



# RH Petrogas Limited

**Independent Review**

27 January 2026



# 1. Executive Summary

## 1.1. Glossary

1.1.1. The following abbreviations and terms are used in this Executive Summary:

Abbreviation/Term	Definition
2021 Work Program	Planned drilling schedule for the Riam-1 exploration well, originally planned for 2021
2023 IOG Conference	International Convention on Indonesia Upstream Oil & Gas held in Nusa Dua Bali from 20 to 22 September 2023
AC	RH Petrogas Limited's Audit Committee
AP	Accounts Payable
Average exchange rate	Average of the monthly exchange rates as published by Oanda between 1 January 2021 to 31 March 2024 of USD 1 per IDR 14,864.1
Basin PSC	Kepala Burung Production Sharing Contract
BTA	Business Travel Authorisation
Bundled Core Drilling Services contract	Contract for the drilling of the Riam-1 and Walio-322 wells for the period from 1 December 2022 to 31 March 2024 that combines seven core drilling services into one contract, which was awarded to the consortium of Related Party A and the Drilling Services Contractor
Business Partner	An Indonesian state-owned company which holds 30% participating interest in Basin PSC and Island PSC through its affiliated companies
CL	Compensatory Leave
the Code	Singapore's Code of Corporate Governance
Company A	A listed company in Indonesia, allegedly related to the Minority Shareholder and allegedly involved in lobbying with government officials for Petrogas Indonesia
the Competing Bidder	The competing bidder for the tender for the Bundled Core Drilling Services contract in relation to the drilling of Riam-1 and Walio-322 wells.
CV	Curriculum vitae
DA	Direct Appointment, one of the three procurement methods used by Petrogas Indonesia

Abbreviation/Term	Definition
DHC	Direct hire contracts, one of the three employment types in Petrogas Indonesia
DN	Direct Negotiation, one of the three procurement methods used by Petrogas Indonesia
Drilling & WOWS Operation Service contract	Contract for the drilling and WOWS operation service for the period from 1 January 2024 to 31 December 2024
DS	Direct Selection, one of the three procurement methods used by Petrogas Indonesia
DWI	Drilling & Well Intervention
Drilling Services Contractor	The drilling services contractor which formed part of the consortium for the Bundled Core Drilling Services contract in relation to the drilling of Riam-1 and Walio-322 wells
Family A	The family of which members are ultimate shareholders of Group A
Family A Patriarch	One of the members of Family A
Family M	The family which owns three manpower services contractors of Petrogas Indonesia
FOM	Field Operations Manager
GL	General Ledger
GM	General Manager
Group	RH Petrogas Limited and its subsidiaries
Group A	Company A and its affiliates, allegedly related to the minority shareholder of Petrogas Indonesia and allegedly involved in lobbying with government officials for Petrogas Indonesia
H2S Monitoring Services	H2S Monitoring Equipment Rental and Services
HSE field records	Softcopy spreadsheet for internal recording of any oil spill that occurs in the field by HSE Field team
IPM	Integrated Project Manager
Island PSC	Salawati Production Sharing Contract
January 2021 Oil Spill	Alleged oil spill incident which started on 6 January 2021
KMP	Key Management Personnel

Abbreviation/Term	Definition
Management Response	Written response dated 2 April 2024 prepared by the Singapore management in response to the preliminary findings of the AC investigation
the Matters	Allegations from the Whistleblower Letters, the preliminary investigation conducted by the AC and PwC's interviews with the whistleblowers
the Minority Shareholder	The minority shareholder of Petrogas Indonesia
NC	Nominating Committee
OCM	Operating Committee Meeting
OE	Owner's Estimate
Oil Spill SOP	HSE procedure on oil spill handling
OpCom	Operating Committee, a team of representatives designated by Petrogas Indonesia and the Business Partner
P&P	Policies and procedures
PBL	Petrogas (Basin) Limited
PD	President-Director
Petrogas Indonesia	Petrogas (Basin) Limited and Petrogas (Island) Limited collectively
PIL	Petrogas (Island) Limited
PMS	Performance Management System, the performance appraisal conducted by Petrogas Indonesia on a yearly basis. Petrogas Indonesia's PMS ratings range from "1" to "5", with a higher rating being more favourable.
PMS SOP	HR Policy on PMS appraisal process
PMS Targets	Performance targets in relation to the employee's job responsibilities
Postal Service Provider	The postal service provider used to deliver the whistleblower letter dated 11 February 2024
PSC	Production Sharing Contract between Petrogas Indonesia, Business Partner and regulator for exploration and production within a defined area
PTK-018	Work Guidelines No. PTK 018 relating to human resource management published by the regulator
PwC	PricewaterhouseCoopers Risk Services Pte. Ltd.
RC	Remuneration Committee

Abbreviation/Term	Definition
Related Party A	Affiliate of the Minority Shareholder
Review Period	The period from 1 January 2021 to 31 March 2024
RHP or the Company	RH Petrogas Limited
RHP's Company Secretary	The third-party company which acts as RHP's Company Secretary and external Legal Counsel
SGX RegCo	Singapore Exchange Regulation Pte. Ltd.
SR	Service Requisition
SVC	Service Contractors, one of the three employment types in Petrogas Indonesia
SVC Contractor	The manpower services contractor for the Drilling and WOWS Operation Services Contract
TCM	Technical Committee Meeting
TKDN	" <i>Tingkat Komponen Dalam Negeri</i> ", local content requirements for contracts in Indonesia
TOR	Terms of Reference
TPC	Third-Party Contractors, one of the three employment types in Petrogas Indonesia
Whistleblower Letters	The series of whistleblower complaints received from 9 January 2024 to 19 November 2024

1.1.2. We set out below the respective departments of Petrogas Indonesia which are referred to in this Executive Summary:

Abbreviation/Term	Definition
CAD	Corporate Affairs Department
E&D	Exploration and Development
FAD	Finance and Accounting Department
HSE	Health, Safety and Environmental
HR	Human Resources
Legal	Legal and Commercial
OPD	Operations and Project Development
R&C	Relations and Communication
SCM	Supply Chain Management

1.1.3. There have been changes in the positions held by the relevant management personnel and Directors during the course of our work. The titles used in this Report are based on the relevant positions held by them during the course of our review.

1.1.4. We set out below the individuals who are referred to in this Executive Summary:

Abbreviation/Term	Definition
AC Chairman	Ms. Kuan Li Li, RHP's Audit Committee Chairman from 26 April 2024 to 28 April 2025
Acting Senior Manager of OPD	Mr. Ari Setiyaka, Acting Senior Manager of Operations and Project Development and former Integrated Project Manager, Petrogas Indonesia
CAD Senior Manager	Mr. Dani Suryalesmana, Senior Manager of Corporate Affairs Department, Petrogas Indonesia
CEO	Mr. Francis Chang, the Group Chief Executive Officer
Commercial VP	Mr. Samuel Cheong, the Singapore Commercial Vice President
FAD Senior Manager	Mr. Freddy, Senior Manager of Finance and Accounting Department, Petrogas Indonesia
Finance VP	Mr. GY Then, the Singapore Finance Vice President
former AC Chairman	Mr. Lee Hock Lye, RHP's former Audit Committee Chairman, who retired as a director of the company effective 26 April 2024
former HR Senior Manager	Mr. Ade Damanhuri, the former Senior Manager of Human Resources, Petrogas Indonesia, who retired effective 16 November 2024. Mr. Ade Damanhuri was replaced by Mr. Oki Pancoro as the Acting Senior Manager of HR.
former HSE Senior Manager	Mr. Umar Hidayat, the former Senior Manager of Health, Safety and Environment, Petrogas Indonesia, who retired effective in August 2024
former Legal Senior Manager	Mr. Rudi Simamora, Advisor and former Senior Manager of Legal and Commercial, Petrogas Indonesia
former OPD Senior Manager	Mr. Tata Mardiyanta, the former Senior Manager of Operations and Project Development, Petrogas Indonesia, who retired effective 9 January 2021
former PBL GM	Mr. Rikson Lumbanbatu, the former General Manager of Petrogas (Basin) Limited, who retired effective 24 April 2023
former PD	Mr. Syafri Syafar, the former President-Director, Petrogas Indonesia, who was identified in the whistleblower allegations. The former President-Director retired effective 18 November 2024 and was

Abbreviation/Term	Definition
	re-appointed as Senior Advisor effective 19 November 2024.
Government Official	The government official who allegedly requested for a laptop from the former PBL GM in the alleged laptop bribery incident
Head of HR	Ms. Raihanah Binte Mohamed, the Singapore Head of Human Resources
NC Chairman	Ms. Lelaina Lim, the Nominating Committee Chairman from 26 April 2024 to 28 April 2025
new PD	Mr. Ferry Hakim, the new President-Director, Petrogas Indonesia, effective 19 November 2024
PIL GM	Mr. Afar Mbai, General Manager of Petrogas (Island) Limited
SCM Senior Manager	Mr. Oki Pancoro, Senior Manager of Supply Chain Management, Petrogas Indonesia
Senior HR Consultant	Ms. Twenty Febiana, the former HR consultant who had allegedly been hired by Petrogas Indonesia against the Business Partner's recommendation to terminate the position
Whistleblowing Investigation Team Chair	Mr. Bernard Yeo, the former AC member appointed to lead the whistleblowing investigation team, who retired as a director of the company effective 26 April 2024

## 1.2. Background

- 1.2.1. RH Petrogas Limited (“RHP” or the “Company”, and together with its subsidiaries, the “Group”) is an independent upstream oil and gas company headquartered in Singapore and listed on the mainboard of the Singapore Stock Exchange. The Group is the operator of two producing upstream assets located in Indonesia, through its subsidiaries Petrogas (Basin) Limited (“PBL”) and Petrogas (Island) Limited (“PIL”), collectively, Petrogas Indonesia. PBL and PIL each holds a 70% participating interest in the Kepala Burung Production Sharing Contract (“Basin PSC”) and Salawati Production Sharing Contract (“Island PSC”) respectively. The remaining 30% participating interest (“PI”) is held by an Indonesian state-owned company (the “Business Partner”).
- 1.2.2. Over the period from 9 January 2024 to 19 November 2024, a series of whistleblower complaints were received by the Company, the Audit Committee (“AC”) and/or Singapore Exchange Regulation Pte. Ltd. (“SGX RegCo”) (the “Whistleblower Letters”).
- 1.2.3. In consultation with SGX RegCo, PricewaterhouseCoopers Risk Services Pte. Ltd. (“PwC”) was appointed on 16 May 2024 as the Independent Reviewer for the purposes of investigating into matters highlighted by the whistleblowers pertaining to, amongst others, alleged bribery and alleged changes to contracting arrangement by Petrogas Indonesia’s management. An addendum letter was signed between PwC and RHP on 12 December 2024 for the additional scope of work relating to the whistleblower letter dated 19 November 2024.

1.2.4. We set out below a summary of allegations from the Whistleblower Letters, the preliminary investigation conducted by the AC and our interviews with the whistleblowers (collectively the “Matters”):

S/N	Nature of allegations	Summary of allegations	Section reference
1	Dealings with the Minority Shareholder and alleged affiliated companies	<ul style="list-style-type: none"> <li>• Bribery by the former President-Director (“former PD”) of Petrogas Indonesia to a company (“Company A”) and its affiliates (collectively “Group A”) for lobbying with the regulator to resolve any problems as well as for securing his position past the statutory retirement age.</li> <li>• Group A and Petrogas Indonesia’s minority shareholder (the “Minority Shareholder”) are related, and Group A constantly requests for large contracts from Petrogas Indonesia in lieu of their share of shareholders’ dividends.</li> </ul>	1.5
2	Misconducts in procurement	<ul style="list-style-type: none"> <li>• The core drilling services which had originally been planned to be procured, and were in discussions through seven discrete contracts, were changed to a single bundled contract (the “Bundled Core Drilling Services contract”) by the Petrogas Indonesia’s management resulting in increased cost. It was further alleged that an existing discrete service contract was cancelled and the service was included in the bundled services contract.</li> <li>• Policy violation, misconduct and misrepresentation during the contracting process for Drilling &amp; Wows Operation Service ongoing since around November 2023 (the “Drilling &amp; Wows Operation Service contract”).</li> <li>• Misconducts by the former PD and/or the Head of Relations and Communication (“R&amp;C”), in contracts awarded to specific contractors.</li> </ul>	1.6

S/N	Nature of allegations	Summary of allegations	Section reference
3	Oil spill	<ul style="list-style-type: none"> <li>Petrogas Indonesia's management did not report an oil spill incident to the Singapore Management and the regulator that allegedly occurred around January 2021.</li> <li>Manipulation of daily oil production reports.</li> </ul>	1.7
4	Bribery to government officials	<ul style="list-style-type: none"> <li>Alleged bribery for extension of retirement age for the former General Manager of PBL, who retired effective 24 April 2023, ("former PBL GM").</li> <li>Alleged attempted bribery in relation to stuck pipe and illegal tapping incidents.</li> </ul>	1.8
5	Misconducts in employment practices	<ul style="list-style-type: none"> <li>Undisclosed conflict of interest between the former PD and the Head of R&amp;C, and undue benefits to the Head of R&amp;C given by the former PD.</li> <li>Other conflicts of interests in hiring and undue benefits given to alleged friends and relatives of the former PD and Head of R&amp;C.</li> <li>Retaliation against whistleblowers by downgrading their 2023 performance ratings and obstruction of labour union.</li> </ul>	1.9
6	Unprofessional behaviour by the former PD	<ul style="list-style-type: none"> <li>Unprofessional behaviour by the former PD towards Petrogas Indonesia's staff, the Business Partner and regulator.</li> <li>Removal of Compensatory Leave ("CL") by the former PD.</li> </ul>	1.10
7	Allegations against CEO	<ul style="list-style-type: none"> <li>Misconduct by the Group Chief Executive Officer ("CEO"), involving disclosure of whistleblower matters to the former PD resulting in retaliation against the whistleblowers.</li> <li>Obstructing whistleblowing process by withholding the whistleblower letters that were intended to be sent to the AC and interference in the internal investigation.</li> <li>Issuing a misleading public announcement in relation to the Karuka-1 well's spud date.</li> </ul>	1.11
8	Retirement of the former PD and his re-	<ul style="list-style-type: none"> <li>The appointment of a new President-Director ("new PD") after the former PD's retirement was done without</li> </ul>	1.12

S/N	Nature of allegations	Summary of allegations	Section reference
	appointment as Senior Advisor	<p>proper approvals from the Board of Directors (the “Board”).</p> <ul style="list-style-type: none"> <li>The re-appointment of the former PD as a Senior Advisor, positioned to supervise the new PD, is inappropriate.</li> </ul>	

### 1.3. Scope of work and work done

- 1.3.1. As agreed with the AC and SGX RegCo, the focus of our work is on the whistleblower allegations surrounding the Company’s operations in Indonesia, covering PBL and PIL. While our review broadly covers the period from 1 January 2021 to 31 March 2024 (the “Review Period”), in our review of specific allegations, we focused our review on the specific timelines surrounding those allegations.
- 1.3.2. In the course of our work, we have reviewed the Whistleblower Letters, RHP’s internal investigation procedures and findings, relevant minutes of Board and AC meetings, employment records and financial information where relevant and available, and conducted interviews with relevant personnel including the whistleblowers.
- 1.3.3. We imaged the laptops of relevant management and employees in Singapore and Indonesia in a forensically sound manner and obtained the server emails from the Company to obtain relevant information on the Matters for the purpose of our review.
- 1.3.4. PwC has reviewed the contracts highlighted by the whistleblowers. On a sampling basis, we have also reviewed contracts with value exceeding USD 500,000 that have been awarded during the Review Period.
- 1.3.5. We have reviewed the general ledger (“GL”) and accounts payable (“AP”) listings for:
- Payments to the vendors identified by the whistleblowers, as well as those identified during our review;
  - Reclassifications of business travel expenses; and
  - Indications of improper payments, bribery or oil spills related expenses.
- 1.3.6. We have selected certain employees for review based on the whistleblower allegations, and were provided with information extracted from the Human Resources (“HR”) database. We have reviewed the HR information to understand the basis of promotions and increments for the identified employees.
- 1.3.7. In performing our work, we have conducted various interviews and discussions to better understand Petrogas Indonesia’s operations and the facts and circumstances surrounding the Matters. We have also conducted interviews with various personnel to seek explanations or comments on the findings and observations from our review.

### 1.4. Limitations

- 1.4.1. We have completed our work to the extent reasonably practicable based only on the information made available up to 7 July 2025. Our scope was limited to the following circumstances:
- According to the Singapore Finance Vice President (“Finance VP”), the audited financial statements are not available for PBL and PIL, as the financials are consolidated and

- reported at RHP level. We understand that the external auditors' member firms audit PBL and PIL for group reporting purposes.
- (b) The contracts listing is maintained by the Supply Chain Management ("SCM") team manually using spreadsheets. Purchase order ("PO") listing extracted from the system does not reflect the status of the PO, and we are not able to identify cancelled POs.
  - (c) We have identified payments to vendors based on the "*Bth Ty*" [Batch Type] and "*Explanation*" fields in the AP listings, as informed by the Finance and Accounting department ("FAD") Senior Manager.
  - (d) The Health, Safety and Environment ("HSE") Field internal records of oil spills for 2021 is a softcopy spreadsheet with no sign offs or audit trails recording changes made. Accordingly, we are not able to ascertain if the oil spill incidents recorded in the HSE Field internal records were recorded contemporaneously.
  - (e) We requested the former PBL GM for an interview through the Singapore Head of HR ("Head of HR"). However, we were informed that he declined our request for the interview as he is no longer employed with Petrogas Indonesia.
  - (f) Our findings from the corporate intelligence procedures performed are based on the information available on the public domain as of the dates when checks were performed. Any changes to the information thereafter may not be considered in our Report.

## 1.5. Dealings with the Minority Shareholder and alleged affiliated companies

### Whistleblower allegations

- 1.5.1. The whistleblowers alleged that Group A constantly requests for large contracts in lieu of dividends from Petrogas Indonesia. While this group has a shareholding in PBL and PIL through the Minority Shareholder since 2018, they had only received a dividend in 2023.
- 1.5.2. The whistleblowers further alleged that there was bribery by the former PD to Group A for lobbying with the regulator to resolve any problems as well as for securing his position past the statutory retirement age.

### Findings

- 1.5.3. The Minority Shareholder had been brought in as a strategic investor in connection with the extension of the Production Sharing Contracts ("PSC") for the Basin and Island blocks<sup>1</sup> in 2018, purchasing 17.35% of the shares of PBL and PIL respectively.

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<sup>1</sup> Basin and Island are two contiguous blocks located in the "*Kepala Burung*" area of West Papua, Indonesia. While Basin covers an onshore area of 1,030 km, Island includes both onshore and offshore areas, covering 1,137 km.

- 1.5.4. From our review of emails, it appears that while not reflected on records, the members of the family which are the ultimate shareholders of Group A (the “Family A”) are the key decision makers and likely to be the ultimate owners of the Minority Shareholder based on the following:
- Based on internal email discussions amongst the Singapore Management between November 2017 to January 2018, the Singapore Management had been in communications with a member of Family A (the “Family A Patriarch”) as a potential investor of PBL and PIL. On 12 December 2017, the Family A Patriarch introduced the Minority Shareholder as the signing entity for the transaction.
  - In subsequent emails, the Singapore Management continued to communicate with the Family A Patriarch, as well as another member of Family A (who we understand to be the son of the Family A Patriarch) and another individual (director and a shareholder of the Minority Shareholder). These communications included the Minority Shareholder’s requests for an audit on Petrogas Indonesia following their investment to determine their net cash position, as well as dividend payouts.

1.5.5. Our review has identified several companies which are potentially affiliated with the Minority Shareholder and Family A through common ownership, control and/or influence. We set out in the table below a yearly breakdown of payments for materials and services made to companies affiliated to the Minority Shareholder and Group A by Petrogas Indonesia during the Review Period, as follows:

Year	Payments (in USD millions)
2021	7.3
2022	9.5
2023	14.7
2024 (up to 31 March 2024)	5.3
<b>Total payments</b>	<b>36.8</b>

- 1.5.6. Based on the yearly breakdown, we note a year-on-year increase in payments made to affiliates of the Minority Shareholder and Group A. At the same time, we understand that the drilling activities for the new PSCs commenced in 2023 with the drilling of the Riam-1 exploration well, and such contracts and increase in payments could be due to the increase in the drilling activities.
- 1.5.7. As these contracts and payments pertain to historical service agreements influenced by factors such as location and drilling conditions, we are not able to obtain comparable market rates to determine whether the contract values fall within the market range.
- 1.5.8. The matter of dividend distribution was raised on multiple occasions by the Minority Shareholder. Based on emails beginning from 2022, the Minority Shareholder had requested for the settlement of 2021 accounts and payout of their share of dividends. We understand that dividends were only paid out to the Minority Shareholder in April 2023 and December 2024, of USD 1.5 million on each occasion.
- 1.5.9. During Maxwellisation, the Singapore Management explained “*the joint venture had a net cash deficit position when the old PSCs expired in 2020, hence no dividend could be distributed upon their expiry. The new PSCs commenced at a time of great economic challenges due to the Covid pandemic which caused oil prices to collapse, and Petrogas Indonesia had to significantly cut back on its projects and expenditures just to survive. As market conditions improved and the Company managed to accumulate sufficient cash buffer towards funding its*

*firm work commitments, a decision was made to pay the first dividend which occurred in April 2023.”*

### **PwC observations**

- 1.5.10. While not reflected on records, it appears that members of the Family A are the key decision makers and likely to be the ultimate owners of the Minority Shareholder.
- 1.5.11. As represented by the CEO, one of the Family A members (the “Family A Patriarch”) has good connections with the local government and regulator, and the CEO seeks his help for lobbying on Petrogas Indonesia matters when necessary.
- 1.5.12. There were inconsistencies/ inaccuracies in representations by the CEO and the former PD during our interviews despite emails and documents suggesting otherwise as follows:
  - The former PD’s representation during our interview that he does not know the Minority Shareholder or the Family A Patriarch, when the CEO had forwarded several emails on this matter to the former PD since the initiation of the conversations with Family A. The CEO’s email dated 11 April 2018 stated that “[the Family A Patriarch] *is asking* [the former PD] *why it takes so long*” in the context of the signing of a memorandum of understanding. Furthermore, the CEO represented that the former PD had attended the signing ceremony for the “*stake sale*” in 2018 with him, and had met the Family A Patriarch in early 2023 in relation to the extension of the former PBL GM’s employment beyond his retirement age. These communications indicate that the former PD had known of the Minority Shareholder and the Family A Patriarch as early as in 2018. During Maxwellisation, the former PD commented that “*Based on my recollection, I have received copies of some electronic communication about discussion between HQ and [the Minority Shareholder] and I never actively involved in the discussion about minority participation with [the Minority Shareholder].*”
  - The CEO’s representation on his awareness of relationship between Family A Patriarch/the Minority Shareholder and Group A during our interviews with him were inconsistent. While he initially represented that he had not heard of this relationship until the date of our first interview in November 2024, he changed his representation after being shown documents suggesting that he knew about this relationship at least in April 2024 after he spoke with the Family A Patriarch in relation to the allegations of bribery.
- 1.5.13. During Maxwellisation, the Singapore Management explained that the “*inconsistencies highlighted could be due to many factors such as fatigue, memory lapse or other concerns.*”
- 1.5.14. While the CEO represented that the Minority Shareholder was introduced to him by people associated with the regulator, and there was no involvement of the Indonesia team in discussions or decisions relating to the Minority Shareholder, the introduction of a local partner for Petrogas Indonesia without consultation and inputs from the Petrogas Indonesia management appears unusual. The local Indonesian team would be better positioned to provide feedback on the local market, local industry and local players.
- 1.5.15. We note that Company A is a listed company in Indonesia with its website listing some of the members of Family A in its management profile webpage, which further readily demonstrates the relationship between Family A, Company A and the Minority Shareholder (through the members of Family A who appear to be key decision makers of the Minority Shareholder).
- 1.5.16. Petrogas Indonesia has several active contracts with affiliates of the Minority Shareholder and Group A with payments totalling to USD 36.8 million from 1 January 2021 to 31 March 2024. Despite email correspondences between the SCM Senior Manager and Family A in relation to different unrelated services (such as boat rental, catering and housekeeping, pumps, drilling rigs, etc.), the SCM Senior Manager could not explain these emails and claimed he could not

recall as these emails were in 2019. According to the former Legal and Commercial (“Legal”) Senior Manager, Group A is a known group in the industry.

- 1.5.17. During Maxwellisation, the Singapore Management commented *“We are of the view that a businessman may have different companies or operate under various arrangements — such as franchises, licences, agency agreements, or distribution rights — which offer different services and products through different entities. As such, it should not be viewed as unusual for a company to speak to the same person for the provision of different services and products being offered via different entities. The inability of the SCM Senior Manager to recall the old emails should not be framed as having something to hide.”*
- 1.5.18. Related Party A, an affiliate of the Minority Shareholder, is the contractor for the bundled core drilling services for all the three explorations undertaken by Petrogas Indonesia towards the Firm Work Commitments under the Basin PSC and Island PSC. The procurement process for these bundled core drilling services contracts have several irregularities (refer to paragraphs 1.6.1 to 1.6.46 below).
- 1.5.19. We note that the Minority Shareholder has been requesting dividends from RHP from as early as 2022, which were not paid out until April 2023 and December 2024. At the same time, there were contracts awarded and payments made to affiliates of the Minority Shareholder and Group A. While we have noted an increasing yearly trend of payments made to affiliates of the Minority Shareholder and Group A, there is no documentary evidence that contracts were awarded in lieu of dividends.
- 1.5.20. Due to various issues in the procurement process in Petrogas Indonesia, lack of the Singapore Management’s involvement in the procurement process and purported non-disclosures of relationships/ affiliations, it is unclear what measures were taken to ensure such transactions were conducted on an arms’ length basis.
- 1.5.21. While we have not independently assessed if these transactions with the affiliates of the Minority Shareholder and Group A are related party transactions for financial reporting purposes, the Singapore Management has assessed that the Minority Shareholder is not a related party to the Group under the Singapore Financial Reporting Standards (International) and accordingly, affiliates of the Minority Shareholder are also not related parties. RHP’s external auditors have agreed with the Singapore Management’s assessment.
- 1.5.22. We recommend that the Company seek legal advice on this matter.

## 1.6. Misconducts in procurement

### **Bundled Core Drilling Services contract awarded to the consortium of Related Party A and the Drilling Services Contractor**

#### **Whistleblower allegations**

- 1.6.1. The key matters alleged by the whistleblowers in relation to the Bundled Core Drilling Services contract are as follows:
  - (a) Bundling of seven core drilling services resulted in increased cost from USD 2.1 million<sup>2</sup> to USD 2.8 million.<sup>3</sup>
  - (b) Direct Negotiation (“DN”) procurement policy was released in February 2022, and the SCM Senior Manager had directed the Bundled Core Drilling Services contract towards the consortium of Related Party A and the Drilling Services Contractor in April 2022.

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<sup>2</sup> IDR 30,500,912,900 equals approximately USD 2,051,985, using average exchange rate.

<sup>3</sup> IDR 41,766,159,500 equals approximately USD 2,809,868, using average exchange rate.

However, the service requisition (“SR”) for the bundled services was approved on 15 July 2022;

- (c) Cancellation of existing contract for Cementing services only to be included in the bundled core drilling services contract;
- (d) Procurement process for H2S Monitoring Equipment Rental and Services (“H2S Monitoring Services”) was forced to be cancelled despite technical evaluation being completed, and the service was included in the Bundled Core Drilling Services contract; and
- (e) Riam-1 drilling was delayed due to the Covid-19 pandemic and instruction from the former PD to delay the environment permit.

1.6.2. According to the whistleblowers, the direction from Petrogas Indonesia’s management to proceed with the Bundled Core Drilling Services contract despite the former Senior Manager of Operations and Project Development (“OPD”) and SCM Senior Manager informing the former PD about the potential cost increase.

### Findings

1.6.3. In addition to the two existing procurement methods implemented by Petrogas Indonesia, namely Direct Selection (“DS”) (requiring three competitive quotes in the bidding process) and Direct Appointment (“DA”) (a vendor is appointed without a competitive bidding process), the DN procurement method was introduced by Petrogas Indonesia in February 2022 as part of the core drilling services procurement strategy. Under the DN procurement method, a minimum of two reputable vendors who have the capability and availability to conduct the work and/or supply the materials/goods required are invited for bidding. We understand that this policy was implemented by Petrogas Indonesia without the knowledge of the Singapore Management.

1.6.4. Based on our review of electronic documents, the procurement process for discrete core drilling services started around October 2021. The discussions between the Petrogas Indonesia management for the bundling of core drilling services started in or around February 2022. We understand from our interviews that the rationale for the bundling of core drilling services was to appoint a contractor as an Integrated Project Manager (“IPM”) to manage the different contractors required to fulfil Petrogas Indonesia’s drilling commitments. Without an IPM, Petrogas Indonesia risked the delay of any single contractor affecting the entire drilling schedule. According to a documented conversation between the former PD and the CEO in March 2024, the decision for the bundling of core drilling services was made during a management meeting in March 2022.

1.6.5. While procurement for discrete services of mud engineering, H2S Monitoring Services and well testing equipment services were ongoing, no contracts had been signed and cancelled in order to be included in the Bundled Core Drilling Services contract.

1.6.6. The table of costs comparison between discrete and bundled services provided by the whistleblowers was also included in the SR signed by Petrogas Indonesia as well as the CEO. We note that the table of costs comparison provided in the whistleblower letter dated 1 March 2024 includes an additional column, presenting the “*total cost discrete contract*”, which is not included in the table of costs comparison presented in the SR.

1.6.7. According to this table of costs comparison between discrete and bundled services, the total cost of discrete services is USD 2.1 million<sup>4</sup>, which is lower than that of bundled services of USD 2.8 million. During our interview with the SCM Senior Manager, he stated that the overall cost of bundling was cheaper than discrete services and represented that the discrete quotations in the table of cost comparisons is not comparable to the cost of bundled services. The SCM Senior Manager explained “*in the table they put the discrete price when they ask*”

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<sup>4</sup> IDR 30,500,912,900 equals approximately USD 2,051,985, using average exchange rate.

*every bidder... they ask one by one... It's not comparable if you compare to integrated...It's led by another company, and overhead..."* We are not able to corroborate the overhead component as represented by the SCM Senior Manager. In contrast, the former Legal Senior Manager explained that Petrogas Indonesia had failed its initial objective to achieve a volume discount through bundling of the core drilling services, but clarified that he was not part of the procurement process.

- 1.6.8. In our interview with the former PD, he stated that he doubted the validity of the prices in the table of costs comparison provided by the whistleblowers. Our review identified an email from the former Senior Manager of OPD to the former PD on 22 December 2021 on discrete quotations obtained, in which the former Senior Manager of OPD explained that vendors had been informed of the drilling schedule being set for the third or fourth quarter of 2022, and prices were committed accordingly. The email between the former Senior Manager of OPD and the former PD indicates that the discrete prices could have been valid during the procurement for the bundled core drilling services, even in the absence of a contract.
- 1.6.9. During Maxwellisation, the Singapore Management commented *"It is our view that even if the discrete contract costs were real (which we are yet to be convinced), the prudent decision would still be to go for bundled services as the risk of potential delay and significant cost overrun without an IPM managing the complex on-time delivery of multiple support and services would be too great to bear. This considered decision taken by the management should not be undermined by miscommunication or misplaced expectations regarding price discounts, which some may expect as justification for a change in contracting strategy. To the whistleblowers, the upfront cost difference appears to be the sole factor in deciding between discrete and bundled services, without due consideration for other risks that could significantly escalate the final cost."*
- 1.6.10. While these explanations were provided to us during Maxwellisation, such rationale and justification were not documented during the procurement process for the Bundled Core Drilling Services contract.
- 1.6.11. There was one other competing bidder for the tender (the "Competing Bidder"). The Competing Bidder's quotation of USD 4 million<sup>5</sup> is approximately 39% higher than the consortium of Related Party A and the Drilling Services Contractor's initial quotation of USD 2.9 million<sup>6</sup>.
- 1.6.12. The Competing Bidder is also a supporting contractor to the consortium of Related Party A and the Drilling Services Contractor for Wireline Open Hole Logging Services. However, for Wireline Open Hole Logging Services, the Competing Bidder's quoted price is USD 1.1 million<sup>7</sup> whereas the quote from the consortium of Related Party A and the Drilling Services Contractor (for the service supported by the Competing Bidder) is USD 0.8 million<sup>8</sup>.
- 1.6.13. The Competing Bidder did not pass the administrative evaluation due to non-submission of certain documents that were required as part of the tender documents, and was not qualified to participate in the technical evaluation.
- 1.6.14. Both the Drilling Services Contractor and the Competing Bidder are affiliated to an oil and gas group of companies based in China, however Petrogas Indonesia represented they were unaware that the bidders were related. Considering that the Drilling Services Contractor and the Competing Bidder are related, it is unusual that the price quotation for the same service of Wireline Open Hole Logging Services, from the same vendor, is substantially different in each quotation.

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<sup>5</sup> IDR 59,645,971,000 equals approximately USD 4,012,754, using average exchange rate.

<sup>6</sup> IDR 42,812,459,500 equals approximately USD 2,880,259, using average exchange rate.

<sup>7</sup> IDR 16,028,000,000 equals approximately USD 1,078,303, using average exchange rate.

<sup>8</sup> IDR 11,590,204,000 equals approximately USD 779,745, using average exchange rate.

- 1.6.15. During Maxwellisation, the Singapore Management commented that *“We understand that this is a matter between the main contractor [the Drilling Services Contractor] and its subcontractors, and the Company is not privy to the negotiations and arrangements between them. The difference in quotes PwC highlighted could be due to many reasons such as synergy or optimisation of certain overlapping job scope. In any case, we understand that SCM is only looking at the total bundled price offered by the main contractor.”*
- 1.6.16. We understand that both bidders have quoted for the bundled drilling services, and any synergies arising from the bundling of services should be enjoyed by both bidders in their own quotations. We are of the view that the explanation of *“synergy or optimisation of certain overlapping job scope”* offered by the Singapore Management is untenable to the Competing Bidder’s higher quotation for the same service in its own bundled services quotation, compared to lower quotation for the same service, from the same vendor, in the quotation from the consortium of Related Party A and the Drilling Services Contractor. Furthermore, the Competing Bidder’s commitment to support the consortium of Related Party A and the Drilling Services Contractor in their bid in a supporting letter dated 15 August 2022, yet submitting their own quotation at a higher price on 31 August 2022, is indicative that the Competing Bidder is quoting to lose the bid and yield the tender to the consortium of Related Party A and the Drilling Services Contractor.
- 1.6.17. There were indications that the contracts had been pre-decided to be awarded to the consortium of Related Party A and the Drilling Services Contractor prior to the tender process. The SCM Senior Manager explained that Petrogas Indonesia had initially planned to use the DA procurement method, and had stated in an email on 5 April 2022 that *“Core Services is planned to be run by [the consortium of Related Party A and the Drilling Services Contractor]”*. After the procurement method was subsequently changed from DA to DN, SCM continued to negotiate the cost with the Drilling Services Contractor over several emails during April 2022 to July 2022, and the latest quotation from the Drilling Services Contractor dated 6 July 2022 was considered for Owner’s Estimate (“OE”) in the SR dated 15 July 2022. We understand that the OE is the estimation of costs prepared by the user department as part of the SR, and the usage of the quotation from GWDAP for this cost estimation in the SR indicated that GWDAP had been identified as the vendor for the services.
- 1.6.18. During Maxwellisation, the Singapore Management commented *“There were 2 drilling programs - the first program was for 2 shallow wells; and the second program for 2 deep wells. [the Drilling Services Contractor] was pre-selected for the deep wells as it had the suitable rig available in the region, which would yield significant cost savings in terms of lower rig mobilisation and de-mobilisation rates. To beat competition for [the Drilling Services Contractor] rig from another nearby operator, the Petrogas Indonesia management decided to invite [the Drilling Services Contractor] to participate in the shallow well program which the consortium won. The strategic decision to secure [the Drilling Services Contractor]’s services, which is clearly made in the best interest of [t]he Company, should not be marred by weaknesses in the procurement process.”*
- 1.6.19. We are unable to corroborate the explanation provided by the Singapore Management on the need for the Drilling Services Contractor rig. However, we note that these explanations were provided during Maxwellisation, but not documented during the procurement process.
- 1.6.20. While the contract’s budget was made based on the drilling of two wells, Riam-1 and Walio-322, only Riam-1 was drilled in the end. As per the SR dated 15 July 2022, the budgeted cost for Riam-1 well was USD 1.7 million<sup>9</sup>. However, the payments made towards the Bundled Core Drilling Services contract for Riam-1 well drilling was USD 2.4 million<sup>10</sup>, 43% higher than the budgeted cost for Riam-1.

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<sup>9</sup> IDR 24,579,112,236 equals approximately USD 1,653,589, using average exchange rate.

<sup>10</sup> IDR 35,176,861,997 equals approximately USD 2,366,565, using average exchange rate.

## PwC observations

- 1.6.21. We understand that the decision to bundle the discrete core drilling services was purportedly for cost savings, managing risk of delays and improved efficiency. While we are not able to comment on the purported efficiency or delays during the drilling process, from our review, we note that the cost for the bundled core drilling services appears to be higher than that for the discrete services.
- 1.6.22. Furthermore, there was a cost overrun for the core drilling services contract, as the costs and payments incurred for the drilling of only the Riam-1 well was higher than the budgeted value due to the stuck pipe incidents during the drilling. The Acting Senior Manager of OPD stated that one of the reasons for the stuck pipe incident was the quality of mud supply from the Drilling Services Contractor as it is a new supplier for Petrogas Indonesia.
- 1.6.23. During Maxwellisation, the former PD explained that *“the user department retained sole ownership and responsibility of the OE”*. The costs comparison table between discrete services and bundled services was included in the SR purportedly prepared by the user department and was sent to the former PD and the CEO for approvals. It appears unusual that both parties claimed to be unaware of the costs when it is part of the same document provided for approvals:
- The CEO represented that he did not take note of the cost increase; and
  - The former PD stated that he is not aware of the details, and relies on the SCM and user departments for the procurement process, contracting and payments.
- 1.6.24. Both the CEO and the former PD have explained during Maxwellisation that they did not take note of the costs at that point in time as the total costs for the discrete services were not clearly presented in the costs comparison table. The Singapore Management further commented that *“It is not reasonable to expect the CEO and the former PD to manually calculate the sum of the 7 discrete contract values listed on the table. The preparer of the SR could simply add a new column in the table to compute the sum total of the 7 discrete contracts if the intention was to show the cost increase.”*
- 1.6.25. As requested by the Singapore Management, we set out below the table of costs comparison between discrete and bundled services which was included in the SR signed by Petrogas Indonesia as well as the CEO<sup>11</sup>:

ENGINEERING ESTIMATE BUNDLE CORE DRILLING SERVICES										
No	Services	Discrete Contractor 1	Discrete Contractor 2	Discrete Contractor 3	Discrete Contractor 4	Discrete Contractor 5	Discrete Contractor 6	Discrete Contractor 7	Consortium of Related Party A and the Drilling Services Contractor	ENGINEERING ESTIMATE
		Total Cost (IDR)	Total Cost (IDR)	Total Cost (IDR)	Total Cost (IDR)	Total Cost (IDR)	Total Cost (IDR)	Total Cost (IDR)	Total Cost (IDR)	Total Cost (IDR)
1	Mud Supply & Engineering Services	7,274,588,000							10,623,073,000	10,623,073,000
2	Well Testing Equipment Services		2,397,718,500						3,972,612,500	3,972,612,500
3	H2S Monitoring Equipment Rental and Services			591,036,000					852,145,000	852,145,000
4	Mudlogging Services				2,558,500,000				3,402,700,000	3,402,700,000
5	Wireline Open Hole Logging Services					7,548,820,000			11,590,204,000	11,590,204,000
6	Cementing Drilling Services						1,648,585,400		2,400,000,000	2,400,000,000
7	Drilling Water Treatment Services							8,481,665,000	8,925,425,000	8,925,425,000
Summary Total		7,274,588,000	2,397,718,500	591,036,000	2,558,500,000	7,548,820,000	1,648,585,400	8,481,665,000	41,766,159,500	41,766,159,500
Note: - Quotation from other company as mentioned on above table was calculated based on unit price of each Company's quotation (as mentioned above), by normalize the quantity										

- 1.6.26. As can be seen in the table above, the costs under the bundled services were higher when compared with each of the seven discrete services.

<sup>11</sup> This table has been recreated in this Report for readability. The names of the subcontractors have been anonymised for the purpose of this Executive Summary.

- 1.6.27. During Maxwellisation, the CEO commented that the whistleblowers had signed off on the costs comparison table, and the former PD represented that *“the user department retained sole ownership and responsibility of the OE”*. However, we note the following:
- (a) Budgetary quotation which was used as the basis for the OE in SR for the bundled core drilling services was obtained from the Drilling Services Contractor by the SCM team;
  - (b) This SR which was purportedly prepared by the user department also included a table of costs comparison between discrete and bundled services. This table was apparently not taken into consideration by both the former PD and the CEO at the time of approving the SR (including the OE) for the bundled core drilling services; and
  - (c) Decision to bundle the discrete core drilling services had already been made by the Petrogas Indonesia management during March 2022.
- 1.6.28. It is also questionable that the former PD informed the CEO that there would be cost savings arising from the bundling of the discrete services in their documented conversation in March 2024 while the costs for core drilling services appears to have increased after bundling. The former PD has explained during Maxwellisation that the volume discount is based on the comparison of the budget for the bundled services contract and actual payments made, however, this explanation does not address the purported cost savings arising from integrating the discrete services into a bundled contract.
- 1.6.29. Further, while no contracts were cancelled in order to be integrated into the Bundled Core Drilling Services contract as alleged, the procurement for three out of the seven core drilling services in progress were cancelled due to the bundling of services.
- 1.6.30. During Maxwellisation, the Singapore Management explained that for the Mud Engineering Services and Materials Supply and Well Testing Equipment Services, only internal SR were raised and official invitations for the tender had not been issued yet.
- 1.6.31. From our review, we note that the Mud Engineering Services and Materials Supply and Well Testing Equipment Services are included in the SCM team’s weekly update under the *“Drilling Campaign Procurement Status”* section which was shared via email amongst the SCM team members. While it appears that that SCM had initiated the procurement process, there was no documentation to suggest that the procurement process for these two discrete services continued past the internal SR stage.
- 1.6.32. As alleged, it appears that the DN method was introduced in February 2022 for the Bundled Core Drilling Services contract. We understand that by adopting the DN approach, it reduces the number of required bidders without the need for additional approval, as compared to the existing DS procurement method. While the SCM Senior Manager stated that it was introduced for conducting complex procurements (such as bundled core drilling services), we do not find it to be a reasonable explanation for introducing a completely new procurement method.
- 1.6.33. While the former PD had represented that he was not aware of the reason for the introduction of the DN method, we note that the former PD had approved and signed off the DN policy dated 14 February 2022. The Singapore Management was not informed of the introduction of the DN policy.
- 1.6.34. There were also irregularities in the procurement process that was conducted using this newly introduced DN method, with the two invited bidders being related parties. There appears to be inadequate vendor due diligence process in place. Additionally, the Competing Bidder was also a supporting contractor for the consortium of Related Party A and the Drilling Services Contractor, with significantly higher quoted value for the same service in its own quotation as compared to the consortium’s quotation, which is unusual.
- 1.6.35. It appears that the decision was already made to award the contract to the consortium of Related Party A and the Drilling Services Contractor as early as April 2022 when the

procurement process only formally started in July 2022. The decisions taken by the former PD and SCM for the bundling of core drilling services as well as the procurement process conducted for this contract are questionable.

- 1.6.36. According to the former Legal Senior Manager’s representation, his understanding was that core drilling services contracts for all the explorations under the Firm Work Commitment were to be awarded to one contractor. We note that the bundled core drilling services contract for the deep wells<sup>12</sup> was awarded to Related Party A, and the land rig rental and mud supply and engineering services contracts were awarded to the Drilling Services Contractor.
- 1.6.37. The former Legal Senior Manager also stated that the Director of both the Minority Shareholder and Related Party A, and Group A act as agents in Indonesia to many Chinese companies. We note that Related Party A has partnered with the Drilling Services Contractor in a consortium arrangement for the Bundled Core Drilling Services contract, and the subsequent contracts for bundled core drilling services and rig rental services for deep wells were awarded to these two companies.
- 1.6.38. We recommend that the Company seek legal advice on this matter.

### Other contracts awarded to Related Party A or the Drilling Services Contractor

#### Findings

- 1.6.39. There were three other contracts which were awarded to Related Party A or the Drilling Services Contractor during the Review Period. The three contracts were all related to the drilling services for the deep well drillings of Karuka-1 and Piarawi-1.

S/N	Contractor	Service	Procurement method
1	Related Party A	Bundle Core Drilling Services Deep Wells	DN
2	Drilling Services Contractor	Mud Material Supply and Engineering Services Deep Wells	DN
3	Drilling Services Contractor	Drilling Land Rig 1500 HP Rental Services	DN

#### PwC observations

- 1.6.40. Based on the documented conversation between the CEO and the former PD in March 2024, the Drilling Services Contractor had the required type of drilling rig for deep wells. During Maxwellisation, the former PD added that *“Initially, [the Drilling Services Contractor] was invited to drill deep wells, as it was the only drilling rig in the region with the necessary horsepower. We faced competition from a nearby operator, which made it essential to entice [the Drilling Services Contractor] to join Petrogas operations. To achieve this, both the SCM and User teams also extended an invitation to [the Drilling Services Contractor] to participate in shallow well operations.”* Furthermore, the former Legal Senior Manager represented that he understood from discussions at the time of bundling of core drilling services that all the drillings for the PSC firm commitments would be awarded to the same contractor for cost and service efficiencies. It appears that the selection of the Drilling Services Contractor and Related Party A for the bundled core drilling for shallow wells<sup>13</sup> and deep wells rig rental

<sup>12</sup> Deep wells refer to the Karuka-1 and Piarawi-1 wells.

<sup>13</sup> Shallow wells refer to the Riam-1 and Walio-322 wells.

services was decided prior to the procurement process, which were done using the DN method.

- 1.6.41. During Maxwellisation, the Singapore Management reiterated that “[the Drilling Services Contractor] was selected for the deep well drilling as it was the only company with the required rig available in that remote region at that time”, further explaining that “the Company had invited [the Drilling Services Contractor] for the shallow well drilling so that it could potentially enjoy some cost optimisation with a 4-well program over a 2-well program. This seemed to be a win-win procurement strategy for both companies... Without [the Drilling Services Contractor]’s rig, the Company would be faced with uncertain delay in fulfilling its PSC commitment and potentially much higher cost if it had to bring in a suitable rig from outside the region.”
- 1.6.42. Based on the Singapore Management’s comment, the Drilling Services Contractor had been identified as the only vendor that would be able to provide the required rig for the deep wells drilling. However, we note that the procurement process for the Drilling Land Rig 1500 HP Rental Services contract was still conducted, with the Competing Bidder (which is related to the Drilling Services Contractor) being invited. This calls into question the legitimacy of the procurement process for the rig rental services for the deep wells drilling.
- 1.6.43. Subsequently, the Singapore Management provided another explanation:  
*“Based on our understanding, even though [the Drilling Services Contractor] has the required rig and could have been appointed by the DA method, the Jakarta team felt that it would still be prudent to conduct a DN tender due to the high value of the contract, even though [the Drilling Services Contractor] was clearly well poised to win as they do not need to incur cost to mobilise their rig to the region.”*
- 1.6.44. This statement is at odds with their previous explanation that the Drilling Services Contractor “was selected for the deep well drilling as it was the only company with the required rig available in that remote region”. Further, there was no documentation that the DA procurement method had been contemplated for the procurement of the rig rental services for the deep wells drilling.
- 1.6.45. While the DN policy requires a minimum of two well-known companies that are capable (both administrative and technical perspective) to perform the work in the scope of procurement, the competing bidders in all contracts awarded to the Drilling Services Contractor had failed the administrative evaluation.
- 1.6.46. We recommend that the Company seek legal advice on this matter.

## **Contracts with Group A**

### **Whistleblower allegations**

- 1.6.47. The whistleblowers alleged that Group A constantly requests for large contracts in lieu of dividends from Petrogas Indonesia. While this group has a shareholding in PBL and PIL through the Minority Shareholder, they had only received a dividend in 2023.

### **Findings**

- 1.6.48. We have reviewed the contracts awarded to potential affiliates of the Minority Shareholder and Group A during the Review Period, and noted the following.

#### Backdating of catering and housekeeping service contract

- 1.6.49. There were two catering and housekeeping service contracts which were awarded to an affiliate of Group A (in consortium with another contractor) covering a period from 1 April 2021 to 30 March 2024 and 1 January 2024 to 31 December 2024. These contracts have an overlapping period of approximately three months from 1 January 2024 to 30 March 2024.

- 1.6.50. Based on the SR, the justification for the new contract from 1 January 2024 to 31 December 2024 was due to the budget of the existing contract being fully utilised before the end of its contract period (i.e., 30 March 2024) due to increased activity on site, and an increase in catering and housekeeping services prices based on a market survey. However, the number of personnel on site and the rates in the contracts remained unchanged in the new contract as compared to the existing contract.
- 1.6.51. While the new contract commenced from 1 January 2024, the corresponding SR dated 15 November 2023 was signed by the CEO on 22 April 2024 indicating that the new contract has been backdated.

#### Early termination of contracts

- 1.6.52. On 22 December 2023, the CEO approved the early termination of seven contracts for “*changes on strategy implementation of work*”. Of these seven contracts, two were for rental of boats with two potential affiliates of the Group A and the Minority Shareholder (2020 contracts), and the remaining five were manpower contracts (2023 contracts).
- 1.6.53. The SCM Senior Manager explained that the change in strategy for early termination was in response to technical guidance SRT 0060 published in May 2023, where Tingkat Komponen Dalam Negri (“TKDN”) calculation is based on expiry of contract.
- 1.6.54. We understand that TKDN refers to the level of domestic component in a product or service (local content), and is an Indonesian policy that encourages companies to maximise their use of local components (parts, materials, or labour) from Indonesia. According to the PSC agreements, the level of TKDN will result in a corresponding amount of additional production split. The calculation of TKDN level for the computation of production split under the PSCs is based on actual local content levels, or TKDN realisation.
- 1.6.55. According to the SCM Senior Manager, these seven contracts were terminated early in order to consider the local content from these contracts for the TKDN calculation so as to achieve the required TKDN for the year. The contracts were selected for earlier termination as they had higher TKDN percentages for the TKDN realisation. We note that this explanation was not documented at the point of contract termination.
- 1.6.56. New contracts were awarded to the same vendors for six of the seven early terminated contracts through DS. The remaining vendor for the manpower contract for the period from 1 January 2023 to 31 December 2024 is a third-party contractor (“TPC”) manpower contract, which was replaced by a service contractor (“SVC”) contract with a different manpower services contractor (the “SVC Contractor”).
- 1.6.57. According to the Finance VP, he had been informed by the Petrogas Indonesia SCM team that contracts would be cancelled and re-signed with the same vendors, under the same terms and pricing. The Finance VP explained that based on the discussion with the Petrogas Indonesia SCM team, he was informed that the procurement process was done for compliance purposes. It appears that the contracts were agreed to be reinstated beforehand, with the procurement process being done for form-filling purposes rather than a legitimate procurement.

#### **PwC observations**

##### Backdating of catering and housekeeping service contract

- 1.6.58. As there was an existing contract valid until 30 March 2024, Petrogas Indonesia was exposed to potential contractual risks from 31 March 2024 until the date of actual signing, which we are not aware of as the contract provided to us is backdated.

##### Early termination of contracts

- 1.6.59. Given the context of new guidelines and agreements with the vendors, the early termination of existing contracts to be replaced with new contracts with the same vendors is a business

decision. However, there is a lack of formal justification for this decision, and the calling of a tender and running of the procurement process without documenting or acknowledging that the contract would be re-signed with the same vendors, on the same terms and pricing, calls into question the legitimacy of the procurement process.

### **Drilling and WOWS Operation Service contract**

#### **Whistleblower allegations**

- 1.6.60. The whistleblowers alleged that during the preparation and planning of the Drilling and WOWS Operation Service contract, the user department was directed by the SCM team to increase the OE for providing higher margin to the contractor.

#### **Findings**

- 1.6.61. From our interviews with the former HR Senior Manager, SCM Senior Manager and whistleblowers, we understand that the Drilling and WOWS Operation Service contract was previously a manpower contract with another contractor managed by the HR department, which was converted into a service contract.
- 1.6.62. The OE in the draft SR for the Drilling and WOWS Operation Service contract sent by the user department on 29 November 2023 did not include two cost items, “*Profit and Risk*” and “*Overhead Actual Reimbursable*”, which were added in the final SR approved by the CEO on 22 December 2023. We noted that the “*Profit and Risk*” percentage is the same as the management fees in the previous manpower contract. However, there was no “*Overhead Actual Reimbursable*” in the previous manpower contract.
- 1.6.63. According to the SCM Senior Manager, manpower and service contracts have different tax calculations. Taxes on manpower contracts are calculated based on the overhead percentage, while taxes on service contracts are calculated based on the overhead percentage and personnel cost. The SCM Senior Manager added that service contracts are more expensive than manpower contracts, and that the user department had based their initial SR calculations using a manpower contract from HR.

#### **PwC observations**

- 1.6.64. The whistleblowers alleged that the former PD had instructed the procurement team to inflate the management fee percentage awarded to the vendor. We note that the management fee of the previous contract and the percentage of profit in the alleged contract is unchanged.
- 1.6.65. While “*Overhead Actual Reimbursable*” was a new component added to the Drilling and WOWS Operation Service contract which had not been part of the previous manpower contract, we understand that this increase in costs was due to the change in contracting arrangement from a manpower contract into a service contract, which resulted in additional cost and tax implications for the contractor that were not factored into the user department’s initial OE calculations.

### **Manpower contracts**

#### **Whistleblower allegations**

- 1.6.66. The whistleblowers alleged misconduct in contracts with manpower services contractors.

#### **Findings**

- 1.6.67. Three manpower services contractors are owned by a family (the “Family M”). We noted that these contractors participated in nine out of the 12 manpower contracts sampled and won seven out of these nine contracts. We further noted that the similar set of bidders also participated in the procurement process for multiple manpower services contracts reviewed.

- 1.6.68. According to the SCM Senior Manager, Petrogas Indonesia had tried to look for other manpower vendors, and he has explained to the regulator that procurement for manpower in Papua is difficult due to the area being remote.
- 1.6.69. We also noted bidders submitted different management fee quotations in relation to procurements for four manpower services contracts on the same day (28 November 2023), which appears unusual. The winning bidder (which were Family M's manpower services contractors) for three contracts quoted X% management fee while quoting Y% for the fourth contract. At the same time, the SVC Contractor which quoted Y% for the first three contracts lost the bid and only won the bid for the fourth contract when they quoted X% for management fee. We note that all quotations were submitted on the same day. We further note that Y is higher than X by 1 percentage point.
- 1.6.70. The SCM Senior Manager stated the inconsistent management fee quotes could be due to the bidder's strategy and added that there is no harm to Petrogas Indonesia if the bidders submitted their quotations on the same day, or if they had a strategy to determine which contracts to win.
- 1.6.71. Based on our review of the curriculum vitae ("CV") included in the tender documents for different manpower services contracts, we noted that several common employees in two of the Family M's manpower services contractors were holding different positions in the two companies. The SCM Manager explained that this was due to limited qualified manpower within Sorong and it is common for one person to take on multiple positions within a group.

#### **PwC observations**

- 1.6.72. It appears that the bidders for the manpower services contracts are quoting selectively to win or lose certain contracts. However, SCM's explanation is that it may be the bidders' strategy and there are not many manpower service providers in the region. In our view, such practical challenges due to the remoteness of Basin and Island blocks should be clearly documented and procurement procedures should be conducted with appropriate disclosures and approvals from relevant personnel from the Singapore and Indonesia teams.

#### **Environmental permits related contracts**

##### **Findings**

- 1.6.73. As part of our review, we sampled four contracts relating to environmental permits. These contracts relate to permit applications required prior to the commencement of drilling works and include government touchpoints, increasing the risk of bribery.
- 1.6.74. We understand from the former HSE Senior Manager that there were instances of non-compliance by the previous operator, where there had been wells drilled without permits. The former HSE Senior Manager explained that the relevant authority is aware of this and that the environmental contract for the period from 1 November 2023 to 31 October 2024 is related to corrective action required by the authority. According to the former HSE Senior Manager, the CEO had asked him to ensure all wells, including wells from the expired PSCs, had permits, and to process any missing permits. The former PD stated that the CEO is also aware of the non-compliances, which was confirmed to us by the CEO in his interview.
- 1.6.75. From our review, we note a pattern where the same bidders were consistently participating in tenders for different contracts relating to environmental permits. According to the SCM Senior Manager, the vendors for environmental permits are selected by the user department due to their sensitivity and the SCM team relies on the user to determine the bidders, cost and scope. The SCM Manager added that there is a limited number of vendors who are authorised to interact with the authorities for permit applications and this list of vendors are selected by the user department.

- 1.6.76. According to the former HSE Senior Manager, the regulator will recommend a consultant with good relationship with the authorities and this consultant will work together with the contractor to help develop any required documents. The former HSE Senior Manager stated that the final decision is made by the SCM team.
- 1.6.77. In our interviews, the Singapore Management represented that they are not aware of any bribery or facilitation payments made by Petrogas Indonesia in relation to environmental permits.

#### **PwC observations**

- 1.6.78. While there is non-compliance in the form of wells drilled without permits by the previous operator, we understand from the former HSE Senior Manager that Petrogas Indonesia is in the process of regularising these permits. However, it is unclear if any legal exposure may arise due to the lack of permits. We recommend that the Company seek legal advice on this matter.
- 1.6.79. Similar to the manpower services contracts, the same set of competing bidders participated for the two environmental permits related contracts and they were eventually awarded to one contractor.

#### **Other control weaknesses in procurement process**

##### Lack of oversight from Singapore headquarters

- 1.6.80. Although Petrogas Indonesia is the only operating asset for RHP, the CEO is only required to approve SR which are above USD 500,000, and the Singapore Management is not involved in the procurement procedures such as vendor evaluation, administrative and technical evaluations and contracting. The Singapore Management is only involved in the budget setting and review of payments, based on what they are provided by the Indonesia team. We understand that the Singapore Management is not aware of details such as the procurement method, bidders, and winning vendor for contracts.
- 1.6.81. There appears to be a lack of oversight from Singapore headquarters relating to the procurement process.
- 1.6.82. While the Singapore Management may decide not to get involved in the day-to-day operations and procurements, we note that the Singapore Management was also not involved in determining and/or approving policies as they were not aware of the implementation of the DN policy.

##### Effectiveness of internal audit

- 1.6.83. We noted that the 2023 internal audit report for PBL for the review period from 1 January 2022 to 31 December 2022, which overlapped with our Review Period, rated the internal controls over the Procurement and Payables process as “Good”, with no exception noted.
- 1.6.84. The internal audit report was presented to the AC on 11 May 2023. We further noted that the annual report 2024 states that “*The AC reviews the adequacy and effectiveness of the internal audit function at least annually, and the AC is satisfied with the adequacy and effectiveness of the Company’s internal audit function.*”
- 1.6.85. Although we were informed by the AC Chairman that the internal auditor reports to the Finance VP, this is inconsistent with the annual report 2024 which states that “*The Internal Auditor’s primary line of reporting is to the AC Chairman. The hiring and removal of the internal audit function requires AC’s approval and the AC members also evaluate and review the compensation of the internal audit function.*”
- 1.6.86. While the scope of work performed by the internal audit function may have been different from ours, the assessments made by the internal audit function appear to be inconsistent with our internal control findings on procurement for the same period. Observations such as

circumvention of procurement process and weaknesses in selection and screening of vendors were not raised by the internal audit function, raising doubts in the internal audit function's assessment of the adequacy and effectiveness of the company's internal controls. Moreover, it also raises a question on the robustness of the AC's evaluation of the internal audit function.

## 1.7. Oil spill

### Whistleblower allegations

- 1.7.1. The whistleblowers alleged that there had been an oil spill incident on 6 January 2021 from a 10-inch main pipeline ("January 2021 Oil Spill"). The whistleblowers further alleged that the volume of the oil spill was approximately 1,975 barrels, which according to the policy should have been reported to the Singapore Management and the regulator, but the incident had been hidden and not reported.
- 1.7.2. According to the whistleblowers, the production reports for the period around the January 2021 Oil Spill were manipulated and do not reflect the lost production due to the alleged oil spill.
- 1.7.3. In our interviews with the whistleblowers, it was alleged that there was an additional oil spill that occurred one year prior to the January 2021 Oil Spill. This oil spill had allegedly flowed into the sea and was not reported to the Singapore Management and the regulator. The whistleblowers did not provide documentary evidence for this allegation.
- 1.7.4. From our review of electronic documents, we noted daily and weekly operation reports being sent through email as part of operational reporting. Such reports include mentions of oil spills and measures taken to address them. We noted that these reports span across multiple periods, indicating multiple oil spills across varying periods. We have focused our review on the period around January 2021.

### Findings

- 1.7.5. From the daily and weekly operation reports and emails provided to us, there was an oil spill in the Kasim area, beginning from 6 January 2021. While we are not able to verify the volume of the oil spill, based on the reports, the oil spill had spread across multiple areas. The cleaning efforts for the oil spill continued until around 23 January 2021.
- 1.7.6. We note that there are inconsistencies in the various reports referencing this oil spill, with the spreadsheet which is used internally for recording of any oil spill that occurs in the field ("HSE field records") and an email between the Field Operations Manager ("FOM") and Deputy FOM stating it is from the 10-inch main line, however the daily and weekly operation reports state it is from the 8-inch or 12-inch main line.
- 1.7.7. We understand from the CEO that there are three pipelines, with the 10-inch pipeline being the mainline which carries oil from the Walio oil field. The contents of the 10-inch pipeline are mostly oil as the water content would be already dehydrated. The 8-inch and 12-inch pipelines are oil-water content pipelines, and the fluid content in these pipelines is around 1% oil and 99% water. Based on the inconsistent records, we are unable to verify which pipeline the oil spill originated from.
- 1.7.8. We understand from the Singapore Management that RHP has not received any reports of oil spills to date. During Maxwellisation, the CEO and the Singapore Commercial Vice President ("Commercial VP") clarified they did not recall receiving reports of oil spills in the past.
- 1.7.9. We were informed by the whistleblowers that the oil spill clean-up was managed internally by Petrogas Indonesia and no third parties were involved. The clean-up was done with vacuum trucks which are rented by Petrogas Indonesia. While the oil spill happened on 6 January

2021, an additional vacuum truck was requested to accelerate the handling of the oil spill on 8 January 2021 indicating that oil spill cleaning efforts were still ongoing after two days.

- 1.7.10. According to the whistleblowers, Petrogas Indonesia would only require one vacuum truck for a smaller oil spill as the capacity of each vacuum truck was around 45 barrels and each vacuum truck could make 6 to 8 trips per day. The former HSE Senior Manager represented that the capacity of the vacuum trucks should not be used as an estimate of the volume of the oil spill as both oil and water are suctioned by the vacuum trucks.
- 1.7.11. We noted two versions of the HSE Weekly Report dated 14 January 2021, with one intended for the former PD and the other intended for reporting to RHP. The mention of oil spills was excluded from the weekly update which was sent to RHP on 15 January 2021. The former HSE Senior Manager could not recall the reason why the mention of oil spills was removed from the report meant for RHP but stated that small oil spills are only reported internally within Petrogas Indonesia and not to RHP if there is no large impact to the environment. The former PD explained that the mention of oil spills from the 14 January 2021 report was removed in the version for RHP because it did not state the volume of the spill, indicating it was a small spill.
- 1.7.12. In our interview with the CEO, we understand he is not aware that there are two versions of the weekly report. The CEO added that the mention of oil spills was removed from the report sent to himself could be due to *“either they want to hide it from me or it’s not up to 15 barrels”*, and stated that he was unable to comment on the reason for this.
- 1.7.13. The HSE field records for 2021 records an oil spill on 6 January 2021 from the 10-inch main line in Kasim. The volume of this 6 January 2021 oil spill is not indicated in the HSE field records, while the volume is recorded for all the other 117 incidents of oil spills in this record. The HSE Field team represented through the CEO that the spill volume for this incident was never quantified as *“the field team was able to quickly identify and localise the spill, then vacuumed the oil back to the skim pit”*, and the spill volume was left empty in this record.
- 1.7.14. We note from emails that instructions have been purportedly given by the then-FOM on at least one occasion for the manipulation of production data in June 2021 to maintain the production volume at 4,500 barrels per day. From the email’s reference to *“debt”*, it appears that previously, actual production was lower than what had been reported, resulting in the need to reduce the production reported when the actual production was higher in order to balance this discrepancy. There has also been another occasion in 2019 where the manipulation of production data was alleged by staff. The Petrogas Indonesia management and the Singapore Management have represented that they are unaware of such a practice.

### **PwC observations**

- 1.7.15. From the daily and weekly operation reports and emails provided to us, there was an oil spill in the Kasim area, beginning from around 6 January 2021. While we are not able to verify the volume of the oil spill, based on the HSE field records and email between the FOM and the Deputy FOM, the oil spill originating from the leak from the 10-inch mainline pipe had spread across multiple areas.
- 1.7.16. Based on interviews with respective staff, the HSE procedure on oil spill handling (“Oil Spill SOP”) and the governmental regulations, oil spills of over 15 barrels need to be reported to the PD, government agencies, the regulator and the CEO. We understand that oil spills irrespective of the spill volume should be recorded on hardcopy reports kept with the HSE team (prior to 2022) or the Prisma portal (2022 onwards). The HSE field records did not record the oil spill volume for the 6 January 2021 oil spill.
- 1.7.17. While we were first provided with the Incident Reporting and Investigation Procedure which sets the reporting threshold at 50 barrels and 75 barrels (for spill to water), we were subsequently provided with the Oil Spill SOP which sets out the reporting threshold of 15

barrels. Based on interviews with respective staff, we understand that the reporting threshold of 15 barrels (which is in line with governmental regulations) is recognised in practice. It is unclear why there are inconsistencies between different Petrogas Indonesia internal policies.

- 1.7.18. The HSE Field team's representation that the oil spill was not quantified as it was quickly identified and localised is inconsistent with the weekly operational reports which show that handling and response for the oil spill was completed on 23 January 2021, as well as the request for an additional vacuum truck required for oil spill cleaning efforts on 8 January 2021, two days after the oil spill occurred on 6 January 2021.
- 1.7.19. Further, while there were two versions of the weekly report sent to the former PD on 14 January 2021, eventually, the version that was sent to the Singapore Management did not include any mentions of oil spills. It is unclear the rationale for preparing two versions of the weekly report with different content.
- 1.7.20. It appears from email communications and reports that the former PD and local management should also have been aware of the oil spill, however this was denied in our interviews with them.
- 1.7.21. Despite the daily and operational reports which reference occurrence of oil spill incidents being shared with the Head of R&C, Corporate Affairs Department ("CAD") Senior Manager and former HSE Senior Manager, they have represented that they are not aware or did not take note of the oil spill incidents as the response and reporting in relation to oil spill incidents are under the purview of the field teams. Based on the reporting hierarchy where the field teams report to the Petrogas Indonesia management, such behaviour suggests a lack of accountability on the part of the Petrogas Indonesia management. As the then-PD, which is the highest authority of Petrogas Indonesia, the former PD's claim that he would not pay attention to such incidents as it should be reported to the General Manager ("GM") first and he would only take note if the GM had reported it to him demonstrates an apparent lack of accountability. This is indicative of a deficient reporting and accountability culture or process within Petrogas Indonesia.
- 1.7.22. We further note from our review of emails that instructions have been purportedly given by the then-FOM on at least one occasion for the manipulation of production data in June 2021. There has also been another occasion in 2019 where the manipulation of production data was alleged by the staff. The Petrogas Indonesia management and the Singapore Management have represented that they are unaware of such a practice.
- 1.7.23. We recommend that the Company seek legal advice on this matter.

## 1.8. Bribery to government officials

### Whistleblower allegations

- 1.8.1. As part of the AC investigation, the AC interviewed government officials, who alleged integrity issues relating to Petrogas Indonesia and stated that there were multiple attempts of bribery to government officials in Bali, which were suspected to be in relation to the Riam-1 stuck pipe issue and illegal tapping issue. We understand that the government officials interviewed by the AC had been introduced by the whistleblowers.
- 1.8.2. During Maxwellisation, the Singapore Management stated "*We noted that the AC had asked the [government] officers whether they have a good candidate to succeed [the former PD], to which one of the officers had put forward a strong recommendation for one of the whistleblowers. Even if the recommendation was made in his personal capacity, we believe that it was still highly inappropriate for a government officer to attempt to influence the personnel appointment of a private company, especially considering the said officer's position ... which has regulatory oversight over the Papua region where our assets are located.*"

*We further understand that the said officer and the whistleblower he recommended were friends and ex-school mates, which means there could be potential conflict of interest for the said officer to get involved in the AC investigation into the whistleblowing allegations.”*

- 1.8.3. In a conversation amongst the Board on the bribery allegation raised by the government official, the CEO had brought up another incident, sharing that the government official had requested for a laptop in relation to the extension of the former PBL GM's employment past his retirement age, which was rejected.
- 1.8.4. The whistleblowers also alleged that the former PD had a personal agenda in his lobbying with government officials. As he was approaching 58 years of age in 2024, the regulator's approval would be required to delay the retirement of the former PD to retain his position as the PD.

## Findings

### The former PD's alleged personal agenda

- 1.8.5. In accordance with Work Guidelines No. PTK 018 published by the regulator (“PTK-018”) relating to human resource management, the retirement age limit of Indonesian workers is at 58 years old, and the use of Indonesian workers who have exceeded the retirement age limit is subject to meeting certain criteria, and must be approved by the regulator. However, PTK-018 also sets out that the retirement age limit for the Indonesian worker holding the highest position in the company is 60 years old. For Petrogas Indonesia, the former PD in his former role as the PD was holding the highest position, and hence the applicable retirement age for him was 60 years old. The former PD was approaching 58 years of age in 2024, and the mandatory retirement age and requirement for approval of 58 years was not applicable to him in 2024.
- 1.8.6. It appears that the allegation on bribery for the former PD's personal agenda was unfounded, as the former PD had not reached the retirement age limit in 2024.

### Alleged laptop bribery incident

- 1.8.7. We set out below the varying representations made by various parties at different times:

S/N	Date	Source	Details
a	21 February 2024	Government official (the “Government Official”), AC interview	The former PD had <i>“via other people attempted to bribe [government officials] in Bali to reduce several problems that occurred in Petrogas”</i>
b	22 February 2024	The CEO, WhatsApp message to directors	The Government Official had asked for <i>“favor and a new laptop”</i> from the former PBL GM, which was rejected by the former PBL GM. The former PD had informed the CEO that the Government Official had caused the extension application for the former PBL GM to fail.
c	21 March 2024	Whistleblowers, WhatsApp conversation with AC Chairman	The regulator had asked for sponsorship for a charity program for universities, and this request was also extended to other operators apart from

S/N	Date	Source	Details
			Petrogas Indonesia. According to the whistleblowers, the context of this request was not for personal bribery, but for institutional charity.
d	30 March 2024	Whistleblowers, WhatsApp conversation with AC Chairman	Petrogas Indonesia had given a laptop to the Government Official, and the laptop was given to a university.
e	3 April 2024	Board meeting minutes	Bribery was allegedly done through Company A (AC Chairman)  The former PBL GM had " <i>informed Management about [the Government Official] requesting for a laptop from the Indonesia office</i> " in early 2023 (the CEO)
f	22 April 2024	The CEO, local document "Ash.docx" in deleted files	The laptop was purchased with the former PBL GM's own money and delivered to the government official through another Petrogas Indonesia employee (Employee A)
g	Undated	AC Chairman	The AC Chairman received verbal confirmations from the former PBL GM and Employee A that a laptop had been given to the regulator.
h	25 May 2024	Employee A, PwC interview	Not aware of any bribery incidents.

1.8.8. While the CEO first informed the Board on 22 February 2024 that the request for a laptop by the Government Official was rejected, the CEO subsequently became aware in April 2024 that a laptop had been purchased and given to the Government Official. We understand that the CEO did not update the Board of this new information. In our view, as the CEO had previously given the Board information which he later found to be inaccurate, he should have updated the Board of such new information.

1.8.9. During Maxwellisation, the CEO clarified that "*There were two versions of this story from [the former PBL GM]*". He explained the former PD understood from the former PBL GM that the reason for the rejection of his extension application by the regulator was probably due to his rejection of the Government Official's request for a laptop, which the CEO conveyed to the Board on 22 February 2024. The CEO informed us that he later spoke directly to the former PBL GM in April 2024, who provided a different account (refer to paragraph 1.8.7 (f)). The CEO added that the former PBL GM did not explain the reason for the different accounts and he had not reported this to the Board as the former PBL GM had purchased the laptop with his own money and had already retired from Petrogas Indonesia.

- 1.8.10. The Singapore Management further clarified during Maxwellisation that the “*earlier representation was to convey that the Company did not accede to the request for a laptop, which the former PBL GM had mistakenly regarded as a solicitation of bribe. The former PBL GM contributing the laptop out of his own pocket was a different matter altogether.*”
- 1.8.11. We understand from the CEO that information which had been provided to the AC Chairman by the whistleblowers had not been correspondingly passed on to the Board, such as the information that the laptop request was for institutional charity and not bribery. During Maxwellisation, the Singapore Management commented that since the AC Chairman had been informed that the request was for institutional charity, this could have also been clarified at the subsequent Board meeting on 3 April 2024.
- 1.8.12. While we are unclear if the AC Chairman had informed the other AC members of such information from the whistleblowers, we note that the AC Chairman had also received conflicting accounts of the alleged laptop bribery incident and there was no documentary evidence that the laptop request was indeed for institutional charity instead of bribery. Given that the whistleblower allegations were being discussed at the Board level, the AC Chairman’s inconsistent sharing of information received from the whistleblowers appears to lack transparency and objectivity.

#### Alleged Bali bribery in IOG conference

- 1.8.13. The government officials alleged bribery in Bali, in relation to the Riam-1 stuck pipe issue and illegal tapping. While we do not have specific information on the illegal tapping issue, we note that the Riam-1 exploration well was spudded on 21 July 2023 and that the alleged bribery in Bali appears to have taken place at the IOG Conference from 20 to 22 September 2023 held in Bali (“2023 IOG Conference”).
- 1.8.14. We were provided with the GL for the Review Period and have focused our review on the period around the 2023 IOG Conference, i.e., from September 2023 to December 2023, and performed transaction testing on a sampling basis. Based on our sample testing, we did not identify any indications of improper payments.
- 1.8.15. We identified an illegal tapping incident on 3 August 2022, which had been included in the Weekly Operations Report for 3 August 2022 to 10 August 2022. From our review of electronic documents, we also identified a letter from PBL to the regulator on 17 October 2022, signed by the former PBL GM, reporting on the illegal tapping attempt. According to the letter, Petrogas Indonesia team had been made aware of the illegal tapping attempt on 3 August 2022, and this had been reported to the regulator under the Monthly Security Report for August 2022 submitted on 14 September 2022. In a meeting with the regulator on 12 October 2022, the regulator had directed Petrogas Indonesia to make a police report, which was reported on 15 October 2022.
- 1.8.16. It appears that the illegal tapping incident on 3 August 2022 had been escalated to the Petrogas Indonesia management and reported to the regulator. We did not identify other illegal tapping incidents which may be related to the alleged bribery to government officials.

#### Lobbying through the Family A Patriarch

- 1.8.17. The CEO represented that Company A’s name was brought up in the Board meeting on 3 April 2024 in relation to allegations of bribery, and that he had done an online search on the name and noted the name of a Family A member. The CEO had then reached out to the Family A Patriarch to ask whether the Family A Patriarch knew of Company A, and that the people were related to him. According to the CEO, the Family A Patriarch had responded that “*I got so many business, and I got probably family, we own shares in there*”. The CEO had asked the Family A Patriarch to “*find out who they are, and are they in contact with [the regulator] and because the allegation is [Company A] tried to bribe [the regulator]*.” The CEO represented that he had been assured that Group A would never engage in bribery, as it “*is a listed company, we [Group A] follow the rules*”.

- 1.8.18. The CEO represented that the Family A Patriarch lobbied for Petrogas Indonesia, through their good contacts with various people. According to the CEO, this is not a regular occurrence but only when other options have been exhausted. The CEO represented that there was only one instance where he had approached the Family A Patriarch for help with the regulator, which was for the extension of the former PBL GM. We note that the former PBL GM's extension was rejected and he retired in April 2023.
- 1.8.19. The CEO also provided another example, where they had approached the Family A Patriarch for help in expediting the environmental permits through the Family A Patriarch's contacts with the authorities. The CEO later clarified during Maxwellisation that he was unaware if the Family A Patriarch had actually reached out to the authorities, but that the permit approval had not been expedited.
- 1.8.20. The CEO represented that there is no bribery done by the Family A Patriarch on behalf of Petrogas Indonesia.

### **PwC observations**

- 1.8.21. We set out our observations on the following matters:  
The former PD's alleged personal agenda
- 1.8.22. The whistleblowers' alleged purpose for bribery by the former PD of extension of his retirement age appears to be unfounded as the retirement age limit applicable for him is 60 years, and he has not reached this retirement age limit in 2024.  
Alleged laptop bribery incident
- 1.8.23. Based on review of emails and communications, a laptop may have been purchased by the former PBL GM, using his personal funds, and passed through another employee to the regulator for donation to a university. There were conflicting accounts on the alleged laptop purchase and its purpose. However, we have not found documentary evidence indicating that the laptop was purchased by the Company or the former PBL GM. There is also insufficient evidence to conclude whether the alleged laptop was for charitable donation or was for alleged bribery.
- 1.8.24. Furthermore, it appears unusual that a single laptop, purportedly donated to a university, would pass through multiple hands instead of any appropriately authorised individual.  
Alleged Bali bribery in IOG conference
- 1.8.25. We identified three events which may have been linked to the attempted bribery alleged by the government officials, namely the Riam-1 stuck pipe incident, illegal tapping and the application for extension of the former PBL GM.
- 1.8.26. Given that the stuck pipe incident had occurred in August 2023, the alleged bribery attempt would have occurred at the 2023 IOG Conference which took place after the Riam-1 drilling. Based on our sample testing, we did not identify any indications of improper payments which had occurred around the period of this conference.
- 1.8.27. We identified one instance of illegal tapping in August 2022 which had been included in the Weekly Operations Report for 3 August 2022 to 10 August 2022. From our review of emails, we identified Petrogas Indonesia's internal record of a letter to the regulator in October 2022 on the illegal tapping incident. It appears that the illegal tapping incident had been escalated and reported to the regulator in or around September 2022 and October 2022, and also reported to the police as recommended by the regulator in October 2022. The alleged purpose for bribery due to illegal tapping incident not being reported appears to be unfounded, as the incident had been reported to the regulator and the police.

- 1.8.28. From our review of emails and interviews, Petrogas Indonesia began the succession planning and preparing for the former PBL GM's extension application around end December 2022, which was after the 2022 IOG Conference held in November 2022. The former PBL GM's extension was rejected and he retired in April 2023, before the 2023 IOG Conference held in September 2023. Based on the timeline of the extension application for the former PBL GM from December 2022 to April 2023, the allegations of bribery appear to be unfounded. The extension of the former PBL GM was not being considered when 2022 IOG Conference was held, and his retirement was finalised before the 2023 IOG Conference.

#### Lobbying through the Family A Patriarch

- 1.8.29. The CEO confirmed that he reaches out to the Family A Patriarch for his connections for lobbying with the regulators, after exhausting normal procedures. The CEO has denied that the Family A Patriarch or Company A engages in bribery activities.
- 1.8.30. We note that the CEO had indeed approached the Family A Patriarch for help through his connections with the regulator on at least one occasion, namely for the extension of the former PBL GM.
- 1.8.31. We recommend that the Company seek legal advice on this matter.

## **1.9. Misconducts in employment practices**

### **Conflicts of interest**

#### **Whistleblower allegations**

- 1.9.1. According to the whistleblowers, the Head of R&C is the second wife of the former PD through "Nikah Siri" and had received privilege and special treatment through continuous promotions over six years. It was alleged by the whistleblowers that the Head of R&C often travels to the field without any valid reason so that she can benefit from the 4% per diem allowance. The whistleblowers also alleged that certain employees who were related to the Head of R&C or the former PD had been hired at Petrogas Indonesia.
- 1.9.2. The whistleblowers further alleged that a consultant (the "Senior HR Consultant") had been hired against the Business Partner's recommendation to terminate the position. According to the whistleblowers, the Senior HR Consultant had been hired in 2023, however, her position (along with other senior consultant positions) was identified by the Business Partner as excessive cost without significant impact to Petrogas Indonesia. The whistleblowers additionally alleged that the Senior HR Consultant did not show up in the office.

#### **Findings**

- 1.9.3. Marriage records are not available in Indonesia for Islamic Marriage and we are not able to verify the former PD and the Head of R&C's alleged marriage. We did not note any indications or evidence of a personal relationship between the former PD and the Head of R&C from our review of electronic documents.

#### Accelerated promotions and salary increments

- 1.9.4. The Head of R&C's four promotions over eight years, from her joining in 2016 to 2024, is an average of 0.5 grade jumps per year. While this is indicative of a high performer, as explained in interviews with various Petrogas Indonesia management including the former PD, the CAD Senior Manager as the Head of R&C's supervisor, we have identified other employees with similar paced promotions.
- (a) One employee with faster paced promotion record, with three promotions over two years, which is an average of 1.5 grade jumps per year;

- (b) Four other employees with the same promotion records of four promotions over eight years; and
  - (c) Six other employees with similar promotion records with an average of 0.5 grade jumps per year.
- 1.9.5. According to HR records, the Head of R&C received special increments of 100% in 2022 and 15% in 2016, in addition to the standard merit or promotion increments awarded during the year-end appraisal process. Although the 100% special increment in 2022 represents a substantial raise, her adjusted salary aligns with her grade as determined by a benchmarking exercise undertaken by Petrogas Indonesia in 2022.

Field allowance

- 1.9.6. Based on our sample review of the Business Travel Authorisation (“BTA”) forms and travel supporting documents for the field allowance paid to the Head of R&C during the Review Period, we note that these travel allowances were calculated based on actual travel dates and were approved by her supervisor, the CAD Senior Manager.
- 1.9.7. The Head of R&C explained that she travels to the field only when there is a need to. Her reasons to travel to the field include facilitating stakeholders who visit or by instructions from the CAD Senior Manager, such as for escorting or assisting government officials, for filming of company profile with the government, and community forums with the government. The CAD Senior Manager explained that apart from focusing solely on Jakarta, the Head of R&C is required to travel to the field when the field R&C staff requires it.
- 1.9.8. In accordance with PTK-018, the retirement age limit of Indonesian workers is at 58 years old at the time of our review. We were informed that as the Business Partner monitors any employees who are above the retirement age limit of 58 years old, Petrogas Indonesia uses SVC employment as only HR would have information on the individual employee, whereas if other employment methods are used for such employees above the retirement age, it may have to be reported to the Business Partner or the regulator. The Business Partner had also strongly recommended that the retirement age limit of 58 years old be followed in the most recent Technical Committee Meeting (“TCM”)/Operating Committee Meeting (“OCM”) held in 2023.

**PwC observations**

- 1.9.9. We set out our observations on the following matters:

Conflicts of interest in hiring

- 1.9.10. We are unable to verify the existence of a personal relationship between the former PD and the Head of R&C due to the lack of documentary evidence.
- 1.9.11. While it appears that the Head of R&C’s special increment in 2022 of 100% is a significant increase, her new salary aligns with her grade as determined by a benchmarking exercise undertaken by Petrogas Indonesia in 2022.
- 1.9.12. While the Head of R&C has a comparatively high amount of field assignments and field allowance amongst the Jakarta R&C team, the Head of R&C represented that her business trips to the field are for valid business reasons such as escorting or assisting government officials, for the filming of the company profile with the regulator, and community forums with the regulator. Based on our sample review of the BTA forms and travel supporting documents for Head of R&C, we note that her supervisor, the CAD Senior Manager, has approved her field visits by signing on the BTA forms.
- 1.9.13. We understand from the Acting Senior Manager of HR that the field allowance is calculated from the point of travel from home, and not the actual travel flight dates, referencing to the Regulation of Minister of Manpower on accidents, death and retirement insurance coverage which defines accidents to cover travel from home to work, and vice versa. It is unclear to us

how accidents and insurance coverage relates to the per diem allowance the employee is entitled to, as represented by HR, however, we note that this is a matter of company policy. Based on the samples reviewed, no exceptions were noted.

- 1.9.14. Petrogas Indonesia does not have a conflicts of interest policy, and no conflicts of interest were declared for hiring of employees.

#### TPC and SVC contracts

- 1.9.15. With regard to the Senior HR Consultant, we highlight the following inconsistencies:
- The former HR Senior Manager indicated that the employee was hired based on instructions from the former PD, whereas the former PD represented that the former HR Senior Manager had advised him of the necessity of the employee's services.
  - According to the former HR Senior Manager, the Business Partner had raised concerns on employees over retirement age employed through TPC, while the former PD represented that there is no age restriction for TPC employees.
- 1.9.16. The use of TPC and SVC contracts lacks transparency. It appears that there is a potential misuse of SVC contracts to manage the HR budget, such that hiring costs may be classified under operating costs. It also appears that SVC and TPC contracts were used in the hiring of personnel to circumvent the retirement age restrictions which were set by the regulator.
- 1.9.17. We recommend that the Company seek legal advice on this matter.

### **Alleged retaliation against whistleblowers**

#### **Whistleblower allegations**

- 1.9.18. The whistleblowers alleged that the former PD had taken retaliatory action by downgrading their performance appraisal ratings. Although the whistleblower letter dated 18 April 2024 listed employees purportedly subjected to retaliation by the former PD, we note that not all of these employees were actual whistleblowers.

#### **Findings**

- 1.9.19. Certain whistleblowers were in the Drilling & Well Intervention (“DWI”) team. From our review of the emails between the Acting Senior Manager of OPD and the former PD on the initial Performance Management System (“PMS”) ratings and the final PMS ratings, we identified that there were changes to the ratings of four out of the 23 members of the DWI team, including the two whistleblowers.
- 1.9.20. According to the proposed ratings for the DWI team shared by the Acting Senior Manager of OPD with the former PD, the whistleblowers had been given a rating of “2”. On 27 February 2024, the Acting Senior Manager of OPD sent the former PD an email attaching the revised ratings of the whistleblowers separately from the rest of the DWI team, with their ratings amended to “1”. We note that the whistleblower reports naming one of these whistleblowers had been circulated internally from 12 February 2024.
- 1.9.21. During interviews, the Acting Senior Manager of OPD explained that the whistleblower ratings were amended after discussions with the former PD. According to the Acting Senior Manager of OPD, the downgrading was based on the Riam-1 drilling and stuck pipe incident. The former PD explained that he had told Acting Senior Manager of OPD to revisit the PMS ratings of these two members of the DWI team as the weightage for drilling only accounted for a small percentage in the overall rating, and drilling is the main job of the DWI team.
- 1.9.22. During Maxwellisation, the Singapore Management further explained “*The Drilling Manager only assigned a meagre 4% weightage to his KPI appraisal in the PMS form for exploration well drillings, even though exploration well drillings are significant undertakings for the*

*Company. We understand that the former PD had noted this and therefore made adjustment to reflect his poor performance for the first exploration well drilled.”*

- 1.9.23. We note from the PMS form that the appraisal considers performance targets in relation to the employee’s job responsibilities (“PMS Targets”) as well as behavioural evaluation. While the Singapore Management’s explanation highlighted the “*meagre 4% weightage to his KPI appraisal in the PMS form for exploration well drillings*”, there was no change to the weightage attributed to the PMS Targets in the revised PMS forms reflecting the downgraded rating for the drilling manager and drilling engineer. However, we note the achievement score for certain PMS targets were reduced for the drilling manager, with remarks indicating such reductions were mainly relating to the Riam-1 drilling.
- 1.9.24. On the other hand, the reductions to the achievement score for the PMS targets for the drilling engineer are mainly relating to “SQM”. We understand that SQM refers to Service Quality Meeting, which is held by the vendors to improve their services to Petrogas Indonesia. It is unclear how the revision to the drilling engineer’s rating was linked to the Riam-1 drilling.
- 1.9.25. The CEO represented that he had discussions with the former PD on the whistleblower allegations in February 2024, and the former PD might have guessed the identities of the whistleblowers based on the specifics of the whistleblower allegations. The identities of these whistleblowers may have been made known, or guessed, by the former PD before 27 February 2024 when the ratings were downgraded.
- 1.9.26. It appears that the decrease in ratings for the whistleblowers were separately handled from the other changes in ratings for the DWI team, which appears unusual.

#### **PwC observations**

- 1.9.27. It appears that the PMS ratings for the whistleblowers were downgraded from the initial proposed ratings by their respective Department Heads after discussion with the former PD. Although there is no evidence that the downward adjustments to their performance ratings were solely due to retaliatory action for their whistleblowing, it is unusual that the decrease in ratings for the whistleblowers were separately handled from other members of the DWI team.
- 1.9.28. There was non-adherence to the HR processes for the 2023’s appraisal conducted in 2024. Prior to 2023, each Department Head would send their departments’ ratings to HR to consolidate, following which HR would share the consolidated ratings with the PD, in accordance with the HR policy on PMS (“PMS SOP”). For 2023, ratings were sent directly to the former PD. The former PD explained that this was done as he had wanted to discuss PMS ratings directly with the user department, and represented that this was not a change in the PMS policy because he has not signed the PMS SOP, and hence has not agreed to it.

## **1.10. Unprofessional behaviour by the former PD**

### **Whistleblower allegations**

- 1.10.1. According to the whistleblowers, the drilling program was deliberately delayed on instructions from the former PD, through the delay of permit applications.
- 1.10.2. During the drilling process of the Riam-1 exploration well in 2022, Petrogas Indonesia encountered operational challenges where two stuck pipe incidents occurred, and accordingly two sidetracks were required as part of the recovery to continue the drilling. The whistleblowers alleged that the drilling team was unfairly removed after the first stuck pipe incident.
- 1.10.3. The AC noted from their preliminary investigation that the former PD had not attended any TCM/OCM meetings since 2020.

- 1.10.4. The whistleblowers alleged that the former PD had abused his power by removing compensatory leave (“CL”). We were later informed by the whistleblowers that as CL has been reinstated, this matter is no longer a concern for them.

## Findings

### Delays in drilling program

- 1.10.5. Based on email communications, we understand that the planned drilling schedule for the Riam-1 exploration well was delayed multiple times, from initial schedule for drilling in 2021 (“2021 Work Program”), to 2022, and actual drilling in 2023.
- 1.10.6. During our interview with the former Legal Senior Manager and the former HSE Senior Manager, we understand the 2021 Work Program was delayed in part due to Petrogas Indonesia not being able to find a suitable location to drill. The former HSE Senior Manager added that the permit was delayed due to the slow approval process from the authorities. We understand from the former HSE Senior Manager that the regulator and the authorities are different organisations and the regulator is unable to influence the authorities to expedite Petrogas Indonesia’s permit application.
- 1.10.7. The former HSE Senior Manager also informed us that the former PD had instructed him through a phone call to postpone the submission of permit applications. According to the former HSE Senior Manager, he is unaware of the reason to delay the permit application but stated it could be due to low oil prices at the time.
- 1.10.8. During our interview with the former PD, he denied having instructed the former HSE Senior Manager to delay the permit application. According to the former PD, Petrogas Indonesia had submitted the documents to the authorities on time and it was not in their control as to how long the authorities take to approve it.
- 1.10.9. The former Legal Senior Manager stated that the delay was not caused by Petrogas Indonesia. Based on his recollection, the environmental permit took about one year for approval and the application for forestry permits could not begin without the approval of environmental permits from the authorities.
- 1.10.10. According to the CEO, the delay of the 2021 Work Program was due to the Covid-19 pandemic negatively affecting Petrogas Indonesia’s financials and he had instructed the former PD to reduce Petrogas Indonesia’s operating cost by any means. The CEO stated that every operator was doing similar cost reductions at the time in order to survive the financial impact from the Covid-19 pandemic, and he had committed to the Board that Petrogas Indonesia would do the same. The CEO added that this decision should have been communicated to the regulator and the Business Partner. The CEO could not recall if there were any delays specifically relating to the application of environmental permits but stated in his experience it typically takes more than one year for approval.

### Riam-1 exploration well

- 1.10.11. According to the whistleblowers, the first stuck pipe incident occurred on 8 August 2023 due to technical problems, with the major contributing factors being the loss circulation due to the geologist failure to timely identify the Kais layer when drilling, instability of the well bore condition, chemical reactions that caused the well bore to swell, and lack of requested top drive equipment which could have prevented the stuck pipe.
- 1.10.12. After the first stuck pipe incident, the original drilling team was removed from their positions and replaced with another team. We were informed by the whistleblowers that the regulator did not approve the employee’s removal from his position.
- 1.10.13. Both the former HR Senior Manager and the Acting Senior Manager of OPD explained that there is no requirement to seek the regulator’s approval on the removal of the drilling team, but that it was informed to the regulator as a matter of courtesy. The former PD represented

that only high level management changes are required to be approved by the regulator, which he further clarified during Maxwellisation that this is in accordance with the PTK-018 manpower regulations issued by the regulator.

- 1.10.14. According to the former Legal Senior Manager, the regulator had disagreed with Petrogas Indonesia's approach of replacing the drilling team which resulted in tension and unhappiness on both sides. Hence, the former Legal Senior Manager had arranged a pre-meeting with the former PD and the regulator to facilitate an informal discussion to share their perspective.
- 1.10.15. The former Legal Senior Manager shared that having such informal pre-meetings is a common practice in Indonesia, to understand what is expected for the official meeting and allow them to prepare themselves. The former Legal Senior Manager denied that there was any bribery or attempted bribery offered to the regulator.
- 1.10.16. Based on interviews with respective personnel, the first stuck pipe incident was caused by mud quality issues. According to the former PD and the CEO, mud quality was also the responsibility of the drilling team.

### **PwC observations**

- 1.10.17. We set out our observations on the following matters:

#### Firm work commitments

- 1.10.18. Petrogas Indonesia is unable to fulfil the firm work commitments for PBL and PIL by 2025, as set out in the respective PSCs. We understand that the delays were caused by the Covid-19 pandemic, and the decline in oil price might have been a contributing factor to the decision to delay the drilling program. However, we were informed that Petrogas Indonesia has successfully negotiated for an extension of the drilling commitments from the regulator for PBL. We understand that the management of Petrogas Indonesia does not foresee any issues in relation to the delays in meeting the firm work commitments.
- 1.10.19. During Maxwellisation, the Singapore Management updated that *"Minister's approval has been received for the extension of [Island] PSC's firm work commitment period by 16 months to August 2026. For [Basin] PSC, [the regulator has] approved the extension of the firm work commitment period by 30 months to April 2028, and the recommendation is now pending final approval from the Minister."*
- 1.10.20. We recommend that the Company seek legal advice on this matter.

#### Stuck pipe incident

- 1.10.21. The former PD and the CEO have both separately claimed that the decision to remove the drilling team after the first stuck pipe incident was made by them individually. From interviews and review of emails, we understand that the main cause of the stuck pipe incidents was the mud quality and mud chemicals composition, with the latter factor not identified until the second stuck pipe incident. While the mud supplier is responsible for the supply of mud, both the former PD and the CEO represented that it is the responsibility of the drilling team to ensure the mud supplied to Petrogas Indonesia is of the necessary weight and quality.
- 1.10.22. According to the whistleblowers, the Petrogas Indonesia management had intervened with the regulator by arranging a pre-meeting prior to the official meeting to discuss the alleged unfair dismissal of the drilling team. From interviews, we understand that a pre-meeting is a common practice for Indonesia in order for participants to prepare for the actual meeting.

#### Attendance at TCM/OCM

- 1.10.23. The Business Partner had requested for a *"decision making official"* to attend the 2023 TCM/OCM. We understand that the former PD is not required to attend TCM/OCM meetings as other Operating Committee ("OpCom") or designated alternate representative members

may attend, and that the former Exploration and Development (“E&D”) Senior Manager and PIL GM had attended this TCM/OCM meeting.

1.10.24. In the Singapore Management’s written response to the AC’s preliminary investigation findings (the “Management Response”), the Singapore Management stated the following:

*“23. For each PSC, partners appoint their main Opcom Representatives and Alternate Reps to the Operating Committee (Opcom). It is common for the Opcom meetings to be attended by Alt Reps as the main Opcom Reps are usually quite busy due to their seniority.*

*i. For RHP, our Opcom Rep is [the CEO] and his Alt Reps are [the former PD], [the new PD] and [the PIL GM].*

*ii. For [the upstream sub-holding subsidiary of the Business Partner], the Opcom Rep is its regional Director for Region 4, who is 2 levels below [its President Director]. ...*

*iii. For the current 2 new PSCs, 8 Opcom meetings had been held with [the upstream sub-holding subsidiary of the Business Partner]. Management understands that [the upstream sub-holding subsidiary of the Business Partner]’s Opcom Rep has not attended a single meeting so far, and that during the initial period even his Alt Reps did not show up.”*

1.10.25. We also identified meeting invites sent to the former PD, PIL GM, and former PBL GM by the regulator. These invites did not mandate the attendance of the former PD as they appear to be operational matters.

1.10.26. From interviews, we note that the former PD would check whether his peer, at the same leadership level, would attend the meetings and would only attend if his peers attended the meeting.

#### Compensatory leave

1.10.27. The removal and thereafter reinstatement of the CL appears to be a matter of changes to company policy. There were discussions in June 2023 leading up to the removal of the CL in August 2023, as employees who were on field were compensated both in terms of additional remuneration (field allowance) as well as additional day off in the form of CL. In the former Legal Senior Advisor’s view, employees being compensated twice appears to be excessive and hence he suggested for the removal of CL. We note that the CL was removed immediately, without ample notice to the employees.

1.10.28. However, a review of the CL took place again several months later. On the advice of HR, CL was reinstated but had included stricter guidelines for a minimum period of 14 days on field before the employee is compensated with 2 days of CL.

1.10.29. On hindsight, the process of making changes to the CL could have been handled in an organised manner making careful considerations before removing the CL or assessing whether the CL needed to be removed, by providing advance notice to the employees to demonstrate fairness and transparency in the decision making process.

## **1.11. Allegations against CEO**

### **Whistleblower allegations**

1.11.1. The whistleblowers raised the following allegations against the CEO:

- (a) Lack of whistleblowing policy until January 2024;
- (b) Information disclosure relating to whistleblower matters;
- (c) Obstruction of whistleblower process, alleging that the CEO had been actively obstructing the whistleblowing process by withholding letters that were intended to be sent to the AC;

- (d) Interference in investigation, alleging that the CEO and management team had travelled to Jakarta to conduct interviews and gather information to subvert the investigation process;
- (e) Biased and defensive towards allegations, alleging that instead of proposing an independent investigation, the CEO had been actively communicating with the former PD to gather information to defend against the allegations made against the former PD;
- (f) Absence of safeguards, alleging lack of whistleblower protection and that the former PD had retaliated against certain named whistleblowers through performance appraisal ratings; and
- (g) Misleading public announcements, alleging that the CEO had made a false public announcement regarding the Karuka-1 well spud date.

## Findings

### Alleged lack of whistleblowing policy in Petrogas Indonesia until January 2024

- 1.11.2. While the whistleblowing policy was shared with the former PD for dissemination on multiple occasions in April 2019, May 2019, April 2023 and January 2024, it was not until January 2024 that the whistleblowing policy was disseminated, when RHP had requested proof of dissemination. The Singapore Management did not follow up with Petrogas Indonesia on the dissemination of the whistleblowing policy before January 2024.
- 1.11.3. The former HR Senior Manager represented that he had been verbally instructed by the former PD not to disseminate the whistleblowing policy in a meeting which the FAD Senior Manager also attended in 2023. This was confirmed by the FAD Senior Manager, who added that the explanation provided by the former PD was that he had received several anonymous complaint messages via his mobile phone even without the dissemination of the whistleblowing policy and was worried that such messages would increase if the whistleblowing policy was disseminated.
- 1.11.4. In an email dated 14 June 2023, the FAD Senior Manager had forwarded the whistleblowing policy to his team member, stating "*Please keep this for your eye only*". The FAD Senior Manager explained that he had shared the whistleblowing policy for reference in drafting an anti-corruption policy for Petrogas Indonesia and had requested for the whistleblowing policy not to be shared further as it had not been circulated to Petrogas Indonesia employees after the meeting with the former PD, and added that they did not have the authority to disseminate the whistleblowing policy
- 1.11.5. During our interviews, the former PD represented that he could not recall being asked by RHP to disseminate the whistleblowing policy in 2019 and 2023. He also could not recall if he had instructed the former HR Senior Manager and FAD Senior Manager not to disseminate the whistleblowing policy.
- 1.11.6. During Maxwellisation with the former PD, he remembered being asked to disseminate the whistleblowing policy in both 2019 and 2023 and had received it via email, but did not recall if he had instructed the former HR Senior Manager not to disseminate the whistleblowing policy. The former PD added that the Petrogas Indonesia Company Regulations includes a standard operating procedure for reporting employee grievances.

### Allegations against CEO relating to whistleblower matters

- 1.11.7. The Singapore Management was mandated by the Board on 8 March 2024 to prepare a written response to the AC's preliminary investigation findings. The CEO, Commercial VP and Finance VP travelled to Jakarta from 18 March 2024 to 20 March 2024 for the preparation of the Management Response.

- 1.11.8. In the preparation of the Management Response, we understand that the Singapore Management had relied solely on representations made by the select Petrogas Indonesia staff who are involved in the matters alleged by the whistleblowers, without performing additional procedures to corroborate the representations.
- 1.11.9. During Maxwellisation, the Singapore Management responded that they were not permitted to contact or interview whistleblowers to understand the basis of their allegations, and it was challenging to gather the necessary facts and evidence. The Singapore Management was also constrained by the consideration to limit the number of people involved in the preliminary investigation and only spoke to the managers who had primary responsibilities in the areas relating to the allegations, and there was insufficient time for them to perform additional procedures due to the need to compile data received and prepare the Management Response to the multiple allegations.
- 1.11.10. The CEO represented that he had discussions on the whistleblower matters with the former PD from February 2024 in order to answer the Board's questions on the whistleblower allegations. According to the CEO, the former PD may have guessed the identities of the whistleblowers based on the specific allegations and questions the CEO had asked. Certain whistleblower letters were also shared with members of Petrogas Indonesia in full, including the former PD and the SCM Senior Manager.

Alleged withholding of whistleblower letters from AC

- 1.11.11. One whistleblower letter had initially been sent out physically via registered mail by a postal service provider (the "Postal Service Provider") on 12 February 2024 to the mailing address stated in the whistleblowing policy, which was the office address of RHP's Company Secretary. The whistleblower letter was later received at the RHP office on 13 February 2024, with the delivery signed for by the CEO's secretary. We understand that the CEO passed the whistleblower letter to a member of the AC when he noted it was signed by the whistleblowers. This whistleblower letter had also been shared with the AC Chairman via WhatsApp on 12 February 2024, which she forwarded to the AC and the CEO on the same day.
- 1.11.12. We were informed by the CEO on 13 March 2025 that RHP had conducted their own internal inquiries with the Postal Service Provider in relation to the re-routing of the letter from RHP's Company Secretary's address to RHP office. The Head of HR provided a scan of the Postal Service Provider's envelope, with a re-routing slip indicating: "*DEL 13/02 EOD/TRF TO WSC*". We understand this to mean "delivery 13 February 2024 end of day/transfer to West Service Centre". The re-routing slip also indicated the consignee of "*RH Petrogag [Petrogas] Limited*", new delivery address of "*20 Harbour Drive #06-03 Singapore 117612*", and a phone number. We understand that this phone number belongs to the AC Chairman. On 12 March 2025, the Postal Service Provider's customer service responded to the Head of HR's inquiry on the re-routing stating "*[a]s per our operations team the number was contacted and address was provided*".
- 1.11.13. In our subsequent interview with the AC Chairman, she denied having received any call or message from the Postal Service Provider.
- 1.11.14. We have reached out independently to the Postal Service Provider and confirmed that the documents and emails which the Head of HR provided to us had originated from the Postal Service Provider's customer service. We further understand from the Postal Service Provider's customer service that re-routing requests are usually accepted in writing.
- 1.11.15. In our follow-up independent inquiry with the Postal Service Provider, PwC requested the Postal Service Provider's customer service to confirm the phone number and individual that had been contacted as per their 12 March 2025 response to the Head of HR that "*the number was contacted and address was provided*". While the Postal Service Provider's customer service first responded to PwC on 21 March 2025 that they no longer retain such information as the delivery was in 2024, the Postal Service Provider's customer service subsequently

informed PwC on 25 March 2025 that according to the Postal Service Provider's operations team, "*courier have attempted to the original address but company not at the address*" and that "[t]here is no instruction given by anyone. Operation check based on their system based on PH [RH] PetroGas and send to the new address". The Postal Service Provider's customer service also explained that the letter had been transferred to the West Service Centre as "*WSC is the service centre that delivery to the new address*".

- 1.11.16. We note that the response from the Postal Service Provider's customer service to PwC on 25 March 2025 is inconsistent with the representation the Postal Service Provider had given to the Head of HR on 12 March 2025.
- 1.11.17. Based on the Postal Service Provider's customer service's latest response to PwC on 25 March 2025, it appears that there were no instructions given to the Postal Service Provider for the re-routing of the letter from RHP's Company Secretary's office to RHP office, and it was re-routed by the Postal Service Provider.

#### Allegation of false public announcement for Karuka-1

- 1.11.18. From our interview with the former PD, he explained that members of the Board, including the CEO, had been present at the site for the spudding ceremony on 28 September 2023. According to the former PD, the spud date had been recognised as 28 September 2023 as they had witnessed the start of the drilling and the drill moving on that day.
- 1.11.19. During our interview with the CEO, he explained that the Chairman, himself and a director were present for the spudding ceremony on 28 September 2023 and had personally witnessed the spudding of Karuka-1 that day. The CEO explained that he was subsequently informed by the Acting Senior Manager of OPD that a hose had ruptured and was only fixed on 30 September 2023. The CEO represented that the Daily Drilling Report had originally stated the spud date to be 28 September 2023, and it was subsequently changed to 30 September 2023.
- 1.11.20. The CEO also shared a video taken on 28 September 2023, which was taken during the Karuka-1 spud ceremony, which he explained showed the drill bits running and "*able to see the rocks return*".

#### Handling of the whistleblower letter dated 16 April 2024

- 1.11.21. The CEO was also made aware of the Whistleblower Letters, including the whistleblower letter dated 16 April 2024 which presented allegations against him, together with the identity of the whistleblowers who had submitted the letters. According to the AC Chairman, she had shared the Whistleblower Letters with the Board including the CEO as she felt that the CEO should be investigating the whistleblower report or asking the internal auditor to do the initial investigation, and hence there was no need to keep the whistleblower letter dated 16 April 2024 from him.
- 1.11.22. The AC Chairman commented that typically, in other companies, the internal audit team would handle the whistleblowing investigations, and whistleblower complaints would be brought to the attention of the internal auditor and the CEO.
- 1.11.23. The AC Chairman further explained that the CEO was aware of all ongoing discussions and even if she had withheld the whistleblower letter from him, he would eventually learn about it from the other directors and would be upset that she had kept it from him. She commented that this whistleblower letter dated 16 April 2024 arrived a few months after the receipt of the initial whistleblower complaints in January 2024, and the practice was to share the letter with the entire Board. She added that if the whistleblower had indicated they wanted to be anonymous, she would not have shared this whistleblower letter.
- 1.11.24. The CEO forwarded the whistleblower letter dated 16 April 2024 separately to the other members of the Singapore Management, as well as to RHP's Company Secretary, which also acts as the Company's legal counsel.

## PwC observations

### Whistleblowing policy and whistleblower matters

- 1.11.25. The whistleblower allegation that there was no whistleblowing policy until January 2024 is founded.
- 1.11.26. While the former PD had been requested by RHP to disseminate the whistleblowing policy to employees of Petrogas Indonesia on at least four occasions from 2019 to 2024, this was not done until January 2024 (when RHP requested for proof of dissemination). The former PD represented that he could not recall being requested to disseminate the whistleblowing policy.
- 1.11.27. Based on information provided by the HR and FAD Senior Managers, the former PD had purportedly given verbal instructions not to disseminate the whistleblowing policy to the employees of Petrogas Indonesia in 2023, which the former PD also represented that he could not recall giving such instructions.
- 1.11.28. It appears that there was a lack of oversight and responsibility at several levels:
- As a subsidiary of RHP, the Singapore Management did not follow up with Petrogas Indonesia on the dissemination of the whistleblowing policy before January 2024; and
  - At the same time, the HR Senior Manager of Petrogas Indonesia did not take the initiative to disseminate the whistleblowing policy as requested by the Singapore Management, and while purportedly instructed by the former PD not to disseminate the whistleblowing policy, this could have been reflected back to Singapore HR.
- 1.11.29. In relation to the handling of whistleblower matters and the management investigation, we noted from our review that the Whistleblower Letters were shared outside of the AC and Board. While it may be arguable that the Singapore Management may be required to have a copy of the Whistleblower Letters for their Management Response, such letters should be redacted before being disseminated.
- 1.11.30. Furthermore, the whistleblower letter dated 16 April 2024 should not have been shared with members of Petrogas Indonesia, given that the allegations were relating to the Petrogas Indonesia operations and directly or indirectly implicate these individuals. We note that the confidentiality obligations set out at Section 3.2 of the whistleblowing policy states that “[e]very effort will be made to protect the whistleblower’s identity”.
- 1.11.31. In the preparation of the Management Response, we understand that the Singapore Management had relied solely on representations made by the select Petrogas Indonesia staff who are involved in the matters alleged by the whistleblowers, without performing additional procedures to corroborate the representations.
- 1.11.32. On the receipt of the whistleblower letter dated 11 February 2024 that was addressed to RHP’s Company Secretary but received in RHP, it appears that the CEO did not deliberately withhold the whistleblower letter from the AC, as he had passed the letter to a member of the AC at that point in time.
- 1.11.33. Furthermore, the electronic copy of this whistleblower letter had already been received by the AC on 12 February 2024, one day before the hardcopy letter was received by the Singapore Management. When the CEO and the AC member received the hardcopy whistleblowing letter, they were aware that the AC had received the electronic copy of the whistleblower letter and supporting documents as the letter had been shared with them by the AC Chairman on 12 February 2024.
- 1.11.34. The whistleblowing reporting mechanism as set out in the whistleblowing policy appears to have failed when the whistleblower letter was delivered to the RHP office instead of RHP’s Company Secretary, to be forwarded to the AC unopened.

- 1.11.35. Regarding the AC Chairman's comments in paragraph 1.11.22 above, the investigation of the whistleblowing complaint was handled differently as the whistleblowing investigation team, during a meeting on 10 January 2024, concluded that "*It was also unanimously agreed that... RHPL Internal Auditor did not have the necessary skillsets to run the investigation.*"
- 1.11.36. Regarding the AC Chairman's comments in paragraph 1.11.23 above, the whistleblower letter dated 16 April 2024 was addressed to SGX RegCo Whistleblowing Office and was copied to the AC Chairman, which is consistent with Section 10.1 (f) of Singapore's Code of Corporate Governance ("the Code"), and puts the responsibility for oversight of the handling of whistleblowing complaints with the AC. Moreover, the escalation protocol in this instance appeared to be an indication of not disclosing the letter to the Singapore Management. Given that the complaints were specifically against the CEO, who is in the position of power, the sharing of the content of the letter and the identity of the whistleblower with him poses significant risks of retaliation to the complainant. It is more pertinent in this specific instance as the complaints raised in the letter included matter related to retaliation. Moreover, this could also heighten the risk of tampering or destroying evidence, which could compromise the integrity of any future investigation. Furthermore, the AC Chairman's action seems to have been inconsistent with Section 5 of the whistleblowing policy, which states "... *The AC will maintain a record of concerns raised under this policy and the outcomes (but in a form which does not endanger confidentiality and where applicable, protect identity of the whistleblower) and will report as necessary to the Board of Directors.*"

#### Karuka-1 spud date announcement

- 1.11.37. Based on the interviews and review of emails and communications from 28 September 2023 to 30 September 2023, it appears that the Karuka-1 well spud date was 30 September 2023, as alleged by the whistleblowers.
- 1.11.38. The inaccurate announcement of the spud date on SGX does not appear to be intentional. According to the CEO, he had witnessed the spudding of the Karuka-1 well and taken a video of the beginning of the drilling and the drill bits running. The CEO further added that they had stayed for around 10 minutes to watch the drilling and had seen the "*rocks return*". While we are unable to clearly see the spudding from the video, it is unlikely for the CEO to have travelled to Indonesia to deliberately misreport the spud date by two days.
- 1.11.39. The Acting Senior Manager of OPD also represented that Petrogas Indonesia had prepared the wrong letter of conformity, which was not accepted by the regulator for the drilling. We did not note that there were leakages of the drilling rigs as shared by the CEO, however we note that the Daily Drilling Report for 28 September 2023 status indicated "*Repairing Engine 1*". It appears that while the drilling had started on 28 September 2023, there had been problems that led to the drilling being paused and the spudding being delayed to 30 September 2023.

## **1.12. Retirement of the former PD and his re-appointment as Senior Advisor**

### **Whistleblower allegations**

- 1.12.1. The whistleblowers alleged that the CEO had made a unilateral decision to appoint a new PD without the due knowledge or involvement of the Board, AC or NC, and without consultation with or consent from the Business Partner or the regulator. The whistleblowers further raised concerns about the re-appointment of the former PD as a Senior Advisor.

### **Findings**

- 1.12.2. On 19 November 2024, the CEO announced the retirement of the former PD effective 18 November 2024 and his re-appointment as the Senior Advisor effective 19 November 2024 to

all employees of Petrogas Indonesia via internal emails. In the same email, the appointment of the new PD effective 19 November 2024 was also announced.

- 1.12.3. The former PD had raised the request for his retirement to the CEO on 18 October 2024 and 22 October 2024, which the CEO shared with the Board Chairman. The former PD was seeking to retire due to the ongoing whistleblower matters and his concerns for his family's safety, stating that if his retirement was not accepted, he would resign instead. The CEO and the Board Chairman agreed to let the former PD retire due to his contributions to the Group, as well as not wanting the former PD to lose his pension if he were to resign instead of retiring. The former PD was paid a retirement bonus and pension benefits.
- 1.12.4. The former PD was re-appointed as a Senior Advisor to assist in the transition. The Consultancy Agreement was made between PBL with the former PD on his appointment as the Senior Advisor effective from 19 November 2024 for a period of 12 months.
- 1.12.5. During Maxwellisation, we were informed by the Singapore Management that the former PD's role as Senior Advisor has ceased since 30 April 2025.
- 1.12.6. Due to the retirement of the former PD on short notice, replacement for the position was warranted on an urgent basis. In the Board meeting on 13 November 2024, the CEO informed the Board that he had identified potential internal candidates for the position.
- 1.12.7. On 14 November 2024, the AC Chairman requested the CEO to share the CV of the potential successor to the former PD, emphasising the need for evaluation by the NC due to the role's significance as key management personnel ("KMP") and highlighting that the relevant SGX announcement needed to be prepared.
- 1.12.8. During the former PD's appointment as the PD in 2020, the position was not considered as KMP and therefore, the CEO did not contemplate the appointment of the new PD to be considered differently. He shared that it was only on 14 November 2024, when the AC Chairman informed that the President-Director ("PD") position should be considered as a KMP and hence, due process relating to appointment and announcement should be conducted. The NC's Terms of Reference ("TOR") only covers Directors and the CEO, and omits KMP.
- 1.12.9. The appointment letter to the new PD, effective 19 November 2024, was signed by the CEO on 15 November 2024. As this was an internal promotion, and the CEO knows the candidates well, no interview or formal assessment was conducted.
- 1.12.10. Subsequently on 19 November 2024, the CEO shared the new PD's CV with the Board. He shared that the new PD was appointed in a meeting attended by all Senior Managers in Jakarta the day before (18 November 2024). According to the CEO, he wanted the information to remain confidential until the formal announcement as he was concerned that the information would have been leaked to the Jakarta office. He further shared that when the PD's retirement was informed to the Board on 13 November 2024, the whistleblowers had been informed on the same day by the AC Chairman. He also expressed that *"The distrust among the Board members is unbelievable"*.
- 1.12.11. The NC and RC assessed the new PD's suitability as well as his proposed remuneration details through emails after his CV was shared on 19 November 2024 and the proposed remuneration on 3 December 2024.
- 1.12.12. On 5 December 2024, the NC Chairman requested for the Board's agreement for the CEO to prepare the SGX announcement on the appointment of the new PD and re-appointment of the former PD as the Senior Advisor. The CEO responded as such:
  - During the former PD's appointment as the PD in 2020, the position was not considered as a KMP and therefore, he did not contemplate the appointment of the new PD to be considered differently.
  - The CEO referred to the TOR for the NC, which did not cover KMP.

- The CEO proposed for the announcement to be made only upon approval by the regulator.
  - The former PD who was appointed as a Senior Advisor to assist the new PD with the transition process, did not hold any executive position.
- 1.12.13. An SGX announcement on the appointment of the new PD was issued on 6 December 2024. The Board agreed that the former PD in his role as a Senior Advisor was non-executive, and his re-appointment need not be announced. The Board agreed to re-look at the clauses of the NC TOR and amend them to include matters relating to KMP.
- 1.12.14. We understand that the regulator approved the appointment of the new PD on 20 December 2024.

### PwC observations

- 1.12.15. The NC's TOR was last updated in 2010, which was prior to the May 2012 update of the Code that introduced the term KMP. The omission of KMP in the NC's TOR is not in compliance with the Code requirement, which articulates the role of NC relating to "*the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel*". There was no explanation for such non-compliance in the annual report.
- 1.12.16. Similarly, the RC's TOR was last updated in 2006 and was not revisited for any amendments required after the changes to the Code in 2012 or 2018 which introduced the term KMP.
- 1.12.17. The current RC TOR mandates reviewing remuneration for key executives. From the RC's meeting minutes dated 21 February 2024 we noted that the RC members have proposed to "*establish a maximum limit on the remuneration for senior executives at SGD 300,000 based on fixed monthly rate (not including bonus), with no additional increments for those exceeding this threshold.*" However, the remuneration for the former PD provided by HR exceeded the said amount. Furthermore, in the annual report 2023, the remuneration for at least one other key executive is reported to have earned remuneration in the range of SGD 500,000 to SGD 750,000. There is a lack of clarity on which key executives were considered while a maximum limit of SGD 300,000 was set by the RC.
- 1.12.18. The NC Chairman's statement about "*succession planning*" being under the purview of the RC, and an email from the NC Chairman dated 29 November 2024 stating "*An AC meeting to ensure that we have deliberated and documented all the needful to make him the president director as well...*" in addition to the directors not updating the TORs for the NC and RC yet not explaining the reasons for non-compliance with the requirements of the Code highlights the lack of awareness and understanding of the directors regarding their own roles and responsibilities.
- 1.12.19. Though the position of PD which is crucial for the Group's sole revenue-generating activities and should have been identified as KMP as per the Code's definition, which states "*The term 'key management personnel' shall mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company*", this position was not designated as KMP until 14 November 2024. When the former PD was promoted to the newly introduced position of PD in 2020, it was noted that the NC at that point in time, led by the-then NC Chairman, did not consider identifying the position as KMP, and this practice continued until 14 November 2024. The-then NC Chairman shared that the decision regarding the former PD's promotion in 2020 was not communicated to the NC at that time. However, since becoming a member of the NC and later assuming the role of NC Chairman, she was aware that the former PD had consistently occupied the highest leadership position in Petrogas Indonesia.
- 1.12.20. This oversight led to the absence of succession planning in preparation for the former PD's retirement. Consequently, the Group needed to re-appoint the former PD as a Senior Advisor

to facilitate the handover, leading to increased costs for the Group. The lack of a ready successor for this critical role forced the Group to reappoint him as a Senior Advisor, indicating a reactive rather than proactive approach to leadership transition. The absence of succession planning may have also resulted in the appointment of a new PD on short notice. This urgency impeded the ability of the Singapore Management and the Board to conduct a thorough and rigorous search and assessment of potential candidates.

- 1.12.21. According to the Termination of Employment Procedure Document for Petrogas Indonesia, the highest-ranking position, the PD, has the option to retire at the age of 60 if they choose not to retire at 58. However, there is no formal process in place to ensure that the organisation receives adequate notice if the PD opts to retire at 58. As a result, the former PD provided only one month notice for his retirement at 58, leaving the Singapore Management and the Board in a difficult position as they urgently sought for a replacement, a situation worsened by the lack of succession planning. Further, the notice period of one month served by the former PD was applicable only for resignation based on the Termination of Employment Procedure Document for Petrogas Indonesia.
- 1.12.22. The selection process of the new PD lacked the depth and consideration typically required to ensure the appointment of the most suitable individual for such a pivotal role within the organisation. The NC's evaluation of the new PD, subsequent to the designation of the PD position as a KMP, relied solely on the review of his CV. The NC and the Board did not conduct interviews or detailed assessments for the appointment. The CEO shared that evaluations were conducted based on on-the-job performance, however, these were neither documented nor presented to the Board, highlighting a significant gap in governance procedures.
- 1.12.23. While the CEO shared that two candidates were being considered for the role of the PD, no further inquiries regarding the second candidate including his/her identity, qualifications and etc. were made by the Directors following the Board meeting on 13 November 2024. Consequently, as at 4 February 2025, the day we interviewed the last of the Directors besides the CEO, all other Directors remained unaware of the identity of the second candidate. This lack of thorough vetting of candidates in such a critical position raises concerns about the adequacy of the selection and evaluation process.
- 1.12.24. On 18 November 2024, the CEO announced the appointment of the new PD before the completion of the evaluation processes by both the NC and the RC. This unilateral decision ignored established governance protocols and went largely unchallenged by majority of the Board's members.
- 1.12.25. The withholding of candidate information, coupled with mistrust among Board members, significantly undermines effective governance and decision-making within the organisation. The decision to withhold key information from the Board is inconsistent to established governance protocols, eroding transparency and accountability. This lack of openness is compounded by a deep-seated mistrust among Directors, impedes the willingness to share relevant information and collaborate effectively. Furthermore, the leakage of confidential information further exacerbates the mistrust. Collectively there exists an environment which has the potential to limit the Board's ability to make informed and optimal decisions.
- 1.12.26. Although the position of PD was designated as KMP on 14 November 2024, there were delays in announcing the appointment of the new PD on the SGX portal. The announcement was only made on 6 December 2024, despite his appointment being internally confirmed on 18 November 2024. Additionally, the SGX announcement regarding the cessation of the former PD due to his retirement was not issued.
- 1.12.27. During Maxwellisation, the Singapore Management commented that *"As explained by the CEO in his email to directors on 5 December 2024, the appointment of the new PD is subject to the approval of [the regulator], and he therefore suggested for the announcement to be made only after [the regulator's] approval has been received. [The regulator's] approval of the new PD was received on 20 December 2024. From our understanding, there have been past*

*instances where a company's PD appointment was rejected by [the regulator].” The Singapore Management explained that the “CEO's suggestion was not taken in and the announcement of the appointment was made on 6 December 2024”.*

- 1.12.28. We noted that the regulator’s approval on the candidate was received only on 20 December 2024, while the SGX announcement was made on 6 December 2024, which was two weeks prior to the approval by the regulator. Moreover, in the announcement, it was mentioned that the new PD’s *“appointment is pending the review and approval of [the regulator]”*.
- 1.12.29. There were no policies and procedures (“P&P”) in place governing the activities such as promotions, terminations, retirements or resignations for RHP.
- 1.12.30. Further, the agreement with the former PD for his role as a Senior Advisor lacks specific details regarding commitment expected from his end for the agreed fee, which involves a substantial fixed monthly payment. The absence of detail makes it challenging to assess the justification for the fixed monthly payment and whether it aligns with the expectations and responsibilities associated with the role.
- 1.12.31. There is uncertainty about potential legal risks associated with re-appointing the former PD as a Senior Advisor, given the lack of clarity on the current role and responsibilities of the Senior Advisor, which seems to overlap with the role of the PD.
- 1.12.32. During Maxwellisation, the CEO explained that *“the role of the Senior Advisor was non-executive in nature and if the consultancy agreement was not clear, it could be amended to make it clearer”*. According to the CEO, *“the consultancy agreement was put together quickly based on a previous template”*.
- 1.12.33. It is recommended for the Company to seek legal counsel on this matter.

## **1.13. Whistleblowing programme**

- 1.13.1. Based on our review of the meeting minutes of the AC and the Board we noted that there was no evidence that the whistleblowing policy dated 16 January 2022 has been approved by the AC and/or the Board, despite changes being made from the earlier version of the whistleblowing policy dated 3 May 2019 and 16 January 2022.
- 1.13.2. The existence of the whistleblowing policy was communicated to the public through the disclosure in the Company’s annual report but the procedures for raising concern such as the whistleblowing channel was not disclosed to the public. There was no periodic training provided to employees and key external parties such as vendors and contractors on the whistleblowing policy.
- 1.13.3. Despite clear instructions given to the former PD on multiple occasions to disseminate the whistleblowing policy on 10 April 2019, 13 May 2019, 18 April 2023 and 24 January 2024, the whistleblowing policy was not disseminated to the employees of Petrogas Indonesia until 30 January 2024. According to the former HR Senior Manager, he had been instructed by the former PD not to circulate the whistleblowing policy. The former HR Senior Manager represented that the instruction was verbal, and there was no documentary evidence to support his statement. The former HR Senior Manager’s account was confirmed by the FAD Senior Manager, who added that the explanation provided by the former PD was that he had received several anonymous complaint messages via his mobile phone even without the dissemination of the whistleblowing policy and was worried that such complaints would increase if the whistleblowing policy was disseminated.

## PwC observations

- 1.13.4. The whistleblowing policy, which was applicable to Petrogas Indonesia as a subsidiary of the Company, was not disseminated to Petrogas Indonesia employees. This may have resulted in multiple complaints regarding misconducts by the former PD being sent to the Singapore Management and the Indonesian agencies/authorities in 2020 and 2023, instead of through the whistleblowing channel, as the employees of Petrogas Indonesia were not aware of the whistleblowing policy at that time. We note that these complaints were not addressed or responded to.
- 1.13.5. During Maxwellisation, the Singapore Management explained *“The CEO had reviewed the earlier complaints and found them to be lacking in merit or credibility. For example, some of the messages alleged that many staff were fired. Many of the complaints were also addressed to external institutions and not to the Company, and as far as we are aware, these external institutions have not taken any action against the Company. On complaints regarding the former PD’s leadership style, the CEO had in fact spoken and counseled him.”*
- 1.13.6. Given that the Group’s operations are focused on a region outside Singapore such as Indonesia, the current whistleblowing channel is not easily accessible by employees and external parties. Furthermore, concerns relating to the whistleblower letter being misplaced during delivery, delivery to a wrong recipient or being deliberately intercepted during delivery, additional costs and delays in delivery associated with posting such letters may deter employees and external parties from taking the initiative to make formal complaints.
- 1.13.7. The reliance on WhatsApp, which is not a secure platform, for whistleblowing messages and subsequent communications is inadequate for handling and keeping track of sensitive and confidential matters. This raises serious concerns regarding the security and formality of the communication process.
- 1.13.8. Sharing of whistleblower details, including identities, within WhatsApp groups and through emails indicates improper handling of sensitive information and is an egregious breach of confidentiality and data protection standards.
- 1.13.9. Furthermore, the whistleblower letter was also shared with the individual implicated in the whistleblowing report. The whistleblower letter dated 16 April 2024 which presents allegations against the CEO was sent to SGX RegCo Whistleblowing Office via email, with the AC Chairman and individual email addresses of whistleblowers in copy. The AC Chairman directly forwarded this email to the Board on the same date, which included the CEO. This poses severe risks to the protection of the whistleblowers’ identity and exposes the whistleblowers to the likely threat of retaliation. The Whistleblower Letters (including the identities of the whistleblowers) were also shared with the Board as and when the letters were received instead of as and when necessitated.
- 1.13.10. The appointment of one of the AC members (“Whistleblowing Investigation Team Chair”) to lead the whistleblowing investigation team was decided by the Chairman of RHP Board, also an AC member and a non-independent Director, instead of through majority/collective decision by the five Independent Directors of the Board.
- 1.13.11. Further, this was not in line with the initial decision made by the remaining AC members, who represented three out of five of the Independent Directors of the Board during the first meeting on 10 January 2024, where the AC Chairman<sup>14</sup> had been proposed to champion the investigation team instead of the resulting Whistleblowing Investigation Team Chair.
- 1.13.12. During Maxwellisation, the Singapore Management explained that the Chairman of the RHP Board was unaware of the initial appointment and none of the Independent Directors informed him of this arrangement when he proposed an alternative solution. The Singapore

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<sup>14</sup> At that point in time, the AC Chairman was a member of the AC and had not been appointed as the Chairman of the AC.

Management shared that the Chairman had thought that the former AC Chairman<sup>15</sup> would be leading the investigation by default and had thus proposed for another AC member to take over, given that the former AC Chairman was busy with some personal matters at that time.

- 1.13.13. Participation of board members (who are not part of the investigation team or the AC) in an interview as part of the AC investigation on 26 February 2024 had the potential to introduce significant risks of bias and undue influence, compromising the objectivity of the investigation.
- 1.13.14. The Whistleblowing Investigation Team Chair had interviewed the former PD on 19 February 2024 in Singapore without the presence of the other AC. Both the former AC Chairman and the AC Chairman were only informed of the scheduled interview on the day of meeting, and neither of them were invited to join the interview. This contradicted their agreed plan to interview the former PD, together and only at the end of the investigation. Further, there were no interview notes and/or recording for the matters discussed at the interview between the Whistleblowing Investigation Team Chair and the former PD.
- 1.13.15. The decision by the Whistleblowing Investigation Team Chair to interview the former PD without advance notice to the team members or inviting them to participate in the interview was not consistent with the agreed investigation plan. This unusual action raised serious doubts on the transparency of the investigation process.
- 1.13.16. The Whistleblowing Investigation Team Chair's proposal to terminate the investigation, based on a 7-page presentation that was neither reviewed nor agreed among the members of the investigation team, was an approach that was lacking check and balances, and indicative of a hasty and potentially biased action.
- 1.13.17. The preliminary investigation report presented on 8 March 2024 by the then-AC Chairman, recommending actions that included replacing the former PD, further investigation by an independent party and addressing conflicts of interest were not considered by the Board. The Board Chairman proposed to wait for management's written response for a balanced view. In accordance with the Code, the AC Chairman has the authority to determine the handling of and response to whistleblowers' complaints. In this instance, the Board Chairman appears to have made a decision inconsistent with the norm.
- 1.13.18. During Maxwellisation, the Singapore Management explained that "*the former AC Chairman [and the [AC Chairman]] had recommended for the PD to be removed immediately and for an independent investigation to be initiated, after interviewing just the whistleblowers and the people referred to the AC by the whistleblowers. Just basing on their approach, their recommendations were clearly biased which would not be in the interest of the Company. The Board clearly needs to consider the circumstances of the AC Chairman's recommendations as directors have a fiduciary duty to the Company. It seems reasonable under that situation for the Board to request Management to conduct further investigation into the allegations before they decide.*"
- 1.13.19. During Maxwellisation, the AC who was in office as at the date of this Report also explained that "*The Board did not reject the recommendation outright. Instead, it proposed that management should first review the extensive list of whistleblower allegations and revert with clarifications and explanations on each issue. This approach was intended as a fact-finding exercise—not an investigation—to provide the Board with a clearer understanding. Given that this is the company's first experience with such a situation, the Board believed that a more informed position would enable it to determine which issues may require further investigation, whether the external auditor's top-up audit would suffice, or if additional external expertise should be engaged, resources (both financial and manpower), and faster response measures should be considered*".
- 1.13.20. While the CEO represented that the whistleblower letters received up to 8 March 2024 were mainly HR related and did not involve allegations of fraud, it was observed that the

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<sup>15</sup> The former AC Chairman was the then-AC Chairman until his retirement as a director on 26 April 2024.

whistleblower letter received on 4 March 2024 raised allegations on procurement issues, and the complaints were no longer restricted to HR matters only. Despite this, the Singapore Management continued with their investigation and recommended *“to close the case for all whistleblowing allegations, with Management to discuss and advise [the former PD] on areas for improvement, while the attempted bribery and bundled contract cases could be investigated if any specific information or concrete evidence emerge in the future”*.

- 1.13.21. During Maxwellisation, the Singapore Management *commented “we do not see it as an issue for Management to continue with its investigation at that time. The objective was to gather facts and present the findings to the Board for deliberation in order to decide on further course of actions, which may include independent investigation if warranted”* and that they *“had reviewed and addressed every whistleblowing allegation received in good faith”*, explaining further about their limitations which included time and resource constraints as well as *“not being given access to the whistleblowers or their evidence”*.

The Singapore Management added that at that time, the external auditor was in the process of conducting top-up procedures in respect of the *“attempted bribery and bundled contract cases [which] could be investigated if any specific information or concrete evidence emerge in the future”*. The Singapore Management’s understanding of the attempted bribery allegation was that it was through a third party and no actual bribery had taken place, and hence would be *“difficult to obtain evidence for a bribery attempt that did not materialise”* unless provided by the whistleblower.

- 1.13.22. In the minutes of the 8 March 2024 Board meeting, we note that the CEO had stated that *“he would need around a week to provide a written response to the preliminary findings”*. The Singapore Management’s comments on the limited time and resource constraints faced did not seem to have been mentioned at the Board meeting on 3 April 2024. The CEO did highlight that Management was *“not allowed to contact the whistleblowers to understand the basis of their allegations nor to review the evidence they have”* and *“Management’s written response is constrained in this respect”*. The time and resource constraints which the Singapore Management claims to have limited their investigation did not seem to have been duly considered in their recommendations to *“close the case”*.
- 1.13.23. Overall, the activities associated with the handling of whistleblowing complaints including the improvements opportunities noted in the whistleblowing policy seem to be reflective of significant challenges in governance, transparency, confidentiality, and the integrity of the process for raising concerns of possible improprieties within the Group. The internal conflicts, the Board’s deference, and the mismanagement of the investigation may have potentially led to destruction of evidence further compromising the integrity of any future investigation.

## **1.14. Disclaimer**

- 1.14.1. PwC has not been asked to comment on, review or assess the validity or enforceability of the documents provided to PwC, and nor have we done so. Whilst our engagement may involve the analysis of financial information and accounting records, the work performed under this engagement did not constitute an audit or a review in accordance with generally accepted auditing or attestation standards. Accordingly, we provide no audit opinion, attestation or other form of assurance with respect to our work or the information upon which our work was based. We did not verify the information supplied to us in connection with this engagement, from whatever source, except as may be specified in this Report or in our Contract.
- 1.14.2. PwC’s findings are based on documents and information relevant to its scope of work that were made available to PwC up to 7 July 2025. Documents or information provided to PwC after the date of the Report may have an impact on the Report. PwC reserves its right to correct any part of its findings as and when such documents or information emerge.

- 1.14.3. There were selected emails we reviewed during our work that were provided to us by the Group. For these emails, we did not capture, process, and review data or communication threads in any forensic manner.
- 1.14.4. While the agreed scope of work includes review of contracts for compliance with PTK-007, we understand that the PTK-007 guidelines are not applicable for Petrogas Indonesia as Basin PSC and Island PSC are under gross split scheme, while PTK-007 is only mandatory for cost recovery.
- 1.14.5. While all reasonable care has been exercised in the preparation of this report, we have assumed the accuracy of information given to us without having had the opportunity to perform any detailed verification. We have also assumed that all the documents provided to us as originals are authentic, that copies provided to us conform to the originals and the signature and seals, if any, on the documents are genuine. We do not assume any responsibility and make no representations with respect to the accuracy or completeness of any information provided to us by RHP, its subsidiaries, or any of the whistleblowers.
- 1.14.6. We are not handwriting or document examination experts. We have therefore assumed that the dates on the documentation provided to us is representative of the dates the documents were prepared and that the signatures on the documents are those of the purported signatories.
- 1.14.7. Some documents provided to us are in Bahasa Indonesia language and there are no English translated versions available. While we are able to translate the documents for the purpose of this engagement, we do not assume any responsibility with respect to the accuracy of the translation to the standard of a professional translator.
- 1.14.8. Our Services do not include the provision of legal advice and/or opinion and we make no representations regarding questions of legal interpretation. Accordingly, this Report must not be construed as expressing opinions on matters of law.
- 1.14.9. This Report is intended for, and only for, the benefit of the AC and SGX RegCo, and for no other purpose. Our work was not planned or conducted in contemplation of reliance by any third party. Therefore, items of possible interest to a third party may not be specifically addressed and existing matters may be assessed differently by a third party.