



BUILT FOR IT.™

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS

PT TRAKINDO UTAMA

2017

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The Ten Principles of the UN Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

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Statement of Continuous Support

PT Trakindo Utama (Trakindo) is fully committed to continuously implement the principles of Good Corporate Governance (GCG) in its business activities and strives to continue improving through various improvement efforts in the implementation of GCG.

The principles of United Nations Global Compact is in line with our commitment and implementation through the ten principles of the global compact that covers the areas of human rights, labour, environment and anti-corruption.

As the signatory of the UNGC, we provide disclosures of select activities and program in relation with UNGC principles over the last twelve months. Trakindo believes that a systematic and consistent implementation of Good Corporate Governance (GCG) and in line with the ten principles is a very important requirement and must be realized in order to prevent the occurrence of conflicts of interest, increase the Company's value, encourage the Company's cost of capital reduction, and enhance the Company's image in the eyes of the public; and so on. Through the spirit of "Advancing You Forward", Trakindo has determined to support the realization of Good Corporate Governance within the company to realize a quality business sustainability.

Jakarta, 9 July 2018

Bari Hamami


President Director of PT Trakindo Utama

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For more than 45 years, Trakindo has grown today into a company that actively contributes to Indonesia's national development. Committed to delivering excellence, enabling progression towards success, Trakindo is advancing its employees, customers, partners, society and shareholders.

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Corporate Philosophy

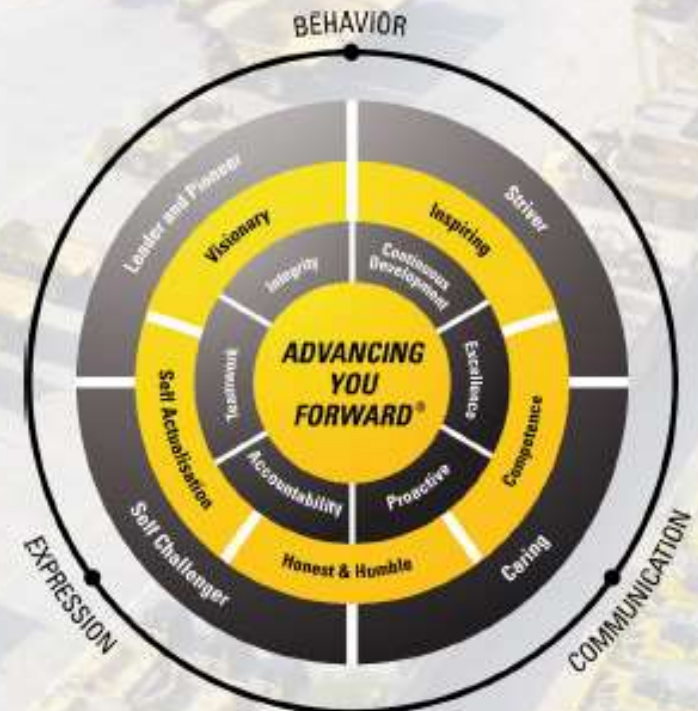
Vision

To be the world-class provider of Caterpillar Equipment Solution.

Mission

Set up an entity that creates worthwhile and challenging job opportunities to as many Indonesians as possible, while incorporating the followings values:

- Continuous development of employees;
- Consistent capital growth (financial, intellectual, brand identity) and reinvestment of capital into the business; and
- Maintaining highly ethical business practices.



Our Corporate Brand Spirit,
Core Values,
and Leadership Traits

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Four Pillars of Corporate Citizenship



Education

- Coop Program with 8 Vocational Schools & 6 Polytechnics
- 40 Elementary Schools
- Trakindo Volunteer Mengajar



Environment

- Campaigns:
 - Save water
 - Save energy,
 - Save paper



Health

- HIV/AIDS prevention in workplace
- Blood donation
- Zero accident
- One million work-hour without LTI



Compassionate Relief

- Aceh tsunami
- Mentawai tsunami
- Wasior flash flood
- Merapi eruption
- Pidie Jaya Aceh earthquake



Area 1 : Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

More than 6,000 Trakindo employees, who together contribute to the success of the organization, are the Company's most important asset and key driver of business activity. Therefore, Trakindo has a commitment to strengthening its business with human capital as a core to enable the establishment of better, stronger, and more efficient organization.

Trakindo always strives to become an Employer of Choice which is also known as a pioneer in the employee talent development. Trakindo has conducted an Employee Engagement Survey online to get an overview of employee behavior perceptions of the company. The survey involving all employees and conducted every year since 2015.



Area 1 : Human rights

Corporate Citizenship Program



To support the human rights of Trakindo's stakeholders, Trakindo committed to support the National Government improving the quality of education. Trakindo has been assisting 40 State Elementary School Schools as well as nine Vocational Schools and six Polytechnics in Heavy equipment under COOP Program. The program are sustainable and started from 1996.

Policies

For 2017, COOP was implemented in 8 vocational High Schools (SMK) and 6 Polytechnics in Heavy Equipment Engineering Study Program through the signing of COOP Program cooperation in 2017-2020.

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Area 1: Human rights



Implementation

- Importantly, 2017 saw the continuation of the “Talenta Muda” (Young Talents) Scholarship Program, which has entered the 4th Batch. A total of 100 students of the COOP’s SMKs participated in the selection and 24 students were selected to receive the scholarship.
- In 2017, 71 students from the Talenta Muda Scholarship Program Batch 1 graduated, covering 37 Trakindo college staff, and 35 students graduated from SMK in Heavy Equipment Engineering Study Program. Graduates from the Talenta Muda Scholarship program were directly hired by Trakindo and placed in several areas of Trakindo operations, including East Indonesia, Northern Borneo, Southern Kalimantan, Southern Sumatera and Tembagapura.
- Increasing interest in SMK and Polytechnic of Heavy Equipment Engineering Study Program especially COOP was seen from the number of prospective students for SMK and Polytechnic levels. In 2017 there were 1078 applicants at SMK level and 1001 applicants at the Polytechnic level of the COOP Program.

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Area 1 : Human rights



- Based on the Memorandum of Understanding (MoU) on Competence and Professionalism Enhancement for Teachers and Workforce in Education of Period 2016-2019 signed by Trakindo and the Ministry of Education and Culture (Kemendikbud) in 2016, the 40 SDN Education Program All Over Indonesia is under the umbrella of “Trakindo Bangun Karakter Bangsa” Program (Trakindo Builds the Nation’s Character Program).
- In 2017 has entered the 2nd year, the Strengthening of Character Education or “Penguatan Pendidikan Karakter” (PPK) remains the focus of the training provided. More than 380 teachers and 174 schools around the Elementary Schools fostered by Trakindo benefited from the dissemination of the Trakindo Bangun Karakter Bangsa Program.
- In August 2017, the Best Teacher Learning Practice or “Praktik Pembelajaran Guru Terbaik (PPGT)” Workshop was back in 5th place
- Throughout 2017, Trakindo gave more opportunities for employees to participate in Corporate Responsibility initiatives by volunteering as teachers at Trakindo’s 40 fostered SDN. Through the Trakindo Volunteers Teaching (TVM) program, more than 900 volunteers in 2017 took part.

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Area 2 : Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Trakindo has Code of Conduct as a formal and documented policy on diversity and inclusion.

II.11. Equal Opportunities in the Workplace

1. The criteria for capabilities and qualifications (such as education, experience, competence, etc.) and other job-related criteria shall provide the only basis for all decisions relating to TRAKINDO Members and applicants for employment;

2. Recruitment, training, promotion, termination, compensation and criteria for rewards and sanctions in the manpower arena shall be administered and/or set fairly and without regard to religious background, belief, race or ethnicity, personal relationships (friends and relations), color, nationality, sex (including pregnancy), sexual preference, age, disability, veteran status or any other characteristic that is protected by law;
3. The work environment shall be free of harassment, such as harassment of a person because of religious background/belief, race or ethnicity, skin color, nationality, sex (including pregnancy), age, disability, veteran status or any other characteristic that is protected by law;

II.15. Equality and Respect for Human Rights

The Company shall prioritize the principles of human rights and promote respect for human rights in society, the labor unions and among employees and third parties who work with or represent the Company;



Area 2 : Labour

Trakindo committed to continuously developing their employees and put the employees as valuable assets for the Company, by then Trakindo continuously strive to maintain good relations with its employees. Several programs have been conducted by unit Employee Engagement under the Human Capital Division to maintain the relations, through:

- Industrial relations
- Employee relations
- Corporate culture and Employee Value Proposition

Implementation

- Continuing previous year, Trakindo provides a channel to have engagement amongst employees. Employee Engagement activities undertaken, using the budget provided, including: townhall, knowledge sharing and team building
- In relation to succession planning, rotation and promotion in order to fulfill key positions from internal sources in 2017, Assessment Center was conducted for hundreds of employees from Supervisor level to General Manager level.
- Since 2016, Trakindo has invited Employees, from staff level to directors, to participate in behavioral assessment surveys and the nature of individual leadership using feedback from multiple sources (superiors, colleagues, teams and he himself/she herself).



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Area 3: Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;
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POLICY AND ISO

SHE policy was revised in 2014. One point was adopted from the latest environmental laws No 32 Year 2009. It stated about “environmental protection”, which means that Trakindo show more supports to protect the environment.

The Policy stated that PT Trakindo Utama committed to:

1. Comply all government regulations and other applicable requirements.
2. Create and increase SHE awareness.
3. Implement, maintain and prioritize a high quality SHE System at all work areas.
4. Identify all hazards and effectively manage the associated risks.
5. Encourage all employees to take full responsibility for all SHE aspects within their work areas.
6. Commit to prevent work-related injury and illness.
7. Ensure occupational health of all employees, including but not limited to HIV/AIDS prevention and management and abuse of narcotics and dangerous substances.
8. Effectively manage all environmental aspects and impacts throughout the work areas.
9. Ensure environmental protection and management at all work areas.
10. Provide coaching and training to all employees to make them support SHE system implementation as stated by the policy.
11. Ensure that the objectives of this policy are socialized to all employees, customers suppliers, visitors and other stakeholders.

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Area 3: Environment

Environment Campaign 2017

**TINGKATKAN KOMITMEN
TERHADAP LINGKUNGAN UNTUK
KEBERLANJUTAN SEMUA**



25 MARET 2017

Selama kampanye, kita bisa untuk menghemat energi sebesar 100 kilowatt.

60 MINIT Untuk kita untuk mematikan peralatan elektronik yang menggunakan listrik.

Selama kampanye, kita bisa untuk menghemat energi sebesar 100 kilowatt.

Selama kampanye, kita bisa untuk menghemat energi sebesar 100 kilowatt.

Selama kampanye, kita bisa untuk menghemat energi sebesar 100 kilowatt.

Mari berpartisipasi menghemat energi dengan mematikan lampu dan peralatan elektronik selama 60 menit pada Sabtu, 25 Maret 2017, jam 20.30-21.30 (waktu setempat).

60+ EARTH HOUR

EARTH HOUR adalah kampanye lingkungan yang mengajak masyarakat di seluruh dunia agar menjadi bagian dari perubahan untuk dunia yang berkelanjutan. Dimulai dengan langkah sederhana mematikan lampu, hingga kemudian menjadi komitmen gaya hidup hemat energi.

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Area 4: Anti Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Assessment, Policy and Goals

- Trakindo has an anti-corruption and bribery policy and system in Code of Conduct.



II.9. Conflict of Interest

1. A conflict of interest is a situation where a TRAKINDO Member is unable to perform his duties and responsibilities as regards the making of objective decisions in accordance with the authority vested in him/her by the company. Such a situation could benefit the individual personally, his family or other parties outside the company, and delivering minimum and or negative result to the company;
2. A TRAKINDO Member is obligated to prioritize the interests of the Company at all times;
3. A TRAKINDO Member shall notify the Company of any activities outside the Company or any other business or relationships that could pose a conflict of interest with the Company (including business activities conducted by members of the TRAKINDO Member's family). A TRAKINDO Member is obligated to immediately, or when it becomes known that there is a potential conflict of interest, to provide all relevant information in a written statement to his supervisor, the Human Capital Division and the Board of Directors;

II.10. Giving and Receiving Gratuities

1. The provision/receipt of gratuities means the giving/receiving for personal use in the broadest sense of such things as money, goods, rebates (discounts), commissions, interest-free loans, travel tickets, lodging, travel, free medical treatment, souvenirs, business meals and other facilities, whether received at home or abroad and whether involving the use of electronic means or not;
2. TRAKINDO Members are forbidden to give or to promise, either directly or indirectly, gratuities to parties that are related to the Company where such action is known to be, or should reasonably be suspected of being, a bribe to influence or encourage the parties to do or not do something in their official capacities in a manner that is contrary to their obligations;



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Area 4: Anti Corruption

Implementation

Trakindo has started to build a strong Governance Structure since 2014 continued until 2017. The Trakindo Governance Structure is established to ensure systematic implementation of GCG with a clear division of roles and responsibilities in accordance with Law no. 40 Year 2007 on Limited Liability Company.

The Trakindo Governance Structure consists of:

1. Main Organs, namely the parties playing major roles in the governance process consisting of:
 - a. General Meeting of Shareholders (GMS);
 - b. Board of Commissioners;
 - c. Board of Directors.
2. Corporate Governance Process Supporting Organs, namely:
 - a. Committees under the Board of Commissioners;
 - b. Corporate Secretary;
 - c. Work units such as, Risk Management and Internal Audit.

GCG PRINCIPLES



- A Transparency
- B Accountability
- C Responsibility
- D Independence
- E Fairness



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THANK YOU

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