, PetroChina implements an integrated Occupational Health & Safety Management System that is compliant with the OHSAS 18001:2007 requirements.

### THE ENVIRONMENT IS OUR MAIN PRIORITY

We believe that a healthy environment is achievable hand in hand with the efforts to fulfil the world's demand for energy. Thus the Company continues to improve and adjust its production processes in order to reduce the negative impacts arising from our activities on the surrounding environment.

improvement of its OHSE-MS through periodic evaluation in the form of internal audit and inspection as well as surveillance, to ensure that all OHSE-MS programs are running as planned.

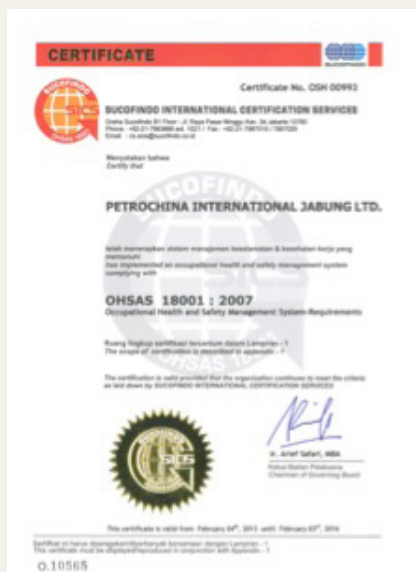
In these programs, PetroChina assigns a number of employees with specific skill set to handle issues of occupational health & safety and environmental protection. As many as 67 employees at PetroChina International Jabung, Ltd. (PCJL) and 56 employees at PetroChina International (Bermuda), Ltd. (PCLD) now work as OHSE coordinators and officers. Each employee at PetroChina's operational departments and divisions are tasked as representatives of occupational health & safety and environmental protection, with their roles embedded to their functions.

PetroChina's efforts for creating a workplace that is safe, healthy and environmentally friendly are not only limited to the Company's internal environment, but also to the extent that PetroChina ensures that all contractors and suppliers undergo proper selection and evaluation processes along with the relevant evaluation criteria, which include the criteria on occupational health & safety, environment, labour practices, protection of human rights, social contribution, and legal compliance.

[G4-EN32][G4-LA14]

Since 2013 PCJL has obtained the ISO 14001 and OHSAS 18001 certifications. In an effort to ensure the implementation of ISO 14001 and OHSAS 18001 in its activities, PetroChina International Jabung, Ltd. appoints a certified auditor to conduct surveillance once per year. PCLD is currently undergoing the necessary processes to be ISO 14001 and OHSAS 18001 certified.

## Certification ISO 14001 dan OHSAS 18001



PROPER is the environmental management performance evaluation mechanism implemented by the Ministry of the Environment of the Republic of Indonesia. This mechanism is aimed at improving the Company's role in managing the environment as well as stimulating the companies to comply to the relevant environmental regulations and pay greater attention to the conservation of natural resources, energy, as well as social development. PCJL has participated in PROPER for its oil and gas fields, while PCLD has participated in PROPER for its gas fields.

PROPER was designed to encourage companies to structure its environmental management efforts using incentive and disincentive instruments. Incentives can take the form of dissemination to the public about the reputation or good image of the companies with commendable environmental management performance, as reflected by the Blue, Green, and Gold designations.





### PROPER Rating Jabung (Gas) and Bermuda (Oil)



In the PROPER evaluation period of 2013-2014, PCJL (oil and gas) and PCLD (gas) received the Blue rating from the Ministry of the Environment.

PetroChina is aware that its operational activities may result in certain impacts on the environment. Therefore PetroChina is always committed to maintaining and protecting the environment through a sustainable development framework. In conducting its operational activities, PetroChina strives to operate in an environmentally friendly way, by implementing ISO 14001 Environmental Management Systems as its operational reference. [G4-DMA]

PetroChina is committed to preserving the balance of the surrounding environment. PetroChina employs a number of programs to comprehensively evaluate its work areas prior to and after its operations. PetroChina's upstream oil and gas business activities consist of the stages of exploration, which include geological studies, geophysical studies, seismic surveys, and drilling. These stages are conducted by taking into account the issue of environmental protection and occupational health & safety. [G4-DMA]

### WATER

PetroChina strives to optimise use of water and improve water quality that it processes. The water produced is a byproduct in the oil and gas production processes. This water is present in a mixture of gas, oil, and water from the production wells. Specific processes are required to separate the three components. The separation process takes place in the separator, and the resulting water is directed into a skimming tank. In the skimming tank, specific chemicals, i.e. bactericide (MB-5529) and water purifier (WT-1048), are added to the water. After the oil and the water are separated gravitationally in the tank, the water is directed to the filtration tanks. In PCJL, the filtered water is reinjected into the well to maintain pressure. Volume of water injected in 2014 was  $\pm 5,537,656$  barrels.

By reinjecting water resulting from its production process, PetroChina not only reduces the pollution it causes to the surface water, but also incorporates an alternative pressure maintenance technology into its well reservoirs.



Prior to the reinjection of produced water back into the reservoirs, chemicals are added to prevent the presence of oxygen and accumulation of corrosion. In PCJL, produced water is reinjected into 14 wells located in North East Betara, North Geragai, Makmur and Gemah.

Water from the filtration process is directed to the WWTF (Waste Water Treatment Facility) to be subsequently processed so as to meet waste water quality standard as stipulated in the Regulation of the Minister of the Environment No. 19/2010 prior to its disposal to the nearest surface water body (IPLC No. Decree of the Regent of Tanjung Jabung Timur No. 520/2013 on License for Disposing Liquid Waste from the Waste Water Treatment Facility (WWTF) to the Environment with the Coordinates of Lat 001°11'28.38" S (WGS 1984) and Long 103°42,991'59.46" E (WGS 1984)). Throughout 2014, as many as 227,379.4 barrels of liquid waste was processed in the WWTF. Below is a picture of the WWTF.

#### Recycled Water

In its oil and gas drilling operations, PetroChina uses water to facilitate oil and gas ground drilling. The water is obtained from rain water, water from operational areas, and recycled water from the operations themselves. This is how PetroChina ensures the supply of clean water for its operations.

#### Volume of Recycled Water [G4-EN10]

Year	Volume of Water Processed (m <sup>3</sup> )	Operational Time	Volume of Water Recycled (m <sup>3</sup> )
2012	66.735,36	-	63.557,49
2013	56.063,91	-	53.394,2
2014	22.529,2	-	21.456,38

PetroChina does not use any new water source to conduct any activities related to its oil and gas drilling operations. Up to today, there were no grievances from the surrounding community regarding the decline in the quantity of river water or ground water owing to PetroChina's water consumption. [G4-EN9]



## Water Consumption

Aside from the clean water used for its operations, PetroChina also consumes drinking water for its employees working in all of its operational areas. This water comes in the form of bottled drinking water.

## Consumption of Clean Water [G4-EN8]

Year	Jabung	Basin	Unit
2012	139.003	69.870	M <sup>3</sup>
2013	140.529	76.983	M <sup>3</sup>
2014	143.482	70.047,26	M <sup>3</sup>

## ENERGY

PetroChina requires energy to power its main activities, i.e. operational ones (electricity, gas compressors, coolers, heaters). All energy requirement for operational activities are directly supplied by gas-powered power plant, with the gas coming from the very gas that the Company produced. Aware of the large amount of energy it requires, PetroChina priorities on energy conservation programs and utilization of renewable energy sources as well as conducting energy efficiency measures.

## Energy Consumption

Total energy consumption of PetroChina in 2014 was 950,918.4 gigajoules for PCJL and 952,432.17 for PCLD.

Having energy costs as a large component of and therefore directly affecting its greenhouse gas emissions, PetroChina is committed to reduce its energy consumption by implementing targeted and accountable energy efficiency programs.

## Total Fuel Consumption [G4-EN3]

Fuel Type	Consumption (litre)		
	2012	2013	2014
HSD/ Solar	16,084,829	14,707,309	12,708,876
Gasoline	29,571	28,433	26,128
Kerosene	700	530	185
MFO	7,623,310	7,953,360	7,035,110
MDO	3,079,540	3,227,410	2,688,730
Total	26,817,950	25,917,042	22,4590,29

## Total Energy Consumption [G4-EN3]

Year	Jabung	Basin	Unit
2012	962.601	653.580	Giga Joule
2013	983.290	768.379	Giga Joule
2014	950.918,4	952.432,17	Giga Joule

## Energy Efficiency [G4-EN6]

PetroChina consistently strives to increase the energy efficiency of its operational activities as they are mainly driven by fossil fuel. Energy conservation is conducted not only to reduce operating costs but also to preserve non-renewable energy sources. Energy sources used by PetroChina for its production activities include gas, diesel oil, and solar power.

## Electricity Efficiency [G4-EN6]

In order to reduce unnecessary electricity usage, electricity efficiency measures in PCJL were initiated in 2014. This contributed hugely to PetroChina by saving 32,371.6 gigajoules or 0,000277 million KWh of electricity.

These efficiency measures are carried out to preserve the environment. Electricity saving campaign posters are placed in strategic locations. This campaign has influenced PetroChina's operational locations and has been successful in reducing electricity consumption





from year to year. Based on energy consumption data, electricity consumption in Bermuda increased every year, while in Jabung electricity consumption increased from 2012 to 2013, but decreased from 2013 to 2014.

#### Fuel Efficiency [G4-EN6]

Aside from electricity, PetroChina also attempts to save fuel as part of its energy conservation measure. PetroChina initiated a fuel saving program in 2012.

In 2014, PetroChina successfully saved 2 million litres of diesel or equivalent to preventing 5,280 tons of CO<sub>2</sub> eq. from being released into the atmosphere. Fuel substitution for PetroChina's operational vehicles has reduced consumption of gasoline by 2.04 million litres. This was possible only by the full support of PetroChina team that identified the causes of wasteful consumption and implemented a number of improvements, as follows:

1. Fostering the Company's commitment to using gas for transportation activities.
2. Conducting knowledge sharing with other oil and gas companies that also use gas for transportation.
3. Conducting studies and reviewing economic, safety and environment aspects related to the use of gas in transportation.

PetroChina consistently conducts initiatives to improve the efficiency of energy use, this includes direct and indirect types of energy used to support production activities.

#### CARBON EMISSIONS

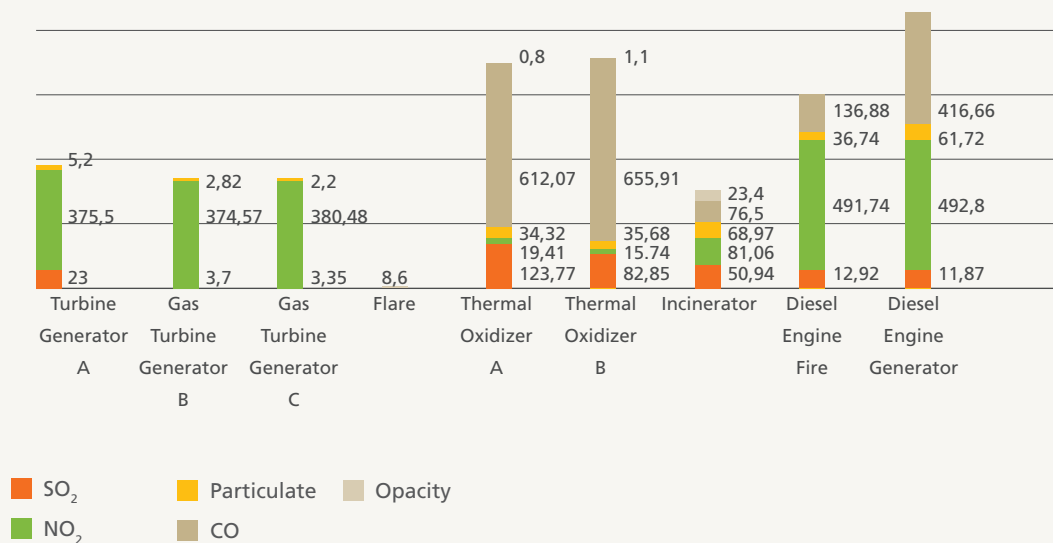
PetroChina consistently conducts emission monitoring in order to control emissions resulting from production processes. PetroChina plans to carry out activities that support the reduction of emissions from production processes and will focus on how to reduce gas emissions as one of the main causes of the greenhouse effect. PetroChina's main source of CO<sub>2</sub> emission is from power plants that use natural gas for their main fuel and diesel oil as power plant backup fuel.

#### Other Gas Emissions [G4-EN21]

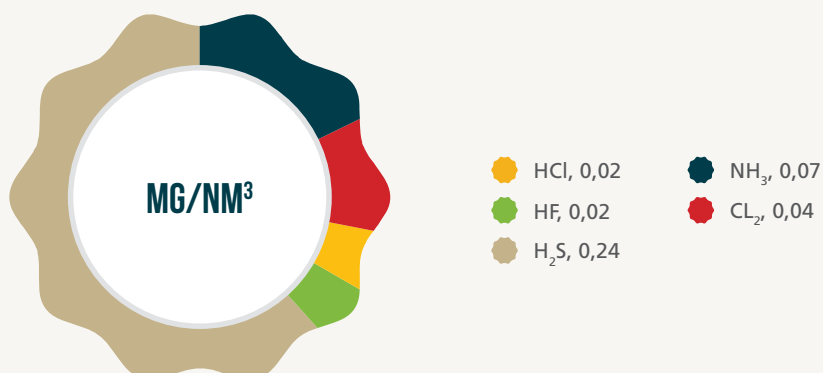
Aside from monitoring its CO<sub>2</sub> and ozone-depleting substances emissions, PetroChina also monitors other gases, such as SO<sub>x</sub>, NO<sub>x</sub> and Particulate Matters (PM) that have the potential to contaminate the atmosphere. All these parameters continue to remain below the quality standard for emissions (BME) in accordance with the Regulation of the Minister of the Environment No. 13/2009. Below are the monitoring emissions results in 2014.



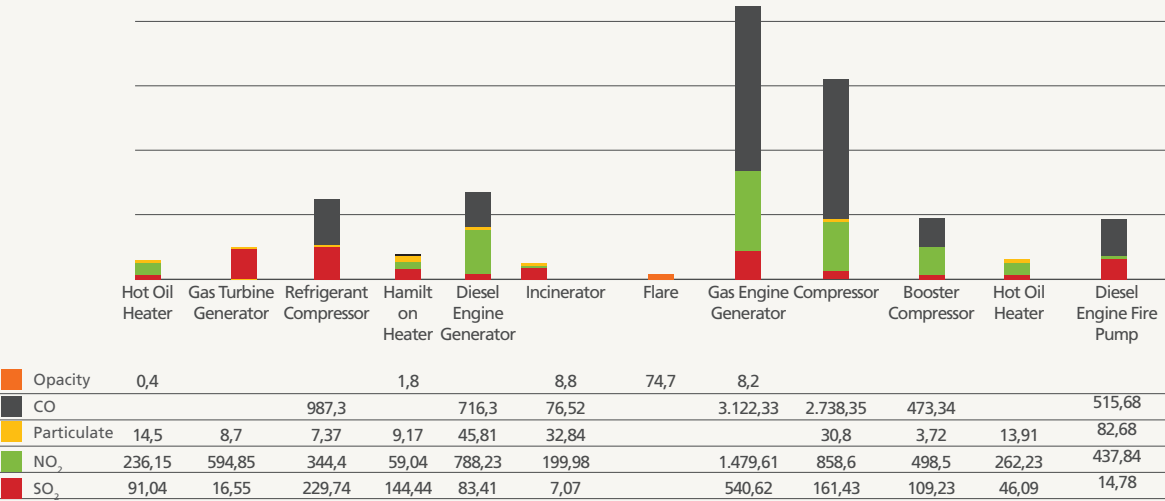
TOTAL EMISSIONS EMITTED BY GAS (mg/Nm<sup>3</sup>)



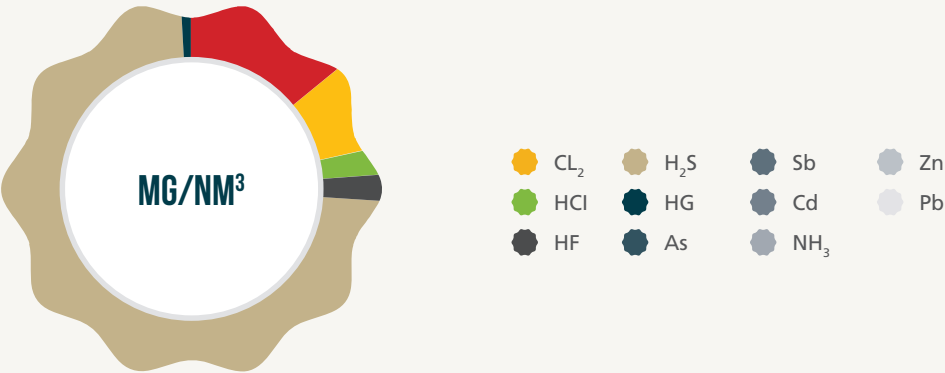
OTHER EMISSIONS (Source of Emission BGP - Incinerator, Unit mg/Nm<sup>3</sup>)



TOTAL EMISSIONS EMITTED BY OIL (mg/Nm<sup>3</sup>) [G4-EN21]



OTHER GAS EMISSIONS (Source Emission NGF - Incinerator, Unit mg/Nm<sup>3</sup>)







## MANAGEMENT OF HAZARDOUS AND TOXIC WASTE (B3)

Certain operational activities of the Company result in the production of hazardous & toxic waste. PetroChina constantly manages its hazardous & toxic waste in accordance with the Government Regulation No. 101/2014 on Management of Hazardous & Toxic Waste. PetroChina has a number of Temporary Storages for Hazardous & Toxic Waste before the waste is transferred to a third party with a license from KHLK for further processing.

Used oil, electronic waste, packaging contaminated with toxic substances, used filters, materials contaminated with toxic substances (insulation, APD and rag cloths), used accumulators and batteries, absorbent (molsieve, memguard and spent charcoal, used, expired and waste chemicals, production chemicals, mix chemicals, solid chemicals, oil sampling), and medical/infectious waste are managed and stored in the Temporary Storage for Hazardous & Toxic Waste.

The Temporary Storage for Hazardous & Toxic Waste KM#6 located at Geragai, Tanjung Jabung Timur, Jabung Block, functions under a permit, namely the Decree of the Head of Environmental

Impact Management of the Tanjung Jabung Timur Regency No. 7/2011 on the License for the Hazardous & Toxic Waste Temporary Storage for Oil and Gas Activities of PetroChina International Jabung Ltd. Meanwhile, the Temporary Storage for Hazardous & Toxic Waste located at Betara, Tanjung Jabung Barat, Jabung Block, functions under the Decree of the Head of Environmental Agency of Tanjung Jabung Barat Regency No. 660/363/VI/BLHD/2014 on Temporary Storage for Hazardous & Toxic Waste of PetroChina International Jabung, Ltd. and Temporary Storages for Hazardous & Toxic Waste in Arar and KMT.

Hazardous & toxic waste in the form of contaminated soil and oil sludge is stored in the Temporary Storage for Hazardous & Toxic Waste B3 NG-Sludge Pond, functioning under the Regulation of the Tanjung Jabung Timur Regent No. 521/2013 on the License for the Hazardous & Toxic Waste Temporary Storage of NG Sludge Pond with the Coordinates of S 01°11.181' and E 103°42.777'.

Such waste is subsequently transferred to third parties for further processing based on the Government Regulation No. 101/2014 on the Management of Hazardous & Toxic Waste.

## Amounts of Hazardous & Toxic Waste in 2014

[G4-EN22][G4-EN23]

Type of Waste	Unit	Amount
Used oil	Ton	56,600
Electronic waste	Ton	0,049
Packaging contaminated with hazardous & toxic substances (e.g. laboratory bottles)	Ton	0,062
Used filters	Ton	2,599
Materials contaminated with hazardous & toxic substances (e.g. insulation, APD & used cloths)	Ton	1,066
Used accumulators and batteries	Ton	0,460
Absorbent (molsieve, memguard & spent charcoal)	Ton	109,436
Used & expired & waste chemicals (production chemicals, mix chemicals, solid chemicals, oil sampling)	Ton	4,140
Medical/infectious waste	Ton	0,027
Contaminated soil	Ton	270,7
Oil sludge	Ton	71,4

Source: hazardous & toxic waste balance, PetroChina International Jabung

PCJL has restored the NG#5 Sludge Pond to the Ministry of the Environment and Forestry (KLHK) and subsequently received SSPLT (Contaminated Land Settlement Status Letter) No. B-4697/Dep. IV/LH/PDAL/05/2015 on 27 Mei 2015 declaring that ex-NG#5 Sludge Pit has been cleaned from contaminants and restored to its original state.

### MERCURY MONITORING

PCJL has conducted mercury monitoring (Hg) in sediments and CH<sub>3</sub>-Hg monitoring of air at Jabung Block. Monitoring is conducted twice in a year at 10 locations for Hg in sediments and 85 locations for CH<sub>3</sub>-Hg in the air in Betara and Geragai, Jabung Block. The study concluded that mercury was not contained in sediments, water, and air around the PCJL site.

### OIL SPILL PREVENTION

Oil spill and hazardous & toxic waste spillage arising from PetroChina's operational activities may harm the environment. Therefore, PetroChina constantly ensures that the equipments used are properly designed, operated, monitored and maintained. PetroChina also has Standard Operation Procedures (SOP) in place for handling oil spill and conducts training to PetroChina team to handle such incident and avoid damage and bigger losses for the environment and local community. The SOP in handling oil spill are as follows:

1. ERP Jabung\_Onshore Guideline 04 for Spill Handling of Hydrocarbon Liquid & Hazardous Material rev 2.
2. ERP Jabung\_Offshore Guideline 04A Hydrocarbon Spill rev 1.
3. PCID/J/G/EHS/EHSMS/09.02/05A Oil Spill Hydrocarbon Or Hazardous Materials At Offshore.
4. PCID/J/P/HSE/EHSMS/4.4.6/29 Oil Spill Handling Procedure.

### ENVIRONMENTAL PROGRAMS FOR LOCAL COMMUNITY

As a part of Petrochina's preventive measures and regular monitoring in order to minimise the potential for contamination, PetroChina focusses the environment surrounding the Company's operations. PetroChina's Environmental programs that have been conducted since 2014 are:

#### Clean Water Installation

The Company contributed a clean water processing facility to the local community at Simbur Naik Village, Nibung Putih Subdistrict, and Pematang Mayang Village, Rantau Rasau Subdistrict, both in Tanjung Jabung Timur Regency, Jambi Province. Through this facility, water from deep wells (artesian wells) is able to be processed, so that the water, which is originally not feasible to drink because of the high levels of iron and other harmful metals, is now clean and suitable for consumption.

This drinkable water meets several criteria: clear, colourless, odourless, contains certain mineral elements, and does not contain harmful elements such as iron (Fe) or manganese (Mn). PetroChina in collaboration with an filtration installation company conducts training for the facility's operations and maintenance to a number of residents in each village supplied with the water filtration facility.

Aside from providing clean water facility, PetroChina also collaborates with Dian Desa Foundation in conducting studies and clean water management design and sanitation for local communities by optimising local potential.

#### Composter Bins

PetroChina realises that the awareness to preserve the environment needs to be taken to action and implemented by the local community. Therefore, PetroChina collaborated with PKK Team of the



One of the clean water installation located in TJT regency, final water filtrate reservoir, Simpang Tuan.

Tanjung Jabung Barat Regency and Special Task Force for Upstream Oil and Gas Business Activities (SKK Migas) to provide 30 composter bins for Semau Village, Tanjung Jabung Barat Regency. The bins were donated during the HKG-PKK activities and BBGRM in 2014.

Composter bins provided by PetroChina are divided into two types, namely organic and inorganic. Inorganic composter bins are used to accommodate litter and solid waste such as plastic, cans, and other inorganic materials. Meanwhile, organic composter bins accommodate household waste such as vegetable waste, dry leaves, and other organic waste. Organic waste can be used as a composter to produce solid, semi-solid and liquid fertiliser. This environmentally friendly technology is highly productive and profitable for the surrounding communities.

## ENVIRONMENTAL INVESTMENT

[G4-EN31]

In 2014, PetroChina incurred USD 547,117 for its environmental initiative. This funding was allocated to several environment programs, such as Clean Water Facility and filtration units, sanitation program, and other environmental programs. PetroChina strives to do its best in preserving nature and improving the state of its operational areas' surroundings.

### Actual Environmental Maintenance & Investment Expenditures

[G4-EN31]

Allocation of Environmental Expenditures	Amount
Clean water facility and filtration units	USD 330,768
Community-based total sanitation program	USD 16,687
Promotion of ecological awareness and development of pilot project in PetroChina's operational areas	USD 199,662
<b>TOTAL</b>	<b>USD 547,117</b>





## COMMITMENT TO OCCUPATIONAL HEALTH & SAFETY

We strive to identify and mitigate risks as a form of our commitment to protecting our employees and contractors. The Company has developed policies and programs related to Occupational Health & Safety (OHS). In addition to this commitment, employees' and contractors' awareness is also key to success in achieving zero figures in death incidents, diseases and environmental pollution arising from operational activities of the Company.

PetroChina has integrated OHS aspect in its Collective Labour Agreement and Disseminations with Trade Unions. Collective Labour Agreement is an agreement between the management and the workforce representatives on issues of health and safety, stated explicitly and clearly. Issues stated in this agreement are employees' rights and obligations, as well as handling accidents occurring at work. As a form of its commitment, Petrochina initiated HSE Committee consisting of 34 members of HSE Committee Basin, 36 members of HSE Committee Jabung, 40 members of HSE Adhoc Committee, and 20 members of HSE Executive Committee, comprising 10% of total PetroChina employees of 1,302 people.

[G4-DMA][G4-LA5]

PetroChina requires everyone within it to comply with the applicable regulations regarding occupational health and safety. Every part of the management is obliged to distribute Occupational Health & Safety Regulations and Procedures as well as the Standard Operating Procedures to all employees. These regulations aim to ensure that all of the Company's activities comply with the applicable regulations. [G4-DMA]

The recruitment policy in PetroChina requires prospective employees to pass the health test conducted at an appointed healthcare facility owned by the Company or a designated hospital. Periodically, based on regulations and the respective standards for particular jobs, medical check up is done to ensure that every employee is healthy and does not have health issues.

### OHS Programs

Throughout 2014, various OHS programs were designed and conducted to meet our OHS target, which is ZERO INCIDENT, no harm to people, and no damage to environment, as stated in the Health Safety and Environment Policy of PetroChina International Companies in Indonesia..



To achieve this OHS target in accordance with the policies and regulations and industry standards, PetroChina is strongly committed to:

1. Providing a safe and healthy working environment.
2. Prioritising occupational health & safety and environmental protection in every decisionmaking process.
3. Managing all hazardous situations properly.
4. Minimising negative impacts on the environment in order to achieve environmental sustainability.

reported, investigated, analysed, and handled appropriately and timely.

9. Providing HSE training to employees as an obligation of the Company.
10. Applying occupational health & safety and environmental protection standards consistently for contractor management.
11. Applying safety standards outside of working hours.

**Our employees' occupational health & safety is our main priority. We always try to achieve zero fatality and prevent employees and contractors from experiencing work accidents within PetroChina's operational areas.**

5. Involving managers and superintendents across all levels to take responsibility for employee safety, health and environmental protection within their scope of work, as well as for participating in HSE Audit program.
6. Declaring that safe working condition is a requirement for work.
7. Authorising and requiring every employee to participate and identify dangers and control the risks in accordance with their given authority.
8. Ensuring that all accidents and activities with a high risk potential for accident are

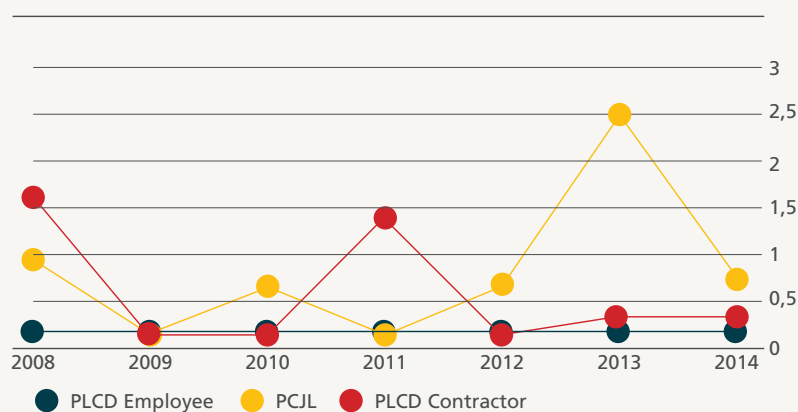
The programs that have been conducted are as follows:

1. Employee Health and Safety Month

Employee Health and Safety Month is celebrated every year by PetroChina, and in 2014 it was held from 12 January 2014 to 12 February 2014. The activities include firefighting, rolling fire hose, usage of Self Contained Breathing Apparatus (SCBA), and first aid kit. There was also a pop quiz on safety, one day seminar on occupational health & safety and the environment, and OHS awards.



TRIR PETROCHINA



## 2. Emergency Drill Program

PetroChina International conducted various emergency drill programs in 2014, including emergency response drill, oil boom deployment drill, and emergency fire drill on onshore facilities. Medivac/Simulation drill was also conducted at offshore facilities.

## 3. In-House Training

To support employees' understanding of OHS, PetroChina consistently conducts in-house training on OHS. In 2014 there were 12 in house training sessions covering topics such as survival at sea, survival in the jungle,





firefighting, oil spill response, and accident investigation, attended by a total of 318 participants.

### OHS Performance Statistics [G4-LA6]

Notwithstanding the provision of work procedures that are in place to ensure the safety of employees and environmental protection, certain operational activities still bear risk of monotony that may result in less vigilance, and may lead to occupational accidents. In 2014 two accidents occurred in PCJL and zero accidents occurred in PCLD.

In monitoring OHS performance, PetroChina employs the Total Recordable Injury Rate (TRIR) measurement. In 2014, PCJL's TRIR score was 0.24, an increase of 0.01 from 0.23 recorded in 2013. Meanwhile, PetroChina International (Bermuda), Ltd. recorded a TRIR score (for contractors) of 0.61, a decrease from 2.4 in 2013, while at PCLD the TRIR score (for employees) has been zero since 2008.

For every incident that occurred, PetroChina forms an investigation team to look for the root cause of the incident. This team will make a recommendation about the incident. Investigation results will be reported to employees on the operation under scrutiny, for further discussions.

### Personal Protective Equipment

PetroChina requires all employees and contractors to abide by the prevailing regulations in order to prevent hazardous working ethics and always prioritise safety. One of our efforts has been to encourage the wearing of personal protective equipment. PetroChina provides personal protective equipment in accordance with the prevailing OHS regulations. Every employee is required

to wear and maintain this personal protective equipment and not misuse it. If a job is deemed to be non-compliant with the Company's health and safety requirements, including if a personal protective equipment is incomplete or unavailable, then the employee assigned to perform the job has the right to refuse the assignment.

### Health Services

PetroChina believes that healthy employees simply work more optimally. Therefore, PetroChina maintains a health clinic facility in each of its operational area to be utilised by employees and their family members. Every employee is treated fairly and equitably as regards the health services and benefits provided to them. In order to upgrade its health service quality, PetroChina collaborates with a number of reliable health service providers in the regencies where PetroChina's operational areas are located.

### Handling Accidents in the Workplace

Some accidents cannot be avoided, and therefore PetroChina has implemented a Standard Operating Procedure for the immediate handling of accidents in the workplace. This procedure is well disseminated to all employees of PetroChina to be properly implemented.

Should a relatively fatal accident occurs, PetroChina will temporary halt all operations in the area of the accident. In addition, to prevent similar events from reoccurring, PetroChina provides information to all operational supervisors to carry out a risk analysis for every high-risk job, provide regular training on OHS awareness and importance, as well as dissemination to all employees.

The first step to be done by any PetroChina employee when facing an accident is to report to their supervisor. The supervisor has the obligation to report every activity that takes place within the area of their responsibility. Subsequently, safety officers are obliged to collect data from officers in related divisions in order to prepare reports to the Labour Office, PT JAMSOSTEK and insurance companies, within less than 48 hours.

#### Encourage Partners to Implement the OHS Culture

PetroChina integrates its contractors in its own OHS programs at all times. PetroChina also conducts regular meetings to discuss issues and share knowledge on OHS implementation which involves all PetroChina contractors.

PetroChina and the Implementation CSMS  
PetroChina International Jabung, Ltd and

all operational supervisors to carry out a risk analysis for every high-risk job, provide regular training on OHS awareness and importance, as well as dissemination to all employees.

The CSMS procedures implemented at PetroChina are divided into six phases:

1. Risk Assessment  
This stage is the initial stage to assess the various risks that may cause the work to be contracted out.
2. Pre-Qualification  
Filtering potential contractors suitable for performing the tasks required.
3. Selection  
Selecting contractors through the process of tender and highlighting all aspects including safety, labour, and environmental health.

#### OHSE SEMINAR

PetroChina conducts OHSE Seminar for each of its employees as well as university student from University of Indonesia, University of Riau and University of Sriwijaya as interns. This activity was carried out in commemoration of the OHS month as a form of PetroChina's contribution to its awareness of Occupational Health & Safety and Environmental Protection disseminated to every employee.

This seminar is divided into three OHSE topics, with the speakers being the Head of EHS Compliance, Santos Indonesia for safety issues, ENT-head-and-neck doctor for health issues, and a Lecturer of Environmental Sciences from University of Indonesia for environmental issues.

This seminar aims to increase employee's awareness on the importance of health & safety, environmental preservation, and work comfort.

PetroChina International (Bermuda), Ltd pay great attention to the aspects of safety, labour, and environmental health in relation to the employees of its contractors. This suggests the importance of providing information to

4. Pre-job Activities  
Ensuring all activities including risk assessment is well communicated and understood by all parties involved before the contract is exercised.



Throughout the year PetroChina has successfully met all relevant regulations applicable for environmental management. There are no any administrative or monetary sanctions imposed on us. [G4-EN29]

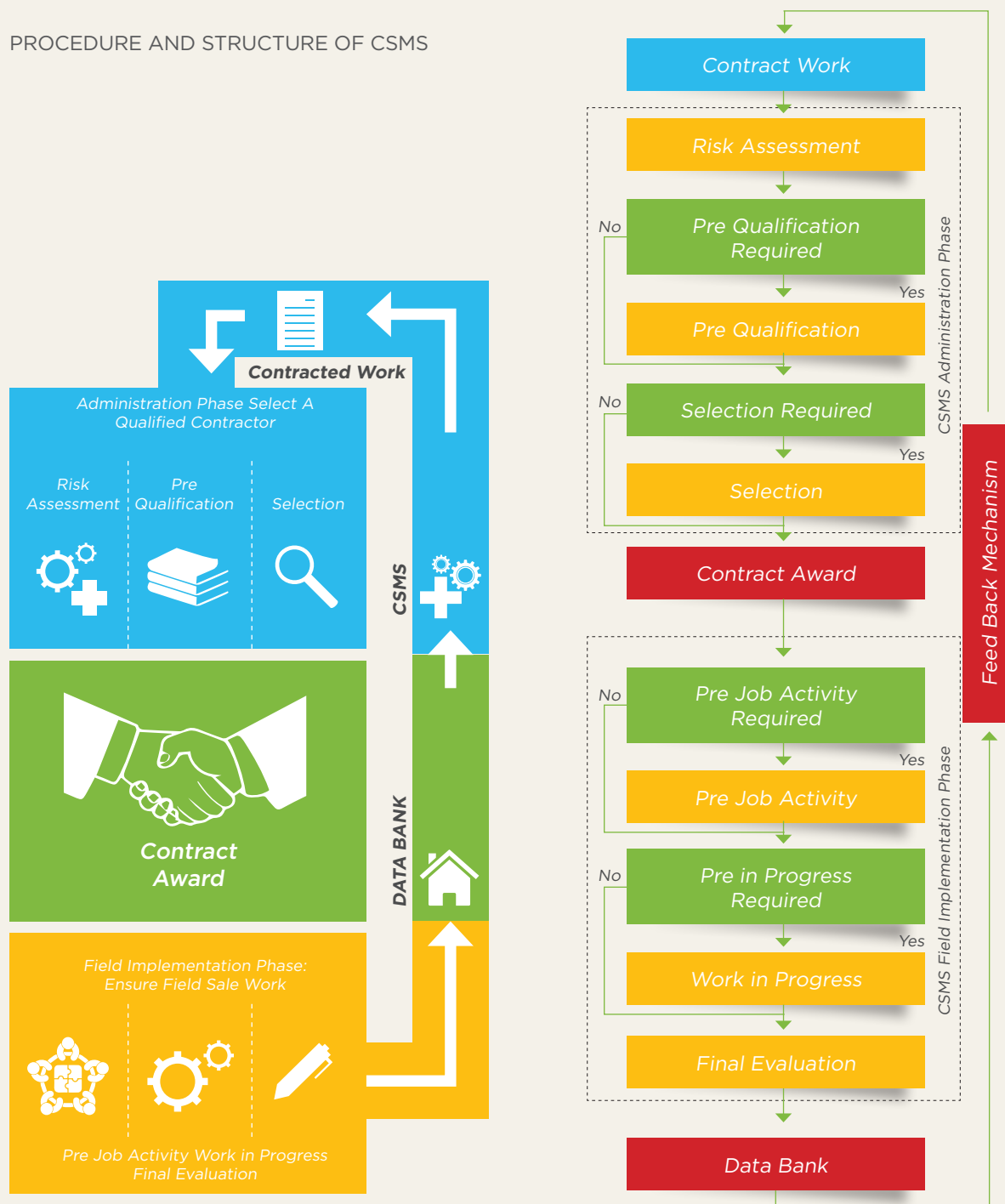
## 5. Work In Progress

Ensuring that the tasks or work is running according to plan.

## 6. Final Evaluation

Evaluation of contractors' performance, as feedback for the management team.

### PROCEDURE AND STRUCTURE OF CSMS







### Statement GRI G4 Core In Accordance Check

The National Center for Sustainability Reporting (NCSR) has conducted a GRI G4 Core in Accordance Check on the PetroChina International Companies in Indonesia. 2014 ("Report"). The check communicates the extent to which the GRI G4 Core criteria has been applied in the Report. The check does not provide an opinion on the sustainability performance of the reporter or the quality of the information provided in the report.

We conclude that this Report has presented disclosures, either fully or partially, in accordance with GRI G4 Core criteria.

National Center for Sustainability Reporting

A handwritten signature in black ink, appearing to read "Elmar Bouma".

Elmar Bouma  
Director

## GRI G4 CORE CORE INDEKS [G4-32]

Material Aspects	Reported Index	Remarks	Reported on page
<b>GENERAL STANDARD DISCLOSURE</b>			
Strategy and Analysis	G4-1	Statement from the highest governance body regarding short term and long term strategy in implementing sustainability	20-21
Organizational Profile	G4-3	Organization name	14
	G4-4	Primary brands, products and services	14
	G4-5	Organization headquarters	14, 15
	G4-6	Operational regions	14, 15
	G4-7	Ownership and legal form	14
	G4-8	Markets served, sectors served, customer types	14
	G4-9	Organization scale	14
	G4-10	Profile of employees	46
	G4-11	Collective bargaining agreements	50
	G4-12	The organization's supply chain	15
	G4-13	Changes during the reporting period	12
	G4-14	Precautionary approached and risk management	41
	G4-15	List of external chartered supported and addressed	43
	G4-16	Memberships in associations	14, 43
Material Aspect Identification and Boundary	G4-17	List of all organizational entities and reporting scope	29
	G4-18	Defining report content and boundary aspect	29
	G4-19	List of material aspect identified	29-30
	G4-20	Internal aspect boundary for each material aspects	29-30
	G4-21	External aspect boundary for each material aspects	29-30
	G4-22	Restatement from previous reports	8
	G4-23	Significant changed from previous reporting	8
Stakeholder Engagement	G4-24	List of stakeholder groups	28
	G4-25	Basis for identification and selection of stakeholder	28
	G4-26	Stakeholder engagement approach	28
	G4-27	Stakeholder concern or key topics	28
Report Profile	G4-28	Reporting period	8
	G4-29	Previous periode reports	8
	G4-30	Reporting cycle	8
	G4-31	Contact point regarding report content	8
	G4-32	GRI core index	8, 96
	G4-33	External assurance	8

Material Aspects	Reported Index	Remarks	Reported on page
Governance	G4-34	Governance structure of the organization	40
Ethics And Integrity	G4-56	Organization's values, principles, standard, norms of behavior	12, 40, 53
<b>ECONOMIC</b>			
Indirect Economic Impact	G4-DMA	Disclosure of management approach for direct economic impact	34
	G4-EC7	Development and impact of infrastructure investment and service supported	58, 60, 61, 62, 63, 64, 65, 66, 70, 73
	G4-EC8	Indirect economic impact	43, 56, 58, 60, 63, 64, 65, 66
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	37
<b>ENVIRONMENT</b>			
Energy	G4-DMA	Disclosure of management approach for energy management	80
	G4-EN3	Energy consumption	82
	G4-EN6	Reduction in energy consumption efforts and achievement	82, 83
Water	G4-EN8	Total water withdrawal by source	82
	G4-EN9	Water sources significantly affected by withdrawal of water	82
	G4-EN10	Percentage and total volume of water recycled and reused	81
Emission	G4-EN21	Emisi nox, sox, and other pollutants	83, 85
Effluent & Waste	G4-EN22	Total water discharge by quality and destination	86
	G4-EN23	Total weight of waste by type and disposal method	86
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	94
Overall	G4-EN31	Total environmental protection expenditures and investments by type	88
Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	36, 78
<b>LABOR PRACTICE AND DECENT WORK</b>			
Employment	G4-DMA	Disclosure of management approach for labor practice	46, 89
	G4-LA1	Total number and rates of new employee hires and employee turnover	49
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	50-51





## GRI G4 CORE INDEX

Material Aspects	Reported Index	Remarks	Reported on page
Occupational Health & Safety	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	89
	G4-LA6	Types and ratio of injury, occupational diseases, lost days, absenteeism and the total number of work-related fatalities.	92
Training & Education	G4-LA9	Average hours of training per year per employee	47-48
Diversity & Equal Opportunity	GA-LA12	Basic salary and remuneration of woman to men by employee category, by significant location of operation	47
Supplier Labor Practice Assessment	G4-LA14	New suppliers screened using labor practice criteria	36, 78
<b>HUMAN RIGHTS</b>			
Non Discrimination	G4-HR3	Total number of incident of discrimination and corrective action taken	47
<b>SOCIETY</b>			
Local Community	G4-DMA	Disclosure of management approach for local community	56, 57, 58, 64, 78, 80
	G4-SO1	Percentage of operation with implemented local community engagement, impact assessments, and development programs.	58, 60, 61, 62, 63, 64, 65, 66, 70
Anti-Corruption	G4-SO3	Assessment toward risk of corruption and other identified risk in the organization	43
	G4-SO4	Communication and training on anti-corruption policies and procedures	40, 43

### PETROCHINA SUSTAINABILITY REPORT 2014

Thank you for reading PetroChina Sustainability Report 2014. For PetroChina, continuous improvement is essential to be able to give the best to our stakeholders. To improve the overall sustainability performance of PetroChina we expect criticism and suggestions on this report.

No	Area	Your Comment
1.	The information presented in the report meets your expectations.	
2.	The data presented is transparent, trustworthy and fair.	
3.	The report can be read comfortably, with appropriate language style and clear.	
4.	Layout, color scheme, appearance and pictures in the report are attractive.	
5.	The information that you would like to be discussed more deeply is.	
6.	Other suggestions that you would like to convey for the improvement of BNI's Sustainability Report	

#### Reader's Profile

Gender	Age	Highest Education	Occupation
--------	-----	-------------------	------------

Name of Institution	Field of Work/ Organization	Do you want to have next year's report?	Preferred medium
---------------------	--------------------------------	---	------------------

#### PetroChina International Companies in Indonesia

Menara Kuningan, Lantai 16<sup>th</sup>, 19<sup>th</sup>,  
21<sup>st</sup> -27<sup>th</sup>, 30<sup>th</sup>  
Jl. H.R. Rasuna Said Blok X-7 Kav.5  
Jakarta 12940  
Phone. +62 21 5794 5300  
Fax. +62 21 5794 5301  
[www.petrochina.co.id](http://www.petrochina.co.id)

This page intentionally left blank page