LDI TRAINING
"Leading Edge Courses for Professionals" ™

An LDI Training Program

INVESTMENT GOVERNANCE, ECONOMIC EVALUATION and ESG ASSURANCE FOR INTERNAL AUDIT

by

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TARGET PARTICIPANTS:

Internal Auditor, Risk Management, Corporate Planning, Investment Review Team, Governance & Compliance

DURATION: 3 DAYS

INTRODUCTION

In today's increasingly dynamic energy landscape, investment decisions have become significantly more complex than in previous decades. Oil and gas companies are no longer evaluated solely on their ability to generate economic returns, but also on their capability to manage risks, allocate capital efficiently, maintain strong governance, and respond to environmental, social, and governance (ESG) expectations. The combination of energy transition pressures, market volatility, technological disruption, geopolitical uncertainty, and growing stakeholder scrutiny has transformed the way companies evaluate and prioritize investments.

As one of the largest energy companies in Southeast Asia, Pertamina faces the challenge of balancing business growth, energy security objectives, shareholder expectations, and sustainability commitments. Investment decisions must therefore be supported by robust governance frameworks, sound economic analysis, and comprehensive portfolio management practices. Every investment proposal should demonstrate not only its financial attractiveness but also its strategic alignment, risk profile, long-term value creation potential, and ESG implications.

From an Internal Audit perspective, understanding the investment decision-making process has become increasingly important. Internal auditors are expected to provide

assurance that investment activities are conducted in accordance with established governance principles, that economic evaluations are based on reasonable assumptions and reliable methodologies, and that investment portfolios are managed in a manner consistent with corporate objectives. Furthermore, auditors must be able to assess whether emerging ESG considerations and energy transition risks have been adequately incorporated into investment decisions.

To effectively perform this role, internal auditors require a broader understanding of how leading international energy companies manage investment processes, evaluate project economics, allocate capital across portfolios, and integrate ESG considerations into decision-making frameworks. Benchmarking against external best practices can provide valuable insights into the strengths, gaps, and improvement opportunities within existing investment governance systems.

This training program has therefore been designed to provide participants with a comprehensive understanding of three critical areas. First, the program explores external benchmarking of investment governance and portfolio management practices among international oil companies, national oil companies, and global energy companies, while positioning Pertamina within the broader industry landscape. Second, it examines the economic evaluation methodologies, financial models, and analytical tools commonly used to support investment decisions, including the review of investment working papers and key economic indicators. Third, it discusses the growing impact of ESG factors on investment decisions and portfolio value, particularly in the context of energy transition and sustainable business development.

Through this program, participants will gain a practical understanding of how investment decisions are formulated, evaluated, governed, and monitored. More importantly, they will develop the capability to critically assess investment proposals from an assurance perspective, identify key risks and control weaknesses, and contribute to strengthening investment governance and value creation within the organization.

Ultimately, strong investment governance, rigorous economic evaluation, and effective ESG integration are not only essential for achieving business objectives but also for ensuring that corporate resources are deployed responsibly, sustainably, and in the best interests of all stakeholders.

TRAINING OBJECTIVE

After attending this training, participants are expected to be able to:

- Understand the investment process and portfolio management in a world-class energy company.
- Review economic evaluations and investment decision papers.
- Understand the methods and tools used in investment analysis.
- Identify risks and weaknesses in the investment decision-making process.
- Understand the impact of ESG on the feasibility of investments in oil and gas companies.
- Conduct audits and assurance on the investment governance framework.

DAY 1

UPSTREAM OIL & GAS INVESTMENT FRAMEWORK, PSC REGIMES

Time	Topic
08:00 – 08:30	Opening Session and Training Objectives
08:30 – 09:30	Global Energy Industry Outlook and Investment Trends
09:30 – 10:00	Energy Transition, Market Volatility and Investment Challenges
10:00 – 10:15	Coffee Break
10:15 – 11:15	Upstream Oil & Gas Business Model and Value Creation Process
11:15 – 12:00	Petroleum Fiscal Systems and Government Take Concepts
12:00 – 13:00	Lunch Break
13:00 – 14:15	PSC Cost Recovery: Principles, Economics and Investment Implications
14:15 – 15:00	PSC Gross Split: Principles, Economics and Investment Implications
15:00 – 15:15	Coffee Break
15:15 – 16:00	PSC Cost Recovery vs PSC Gross Split: Economic Comparison and Investment Impact
16:00 – 16:30	Investment Governance Framework and Internal Audit Perspective

DAY 2

ECONOMIC EVALUATION AND INVESTMENT DECISION ANALYSIS

Time	Topic
08:00 – 09:00	Investment Decision-Making Process in Energy Companies
09:00 – 10:00	Economic Evaluation Framework and Value Creation Concepts
10:00 – 10:15	Coffee Break
10:15 – 11:15	Investment Cash Flow Development: Revenue, CAPEX, OPEX and Fiscal Components
11:15 – 12:00	Cost of Capital, Risk Premium and Hurdle Rate Determination
12:00 – 13:00	Lunch Break
13:00 – 14:00	Investment Decision Indicators: NPV, IRR, MIRR, PI and Payback Period
14:00 – 15:00	Sensitivity Analysis, Scenario Analysis and Monte Carlo Applications
15:00 – 15:15	Coffee Break
15:15 – 16:00	Investment Economic Models and Analytical Tools
16:00 – 16:30	Review of Investment Decision Papers and Audit Focus Areas

DAY 3
POD, PORTFOLIO MANAGEMENT, ESG AND INVESTMENT ASSURANCE

Time	Topic
08:00 – 09:30	Plan of Development (POD) as the Foundation of Upstream Investment Decisions
09:30 – 10:00	Investment Risks Throughout the Upstream Project Lifecycle

Time	Topic
10:00 – 10:15	Coffee Break
10:15 – 11:15	Portfolio Management Principles and Capital Allocation Strategies
11:15 – 12:00	Portfolio Optimization and Investment Prioritization
12:00 – 13:00	Lunch Break
13:00 – 14:00	ESG Fundamentals and Their Impact on Energy Investments
14:00 – 15:00	Energy Transition Risks, Carbon Considerations and Stranded Asset Risks
15:00 – 15:15	Coffee Break
15:15 – 16:00	Future Investment Landscape
16:00 – 16:30	Closing

Module 1
External Benchmarking of Investment Process

- Investment lifecycle
- Opportunity screening
- Stage-gate process
- Investment committee structure
- Governance and approval authority
- Capital allocation framework

Module 2
Portfolio Management Best Practices

- Portfolio balancing
- Growth vs sustaining investment
- Risk-return positioning
- Portfolio optimization
- Value creation metrics

Module 3
Positioning Pertamina

- Current investment framework
- Comparison with international practices
- Key strengths and improvement opportunities
- Internal audit perspective

Module 4
Economic Evaluation Framework

- Cash flow development
- Revenue modelling
- Capital expenditure (CAPEX)
- Operating expenditure (OPEX)
- Fiscal and tax considerations

Module 5
Investment Indicators

- NPV
- IRR
- MIRR
- Payback Period
- Profitability Index
- Economic Value Added (EVA)

Module 6
External Tools and Practices

- Excel-based economic models
- Portfolio screening tools
- Monte Carlo simulation
- Scenario analysis
- Risk-adjusted valuation

Module 7
POD

- Purpose and role of POD
- POD approval process
- Reserve and production assumptions
- Development concept selection
- CAPEX and OPEX estimation
- Economic feasibility assessment
- Investment commitment and execution risks
- POD as a basis for investment approva

Module 8
ESG and Investment Decision Making

- ESG evolution in energy sector
- Sustainable finance
- Responsible investment principles
- ESG-linked financing

Module 9
ESG Impact on Oil & Gas Investment

- Carbon pricing
- Energy transition risk
- Stranded asset risk
- Methane emissions management
- Net-zero commitments
- Decarbonization investment

Module 10
Future Investment Landscape

- Energy transition investment trends
- Low-carbon portfolio strategy
- Renewable energy integration
- Future role of oil & gas companies

About Dr. A. Rinto Pudyantoro is the author of:



2012: A to Z Bisnis Hulu Migas
2014: Proyek Hulu Migas: Analisis dan Evaluasi PetroEkonomi
2015: Dialog Tanya Jawab Migas
2019: Bisnis Hulu Migas – Mengurai Persoalan dan Memahami Masa Depan Bisnis Hulu Migas Indonesia
2019: Kebijakan Perpajakan: Optimalisasi Insentif & Kesimbangan Fiskal (collaboration with fiscal policy Agency)
2021: Bisnis Migas Menakar Persoalan

He has been working over 31 years in the upstream Oil and Gas Industry, including 10 years in Vico Indonesia, 4 years in BP Indonesia and in 2004 he worked as a Senior Manager - Revenue Accounting and Government Income at BP Migas and Senior Manager Taxation and Levy in SKK Migas.

In 1997 he was assigned by SKK Migas as head of SKK Migas for the Papua and Maluku areas. Finally, before retiring, Rinto served as Head of the Program and Communications Division of SKK Migas.

Currently, apart from being a permanent lecturer at Pertamina University, Rinto is the chairman of a Research Institute at Pertamina University called C-BEPES (center for business and economics of petroleum and energy studies)

His Graduate of the Accounting University of Gajah Mada (UGM) – Yogyakarta and Magister Management International Finance from Business Institute of Indonesia (IBII) – Jakarta. He obtained S3 Degree - Ph.D. in Resources Economics from Bogor Institute of Agriculture (IPB). 2011

His experience in Lecture and Trainer from 2005 – current, in Economics such as Resources Economics, Petroleum Economics, Fiscal and Regional Economics. And also in Financial and Accounting Oil & Gas: PSC accounting, Project Economics and Plan of Development, Budgeting & Reporting, PSC Taxation, International Oil & Gas Petroleum Accounting.

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