



SEROJA

INVESTMENTS LIMITED

Company Registration No. 198300847M

Sustainability Report

2019

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MESSAGE FROM THE CHAIRMAN

On behalf of the Board, I am delighted to present the Sustainability Report (the “Report”) of Seroja Investments Limited (“Seroja” or the “Company”) for FY2019, 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.

Seroja recognized the growing expectations and importance of stakeholders’ concerns and is focused on sustainable practices to be resilient in the long run. We are committed to conduct our businesses in a socially responsible manner while creating value for all our stakeholders. We will continue 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 2019. The ESG factors are strategically chosen and assessed to contribute significant impact to our stakeholders.

ABOUT THIS REPORT

The Board emphasizes on providing best sustainability practices and how they can contribute significantly to our business operations and overall performance. We are strongly committed to adopt the best sustainability practices to steer the Group towards better prospect and growth in the long term.

Reporting Boundaries and Standards	<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.
Report Period and Scope	This report covers data and information from 1 January 2019 to 31 December 2019. This report has been prepared in accordance to the GRI Standards: Core Option.
Accessibility and Feedback	<p>The electronic copy 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 2019, we own and operate a fleet of 72 vessels consisting of tugboats and barges, which primarily navigate waters around the Indonesian archipelago.

The Group primarily provides marine transportation services to 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 equipped with Global Positioning System (GPS) to enable us to track and monitor the routes and locations of our vessels on a 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 and its subsidiaries 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

Masdjani, 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

Edwin Soeryadjaya

Ng Yuen

Nominating Committee

Ng Yuen, Chairman

Edwin Soeryadjaya

Yap Kian Peng

Remuneration Committee

Yap Kian Peng, Chairman

Edwin Soeryadjaya

Ng Yuen

Audit Committee

Yap Kian Peng, Chairman

PT Pulau Seroja Jaya

President Commissioner

Moekhlis Sidik

President Director

Andreas Tjahjadi

Commissioners

Ng Soon Kai

Fatmawati

Husni Heron

Directors

Boby Susanto

Dading T. Soetarso

ORGANISATIONAL PROFILE

Supply Chain Management

Our suppliers are extensively sourced and stringently evaluated to ensure that they meet 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. 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 extend and benefit 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 2018 (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 communication with the Board of Directors to keep them informed of any material issues causing negative impact and will formulate strategies to resolve such issues.

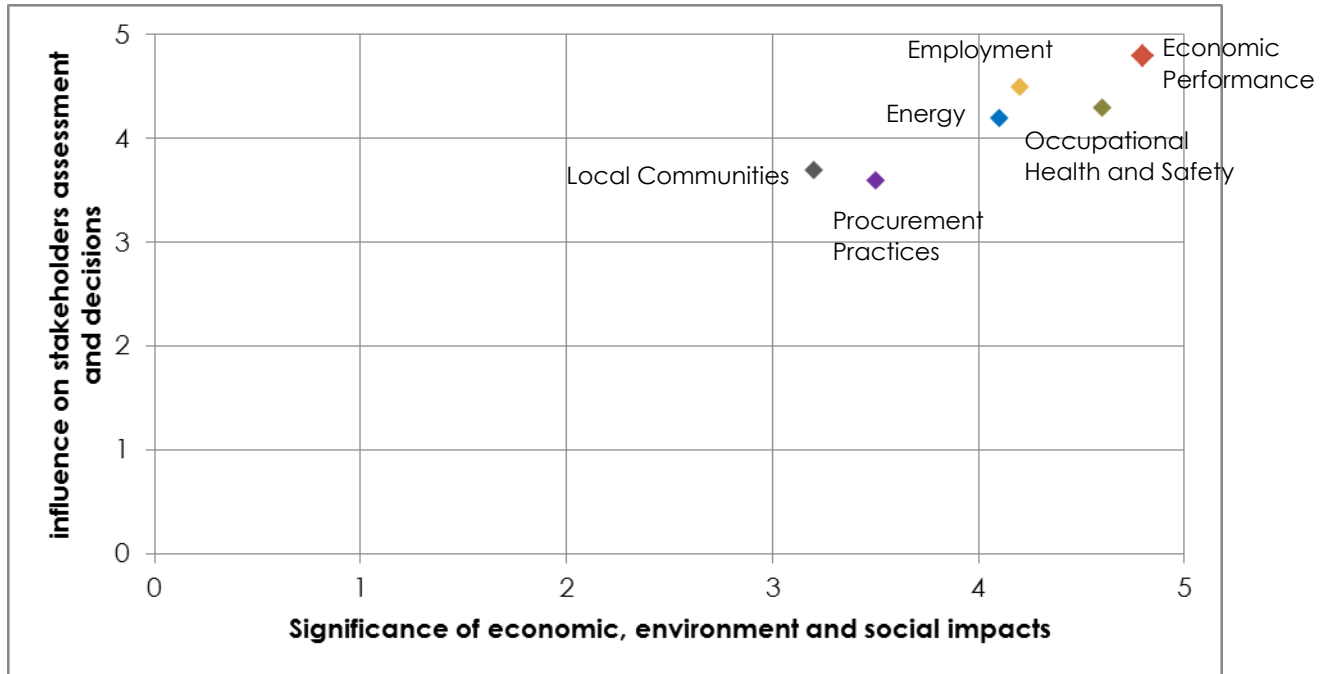
STAKEHOLDERS ENGAGEMENT

Seroja Investments Limited is open to feedback and participation from our stakeholders. Feedback 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, board meetings, 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 feedback 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

On 15 August 2019, Seroja Investments Limited entered into a sale and purchase agreement to dispose of its entire shareholding in Trans LK Marine Pte Ltd ("TLM"). As TLM owns the existing business and business assets of the Company, the Company will cease to have any operating business upon the completion of the proposed disposal. Based on SFRS(I) 5, the Group's results in the comprehensive income statement will be classified under continuing operations and discontinued operations.

Net profit attributable to shareholders increased from US\$0.8 million in FY2018 to US\$1.9 million in FY2019 due to higher profits from discontinued operations in FY2019 as compared to FY2018. Please refer to pages 6 to 8 of Seroja Investments Limited's FY2019 Annual Report for review and further details on its financial performance.

Pending the completion of the proposed disposal, the Company will be looking into acquiring potential business assets which can provide sustainable long term growth for the Company and generate value for the stakeholders. The Company will make further announcement through SGXNet to update stakeholders as and when there are any material developments in this matter.

ENERGY

Our fleet of vessels rely heavily on fuel as energy for daily operations. To improve on operational efficiency, we need to better manage our energy and resources on hand and to take necessary measures to control and reduce our fuel usage.

The table below shows the fuel usage in FY2019 and FY2018.

Key Focus Area	FY2019	FY2018
Fuel usage	22.9 million litres	21.7 million litres

The overall fuel usage was higher in FY2019 as compared to FY2018 due to more shipments to certain major customers with an additional tugboat purchased to service such customers. The higher fuel usage is also in line with the higher revenue generated in FY2019 as compared to FY2018.

We further extend our initiative in conserving energy by encouraging energy savings in the office with 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 after office hours. It is the responsibility of all staff to continuously reduce the level of electricity usage to 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 are of a certain level of 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 tables below present the employees' profile for FY2018 and FY2019.

Description	2019		2018	
	Male	Female	Male	Female
Number of employees	90	21	86	21
Number of permanent employees	85	21	81	21
Number of temporary employees	5	0	5	0
Number of new employees	12	0	2	4
Number of resigned employees	8	0	10	2
Turnover Rate	8%	0%	9%	2%

Age categories	2019		2018	
	Permanent	Contract	Permanent	Contract
Age below 30	19	2	13	2
Age 30 - 50	69	2	76	2
Age above 50	18	1	13	1
Total	106	5	102	5

Employee turnover rate remains relatively stable and low 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 is of utmost importance to the Group. Policies and procedures under the QHSE Management System and Resources are in place to encourage employees in adopting 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 relevant workplace health and safety trainings

The Group ensures 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 aspects 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 and used as case studies for relevant training.

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 pollution 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 Legislation and 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 9% 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 accidents/incidents from occurring. Moving forward, we hope to continue to provide a safe environment for our employees and strengthen our current QHSE system so as to achieve no or low accident rate.

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. Some activities that the Group had organised during the period under review.

S/N	Events/Activities	Description
1.	Annual Employee Gathering	Employees will participate with the local community for team work activities.
2.	Fasting month gathering during Lebaran holiday	Invite local community for celebration.

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 will continue to look into possible areas in developing events/activities that could constantly engage with the public.

We intend to explore new opportunities such as building residential houses in Banjarmasin – Kelanis route with established NGOs who are able to provide the necessary support. We will need to find a reliable partner and conduct feasibility studies before embarking on such a project.

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 proper goods and spare parts 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, sometimes we are faced with challenges in timely delivery of goods due to the different routes of the vessels and close monitoring of the vessels' location 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.

To ensure prompt delivery of supplies, we have worked closely with major suppliers to cut down on downtime with proper communication by leveraging on technology. We will continue to explore channels to reduce delivery time through the use of technology so that goods are delivered on a timely manner to support operations and enable our vessels to be managed 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	12 April 2019
	102-49 Changes in reporting	18-19
	102-50 Reporting period	4
102-51 Date of most recent report	12 April 2019	
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	
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
	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	