



Sustainability in Harmony

Sustainability Report PT Petrosea Tbk. 2009



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GREETINGS

PRESIDENT DIRECTOR

Richard Bruce Ness - **President Director**

Dear Stakeholders,

The year 2009 was a significant moment in the history of Petrosea's business. The Company's acquisition from Clough Australia by PT Indika Energy Tbk, became an important step in the business milestone of Petrosea. Various management actions were conducted throughout the year in order to build a strong foundation for the future, including Corporate Social Responsibility (CSR) initiatives.

In 2009, Company has a hard business, with operational revenue decrease 17 percent and net profit decrease 10 percent. But on the other hand, Petrosea which focusly have its main business on the energy sector, particularly the mining business line, successfully increased 76% of the value of the project in hand. The renewal contract with PT Gunung Bayan Pratama Coal and a new contract with PT Adimitra Baratama Nusantara (ABN) were some of the successes achieved by the Mining business line. These successes were followed by Petrosea Offshore Supply Base (POSB) business line, which was able to secure contracts with several international oil and gas companies. Meanwhile, the Engineering and Construction business line completed its business and department restructurisation, and was awarded a contract for the Kaltim Nitrat Indonesia (KNI) Amonium Nitrate Project.

The enactment of Law No. 4 of 2009 on Mineral and Coal Mining (Law No. 4/2009), Company believes that this will open the opportunity to expand our project and extend the existing project, both in mining, engineering and construction, and Petrosea Offshore Supply Base. As part of Indika Energy, We believe we will be able to achieve success and maintain our good reputation, experiences, and network both in national and international level, which combined with excellence, capability, and network in Indika Energy. To be able to reach those targets, we need investment in terms of excellent human resources, technology and management.

As a company which operates in the energy industry, we are aware that the environment in which we operate is a significant factor. The change of management, which occurred in 2009, does not wave our commitment toward the environment and community sustainability. This year has been a momentous year. Not only due to the acquisition by Indika Energy, but it is also a first for Petrosea to publish its Sustainability Report, as part of our commitment to a sustainable future.

People, Profit and Planet are the three pillars in Petrosea's sustainable concept. Various actions have been defined and socialised starting with the Board of Directors' level up to daily operational level. Regarding the Planet pillar, Petrosea has and endeavours to carry out environmentally-friendly business practices. Emission test programs, both on operational machines and vehicles, safe waste management and orangutan preservation in Santan project are our main programs throughout the year. The ISO 90012008, OHSAS 18001, and ISO 14001:204 certifications, along with the HSE Management System and the Zero Accident Award by the Indonesian Minister for Manpower and Transmigration for the fifth time, are testaments of the Company's commitment toward sustaining principles.

On the Profit pillar, Petrosea continues its commitment in implementing good corporate governance through transparent business processes. Petrosea believes that each of our success is achieved through the hard work and cooperation of its employees. Our policy and programs exist with the employees' development in mind. As for community development, economic empowerment and education are Petrosea's main priority for this year. Our CSR activities for 2009 were donation of sewing machines and entrepreneurship training for the local housewives as well as granting reconditioned computers for teachers' computer training.

This Sustainability Report will become a communication medium of our commitment to preserving the Earth for our next generation yet also become an appropriate measurement tool of Petrosea's commitment and efforts for future sustainability in Indonesia.

(1.1)



SUSTAINABILITY IN HARMONY

Petrosea's two main stakeholders are the environment and the community that lives in the area in which we operate. Sustainability in harmony is our concept in terms of preserving the nature and involving the community, which lives in our operation areas. For Petrosea, this is a challenge yet also an opportunity to take part in environmental preservation and community independence.

Sustainability as part of Petrosea's strategy is conducting environmentally-friendly business practices and growing along with the local community. This strategy has become our guideline by also being aware of external conditions such as climate change, political climate, macro and micro economic, social factors, and technology both on national and international levels. As a mining contractor company, waste and air pollutions are some of the major environmental impacts that may arise. Emission tests and waste management programs are some of our main priorities related to climate change, which became a key issue during 2009. It is our hope to see the local community develop, especially when one day we close our operational area and leave the local community, who has become our closest stakeholder. Petrosea believes that with its commitment, strategies, and efforts, the Company will be able to grow harmoniously with the environment and the local community. (1.2)

“Emission tests and waste management programs are some of our main priorities”

Petrosea's Sustainability Concept Targets and Achievements for 2009 (1.2)

2009 Targets	Achievements	Lessons Learned
Create livelihood for the local community.	Hold sewing workshops for 2 weeks, donations of 3 sewing machines and 1 overlock machine in Sukamaju, Kutai Kartanegara. After a few months, participants started to receive sewing orders.	Able to fulfill their own needs, financial independence and self-esteem improvement.
Play a role in the uptake of technology usage for education as well as supporting an environmentally-friendly recycling program.	Distribute 72 useable and reconditioned CPUs, 74 monitors and 42 keyboards by ICT Watch. A healthy computer laboratory was built for those useable computers.	Understanding of environmentally-friendly concept, the technology usage, and educational access for eco-friendly, underdeveloped areas.
Take part in reducing greenhouse gas emission.	Conduct emission tests annually on each operational vehicles and machines.	Decrease of carbon usage, environmental awareness and its consequences.
Build high awareness towards environment amongst Petrosea employees.	Hold as many as 112 trainings which cover waste, air, water and soil management and its effects.	Decrease of carbon usage, environmental awareness and its consequences.

Table 2. Medium-Term Petrosea Targets (1.2)

Medium-Term Objectives (3-5 years)	2010 Target
Stabilisation of Environmental Management Systems (EMS) which consists of Petrosea Green House Gas Emission Trading Pilot Project. The installation of measurement tools for emission, energy and water consumption.	Participating in activities in connection with global warming and climate change.
Stabilisation of an entrepreneurship workshop for housewives in project location.	Local Community Independence.
Provision of health benefits for the Petrosea employees and family.	Employee Welfare.

SUSTAINABILITY REPORT AT A GLANCE

Yearly Sustainability Report is one of Petrosea's commitments as an energy company in the mining, engineering and construction industry in Indonesia to complete the information on our annual report and Petrosea's status as an open public company enlisted on the Indonesia Stock Exchange.

Currently, the 2009 Sustainability report is the first report published by Petrosea, therefore there is no restatement in reporting and there are no changes both in boundary or reporting method. (3.2, 3.10, 3.11) This report is prepared in accordance to our performance in January – December 2009 period and will be published annually. (3.1, 3.3) The company expects this report to be a good starting point to develop and improve our commitment of environment and local community where we operate.

Reporting Objectives

Here in this report, Petrosea aims to communicate across to the stakeholders in our business and also to the public regarding our commitment of good corporate governance, environment preservation, and community empowerment. Those are the three main pillars for the Company in terms of doing business in Indonesia.

Overall, this report is designed using reliability, accountability, and completeness to include implemented activities, defined policy as well as policy which will be implemented on in future years to come. Petrosea believes that this report will clearly define our activities during 2009. (2.8)

Approach to The Reporting System

As a basis for writing this report, Petrosea's performance throughout 2009 was used which is measured with Global Reporting Initiatives (GRI) Index 3.0 version. GRI Index measurement covers business aspects, human resources, social, environment and economy. This report is audited by an external third party. Petrosea Sustainable reporting is using the materiality principle, which prioritizes disclosure information that able to affect the decision making, related to the stakeholders which have economy, social, and environment effects. (3.5) These are the reporting Petrosea sustainability report: (3.5) Data is gathered based on activities and policies which were implemented in 2009; Data is collected along with the approval and monitoring from each head of division; Editorial team gathered and analysed the data, and structured the report draft; Editing process is done by Chief in Editor; The edited report is sent back to contributors to each division; Finish the final revision; and Report is submitted to the external auditor with the authority to audit the report.

Noted in this report are: (3.5)

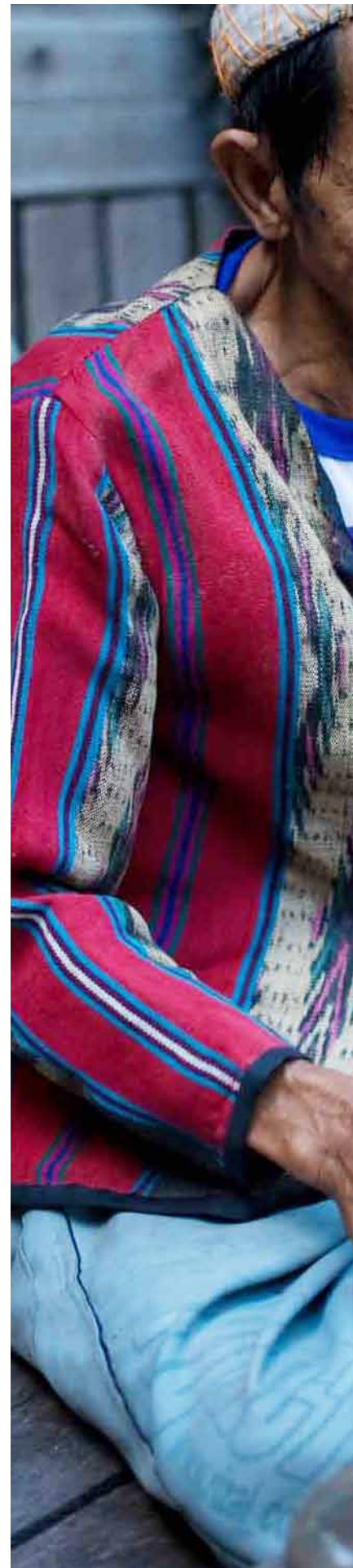
1. Economy, social, and environmental performances as required on GRI Index 3.0 version
2. Changes during 2009
3. Operational activities which are required on GRI Index 3.0 version indicator
4. Operational activities which meet the regulations or compliance
5. Additional indicators in GRI 3.0 version
6. Additional indicators in GRI Mining and Metal Sector Supplement (RG & MMS)

All data stated on this report covers the financial data based on Petrosea's financial report that has been audited, along with the waste management performance data which is assessed quantitatively using measurement tools. (3.9)

Reporting Assessment

Nevertheless, this report is assessed by an external auditor, which includes:

1. Evaluation on report accuracy
2. Discrepancy analysis which relates with the scope of GRI Index 3.0 version
3. Assessment that covers the scoring system and %age related with GRI 3.0 version requirements.





The Basic Guidelines

Global Reporting Initiative (GRI) 3.0 version and Sustainability Reporting Guidelines & Mining Metals Sector Supplement (RG&MMS) published on 12 January 2009 becomes the basis of this report. (3.5, 3.13) Information regarding the needs of the stakeholder, which may arise in the reporting, is gathered both from the local and central government, non-governmental organizations, mass media, and public figures in the local community. (3.5)

Reporting Scope (3.6)

This report provides information that consists of financial, environmental, social and community performances, business trends, operational activities and the acquisition of Petrosea in June 2009. (3.7) This report involves the company in Indonesia, all of Petrosea joint ventures and its business lines, and last but not least the clients who have financial impact on the Company and the local community. (3.6) This report does not explain any financial, environmental, social performance nor any data on Petrosea's subsidiaries, PT Santan Batu Bara and PT Tirta Kencana Cahaya Mandiri (TKCM). (3.7)

Independent Verification

This report has been verified by the National Centre for Sustainability Reporting (NCSR), an international institution which particularly deals with the certification and verification on environmental, social, and economy reports. NCSR is established by five major independent organizations, which are Indonesian Management Accountants Institute (IAIM previously known as (IAI-KAM), National Committee on Governance (KNKG), Forum for Corporate Governance in Indonesia (FCGI), Public Listed Company Association (AEI), and Indonesian Netherlands Association (INA). NCSR is a non-profit organization which aims to improve the sustainable report based on GRI standard and has been a GRI organizational stakeholder since 2007. One of its human resources capacity building programs is through certification training developed by NCSR and at this present, this program is in the middle of GRI certification process. NCSR is implement Sustainability Assurance Report based on AA1000APS Accountability. (3.13)

Comments, critics or suggestions, regarding data and information in this report, kindly convey to: (3.4)

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PETROSEA AND INDONESIA'S ENERGY BUSINESS CHALLENGE

Our Business Strategy

Our goal is to play an important role to achieve better mining in Indonesia. This important role is realised through our vision of becoming the multi-disciplinary engineering, construction, and mining company of choice with international standardized capabilities. We achieve this vision by providing thorough and efficient solutions, enhanced margin, return on assets and investments through integrated and international standard capabilities. (4.8)

As a company with a vision to becoming an internationally standardised capability company, Petrosea is committed to contributing to the Indonesia mining sector. (4.8) Our international standards have also become a guideline to develop our performances on economy, environment, and community. (4.8) Several international standards such as International Labour Organization (ILO) and government regulations have become our reference in developing the sustainability concept in our Company. Our participation in several exhibitions and international organizations are a part of our real action to improve the mining industry in Indonesia (4.13) At the present time, Petrosea is a member of

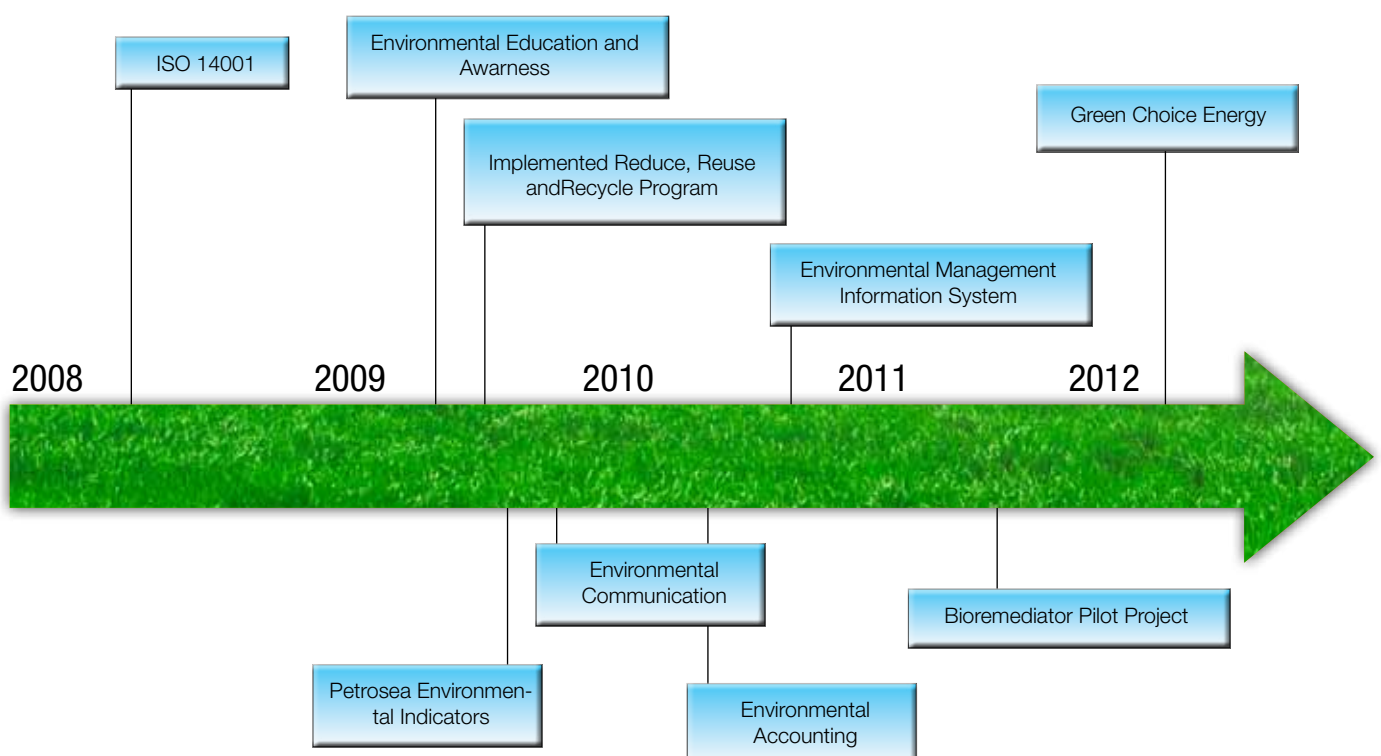
"It took a lot of effort for Petrosea to become a leading first public company on engineering and construction, mining and service in Indonesia. Through strong commitment and team hard work, Petrosea successfully became one of the strongest players within the energy sector in Indonesia."

Indonesian-Australian Business Council (IABC) and Indonesia Mining Service Association (Aspindo). (4.13) By joining those associations, Petrosea also conducts ethical codes or regulations as applied in IABC and Aspindo. (4.12) During 2009, Petrosea also actively participates in several exhibitions such as Indogas, Coaltrans Asia, and Ozmine. (4.13)

Being a Good Neighbor

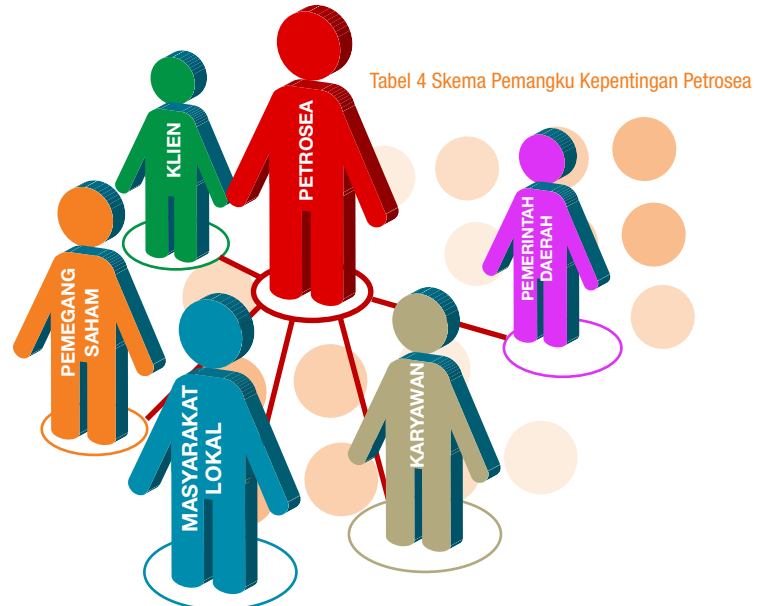
To achieve our vision as multi-disciplinary company in the energy sector with international standards sets their own business challenges for Petrosea. However, nature preservation and local community empowerment is also equally important with Petrosea business challenges. Petrosea realises that sustainable concept will undergo a long and winding processes, which is why we define Petrosea's strategic plan into a medium term plan of five years in relation to the environment. The table below is Petrosea medium term plan to establish an environmentally-friendly business

Table 3. Petrosea Environmental Strategic Plan (2008-2012)





For Petrosea, being a good neighbor means develop good relationships with all parties involved where we operate. Develop a two-way communication by managing feedback is our strategy to becoming a citizen who contributes to the community. Petrosea defines the stakeholders as the parties who get to experience the company's existence. (4.15) Local community, employee, client, shareholder and local government are our stakeholders identified based on our existence in a location. The scheme below is our stakeholders: (4.14)



There are several communication forums used for the needs of the stakeholders. Various communication forums with the stakeholders have been executed, starting with formal meetings such as meeting with the local public figure, client gathering, to daily communications, both through communication devices as well as informal meeting. (4.16) Frequency of meetings with the stakeholders was deliberately unlimited and held based on needs. This is done to maximize communication between the corporation and its stakeholders. The issues discussed in meetings with the parties involved cover how the corporation is able to actively contribute in every stakeholder's needs and the impact that the community receives toward the company's business practices. (4.17)

Table 5. Petrosea activities related with the stakeholders (4.17)

No	Stakeholders	Communication Approach	Frequency	Output
1	Local community and public figures who reside in project area	Community forum	Once a month and based on needs	Socialization on entrepreneurship program for housewives, health and infrastructure aid in Family-like atmosphere.
2	Employee	LKS Bipartite Forum, Sundowner Townhall, Meet& Greet	Quarterly and based on needs	Good industrial relations between Petrosea's management and its employees
3	Client	Client gathering	Based on needs	Obtain information regarding the clients' needs and feed back on Petrosea services
4	Local Government	Informal meeting with the local government	Based on needs	Good relations with the local government in order To socialise the entrepreneurship program for housewives.
5	Shareholders	General Shareholder Meeting and informal meeting	Once a year and based on needs	Good communication between company and shareholders

CERTIFICATION AND AWARDS

CHARMING EFFECT FROM PETROSEA'S HARD WORKING TEAM

Through hard work and team spirit, Petrosea has made remarkable progress on its operational activities compared with 2008. This progress is evident through several awards and certifications successfully achieved by Petrosea during 2009: (2.10)

ISO 9001: 2008 – Quality Standard Commitment which is audited by external auditor, SGS.

ISO 14001: 2004 – Environmental Management System Commitment Standard which is audited by external auditor, SGS.

OHSAS 18001: Petrosea head office in Jakarta and Tanjung Batu is audited by SGS for Safety Management System. Petrosea has been recommended for OHSAS 18001 certification standard for Health and Safety.

The award for Zero Accident and Health, Safety, and Environmental Management(HSE) – 14 October 2009 is awarded by Manpower and Transmigration Minister for Petrosea Project in Sanga-Sanga, East Kalimantan for 2,113,950 working hours and POSB in Tanjung Batu for 5,369,399 working hours.

In 2009 we proposed internal communication system as implemented in the Company and Petrosea CSR program taking the form of entrepreneurship training for housewives in Sukamaju, Kutai Kartanegara, East Kalimantan on the Ing Griya Award from Indonesian Public Relations Association. This award will be announced on 2010. We consider Petrosea's participation in the competition to be a measurement and evaluation on our executed programs. (2.10)



ISO 9001: 2008 – Quality Management System standard commitment



OHSAS 18001 - Health and Safety Management System standard commitment



ISO 14001: 2004 – Environmental Management System standard commitment



Certificate for Zero Accidents and HSE Management System from the Minister of Manpower and Transmigration






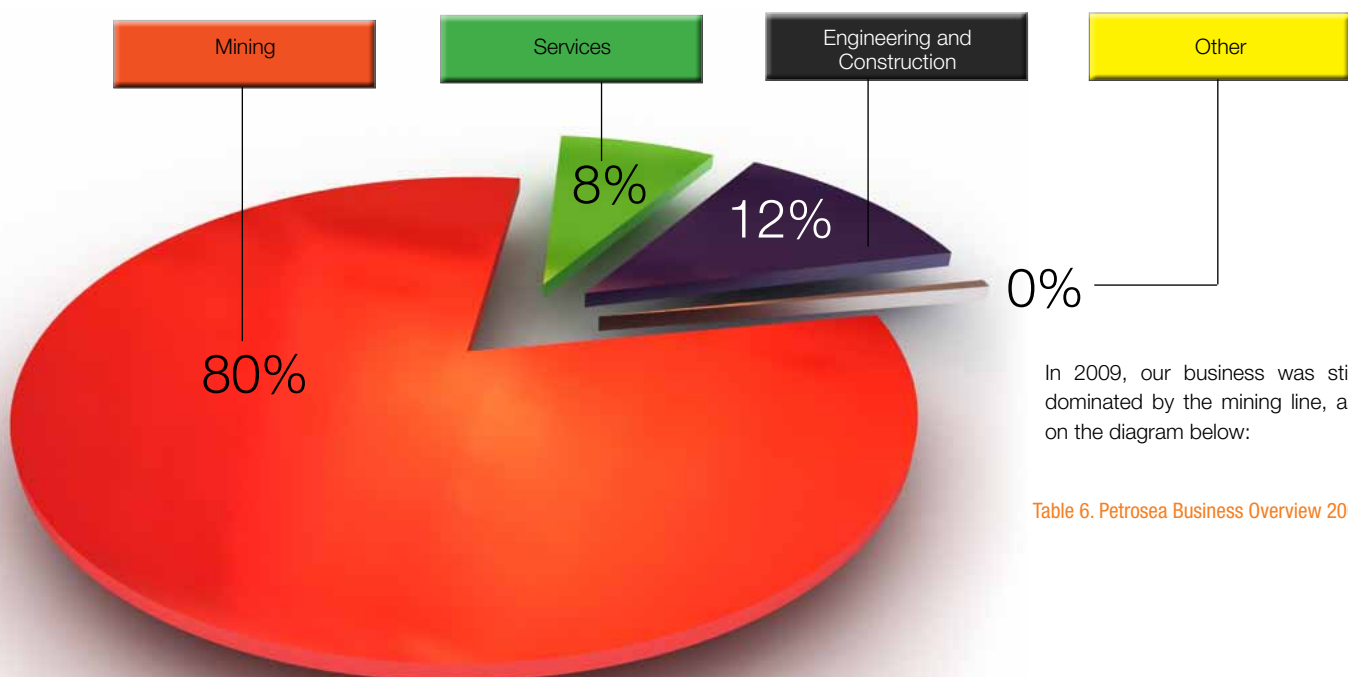
IPRA Awards for CSR and Internal Relation from International Public Relations Associations

OUR BUSINESS REVIEW

Starting the business in 1972, PT Petrosea Tbk located in Jakarta is a national mining contractor, which currently focuses its business in Indonesia, particularly in five area which covers East Kalimantan, Halmahera, Sulawesi, Sumbawa and Tangerang. (2.1, 2.4 2.5) In 2009, our operational area covers Bontang, Santan, Sanga-Sanga, Gunung Bayan, and Balikpapan. Generally, Petrosea business is divided into three lines, mining, services, engineering and construction. (2.2) July 2009 was a historic momentum in our business path. There was 81.95% of shares acquisition from Clough Australia to Indika Energy Group, wherein the rest of the stock ownership belongs to the public. With 2.557 emolpyee with services on mining, engineering and construction, and POSB, we belive we able to build synergy in Indika Energy Group. (2.6, 2.8 2.9) As the first mining contract that became a public company in 1990, the shares acquisition was a new step for the company. Aside from the previously mentioned business lines, Petrosea also has 50% shares in PT Santan Batubara and 47% shares in PT Tirta Kencana Cahaya Mandiri, as shown on the table below: (3.8)

Table 5 Petrosea Ownership Review 2009 (2.6)

PT PETROSEA TBK MAJOR SHAREHOLDER	PORTOFOLIO PT PETROSEA TBK	
		
98,55% (IDX: INDY)	50% SHAREHOLDER IN PT SANTAN BATUBARA	47% SHAREHOLDER IN PT TIRTA KENCANA CAHAYA MANDIRI



In 2009, our business was still largely dominated by the mining line, as shown on the diagram below:

Table 6. Petrosea Business Overview 2009 (2.7)

BUSINESS LINE



Experienced in mining, processing, and infrastructure, we believe that we are able to contribute to the mining market. Our mining armada is complete and continuously improved in order to provide efficient and effective services. At the present time, our mining operation line covers Gunung Bayan Coal Mining Project, Sanga-Sanga Coal Mining, Santan Batubara, and Adimitra Baratama Nusantara Project. As for the Sanga-Sanga coal mining project contract ends on September 2009 and since then have started ABN project with PT Adimitra Baratama Nusantara located in Sanga-Sanga, East Kalimantan. (2.9)

MINING

BUSINESS LINE



2009 is a consolidating year on our engineering and construction line. This is marked with the finishing of previous projects along with the restructured team with a goal to set the next project targets. Some of the projects successfully achieved by this line had to be postponed or even cancelled due to the global economy crisis that had a negative impact for the overall domestic market. On 2009, Engineering and construction line was awarded with project management consultation (PMC) contract with PT Kaltim Nitrate Indonesia (KNI) for the PT KNI Amonium Nitrate facilities in East Borneo and other studies.

ENGINEERING AND CONSTRUCTION

Petrosea Offshore Supply Base (POSB) offers a comprehensive and qualified service on offshore logistic support for oil and gas sector, through support the exploration drilling and production in the Makassar Strait and its area. These qualities have proven to be a special factor on POSB's expansion of its client base significantly over the past 12 months to now include Total Indonesia, ENI Bukat, Chevron and ExxonMobil. Besides that, there were several contracts awarded from other operators such as ENI Bukat, Marathon, Statoil Hydro, Talisman Energy, ConocoPhillips Indonesia and Anadarko.



PETROSEA OFFSHORE SUPPLY BASE (POSB)

INVESTMENT

On 11 June 2004, through 47% shares ownership in PT Tirta Kencana Cahaya Mandiri (TKCM), Petrosea signed a schemed cooperation project agreement for a 15-year ROT (Rehabilitate, Operation, and Transfer) contract with PDAM Tirta Kerta Raharja (PDAM TKR). PDAM TKR is a regional municipality company owned by the local government of Tangerang Regency.

TKCM reached two monumental milestones during 2009:

- The 5-year bank loan facility for financing the ROT project has been fully paid back on time as scheduled through funding from its stakeholders.
- Exhilarating results received from BANI Assembly (Indonesian National Board of Arbitration) regarding the arbitration process, decided that the validity of requirement as stated on the note of agreement with PDAM TKR has been emphasised with no changes. This decision will create a good climate to maintain the cooperation and better relationship with PDAM as a client. (2.9)



WATER TREATMENT

Operating in 24.930 Ha land and divided into four big areas which is Separi, Birawa, Uskap and Santan, PT Santan Batubara is an equally-owned mining concession between PT Petrosea Tbk and coal mining firm PT Harum Energy (formerly PT Tanito Harum) with 50% stock ownership on each companies.

On 19 February 1998, PT Santan Batubara which located in Kutai Kartanegara, East Kalimantan, signed Work Agreement on Coal Mining Enterprises (WA) with the government to survey, explore and develop coal resources in the mining concession. According to the latest study conducted by the consultant and company evaluation, there is 487.42 million tons of coal and there are reserves that can be mined reach 53.53 million tons of coal. PT Santan Batubara which started its production on March 2009, successfully produced 1.25 million tons of coal in its first year.

During 2009, the clients are MSJ, Glencore, Bhatia, Bulk Trading and Nobel. To produce 3 million tons of coal per year start on 2011 until 2014 is a challenging target for PT Santan Batubara. Stand from the increase of production capacity and start an expansion in Uskap and Birawa, PT Santan Batubara will increase its selling to the third parties. Based on those strategies, we expect PT Santan Batubara will developed more extensively and take part on the mining business in Indonesia.



SANTAN BATUBARA

OUR MANAGEMENT

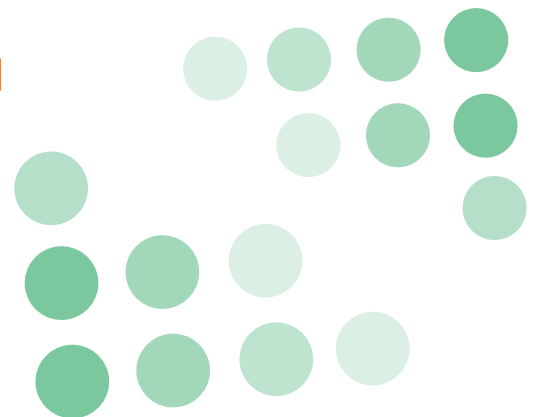
Our Team

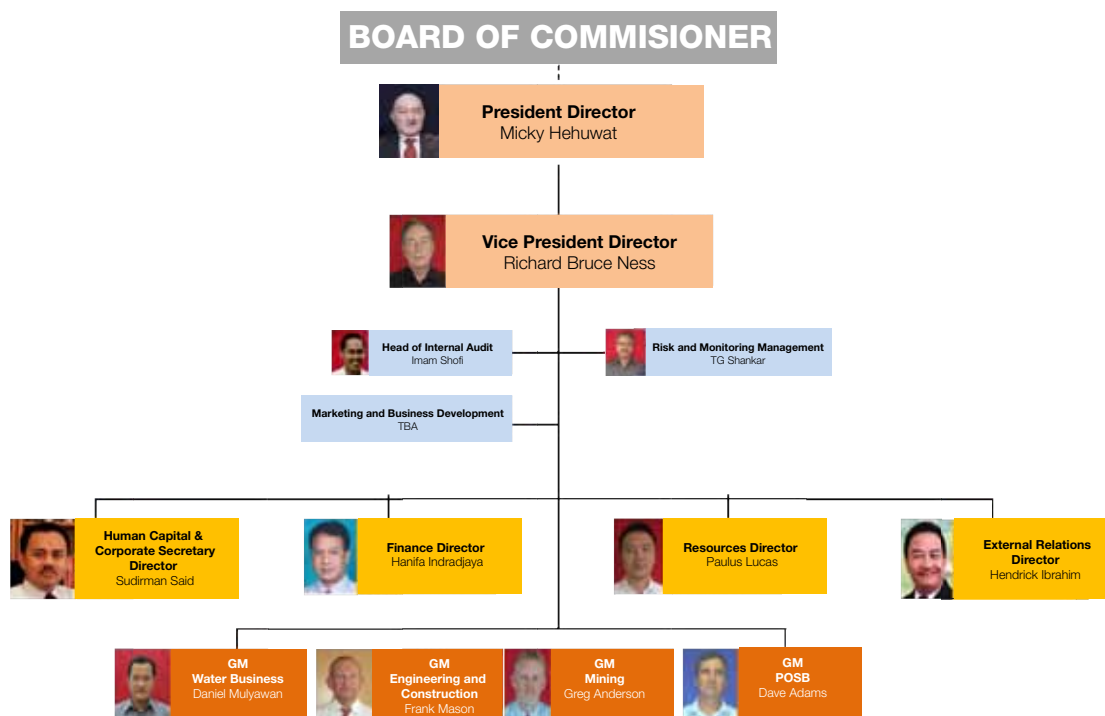
Until 2009, 2,557 employees have been involved in the business lines that we run. (L41) This mining exploration operates through a professional system and is governed by a team of experts and professional management. As an organization, Petrosea operational activity divided into three main divisions which is Mining, Water, Engineering and Construction, and Petrosea Offshore Supply Base (POSB) division. In order to support main operational activities, Petrosea consist of seven divisions which consist of Audit Internal Division, Risk Management and Monitoring, Marketing and Business Development, Human Resources and Corporate Secretary, Finance, Resources, and External Relations. Petrosea had representative office which also becomes POSB location in Balikpapan. (2.3)

The following is the structure of Petrosea management team (2.3):



Our solid management and high commitment on Petrosea's existence in Indonesia is a key factor as to how we were able to accomplish various achievements and survive a long-winded business path in the Indonesian energy sector. Our professionalism and hard work has become a main management principle in running the business.





a. Board of Commissioner (2.9, 4.1)

	2008 – June 2009	June - December 2009
President Commissioner	Firdaus A. Siddik	Pandri Prabono Moelyo
Commissioner	Andrew Walsh	Wadyono Suliantoro W.
Commissioner	John Smith	Azis Armand
Independent Commissioner	John Karamoy	Sriyanto SIP
Independent Commissioner	N/A	Wadyono Suliantoro W.
Independent Commissioner	N/A	Simon F. Sembiring
Independent Commissioner	N/A	Barry T. Davies

b. Board of Directors (2.9, 4.1)

	2008 – June 2009	June - December 2009
President Director	Micky P. Hehuwat	Micky P. Hehuwat
Vice President Director	N/A	Richard B. Ness
Director	Hendrick U. Ibrahim	Hendrick U. Ibrahim
Director	Neil Whitaker	Neil Whitaker
Director Corporate Secretary	Matthew Robson	Sudirman Said (Human Capital Director)
Director	N/A	Paulus Lucas Gandhaya
Director	N/A	Hanifa Indradjaya

c. Petrosea Management Team

	June - December 2009
President Director	Micky P. Hehuwat
Vice President Director	Richard B. Ness
Human Resources Director and Corporate Secretary	Sudirman Said
Finance Director	Hanifa Indradjaya
Resources Director	Paulus Lucas
External Relations Director	Hendrick Ibrahim
Head of Internal Audit	Iman Shofi
Head of Marketing and Business Development	N/A
Risk and Monitoring Management	TG Shankar
Water Business General Manager	Daniel Mulyawan
Engineering and Construction General Manager	Frank Mason
Mining General Manager	Greg Anderson
POSB General Manager	Dave Adams

On July 2009, Petrosea was officially acquired by Indika Energy Tbk from Clough Australia. Indika Energy Group will reinforce Petrosea's position in Indonesia as an engineering and contractor company to become the leading energy company in Indonesia mining sector. Moreover, we believe the acquisition will deliver positive impact for the sustainability of environment and community both on local as well as national level. (2.6, 2.9)

EXCEEDING CLIENTS' EXPECTATIONS

Maintain good relationship with clients while holding fast to the principles of business and continuously striving to provide world-class service for our clients is a core principle. Building good rapport and maintain good relations is our goal when it comes to delivering our best services to the clients. We perceive inputs, suggestions or comments as a form of client's concern towards the Company's improvement and will be followed up immediately. Although of course in its process we do not exclude applicable government regulations related to the energy business. This principle bears fruit, with the opening of several new projects in 2009.

Safety and Health issues from the services we provide are priority in our operational activity. Those health and safety issues are evaluated through our HSE performance which relies on two things, The Lost Time Injury Frequent Rate and The Total Recordable Frequent Injury Rate. This evaluation is presented through HSE report which published monthly. This report evaluates all of Petrosea delivery services, which is engineering and construction, mining, and offshore supply base, both located in site and in head office. (PR1) Petrosea uses HSE management, ISO 9001:2008 concerning on quality standard commitment, ISO 14001:2004 concerning on environment standard, and OHSAS 18001 concerning on Safety Management System. Those standards are used in our procedures to evaluate the quality of our health and safety services. (PR3) Through strong commitment of health and safety in our services, there is no incident of non-compliance with regulations or procedure which affected on health and safety in our delivery services. It also shown by HSE award for Petrosea, which awarded by Manpower Ministry for Sanga-Sanga and Tanjung Batu Project. (PR2) Regarding labels on packaging, whereby Petrosea merely provides services and does not produce any goods in any particular packaging. Therefore there had been no complaints regarding packaging labels in our business. (PR4) Nevertheless, Petrosea continues to be highly committed in delivering international standard services for our

clients and during 2009 there were no findings concerning health, safety or clients' product complaints.

Customer Relationship Management (CRM) is a system that we apply in our attempt to build close-knit relationships with our first and second-priority clients. Our Board of Directors put their unending supervision on Company services to the clients. Several events such as client gatherings and regular meetings are some of our efforts in nurturing relations with the client. Communication is not only limited through the official forum, but

"World-class service means to present excellence for every client. Running the business for more than 30 years, Petrosea comprehends the meaning of a client and put its best effort to deliver excellence in every step of our service by deliver beyond what they need."

on a daily basis, Petrosea continues to communicate with clients via telephone, email or facsimile. Customer satisfaction is our way of evaluating the Company's quality performance in the eye of the client. In 2009, Petrosea conducted a

customer satisfaction survey particularly of those in POSB, which served several multinational mining companies such as ExxonMobil Indonesia, PT Baroid Indonesia, PT Mi Swaco Indonesia, PT Total E&P Indonesia, PT ENI Bukat Limited, and PT Sea Drill. The 2009 customer feedback survey evaluated several issues, which consist of (PR5):

1. Safe and Careful performance
2. Service/equipment/product/materials performing as expected
3. Job performance in accordance with the scope of work
4. Environmentally responsible
5. Fabrication/Construction/Installation performing to expectations
6. Procurement/delivery of materials in a timely manner
7. Job performance in accordance to the schedule
8. Contract administered clearly and transparently
9. Providing complete Project Data Book

Based on the customer feedback held this year, in general, Petrosea presented satisfactory results to the clients. Below are diagrams of customer feedback survey in 2009:

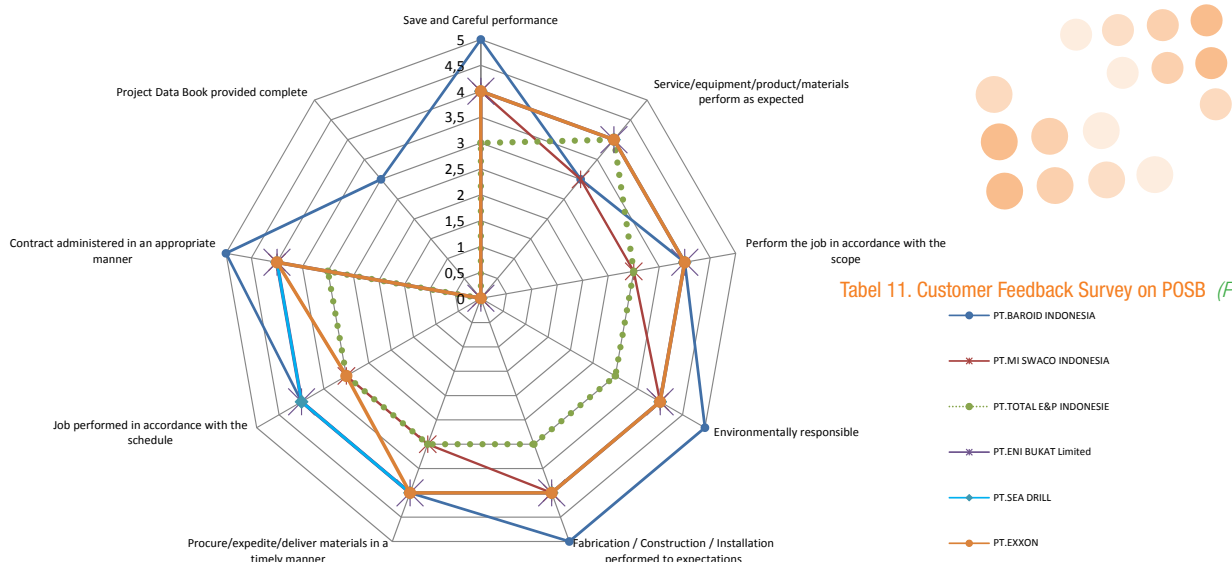
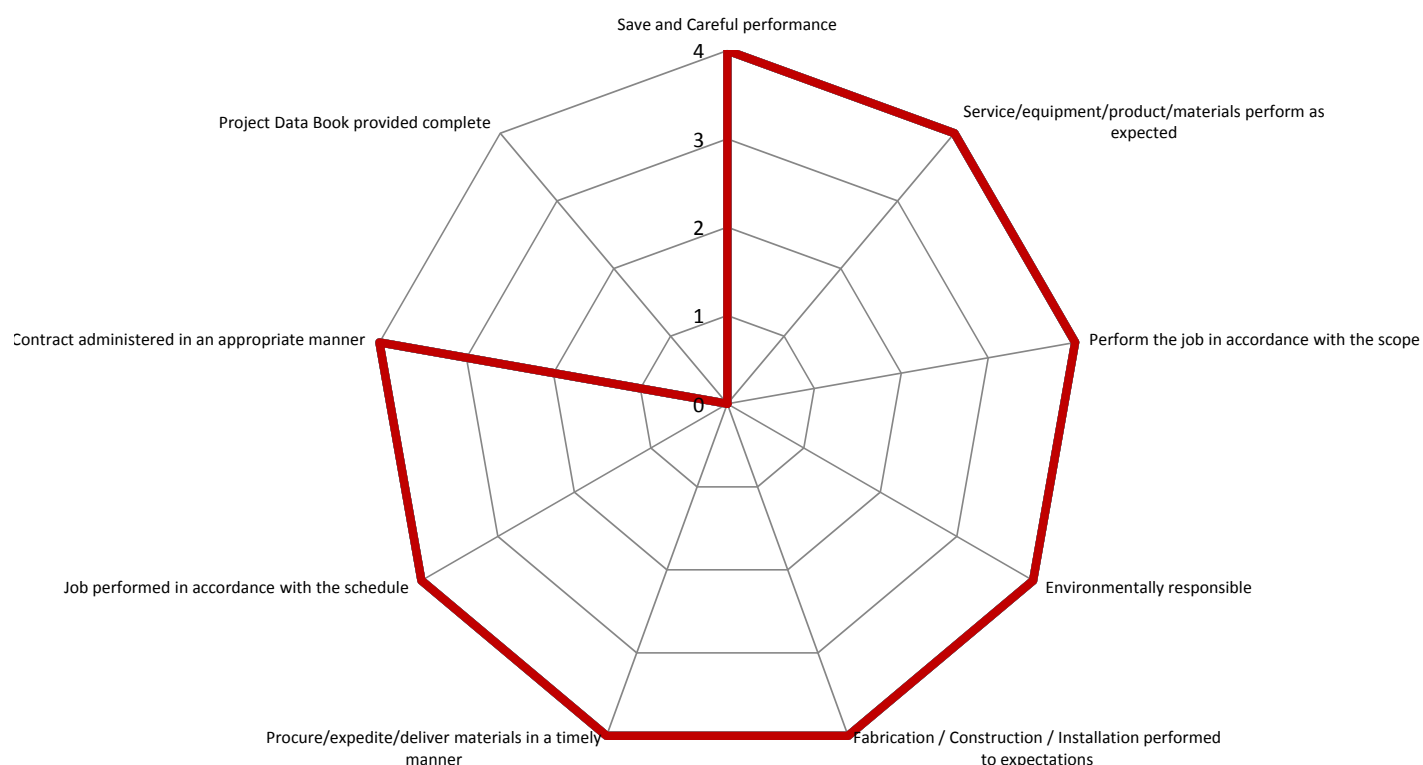


Table 12. Customer Feedback Survey on Sea Drill POSB (PR5)



Other than the CRM system applied in building communication with clients, high quality service is a reputation that is continually built and maintained. We believe reputation is a strong foundation for the Company in building a relationship with clients. Petrosea believes in meeting client expectations through the quality management system that we adopt. In 2009, Petrosea renewed its quality standard management system from ISO 9001: 2000 into ISO 9001: 2008. This renewal aims to improve our services toward client needs and demands along with other stakeholders.

Petrosea constantly educates and actively participates in every business line in regards to the importance of quality management system. Awareness of the importance of high-quality management system implemented in every step of the project begins from the initial process, planning and execution until the project's disclosure. This effort will bring positive and proactive insight for all employees in every business line in the interest of succeeding current and future projects, ultimately leading to increased customer satisfaction.

Our improvement programs have touched and involved three main Company infrastructures consisting of human resources, process and technology. Internal audit is carried out in activities both in the head office as well as project sites. It has become a standard in utilising network database technology to manage internal audit results. Clients are not only limited to national mining corporations, but our clientele base also includes multinational mining companies, and due to Petrosea's business basis which focuses on service, we do not imply any marketing communication program related to regulations or compliance in running our business. (PR6, (PR7))



BUILD A CULTURE FOR ZERO ACCIDENT

OUR THREE MAIN PILLARS

Petrosea believes in answering the challenge to take part in the realisation of sustainability for future generations with three main pillars that need to be conserved and ensured of its developments. These are People, Planet, and Profit. The opportunity and risk that related with those three pillars are identified through standard and principle that applied in Indonesia and International level, such as Blue Sky Program dan AMDAL applied by Indonesian Government, unemployed child labour as what mentioned on ILO convention, and preserve endangered species that stated by the International Union for Conservation of Nature (IUCN). We take the opportunity to participate in reducing the global warming in the future through design a Green House Gas Emissions Programs and preserve the endangered species which lived in our project area. These strategic steps is taken trough consideration that compay business may cause a risk create pollution, one of main factor in global warming. We measure our active involvement in the community through these three components along with implemented monitoring function starting with Petrosea Board of Directors as the highest level of management. They evaluate the performances of the three components including the alignment of the program with the target or the vision and mission of Petrosea. Regular meetings became a medium for the Board of Directors to follow up on supervising. (4.9) Economy, social and environmental performance is discussed in meetings with the Board of Commissioners held 4 times a year during the current budget year, whereas the Audit Committee focuses mainly on evaluating financial performance. (4.10)

ECONOMIC PERFORMANCE GOOD CORPORATE GOVERNANCE PRACTICES

Table below is Petrosea financial performance during 2009: (EC1)

	2008 (in Mn USD)	2009 (inMnUSD)
Operating Revenue	205,8	171,8
Cost of Sales	175,1	116,6
Gross Profit	30,7	55,2
Operating Cost	19,8	15,7
Operational Income	10,9	39,5
Other Revenue	-6	-35,4
Profit Before Income Tax	5	4,6
Tax	-3,3	-2,9
Net Income	1,8	1,6
Retained	45,4	46,6
Total Assets	178,2	194,5
Payment for capital provider:		
1. Total Liabilities to Total Equity	-	Rp 143
2. Payment for the debt holders	9,560	14,773
Expend for the Government	4,830	4,918

On 2009, Petrosea had invested IDR 70.000.000 particularly for donation to the community. (EC1) In relation to the economy of local community, we are currently in the process of empowering them through an entrepreneurship program, which began in 2009.

As a mining contractor, we do not posses or rent any land for energy exploration activities. Therefore Petrosea has no expenses associated

“Not only do we strive on becoming a world-class service and leading mining contractor, Petrosea aims to run a good, clean economy performance and rely all Company strategies in compliance with all regulations currently in effect in Indonesia.”

with land use. (EC1) The land that we use is for the orang-utan conservation program, where we also cooperate with our client during their execution. In 2009, there are no certain estimations and calculation is being considered of our investments toward the environment in the future. (EN30) Petrosea takes climate change, which has recently become a hot issue both on an international as well as national level, as an opportunity and a risk for the company. Faced with this global issue, we are strengthening our commitment in running an eco-friendly business and arranged several programs. Safety waste management, environmental awareness among employees, and emission test programs are only some of the opportunities which rises from climate change issues. Petrosea do not possess reserve fund which will be used to anticipate the financial loss caused by the climate change. (EC2)

Since enlisting in the Indonesia Stock Exchange as the first engineering and construction company in Indonesia 20 years ago, Petrosea holds firm its commitment on good corporate governance principles, consisting of information transparency, accountability, responsibility, independency, fairness and appropriateness, and also includes the financial performance as explained in the 2009 audited Petrosea financial report. The report from audit committe shown good result, where covers social and environment performance. We do not have a separate financial report that particularly report environment and social performance. To ensure the social and environment performance is on the track, our top management starts from managerial level into Board of Directors involve through regular meeting. (4.5) We asserted these principles in our corporate culture and pertain it on our daily business operation. Transparency is conducted through the Annual General Shareholder Meeting, which functions as a forum for the public to state their opinion toward the Board of Directors. Whereas for employees, LKS Bipartite has become a place of communication for employees to contribute suggestions, comments or even critics to the management. (4.4)



In running its corporate governance principle, Petrosea is committed to take a neutral position towards parties of concern, we do not accept any assistance from any parties including the government (EC4), provide accurate and transparent information, right on schedule, organise assignments and responsibilities for the Board of Directors and Board of Commissioners in order to ensure a maintained sense of professionalism and responsibility, as well as constantly striving to comply with laws in effect in Indonesia. This is not merely done as simply a way of following principles of good corporate governance, but also in terms of running our business in which we choose not to collide with any conflicts of interest of certain parties. Not only in terms of running a transparent financial performance, Petrosea strives to minimise risks caused by company operations, both through a financial and business aspect as well as social and environmental aspect. Surveillance from the audit committee, Human Resources Director and Corporate Secretary is an authentic structure of risk management. (4.11)

RESPONSIBILITY STRUCTURE

Good corporate governance in Petrosea is implemented on three levels, the Board of Commissioners, Board of Directors, and Audit Committee who are responsible to ensure prevention of conflict of interests. (4.6) The General Shareholders Meeting which was held in June 2009, legalized the Board of Directors as the highest level of management in running the business. (4.2) General Shareholders Meeting has become a legal opportunity to vote for qualified and experienced Board of Commissioners and Board of Directors, through their reputation and strong vision particularly related with social, economy, and environment. (4.7) Every commissioner and director in Petrosea believes in the importance of conforming and implementing good corporate governance principles, as acknowledged and instigated nationwide. The presence of four independent commissioners as part of the acquisition by Indika Energy Group is our continued commitment on good corporate governance. The independent commissioners consist of people who do not hold any financial relations with Petrosea. (4.3)

According to the Audit Committee, members of the committee expressed satisfaction of Petrosea performance during 2009. Public Accountants also assess our performance evaluation through a financial perspective, and reports company performance annually to the public through mass media and press release. (4.10)

Support a Clean Governance

As a good citizen, it has become our desire to see a clean and transparent government in Indonesia. This desire turns into our core factor to support the government policy for a prosperous and transparent Indonesia. This effort is executed from our active role on decision making process in the local community, where we give our

best recommendation as a consideration to have final decisions in local community. This recommendation arises based on act and accurate observations in local community daily lives. (SO5) As part of our commitment on good corporate governance, we define a rigid policy regarding corruption, as we acknowledge the probability of corruption in the running of our company. (SO4) Integrity is one of the principles implemented starting from the Directors up to the employees, though we have not yet held a special training discussing issues of corruption to our employees. Petrosea in the middle of planning process to implement a special training about corruption and the training will be evaluate its working hours and it effectiveness. (SO3) Serious sanctions, even employee termination will be established for every employee who is convicted of corruption in the company. Through strong commitment between management and employee regarding corruption, there is no employee in Petrosea that convicted corruption or is terminated due to corruption during 2009. (SO4)

Our three business lines propose a business risk in terms of corruption. To prevent corruption, the management has defined several integrated preventative measures. It starts with corporate policy clearly stated on the corporate Code of Conduct and Policy of Business Practices and Procurement. A clear risk management and integrated regular overall supervision processes as done by the Internal Audit division is a step further in the preventative measures of corruption in the business lines of Petrosea. This risk analysis is still in qualitative method and have not transferred into quantitative method, as our legal division in the middle of formulated this risk analysis into quantitative method, which expected able to implement in future years. (SO2)

Unbiased principle has become one of our ethical codes in doing business. As a publicly enlisted enterprise, Petrosea is committed not to donate to any parties except for the purposes of charity or corporate social responsibility. As a part of good corporate governance, we have a policy on not donating to any political parties. (SO6) Petrosea also support all employees in becoming a good citizen, especially on dutiful payment. We encourage our employee to have tax registration numbers (NPWP) and facilitate our employee to simplify the registration processes of tax registration number (NPWP) as obliged by the Indonesian Government. In 2009, Petrosea has no legal actions or sanctions related to monopoly, anti-competitive behaviour, or other violation against regulations. (SO7, SO8)

SOCIAL PERFORMANCE

EMPLOYEE AS OUR VALUABLE ASSET – STARTING POINT OF CORPORATE STRENGTH



Becoming a chosen company with full awareness on employee welfare has become our vision in developing human resources. The Dynamic Human Resources Cycles of Attract – Motivate – Retain strategy are one of the methods in Petrosea to reach its corporate vision and will continue to be put into practice. Competitive remuneration, supportive working climate, employee development through various trainings, gender equality in career path and last but not least, fair and transparent assessments are three major points in Petrosea human resources management.

Petrosea initiates its step through appreciating valuable assets by defining a fair and competitive remuneration policy for all employees. This policy is defined by paying close attention to position factors, personal as well as performance factors. We believe that those three factors are able to fairly evaluate employee performance and contribution, which will ultimately motivate employee achievement. We trust that low levels of turnover in a company affect corporate business stability in a company, especially for qualified employees. Our human resources department is involved in income surveys conducted by McDermott and Watson Wyatt, with the intention of ensuring our offering stays competitive and is able to attract new employees by offering attractive and competitive remuneration.

Create a Conducive Working Climate

Employee welfare is one of the main issues in which its execution is constantly redeveloped. Not only does it begin with providing accommodation and transportation for employees in the project site, but it also covers health and safety facilities for our employee. At the moment, we have not yet come to a conclusion in providing pension plan for the employees, although other various requirements related to human resources have been fulfilled such as competitive remunerations, incentive, holiday allowances, and

health facility program for the employees. (EC3) Jamsostek is one of the government's facilitations that we employ for our permanent or contract employee here at Petrosea. It has become our policy on not give any different benefit or facility for the contract and permanent employee. (LA3) Along with Jamsostek, Petrosea is also aware on the importance of health and safety education in the working environment. Therefore, we educate our employee through "PetroSpective", a Petrosea internal magazine as well as providing health donations for our employees who have fallen ill. Especially on health program for the employee, Company held regular training regarding health and safety and fatigue management for the employee and sport facility to keep they fit. For an example, swine flu epidemic that become important issue in 2009. Petrosea held training and socialization through our internal media on how to prevent swine flu. (LA8)

In the future years to come, Petrosea seeks to improve its high commitment for employees. Through management, Petrosea is in the process of formulating a policy to provide the permanent employee's family with benefits particularly in health assurance. We expect this policy to be feasible by mid 2010. (LA3)

We strive to accommodate a communication forum for employees outside of our working environment. We believe this forum takes on an important role in building a family-like atmosphere amongst our employees. We have Family Day a forum where Petrosea employees have the opportunity to build close relations with one another. In 2009, we omit this event due to the acquisition process. Our dedication for the welfare of employees does not stop there, but will continue beyond those programs through endless improvements for our employees.

One of the characteristics at Petrosea is diversity in terms of human resources. Our employees come from various cultures, education, and social backgrounds. We claim the diversity will enrich the company in running its business. Below are Petrosea manpower trend throughout 2009: (LA13)

Table 13. 2009 Petrosea Manpower Trend Based on Employment Status (LA13)

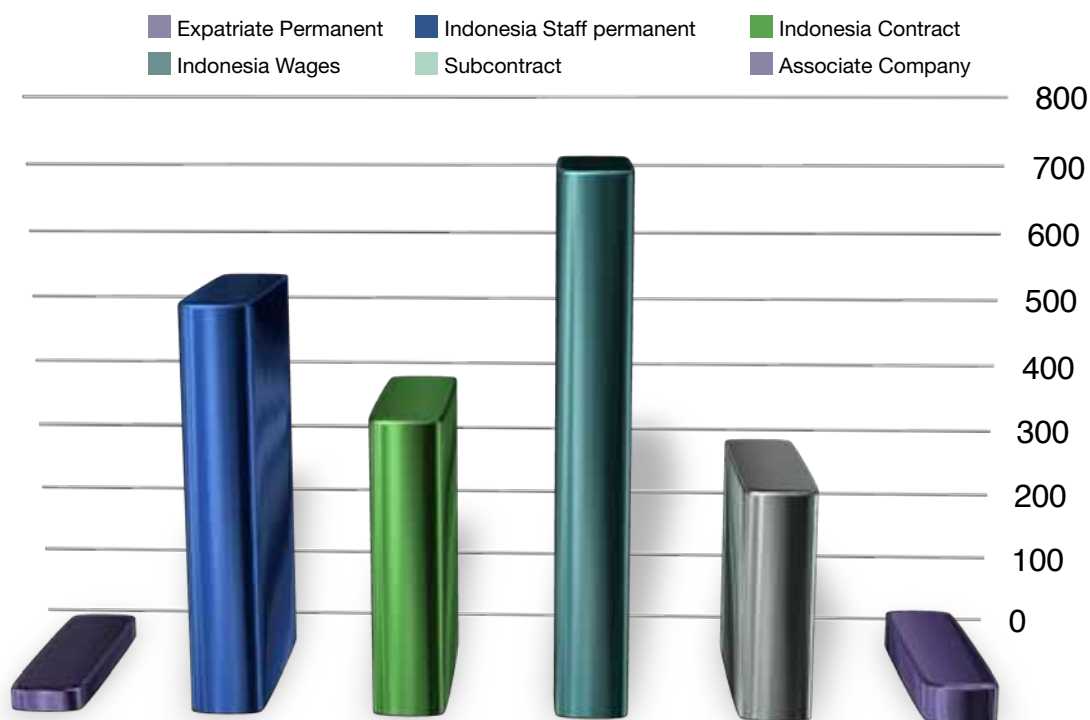


Table 14. 2009 Manpower Trend based on Band (LA13)



Table 15. 2009 Manpower Trend Based on Education Level (LA13)

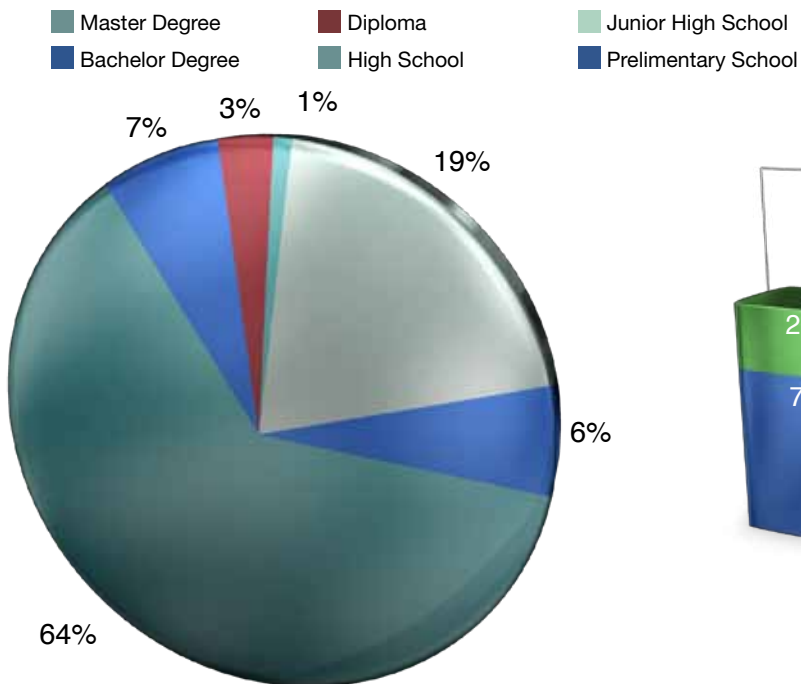


Table 16. 2009-2008 Manpower Trend Based on Sex (LA13)

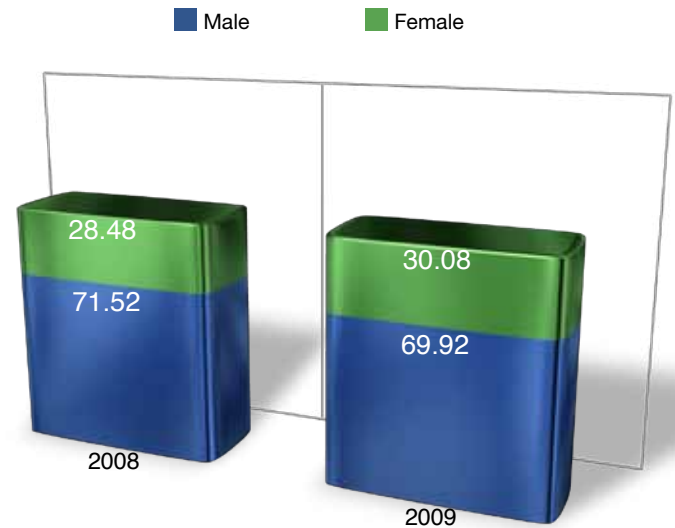


Table 17. 2009 Petrosea Manpower Turn Over Trend Based on Age (LA2, LA13)

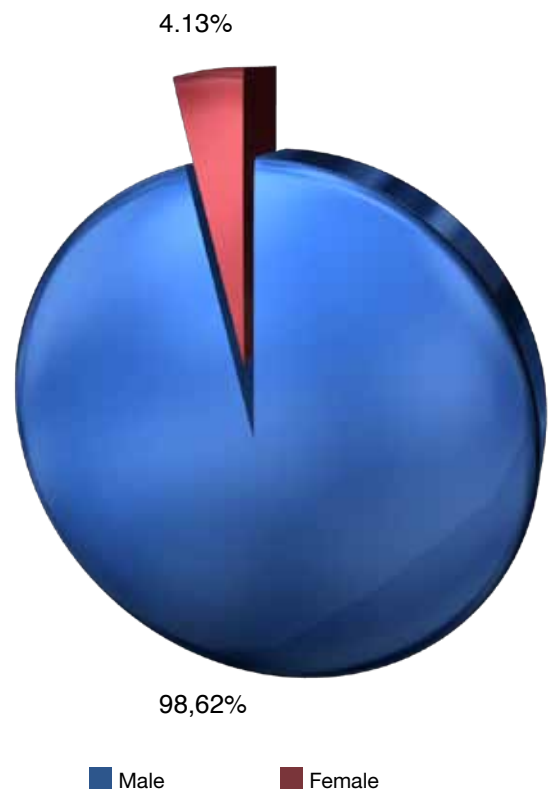
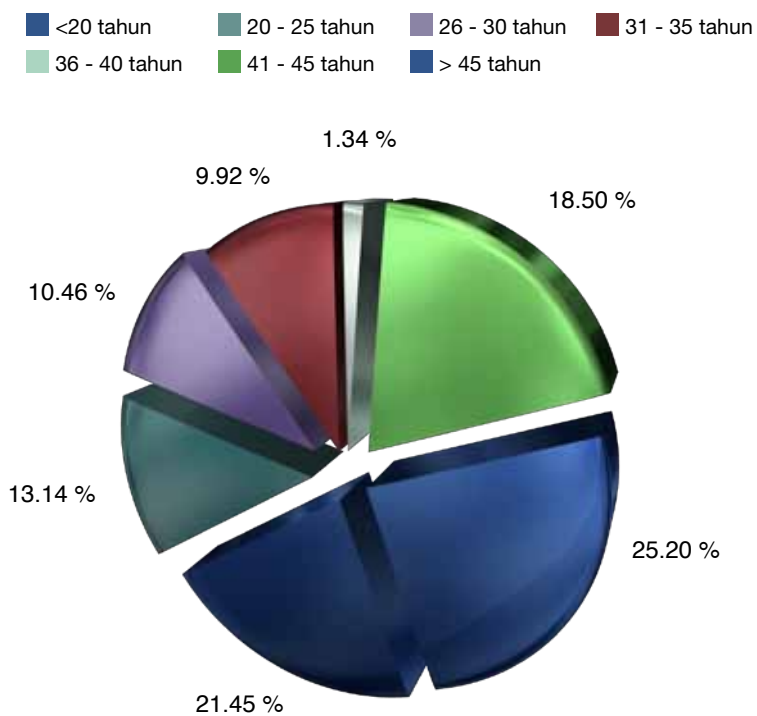


Table 18. 2009 Petrosea Manpower Turn Over Trend Based on Sex (LA2, LA13)

Manpower trend on Petrosea highest governance bodies, which we called as top management, during 2009 is consist of male on productive ages start from 30 years old until 45 years old above. There are five expatriate workers which sit on our top management and the rest of it consist of local employee with various educational background and professional experience on their expertise. (LA13)

EMPLOYEE DEVELOPMENT – COMPANY IMPROVEMENT

As a part of our awareness on employee development, Petrosea held training and seminars whose aims are to improve employee knowledge and skills. Approximately 256 trainings targeted for 3,200 employees have been implemented in 2009. For 2010, we attempt to hold 160 trainings to improve personal competency, which covers core competencies, managerial competency, and technical competency. For the top management and Board of Directors, we held a workshop called Leadership Management Workshop which aims to improve our management leadership skills. We also hold a training program of management skills for career development, such as soft skills training. Petrosea do not possess a skill development program or particular training dedicated for pre-retirement employee. (LA11)

For training programs, Petrosea does not differentiate types of training based on employee categories, but rather, training programs differ based on topics of discussion. In 2009, Petrosea did not come up with a system to calculate executed training based on working hours although it is considered to apply the system for future years to come. (LA11) The table below is a list of training programs executed during 2009:



Project	Training Title	Internal	Eksternal
Tanjung Batu	ISO 14001 training		√
	- Liebherr Electrical Training		
	- Fire Drill for Emergency team	√	
	- Confined space training for the new Service Providers		
	- SOP and JSA socialization for Dowell and Baroid crew		
	Hazardous waste Management training	√	
	- Waste Management training		
	- LOTO training	√	
	- Emergency response / Preparedness socialisation		
	- Fire Truck socialisation		
	- Advance Fire training		√
	- Helicopter Landing Officer training		
	- Basic first aid training,		
	- Hygiene training	√	
	- Spill boom training		
	ISO 9001 training		√
	Life Raft Training conducted		
	Advance Fire Fighting		√
	Health & hygiene training & Basic First Aid Training	√	
	- Fire extinguisher practice		
	- Electrical tagging,	√	
	- Emergency response team		
	- Soft skill to presenting toolbox meeting		
GBP	TapRoot Training at Balikpapan		√
	JSA training, Health hygiene training, Basic First Aid training	√	
	- New Oil & Gas Certification Training		√
	- Basic First Aid training		
	Waste management training & ISO 14001 awareness	√	
	Rigger certification Training		√
	Liebherr training	√	
	- Plant Operator Competency Assessment & Plant Operator Competency Training (conduct regularly)	√	
	- Risk assessment & JSA training		
	First Aider training	√	
Sanga-Sanga	Operating Manitou Type MHT 860L Training		√
	- POM training		√
	- ISO 9001:2008 training		
	POM & POP Training		√
	Test Pressure & Adjustment Training for Allison Transmissions		√
	Drill Machine Operating System & Fire Suppression Training		√
ABN	Refreshment training & skill improvement training for operators (conducted regularly)	√	
	Training for spotter	√	
	- Portable fire extinguisher training		
	- Fatigue management training	√	
Bontang	- Defensive driving training		
	Fatigue training	√	
	First aid training (conduct regularly)	√	
	HSE Leadership for Supervisors	√	
Jakarta Corporate	TapRoot Training at Balikpapan		√
	Electrical Basic Motor Connection Training	√	
	ISO 14001 internal training auditor		√
	- Hazard Risk and Risk Assessment system database training		
	- Training to use gondola	√	
	- Developing JHA training to subcontractor		
	Negotiation skill training		√
	- FM200 instruction guide training	√	
Santan	- Hazardous waste management and monitoring training		
	First aid training		√
	Internal Audit Training for Integrated OHSAS & ISO 14001		√
	Training PHASES (database)	√	
	First aid training for mining department	√	
	First Aid Training, LOTO, JSA and Rigging Training, Fatigue Program Training	√	

Table 19. Total Trainings in 2009 (LA8)

FAIR AND TRANSPARENT ASSESSMENT

We believe that what has been achieved is only due to our employees' hard work and we appreciate what the employees have done for the company. To maintain transparency and fairness in appraising our employees' performance, we adopted the Balance Scorecard system in 2009. For 2009, all of our employees received performance review and career development due to the implementation of the Balance Scorecard. (LA12) The company is certain this system will provide a clear picture on what they have done and what they have produced.

We assess our employees from two dimensions, work achievement indication and competency element. Work achievement indication is set on Key Performance Indicator, where the competency is assessed in terms of skill and performance, which is reflected in their attitude towards work. We always try to provide assessment and career performance review to all employees. (LA12) The Competency development, which engaged the Tower Watson consultant has been conducted since December 2009 and is expected to finish in March 2010.

In the top management level, we use an assessment program called 360° feedback program. This program applies the assessment and provision of constructive feedback related to the appraisal of members of management. Furthermore, Petrosea developed an internal communication system through the intranet development, which facilitates our employee and the subordinates to have borderless communication. This intranet is also created to strengthen a transparent and two-way communication, between management and employee. Along with the belief of providing only the best for the employee, this year we were able to maintain employee satisfaction and good communication between the employees and management by holding a series of survey, which measures employee satisfaction towards every event, that were held. This is shown through no conflict nor strike from our employee during 2009. (MM4)



STRONG COMMITMENT ON HUMAN RIGHTS

Value of human rights is an ethical code which bonds us in every step of our policy and operation. We engage code of ethics integrated in every recruitment, placement, assessment, and on our business relations both with the suppliers as well as the employees. Our top management is involved in defining the policy and at the same time monitor the implementation of human rights equality and recognition in Petrosea.

Law No. 13/2003 which forbids child labour has become our groundwork to reply the question on why we do not employ the children. This policy is also defined based on ILO (International Labour Organization) convention No. 20 concerning child labour. (HR6) Respect employee rights and appreciate freedom to express an opinion are two main principles that we expressed when building industrial relations with the employee. The relationship between company and employee is regulated for the benefit of both parties, so that there are no coercion in working. All of these regulations are specified in Working Agreements (contract), where this agreement is always socialised before both parties sign the work agreement. (HR7)

For semi-permanent or contract Petrosea employee, their obligations and rights are regulated on Specified Term Employment Contract (PKWT) which is formulated based on Manpower Regulations. The provisions are of general manner and should any changes arise in organizational structure, we will transfer the employee to another division. Should there be employee reduction, then technical procedures will be regulated on a

specific mechanism. The Company is obliged to inform every change in organisational structure to the employee by providing a certain transition period. The length of transition period is regulated based on the decree issued by the Directors and adjusted with the current condition. (LA5)

Petrosea strongly upholds its commitment on Human Rights, particularly in building relationships with various stakeholders such as clients, community and employee. Human Right become our main basis in any project contract agreement with our suppliers and our clients, though we do not state any human right clauses explicitly in the agreement. We imply the principle to respect Human Rights in order to avoid any Human Rights violation cases in the future years. (HR1, HR2) Human Rights have not been a specific topic of discussion in our trainings, although employee awareness towards Human Rights is provided through the company's internal media. (HR3) Especially for security, Petrosea cooperates with third parties, which is well known of its reputation. Petrosea is confident the security personnel are able to perform their tasks without undermining human rights regulations currently in effect. (HR8) Through those efforts, in 2009, Petrosea has not dealt with any discrimination or human rights conflict. (HR4) Related with human rights on supplier or contractor, Petrosea do not supply any material for operational activity, due to our core business which focused on services and our position as contractor for mining and oil/gas company.

THE RIGHT CANDIDATE FOR THE RIGHT JOB

We put our best foot forward to create qualified human resources who are able to step up to the challenge presented by Petrosea. Petrosea Graduate Engineering Development Program is present as proof of our effort to create those qualified human resources. Graduate Engineering Development Program is created to recruit, develop, and assign the right graduate for the right duty through a series of selection, training, and regular evaluation for professional development. Up until 2009, we have had five talented engineers who are allocated in our project areas or our head office in Jakarta and they are willing to greatly contribute to the Company.

EQUAL OPPORTUNITY IN WORKING ENVIRONMENT

The first thing formulated in Petrosea human resources policy is equal opportunity for everyone who joins our team to develop their skills for the progress of the company. We view all employees to deserve the same opportunity to develop together, with indifference. Not only are we giving an opportunity to develop, we also set the same remuneration standard for female and male employees and evaluate their performance based on the system that we adopt. Talking about the remuneration ratio between female and male employee, Petrosea have not yet compared the male employee and female employee in terms of remuneration and is planning to start on administer the comparison on the future years. (LA14)

And for that reasons, Petrosea opens a wide opportunity for female employees to be fully involved and contribute to the work field which is predominantly a male industry. Seven local female employees have become heavy machine operators in Petrosea is a materialised form of our belief on equality for employees. This program will be our ongoing program. Petrosea's representative will recruit 6-7 local females in the upcoming period in order to provide one year of training and through this training, the company expects them to be able to join us as permanent employees. In regards to employee remuneration, we adopt the same standards with local minimum wages, as according to the location where we operate. (EC514, HR4) Currently we do not have wage ratio estimation between local and non-local employees and the proportion of senior management who were hired from the local community. In the future, Petrosea will make some progress on local and non-local employees, both in terms of wage ratio and the composition of the management team. (EC7)

CREATING HARMONY FOR A STRONG TEAMWORK

Petrosea believes that one of its strengths in creating a strong teamwork is to build a fair and harmonious communication between management team and the employee. Not only strong teamwork, Petrosea also allows our employee to associate and deliver their opinion to the management. (HR5) As part of association policy, Petrosea support to establish Bipartite LKS. LKS is one of media for our employee to express their opinion on Petrosea development and progress, both in terms of business and industrial relations. As part of a development program, Petrosea LKS Bipartite has increased the total amount of members from projects to 28 people or 1.09% from total Petrosea employee. (LA6) Petrosea do not own Collective Work Agreements, therefore there is no Petrosea employee who covers in Collective Work Agreements. (LA4) For the first time, Petrosea's Bipartite LKS held a workshop on December 2009 in Balikpapan. 27 people who represented both the management team as well as the employee attended this workshop. The existence of Petrosea Bipartite LKS is appreciated and expected to contribute harmony between the employee and the company. At this present time, HSE issues are not clearly stated on the Bipartite LKS agreement due to its function as being more to maintain and nurture harmonious industrial relations. (LA6, LA9)

Nurturing communication between management and employee as well as amongst employees has become one of Petrosea's commitments. The Townhall Meeting is especially held at the Jakarta head office, Meet & Greet for each project are held on location, and communication can be done through internal media such as PetNet, Berita Kita and PetroSpective. (HR5) For 2009, we've built a special classroom for Petrosea Academy. This Academy is an internal communication facility among employees. To evaluate and monitor the effectiveness of all Petrosea internal communication program to employees, our Corporate Communication Division held regular surveys to show Petrosea employees' opinions regarding the internal communication program. The diagrams below shows employees' opinions regarding the company's internal communication programs (HR5):

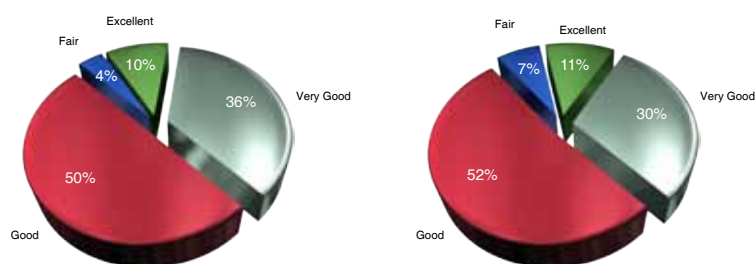


Table 20. Employee Feedback on Information in Townhall Meeting and Information of Petrosea Future

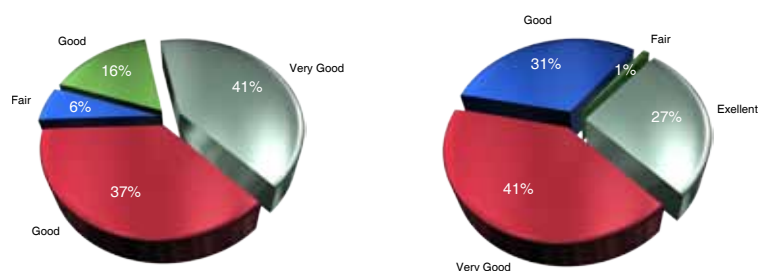


Table 21. Employee Confidence on Company Capability and The Meet & Greet Effectiveness



HEALTH AND SAFETY

ZERO ACCIDENT FOR A SUCCESSFUL BUSINESS

When Petrosea implements Health Safety Environment (HSE) quality, it means we are in the process of implementing a world-class project. HSE management is integrated in every stage of project management process, assuring that every HSE issues are discussed on each and every stage of the decision making process.

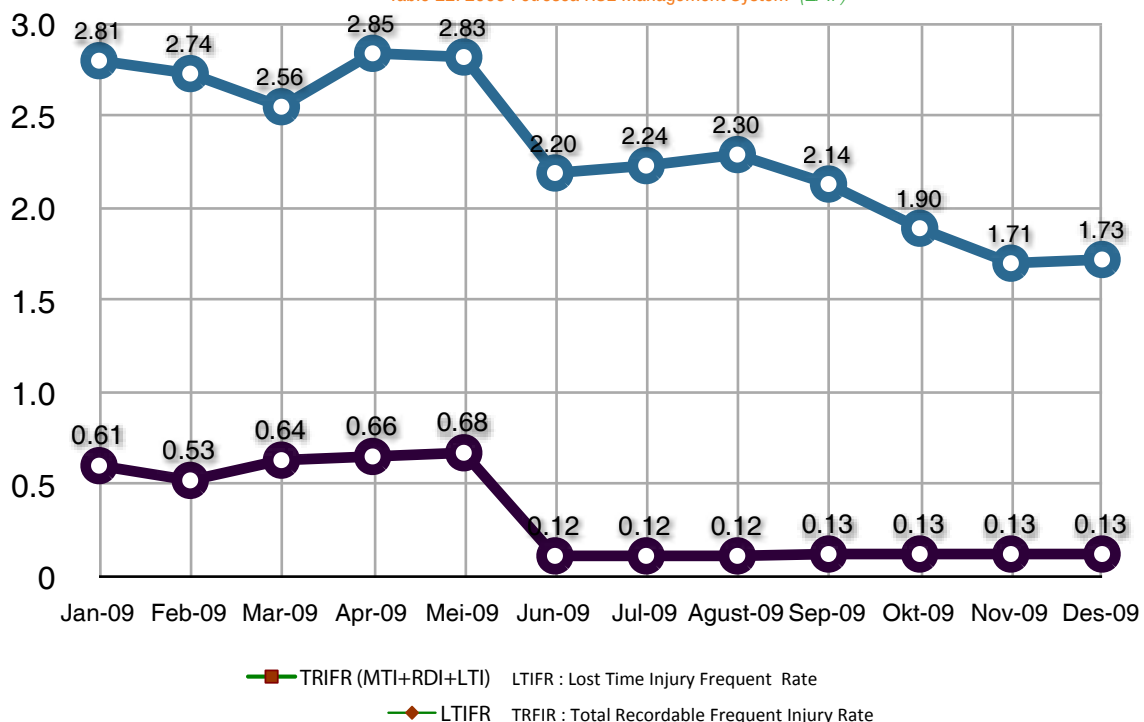
Zero accident is our groundwork applied in every operational stage process as well as in the decision making process. We adopt the best technology supported by employee training to generate a safe and high quality service. The HSE system which we designed relies on eleven key elements. The implementations of two software databases in 2009 consist of PHASES HSE Information Management and HRAS Risk Management. Those two databases are also internally developed and are distributed to all of our operational areas. We also conduct HSE internal audit program with a high accountability level and full dedication to the progress of the business lines.

The improvement of our HSE team is apparent with the decrease of Lost Time Injury Frequency Rate (LTIFR), which significantly decreased from 0.52 in 2008 into 0.13 in this year. (LA7) The improvement of HSE is also reflected on the decrease of Total Recordable Injury Frequency Rate (TRIFR) from 2.81 in 2008 into 1.73 in 2009. (LA7)

Health and safety at work are not only centred on injury frequency rate, but also to overcome the indirect factors which could potentially contribute to risks of high injury. Fatigue and work balance are two issues of utmost importance for us. An example of our policy, which supports work balance in Petrosea, is by providing a clean rest room facilitated with air conditioner for the Petrosea driver. This facility was provided so as to cope with fatigue.

With all of the efforts carried out to improving the HSE management system, there had been no accident or serious problem which occurred during 2009.

Table 22. 2009 Petrosea HSE Management System (LA7)



ACKNOWLEDGE LOCAL COMMUNITY AT OPERATION AREA

Petrosea defines CSR as a commitment for the development of local community, anti-corruption business practices, in compliance with laws and regulations in effect, and handling complaints well. Petrosea's commitment on CSR is improved with the forming of the Corporate Social Responsibility (CSR) division with full-time employees especially handling CSR functions. If in the past CSR activities on project sites were merely in the forms of donation and were simply implemented as additional duty, CSR activities are now well planned and an efficiently implemented division working right on target.

Visits or surveys to various areas of operations or projects managed by Petrosea have been done to map the actual conditions and found various things that people need. Later on, this survey will be used as the basic design of the CSR program. We do not limit other opportunities and always provide opportunities for the local community as our stakeholder to communicate their feedback on implemented programs and activities.

Petrosea do not have any specific program which able to evaluate company operational impact toward the environment and community. The program that we have is still on the level on responding social, economy and environment on local community where we operate. In the future years to come, Petrosea is planning to design a special program which able to evaluate our operational impact toward the community. Policy and procedure which related on preserving the plants, water and environment in operational area is executed through good waste management which will not pollute the soil, water and plants. The quality of air is preserved through slow down our operational vehicle when we enter the resident area and educated our heavy machines operators on how to operate the machine in a proper way. (SO1)

Generally, Petrosea categorises community development programs into two categories. The first category is small-scale and is more of an immediate assistance. The second category is the larger scale and the effect is more noticeable in the long run.



“We have high hopes of being accepted as a good citizen among the local community, and participate in their daily lives.”

BUILDING CAPACITY THROUGH LOCAL COMMUNITY EMPOWERMENT

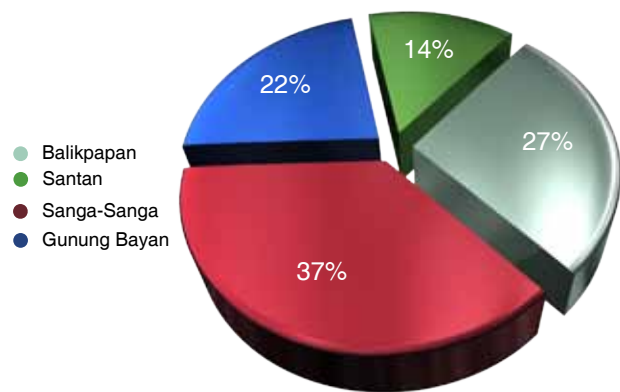
Witness the local community turns into an independent community and being part of the process is a pride to Petrosea. Hence why local economy empowerment is of our utmost priority in 2009.

Recruiting the locals is our first step and is a form of our willingness to watch the locals contribute to the economic progress in environments where we operate. Up until 2009, Petrosea did not administer the number of locals and non-locals on each site and will do so for next year. (LA1) At the end of 2009, there are 441 local citizens who we employed among a total number of 2,057 Petrosea employees or in other words, there are 21.43% from the total percentage of Petrosea employees recruited. Below are details of local citizens who were employed by Petrosea on each project site: (LA1)

In 2010, the local community is still on our list of priorities to take part in developing our business in project areas, similar with what we do in Kampung Baru and Kariangau Regency. This policy was formulated in relation to the fact that the vast majority of locals were transmigrants and there were no indigenous people in the location where we operated. We expect the policy will improve local community empowerment and maintain good industrial relations. Therefore along 2009, there is no incident of violations toward the local right. (HR9) Especially for the artisanal and small-scale mining, Petrosea realises the existence of those activities, yet we have not come to a decision regarding small-scale mining. (MM8)

In relation to remuneration, we do not adopt distinction of remuneration between local and non-local employees. Furthermore, we also invigorate the local economy where we operate. Below are Petrosea's Corporate Social Responsibility activities during 2009:

Table 23. Number of Petrosea Local Employee in Site Project in 2009



HEALTH FOR THE LOCAL COMMUNITY

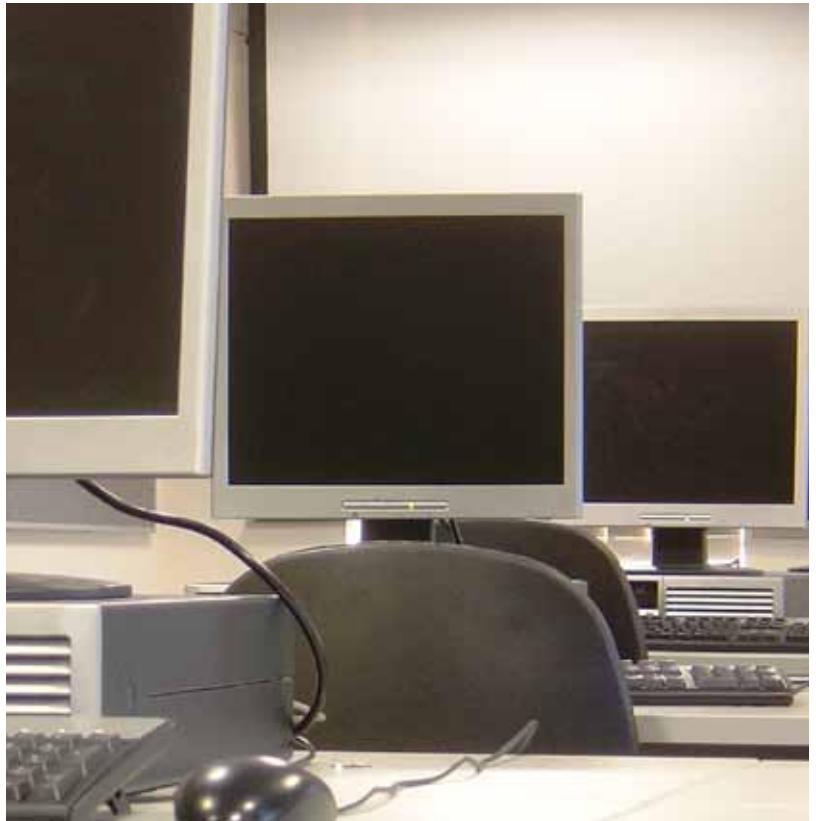
At Gunung Bayan, Petrosea held various counselling sessions such as healthy lifestyles and eradication of contagious diseases, for example dengue fever, malaria, chikungunya, and more. The fogging is done throughout villages with high rates of mosquito-caused diseases. Petrosea also participated in blood donor activities held in GBPC clinic. To improve the health of the community, Petrosea delivered clean water for locals surrounding Gunung Bayan. (LA8, SO1)



HEALTHY COMPUTER AND INTERNET LABORATORY

Education became our focus program in 2009. Realising the importance of technology and education, Petrosea held a program to provide used computers distributed for the needy. (SO1) Petrosea's main program of choice with the computers was based on the consideration of not only emphasising on the educational aspect, but to also create a green technology. With recycled computers, Petrosea believes that this is one of several approaches to reducing technology waste. In its implementation, we had to screen and filter parties of concern before giving away used computers. We designed the mechanism of recipients and selection stage. We had in-depth discussions regarding the mechanism so as to ensure that this gesture would be of great benefit for the recipients.

For distribution, Petrosea cooperated with ICT Watch, a non-governmental organisation, who reconditioned the donated computers until it was ready and reliable to use. This cooperation was a part of our commitment to ensure the impact of the used computers to recipients. This donation was utilised as the Healthy Computer & Internet Laboratory so as to improve the quality of teachers. (SO1)



DONATION AND REGULAR SUPPORTS

Our employees carried out many spontaneous activities in assisting with natural disaster victims, such as donations for earthquake victims in Tasik/Cianjur and Padang and assisting the dam failure victims in Situ Gintung. In 2009, Petrosea donated IDR 70,000,000 which consists of IDR 20,000,000 scholarship for 12 students who have fallen victim to the dam failure, IDR 25,000,000 donation for earthquake victims in Cianjur and IDR 25,000,000 donations for the earthquake victims in Padang, West Sumatra. (EC1)

Routine support to various parties is implemented in every project site, including participation support on national day, religious holiday events and sport events. Petrosea is involved in Kenanga Kindergarten renovation in Balikpapan by donating materials, funds and assistance. Transportation support for students in Gunung Bayan in East Kalimantan is also still provided. Petrosea also supported the development of a Meeting Hall in Kariangau. (EC8)

ENTREPRENEURSHIP SPIRIT FOR THE LOCAL COMMUNITY



Juxtaposed from our CSR execution principles, we focus on how to empower and build self-reliance of local communities where we operate. Entrepreneurship is a solution to achieve that focus. *(SO1)* In the year 2009, Petrosea developed entrepreneurial spirit (entrepreneurship) for local communities, with our main priority focus on housewives.

Santan, one of Petrosea's operational locations, became a place where the entrepreneurship program was held. Petrosea held an entrepreneurship training, union, and sewing course for housewives. *(EC9)* We hope this program will have the capacity to develop their skills, thus they will be able to improve the economic performance for the public in general and especially for their families.

Petrosea continues to supervise their progress in their business developments that we facilitated. Now that they already possess sewing skills and have begun to accept school uniform orders. This sewing business has 3 sewing machines and a hemming machine from Petrosea to become a Community Enterprise.

The local community, particularly the housewives who became a Petrosea sewing workshop participant, admits that this program does not merely empower in the economic sector, but it also contributes good social impact. As Mrs. Samrotul Ilmi admits that through this program she learnt to socialise and became aware that togetherness is an important value to progress. This training program drove out their initial fears, as Mrs. Jeli said, that initially she felt she would not be able to sew well, "Thank God, through this program, I now know how to sew" she revealed.

This program is also invokes a positive feedback from the local official government. Mr. Tupon-Sukamaju Village Chief confessed that he was pleased with the sewing course program and hopes this program will be able to improve the villagers' income.

CSR PLAN 2010

Petrosea will continue existing programs and modify the program, such as the entrepreneurship training and sewing course for school-age children who had to abandon schools. Moreover, Petrosea also realises a number of new programs that focus on education and health. Our CSR program and our step in developing our employee awareness on corporate social responsibility are communicated through our intranet and PetroSpective, as Petrosea internal magazine.



ENVIRONMENTAL PERFORMANCE

A SUSTAINABLE MINING: SAVING THE ENVIRONMENT FOR THE NEXT GENERATIONS

Retain Accountability for Sustainability in The Future

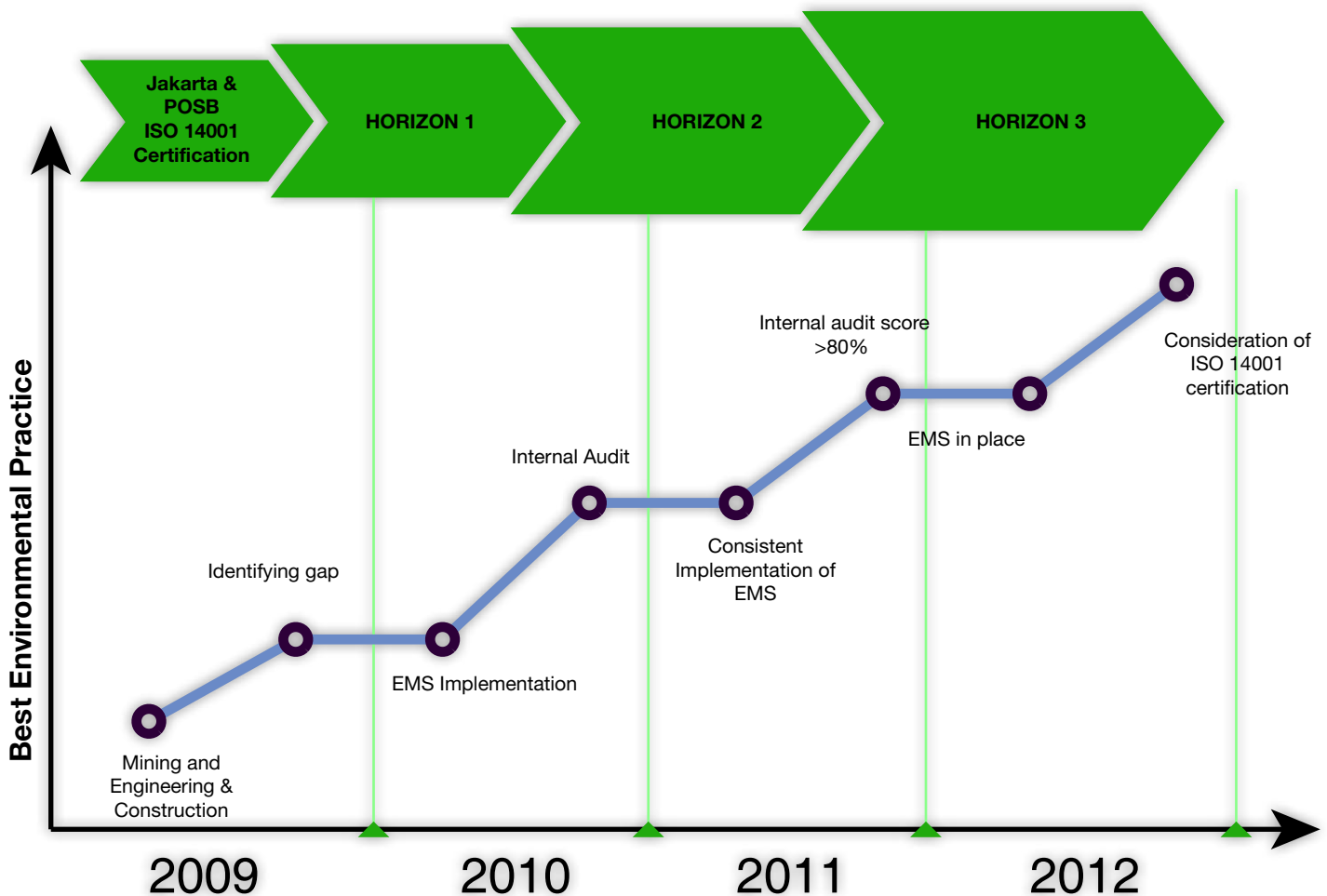
Petrosea continues to retain its accountability as a company who participates in preserving the environmental sustainability. ISO 9001:2008 and ISO 14001:2004 were audited by external auditor in November perform an excellent result. In addition to hiring the third party, we also continued to monitor the implementation of ISO and OHSAS system through our HSE team. Petrosea also held 112 programs on employee development both externally and internally, such as trainings, assessments, seminars and workshops.

We planned to develop Environmental Management System (EMS) which will be accomplished in the next 4 years. To attain these goals, our management arranged steps needed to be taken during the next four years. The table below are steps that we have taken and it will be our next project to realise environmentally friendly practices from 2009 until 2012.

“We put continuous efforts to eliminate our operational impact towards the environment and community.”



Table 24. Petrosea Plan Related to the Environmental Management System



Preserving the environment in our daily business practices is done according to the existing AMDAL study. We put our best to act based upon it and commit to continue preserving the species and the environmental balance in locations where we operate. Greenhouse effect study, compost, emission test program for all projects, planting, and a sustainable waste management development are five main issues that become Petrosea priority in the next few years.

ENSURE THE EFFICIENCY OF MATERIAL, ENERGY, AND WATER CONSUMPTION IN EACH BUSINESS LINES

Water and energy is also on our priority list. For energy consumption, we stress on electricity and fuel consumption both in site project and head office, yet we do not have detail and accurate calculations which related with the direct and indirect energy amount that we consumed on Company business practices. Our Environment Division is on the process of proposing the technology and equipment which able to measure water and energy consumption and hopefully able to implement in the following years. (EN3, EN4, EN5)

We attempt to reduce electricity consumption on our daily operational production and housing facilities for our employees. However this effort is not measured yet, and management is considering to adopt technology and equipment that able to measure the effectiveness of our effort to reduce the energy consumptions. (EN6) This effort is developed through encouraging our employees to using electricity as well as water consumption effectively and efficiently. (EN7) The same effort is also applied on water consumption. We keep on encourage our employee to use the water effectively. To ensure our efficient use is measurable, at this moment in time, we are in the middle of providing equipments/technology that can measure water consumption for operational activities, water resources that used for operational activity, water volume, and the recycled water volume, which hasn't been done yet. (EN8, EN9, EN10, EN21) In the future, Petrosea is planning to implement a clear measurement.

Energy saving policy is not only applied in our operational areas, but it is also valid in our head office in Jakarta. We defined this policy into Objective, Target, and Program (OPT) related to energy and paper saving. OPT is monitored every six months through an internal and external auditing process. External audit is executed through a certification from SGS for ISO 14001. Our energy saving program is put into action by issuing a policy to turn off air conditioners after 07.00 PM, the official office hour at the head office. Lifts which are an important infrastructure at the office will be activated during office hours, in the morning until 02.00 PM. (EN7) These policies in the future will be evaluated its effectiveness. The tekno6) logy or equipment that will be needed, is in the process of consideration by management. It is expected that this measurement can be available in coming years. (EN6) Initiative provision of renewable energy up to now still we are considering. (EN6)



The paper saving policy is applied by using recycled paper when printing documents. Paper usage is divided and categorised as useable paper, by using both sides of the paper and another method to reduce paper consumption is utilising the use of electronic devices, or in other words using soft copy. Paper use are always monitored and measured for each computer or printer. Thus, the amount of paper used for printing documents or sending and receiving facsimile is apparent. A notification will be made in HSE committee meeting which is held monthly. (EN7)

We realise vehicles are a large contributor of pollution on earth. Therefore Petrosea actively supports its employees to join "Bike to Work" to save fuel along with reduction of air pollution. Providing a parking lot for bicycles and shower facility at the head office are part of our real commitment in reducing air pollution. Considering our business focus, Petrosea do not have any environmental impacts which related with the transporting products. However on operational activity in mining and POSB division potentially caused noise and air quality problems. (EN29)

Petrosea focuses its business lines on service, engineering and construction in energy sector, therefore we do not produce or use any materials related with mining resources. (EN1, EN2, EN3, EN26, EN27) Therefore we do not have any policy on material consumption or material sustainability in the future. (MM11) However, we commit to provide eco-friendly services and support our client to use materials for mining activities effectively and manage it efficiently. (EN26)

As a company with several separated project sites, Petrosea is aware that transportation has become an important part of the operation. Petrosea also understands that transportation plays an important role on environmental issues. Which is why we implement efficiency in terms of using transportation. We modified our regular meeting systems which are normally held at the head office in Jakarta, which we then moved to Balikpapan. Another policy is to use video conference technology on general weekly meeting. We take those steps with serious consideration of the total number of employees on site in Kalimantan is much larger than the total number of employees located in Jakarta. Thus, we implement actions to reduce the use of transportation. (EN29)

PRESERVING BIODIVERSITY



Biodiversity is an important issue in our business practices. Discussions regarding biodiversity preservation started in 2009, and are in the mapping process. (EN12) Execution will start in 2010. There are no protected areas which become areas of our operations. (EN11) We are fully aware that our project location is inhabited with various species; some of them are listed as International Union for Conservation of Nature (IUCN) protected species. One of those protected species is orangutan. (EN13) Orangutan is on the red list of mammals (species at high risk of extinction). (EN15)

Rehabilitation area in the operation area of Santan-East Kalimantan on 40,000 m² area, became our policy in preserving the species. (MM2) Working together with our client, PT Santan Batubara, Petrosea is in the process of planting 10.000 fruit seeds, targeted for orang-utan rehabilitation program. (EN12, EN14) 40,000m² area were provided to support the tree seedlings. This area will be expands if we consider this program is success. On Offshore Supply Base line, Petrosea had done biodiversity measurement which reported on Environment Management Plan/Environmental Monitoring Efforts. (EN11, EN25, MM11) In order to maximise the program that we carried out, Petrosea cooperated with Borneo Orangutan Survival Foundation (BOSF) Samboja Lestari. (EN14) BOSF is a trusted non-profit organisation which focuses on orangutan preservation in Kalimantan, and Samboja Lestari is the name of an artificial rain forest created by this organisation. We believe with this cooperation, the program will be effectively helpful for orangutan survival.

In monitoring system, in Santan is monitored by client that reported on Environment Management Plan/Environmental Monitoring Efforts of Environmental Impact Analysis (AMDAL RKL/PKL). For the Petrosea Offshore Supply Base line, reported on normal category which means there is no hazardous impact toward biodiversity in POSB area. (EN25) Those programs are a part of our commitment to renovate and support orangutan preservation living in our operational areas. (EN12) Our cooperation with our client is a form of our commitment to invite our stakeholders to actively participate in nature preservation.

In 2009, we finished our project in Sanga-Sanga, and due to our business focus being a contractor service; we do not possess an authority to use the land that belongs to the local community. (MM5) However, during our project, we successfully on maintain good communication with the local. During 2009, we do not have any conflict with local community, both related with the land or the resources. (MM6) Based on that finding, there is no special treatment which taken by our management during this year. (MM7) Talking about resettlement, during 2009 there is no particular events which caused household resettlement. (MM9) According to what is mentioned above, Petrosea do not possess authority to disclose the mining due to our position as contractor that provide services. (MM10) However, it is part of our code to support our client to have a disclosure plan without harming any parties. (MM10)

MANAGE EMISSION, WASTE AND EFFLUENT

Petrosea's awareness on emission, waste, and water pollution procured during operational activities, has got our attention on those three issues. We never stop to innovate for the sake of reducing emission, waste and effluent impact that we produced. Education concerning emission, waste and effluent for employees is a continuing activity to this day, through our intranet and internal magazine. During 2009, Petrosea kept its commitment to perform safe waste management. We are in the process of considering a policy to formulate a method, equipment or technology to evaluate our performance in relation to emission and water pollution for future years to come.

REDUCE EMISSION AND EFFLUENT IMPACT

During 2009, Emission Test Program and Environmental Awareness are our core programs that relates to the impact of our mining activities. Emission Test Program is one of Petrosea policy as stated on Petrosea HSE Policy. Besides acting upon Regulation No. 22/2009, Environmental Ministry Decree No. 04/2009, and DKI government decree No. 02/2005, this program is a realisation of our support on the Blue Sky Program held by the Indonesian Government. This program is expected to be able to help reduction of green house gas effect, which is also a part of the Blue Sky Program objectives. Results we aim to achieve through this program are sustainable restoration. The emission test program is carried out throughout Jakarta for all employee vehicles and in POSB Tanjung Batu, as one of Petrosea's project location. If a vehicle does not pass the emission test, then improvements will be made to achieve the emission standards aligned with the government standards. We held this program at no cost to our employees. We view this test as part of our commitment to environmental preservation.

Petrosea is in the process of preparing Petrosea Green House Gas Emissions Trading Pilot Project. This project emphasises on how Petrosea take its role on the international carbon market with aims to reduce green house gas effect in the future. The Green House Gas Emissions Program consist of 3 phases which are: [\(EN18\)](#)

1. During the First year (2010) a study will be conducted, a mapping process of information needed, procedure preparation, how the process will be implemented, and continuous redevelopment.
2. Second year (2011) there will be a road show for introduction and how to implement the system previously designed in the first year.
3. Third year (2013), a developed integrated system is expected to have developed by then in terms of line level particularly in efficiency, green house gas reduction, and technology innovation.

The execution of the emission test started in 2008 and will be continually held every year. Until this year, we've had no specific devices in measuring the number or emission, energy and water consumption. We're in the process of adopting special devices in the future. [\(EN16, EN17, EN18, EN19, EN20\)](#) We also cooperate with Astra Indonesia in this Emission Test Program. The consideration that we take into this cooperation is our similar environmental visions with Astra Indonesia. Astra Indonesia is a company concerned with environmental improvement and preservation. We do not close possibilities to apply and operate the emission test program throughout Petrosea operational areas in the future.

Petrosea started the Environmental Awareness Program in 2008. This program took its first steps in introducing the knowledge and issues related to current environmental issues, particularly issues close to Petrosea operational areas. Along with the current progress, we expect this program to continue in our employees' daily lives.

Issues that are of concern in the Environmental Awareness Program are:

1. Environmental Impact caused by human activity both directly or indirectly;
2. Waste management;
3. Specific environmental management (eg. air, water, and land pollution) and its impacts;
4. Governmental regulations concerning environmental preservation;
5. Build awareness among employees that Petrosea must have commitments and are responsible with environmental issues.

Those issues are integral to this program, not only due to Government Regulations, but also due to our commitment as defined in our Company policy. Our HSE department are the main executor and supervisor of this program, and will be integrated to other departments. The communication method that we adopt is through HSE committee meetings, toolbox meetings, monthly meetings and more.



WISE WASTE MANAGEMENT

Referring to the Government Decree No. 18/1999 concerning waste management, waste is a hazardous and toxic material (B3). According to the decree, during our whole operational process, Petrosea have ensured the waste that we produced do not generate hazardous impact towards the environment and local community. This is our groundwork on why we put our efforts to reduce waste. Considering our business area which provides services on mining and gas or in other words as a contractor, we do not have any handling management on overburden, rock, tailings, and sediment waste and its risks. (MM3) Or effort as contractor is to provide an incinerator, drainage management and special waste management for the client in Tanjung Batu for the POSB line. Monitoring on emission quality and testing process in an independent laboratory is carried out in order to assure the incinerator is safe and qualified. The test also involves a team from the Ministry of Environment as the third party who supervised the testing process.

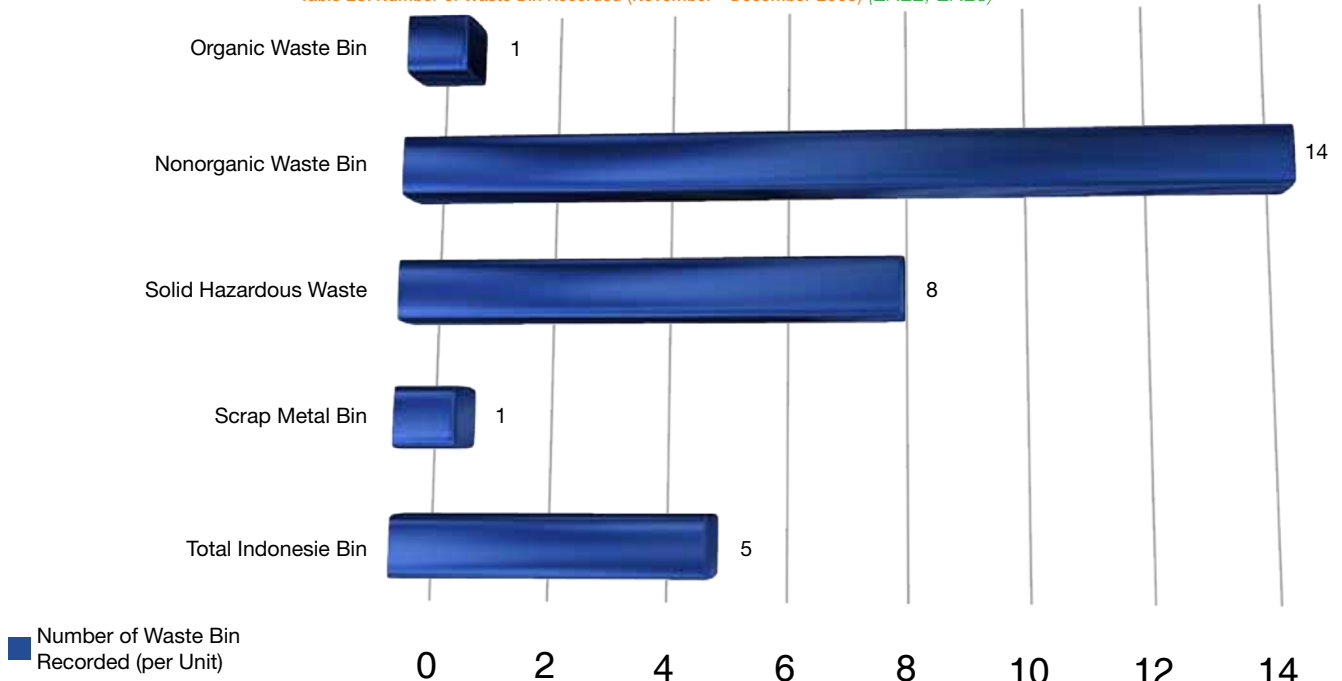
The method that we adopt regarding the waste management consists of: (EN22)

1. Waste that is produced from Petrosea operational activity is divided into five main categories of organic waste, inorganic waste, solid hazardous waste, scrap metal, and liquid waste produced by Total Indonesia.
2. The waste management process starts from waste separation into each different bins categorized based on Petrosea waste matrix.
3. Organic waste is separated, and processed into compost or amassed to landfill area. The hazardous waste will be put in a particular area based on Indonesian regulation standards regarding hazardous and toxic waste (B3) storage.
4. Hazardous and toxic waste (B3) is categorized into burnt waste and then separated and burnt into the incinerator. Liquid Hazardous and toxic waste (B3) such as oil is submitted to the third party in order to be further processed through the government regulations standard.
5. Non-organic waste is separated based on its type and collected to third parties for recycling processes.

Unrecyclable wastes such as paper, plastic, duster are burned in the incinerator. (EN23) In 2009 Petrosea has not received any complaints on oil spills in our waste management. Below are diagrams of wastes produced throughout 2009:

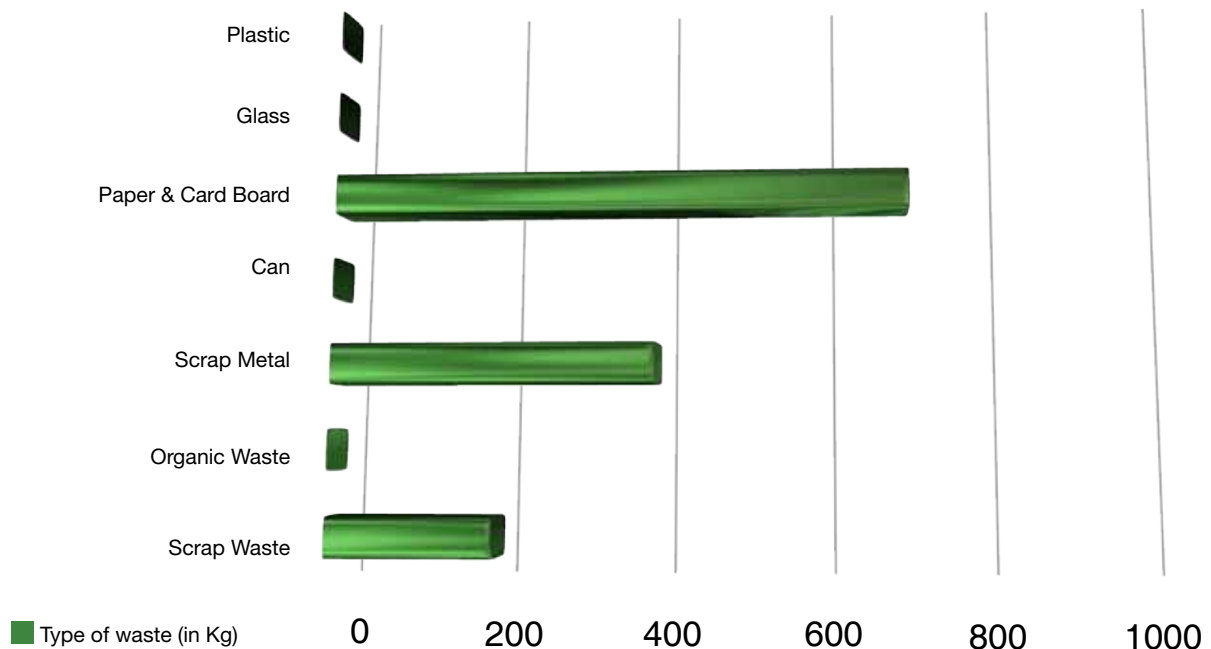


Table 25. Number of Waste Bin Recorded (November - December 2009) (EN22, EN23)



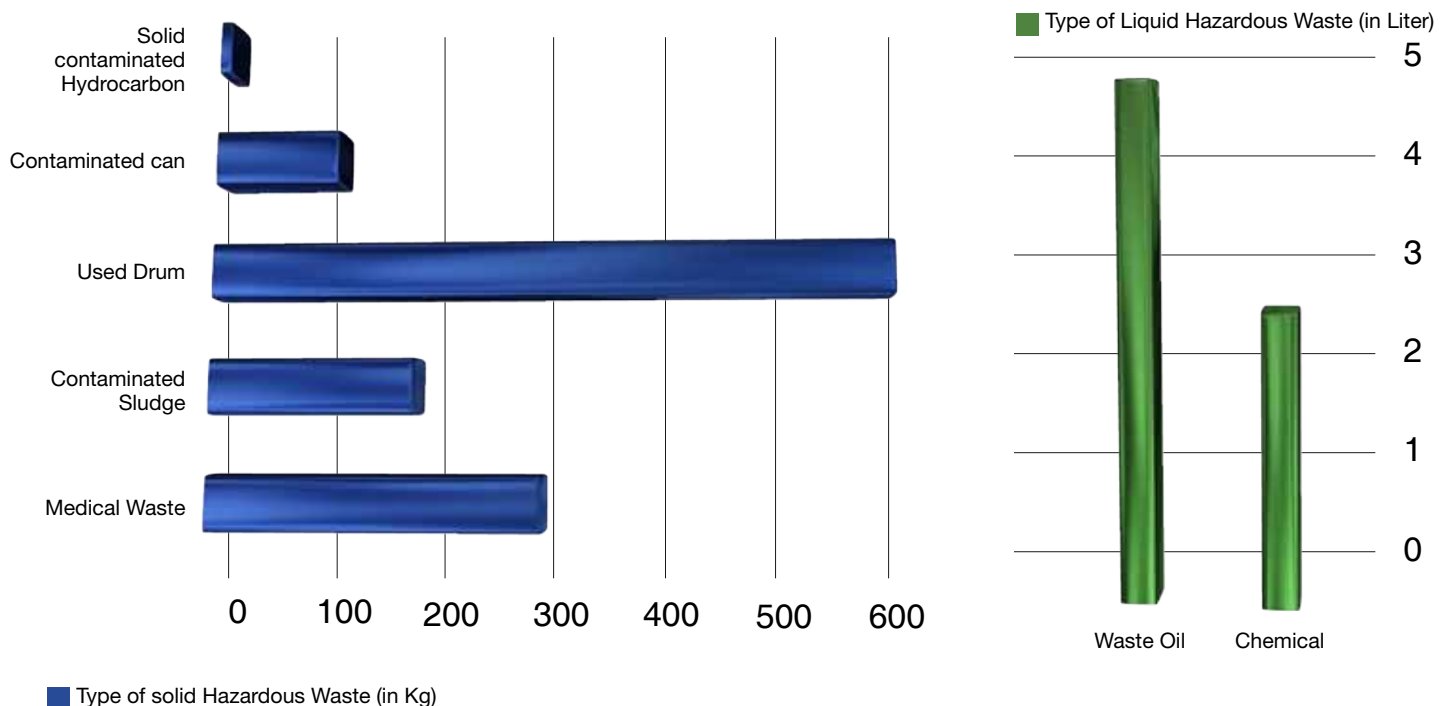
The next stage of those wastes will then be separated into two main parts - Hazardous Waste and Non-Hazardous Waste. The diagram below shows the amount of Non-Hazardous Waste that we produced in the period of November – December 2009. For 2009, Petrosea is still in consideration of proposing a detailed estimation of oil spills during 2009, hence for this year Petrosea does not have data regarding the number of oil spills and the cost that we spend related to the spill. (EN23)

Table 26. Non Hazardous Waste Balance Record Period November-December 2009 (EN22, EN24)



The hazardous waste goes through separation process, and is divided into two categories - Solid Hazardous Waste and Liquid Hazardous Waste. The diagram below shows the type and numbers of the two hazardous wastes produced from November – December 2009:

Table 27. Solid and Liquid Hazardous Waste Bin Recorded Period November-December 2009 (EN22, EN24)



ENDLESS INNOVATION FOR NATURE PRESERVATION

In its efforts to preserve nature, Petrosea encourages all of its employees to create a creative and bright idea for innovative breakthrough. Petrosea holds Innovation Challenge program designated for all our employees, which was responded with enthusiasm. Our HSE Jakarta team won this competition in April 2009 through the use of majun material. The majun is used as a duster in operational workshops, which is designed to be more efficient, thinner, and more eco-friendly compared to other dusters. This idea was implemented into our operational activities in each operational area.

COMPLAINTS ON ENVIRONMENTAL AND BUSINESS PRACTICE IMPACT

Any issues that arose as a result from environmental impacts as well as business practices from three parties, which are the Government, local community and the Client were dealt with. In alignment with our commitment to environmental preservation; we put in our best efforts to maintain the balance of nature and community. Throughout 2009, we received no grievances in relation to environmental impacts caused by Petrosea operational activities. (EN26) Because we are a service company, then there is no product and packaging materials are returned (EN27) or the impact on the environment due to transport products. (EN29)

Regarding grievances in our business practices, through strong commitment and high professionalism, Petrosea did not experience loss of client and did not receive complaints, sanctions, fines or charges from our stakeholders. (EN28, PR7, PR8, PR9) With a new contract and renewal of contract for several of the Company's business lines, it is evident that the clients trust the services that we provide. We expect this performance will be further maintained in the future.



CONTRIBUTION TO INDONESIA'S BRIGHT FUTURE

Beginning with the Company's commitment in developing business along with preserving the environment where we are located, Petrosea has taken various actions to realise this commitment. The execution includes policy, high awareness, and activities directly related to our three main components which consist of profit, planet, and people are constantly carried out and will be an endless innovation. We believe in every step of the way that the actions we took are none other than to witness a bright future of environmental sustainability and mining sector in Indonesia.

CROSS REFERENCE WITH GRI-G3 AND MINE SECTOR SUPPLEMENT

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CROSS REFERENCE WITH GRI-G3 AND MINE SECTOR SUPPLEMENT

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Third Party Report on GRI Application Level Check

Report No: NCSR - 021010

The Board of Directors

PT Petrosea, Tbk

We have reviewed the GRI Guidelines Application Levels of the 2009 Sustainability Report of PT Petrosea Tbk (the Reporter) for the period of 1 January to 31 December 2009 to indicate that those report is GRI-based and declare the level to which the reporter have applied the GRI Reporting Framework via the "Application Levels" system.

According to GRI, there are three levels in the system. They are titled C, B, and A. The reporting criteria at each level reflect a measure of the extent of application or coverage of the GRI Reporting Framework.

The Application Levels are intended to demonstrate a pathway for incrementally expanding approaches to reporting using the GRI Reporting Framework. They are in no way intended as substitutes or equivalents for external assurance. Declaring an Application Level clearly communicates which elements of the GRI Reporting Framework have been applied in the preparation of a report

In our opinion, the 2009 Sustainability report of PT Petrosea Tbk is meeting with "**B level**" criteria of GRI Application levels system. The GRI Index applied in the 2009 Sustainability Report of PT Petrosea Tbk is presented in Working Paper under Level and Rev tab of this report.

Our assessment on the GRI Application Level check does not represent our view on the value or quality of the report and its content; it is simply a statement about the extent to which the GRI Reporting Framework was utilized.

Jakarta, 15 October 2010

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