

CEO 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 interactions with 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, all with a focus on empowerment. 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 2016 detailing our current commitments and projects in process with linkages to the core UNGC principles.

Jakarta, Indonesia
8 March 2017



Joseph Dharmabrata
President Director & CEO
PT Trans Javagas Pipeline

PT Trans Javagas Pipeline
2016 Communication of Progress
Statement of Guiding Principles and
Alignment with the UN GC Values

Although a small, privately held enterprise with fewer than 15 employees, PT Trans Javagas Pipeline (the “Company”) has long strived to implement the highest standards of Good Corporate Governance (GCG) as are legally mandated for large, publically listed companies in the management of relations with internal and external 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, Independence and Fairness) is deemed critical to assure 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. In addition to adhering to the ten principles of the UN GC as summarized under: Human Rights, Labor, Environment and Anti-Corruption, our CSR projects strive to attain two core Sustainability Development Goals: #1 – No Poverty, and #4 – Quality Education.

The CSR 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 belief: 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. This translates into a culture of sustainability based on the accepted UN Principles of:

- Embracing Principled Business practices across all areas of endeavor;
- Strengthening Society through broad reaching programs we support within and beyond our immediate areas of operation;
- Leadership Commitment in commerce and society;
- Reporting Progress annually to the UN GC; and
- Concrete Local Actions, implemented through a range community empowerment programs we support.

Taken together, our business activities and CSR projects are directly engaged in elevating the quality of Indonesia’s most valuable resource – its Human Resource.

1. Core PT TJP Business Activities.

PT TJP is a small, privately held company incorporated under the laws of Indonesia. Our core business activity is the transport of natural gas extracted by third parties to our primary customer, the Indonesian government natural gas company. This we accomplish with fewer than 15 full time employees and the support of carefully selected outside technical service contractors.

Despite not being subjected to the laws regulating publically held corporations, we assiduously adhere to the highest global standards in the conduct of our business and CSR program activities, and in all interactions with our stakeholders.

Our core business activities are aligned with the core UN GC principles:

Human Rights (HR). All employees are treated as valued members of a team. We have a highly automated operation with fewer than 15 employees who all have clearly defined responsibilities and perform their duties in accordance with international workplace standards.

Labor (LR). Due to the relatively small number of employees, and their general satisfaction with Company conditions, we have no labor union. Equally, there is no concern by the Company should the employees elect to join or form a Union. The government closely regulates working hours and workplace practices, and we assiduously adhere to and surpass 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 with respect to race, gender, faith, etc. There was no employee turnover during the prior year and no disciplinary actions arising from inappropriate behavior. We value and respect our employees.

Environment (EN). The core activity of our business is the transport of natural gas, which carries with it an inherent level of environmental risk and danger to the communities adjacent to the transport pipeline. We endeavor to mitigate these risks through adherence to the highest international standards of design and maintenance. Furthermore these standards are embedded in the supply contracts we hold with our third-party contractors and customers. While an act of nature may on occasion lead to the need for an urgent intervention to protect the environment. However, our care in monitoring the operational health of our installations ensured that no events of any sort impacting on the natural environment occurred in the preceding year.

Anti-Corruption (AC). Our principal customer is a state-owned-enterprise, wholly owned by the government of Indonesia; therefore, the laws regarding bribery are very clear and prohibitive in regard to any violations. Beyond this level of control, we adhere to an internal policy of zero tolerance 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. In the past, we have successfully defended the Company against attempts by outsiders to corrupt our principles for their personal enrichment, and are committed to continue to do so in the future, if and when necessary.

2. PT TJP Corporate Social Responsibility (CSR) Programs:

Focus #1: Education – the Hati Suci Foundation School.

PT TJP takes a direct interest in supporting and guiding the Hati Suci Foundation, 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 the school into a model for the development of economically underprivileged children into well-educated young adults, cutting the chain of poverty from parent to child, and thereby strengthening their human rights and providing beneficial outcomes for future generations. Education, and child physical and mental well-being are intimately linked. We continuously strive to ensure all Hati Suci Foundation School students develop into knowledgeable, competitive and collaborative members of society. Although already recognized as one of the best schools in Central Jakarta, the Foundation school is currently undergoing a thorough modernization in anticipation of transferring its pedagogic approach, teacher preparation, and funding strategies to other schools. The experience gained at the Hati Suci School will serve as a lighthouse, a proof of concept, for other schools to enhance the educational outcomes of their lower and lower middle class students.

HR. Better quality teachers provide the most direct route to improved student outcomes. Hati Suci is committed to achieving this objective through implementation of a comprehensive training program and a modernized curriculum. We intend a break with the past where teachers received little or no training after beginning their careers. Students graduating from this environment will immediately achieve improved economic conditions and deliver 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.

EN. Concern for the environment is a matter of awareness, which increases with a 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 in the future.

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 society.

Our long term commitment to providing access to quality education by the lesser privileged is in direct support of SDG #4 – Quality Education.

Focus #2: Empowerment through improved nutrition and economic independence.

In collaboration with the non-profit organizations Riverbed Foundation and the Iman Foundation, PT TJGP directly supports several community development projects that target underprivileged rural villagers. We provide leadership, planning, training and resources to these projects with the objective of empowering the participants to break the historical bonds that have impeded them from sharing in the beneficial aspects of the economic growth of the Country.

(a) Goat Rearing & Community Sanitation

In the first of our active community development projects, the Company in partnership with the Riverbed Foundation and the Iman Foundation provides seed money, and technical assistance and training to low-income residents of Kampung Anyar in East Java to raise goats as a supplement to their income, and enhance health and well-being. These villagers were displaced by the eruption of Mount Kelud in 1991 and living in poverty. The initial scope of the project initiated 9 years ago was modest: five goats given, one to each of 5 families. The gift was predicated on the willingness of the participants to adopt appropriate husbandry techniques and breed these collectively, and to share a portion of the offspring with other members of the community interested to participate in the effort. The success of the project hinged on the participants learning new skills and working cooperatively. Currently, eighty households of the village total of 130 participate in the project with an aggregate goat herd size of 572 animals. The majority of the herd are held in a communal area of individual family pens constructed at the edge of the village on land donated by the village, away from the participants' homes, facilitating hygiene, feeding and collection of manure. Breeding is coordinated by the village in shared pens constructed adjacent to the holding pens. The participants are trained to recycle vegetable clippings to the goats, and collect and compost goat manure to produce high quality fertilizer for use locally or sale. Average incomes have nearly tripled for the participants since the program's inception.

In support of the village and participants, clean spring water is captured from a natural source above the village and fed by gravity into a shared distribution network for household needs and to support the gardens. Simultaneously, sanitation facilities and upgrades to villager housing was undertaken. Clean water, improved hygiene, enhanced nutrition and hope for a better future are the immediate beneficial effects for the participating families. In addition, the community receives training to aggregate harvest surpluses for direct sale into a regional market through a cooperative venture, eliminating a number of middlemen brokers. This boosts their share of the earnings, builds self-confidence and strengthens the social fabric of the community.

(b) Tobacco Substitution

With the objective of achieving beneficial public health outcomes, the Indonesian government has taken a bold step with the issuance of a draft regulation to drastically reduce the cultivation of tobacco in the Country. However, no provisions have been contemplated to address the immediate loss of livelihood to the impacted farmers – many of whom earn a borderline subsistence on small plots. PT TJGP, in partnership with the Riverbed Foundation and the Iman Foundation, has put forth an innovative solution with its proposal to provide initial financial support and training for farmers disadvantaged by the new regulation to substitute Arabica coffee for tobacco. Coffee will be a high value cash crop, which can thrive in similar climatic conditions to the previous tobacco crop. The initial site for the project is in the Central Java hamlet of Ngaduman Merbabu located in Semarang regency on the side of Mount Merbabu. As planting and harvest of coffee is a multi-year endeavor before steady income is derived, vegetable gardens will be

immediately introduced. Vegetable harvest surplus beyond the immediate needs of the community will be aggregated by the participating farmers and sold directly into regional markets through an agribusiness cooperative venture currently being organized, bypassing the traditional middlemen to retain a larger share of profit within the community. Once the coffee harvest is stabilized, it will also be sold by a cooperative venture among the participating farmers that will stretch from their growing fields through marketing and sale of the coffee in selected partner European Coffee Shops, dramatically increasing their share of the end-to-end market earnings.

Together, these empowerment programs closely align with the core UN GC principles:

HR. Economic well-being is considered a fundamental human right. These programs increase participant incomes dramatically, and contribute directly to their well-being and foment greater independence. In addition, the projects promote the development of social harmony and dignity among the participants through empowering them with core economic skills.

LR. The projects have succeeded by virtue of a full commitment to its success by the participants giving freely of their time and energy. For perhaps the first time, their efforts are rewarded economically and psychically. The participants learn the beneficial effects of supporting one another and thereby strengthen their 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 and cultivation projects are recyclable and promote enrichment of the meager land held by the participating villagers through organic cultivation techniques.

AC. No substantial effect at this time.

Together, our CSR community development programs directly support the attainment of SDG #1 – No Poverty.