



SEROJA

INVESTMENTS LIMITED

Company Registration No. 198300847M

Sustainability Report

2018

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MESSAGE FROM THE CHAIRMAN

On behalf of the Board, we are delighted to present the second Sustainability Report (the “Report”) of Seroja Investments Limited (“Seroja” or the “Group”), with reference to the Global Reporting Initiative (“GRI”) Standards 2016: Core Option and in alignment with the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules – Sustainability Reporting Guide.

With growing expectations and importance of stakeholders’ concerns about companies’ abilities in tackling global issues, our Board believes in adapting to ever changing conditions and staying resilience in creating a sustainable growth environment.

Seroja is focused on sustainable practices to be resilient and for the long term. We are committed to conduct our businesses in a social, environmental and economical manner while creating value for all our stakeholders. We want to play our part in making a difference for a better tomorrow.

As part of our business strategy, the Board have worked together in determining the Group’s material Environmental, Social and Governance (ESG) factors for Financial Year 2018. The ESG factors are strategically chosen and will contribute significant impacts for our stakeholders.

ABOUT THIS REPORT

As our Group is growing and expanding, we recognise the importance of sustainable growth. The Board emphasizes on providing best sustainability practices and how it can significantly contribute to our business operations and overall performance. We are strongly committed to adopt the best sustainability practices as the Group is moving forward to achieve greater growth.

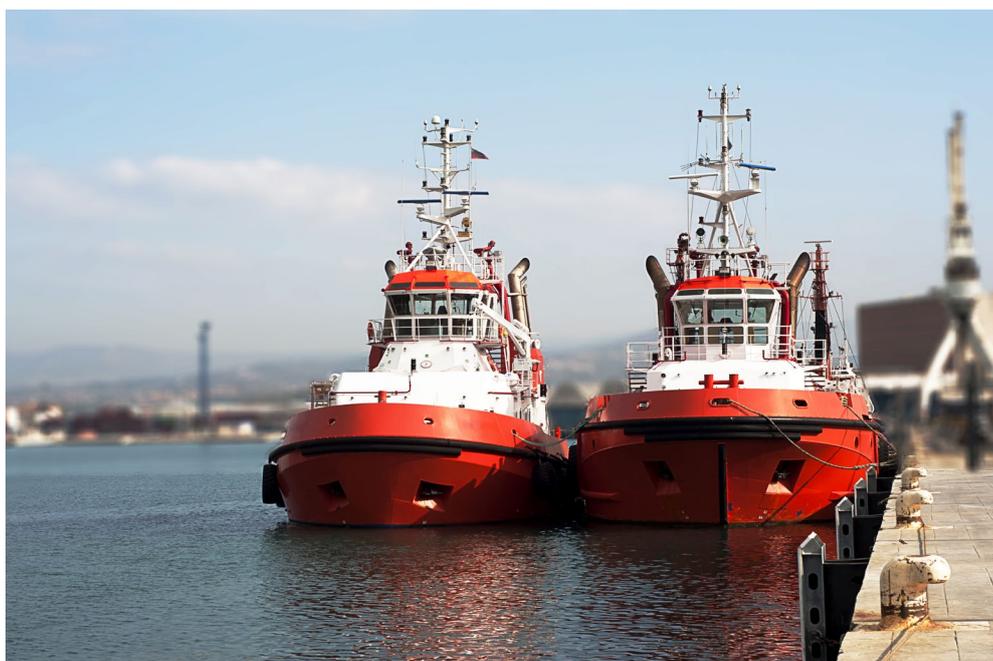
<p>Reporting Boundaries and Standards</p>	<ul style="list-style-type: none"> • Materiality: focusing on issues that impact business growth and are of utmost importance to stakeholders; • Stakeholder Inclusiveness: responding to stakeholder expectations and interests; • Sustainability Context: presenting performance in the wider context of sustainability; and • Completeness: including all information that is of significant economic, environmental and social impact to enable stakeholders to assess the Group's performance.
<p>Report Period and Scope</p>	<p>This report covers data and information from 1 January 2018 to 31 December 2018. This report has been prepared in accordance to the GRI Standards: Core Option.</p>
<p>Accessibility and Feedback</p>	<p>The electronic edition of the report is available at: www.seroja.com.sg</p> <p>We are committed to listening to our stakeholders and we look forward to your feedback.</p>

ORGANISATIONAL PROFILE

Background

Seroja Investments Limited is an established investment holding company which was incorporated in 1983 and is based in Singapore. Our business is mainly through an indirectly owned subsidiary company, PT Pulau Seroja Jaya which is based in Indonesia. The principal activities of PT Pulau Seroja Jaya are the provision of marine transportation of drybulk freight. The Group operates through Freight Charter and Time Charter segments. Services provided by the group are chartering services of tugboats and barges primarily to transport dry bulk freight comprising thermal coal, sand, and other quarry materials. As of 31 December 2018, we own and operate a fleet of 70 vessels consisting of tugboats and barges, which primarily navigate waters around the Indonesian archipelago.

The Group primarily serves coal and cement producers. Our major customers include PT Maritim Barito Perkasa which provides logistic services to PT Adaro Indonesia, a leading coal producer in Indonesia and PT Indocement Tunggul 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. In order to deploy our vessels in an efficient manner, our tugboats are installed with Global Positioning System (GPS) to enable us to track and monitor the routes and locations of our vessels on real time basis.



ORGANISATIONAL PROFILE

Enterprise Risk Management (“ERM”)

Enterprise Risk Management (“ERM”) framework are in place to manage and address any identified risks and capture opportunities in order to meet the objective of the Group. By addressing the risks identified, stakeholders will be more assured and well-protected. The key risks and impacts are 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 payment 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 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

Governance Structure

The Board of Directors that are managing the Group have the relevant core competencies and years of experiences. The following are the members in the Board of Directors.

Seroja Investments 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

Our suppliers are extensively sourced and stringently evaluated to ensure that they meet with the established reporting requirements and guidance for procurement practices and due diligence. We will carefully evaluate the suppliers to ensure that they are ethical, cost-effective and responsible suppliers who meet our expectations of goods delivered. Looking forward, the Group will continue to seek for new and innovative ways to better manage the suppliers.

External Initiatives

The Group believe in contributing to the community through positive and sustainable changes. We are constantly coming up with new activities that could benefit and improve our environment. We continue to contribute to the society such as gatherings during the religious holidays in our surrounding area to build sustainable relationships with the communities. It is our intention that we will develop new sustainable programs that could reach out to the society as a whole.

GOVERNANCE & SUSTAINABILITY APPROACH

Continual Commitment to Enhance Corporate

Governance

Our 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. The Group's corporate governance processes and practices have been discussed in this report. The Group has adopted the Code of Corporate Governance 2012 (the "Code"), with specific reference to the principles and guidelines stated in the Code.

The Group will strongly comply with the principles and guidelines stated in the Code with explanation provided if there is any deviation from the guidelines.

Whistle Blowing Policy

Whistle blowing framework is in place to protect the identity of the employees who can be well-assured to report, without fear of reprisal, concerns about possible improprieties in matters of financial reporting or other matters. The 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

Senior management of the Group will conduct a periodic assessment on the key areas that will have significant impact on the stakeholders as well as contributing to economic, environmental and social impact. Senior management will engage in on-going communications with the Board of Directors to keep them inform of any issues and come out with strategic formulation.

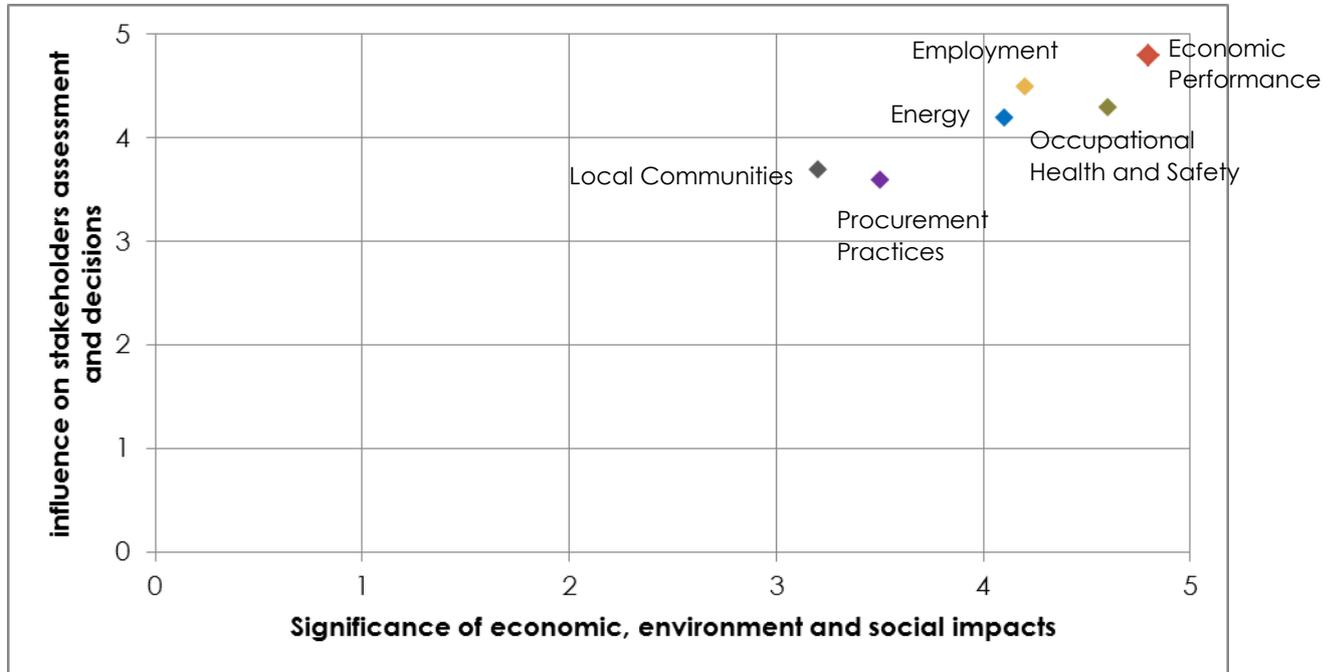
STAKEHOLDERS ENGAGEMENT

Seroja Investments Limited always encourages and is open to feedback from our stakeholders. Feedbacks will be well taken into consideration and incorporated into the Group's plans and actions where appropriate and relevant.

Stakeholder Groups	Engagement Method(s)	Frequency
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, announcements, circulars to shareholders	Quarterly basis, Annual Shareholders Meeting
Government and Regulators <ul style="list-style-type: none"> • Ministry of Transportation • Ministry of Manpower 	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 the insightful feedbacks received from external and internal stakeholders, we have identified various factors that we believe should be the main focus and should be prioritised. These factors are reflected in the Materiality Matrix below.



Sustainability Topics Selected:

1. Economic performance
2. Energy
3. Employment
4. Occupational Health and Safety
5. Local Communities
6. Procurement Practices



ECONOMIC PERFORMANCE

Financial Highlights

The Group's revenue increased by 4% or US\$1.5 million from US\$35.7 million in FY2017 to US\$37.2 million in FY2018 due to higher freight charter revenue.

- ✚ Freight charter revenue increased by US\$1.6 million from US\$35.2 million in FY2017 to US\$36.8 million in FY2018 due to higher shipment volume delivered for some major customers which is partly offset by lower average freight rate for the current financial year.
- ✚ Time charter revenue slightly decreased by US\$0.1 million from US\$0.5 million in FY2017 to US\$0.4 million in FY2018. This was due to service provided was for a shorter period for time charter contract secured in current financial year as compared to a longer period in previous financial year.

Although the Group increased its revenue in FY2018, net profit attributable to shareholders decreased by US\$0.3 million from US\$1.1 million in FY2017 to US\$0.8 million in FY2018 mainly due to higher operating expenses.

Please refer to pages 6 to 8 of Seroja Investments Limited's FY2018 Annual Report for review and further details on the financial performance of the Group. Moving forward, the Group will continue to ensure sustainable performance and endeavor to generate better returns for our shareholders.

ENERGY

Coal has been a cheaper alternative as compared to oil, which leads to an increase in demand for coal usage. As such, we are expecting high demand for our services in transporting the coal cargoes.

In order to handle the high demand of coal in an effective manner as well as improve our operational efficiency, we are constantly coming out with suggestions to better manage our energy and resources on hand. It is also critical to control and further reduce our fuel usage for our fleet of vessels.

The table shows the comparison between the fuel usage in FY2018 and FY2017.

Key Focus Area	FY2017	FY2018
Fuel usage	21.4 million litres	21.7 million litres

The overall fuel usage was slightly higher in 2018 compared to 2017 due to more shipments to certain major customers and 2 new tugboats were purchased to service such customers.

We further extend our initiative in conserving energy by encouraging energy saving in the office and the participation of our employees. We have communicated the energy saving initiatives to all employees which include switching off air-conditioners after office hours and ensuring that all unessential switches have been switched off before leaving the workplace. It is our responsibility to continuously reduce the level of electricity usage and further conserve energy.

EMPLOYMENT

Our employees are one of the most important assets to our Group. We believe in providing equal opportunities to each employee and training our employees to perform at their fullest capacity. Our Group recruits employees from diverse backgrounds and with relevant experience to meet our customers' expectations. Our hiring policies emphasize on transparency and fairness to all employees.

Our people

All the contributions and efforts of our employees are recognised and rewarded. We constantly review our compensation package in order to remain competitive and attractive in the market.

The table below shows the changes in number of employees from FY2017 to FY2018.

Description	2017		2018	
	Male	Female	Male	Female
Number of employees	94	19	86	21
Number of permanent employees	89	19	81	21
Number of temporary employees	5	0	5	0
Number of new employees	14	0	2	4
Number of resigned employees	10	1	10	2
Turnover Rate	9%	1%	9%	2%

Age categories	2017		2018	
	Permanent	Contract	Permanent	Contract
Age below 30	15	2	13	2
Age 30 - 50	78	2	76	2
Age above 50	15	1	13	1
Total	108	5	102	5

Employee turnover rate remains relatively stable over the two year period. With the current employment policies, we are confident that our employees will feel a sense of self-worth and value to the Group. We will continue to review our policies to achieve more conducive work environment and provide equal opportunities to all age groups.

OCCUPATIONAL HEALTH & SAFETY

A safe and healthy workplace environment is of utmost importance to the Group. Policies and procedures under the QHSE Management System and Resources are in place to encourage employees to adopt a culture of individual commitment towards improving work safety practices.

The system for managing health and safety is also in place to identify any safety hazards and mitigate risks. Such measures include:

1. Providing workplace health and safety trainings

The Group ensure that there is effective communication to support and monitor processes. Training Awareness Programmes are also organised for our employees to continuously improve their safety management skills, including preparation for emergencies related to safety and the environment. Employees are trained to be familiar with the Environmental Standard and evaluation techniques.

2. Identifying potential hazards and risk management

This procedure relates to health and safety aspect of work activities, the process of estimating the magnitude of risk and deciding on the actions to be taken to minimise a risk. The 5 stages of risk management include identifying the work activity/process, identifying the potential hazards of the process/activity, identifying the likely severity of each hazard and assess its significance, assessing effect of controls on likelihood of occurrence and documenting the findings. The information collected will be recorded.

3. Monitoring the implementation of safety rules

The process of monitoring the implementation of safety rules includes identifying important processes, enabling effective communication and ensuring the safety of personnel, contractors and interested parties to prevent human injuries, loss of life and damage to the environment.

4. Establishing and analysing the reports related to accident/incidents that occurred

The Group will analyse the reasons for causing a shipboard emergency. The accidents/incidents may include abandoning ship, collision, grounding, fire, structural failure, main engine failure, medical assistance, spillage and other unforeseen events.

5. Identifying preventive and correctives actions to prevent re-occurrence

The Group establishes procedures for the implementation of corrective action and measures intended to prevent recurrence. The Group has come out with structured and rapid response that are within the framework of the

Group's response plan. All members of the Emergency Response Team are responsible for ensuring that the emergency response plan is available to them at all times.

6. Compliance of all laws and regulations in place

The Group will endeavour to ensure that all relevant Environmental and OH&S Legislation and applicable Rules and Regulations have been identified and form part of the normative (technical) reference in the Library. All applicable legislation documented in the Environmental and OH&S Legislation Reports are regularly reviewed to keep abreast of changes to laws which impact on operational activities.

Furthermore, employees should also play their role in ensuring and protecting their health and safety at workplace. In order to achieve a safe work environment, management and employees should work hand in hand.

Based on the incident/accident report, there was a decrease of 20% for accidents or injuries suffered by our employees. We have identified various preventive and corrective actions such as internal audit ISM code, vessel inspection, safety flash, marine incident report (result investigation), contingency plan, plan maintenance system (PMS), emergency drill, training on-board, permit to work (PTW), risk assessment (R.A) and material safety data Sheet (MSDS) to prevent any accident/incident from occurring. Moving forward, we hope to continue to provide a safe environment for our employees and strengthen our current QHSE system.

LOCAL COMMUNITIES

Apart from maintaining good relationship with our customers, the Group is committed to making a difference to the well-being of the community through events and engaging the public. We want to build mutual relationship with the local community to manage the surrounding of our business. We work closely with our business partners and government authorities to establish community goals.

Our main activities are mostly conducted during the month of Ramadhan and other religious holidays. There were 3 events/activities that the Group had organised during the period under review.

S/N	Events/Activities	Description
1.	Annual Employee Gathering	Conducted annual employee gathering attended by 50 employees (38 employees from Banjarmasin Representative Office). Participated team work activities with the local community.
2.	Fasting month gathering during Lebaran	Invited local community (20+children) in Banjarmasin "Buka Puasa Bersama"
3.	Idul Adha (Day of Sacrifice) Islamic holiday	Donated 6 sheeps (4 in Banjarmasin and 2 in Jakarta) for annual ritual sacrifice to the local community

These activities are able to take place with the help and time volunteered by our employees as they are willing to contribute to the community. The Group had looked into possible areas in developing events/activities that could constantly engage with the public.

In FY2019, the Group is looking beyond the current events/activities to exploring new opportunities such as building residential houses in Banjarmasin – Kelanis route with established NGOs who are able to provide the necessary support.

PROCUREMENT PROCEDURES

The Group believes that a good and well-managed procurement practice is critical to its success, in terms of operational efficiency and financial results. We constantly monitor our major suppliers and ensure that such suppliers whom we source from are able to fulfil the critical needs of our operations.

Purchases are handled by our professional procurement team in a fair and objective manner. Throughout the years, we continuously build a long-lasting relationship with our suppliers and strengthen our mutual trust. When we make any purchase, we ensure that our vessels receive the correct goods and spare parts in good condition as per our purchase order on timely basis so that our operations will not be disrupted.

A proper system has been implemented to ensure effective and efficient purchase of goods under our supply chain. Our procurement personnel are familiar with all the process requirements to enable our operation to run smoothly. However, we are still faced with challenges in timely delivery of goods due to the different routes of the vessels and close monitoring of their locations is needed. The procurement team will look into and determine whether it is an operational or procurement issue when goods are not received on time and take necessary measures to speed up the process of receiving the purchased goods.

In FY2019, we are planning to work closely with certain suppliers to ensure that goods are delivered on a timely manner to support operations so that the Group will be able to operate its vessels more effectively and efficiently.

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

GRI Standard	Disclosure	Page Reference and Reasons for Omission, if applicable
GENERAL DISCLOSURE		
GRI 102: General Disclosures 2016	Organizational Profile	
	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	14
	102-9 Supply chain	8
	102-10 Significant changes to the organisation and its supply chain	NIL
	102-11 Precautionary principle or approach	9
	102-12 External initiatives	8
	102-13 Membership of associations	NIL
	Strategy	
	102-14 Statement from senior decision maker	3
	Ethics and Integrity	
	102-16 Values, principles, standards, and norms of behaviour	6
	Governance	
	102-18 Governance structure	7
	Stakeholder Engagement	
	102-40 List of stakeholder groups	10
	102-41 Collective bargaining agreements	NIL
	102-42 Identifying and selecting stakeholders	10
	102-43 Approach to stakeholder engagement	10
	102-44 Key topics and concerns raised	11
	Reporting Practice	
	102-45 Entities included in the consolidated financial statements	Refer to Annual Report
	102-46 Defining report content and topic boundaries	11
	102-47 List of material topics	11
	102-48 Restatements of information	NIL
	102-49 Changes in reporting	17 -18
	102-50 Reporting period	4
102-51 Date of most recent report	21 December 2018	
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	19 - 21	
102-56 External assurance	4	

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

GRI Standard	Disclosure	Page Reference and Reasons for Omission, if applicable	
MATERIAL TOPICS			
Economic Performance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	12	
	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		
Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries		13
	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		
Employment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	14	
	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		
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	15-16	
	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		

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

GRI Standard	Disclosure	Page Reference and Reasons for Omission, if applicable
MATERIAL TOPICS		
Local Communities		
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 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	
	413-2 Operations with significant actual and potential negative impacts on local communities	
Procurement Practices		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	18
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	