

CEO Letter



PT. TRANS JAVAGAS PIPELINE

MNC Tower, 24th Floor, Suite 2401 Jalan Kebon Sirih 17 - 19, Jakarta 10340 - INDONESIA
Phone : +62 21 392 7871 (Hunting), Fax. +62 21 392 7864, email : tjp@transjavagas.co.id

Statement of Continued Commitment to the Principles of the United Nations Global Compact

Since our founding as a privately held company in 1991, we have maintained a rigorous commitment to the principles of integrity and openness in all our stakeholder interactions. These encompass the communities adjacent to our operations and beyond, our suppliers, customers, and all governmental officials, regulators and offices with whom we interact in the course of conducting our commercial activities. Beyond these economic interests, we have exhibited leadership in the establishment of human resource and community development projects independent of our core business activities including the protection of the rights of children and access to quality education by the underprivileged in society. These activities are at the core to our underlying philosophy and are viewed as critical complements to the attainment of sustainable business and societal models for us, and the wider community in which we live and operate.

It is precisely because of these core beliefs that we are honored to be a part of the United Nations Global Compact group of like-minded companies, and remain fully committed to the stated principles of the Compact.

By way of elucidation of our specific commitments and progress, we respectfully submit the attached Communication of Progress (COP) report for 2015, which details the current commitments, mentioned above which link to and reflect the UNGC principles.

Jakarta, Indonesia
6 August 2015

A handwritten signature in black ink, appearing to read 'Joseph Dharmabrata', written over a horizontal line.

Joseph Dharmabrata
President Director & CEO
PT Trans Javagas Indonesia



PT Trans Javagas Pipeline

Statement of Guiding Principles and Alignment with the UN GC Values

Although a small, privately held enterprise, PT Trans Javagas Pipeline (the “Company”) has long strived to implement the highest standards of Good Corporate Governance (GCG); standards required of large, publically listed companies governing relations with all Company stakeholders.

Established Indonesian Standards of Corporate Governance provide guidance to the Company in conducting its business, as do the broader global standards. Implementation of the principles of GCG (Transparency, Accountability, Responsibility, Independency and Fairness) is deemed critical to assure the Company’s survival by ensuring the sustainability of our operations in an environment of heightened global competition and broader definition of corporate responsibility. GCG therefore forms the foundation of the Company’s mission, vision and guiding principles. Indeed the principles underlying the UN GC are synchronous with our own:

HUMAN RIGHTS (HR)

- Businesses should support and respect the protection of internationally proclaimed human rights; and
- Make sure that they are not complicit in human rights abuses.

LABOR (LR)

- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- The elimination of all forms of forced and compulsory labor;
- The effective abolition of child labor; and
- The elimination of discrimination in respect of employment and occupation.

ENVIRONMENT (EN)

- Businesses should support a precautionary approach to environmental challenges;
- Undertake initiatives to promote greater environmental responsibility; and
- Encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION (AC)

- Businesses should work against corruption in all its forms, including extortion and bribery.



PT. TRANS JAVAGAS PIPELINE

We endeavor to embody each of these principles within the immediate context of our operating environment. In addition to this commitment, we engage in a variety of community development projects beyond the immediate scope of the business, which we view as a critical support to the sustainability of our business and of the Indonesian society at large.

These projects are grounded in the principle of “pay-it-forward”. That is, from a mindset of helping the development of others with no immediate or direct beneficial linkage to Company economic outcomes. Furthermore, they are based on the principle: if you give a man a fish he will eat for a day; but if you teach him to fish, you feed him and his family for a lifetime.

Our core business activities and the supplemental development projects within our CSR program align with and are intimately linked to the underlying UN GC Principles. Taken together, these projects are directly engaged in elevating the quality of Indonesia’s most valuable resource – its Human Resource:

1. Core PT TJP Business Activities.

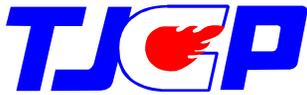
HR	LR	EN	AC
✓	✓	✓	✓

HR. All employees are treated as valued members of a team. We have a highly automated operation with less than 25 employees who all have clearly defined responsibilities and perform their duties in accordance with international workplace standards.

LR. Perhaps due to the relatively small number of employees, and their general satisfaction with Company conditions, they have not formed a labor union. Equally, there is no concern by the Company should the employees elect to do so. The government closely regulates working hours and workplace practices, and we assiduously adhere to these regulations. We are adamantly opposed to child labor, and it therefore has no place in the Company. The Company operates as a meritocracy; employees are selected for hire and promotion based on their demonstrated skill profiles with no hidden profiling agenda.

EN. The core activity of our business is the transport of natural gas, which implies a certain level of environmental risk and danger to the communities adjacent to the transport pipeline. This we endeavor to mitigate through adherence to the highest international standards of design and maintenance. Furthermore these standards are embedded in the supply contracts we hold with our customers.

AC. Our principal customer is wholly owned by the government of Indonesia, therefore the laws regarding bribery are very clear and prohibitive in regards to any violations. Beyond this level of control, we adhere to a policy of no tolerance



PT. TRANS JAVAGAS PIPELINE

for bribery. The clarity of this principle within the Company provides freedom to employees who operate on the front line of interaction with governmental officials.

2. Hati Suci School and Orphanage.

HR	LR	EN	AC
✓	✓	✓	✓

As a Company we take a direct interest in supporting the Hati Suci Orphanage, which was founded in 1914 by Ms. Lie Tjian Tjoen as a shelter for at-risk women and children. Subsequently a K-12 school was added with its underlying mission being to protect and fulfill the 10 basic child rights adopted by the UN, and written into Indonesian Law in 2002. Since the founding of the Company, it has provided financial and leadership support for Hati Suci to transform it into a model for the development of economically deprived children into well-educated young adults, cutting the chain of poverty from parent to child, and thereby strengthening their human rights. Education and child physical and mental well-being are intimately linked. We continuously strive to ensure all Hati Suci orphanage residents and students develop into knowledgeable, competitive and collaborative members of society. Currently, Hati Suci orphanage is preparing to transfer its competencies and funding strategies to other orphanages in East Indonesia. This mission is linked to poverty eradication, which is the number one UN MDG objective.

3. Teacher & Principal Training Center.

HR	LR	EN	AC
✓	✓	✓	✓

An exciting project at this time is in the planning and development stage. We propose to align business, not-for-profit, and government resources to create a Teacher & Principal Training Center (IPGK in Indonesian) to dramatically improve the quality of student outcomes from Kindergarten through High School. By confronting the current abysmal standard of education, we will directly and immediately impact the quality of the Indonesian workforce in the decades ahead.

HR. Better quality teachers provide the most direct route to improved student outcomes. Better qualified students will immediately achieve better economic conditions by delivering higher levels of productivity to the national economy. The persistent differences between the 'haves' and have-nots' in the Indonesian society will diminish creating a more harmonious social environment.

LR. Smarter workers evolve directly from higher caliber high school graduates who will strive for improved work place standards, reducing discrimination and creating a more inclusive society.



PT. TRANS JAVAGAS PIPELINE

EN. Concern for the environment is a matter of awareness, which increases with broader intellectual understanding and economic opportunity. Training teachers to unlock the intellectual curiosity of their students and stimulate creativity will prepare them to become better stewards of the environment.

AC. Corruption flourishes in an environment of ignorance and imbalance of economic and intellectual capability. Elevating the quality of the student population will provide a powerful deterrent to corruption by creating a sense of empowerment and responsible citizenry across a broader range of the country.

4. Goat Rearing Project.

HR	LR	EN	AC
✓	✓	✓	

In the first of our active community development projects, the Company provides seed money and technical assistance to low-income residents of East Java to raise goats as a supplement to their income and well-being. Seventy households are currently participating in the project with an aggregate herd size of 572 heads.

HR. Economic well-being is considered as a fundamental human right and the program has successfully increased participant incomes by 50%. The goats raised by these villagers contribute directly to their well-being and foment greater independence. As a further developmental quality of the program, the initial recipient villagers give back a portion of their kid goat offspring for distribution to other villagers, thereby expanding and ensuring the sustainability of the program.

LR. The project has succeeded by virtue of a full commitment to its success by all participants giving freely of their time and energy. The participants support one another and thereby strengthen the sense of community. In addition they take away a new set of skills, which will serve them in the future.

EN. All aspects of the rearing project are recyclable and promote enrichment of the meager land held by the participating villagers.

AC. No substantial effect at this time.

5. Bell Pepper Growing Project.

HR	LR	EN	AC
✓	✓	✓	

As with the goat rearing project, the Company provides seed money and technical advice for a community based development project. In this case, identified East Javanese villagers living in an appropriate microclimate are provided bell pepper seedlings and training in the growing, harvest and sale of this high cash value vegetable.



PT. TRANS JAVAGAS PIPELINE

HR. With the training they receive, the first crop produces a sustainable, multi year income stream for the participants. In addition to the new agricultural skills they develop, the participants learn the math of basic economics. These contribute directly to their development as valued members of society.

LR. As the project requires collaboration to succeed, the participants learn to work together and respect the contributions of others to the overall goals. They learn the basic skills of sharing tasks and develop respect for one another. Overall, the community develops in a more harmonious way with the shared economic benefits.

EN. In the course of the training, the participants learn the immediate value of preserving a clean and chemical-free environment. The immediate commercial value of the produce increases with a demonstrably organic product.

AC. No substantial effect at this time.