



**SEROJA**

**INVESTMENTS LIMITED**

Company Registration No. 198300847M

# **Sustainability Report**

## **2017**

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## MESSAGE FROM THE CHAIRMAN

We are pleased to present the first Sustainability Report (the "Report") of Seroja Investments Limited ("Seroja" or the "Group"). This Report aims to discuss the challenges and material issues that are important to our stakeholders, our strategy in managing these challenges and issues, and how we have performed in terms of our key performance indicators.

With growing expectations and importance of stakeholders' concerns about companies' abilities in tackling global issues, our Board believes that embedding sustainability efforts in decision-making is integral to the Group's strategy and operations.

The determination of the Group's material ESG factors was conducted in the context of its business strategy through a structured process under the guidance of an independent external consultant.

For our sustainable strategy, PT Pulau Seroja Jaya will continue to provide quality transportation services by:

- ✚ Focusing on selected customers, prioritizing on long term value relationship
- ✚ Renewing existing smaller and older vessels to ensure its vessel fleet is managed efficiently and effectively to provide higher returns
- ✚ Providing value to our shareholders and employees
- ✚ Additional major funding requirements only to support long term contracts from reliable and reputable customers.

**Mr Edwin Soeryadjaya**  
**Chairman**

## ABOUT THIS REPORT

Seroja Investments Limited recognises the importance and seeks continuous improvement to our sustainability reporting. In preparation for this report, we adopted the GRI Standards: Core option, as well as the SGX Guide to Sustainability Reporting for Listed Companies.

Our Group has also designed processes to collect and/or estimate, assess and report on the data for this Sustainability Report and we plan to continue to report on our progress annually.

<p><b>Reporting Boundaries and Standards</b></p>	<ul style="list-style-type: none"> <li>• <b>Materiality:</b> focusing on issues that impact business growth and are of utmost importance to stakeholders;</li> <li>• <b>Stakeholder Inclusiveness:</b> responding to stakeholder expectations and interests;</li> <li>• <b>Sustainability Context:</b> presenting performance in the wider context of sustainability; and</li> <li>• <b>Completeness:</b> including all information that is of significant economic, environmental and social impact to enable stakeholders to assess the Group's performance.</li> </ul>
<p><b>Report Period and Scope</b></p>	<p>This report covers data and information from 1 January 2017 to 31 December 2017. This report has been prepared in accordance to the GRI Standards: Core Option.</p>
<p><b>Accessibility and Feedback</b></p>	<p>The electronic editions of the report is available at: <a href="http://www.seroja.com.sg">www.seroja.com.sg</a></p> <p>We are committed to listening to our stakeholders and we look forward to your feedback.</p>

# ORGANISATIONAL PROFILE

## Background

Seroja Investments Limited, an investment holding company, provides marine cargo and coal transportation services in Indonesia mainly through its subsidiary company, PT Pulau Seroja Jaya in Indonesia. The Group operates through Freight Charter and Time Charter segments. The Group offers chartering services of tugboats and barges primarily to transport dry bulk freight comprising thermal coal, sand, and other quarry materials. As of December 31, 2017, it owned and operated a fleet of 68 vessels consisting of tugboats and barges, which primarily navigate waters around the Indonesian archipelago. The Group primarily serves coal and cement producers. Seroja Investments Limited was incorporated in 1983 and is based in Singapore.

Our tugboats and barges are used to transport mainly thermal coal, as well as sand and other quarry materials. The thermal coal from coal mines are delivered to thermal power stations and cement companies which operate their own thermal power plants in Indonesia. Our major customers include PT Maritim Barito Perkasa which provides logistic services to PT Adaro Indonesia, a leading coal producer in Indonesia, PT Pelayarana Bahtera Adhiguna, a subsidiary of PLN (national electricity company) and PT Indocement Tunggol Perkasa, one of Indonesia's largest cement producers. We enter into freight or time charters which range from spot basis to contractual basis from a period of one to five years. Our freight charters typically involve domestic routes in Indonesia from Kalimantan to various ports in Java and Sulawesi while our time charters involve mainly domestic routes around the Sumatra Island.

Our fleet of tugboats and barges is well maintained and in good conditions with an average age of less than 16 years. All of our tugboats are installed with Global Positioning System (GPS) to assist in deploying our vessels more efficiently as the GPS enables us to track and monitor the routes and locations of our vessels on real time basis.



# ORGANISATIONAL PROFILE

## Enterprise Risk Management (“ERM”)

In addition, Enterprise Risk Management (“ERM”) procedures are in place to identify major business risks and management regularly reviews the Group’s strategic, operational, financial and compliance risks through a precautionary approach. The key risks and impacts identified as follows:

- ✚ Availability risk due to weather conditions and possible delay on regular docking activities and the impact may cause the Group in loss of revenue and profitability.
- ✚ Customer/ Market Risk - finding the right customers who can provide sufficient volume and timely payments of services, down payments are now uncommon due to market conditions and the impact may also cause the Group in loss of revenue, profitability and liquidity.
- ✚ Operational Risk- increasing downtime due to repairs and maintenance and may cause the Group in loss of revenue and profitability.
- ✚ Reputation Risk due to possible incidents/ accidents with our vessel fleet and impact may cause the Group in loss of revenue, profitability and business relationship.

## Mission and Vision Statement

As a preferred supplier of tugboats and barges chartering business to transport dry bulk freight in Indonesia for our selected customers, PT Pulau Seroja Jaya will continue to exceed expectations of delivering quality transportation service experience with passion and pride; and create value to all of our key stakeholders, including our customers, employees, shareholders and regulators.

# ORGANISATIONAL PROFILE

## Our Group Structure



# ORGANISATIONAL PROFILE

## Governance Structure

The Board of Directors comprises the following members, all of whom have the appropriate core competencies and provide a diversity of experience to enable them to effectively contribute to the Group:

### Seroja Investment Limited

#### **Board of Directors**

Edwin Soeryadjaya, Non-Executive Chairman  
Masdjan, Chief Operating Officer  
Andreas Tjahjadi, Executive Director  
Ng Soon Kai, Non-Executive Director  
Yap Kian Peng, Independent Director  
Ng Yuen, Independent Director  
Low Chee Chiew, Independent Director

#### **Audit Committee**

Yap Kian Peng, Chairman  
Edwin Soeryadjaya  
Ng Yuen

#### **Nominating Committee**

Ng Yuen, Chairman  
Edwin Soeryadjaya  
Yap Kian Peng

#### **Remuneration Committee**

Yap Kian Peng, Chairman  
Edwin Soeryadjaya  
Ng Yuen

### PT Pulau Seroja Jaya

#### **President Commissioner**

Moekhlas Sidik

#### **Commissioners**

Ng Soon Kai  
Fatmawati  
Husni Heron

#### **President Director**

Andreas Tjahjadi

#### **Directors**

Boby Susanto  
Dading T. Soetarso



# **ORGANISATIONAL PROFILE**

## **Supply Chain Management**

Reporting requirements and guidance for procurement practices and due diligence are in place. They include selection of suppliers/ subcontractors for non-appointed dealers and non-regular distributors for proper evaluation to ensure cost effectiveness and prevention of potential operational disruptions.

## **External Initiatives**

We are currently reviewing potential activities to continually improve the environment and our community. We have contributed on ad-hoc basis to the community in our surrounding area where we operate in Banjarmasin during the festive season of Ramadhan and Christmas season. We hope to develop a sustainable plan in the near future where we want to provide contribution to the society in terms of the environment and economy in our surrounding area.

# GOVERNANCE & SUSTAINABILITY APPROACH

## Continual Commitment to Enhance Corporate Governance

The Board of Directors (the "Board") is committed to maintaining a high standard of corporate governance and transparency within the Group to protect the interests of its shareholders and enhance long-term shareholder value. This report describes the Company's corporate governance processes and practices which have been adopted in line with the spirit of the Code of Corporate Governance 2012 (the "Code"), with specific reference to the principles and guidelines of the Code.

The Company adheres largely to the principles and guidelines as set out in the Code, and endeavours to specify and explain any deviation from the Code.

### **Whistle Blowing Policy**

As disclosed on page 23 of Seroja Investments Limited's FY2017 Annual Report (under Principle 12 of our Corporate Governance Report), our Group has in place a whistle blowing framework for employees and other parties to report in confidence, without fear of reprisal, concerns about possible improprieties in matters of financial reporting or other matters. This policy is to assist the Audit Committee in managing allegations of fraud or other misconduct; disciplinary and civil actions that are initiated following the completion of the investigations are appropriate and fair; and actions are taken to correct the weakness in the existing system of internal processes which allowed the perpetration of the fraud and/or misconduct and to prevent recurrence.

### **Sustainability Approach**

Our Group's senior management periodically assesses focus areas where our Group can have the greatest economic, environmental and social impact, as well as the areas that are most important to our stakeholders. Senior management is responsible for the on-going communication to the Board of Directors. The Board will consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

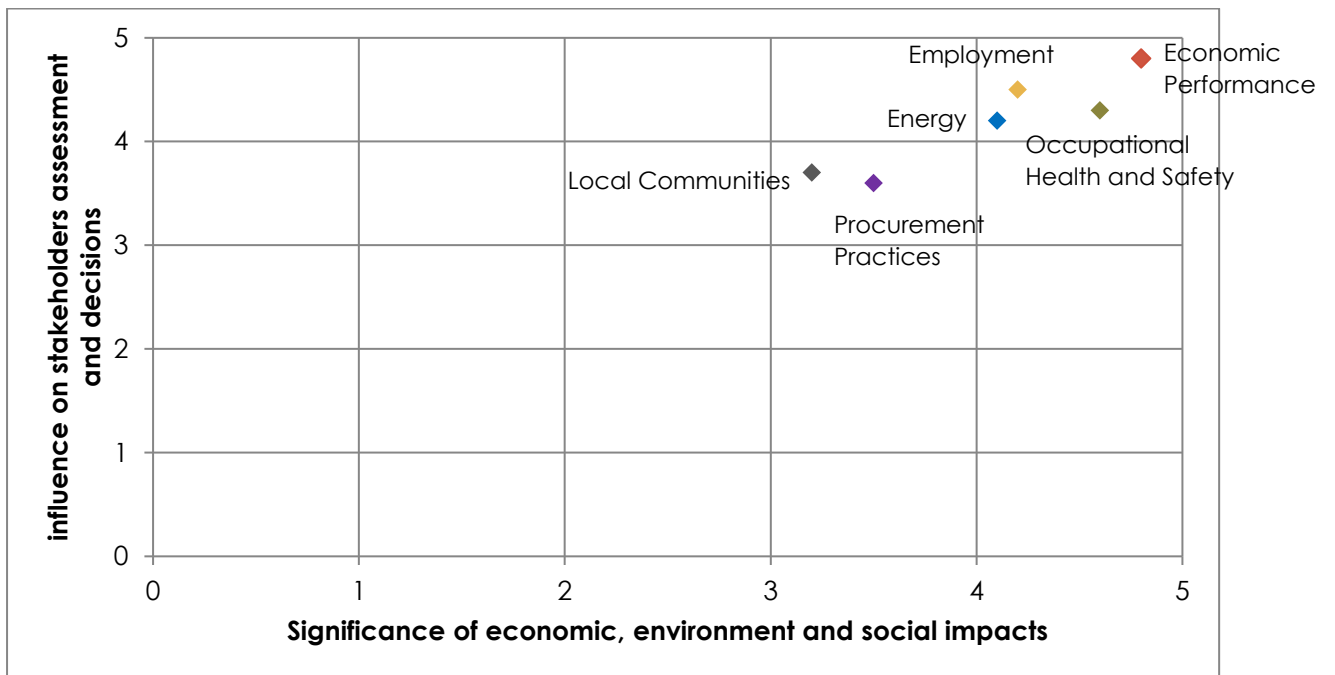
## STAKEHOLDERS ENGAGEMENT

Through active and continuous engagement with our key stakeholders, we understand and prioritise the key issues identified to be material in influencing our stakeholders' decisions and impact of ESG factors.

<b>Stakeholder Groups</b>	<b>Engagement Method(s)</b>	<b>Frequency</b>
Employees	Staff communication session, internal newsletter, annual meeting	Monthly and Annual Gathering
Customers	Products catalogue, sales presentations, enquiry and feedback channel, customer service hotlines, business networking	On going, on regular basis as required
Suppliers and Sub-contractors	Quotations, request for proposal, tenders, periodic meetings, site visit, supplier evaluation	On going, on regular basis as required
Shareholders	Annual meetings, board meetings, circulars to shareholders	Quarterly basis, Annual Shareholders Meeting
Government and Regulators <ul style="list-style-type: none"> <li>• Ministry of Transportation</li> <li>• Ministry of Manpower</li> </ul>	Discussions and documentation requirements (for classification) with government agencies and departments	On going, on regular basis as required
Community	Public communications with the investors, corporate advertisements	Once a year, as required

# MATERIAL TOPICS

Based on feedback gathered from our internal and external stakeholders, we have evaluated and identified factors which would have significant economic, environmental and social impacts and are material to the organisation and stakeholders. Factors are prioritised as shown in the materiality matrix below.



Sustainability Topics Selected:

1. Economic performance
2. Energy
3. Employment
4. Occupational Health and Safety



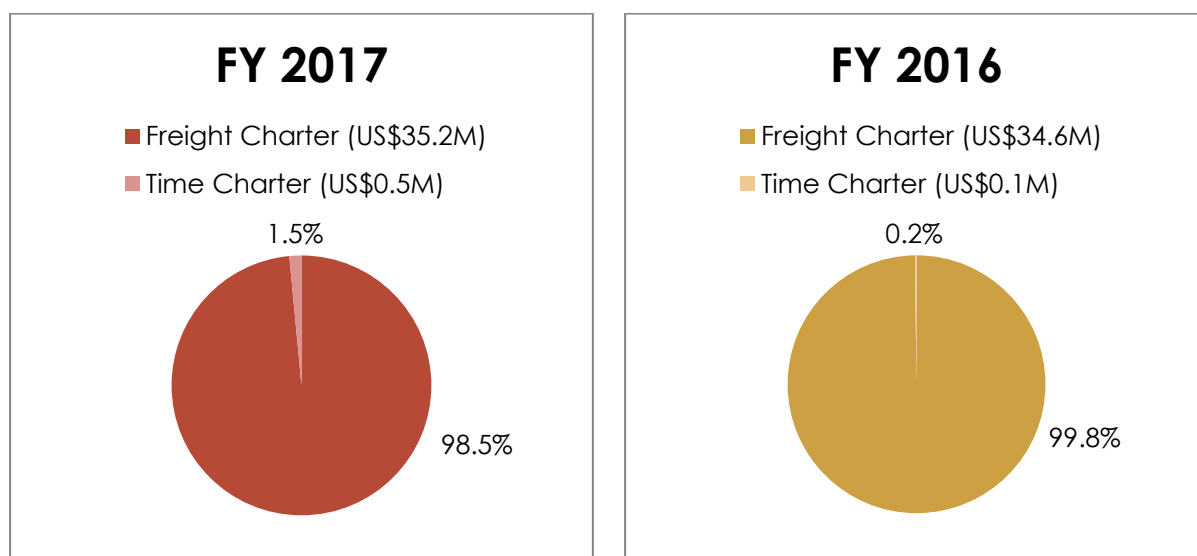
## ECONOMIC PERFORMANCE

### Financial Highlights

The Group's revenue increased by 3% or US\$1.0 million from US\$34.7 million in FY2016 to US\$35.7 million in FY2017 due to both higher freight charter revenue as well as time charter revenue.

- ✚ Freight charter revenue increased by US\$0.6 million from US\$34.6 million in FY2016 to US\$35.2 million in FY2017 due to higher average freight rate for the current financial year which is partly offset by lower shipment volume.
- ✚ Time charter revenue increased by US\$0.4 million from US\$0.1 million in FY2016 to US\$0.5 million in FY2017. This was due to time charter contract secured with a new customer for the current financial year as compared to no significant time charter contract secured for FY2016 as customers prefer to charter under spot or per voyage basis due to weak freight rates.

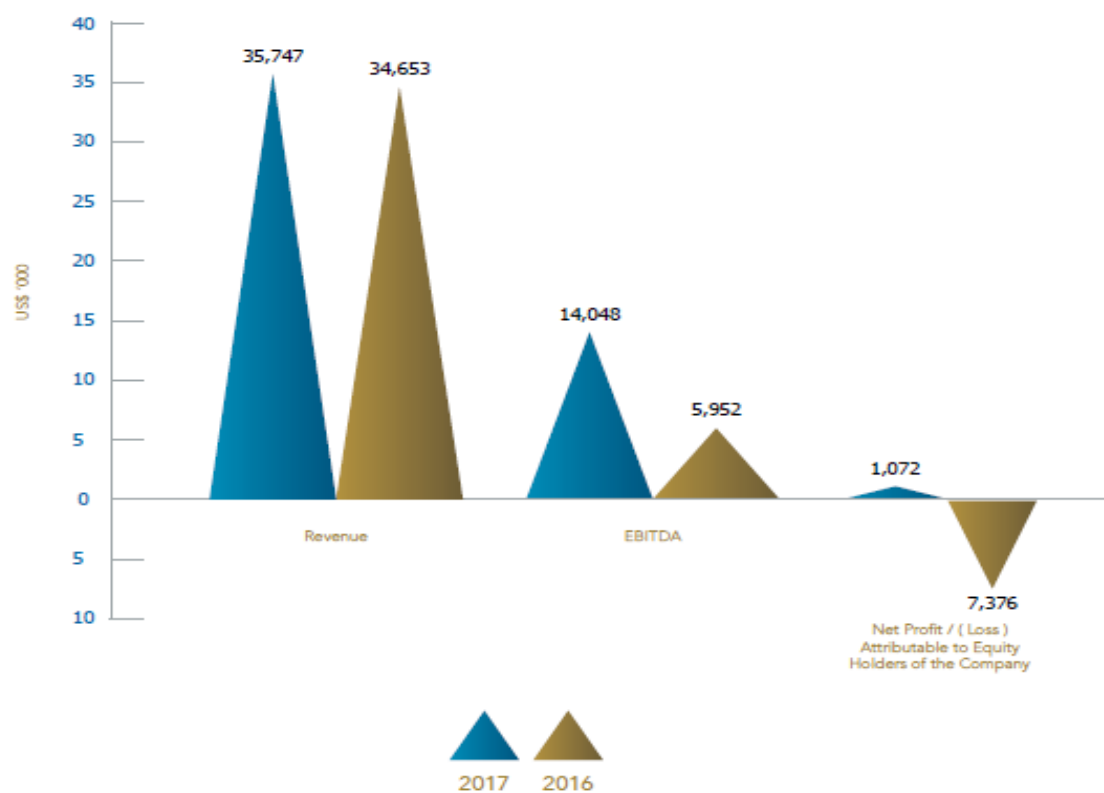
The breakdown of freight charter and time charter revenue for FY2017 and FY2016 is presented in the diagrams as follows:-



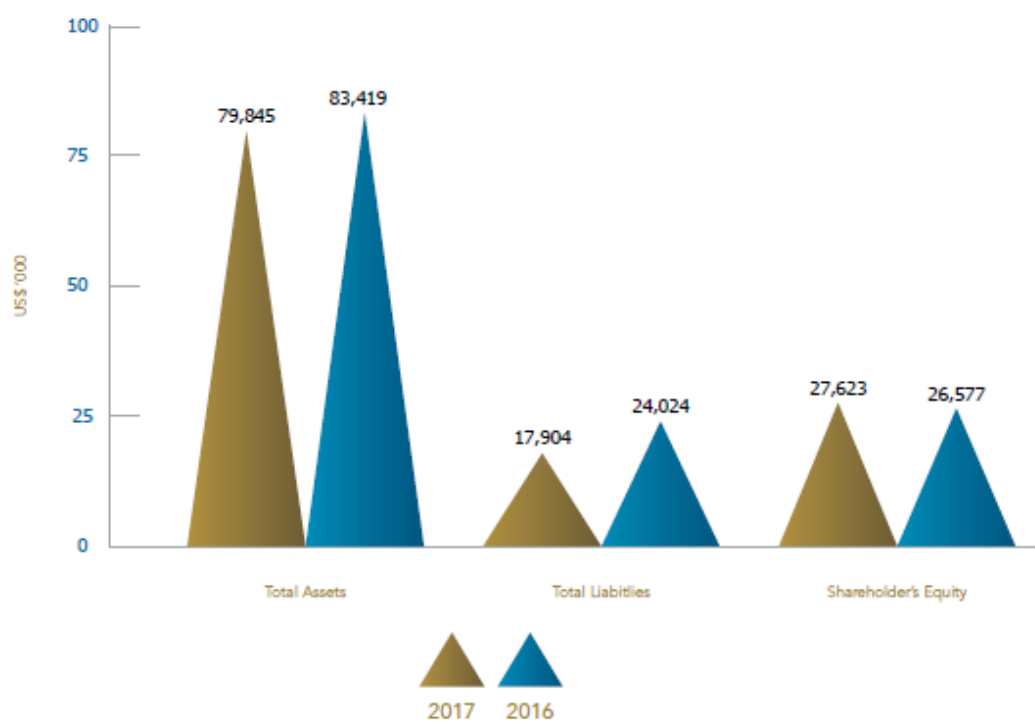
Please refer to pages 6 and 33 of Seroja Investments Limited's FY2017 Annual Report for the financial performance of the Group. Targets are set by taking into account performance over the past year in order to incentivise continuous and sustained improvement.

# ECONOMIC PERFORMANCE

## Profit and Loss Statement Review



## Balance Sheet Review



## ENERGY

Our Group provides marine cargo and coal transportation services in Indonesia. The recovery in oil price has partly contributed to the increase in demand for coal which is a cheaper source of energy. There is no let-up by the Indonesian government to build more coal-fired power plants to fuel its economy. These will result in higher coal demand and keep our vessels busy as significant coal cargoes need to be transported due to the rivers and seas separating the coal mines and coal-fired power plants.

We are aware of the importance in managing our energy and resources to improve our overall operational efficiency. Our continuous concern is to manage and control the fuel usage for our fleet of vessels. This is crucial as we will be increasing our fleet to focus on longer voyages, where timing and overall fuel usage will be the main drivers for our operational efficiency and hence profitability.

Our other energy conserving effort will be to focus on our office and staff. We will be informing our staff to develop initiatives on how they can conserve energy starting from themselves i.e. switch off lights and air con after office hours. We continuously work towards reducing energy consumption and that our usage is reduced on a yearly basis.



## EMPLOYMENT

Our Group believes in investing in people as our employees are our most valued asset. We focus on providing equal access to opportunities for all our employees. With equality and diversity as our ethos, we aim to develop our employees in all aspects so they are equipped to address the challenges in the ever-changing global landscape.

To underscore our care and commitment towards our employees, we have established policies and practices which we put in place to focus on fair employment practices by ensuring equal opportunities for recruitment, fair compensation, career progression and training opportunities.

We are fully committed to comply with all applicable labour laws where we operate and ensure compliance through on-going monitoring. In addition, we ensure that we adhere to the maximum overtime hours allowed per staff with sufficient rest between work shifts. Where living accommodation is provided, the condition and quality of such accommodation provided are checked periodically by our Welfare Staff.

### Our people

Identifying, recognising and rewarding quality employees are essential in our hiring and retention strategy. We advocate fair employment practices by ensuring equal opportunities for recruitment, fair compensation, career progression and training opportunities.

Referring to the following table for more details:

Description	Male	Female
Number of employees	94	19
Number of permanent employees	89	19
Number of temporary employees	5	0
Number of new employees	14	0
Number of resigned employees	10	1
Turnover Rate	9%	1%

Age categories	Permanent	Contract
Age below 30	15	2
Age 30 - 50	78	2
Age above 50	15	1
Total	108	5

We will continue to review our employment policies and strive towards greater gender equality and a more inclusive workforce.



## **OCCUPATIONAL HEALTH & SAFETY**

The Group is committed to providing a safe and healthy workplace for employees, contractors, customers and community members. In doing so, the company will comply with all laws and regulations, related practice rules and standards. This includes ensuring that the environment and work equipment are safe. To achieve a good system for both employees' health and work safety, we have in place policies and procedures under the QHSE Management System and Resources to provide information and training requirements for all employees. The employees are encouraged to participate in improving health and safety in the workplace through their respective line managers or through communication with or being part of the QHSE Community. This committee has an important role in monitoring health and safety in the workplace and reduce the incidents rate in accordance with the continuous improvement approach under our QHSE System.

We recognize that hazards can pose psychological problems and risks. These hazards can arise from the work environment, equipment or interaction with people. Management and Staff will participate in identifying systematic hazards and risk management. Management and Staff will also ensure health and safety by carrying out Inspection through tests and audit procedures. Health and safety in the workplace are joint responsibilities of employees and management. All employees must give reasonable attention to their own health and safety and to the health and safety of their colleagues. Both employee and management will cooperate to ensure a safe and healthy environment for all to work in.



# GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

GRI Standard	Disclosure	Page Reference and Reasons for Omission, if applicable
<b>GENERAL DISCLOSURE</b>		
GRI 102: General Disclosures 2016	<b>Organizational Profile</b>	
	102-1 Name of the organisation	4 – 7
	102-2 Activities, brands, products, and services	4 – 7
	102-3 Location of headquarters	4 – 7
	102-4 Location of operations	4 – 7
	102-5 Ownership and legal form	4 – 7
	102-6 Markets served	4 – 7
	102-7 Scale of the organisation	4 – 7
	102-8 Information on employees and other workers	16
	102-9 Supply chain	9
	102-10 Significant changes to the organisation and its supply chain	NIL
	102-11 Precautionary principle or approach	10
	102-12 External initiatives	9
	102-13 Membership of associations	8
	<b>Strategy</b>	
	102-14 Statement from senior decision maker	3
	<b>Ethics and Integrity</b>	
	102-16 Values, principles, standards, and norms of behaviour	6
	<b>Governance</b>	
	102-18 Governance structure	8
	<b>Stakeholder Engagement</b>	
	102-40 List of stakeholder groups	11
	102-41 Collective bargaining agreements	NIL
	102-42 Identifying and selecting stakeholders	11
	102-43 Approach to stakeholder engagement	11
	102-44 Key topics and concerns raised	12
	<b>Reporting Practice</b>	
	102-45 Entities included in the consolidated financial statements	7
	102-46 Defining report content and topic boundaries	12
	102-47 List of material topics	12
	102-48 Restatements of information	NIL, First Report
	102-49 Changes in reporting	NIL, First Report
102-50 Reporting period	4	
102-51 Date of most recent report	NIL, First Report	
102-52 Reporting cycle	4	
102-53 Contact point for questions regarding the report	4	
102-54 Claims of reporting in accordance with the GRI Standards	4	
102-55 GRI content index	18	
102-56 External assurance	4	

## GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (CONT'D)

GRI Standard	Disclosure	Page Reference and Reasons for Omission, if applicable
<b>MATERIAL TOPICS</b>		
<b>Economic Performance</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	13 - 14
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 201: Economic Performance 2016	201-1 Direct Economic value generated and distributed	
<b>Energy</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	15
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	
<b>Employment</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	16
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3 Parental leave	
<b>Occupational Health and Safety</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	17
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management – worker health and safety committees	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	
	403-3 Workers with high incidence or high risk of diseases related to their occupation	
	403-4 Health and safety topics covered in formal agreements with trade unions	