



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 our minority and majority investors, 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 the pursuit of economic interests in an ethical and sustainable manner, we actively engage in community development projects independent of our core business activities. These seek to enhance the quality of human resources, the protection of the rights of children, and equitable and universal access to quality education by the underprivileged in society.

These activities are at the core to our underlying philosophy and are viewed as critical elements in the attainment of a sustainable business and societal model within 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 (UNGC) group of like-minded companies and remain fully committed to the stated principles of the Compact.

We respectfully submit the attached Communication of Progress (COP) report for 2018 detailing our current commitments and projects with linkages to the core UNGC principles.

Jakarta, Indonesia
28 March 2019

Joseph Dharmabrata
President Director & CEO
PT Trans Javagas Pipeline



PT TRANS JAVAGAS PIPELINE

2018 Communication of Progress

Statement of Guiding Principles and Alignment with the UNGC Values

Although a small, privately held enterprise with less 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, publicly 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 UNGC are synchronous with our own. In addition to adhering to the ten principles of the UNGC as summarized under Human Rights, Labor, Environment and Anti-Corruption, our CSR projects strive to attain two core Sustainable Development Goals: #1 – No Poverty, and #4 – Quality Education.

The CSR projects are grounded in the principle of “pay-it-forward” and “help people to help themselves”. That is, from a mindset of helping the development of others with no immediate or direct beneficial linkage to Company’s economic outcomes. Furthermore, they are based on the belief that - if you give a man a fish he will eat for a day; but if you teach him to fish, you will 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 internally to the core business activities and in the management of our community outreach commitments;



- **Strengthening Society** through impactful programs we support within and beyond our immediate areas of operation;
- **Leadership Commitment** in commerce and society;
- **Reporting Progress** annually to the UNGC; and
- **Concrete Local Actions**, implemented through a range of 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.

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 less than 15 full time employees in a balanced gender mix and the support of carefully selected outside technical service contractors.

Despite not being subjected to the laws regulating publicly 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 stakeholder communities.

Our core business activities are aligned with the core UNGC principles:

Human Rights (HR). All employees are treated as valued members of a team. We have a highly automated operation with 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 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 carefully adhere to and surpass the minimum standards. We are adamantly opposed to child labor, which has no place in the Company. We operate 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. We value and respect each and every of 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 exposure to the communities adjacent to the transport pipeline. We endeavor to mitigate these risks through adherence to the highest international standards of design, and through regular monitoring and maintenance of all Company installations. Furthermore, these standards are embedded in the supply contracts that we hold with our third-party contractors and customers. Although an act of nature may, on occasion, lead to the need for an urgent intervention to protect the environment, our care in monitoring the operational health of our installations ensured that no events of any sort impacting on the natural environment have 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 we are committed to continue to do so in the future, if and when necessary.

PT TJP Corporate Social Responsibility (CSR) Programs

Focus #1: Education – the Hati Suci Foundation School and Orphanage

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 by developing both the character of the students as well as their academic and intellectual capabilities. This has a direct benefit of cutting the chain of poverty from parent to child, strengthening their human rights and providing beneficial outcomes for future generations. We strongly believe that education and child physical and mental well-being are intimately linked. Our passionate objective is to 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 to transform its pedagogic approach, to deliver “best in class” outcomes for its students and society. It is our belief that the development of a quality-affordable model of education for lower middle-class families will serve as a model for other schools and enlightened districts. The experiences gained at the Foundation School will therefore 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 and principals 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 to prepare our graduates to become active members to the 21st century Indonesian society. We intend a break with the past where teachers and principals received little or no training after beginning their careers. Students graduating from this environment will be better prepared to deliver higher levels of productivity to the national economy and enjoy the concomitant economic benefits of better jobs. They will begin to diminish the persistent differences between the ‘haves’ and have-nots’ in the Indonesian society, leading to a more harmonious social environment.
- ❑ **LR.** Smarter, better prepared workers evolve directly from higher caliber high school graduates who will strive for improved workplace standards, reducing discrimination and creating a more inclusive society. The character building elements of their education will play a critical role in preparing them to meet the challenges of 21st century society and workplace environment.
- ❑ **EN.** Concern for the environment and the impetus to take action is a matter of awareness, which increases with a broader intellectual understanding and economic opportunity. Teacher training will focus on unlocking the intellectual curiosity of their students and to trust and stimulate their creativity to 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 outgoing students 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 for 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 TJP directly supports several community development projects that target underprivileged rural villagers. Together, 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 provided seed money, 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 residents were relocated from areas affected by the eruption of Mount Kelud in 1991. Currently, eighty households in the village of 130 participate in the project with an aggregate goat herd size of more than 600 animals. Average incomes have nearly tripled for the participants since the program's inception. Clean water, improved hygiene, enhanced nutrition and hope for a better future are the immediate beneficial effects for the participating families while building self-confidence and strengthening the social fabric of the community. The community has also now established a savings and loan cooperative, which also supports the community for daily necessities.

B. Tobacco Substitution

The Company, in partnership with the Riverbed Foundation and the Iman Foundation, has put forth an innovative solution to substitute Arabica coffee for the current tobacco crops. 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 on the side of Mount Merbabu. 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.

C. Coffee Growing in Rural Sulawesi

This is a recent community development project in Toraja, South Sulawesi and a collaboration between the Company and the Riverbed Foundation. Coffee production in this region has been decreasing due to improper farming practices resulting from a lack of agricultural knowledge. Credit Union Sauan Sibarrung, the Toraja based community credit union, is working with various partners to improve the production and thus the regional income. The Company and Riverbed are currently working closely with the Cooperative on knowledge transfer and training to boost villager incomes and promote a more harmonious environment for future generations. The Company and Riverbed Foundation have also constructed a training center for farmers in Toraja to support these activities.

Together, these empowerment programs closely align with the core UNGC 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. They support the principle that all individuals aspire to “Rely on Yourself”.
- ❑ **LR.** The projects have succeeded by virtue of a full commitment by the participants who give freely of their time and energy. For perhaps the first time, their efforts are rewarded economically and psychically, and they can see a direct improvement in their family’s well-being. 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, scalable and promote enrichment of the meager land holdings of the participating villagers through application of 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.
