

FOR THE BETTERMENT OF THE INDONESIAN NATION.

PT TRANSPORTASI GAS INDONESIA
ANNUAL REPORT 2013

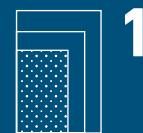


Transgasindo

energy connect synergy



1 ENGLISH
ANNUAL REPORT
2013



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2013

TGI continued to maintain its high level of service excellence in 2013. By leveraging its integrated infrastructure and superior human resources, TGI was able to ensure reliable gas deliveries and lasting customer satisfaction, with 99.99% pipeline capacity availability. TGI's excellent performance has laid a strong foundation that will enable continuous future growth for the benefit of all stakeholders.

**OUR COMPANY'S PHILOSOPHY IS “ENERGY,
CONNECT, SYNERGY”, TO SHOW IT IS INVOLVED
IN THE DELIVERY OF NATURAL GAS. A NUMBER
OF ENERGIES ARE NEEDED TO ESTABLISH
AGREEMENTS TO CONNECT, TRANSCEND, ETC.,
AND TO TRANSPORT NATURAL GAS, LEADING TO
SYNERGY IN BUSINESS COOPERATION.**

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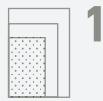
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SECTION ----- 1



- PERFORMANCE
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FINANCIAL HIGHLIGHTS

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FINANCIAL HIGHLIGHTS		2013	2012	2011
Gross Revenue	Million USD	205.2	193.7	189.1
ROC + SRC	Million USD	(0.0)	(2.1)	(2.3)
Net Revenue	Million USD	205.2	191.7	186.9
EBITDA	Million USD	165.6	147.4	142.4
Operating Profits	Million USD	109.2	88.6	86.5
Net Profit	Million USD	78.0	59.8	56.3
Opr. Cash Flow	Million USD	144.7	140.3	112.6
Total Assets	Million USD	686.4	700.1	755.9
Total Debt	Million USD	215.6	285.5	365.1
Total Equity	Million USD	470.7	415.6	390.8
Net Debt	Million USD	47.1	152.8	216.8
ROCE (%)	%	20.3	15.6	14.2
Debt / Equity	%	45.8	68.7	93.4
Net of ROE	%	16.6	14.4	14.4
Net of ROA	%	11.4	8.5	7.5
Gearing	%	9.1	26.9	35.7
Debt Coverage	%	67.1	49.1	30.8
Current Ratio	%	106.7	81.8	102.6

CAPACITY UTILIZATION

Capacity utilization is the comparison of actual flows against pipeline average capacity in MMSCFD units, in percentage.

The capacity utilization percentage is driven by the actual gas flow utilized (gas demand) from the Gas User/Gas Offtaker.

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Grissik-Duri Line	2013	2012	2011
Capacity Utilization (%)	90.84%	85.52%	88.38%
Actual Flow (MMSCFD)	387.89	365.18	377.39
Average Capacity (MMSCFD)	427.00	427.00	427.00
GRISIJK - SINGAPORE LINE			
Grissik-Singapore Line	2013	2012	2011
Capacity Utilization (%)	92.61%	98.11%	93.30%
Actual Flow (MMSCFD)	430.65	456.22	433.87
Average Capacity (MMSCFD)	465.00	465.00	465.00



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SECTION 2



- COMPANY
PROFILE

TGI AT A GLANCE

PT Transportasi Gas Indonesia (TGI) is a leading natural gas pipeline owner and operator based in Indonesia. Established in 2002, TGI was the first Indonesian company dedicated to transporting natural gas to domestic as well as international markets in Sumatera, Batam and Singapore.

From the beginning, the Company was imbued with international standard resources, knowledge transfer and expertise thanks to its shareholders, PT Perusahaan Gas Negara (Persero) Tbk., an Indonesian State-Owned Enterprise, and Transasia Pipeline Company Pvt. Ltd., a multinational consortium composed of global leaders, and Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara (YKPP).

Today, our stated philosophy of Connecting (through both physical pipeline transportation as well as personal relationships) – Energy (referring to natural, mental and emotional energy) – for Synergy

– has successfully enabled TGI to become a trusted pipeline transporter of natural gas that customers can rely on for the development of the nation and benefit of all stakeholders. With over 10 years in the business and a commitment to zero-down time and environmentally responsible operations, TGI is considered one of the most reliable natural gas transporters in the industry with over 1,000 km of offshore and onshore pipeline.

TGI's pipeline system center on two major 28-inch large diameter pipelines running from Grissik-Singapore (468 kilometers) and Grissik-Duri, Riau pipeline (536 kilometers). We also operate various compressor stations in Sakernan, Belilas and Jabung (Sumatera), as well as metering stations in Duri Riau, Panaran, Batam and Pemping, Riau Islands. All pipelines and stations are monitored 24 hours, 7 days a week at a dedicated facility, in line with our commitment to zero downtime.

VISION

Making TGI the gas transporter of choice, serving customers in the domestic markets of Sumatera

and Batam, as well as the export markets of Singapore and Malaysia.

MISSION

- To increase the utilization of natural gas in Indonesia.
- To adopt transparent and ethical business practices in all areas of our activity.
- To ensure the safe and reliable delivery of natural gas to customers, for the benefit of our shareholders, employees, and the communities in which we operate.

COMPANY INFORMATION

NAME PT Transportasi Gas Indonesia (TGI)
EMAIL public.relations@tgi.co.id

ADDRESS Jalan Kebon Sirih Raya No.1, Jakarta 10340, Indonesia
PRODUCT & ACTIVITIES Transport of natural gas

PHONE +62 21 315 8929 / 8939
FAX +62 21 310 3757/ 3545

SIGNIFICANT EVENTS

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1 February
TGI 11th anniversary
TGI Head Office, Jakarta &
All Regional Offices

4 April
Board Audit Committee Meeting &
Board of Commissioners Meeting
TGI Head Office, Jakarta

23 April
Farewell Gathering Mr. Arsyad
Rangkuti and Welcoming Ms.
Erning Laksmi Widystuti
TGI Head Office, Jakarta

2013

15 March
Signing Ceremony Gas
Transportation Agreement
between PLN and TGI
PLN Head Office, Jakarta

27 June
Board Audit Committee Meeting &
Board of Commissioners Meeting
TGI Head Office, Jakarta

19 July
Breaking the Fast between
Management, Employees and
Communities
TGI Head Office, Jakarta

9 October
Board Audit Committee Meeting &
Board of Commissioners Meeting
TGI Head Office, Jakarta

29 October
TGI Open Season
Bali Room, Hotel Indonesia
Kempinski, Jakarta

12 December
Board Audit Committee Meeting &
Board of Commissioners Meeting
TGI Head Office, Jakarta

2014

20 August
Celebrating Indonesia
Independence Day &
Halal Bi Halal between
Management and
Employees
TGI Head Office, Jakarta

7 November
TGI Health, Safety
and Environment Day
Tepian Ratu Hotel and Resort,
Jambi

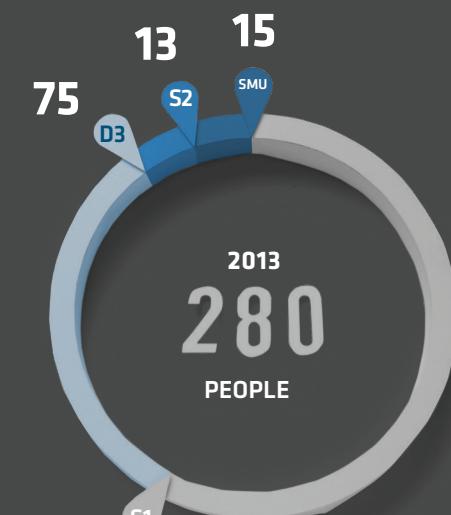
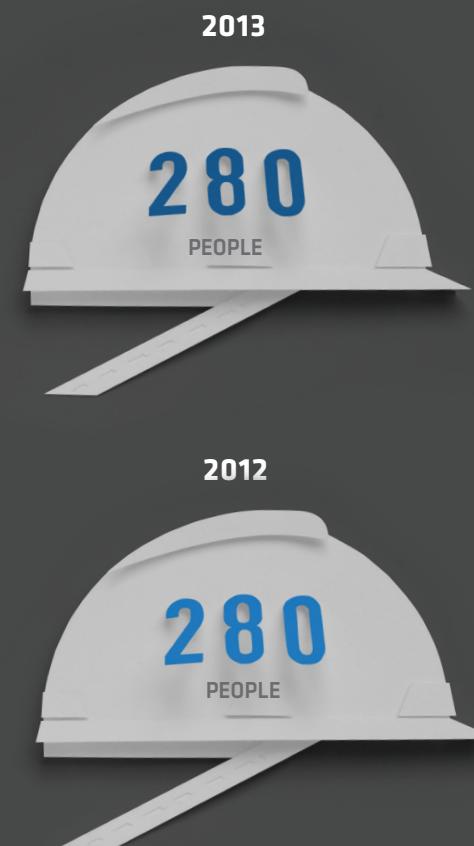
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TGI EMPLOYEES

A number of trainings were held in 2013 that reflected equality of opportunity for all employees. Details and amount of funds spent on training may be viewed in the Human Resources chapter.

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**PROFILE OF THE BOARD
OF COMMISSIONERS**

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President Commissioner

As an interally-groomed talent, Jobi T. Hasjim began his career with PT Perusahaan Gas Negara (Persero) Tbk as 2nd Assistant Corrosion in 1991. Since then, he held various important positions such as Distribution Section Head, PTST II Project Manager, as well as Western Java Distribution I SBU General Manager.

His insider's insight was enhanced by various workshops and trainings he took part in such as on benchmarking gas utilization, construction project management, and safety management.

From November 2010 to October 2012, he was appointed as a Commissioner of TGI. Thereafter he was appointed as President Commissioner of TGI, replacing Mr. Hendi Prio Santoso who was honorably discharged on 31 December 2013.

He graduated from Trisakti University with a Mechanical Engineering degree in 1988, and earned an MSc. Mechanics of Material from the University of Stathclyde, Glasgow in 1995.

PROFILE OF THE BOARD OF COMMISSIONERS

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M. ISKANDAR B. ISMAIL
Vice President Commissioner

M. Iskandar B. Ismail began his career in 1995 as an accountant with Horne Brooke Shenton, Blackpool in the United Kingdom. In 1997, he joined the Gas Business Unit of PETRONAS as a business planning and development executive. He was subsequently appointed to various senior positions at PETRONAS where he oversaw areas such as joint venture management and portfolio with regard to strategic and commercial review. In 2012 he was appointed as Senior Manager of the Commercial Department, PETRONAS Gas and Power Business where he was responsible for analyzing commercial issues and negotiating agreements. Concurrently, in November 2012 he was appointed as a Commissioner of TGI.

Mr. Ismail graduated Second Upper Class with a BA (Honors) in Finance and Accounting from Lancaster University, United Kingdom in 1995.



HERI YUSUP
Commissioner

Heri Yusup started his career in 1988 in internal audit at PT Perusahaan Gas Negara (Persero) Tbk. Thereafter he was promoted to various senior positions including Senior Counsel at the Legal and Public Relations Division (1998-2003), Senior Counsel at the Legal Division (2003-2009) and Corporate Secretary (2007-2009) followed by General Counsel (2009-2011) concurrently serving as Secretary of the Commissioner of TGI (2002-2012). In November 2012, he was appointed as a Commissioner of TGI, replacing Mr. Jobi T. Hasyim.

Mr. Yusup earned a Bachelor Degree in Law from the Faculty of Law of the University of Padjajaran (1987), as well as a Master of Law in Corporate Law and Finance from Widener University, School of Law (1999), Wilmington, USA. He further attended an Advanced Management Program at the Wharton School, University of Pennsylvania in 2006. He was admitted to the bar in 2002 and is currently a member of the Indonesian Advocates Association and member of the Indonesian Bar Association.

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ARIES YUSUF HASSAN
Commissioner

Aries Yusuf Hassan started his career at ExxonMobil Oil Indonesia, where he held a number of positions between 1991-2003 when he moved to SantosAsia Pacific Pty. Ltd. as a Senior Commercial Coordinator. In 2005, he joined ConocoPhillips Indonesia as a Gas Commercial Manager and was subsequently promoted to various positions including Senior Business Development Manager. In 2009, he moved to HESS Indonesia followed by Talisman Asia Ltd. in 2011, both with the position of Senior Commercial Manager. In November 2012, he was appointed to the Board of Commissioners of TGI.

Mr. Hasan holds a BSc in Petroleum Engineering from Trisakti University, Jakarta (1990) and a Master of Business Administration from Prasetiya Mulya Graduate School of Management, Jakarta (1998).

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RT 2013**MANGATAS PANJAITAN***President Director*

Mangatas Panjaitan began his career as an employee of PT Perusahaan Gas Negara (Persero) Tbk. in 1988. He held several structural posts there including Financial Control Section Head, General Accounting Agency Head, Administrative Agency Head, Accounting Division Head, and Accounting & Budget Division Head. In 2005, he received the *Kesetiaan Kerja 2 Windu* award from PT Perusahaan Gas Negara (Persero) in honor of his service and dedication. He served as a Commissioner of TGI in 2006 through 2007. In November 2007, Mr. Panjaitan was appointed Director of Finance and Administration of TGI. In 2013 he was appointed as President Director of TGI.

He earned his Bachelor of Accounting degree from North Sumatera University in 1985. In 1998 he obtained his Master degree in Corporate Finance from the University of Salford, United Kingdom.

PROFILE OF THE BOARD OF DIRECTORS

2 2



ERNING LAKSMI WIDYASTUTI
Director of Finance and Administration

Dra. Erning Laksmi Widyastuti began her career in 1988 at PT Perusahaan Gas Negara (Persero) Tbk. (PGN). She subsequently was promoted to a number of senior positions including Head of Operations Office in 2001, Head of Treasury Division at the Head Office in 2002, and Head of Human Resources Division in 2009. In 2009 she was appointed as Director of Administration and Finance of PT PGAS Solution, a position she held until 2013 when she was appointed as Director of Finance and Administration of TGI.

She graduated from Diponegoro University in 1986 with a Bachelor degree. Since then, she has attended numerous courses domestically as well as overseas to improve her knowledge and skills.



M. KOMARUDDIN
Director of Engineering

M. Komaruddin started his career as a staff at PT Sumber Tjipta Djaya Constructor in 1985. He subsequently joined PT Perusahaan Gas Negara (Persero) Tbk. in 1988 he was appointed as Engineering Manager for Central Sumatera Pipeline Transmission Project (Grissik Duri Batam Singapore) in 1997. In 2003, he became Project Manager for Transmission Pipeline Project (South Sumatera, West Java Area III, Compressor Stations and 50 km Distribution Line). He was appointed as Engineering Senior Manager for South Sumatera West Java SBU Transmission in 2007. In the following year, he became Senior Manager for the West Java Distribution Pipeline Project. In 2010, he was appointed as Gas Transmission and Distribution Pipeline Project Coordinator (SSW), West Java Distribution Line, Scada Installation, and 6 offtake station units. In the same year, he assumed his current position at TGI.

Mr. Komaruddin earned his Bachelor degree in Civil Engineering from Bandung Institute of Technology in 1985 and a Magister degree in Construction Management from the University of Birmingham, UK, in 1994.



MOHD ADID MOHD SALLEH
Director of Operations

Mohd Adid Mohd Salleh is a Malaysian citizen. He began his career in a supervisory capacity at a LPG mass product depot and LPG bottling plant for PETRONAS Dagangan Bhd. from 1982-1995 in Kerteh and Pasir Gudang. He was Terminal Operations Manager for PETRONAS Gas BHD (a Malaysian State-Owned Enterprise) in Terengganu from 1995 to 2000. In 2001 he was promoted to become Manager of the Gas Control Center. In 2005 he was promoted to Senior Manager at the PETRONAS Gas Control Center.

In October 2009, he was appointed Director of Operations at GI in Jakarta. In this capacity he directs, monitors and controls all aspects of TGI gas transmission operations, to ensure smooth transmission and availability. He also participates in a number of committees and in study groups involving risk management, HSE and reliability, transmission and technical assessment. He graduated with a Bachelor degree (Diploma program) in Mechanical Engineering from Mara Technical Institute, Malaysia, in 1980.

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ARIEF TRANSAINDRA KUSHERMAWAN
Director of Business Development

Arief Transaindra Kushermawan began his career as a Pipeline Design Engineer in 1994 with PT Caltex Pacific. Thereafter he joined PT. Bakrie & Brothers Tbk, PT Bakrie Niagatama between 1997-2001. In 2001, he joined ConocoPhillips where he was assigned to a number of positions in the roles of gas commercial, pipeline operation and asset development. In November 2012, he was appointed Director of Business Development at TGI.

He holds a Mechanical Engineering degree from the Bandung Institute of Technology (1993) and a degree from the Prasetiya Mulya Graduate School of Management, majoring in Finance with Cum Laude honors (1996).

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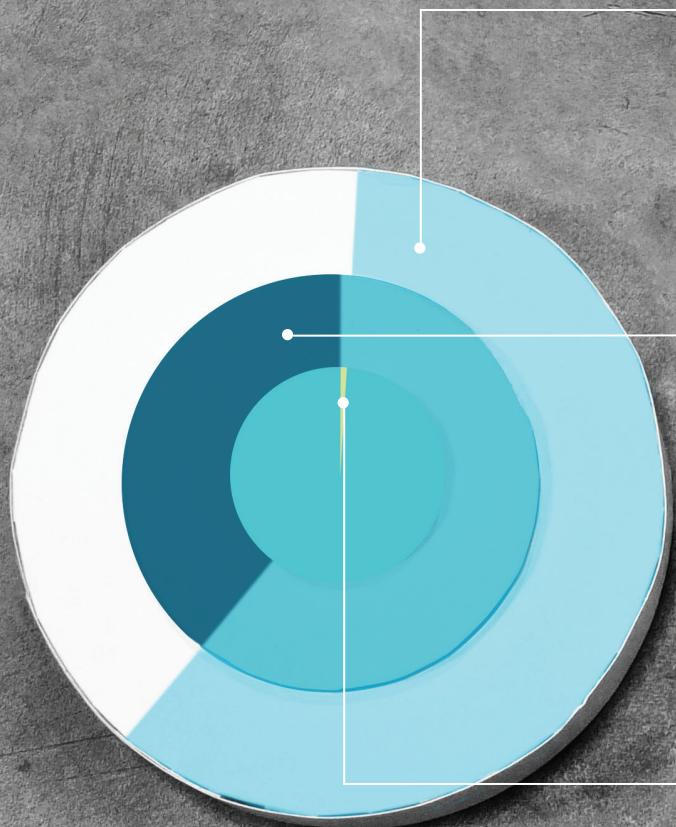
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**59.87%**

PT. Perusahaan Gas Negara (Persero) Tbk.

40%

Transasia Pipeline Company Pvt. Ltd. (a consortium
between Petronas International Corporation Ltd.,
ConocoPhillips Indonesia Holding Ltd., Talisman Energy
Inc and Singapore Petroleum Company Ltd.)

0.13%

Yayasan Kesejahteraan Pegawai dan Pensiunan Gas Negara
(YKPP Gas Negara)

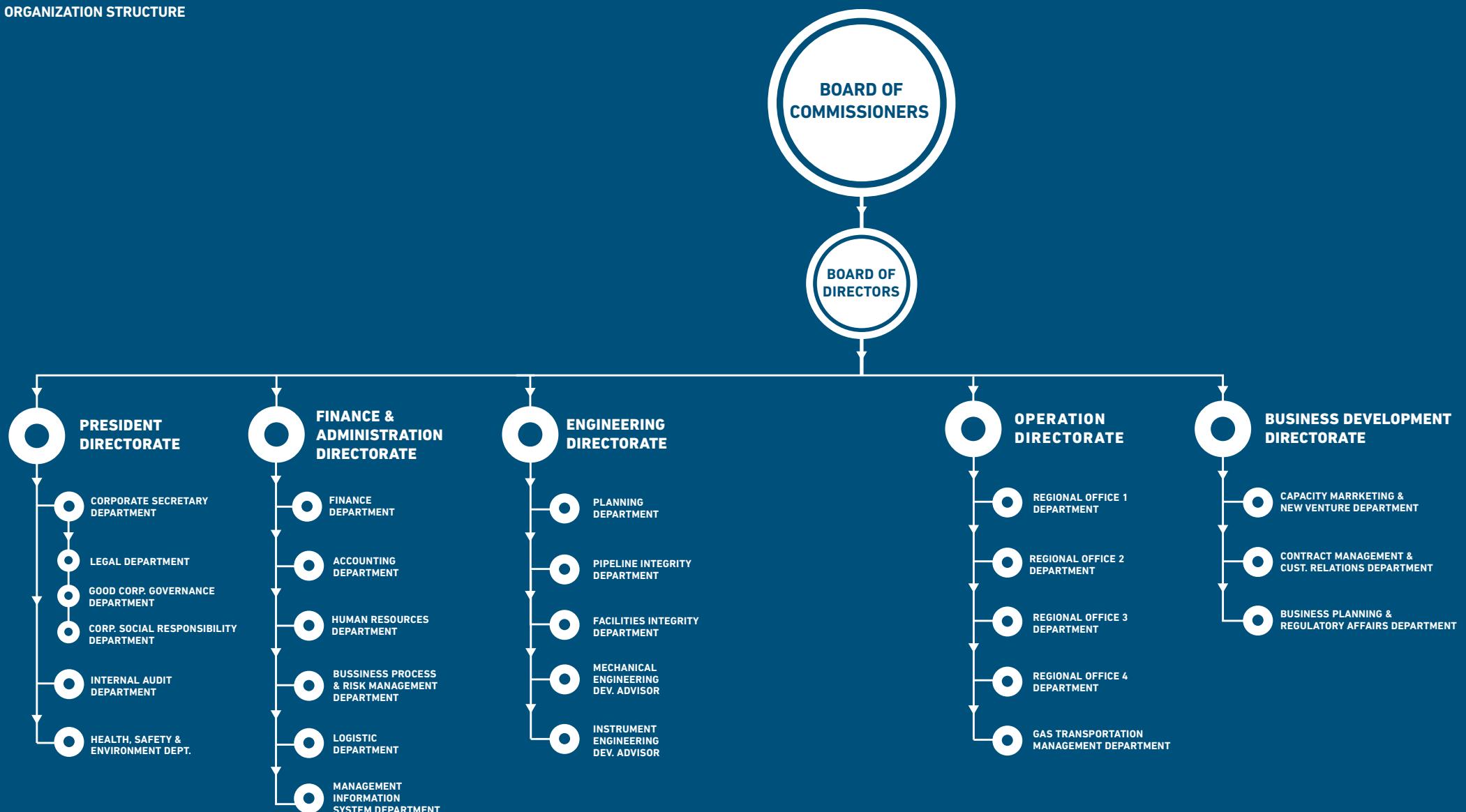
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ORGANIZATION STRUCTURE

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**AWARD &
CERTIFICATIONS**

OHSAS 18001:2007 Certification

For implementing an occupational health and safety management system that complies with the OSHAS 18001:2007 criteria. From Sucofindo Valid until 11 July 2013.

Audit Certificate for Occupational Safety and Health Management Program

For implementing an occupational health and safety management system. From Minister of Manpower and Transmigration, Republic of Indonesia. Valid until 20 May 2014.

Zero Accident Award

For TGI's achievement in Jambi City, Jambi province, of 277,452,1 man hours without incident, from 1 January 2011 – 31 December 2013.

For TGI's achievement in Pekanbaru City, Pekanbaru Province, of 5,011,426 man hours without incident, from 1 January 2010 – 31 December 2013. From: Minister of Manpower and Transmigration, Republic of Indonesia

**Gas Transportation Management
(GTM) / TGI Control Centre
(24 hours)**

Jl. M.Y. Singedikane No. 94
Telanai Pura
Jambi 36122, Indonesia
phone +62 741 667799 /
+62 741 667 257 (24 hour)
fax +62 741 667 256

**Regional Office I,
Jambi Office**

Jl. M.Y. Singedikane No. 94
Telanai Pura
Jambi 36122, Indonesia
phone +62 741 668 420
fax +62 741 668 429

**Regional Office II,
Belilas Gas Booster Station**

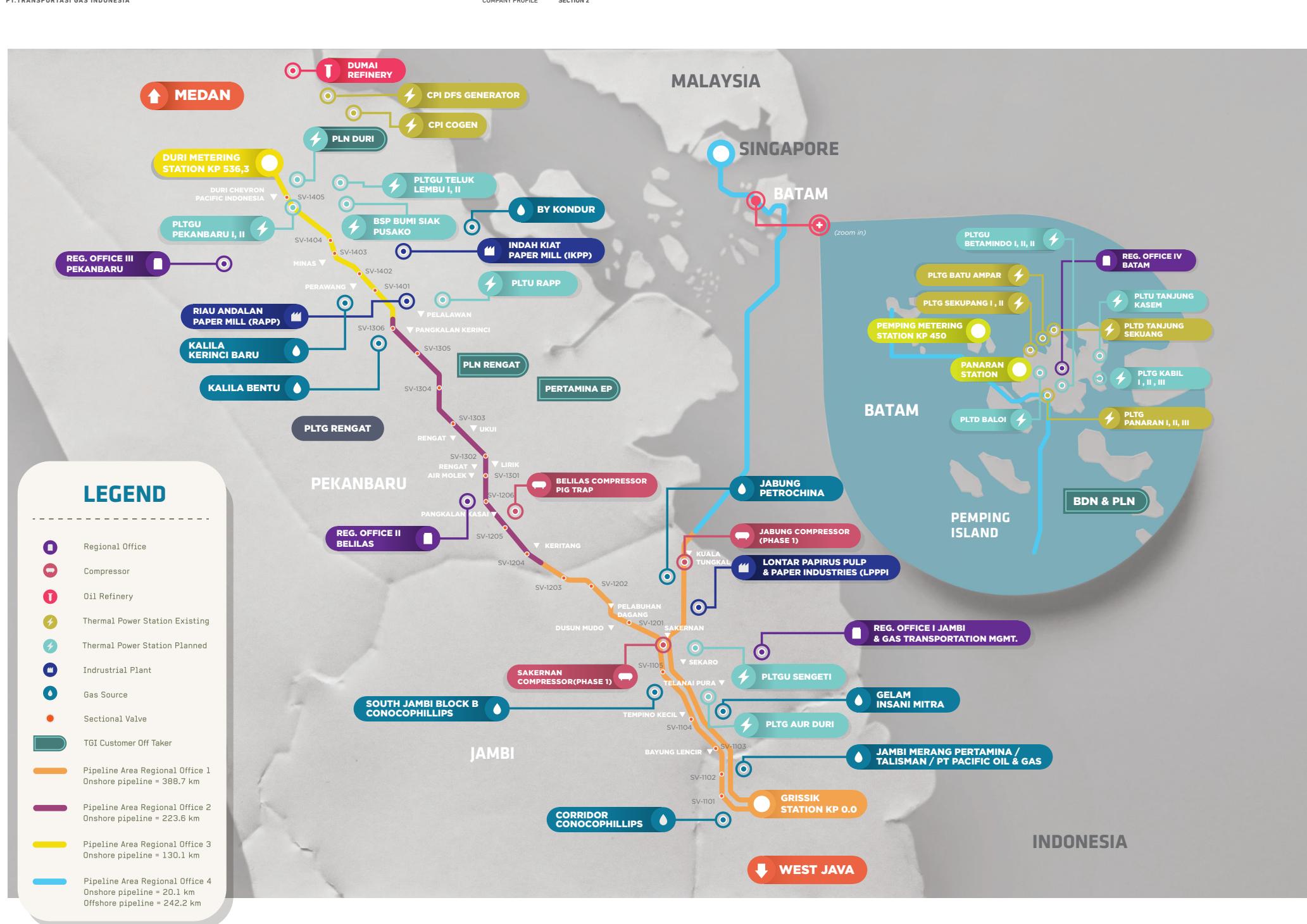
Jl. Lintas Timur - Belilas Pangkalan Kasai
Indragiri Hulu
Riau, Indonesia
phone +62 741 665 09
fax +62 741 669 874

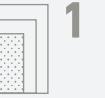
**Regional Office III,
Pekanbaru Office**

Jl. Soekarno Hatta No. 174
Pekanbaru-Riau 28294
Indonesia
phone +62 761 564 858
fax +62 761 564 857

**Regional Office IV,
Batam Office**

Jl. Raya Batam Center
Kelurahan Teluk Tering
Kecamatan Batam Kota
phone +62 778 477 555
fax +62 778 477 522

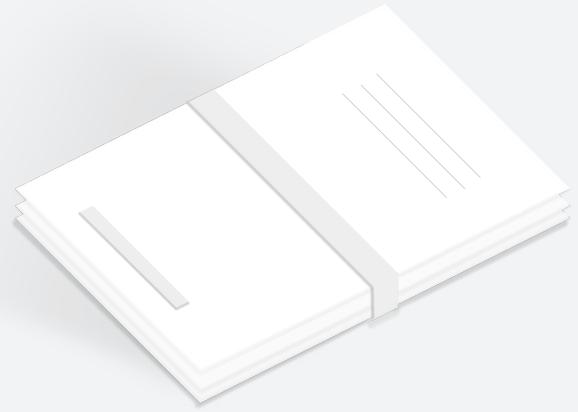
REGIONAL OFFICES




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SECTION 3



- MANAGEMENT
REPORT

/ BOARD OF COMMISSIONERS /**32**
**BOARD OF COMMISSIONERS
REPORT**
Dear Shareholders,

On behalf of the Board of Commissioner ("BOC") of PT Transportasi Gas Indonesia ("The Company"), it is our great pleasure to provide this BOC Supervisory report. In this report, we would like to highlight several important milestones that have happened in 2013.

It is a general understanding that pipeline integrity is always become a concern that needs full attention by everyone in The Company. It is highly appreciated that in order to fulfill our commitment as a prudent and reliable operator, The Company has decided to implement a Pipeline Integrity Management System ("PIMS") which will then be combined with the Facilities Integrity Management System ("FIMS"). PIMS and FIMS will give a measured risk-based operating and maintenance system and therefore creates more integrated pipeline management in The Company.

The BOC also appreciates the BOD's proposal to restructure the Engineering Department in The Company. The BOC has emphasized on the need to develop a project management system to ensure that projects will be executed efficiently, as per schedule and costs without undermining the quality and specification. The change on the organization which was based on the project management assessment made by the consultant is a significant step forward in achieving this goal.

In the business development aspect, we also appreciate the new Gas Transportation Agreement executed by The Company. These achievements have the potential to increase The Company's revenue in the years ahead. However, the stakes and challenges in business development will be higher in 2014 and The Company will need a good preparation in the business

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development sector. An event such as Open Season is indeed necessary in order to maintain the good relationship with our stakeholders.

Overall, we see that The Company's performance is satisfying based on the CAPEX and OPEX utilization that meets the target and also The Company's Financial Statement for 2013.

There are also several matters that the BOC would like to address so that The Company could properly prepare to face its challenges in 2014.

With regard to the settlement of insurance claim for the offshore pipeline repair as well as the KP277, we support The Company to maintain the intense coordination with the Staff Shareholder experts. The Company with the help from Staff Shareholder experts is

expected to be able to revise the scope of work, terms and condition of the insurance needs of The Company's pipeline assets. There is also the need to ensure that the clauses in the insurance agreement are fair to The Company.

It also becomes our particular concern regarding the new tariff implementation without proper amendment of the GTA which may expose the Company to potential legal and financial implications. We urge the BOD to manage this matter carefully, provide comprehensive analysis on the possible impacts to The Company and implement necessary measures to address potential risks. The BOD should continue to protect and uphold the interest of The Company while at the same time comply with the applicable law and maintain proper corporate governance as stipulated in the Strategic Partnership

Agreement. We also believe that the issue of manpower shortage in The Company needs to be immediately resolved. It is critical when such shortage happens in the core positions and areas of The Company such as Compressor expert and Engineering. It is obvious that it will be very challenging for The Company to run its business without necessary expertise in its core areas and critical positions. Therefore, we have requested the BOD to provide several human resources programs to retain the existing employees and stimulate the growth of employee in The Company.

We would like convey our gratitude to the former BOC member, Mr. Hendi Prio Santoso and Mr. Eddy Hariono. The Company is also at a great loss with the passing of the Director of Engineering, Mr. M. Komaruddin. We hereby express

our deepest condolences. Their service and contribution will always be remembered.

Finally, we would like to thank to BOD and everyone at The Company for their continuous effort, contribution and loyalty in achieving all of the Company's targets for 2013 and to all shareholders for their trust and support to The Company.

Jakarta 2014

On behalf of the Board
of Commissioners,

PT TRANSPORTASI
GAS INDONESIA

Jobi T. Hasjim



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BOARD OF DIRECTORS REPORT

Dear Shareholders,

Against a backdrop of continued economic volatility and fluctuating energy prices in 2013, TGI continued to pursue its vision and mission to deliver natural gas to the Indonesian market and beyond. With the growing need for energy in Indonesia and the government's emphasis on switching to natural gas as an alternative energy source to oil, TGI's activities as an integrated transporter of natural gas have become ever more important for the long run welfare of the Indonesian people.

Performance in 2013

Gross revenue increased to USD 205.2 million in 2013 from USD 193.7 million in 2012, with operating profit and net profit also rising from USD 88.6 million and USD 59.8 million in

2012 to USD 109.2 million and USD 78.0 million respectively. Net debt decreased from USD 152.8 million to USD 47.1 million, and ROE and ROA both increased from 14.4 and 8.5 to 16.6 and 11.4 respectively. Overall, financial achievements were all significantly above target, mostly due to a new tariff on the Grissik-Singapore line that was booked in August 2013 and retroactively implemented from August 2010 to December 2013, contributing revenue increase of USD 31.2 million.

Capacity utilization for the Grissik-Duri line climbed to 91% from 85% the year before, but declined slightly for the Grissik-Singapore line from 98% to 93%. Actual flow delivered for Grissik-Duri also improved from

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365.1 MMCSFD to 387.9 MMCSFD, while Grissik-Singapore achieved a lower target from 456.2 MMCSFD to 430.7 MMCSFD. Overall, 99.99% capacity availability was achieved.

These achievements were particularly impressive as a number of GTA agreements expired as anticipated in 2013, which resulted in less gas delivery for the year. The team's hard work and management decisions supported by TGI's integrated infrastructure and human resources were able to improve operating efficiency for service excellence. The Company continued to carry out upgrades and maintenance on its infrastructure as well as invest in new projects during the year.

Health, Safety and Environmental (HSEMS) performance was also good with no major incidents during 2013. TGI's overall HSEMS rating achievement increased to 2.51 in 2013 from 2.50 in 2012. At the same time, TGI also managed to keep customer satisfaction high, with

zero customer complaints received during the year, a track record as a prudent operator that will serve TGI well in securing profitable new customers and new contracts in the future.

Corporate Governance and CSR

In 2013, TGI continued to implement the Balanced Scorecard approach in evaluating the performance of the Company. This approach, which includes assessment of shareholders, customers, internal processes learning and growth, returned a rating of 84.84 out of 100. TGI also stayed compliant with applicable regulations and strove to improve its corporate governance mechanisms, for example by overhauling its Risk Management processes.

TGI also carried out numerous CSR activities in line with its core programs of economic empowerment, education, general infrastructure and facilities, the environment and health. These activities are designed to share the

benefits of TGI's activities with local communities. According to a 2013 survey of community satisfaction with TGI's CSR program, the community satisfaction level was 80%, exceeding the target of 60% and reflecting the sound community's satisfaction with TGI's contribution.

Changes to the Board of Commissioners and Board of Directors

As of 31 December, 2013, Mr. Hendi Prio Santoso stepped down as President Commissioner and was replaced by Mr. Jobi T. Hasjim.

In addition, during the year, Mr. M. Arsyad Rangkuti stepped down as the President Director of TGI to be replaced by myself as the President Director of TGI. Replacing me in the capacity of Director of Finance and Administration is Ms. Erning Laksmi Widayastuti. We wish Mr. M. Arsyad all the best and thank him for his contributions, and we welcome Ms. Erning to the Board of Directors.

Company Prospects

The future of natural gas in Indonesia is bright, given the growing need for energy in this developing nation. TGI will continue to strive to provide operational and service excellence so as to participate in the industry. It is our belief that by continuing to improve the Company's capabilities, TGI will be able to keep delivering returns to its stakeholders.

We would like to express our appreciation to the Board of Commissioners, shareholders, partners, and all of the employees for their continued dedication and contributions to the Company throughout 2013. We hope that TGI will be more advanced, competitive and prosperous in 2014. Thank you.

Mangatas Panjaitan

President Director
On behalf of the Board of Directors



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SECTION 4



- MANAGEMENT
DISCUSSION
& ANALYSIS

INDUSTRY OVERVIEW**4 2**AN
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Indonesia has the largest natural gas reserves in Asia-Pacific region after China, but faced with the challenge of geographical land and in developing offshore supply. Indonesia's proven natural gas reserves stood at 104.4 trillion cubic feet (TCF) in 2014, down from 108.4 TCF in 2013 (source: Oil Gas Journal). At the same time, domestic demand for natural gas has doubled since 2005.

Demand for natural gas in Indonesia continued to be strong in 2013 as the country shifted to natural gas to meet its energy demands, in line with the Energy and Mineral Resource Ministry's policy of making natural gas the dominant fuel in the Indonesian energy sector. Forecasted demand growth for natural gas is so high that BPH Migas has projected that by 2018, Indonesia will even need to import additional supplies.

In order to fulfill natural gas demand, private sector companies such as TGI are allowed to operate pipelines under regulatory authority of BPH Migas under which they can set the tariffs for pipeline use and for household or small scale consumption. Consequently, TGI is in a strong position to maintain its business and even potentially expand, subject to approvals from BPH Migas. In addition, TGI's majority shareholder, PGN, is one of the key players in providing natural gas for Indonesian gas market.

At the same time, facing intensifying industry competition, TGI needs to continuously try to provide the best service through the synergies generated from its integrated infrastructure and human resources.

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BUSINESS DEVELOPMENT REVIEW

As a number of Gas Transportation Agreements (GTA) will expire in coming years, TGI proactively pursued new GTA with the following developments as of the end of the year.

- Side Letter Gas Swap Agreement CPGL-TGI (GSPL GTA)**
Seeking BOC and Shareholders approval for the revision of the final draft of Side Letter Agreement.

- Taruko GTA**
Discuss with Taruko on GTA draft, subject to Taruko gas sales arrangement with its gas buyer (offtaker).

- PGN SRF on Gas Supply from PDPDE + JOB Jambi Merang**
 - BOC/Shareholders had already approved the Draft Second Amendment
 - However since this gas sales arrangement between PDPDE and PGN was not approved by the government (SKK Migas), the Draft 2nd amendment was discontinued.

- Energas (EHK) SRF on Additional Gas Supply**
EHK is using the existing EHK GTA for transportation of any additional gas supply.

- PLN Batam (PLNB) SRF**
Waiting for response from PLNB to confirm the gas source/gas supply for PLNB.

TGI continues to actively seek out new contracts for the future through activities such as Open Season.

OPERATIONAL REVIEW

In 2013, TGI once again achieved 99.99% availability for its installed pipeline capacity for the second year in a row, tangibly demonstrating our service excellence. Total gas delivered by TGI reached 298,767.4 MMSCF, continuing the trend of stable performance from 299,811.0 MMSCF in 2012 and 296,811.7 MMSCF in 2011.

Per day, TGI's transmission reached 818.5 million cubic feet of gas per day (MMSCFD), slightly lower than 822.4 million MMSCFD in 2012 due to the expiry of one GTA. Total gas transportation volume from Grissik-Duri reached 387.9 MMSCFD while volume of gas transported from Grissik-Singapore reached 430.7 MMSCFD. Supporting these achievements, Pipeline Capacity Utilization of the Grissik-Duri segment and Grissik-Singapore segment stood at 91% and 93% respectively.

Thanks to these achievements and reflecting its service excellence, TGI did not receive any customer complaints during 2013.

Pipeline System & Gas Supply Availability

Description	2013	2012
	Average (%)	Average (%)
Compressor Availability	99.96	99.92
Metering Reliability	100.0	99.98
Pipeline Reliability	100.0	100.00
Pipeline Capacity Availability	99.99	99.99
Gas Delivery	100.0	100.0
SCADA Reliability	99.23	99.98

Major Operations & Maintenance Projects In 2013

- Performed pigging cleaning along the Grissik-Duri pipeline on 16 – 19 April, and the Grissik-Singapore pipeline in August & December 2013.
- Supervised Tie-in at Grissik-Duri pipeline SV-1405 for new Offtaker PLN Duri on 27 March 2013, and started delivering gas to PLN Duri Riau on 17 April 2013.
- Performed regular maintenance at Jabung Compressor Station inclusive Gas Engine Generator (GEG) units on 29 March and 25 August 2013, respectively.
- Performed annual maintenance at the Sakernan Compressor Station inclusive PLC maintenance and grounding system improvement in November 2013.
- Supervised Conditional Assessment Visit for Machinery Protection Plan (MPP) for both Sekernan and Belilas Compressor Stations in June and November 2013, respectively.
- Performed annual maintenance at the Belilas Compressor Station in February and July 2013.
- Performed the Retrofit Turbine Control System Project at Belilas Compressor Station on 3 October 2013.
- Started operating new Orifice meter for PLN Rengat on 28 April 2013.
- Performed Pressure Control Valve (PCV) overhaul at Duri Metering Station in December 2013.

- Performed annual calibration at all TGI's meter station such as Tempino, Lirik & Ukui, Perawang, Simpang Perak, Minas, Duri, and Simpang Abadi, Panaran, Pemping.
- Performed annual fuel gas meter calibration at compressor stations Sekernan, Belilas and Jabung on 23 February, 12 February and January 21 2013, respectively.
- Witnessed the annual meter calibration at COPI Grissik for Duri pipeline and Singapore pipeline on 20 June and 8 July 2013, respectively.
- Witnessed the annual meter calibration at JOB Pertamina Talisman Jambi Merang for Duri pipeline and Singapore pipeline on 8 April and 18 September 2013, respectively.
- Witnessed the annual meter calibration at Petrochina Jabung on May 22, 2013.
- Performed annual maintenance of SCADA and telecommunication system at all Regional Offices area.

ENGINEERING REVIEW

Throughout the year, the TGI Engineering Directorate continuously carries out inspections, improvements and upgrades of TGI's pipeline and facilities, towards optimizing our entire infrastructure in an integrated manner and supporting the Company's capability to deliver service excellence.

Engineering initiatives covered Pipeline Integrity projects, which focuses on keeping TGI's pipeline in optimal shape; Facility Integrity projects, which focus on the state of TGI's facilities; and Planning, which is essential to continuous improvement of TGI's capabilities towards excellence.

A. PIPELINE INTEGRITY

1. Pemping Geotechnical Improvement Project

Pemping Gas Station is a TGI metering station for the Grissik-Singapore pipeline that is located on Pemping Island, north of Batam. This station has been fully owned and operated by TGI since it was transferred from PGN in 2004. The Pemping metering station is located in a hilly area +/- 28m above sea level in which where part of the slope are leveled by filling soil.

As we are aware geotechnical problems have recently occurred at Pemping Station such as soil movement and cracking, and severe erosion especially at the fill part of the station. The problem may potentially endanger buried pipes, piping foundations, as well as gas operations. Several repairs were conducted in 2002 and 2004 by PGN and in 2006 by TGI but the repairs were not optimum yet.

Therefore, following on previous studies, TGI together with an expert consultant conducted a comprehensive assessment study to re-evaluate effectiveness of the existing design and provide recommendations to ensure that the gas station is safe, reliable and fit for service and gas delivery, as well as providing detailed recommendations for resolving the soil problems.

The assessment study recommended installing bore piling structures on both slopes (North and West sides). The project execution by the Contractor was held up due to the late of arrival of heavy equipment, bad weather, heavy equipment that was unexpectedly out-of service, and local regulations on material clearance. The bore piling project was finally finished in the fourth quarter of 2013 with a punch list to be carried out within the six-month maintenance period.

2. Pipeline Integrity Management System (PIMS)

PIMS is a comprehensive process that covers planning, organizing, executing, and control of all pipeline risks and mechanical integrity, through a well-planned inspection, monitoring, and maintenance program. The goal is to operate the pipeline safely and reliably at effective cost. As part of its role, PIMS also develops techniques and methods of detection, prevention and effective risk mitigation.

TGI has completely finished developing and implementing PIMS in all engineering and operation areas since early 2013. The PIMS application was established based on risk analysis, pipeline integrity assessment, point of interest during Right of Way (ROW) inspections and other surveys. Prioritization and risk management is a key element in managing the integrity of the pipeline system for the Company and customers' benefit.

The main purpose of implementing PIMS is to improve the cost effectiveness of the Inspection & Maintenance Repair (IMR) strategy so that pipeline risk can be better managed based on priorities to comply with standards, rules and regulations, and to achieve zero failure in line with TGI's zero accident work safety target.

3. Fitness For Service (FFS)

FFS is the ability of a system or component, in this case a pipeline system or portion thereof, to provide continued service, within established regulations and margins for safety, until the end of some desired period of operation or scheduled inspection and reassessment. FFS is a well-accepted approach to evaluate flaws that may be injurious to integrity

in equipment, including pipelines, towards determine acceptability for continued operation.

FFS evaluations for pipelines rely on a detailed threat assessment, risk analysis, the selection of appropriate inspection techniques, and flaw acceptance criteria. Results from FFS evaluations provides corrective guidance on equipment inspection intervals and shape decisions to operate, repair, monitor, or replace equipment to ensure the pipeline is suitable for continued service under the intended operating conditions.

Subsequently, in mid-2013 TGI together with an expert consultant performed several FFS for both onshore and offshore pipeline to assess the current conditions for medium to high risk based on PIMS evaluation

4. Intelligent Pigging Service for the Jabung - Panaran Pipeline

During 2013, intelligent pigging was safely performed with good, high resolution GPS mapping attached. The overall pipeline is in good condition, with no metal loss with a depth greater than 10% detected. The report showed a total 864 pipe mill anomalies and longitudinal weld anomalies. These are imperfections originating from either the pipe production or pipeline placement stage. A total of 352 anomalies have been marked as suffering from low level corrosion with less than 10% wall thickness loss. Although these anomalies are not severe, early detection may help the pipeline operator in future inspections and corrosion growth analysis. No geometric faults such as deformations greater than 5% of internal diameter have been detected.

Data proofing has been carried out on 3 independent features between May and June 2013. Due to no metal loss above 10% in the pipeline, the verification focused on the GPS mapping accuracy and detection capability. The assessed features were a girth weld with wall thickness change, an offshore anode and a corrosion cluster with less than 10% depth. All features were verified, demonstrating reliable tool performance.

B. FACILITY INTEGRITY

1. Facility Integrity Management System

Various facility integrity management system initiatives took place between 11 June 2013 - 12 May 2014 with the objective of creating and implementing an integrated system incorporating the latest risk based management philosophy in order to assess past performance, to identify individual equipment risk, and to identify areas for improvement.

It is expected that this project will have the following deliverables:

- Integrity implementation plan
- Inspection intervals based on sound risk assessment methodology in line with the requirements of best practices, regulations and standards

- Reasonable risk data related to equipment conditions
- An inspection and maintenance program

As of 31 December 2013, the actual progress achieved was 76.25% compared to 68.63% targeted. The remaining work will be continued in 2014.

2. Jabung Compressor GTCP Conditioning and Failure Prognosis Analysis

TGI conducted a vibration study analysis to analyze the high vibration problems that significantly affected the operation of two Taurus 70 gas turbine units at Jabung Compressor Station. The final report from the analysis advised TGI either to overhaul or exchange the engines to find out the root cause of the high vibration issue. The analysis was conducted between 5 June 2013 - 2 September 2013.

3. Cyclone Separator Performance Study

To ensure that the cyclone separator at Pemping Station works properly as per the initial design, TGI conducted a study on cyclone separator performance. The result of the study's final report includes a recommendation to install a new, different model and type of cyclone bundle to increase performance of the cyclone separator. The cyclone separator was conducted between 3 June 2013 - 30 September 2013.

4. Upgrading USM Pemping

Due to spare parts of the Mark II control system unit becoming obsolete at USM Pemping and TGI's efforts to improve meter accuracy, TGI replaced and upgraded the USM in two phases. Phase 1 was performed between 28 May 2012 - 27 July 2013, by purchasing a new Ultrasonic Meter unit with a Mark III control system unit including Dry and Wet Calibration. Phase 2 was performed between 16 July 2013 - 7 February 2014, by upgrading the Mark II control system unit to Mark III at the old B meter including Dry and Wet Calibration, installation and commissioning to replace the A meter.

5. Upgrading Human Machine Interface (HMI) at the Grissik-Duri Line SCADA System

Related to the discontinuation of spare parts both for hardware (computer) and software on the HMI SCADA system on the Grissik-Duri line, and to provide large data capacity due to new gas receive and delivery points added since 2011, TGI upgraded the HMI SCADA system using new technology and simultaneously changed to a new concept enabling operation and maintenance to be more reliable, efficient and effective compared to the previous system. These activities were carried out between 30 May 2013 - 30 November 2013.

6. Piping Corrosion Investigation for Aboveground Facilities (SV1206 & GBS Belilas)

To verify the state of the piping and vessels on Belilas Compressor Station and Sectional Valve (SV) 1206, TGI conducted piping and vessel investigation to verify corrosion rate by checking pipe wall thickness using infrared, as well as analyzing the results of operational and maintenance activities. The investigation results provided TGI with a baseline for monitoring and anticipating any piping and vessel failure on Belilas Compressor Station and SV1206. This work was carried out between 3 June 2013 – 20 September 2013.

7. Upgrading Pemping H2S Analyzers

A letter was issued by the manufacturer stating that all spare parts for the H2S analyzer installed at Pemping station are obsolete and will no longer be produced. Therefore, in order to maintain the reliability and accuracy of the H2S analyzer, TGI must upgrade the existing H2S analyzer by replacing two H2S units. The new H2S analyzer uses the latest technology, namely ultraviolet absorption. The scope of work covered design, procurement, factory acceptance test, installation and commissioning. The work was carried out between 3 June 2013 - 31 December 2013.

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C. PLANNING

USM Metering System to PLN Duri

In connection with the Gas Sales Agreement (GSA) between Perusahaan Listrik Negara ("PLN") and PT Pertamina - Talisman Jambi Merang, TGI and PLN agreed to reserve capacity in the pipeline for PLN and entered into a Gas Transportation Agreement ("GTA") on 15 March 2013. One of requirements of the GTA was for TGI to replace the existing orifice metering system with a USM Metering System to accommodate the reserved capacity of 35 MMSCFD.

TGI began the engineering, design, construction, installation and commissioning of the USM Metering System on 3 June 2013 with a contract period of 240 calendar days. The contractor for this project was PT. Pratiwi Putri Sulung, who has experience in metering systems particularly USM metering systems. Gas flow through the USM Metering System was successfully achieved on 24 January 2014, ahead of schedule.

Belilas Mess Hall

The Belilas Mess Hall is an embodiment of the management's commitment to support operational activity in remote areas, namely Belilas Gas Booster Station, by providing better permanent accommodation for TGI employees. Previous accommodation for these employees consisted of portable camps (containers).

Construction of this project began on 21 May 2013 with a contract period of 240 calendar days. TGI appointed PT. Andromega Buana Abadi, an experienced contractor, to build the project. The Belilas Mess Hall building was already constructed as of 15 January 2014 leaving only the interiors to be finished, in the hopes that it could be occupied by the end of March 2014.

By reliably and rigorously carrying out these activities, TGI ensured that it remains worthy of the trust given to it as a Vital National Object, as it continues to keep vital supplies of energy flowing.

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FINANCIAL PERFORMANCE

The following management analysis and review, particularly sections concerning the Company's Financial Performance, is prepared based on the TGI Audited Financial Statements of 31 December 2012 and 2013.

PROFITABILITY RATIO	RATIO	2013 (%)	2012 (%)
Net Profit Margin		38.0	31.2
Net of Return on Assets		11.4	8.5
Net of Return on Equity		16.6	14.4

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DESCRIPTION	2013	2012	▲
	Million USD	Million USD	%
Net Revenue	205.2	191.7	7.0
Operating Profit	109.2	88.6	23.3
Net Profit	78.0	59.8	30.4
EBITDA	165.6	147.4	12.4

REVENUE

In 2013, TGI Net Revenue increased by 7.0% from 2012 to USD 205.2 million. This was due to our operational success in decreasing the volume of gas loss (which was favorable) and the impact of the retroactively implemented Grissik - Singapore new tariff from August 2010 to December 2013 which contributed USD 31.2 million.

ACHIEVEMENT OF 2013 TARGET	DESCRIPTION	CORPORATE WORK AND BUDGET PLAN 2013 (MILLION USD)	REALIZATION 2013 (MILLION USD)	% ACHIEVEMENT
Net Revenue	Net Revenue	175.2	205.2	117
Net Profit	Net Profit	48.5	78.0	161
	Operating Cash Flow	116.7	144.7	124

OPERATING PROFIT

In 2013, TGI booked an Operating Profit of USD 109.2 million, an increase of 23.3% from USD 88.6 million in 2012, with the main contributor being the Grissik - Singapore new tariff increase.

NEXT YEAR TARGET

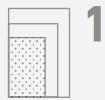
The increase in revenue during 2013 compared to 2012 effectively improved TGI's financial performance and profitability ratio, as well as enabling achievement of 2013 targets.

NET PROFIT

Net profit increased by 30.4% from USD 59.8 million to USD 78 million in 2013.

The External Auditor expressed an Unqualified Opinion on the TGI's Financial Statements for the years ended 31 December 2012 and 2013.

Net revenue in 2014 is targeted at USD 176.0 million on a volume of 830.5 mmmscfd as "expected take" levels per shippers' forecast.



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SECTION 5



- **HEALTH, SAFETY
& ENVIRONMENT**

HEALTH, SAFETY, ENVIRONMENT

TGI is committed to implementing the highest international standards in Health, Safety, and Environment (HSE). To date, we are OHSAS 18001:2007 certified, and previously achieved Audit Certification for our Occupational Safety and Health Management System from the Ministry of Manpower and Transmigration. Our commitment to safe operations is reflected by our excellent safety record and a track record of zero fatalities since inception. Environmentally, we have maintained a zero pollution track record since establishment and the Company is fully in compliance with all relevant environmental regulations.

Key to these achievements is a well-planned system that prioritizes HSE performance in all company activities, with the firm support of top management. A corporate HSE Committee oversees HSE implementation across the Company and HSE considerations are part of performance reviews for both employees and Business Partners. Safety procedures and implementation are periodically audited by internal as well as external parties.

Regular HSE activities include management inspections of TGI work stations, safety training and workshops, awards for good safety performance, an annual HSE Day, and more. Emergency Response Exercises (ERE) and annual Major Emergency Response Exercises (MERE) are periodically carried out every Regional Office in coordination with local authorities such as the police department, fire brigade and local hospitals.

Along the same lines, the health and welfare of our employees are a priority. Besides medical checkups for employees and encouraging healthy lifestyles, TGI routinely checks for mercury contamination as well as noise, light and temperature tolerances to make sure that employees enjoy a safe work environment.

Thanks to such steps, TGI has achieved one of the best HSE records in the industry, supporting the continued health and safety of our employees, partners and local communities, and the reliable supply of natural gas supplies for our customers.

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HSE PERFORMANCE STATISTICS 2013

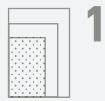
	DESCRIPTION	NUMBER	TARGET	REGIONAL OFFICE & HEAD OFFICE HSE COMMITTEE MEETINGS IN 2013	DEPARTMENT	FREQUENCY	LOCATION	NO. OF TIMES DONE
5.8	No of Top Management Site Visits	5	5		HEAD OFFICE	MONTHLY	HO	12
	No of Corporate HSE Meetings	4	4		REGIONAL OFFICE 1	MONTHLY	RO 1	12
	No of Directorate HSE Meetings	20	20		REGIONAL OFFICE 2	MONTHLY	RO 2	12
	No of RO & HO HSE Meetings	71	72		REGIONAL OFFICE 3	MONTHLY	RO 3	12
	No of HSE Inspections	276	272		REGIONAL OFFICE 4	MONTHLY	RO 4	12
ANNUAL REPORT 2013	MERE conducted	1	1	2013 MANAGEMENT SITE VISITS	GTM	MONTHLY	GTM	12
	Lost Time Injury Frequency (YTD)	0.48	0.4		LOCATION	DATE	MANAGEMENT	ANNUAL REPORT 2013
	Fatality	0	0		RO 1	26 SEPTEMBER 2013	ENGINEERING DIRECTOR	
	Pollution	0	0		RO 2	24 SEPTEMBER 2013	OPERATION DIRECTOR	
	Vehicle Accident	0.81	Maximum <1.5		RO 3	3 DECEMBER 2013	PRESIDENT DIRECTOR	
	Total Sickness Accident Frequency	0.07	Maximum <0.5		RO 4	10 JUNE 2013	FINANCE & ADMINISTRATION DIRECTOR	
	2013 HSEMS Rating	2.51	2.55		GTM	2 MAY 2013	BUSINESS DEVELOPMENT DIRECTOR	

2013 HSEMS RATING

	LOCATION	ASSESSMENT LEVEL	IMPORTANT ACTIVITIES IN 2013
	2013 HSEMS RATING FOR TGI	2.51	Important activities carried out in 2013 included OHSAS and SMK3 surveillance.
HEAD OFFICE	Operational Directorate	2.49	
REGIONAL OFFICE 1	Jambi	2.52	
REGIONAL OFFICE 1	Belilas	2.52	
REGIONAL OFFICE 3	Pekanbaru	2.50	
REGIONAL OFFICE 4	Batam	2.52	
GTM	Jambi	2.50	

**WORK SAFE
MANHOURS**





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SECTION 6



- HUMAN
RESOURCES

HUMAN RESOURCES

Human resources are the cornerstone of our drive to become the gas transporter of choice.

As of 31 December 2013, TGI had 280 employees, the same amount as in 2012, who together helped drive TGI's increased productivity.

POSITION	2013	2012
Board of Directors	5	5
Manager	24	26
Officer	79	78
Non Officer	31	28
Technician	141	143
Total	280	280

EMPLOYEES BY EDUCATION	2013	2012
S2	13	14
S1	177	179
D3	75	72
SMU	15	15
Total	280	280

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CAREER DEVELOPMENT

In line with TGI's commitment to keep abreast of the latest business developments and anticipate future needs, the quality of TGI human resources is continuously improved through a variety of training and education programs. The aim is to strengthen employees' skills, update their knowledge, and strengthen corporate culture in a sustainable manner across all employee levels as stipulated in the Core Competencies. Employees are provided with opportunities for work rotation and promotion to develop their potential, supported by regular work performance evaluations.

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In addition, TGI also focuses on enhancing Leadership Competencies and Job Family (Technical) Competencies. Together these three dimensions shape the TGI Competency Model.

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EMPLOYEE PER DIRECTORATE	2013	2012
President Directorate	31	31
Finance & Administration Directorate	42	40
Engineering Directorate	24	27
Operational Directorate	175	174
Business Development Directorate	8	8
Total	280	280

TGI COMPETENCY MODEL

Core Competencies:

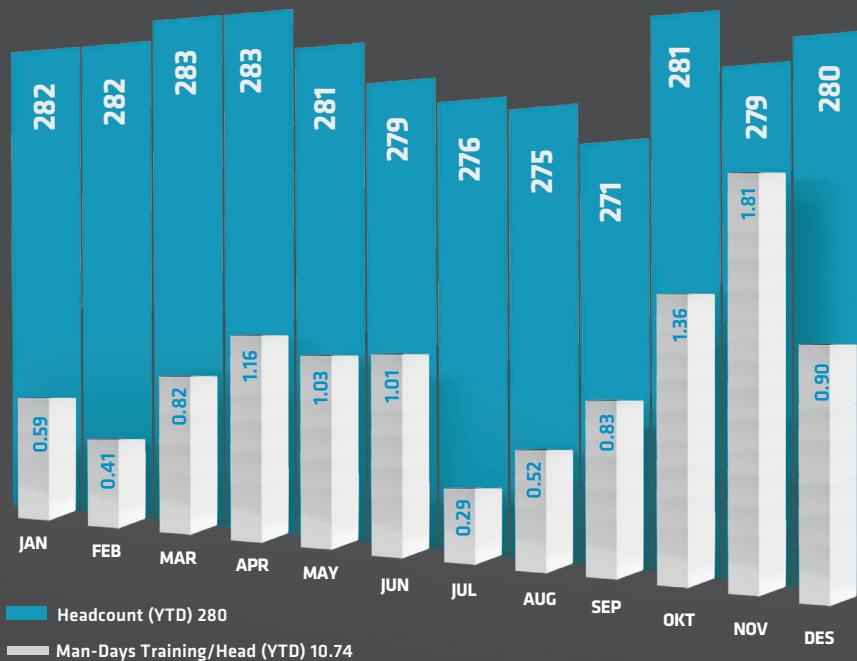
- Achievement Orientation
- Integrity
- Customer Service Orientation
- Concern for Order and Quality
- Concern for Health, Safety & Environment

EMPLOYEES BY AGE	2013	2012
≥50	12	11
45≤a<50	27	17
40≤a<45	38	35
35≤a<40	92	65
30≤a<35	94	117
<30	17	35
Total	280	280

TRAINING & DEVELOPMENT

Employee training is executed not only internally but also externally by sending employees from various levels and types of expertise to professional programs outside the Company. Employee development is also conducted through job assignments, task force participation, coaching and mentoring. In 2013, a total of almost IDR 9 billion was spent on training.

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COMPETENCY DEVELOPMENT PROGRAMS 2013

	CATEGORY	Training Programs
MANDATORY PROGRAMS	1.	Induction Program
	2.	Health, Safety and Environment (HSE) Training Programs
MANAGER LEVEL PROGRAMS	1.	Management and Leadership
OFFICER LEVEL PROGRAMS	1.	Development Programs for Officer (DPO) at Petronas Leadership Center (PLC)
	2.	Project Management
	3.	Finance for Non Finance
NON OFFICER LEVEL PROGRAMS	1.	Development Programs for Non Officer (DPNO) at Petronas Leadership Center (PLC)

CATEGORY

FUNCTIONAL PROGRAM

GENERAL PROGRAMS

INTERNAL PROGRAMS

SPECIFIC-PURPOSE PROGRAMS

CERTIFICATION PROGRAMS

Training Programs

- 1. Overview of Gas Transmission Operation (OGTO) at Institute Teknologi Petroleum (INSTEP) Petronas
- 2. President Directorate Functional Training (CS, GCG, HSE, Legal, CSR, and Internal Audit)
- 3. Finance & Administration Directorate Functional Training (Finance, Accounting, HR, Logistics, MIS, and Business Process Risk Management)
- 4. Operation-Engineering Directorate Functional Training (Compressor, Pipeline, Facilities, SCADA and Gas Management System)
- 5. Business Development Directorate Functional Training (Business Planning, Regulatory Affairs, Capacity Marketing, Contract Management and Customer Relations)

- 1. Sukses Mulia Inspirational Seminar
- 2. Presentation Skills
- 3. English Program
- 4. Core IT Skills

- 1. Basic Metering System
- 2. O&M Metering level 1
- 3. OMNI Flow Computer Configuration & Programming
- 4. O&M Offshore Pipeline
- 5. TG NET Internal Training

- 1. Security Programs
- 2. Overview Tax Update
- 3. Inventory & Warehouse Programs

- 1. Health, Safety and Environment (HSE) Certifications (K3 Umum, K3 Konstruksi, First Aid, Fire Fighting, Gas Safety Inspector, Overhead Crane and Auditor SMK3)
- 2. Certified International Project Management Professional (PMP)
- 3. Certified Risk Management Officer (CRMO)
- 4. Certified Human Resource Professional (CHRP)
- 5. Technical Certification (STTK Migas Instrumentation & Calibration, Cathodic Protection, and Technical Guidance)

GOOD WORKING CONDITIONS

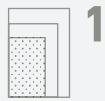
TGI is committed to providing good working conditions including equal opportunity career advancement, safe and healthy working environment, and professional compensation and benefits for employees. To this end, employees receive bonuses and medical facilities, and are eligible for pension funds. TGI established a defined pension contribution plan for all eligible permanent employees. The plan is funded by fixed percentage contributions from both employees and TGI.

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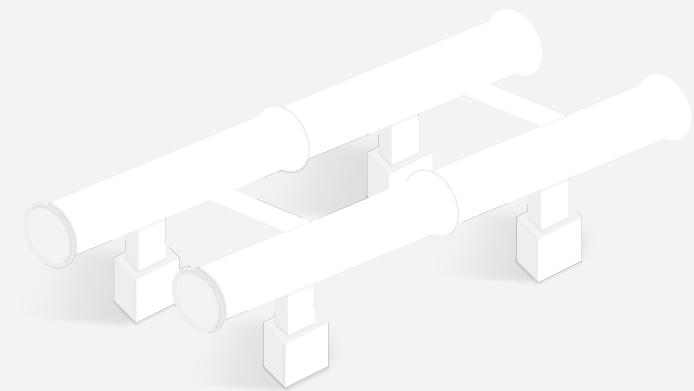
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SECTION ----- 7



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**GOOD CORPORATE
GOVERNANCE**

GOOD CORPORATE GOVERNANCE

The GCG Department continued to make improvements and develop GCG in alignment with developments in the business world. Several programs have been developed, which consists overall of an awareness development program on good corporate governance implementation and a compliance program. Although it was established in 2007, GCG has been implemented since the inception of the Company in 2003 with the publication of the Business Ethics Guidelines.

Successful GCG is not only required for employee roles and groups, but rather requires the involvement and will of all layers to truly implement and operate a company according to good corporate governance by carrying out the principles of Transparency, Accountability, Responsibility, Independence and Fairness in all the Company's lines of business both internally and when dealing with other stakeholders.

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GCG STRUCTURE

The General Meeting of Shareholders

The General Meeting of Shareholders (GMS), as the highest organ of the Company as set forth in the Limited Liability Company Act No. 40 of 2007 and also in the Articles of Association of the Company, can be held once a year (AGMS) or at any time as needed (Extraordinary Shareholders General Meeting - EGMS). The shareholders of the Company consist of PGN with stock ownership of 59.73%, Transasia Company Pvt.Ltd. of 40% and the *Kesejahteraan Karyawan PGN Foundation (YKPP)* of 0.13%. The AGMS is authorized to approve annual accounts, Annual Report, Use of Company Profits and other matters proposed in accordance with the Articles of Association.

In 2013 the AGMS took place with the approval of the ratification of the agenda done through a circular dated 20 October 2013. The 2013 AGMS endorsed:

- The 2012 Financial Statements
- The 2012 Annual Report (Management Report, Supervisory Report and Audited Financial Statement)
- Appropriated Retained Earnings in the amount of USD 1,365,467 and Dividend Distribution in the amount of USD 23,906,936 or USD 17.62 per share
- Appointment of KAP Tanudiredja, Wibisana, dan Rekan (Pricewaterhouse Coopers) as the External Auditor of the Company for 2013.

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Board Of Commissioners

The Board of Commissioners consists of shareholders' representatives, with three (3) Commissioners as representatives from PGN and 2 (two) Commissioners as representatives of Transasia. It is the organ of the Company that is authorized to supervise the Board of Directors' policies and provide advice in running the Company. The composition of the Board of Commissioners as of 31 December 2013 is as follows:

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1. Hendi Prio Santoso – President Commissioner
 2. Mohd Iskandar B. Ismail – Vice President Commissioner
 3. Heri Yusup – Commissioner
 4. Aries Yusuf Hassan – Commissioner

During 2013 four Board of Commissioner meetings took place.

Board Of Directors

The Board of Directors as an organ of the Company is fully responsible for carrying out its tasks for the benefit of the Company towards achieving its aims and objectives.

Members of the Board of Directors are appointed and dismissed by the GMS. The composition of the Board of Directors of the Company refers to the Company's Articles of Association which states that the Company is managed and led by a Board of Directors consisting of five (5) members, namely 1 (one) President Director and 4 (four) other Directors. The composition from the shareholders is three (3) representative Directors from PGN and two (2) representative Directors from Transasia Pipeline Pvt.Ltd.

The composition of the Board of Directors for 2013 is as follows:

1. Mangatas Panjaitan – President Director
2. Erning Laksmi Widyastuti – Director of Finance and Administration
3. M. Kornaruddin – Director of Engineering
4. Mohd Adid Mohd Salleh – Director of Operations
5. Arief Transaindra Kushermawan – Director of Business Development

Board of Directors meetings were held 39 times during 2013.

Audit Committee

One of the roles in the company's corporate governance can not be separated from the Committee that assists the Board of Commissioners, in which case the Company has an Audit Committee.

The Audit Committee is a standing committee of the Board of Commissioners of PT. Transportasi Gas Indonesia with the primary objective of:

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- Assisting the Board of Commissioners in fulfilling its oversight responsibilities of the company for which it will be accountable to shareholders.
 - To review the company's corporate governance, system of internal controls, financial reporting process, audit process, compliance with laws, regulations and its own business ethics policy.
 - Performing oversight of the Company's accounting system, the Company's business practices, and the quality and integrity of the Company's financial reports.
 - Encouraging continuous improvement of the corporation policies, procedure and business practices in all levels.

The purpose, authority, roles and responsibilities of the Audit Committee are set out clearly in the Audit Charter approved by the Shareholders through Corporate Financial Controls Policy Procedures.

The Audit Committee will comprise four (4) main members appointed by the Board of Commissioners, comprised of 2 members on behalf each of PGN and Transasia Pipeline Pvt. Ltd. and including at least 1 PGN Commissioner and 1 Investor Commissioner who are independent of the Board of Directors.

The Audit Charter describes the competency and qualifications of the Audit Committee members are as follows:

- Basic financial literacy, accounting or auditing background.
- Integrity.
- Dedication of time.
- Understanding of the company's business, its products and its services.
- Inquisitiveness and independent judgement.
- Ability to offer new or different perspectives and constructive suggestions.

As of the end of 2013, the composition of the Audit Committee is as follows:

1. Mohd. Iskandar Bin Ismail, Chairman of the Audit Committee.
2. Hendi Prio Santoso, Member of the Audit Committee.
3. Heri Yusuf, Member of the Audit Committee.
4. Aries Yusuf Hassan, Member of the Audit Committee.

The Audit Committee Charter states that at least four (4) times a year, preferably once each quarter, a report will be provided to the Board of Commissioners and the Shareholders related to the compliance status of the implementation of Corporate Financial Controls Policy Procedures. During 2013, the Company successfully conducted four (4) Audit Committee meetings.

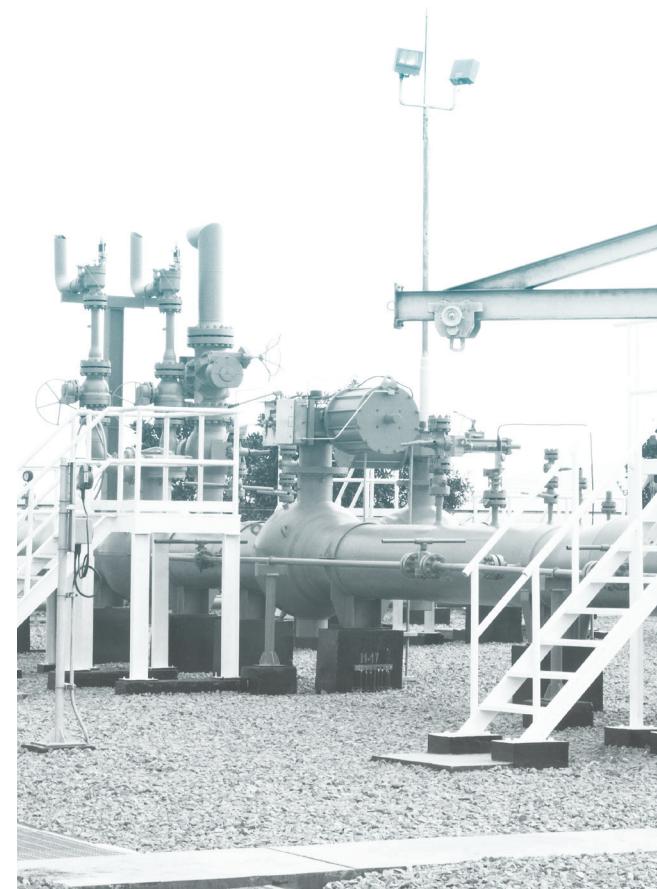
The Audit Committee reserves the right to call unscheduled meetings of the Board of Commissioners in the event of any adverse effect on the company's business.

Corporate Secretary

The Corporate Secretary is directly accountable to the Board of Directors and acts as the liaison in facilitating communication between the Company and external parties such as shareholders, investors, regulators and the public, as well as other stakeholders. The Corporate Secretary acts as a gateway for the Company in maintaining the Company's public image.

The functions of the Corporate Secretary include secretarial duties, corporate communications, community relations, legal tasks and enforcement of compliance with relevant institutions such as the Investment Coordinating Board both at Headquarters and in the Regional Office and also as an advisor in the implementation of Good Corporate Governance.

The work units overseen by the Corporate Secretary include the Corporate Secretary Department itself, Legal and CSR. The Corporate Secretary is also responsible for managing all matters relating to meetings of the Board of Directors and Commissioners as well as Shareholders' Meetings. (The name and a brief summary of the Corporate Secretary's background can be viewed in the Company Information section).



Internal Audit

Internal Audit reports to Audit Committee with a dotted-line responsibility to the President Director, in which meetings with the Audit Committee are conducted at least 4 (four) times in a year.

The objectives of the Company's Internal Audit activities are set forth in the Internal Audit Procedures, whose conceptualization would refer to IIA (The Institute of Internal Audit) standards, namely an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Internal Audit helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.

In performing its role, the execution of Internal Audit activities is guaranteed by the Audit Charter which is part of the Financial Controls Corporate Policy Procedures, which are approved by the Shareholders. Oversight of these matters lies within the role and responsibility of the Audit Committee as follows:

1. Review the activities and organizational structure of the internal audit function and ensure no unjustified restrictions or limitations are made.
2. Review and approve the Annual Internal Audit Plan and its eventual revisions.
3. Review and approve internal audit procedures and any subsequent change.
4. Review and concur in the appointment replacement, reassignment or dismissal of the Audit Manager.
5. Ensure that significant findings and recommendations made by the Internal Auditors are received and discussed on a timely basis.
6. Ensure that company's Management responds to recommendations made by Internal Auditors.
7. Verify that Internal Auditors comply with Standards for the Professional Practice of Internal Auditing.

Internal Audit Annual Work Plan

The 2013 Internal Audit Work Plan was approved by the Audit Committee with 8 audit department subjects agenda, which Internal Audit realized by performing 9 audit subjects with an additional audit subject based on the 27 June 2013 Audit Committee meeting and being reported at 9 October 2013 Audit Committee meeting.

The Internal Audit Work Plan is formulated based on risk priorities with reference to the risk assessment report of the Company's business activities that released by Business Process and Risk Management Department, which is subsequently presented to the Board of Directors for review and input before requesting the approval of the Audit Committee.

In 2013, Internal Audit developed a 5 Year Work Plan blueprint for 2014-2018, which emphasizes the execution of the audit cycle every 2 years for all departments in the company, as well as additional audit of the 3 highest risks from the Company's operations and strategic factors. The 2014 - 2018 Annual Work Plan was approved at Audit Committee meeting held on 12 December 2013.

Improvement Of Competence

To improve the quality and competency of Internal Audit, during 2013 the Company has conducted a variety of development programs through formal training in the term of courses / seminars / workshops, which are analyzed afterwards under the Company Competency Matrix by HR Department as basis for determining the next competency improvements. Internal Audit training in 2013 covered Audit Report Writing, Managing Legal Risk, Project Management, Digital Forensic 101, Fraud Investigation on Heavily Computerized Environment and Cyber Crime.

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AFFILIATED RELATIONSHIPS

There are no affiliated relationships between any member of the Board of Directors with any member of the Board of Commissioners and/or the main shareholder.

REMUNERATION OF THE BOARD OF COMMISSIONERS AND DIRECTORS

Board of Directors and Board of Commissioners Compensation as of 31 December 2013

PT Transportasi Gas Indonesia, based on the Circular Resolution of Shareholders dated 7 October 2013 has determined compensation for Board of Directors as follows.

For PGN BOC and BOD Nominees:

President Director:

100% remuneration in line with PGN's salary and benefit policy, payable by TGI

Directors:

up to 90% of the President Director's remuneration, payable by TGI

President Commissioner:

up to 40% of the President Director's remuneration, payable by TGI

Commissioners:

up to 36% of the President Director's remuneration, payable by TGI

For Transasia BOC and BOD Nominees

President Director:

100% remuneration in line with the Investor Company's salary and benefit policy, payable by the Investor Company and reimbursed by TGI.

Commissioners:

none

TGI on its 2013 Audited Financial Statement also recorded short-term benefits incurred for the Company's Boards of Commissioners and Directors amounting to USD 1,609,943 for the year ended 31 December 2013 (31 December 2012: USD 2,154,525) and there are no benefits other than those mentioned above.

EXTERNAL AUDITOR

PriceWaterhouseCoopers has been appointed as the external auditor of the Company for 2013. The choice of external auditor must be approved by the Board of Commissioners.

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RISK MANAGEMENT & BUSINESS PROCESS

With the intention to sustain the implementation of good corporate governance, various actions were accomplished by Business Process and Risk Management (BPRM) Department during 2013 such as:

- Revising the manual and working procedures related to enterprise risk management implementation to become more integrated with Hazard and Effect Management Process (HEMP), project management guidelines, company business processes and corporate strategic plan so that risk management can be applied at the corporate, working unit and project levels.
- Mapping corporate and operational risks as well as the coordination of risk treatment by implementing risk mitigation along with all respective departments to minimize identified potential risks so that all risk mitigation action plans for 2013 could be completed and exceed the target set out in the TGI Balanced Score Card.
- Collaborating with all business process owners in developing, refining and standardizing manuals and work procedures in line with the business process chain at TGI.

As of 31 December 2013, out of a total of 146 documents that have been mapped from the Company's business process and targeted to be completed entirely in 2014, 90% were completely standardized.

GCG AWARENESS PROGRAM

During 2013, various activities took place related to the GCG awareness development programs, namely:

1. Awareness sessions held through events / directly face to face.
2. GCG Campaign.

1. GCG Awareness Session

Awareness sessions have been conducted in accordance with the target by holding 7 awareness sessions for all employees at the Regional Office and GTM, 2 sessions at the Head Office, and 1 session for managers and BOD - BOC.

Awareness sessions were conducted in 2013 similar to the previous year, by inviting competent speakers to share their experience and understanding of GCG implementation in other companies. Case studies and games were also presented in these sessions.

The awareness sessions were not just carried out for all employees, the

BOD and BOC, but also for third parties, namely as outsourcing and vendors. In cooperation with other relevant departments such as the corporate secretary, logistics, finance etc., understanding of compliance with corporate governance was also held in Jakarta, Jambi and Batam. At this session, behavior guidelines for Vendors, Contractors and Consultants were also socialized.

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Awareness Session For Employees At Regional Office (RO), GTM & Head Office (HO)

AWARENESS SESSIONS	DATE (2013)	VENUE
RO2 Belilas	11 April	Belilas
RO1 + GTM Jambi	16 April	Jambi
RO1 + GTM Jambi	30 April	Jambi
RO4 Batam	22 May	Batam
KW2 Belilas	20 June	Belilas
RO3 Pekanbaru	23 October	Pekanbaru
Head Office	13 November	Jakarta
Head Office	19 November	Jakarta
Manager, BOD, BOC	28 November	Jakarta
RO3 Pekanbaru	4 December	Pekanbaru

**GCG Awareness Sessions
For Outsourcing At
RO, GTM & HO**

AWARENESS SESSIONS	DATE (2013)	VENUE
RO2 Belilas	10 April	Belilas
RO1 + GTM Jambi	17 April	Jambi
RO1 + GTM Jambi	1 May	Jambi
RO4 Batam	23 May	Batam
KW2 Belilas	19 June	Belilas
RO3 Pekanbaru	17 September	Batam
Head Office	24 October	Pekanbaru
Head Office	14 November	Jakarta
Manager, BOD, BOC	20 November	Jakarta
RO3 Pekanbaru	5 December	Jakarta

Target attendance

Maximum effort has been made to achieve the KPI target of 100% employee attendance at awareness sessions. However, of the total 280 employees, 11 could not attend these sessions because of work duties, while 1 was on maternity leave.

**Awareness Sessions For
Vendors & Contractors**

AWARENESS SESSIONS	DATE (2013)	VENUE
Jambi	11 September	Jambi
Batam	18 September	Batam
Jakarta	10 October	Jakarta

2. GCG Campaign

GCG awareness was developed through awareness sessions, as well as through campaign slogans in the form of posters, banners and through face-to-face awareness sessions.

COMPLIANCE PROGRAM

Formulating GCG Guidelines

To support GCG implementation, various guidelines have been created to serve as a guide for both employees and third parties in conducting business within the Company. Since 2003 the Company has had business ethics guidelines in place as required in the FCCP. The Business Ethics Guidelines contains important policies covering all employees' actions as well as the operation of the Company. In 2008 these guidelines were revised and the Code of Conduct was created as a derivative of the business ethics guidelines.

The Business Ethics Guidelines guides the Company in conducting business according to the highest standards, while the Code of Conduct guides employees to carry out their tasks in the Company in an ethical manner and to always put corporate interests above personal interests.

In 2012, these two guidelines were once again revised by clarifying aspects contained in both the guidelines in more detail, along with examples of actions are justified or not justified by each code. The newest Code of Conduct consists of 22 codes.

In 2013, socialization sessions of the GCG guidelines through development sessions continued to take place by providing explanations to all employees. Socialization efforts were also made by placing the guidelines on the Company's internal portal (TIPS).

In addition to the Business Ethics and Code of Conduct guidelines, procedures have also been established to further clarify the implementation of GCG. The procedures that have been established are:

- a. Conflict of Interest Procedures
- b. Whistle Blowing System
- c. Code of Conduct for Vendors, Contractors and Consultants.

a. Conflict of Interest Procedures

This governs conflicts of interests and the disclosure of potential conflicts of interest as well as handling of conflicts of interest, in order to ensure that the management of the Company is transparent, accountable, fair and accountable.

Conflict of Interest procedures serve as the guidance for members of the Board of Directors and employees to always avoid actions, behavior and actions that can lead to Conflicts of Interest, Corruption, Collusion and Nepotism, and to always put the Company's interests above personal interests, family, group or class.

b. Whistle Blowing System

The Whistle Blowing System is a medium for parties that are involved with the Company such as employees, vendors, contractors, consultants, the community or other parties to express concerns or violations of business ethics. The Whistle Blowing System also provides protection for the Reportee who truly provides information on indications of business ethics violations and does not intend to put others down or slander others.

This whistle blowing system is expected to further motivate parties involved with the Company to report indications of business ethics violations. Such reporting aims to support the Company's interests and make the Company better.

The Company has provided channels for the reporting of any indication of business ethics violations, namely :

- Email: ethics@tgi.co.id
- PO BOX 3897 JKP 10038
- Telephone (021) 315 8939, (021) 29389100

Complaints as well as questions and requests for suggestions are also accepted during these awareness sessions, and explanations are provided for these questions.

c. Code of Conduct for Vendors, Contractors and Consultants

In conducting its business, the Company is aware that Vendors, Contractors, Consultants and other stakeholders are business partners in the Company's operations. The Company continues to maintain a harmonious relationship with stakeholders so as to give rise to healthy competition in accordance with prevailing rules and regulations by upholding the principles of effectiveness, efficiency, openness, transparency and accountability.

This Code of Conduct is made and applied to all Vendors, Contractors and Consultants, including sub-contractors. These guidelines are part of the Company's commitment to implement ethical business in accordance with prevailing legislation. To achieve the highest ethical standards, every Vendor, Contractor and Consultant should also comply with applicable rules and regulations.

This Code covers the following matters:

1. Compliance with Regulations
2. Occupational Health and Safety
3. Employees
4. Sub-contractors
5. Threats, violence, harassment and sexual misconduct
6. Discrimination

7. Wages and welfare

8. Working Hours
9. Overtime wages
10. Anti-Corruption, Collusion and Nepotism
11. Prohibition of bribery in the form of gifts, offers, meals and entertainment for Vendors, Contractors and Consultants
12. Use of electronic communication and security systems
13. Conflict of Interest
14. Use of Company Assets
15. Confidential Information
16. Media Information
17. Company Documents
18. Abuse Reporting System
19. Information on Sanctions for Violations

Consultation and Education

To the provisions stipulated in the Code of Conduct, such as the acceptance of gifts from third parties, and treatment of delivery of goods as set forth in contracts. Several reports of problems related to indications of business ethics violations were handled directly with the relevant parties.

As is done every year, in 2013 an appeal was circulated to the management, employees and vendors, contractors and consultants to not accept or give gifts (parcels) for celebration of religious holidays.

Assessment of GCG Implementation

With reference to the GCG practices adopted by the majority of companies in Indonesia to determine the Company's GCG implementation progress, a GCG implementation assessment was carried out during 2012 and early 2013. The assessment was conducted in collaboration with Trisakti Governance Center as the assessor. The assessment indicators for GCG implementation were determined with reference to the decision of the Secretary of the Ministry of State-Owned Enterprises SK. 16/S.MBU/2012 on Evaluation Assessment Indicators / Parameters for the Implementation of Good Corporate Governance (GCG) in State-Owned Enterprises. Although the indicators referred to the SOE Ministry decree, some indicators were created to adjust for the condition of the Company as a PMA company.

Aspects considered in the assessment:

ASPECT	SCORE	ACHIEVEMENT (%)
Commitment towards sustainable implementation of Good Corporate Governance	6.24	89.21%
Shareholders and Shareholders'/ Capital Owners' Meeting	7.70	85.58%
Board of Commissioners/ Supervisory Board	22.60	64.58%
Board of Directors	33.77	96.49%
Information Disclosure and Transparency	6.09	67.70%
TOTAL	76.41	

The assessment was carried out by evaluating various documents as required, interviewing the relevant parties such Shareholders, Directors, the Secretary of the Board of Commissioners, and several related managers and vendors. From the results of the assessment, the Company received a value / score of 76.41, placing in the Good category.

According to the results of the assessment, there are still some aspects that need improvement, including:

A. Shareholders / Board of Commissioners

1. Formulation of BOC performance assessment mechanisms.
2. Formulation of remuneration calculations for the Directors and Board of Commissioners to be entered into the BOC Work Plan and Budget.
3. Preparation of the Work Plan and Budget of the Board of Commissioners.
4. Guidelines need to be prepared for the division of tasks / work areas of each member of the Board of Commissioners.
5. Guidelines need to be prepared for the BOC in selecting the external auditor, to be established by the shareholders.
6. Formulation of coping / response mechanisms to concerns and complaints from stakeholders, and delivery of advice to the Board of Directors related to complaints / suggestions from stakeholders.
7. The BOC to create a special register of share ownership or management positions in other companies.
8. The BOC to develop guidelines for self-assessment and independent assessment of its performance, to be reported to shareholders.
9. Election of Independent Audit Committee Members.

B. Board of Directors

1. Preparation of GCG guidelines to be approved through a Shareholders' Meeting.
2. Periodic evaluations of the Whistle Blowing System implementation.
3. Filling vacant managerial level positions.
4. Drafting an IT Blueprint.
5. Formulating measurement of supplier satisfaction.
6. Preparation of CSR indicators of success.
7. Creating a Special Register of shares owned or management positions in other companies.
8. Establishing a policy on website updates.

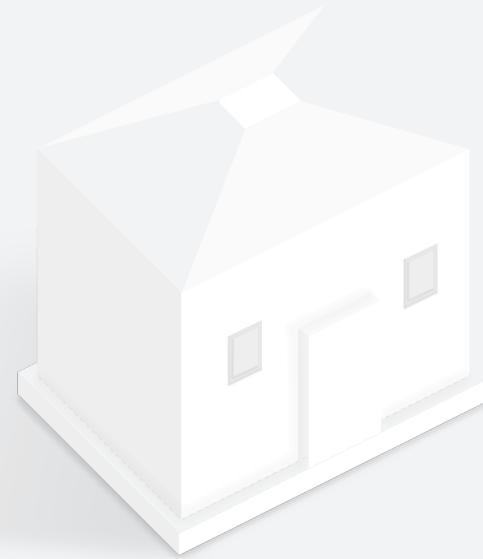
C. Disclosure and Transparency

1. Updating the information on the Company's website on a regular basis.
2. Presentation of the Annual Report on the Company's website.
3. Preparation of the Annual Report to contain comprehensive company information in accordance with Annual Report Award criteria.

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SECTION 8



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**CORPORATE
SOCIAL
RESPONSIBILITY**

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TGI's CSR philosophy is to take part in developing the community at large, both internally and externally especially along the Right of Way (ROW) and offices towards improving quality of life in ways that is good both for TGI's business and good for communities, towards ensuring social security along Right of Way for the safety of the communities and environment in which we operate.

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"Improving the Quality of Life in an Integrated Manner"



As a company that complies with business ethics and applicable laws and regulations, TGI always carries out its corporate social responsibilities to its surrounding communities. It actively contributes by managing its business in harmony with its surroundings as a form of implementing its Corporate Social Responsibility as an investment for the future. The resulting good relationship between the company and communities will create conditions conducive to the safety of gas pipelines so that TGI can become a leading natural gas transporter.

TGI has carried out its corporate social responsibilities through CSR programs that involve the participation of government institutions and the public as TGI's partners. This gives added value to the programs, giving rise to continuous self-sustainability to improve the quality of life for society. To achieve this, integrated CSR programs have been formulated based on needs and potential, namely:

- Economic Empowerment Programs
 - Education Programs
 - Health Programs
 - Environmental Conservation Programs
 - Socio-Cultural and Religious Programs
 - Introduction Programs to Gas Pipeline Safety
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Economic Empowerment Program

This program is formulated based on the potential of natural resources and human resources. The goal of the program is to nurture communities' entrepreneurship drive with regard to an abundance of natural resources. By giving communities information and knowledge, this can open opportunities for entrepreneurship. As such, communities can have alternative sources of income that can improve their living standards, in turn improving the economy.

Economic Empowerment Programs has carried out in 7 villages with different programs in accordance with the social mapping that has been done, namely:

- Poultry Fattening - Pijoan Village
- Nila Fish Breeding – Ture Village
- Laying Ducks Breeding – Nagasari Village
- Nila Fish Breeding - Pangkalan Kasai Sub-district
- Mangrove Crab Aquaculture –Kasu Island
- Catfish Aquaculture -Suka Jaya Hamlet

Education Program

Education is a program that TGI focuses on given that education is an important part of improving the welfare of communities. In cooperation with local educational institutions, the Company designs the programs that are appropriate both from a material angle as well as supporting educational facilities. The Education Programs that have been carried out are:

- Management training for 20 school Principals, in collaboration with Jambi Province LPMP
- Additional programs for school children in 10 primary schools in 9 villages in Jambi province
- Phase II donations for school supplies for Cipta Asri elementary school - Panaran, Batam
- Constructed a landfill for Jami Nurul Iman, Buluh Island - Batam
- Provided mobile assistance for Sindang Marga elementary school - South Sumatra
- Provided landfill construction material - Pangkalan Kasai Kelurahan - Siberida
- Provided school desks and chairs for Kaliberau Village school - South Sumatra
- Helped construct a landfill at Pandan Sari Village - South Sumatra
- Assisted a school in Simpang Tungkal Village - South Sumatra with desks and chairs
- Assisted 2 early childhood education programs in Pangkalan Kasai Kelurahan - Siberida - Indragiri Hulu with teaching tools

Health Program

- Assisted elementary school SDN Rengat with marching band uniforms.

This programs aims to improve the health of communities where TGI operates. The programs TGI has carried out for the community includes socialization of a healthy lifestyle and helped with health facilities. The health programs that have been successfully carried out are:

- Provision of supplementary nutrition for children in 2 elementary school
- Construction assistance for a Posyandu health clinic in Tembesi Village, Sagulung Sub-District - Batam

Environmental Conservation Program

This program is the responsibility of all, in which each individual must carry out efforts to save the surrounding environment in line with their respective capacity. Consequently, the Company has launched positive initiatives and tangible actions to conserve the environment. Working together with related parties, the Company has educated the community in areas where the environment operates. The Environmental Conservation Programs that have been carried out are :

- Waste management training - Patunas Village – Tanjung Jabung Barat - Jambi
- Community-based waste processing – Patunas Village – Tanjung Jabung Barat - Jambi

Environmental Conservation Program

The company carries out Socio-Cultural and Religious programs to improve the quality of society in cultural and religious matters. TGI has provided various assistance for the success of the program as follows:

- Assistance constructing the Tembesi Citra Asri Mosque in Sagulung - Batam
- Assistance with construction materials for the Pondok Rabayu Mosque, Batu Aji - Batam
- Assistance building the An - Nur orphanage in Sagulung - Batam
- Construction of Masjid Nurul Haq, Tembesi Kelurahan, Sagulung Sub-district - Batam
- Construction of Masjid Nurul Ikhsan on Buluh Island - Batam
- Construction of Masjid Baitul Magdis in Tembesi Kelurahan, Sagulung Sub-district - Batam
- Assistance building a place of worship in Kaliberau Village - South Sumatra

Sumatra

- Assistance building a place of worship in Simpang Bayat Village - South Sumatra
- Assistance building a place of worship in Bayung Lencir Kelurahan - South Sumatra
- Assistance with religious facilities in Telang Village – South Sumatra
- Assistance with construction of a place of worship in Pangkalan Kasai Kelurahan – Indragiri Hulu
- Construction of village boundaries for Rawa Kempes Village, Batang Asam district - Tanjabar - Jambi
- Construction of irrigation canals, Rawa Medang Village, Batang Asam Sub-district - Tanjabar - Jambi
- Bridge construction in Minas Asal - Riau
- Construction of a volleyball court - Garut Riau Village
- Construction of sports facilities (badminton courts) at Tj Tayas Village - Jambi
- Construction of Suban Village office headquarters- Jambi
- Construction of a place of worship for Bayung Lencir Indah Village – South Sumatra
- Assistance with Yasinan art tools, Pematang Lumut Village, Tanjung Jabung Barat - Jambi
- Construction of sports facilities (a football field) for Sinar Tungkal Village - South Sumatra
- Tents for the residents of Senawar Jaya village – South Sumatra
- Assistance constructing a police post - Siberida Police – Indragiri Hulu
- Donation of sports equipment sets to 30 villages - Riau

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2013**Introductory to Gas Pipeline Safety Program**

This aim of this program is that TGI, the Community and the local government can take an active role in maintaining pipeline safety and security. Therefore, TGI is responsible for spreading information as widely as possible regarding the safety and security of the as pipeline. In addition, this program works as a forum for improving good relationships between TGI and the Community. The Introduction to Gas Pipeline Safety Program that has been carried out at each Regional Office is:

- RO1 : 4 activities in Tempino Village, Patunas sub-district, Rawa Medang Village and Sinar Tungkal Village
- RO2 : 2 activities in Pangkalan Lesung Sub-district and Ukui Village

Evaluation

- RO3 : 3 activities in Dundangan Village, Pencing Bekulo Village and Kerinci Kota Kelurahan
- RO4 : 1 activity in Tembesi sub-district

To maintain the quality of TGI's CSR programs and improve them, TGI carried out a Community Satisfaction Survey on the CSR programs that had been executed. Through this survey, the index of community satisfaction (Community Satisfaction Index, CSI) will be improved.

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The methodology used was:

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Based on the 2013 Survey, the CSI reached 80%. This number shows that 80% of TGI CSR programs are perceived as delivering tangible benefits to the communities where TGI operates.

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SECTION ----- 9



- RESPONSIBILITY
FOR 2013
ANNUAL REPORT

All the members of the Board of Directors of TGI have affixed their respective signatures here under as a form of responsibility for the information contained in this Annual Report for the year ended 31 December 2013.



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