



## 2017 SUSTAINABILITY REPORT

# Sailing Together Towards Sustainability



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# Message from President Director

To the shareholders of PT Mitrabahtera Segara Sejati Tbk

We proudly present PT Mitrabahtera Segara Sejati Tbk (MBSS) Sustainability Report for the fiscal year 2017, which is our second Sustainability Report. We continue to maintain and execute our commitment to provide the information needed, to shareholders in particular and to the community in general, in responsible ways while continuing to provide positive benefits to the wider community, firm in preserving the environment and respecting employees, business partners, as well as shareholders. Our management remains focused on always evaluating the key aspects of the business, starting with the safety culture and safety management besides optimising commercial contracts, operational excellence, including increased asset utilization, and ultimately productivity and competence of the human resources, both onshore and offshore employees.

2017 was a remarkable year for the global coal industry with an overdue upswing in prices coupled with the customers expectations for maximum efficiency from the logistics industry. In addition, public and customer awareness of the importance of sustainability practices grew commensurate to the increase in production.

The MBSS business model although dynamic continued to be committed to the business sustainability principles without question. Our commitment to being a good corporate citizen and provide the best service to all stakeholders is embedded on our daily operational work routines.

To achieve that goal, MBSS is beginning to change from within, a change of work culture where we transform into a more customer-oriented organization, which is very concerned with the community and the environment within which the MBSS business operates. To achieve this and to serve customers according to their needs, MBSS needs to improve its understanding of customers and direct employees to perform their duties according to customer needs while also benefitting the community at large. We made a great start in mapping the community to enable MBSS contribute better to the community and the environment, in line with the development of MBSS. MBSS achievements throughout 2017 have given us strong confidence to move forward. We continue to focus on our sustainability goals in accordance with our vision of becoming a world-class Company known for operational excellence by providing solutions for marine logistics and transshipment.

“...we are transforming into a more customer-oriented organization concerned with the community and the environment in which the MBSS business operates.”





As a closing to this message, we would like to extend our gratitude to all MBSS employees, both on land and at sea, as well as to all stakeholders and all communities around our business area. Thanks to the support of all stakeholders, we are able to carry out our mission in providing high quality solutions for marine logistics and transshipment for coal and other bulk materials.

**CAPTAIN HARI ANANTHANARAYANAN**  
PRESIDENT DIRECTOR



# Report Profile

PT Mitrahahtera Segara Sejati Tbk (MBSS) publishes this second Sustainability Report in 2018 as a form of our commitment to the implementation of good corporate governance values, which include the principles of transparency, accountability, responsibility and independency, during the period of 1 January to 31 December 2017. This report is a continuation of the Sustainability Report 2016 which the preparation is based on the principles of stakeholder engagement, accuracy, completeness, and reliability contained in the Global Reporting Initiative (GRI) guidelines that become our primary guide in the preparation of this report.

# Organization Profile

MBSS provides integrated marine logistics and marine transportation solutions for the mining industry and other natural resource industries in Indonesia. Since its establishment in 1994, MBSS has been recognized as a leading Company that provides marine logistics and marine transportation solutions for bulk materials, especially coal, in Indonesia, with a high-quality and reliable service reputation.

Since being registered as a public Company in 2011 and listed on the Jakarta Stock Exchange, MBSS implements international operating standards and industry best practices to ensure efficient and reliable services to customers. We are committed to achieving sustainable growth through strategic decision making and reliable operational activities.

## Contact on Reporting

Sri Wahyuningsih  
Tito Hari Prasetya

## Head Office

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FC Princesse Chloe

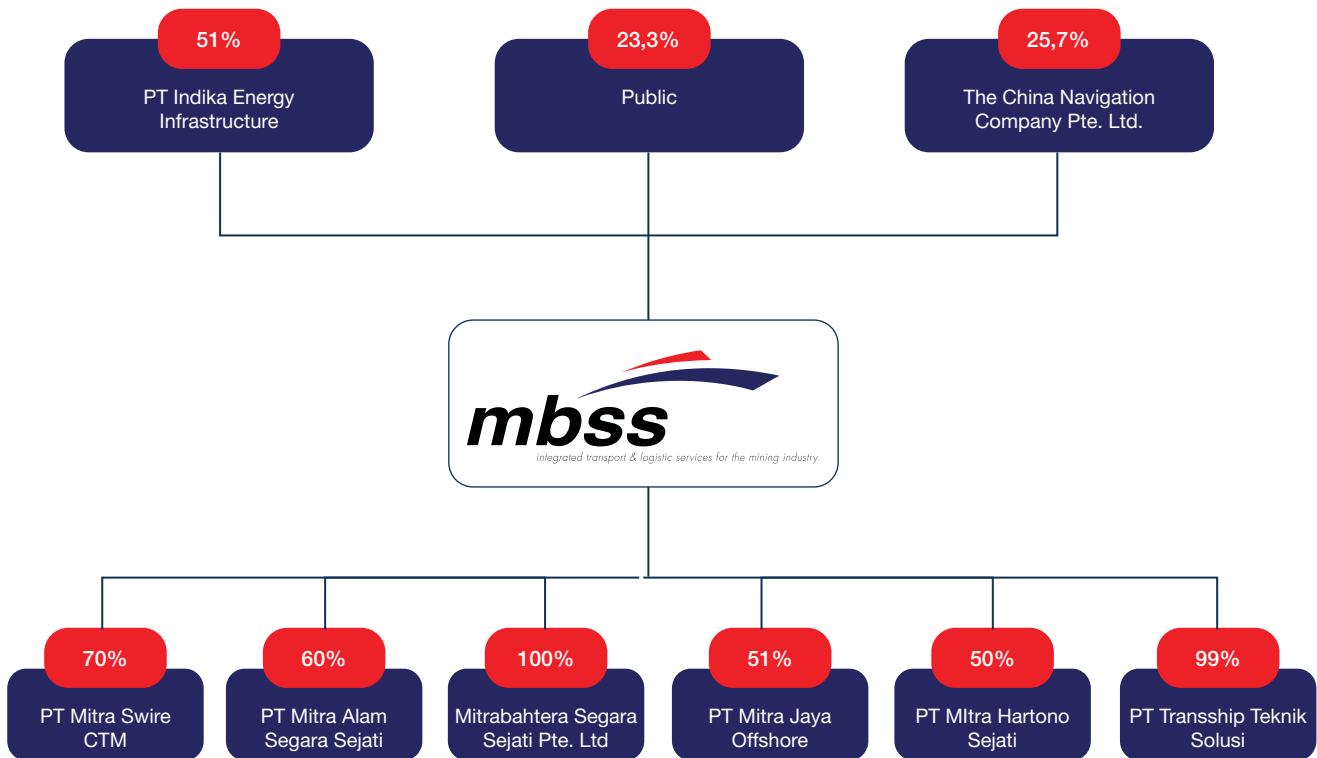


“We are committed to achieving sustainable growth through strategic decision making and reliable operational activities.”



# Business Structure

MBSS was established in 1994 based on Deed of Establishment of the Company No. 107 dated March 24, 1994 made before Notary Darbi, S.H., a Notary residing in Jakarta and has been approved by Decree of the Ministry of Justice and Human Rights of the Republic of Indonesia No. C2-10.152.HT.01.01.Th.1996.



## Transshipment activity





## Vision and Mission

To be a world class company providing sea logistics and transshipment solutions recognized for operational excellence.

### VISION

To provide high quality solutions in sea logistics and transshipment for coal and other bulk materials.

### MISSION

## Strategic Plans

In line with changes in market demand from transshipment to inter-island domestic transport, MBSS strengthens its operational capacity for inter-island long haul transportation services to provide superior transportation and logistics services.

### Corporate Social Responsibility

MBSS continuously strives to share benefits and provides added value to all stakeholders in the Company's operational area.

### Financial Strategy

The management maintains a healthy balance sheet and refinances liabilities to improve the Company's liquidity and cash flows.



# Market Scope and Operation Area



No.	Scope of Market	Operation Area
1.	Adaro Indonesia	South Kalimantan
2.	Cotrans Asia	East Kalimantan
3.	Cotrans Asia (New)	East Kalimantan
4.	Berau Coal	East Kalimantan
5.	Multi Tambang Jaya Utama	South Kalimantan
6.	Bayan (PT Muji Lines)	East Kalimantan
7.	PLN Batu Bara	Java   South Kalimantan   South Sulawesi
8.	Pelayaran Bahtera Adiguna	Java   Lampung   South Sumatera
9.	Titan Infra Energy	Java   South Sumatera
10.	Usaha Maju Makmur	Java   South Sumatera



“...MBSS strengthens its operational capacity for inter-island long haul transportation services...”



No.	Scope of Market	Operation Area
11.	Alfa Energi Investama	East Kalimantan
12.	Atlas Resources	Java   South Sumatera
13.	Mitra Maju Sukses	Java   South Kalimantan
14.	Kideco Jaya Agung	East Kalimantan
15.	Chiyoda – Saipem – Tripatra – SAE (Joint Operation)	Papua
16.	Berau Coal	East Kalimantan
17.	Sinarmas LDA Maritime	East Kalimantan
18.	Maritim Barito Perkasa	South Kalimantan
19.	Berau Coal	East Kalimantan

# Board of Commissioners and Directors

Based on the resolutions of the Annual General Meeting of Shareholders held on April 20th, 2017 in Jakarta and stated in the Deed of Resolutions No. 09 dated April 20, 2017 made before Notary Andalia Farida S.H., M.H.

## Board of Commissioners

President Commissioner	:	Azis Armand
Commissioner	:	Nurchaya Basuki
Commissioner	:	James Hugh Woodrow
Independent Commissioner	:	Harry Wiguna
Independent Commissioner	:	Agoes Rianto Silaban

## Board of Directors

President Director	:	Capt. Hari Ananthanarayanan
Vice President Director	:	Lucas Djunaidi
Independent Director	:	Surya Aribowo

PT Mitrabahtera Segara Sejati Tbk (MBSS) already has an Audit and GCG Committee, consisting of:

Chairman	:	Agoes Rianto Silaban
Members	:	Tonyadi Halim Andrew Murray Clarke

# Scale of Organization

		<b>Period of 2017</b>	<b>Period of 2016</b>
<b>Number of Employees [Persons]</b>	:	Onshore : 285 Offshore : 1.101 Total : 1.386	Onshore : 333 Offshore : 1.165 Total : 1.498
<b>Operating Revenue [Juta US\$]</b>	:	68.450,5	65.758,1
<b>Cash and Cash Equivalent [US\$ Million]</b>	:	34.569,3	33.677,7
<b>Liability [US\$ Million]</b>	:	52.229,5	63.401,3
<b>Equity [US\$ Million]</b>	:	187.873,8	197.119,2
<b>Amount of Assets [US\$ Million]</b>	:	240.103,4	260.520,6





## Material Aspects

This Sustainability Report focuses on the sustainability of the Company's business and the sustainability of the Company's contribution to the community and environment in which the Company operates. The contribution of MBSS to the community and environment now focuses more on community empowerment in terms of education, health and economy.

The material aspects outlined in this report were derived from discussions with representatives of departments and other relevant stakeholders.

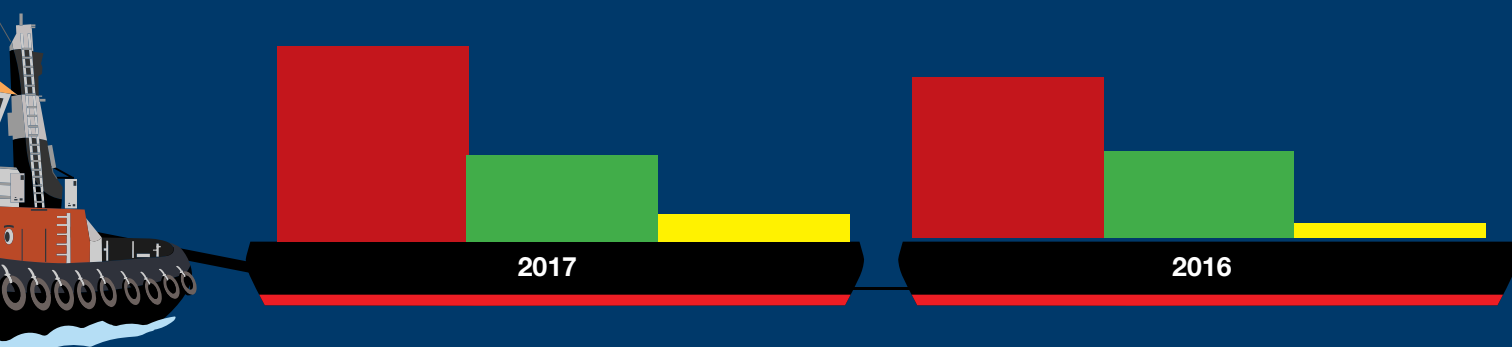
## Economic Performance

In 2017, MBSS experienced an increase in revenue by recording total revenues of USD 68,450,538 which increased from the previous year.

		Periode 2017	Periode 2016
<b>Production</b>	:	Barging: 18,5 Million Tons Floating Crane: 8,8 Million Tons	Barging: 22,1 Million Tons Floating Crane: 12,8 Million Tons
<b>Operating Revenue</b>	:	68.450,5	65.758,1
<b>Gross Profit</b>	:	2.544,2	936,5
<b>Ebitda</b>	:	18.643,1	15.113,1
<b>Comprehensive Loss distributed to owner of parent entity</b>	:	(9.186,9)	(30.026,4)

## Economic Value Produced and Distributed

	2017	2016
<b>Economic Value Produced</b>		
Revenue	68.450.538	65.758.062
<b>Economic Value Distributed</b>		
Employee Salary	13.279.171	14.685.909
CSR Program	32.724	22.033



# Stakeholder Involvement

In conducting business activities and the efforts to maintain business sustainability and value creation for the social and natural environment, MBSS seeks to involve stakeholders, especially the community elements around the Business Area, through the Communication Forum for Community Empowerment Programs.

Stakeholders Groups	Method of Relations Development	Interest
Shareholders	<ul style="list-style-type: none"> <li>General Meeting of Shareholders</li> <li>Annual Report (Sustainability)</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability of Investment Growth</li> <li>Good Corporate Governance</li> </ul>
Clients	<ul style="list-style-type: none"> <li>Periodic report</li> <li>Improvement and continues innovation</li> <li>Solid performance</li> <li>Services quality assurance</li> </ul>	<ul style="list-style-type: none"> <li>Excellent services</li> <li>Reliable and on time</li> <li>Services solution pursuant to clients needs</li> <li>Transparency of services quality principle</li> </ul>
Government	<ul style="list-style-type: none"> <li>Participation in the Government activities, both in Central and regionals</li> <li>Consultancy on the operation data report</li> </ul>	<ul style="list-style-type: none"> <li>Obligations fulfilment in accordance with prevailing regulations</li> <li>Monitoring on environmental performance</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Performance and compensation review</li> <li>Direct communication</li> <li>Competence Development Program</li> <li>Company internal activities</li> </ul>	<ul style="list-style-type: none"> <li>Employees welfare increase</li> <li>Security, safety and occupational health insurance</li> </ul>
Local Community	<ul style="list-style-type: none"> <li>Participation in community development program</li> <li>Social contribution and environment protection (CSR)</li> </ul>	<ul style="list-style-type: none"> <li>A harmonious and beneficial relationship to the community surrounding the operation area</li> <li>Environmental preservation</li> </ul>
Business Partners and Local Suppliers	<ul style="list-style-type: none"> <li>Periodic evaluation on cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Quality of business cooperation</li> </ul>
Media	<ul style="list-style-type: none"> <li>Press conferences and media release</li> </ul>	<ul style="list-style-type: none"> <li>Information on corporate action and Company strategy</li> </ul>



# Human Resources Development

One form of MBSS commitments to local community is reflected in the preferences of employees' recruitment from the vicinity community in accordance with each of the individual competence. This evident from the employees' diversity in MBSS.

## Employee Competency Development

In human resource development, MBSS holds employee development programs, ranging from employee competency mapping compared to the required competency standards, providing development programs to work up employee competence, to offering career improvement opportunity which is compatible to the employee's competence and company's requirement.



Types of Training	Participant	Working Days	Hours
Functional Training			
▪ Related to Operation	4	9	72
▪ Related to Technical	16	70	648
▪ Related to Finance & Accounting	36	45	351
▪ Related to Legal	1	1	8
▪ Related to HSE	119	418	3344
▪ Related to Human Capital	33	149	1184
▪ Related to Crewing	32	32	256
▪ Related to Corporate Planning	31	28	194
▪ Related to IT	4	51	216
▪ Related to Internal Audit	2	24	192
▪ Related to Supply Chain Management	3	4	32
▪ Related to Soft Skill	41	158	1280
▪ Related to General Management	1	25	38
▪ Related to Team Building	240	389	3112
<b>Total</b>	<b>563</b>	<b>1403</b>	<b>10927</b>

# Equality and Fairness at Work

We create equality and fairness at work, by giving the same treatment and opportunities transparently to every employee. For instance, remuneration is provided based on workload and work responsibilities in accordance with the position and performance appraisal. MBSS also provides equal career opportunities, according to the needs of the Company and employee competencies. Altogether, we adhere to labor regulations, namely Law no. 13 of 2003. The employment relationship in MBSS is developed based on the principle of mutual respect.

We already have a Code of Business Conduct as a system for monitoring and improving the efficiency and effectiveness of employee performance. As a control system, MBSS also holds a system for Reporting and Violation Handlings (Whistleblowing System). Employees can openly convey any kind of suspicions or concerns anonymously without exception.



# Occupational Health and Safety (OHS)



We have complied with ISM Code international safety system standards, as required by the International Maritime Organization (IMO).

A Designated Person Ashore (DPA) who reported directly to the Director has been appointed to assure that OHS practices are performed well.



**OHS Functions**  
Safety

**Targets**  
- Zero Fatality  
- Suppress the Accident Figures

Health

- OHS Culture Establishment in the Company  
- Employee Comprehension Advancement of OHS Aspects



# Social and Environment Responsibility



The togetherness of crew and students in boarding Islamic school of Babusalam, Village of Janju, Tanah Merah.

As part of a good corporate citizen, MBSS continues to work from time to time to present a better contribution to society and the vicinity where MBSS operates. These efforts are realized through a series of Corporate Social Responsibility (CSR) activities. MBSS holds CSR activities in connection with several relevant stakeholders, such as customers, communities, local government, youth organizations, etc.

In 2017, the focus of MBSS CSR activities was to help raising the life quality of local communities, specifically in terms of education, health and hygiene, as well as economics.



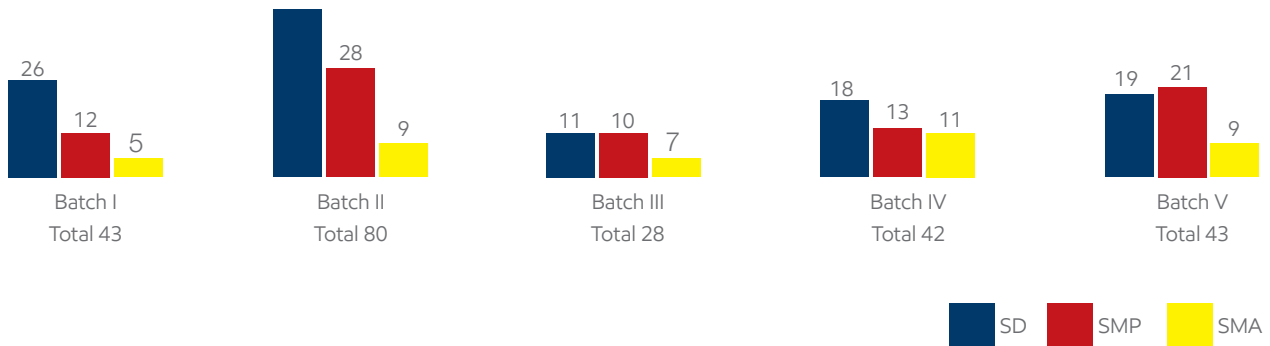
The planned CSR program is by mapping the conditions and needs of the community, by organizing discussions and observations of various stakeholders, to be able to invent the compatible programs with MBSS capabilities, and most importantly the right targeted program will be beneficial to the communities concerned. Monitoring and Evaluation of MBSS CSR program is periodically carried out by the Board of Commissioners and the Board of Directors.

# Mencerdaskan Anak Bangsa

Education field becomes the first priority of our CSR program. Education is the basis for sustainable community development. The high attention on education sector is represented in the amount of funds disbursed to carry out educational activities every year.

## Scholarship of MBSS BATCH VI

Education-related programs continue to be implemented on an ongoing basis, including scholarships for children of MBSS employees both at sea and on shore. Scholarship grants are held annually, and 2017 was the sixth year of the implementation (BATCH VI). To date, scholarships have been awarded to 285 students from Primary Schools (SD) up to Senior High Schools (SMA) across the archipelago.



Scholarship Presentation of MBSS Educates the Nation



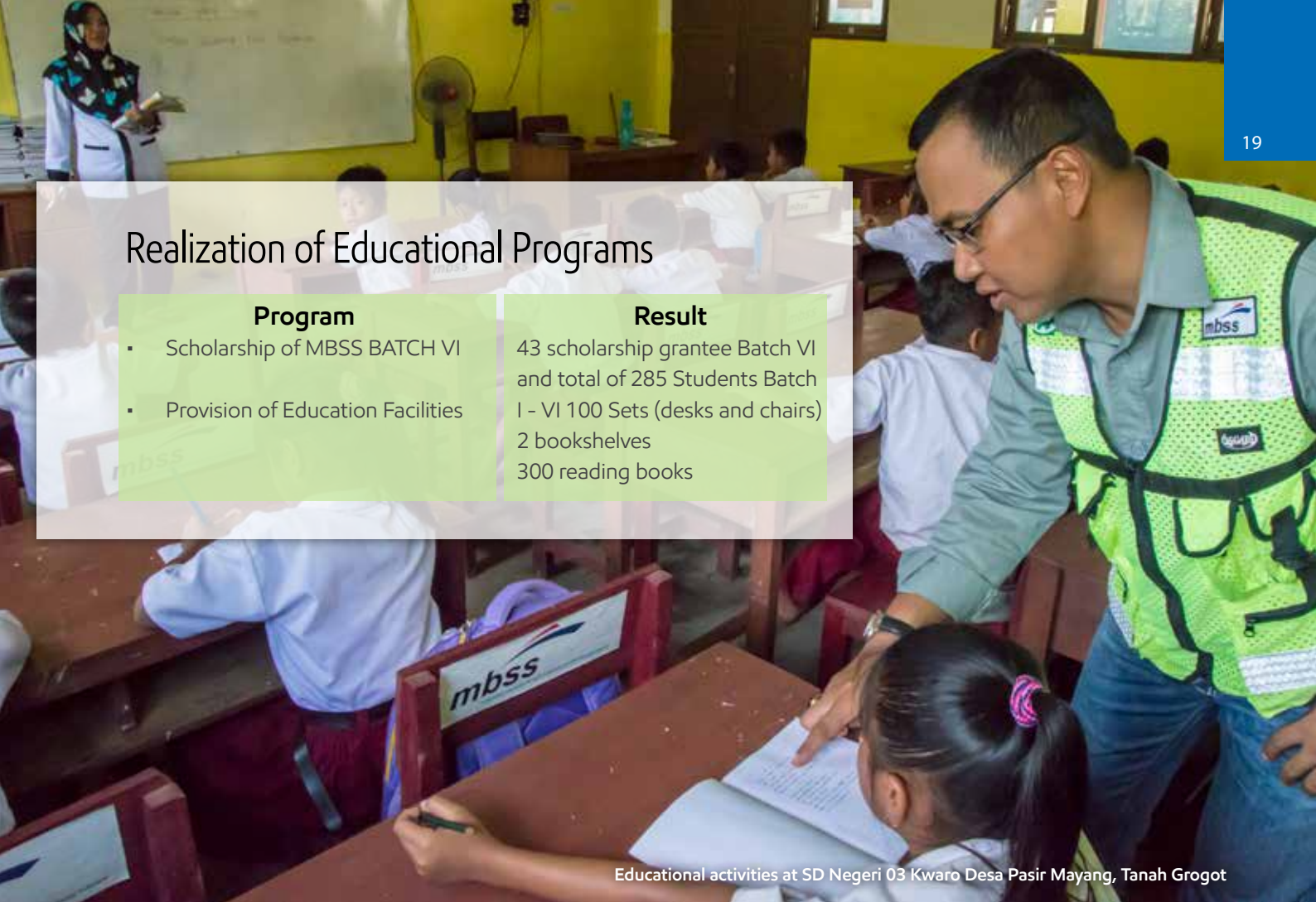
## Realization of Educational Programs

### Program

- Scholarship of MBSS BATCH VI
- Provision of Education Facilities

### Result

43 scholarship grantee Batch VI and total of 285 Students Batch I - VI  
 100 Sets (desks and chairs)  
 2 bookshelves  
 300 reading books



Educational activities at SD Negeri 03 Kwaro Desa Pasir Mayang, Tanah Grogot

## Provision of Education Facilities

In 2016, the physical condition of the SDN 03 Kwaro of Pasir Mayang village was very apprehensive. Of the total 6 classes available in school, only 3 classes had desks and chairs for students. At that time, many school desks and chairs were damaged, so some students had to study without desks and chairs. This condition encouraged MBSS to assist SDN 03 Kwaro to complete the school education facilities to improve students' learning motivation and interest. In the year 2017, MBSS provided 100 sets of desks, chairs and bookshelves for the library. Desks, chairs and bookshelves were ordered from local craftsmen. In addition, more than 300 books of educational supplements such as encyclopedias and others science books were given to school libraries as the booster to grow reading interest among students.

The aim of the CSR educational program is to increase the community's educational quality, mainly in improving students' learning motivation and enhancing reading interest.

“..to improve students' learning motivation and interest.”





# A Healthy Soul in a Healthy Environment

The subsequent CSR program is to perform activities which are linked to efforts in improving the quality of coastal village environment and the people's health.

## Bagan Asahan Bersih

Bagan Asahan Bersih is the MBSS mapping program towards the needs of Bagan Asahan Pekan Village, by taking into account the opinions of all relevant stakeholders. The program's implementation is supported by all elements of the community as well as local government, such as students, youth organizations, village councils, *remaja masjid*, village government and Lanal Bagan Asahan. All these parties are teamed up to create a pure environment.



Campaign Hygiene Movement in Village of Bagan Asahan Pekan

## Bagan Asahan Clean Environment Contest

The clean environment contest in Bagan Asahan is a continuation of the Clean Bagan Asahan program, which is also in line with Presidential Instruction No. 1 of 2017 on the Clean and Healthy Living Community Movement (GERMAS). This is a reinforcement program, where the jury consists of village government, community health center, sub-district education office, youth organization and Lanal Tanjung Balai Asahan entering the community, not only to assess the hygiene, but also to provide counseling to:

1. 6 (six) villages in Bagan Asahan Pekan;
2. 7 (seven) Primary School (SD);
3. More than 1000 homes/families.

Hygiene kits, decorative plants, trophies and charters as the prizes for the winners of each category.



Cleaning Mutual Cooperation of Desa Bagan Asahan Peka

## Realization of Environment and Healthy Program

Program	Result
<ul style="list-style-type: none"> <li>• Bagan Asahan Bersih</li> </ul>	6 permanent bins 1 bin motorcycle 72 trash cans for 7 schools 260 volunteers from diverse elements
<ul style="list-style-type: none"> <li>• Clean Environment Contest</li> </ul>	Attended by 6 villages, 7 schools and 1000 families
<ul style="list-style-type: none"> <li>• Blood Donation</li> </ul>	23 volunteers, 132 blood donors and 96 blood bags

## The 23rd Years of MBSS Blood Donation



Blood donation is one of MBSS traditions in celebrating the anniversary. This program aims to maintain and increase employees' care for others. By 2017, participants' enthusiasm, be it from MBSS employees and outsider, was good. There were 132 potential donors registered to participate in donating blood. Of the potential donors, 96 blood bags were successfully collected, which expected to benefit those in need.



Blood Donation 23rd years of MBSS



# Community Empowerment

The following program of our CSR is community empowerment, a detailed program designed based on several times of surveys and in-depth discussions with almost all the existing stakeholders, manifested in a program tailored to the agreement among stakeholders.

## Catfish Cultivation

Tanah Grogot Site is one of MBSS operational sites in East Kalimantan. MBSS and PT Cotrans Pasific (customer) team up to help the impoverished families in Tanah Grogot. MBSS fosters and provides capital, namely in the form of equipment, seeds, and feed for catfish farming. The program aims to improve the economic and nutritional levels of the beneficiaries. The catfish cultivation is expected to be an income as well as an additional source of protein for them. The beneficiaries of this program are also those who benefit from CSR House Renovation from PT Cotrans Pasific.

### Realization of Community Development Program

Programs	Results
<ul style="list-style-type: none"> <li>Catfish cultivation</li> </ul>	3 fish ponds for impoverished families
<ul style="list-style-type: none"> <li>Sahur On The River</li> </ul>	Attended by more than 4000 participants Being the official agenda of Banjarmasin City Government Received an award from Mayor of Banjarmasin
<ul style="list-style-type: none"> <li>Sambang Desa Jambu Tengah and Muara Pulau</li> </ul>	60 health beneficiaries 70 educational beneficiaries Involving 50 people (employees and local officials)

One of the cultivation of catfish



## Sahur On The River

MBSS also has other social activities, namely Sahur On The River (SOTR), which is held regularly in Ramadan every year since 2016. SOTR is held from the cooperation between MBSS and Regional DITPOL AIR of South Kalimantan. SOTR activity is conducted in Banjarmasin city. Since the year 2017, the SOTR activity has officially become the annual agenda of Banjarmasin City. At the event, the Mayor of Banjarmasin gave an award to MBSS, as it has become one of the pioneers of the cultural activities in the City of Thousand Rivers.



Sahur on the River Program with the traditional floating market traders, Banjarmasin.

## Sambang Desa Jambu Tengah and Muara Pulau

Sambang Desa Jambu Tengah is a collaboration program between MBSS and Marine Police (Polair) of South Kalimantan Region to provide health services and education assistance for coastal villagers along the Barito river, who live quite isolated geographically. The limitations of transportation access which can only be reached by water transportation, has made the CSR program is present to provide counseling and health services received by 60 beneficiary villagers. The program is expected to improve the public health level, since the access to health facilities are located quite far from the village. At the same time, the team also provided school equipment support packages for 70 junior high school students, who have to cross the river to go to school every day. The school equipment aid aims to provide motivation to study despite the considerable challenges.



Free Medical Treatment as the series of CSR Sambang Desa, Jambu Tengah





Aktifitas kantor Jakarta

## Sustainable Corporate Governance

MBSS implements Good Corporate Governance (GCG) to assure the sustainability of its business as well as to maintain the trust of stakeholders, be it from Customers, Shareholders, Employees, Business Partners and the Community.

GCG implementation in MBSS refers to Law No. 40 of 2007 on Limited Liability Company. Referring to the regulation, MBSS established the Corporate Governance, comprising of General Meeting of Shareholders, Board of Commissioners and Board of Directors. This corporate governance structure is facilitated by the Corporate Secretary to perform the program.

The consistent and effective implementation of GCG continues to be pursued, so that the principles of transparency, accountability, responsibility, independence, fairness, equity and compliance can be carried out on the operational activities of the organization and management levels.

As a result of the process, MBSS is expected to grow into a strong and firm organization, as well as outplay in market competition, and sailing together towards sustainability.

“...MBSS is expected to grow into a strong and firm organization, as well as outplay in market competition, and sailing together towards sustainability..”







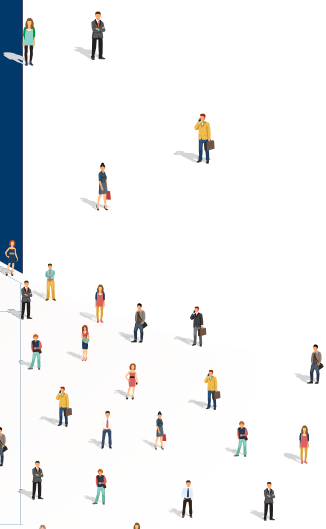
# Ethics and Integrity

## Code of Business Conduct

We build an ethical business. Therefore, we formulate, release, and socialize the code of business conduct (COBC) which employees must understand and implement in day-to-day work activities. This effort is made to prevent activities that lead to corruption, conflict of interest, bribes, and gratuities.

## Reporting System and Violation Handlings (Whistleblowing system)

To confirm there is no violation of COBC, we implement the Reporting System and Violation Handlings (Whistleblowing System). With this system, any employee or outsider acknowledging a violation of COBC by MBSS Employee may report to an independent MBSS ethics committee for further follow up in accordance with company regulations and applicable law in Indonesia. Reporting is made anonymously.






# Environmental Protection

We have performed efforts to actively engage in environmental conservation. To implement this commitment, in addition to having policies and strategies, MBSS also has a particular division which is responsible at the operational level, namely the Division of the Environment, Quality, Safety, and Occupational Health. Systematically, the Company undertakes the implementation of the International Convention for the prevention of pollution from ships/ Marpol, a waste management control, be it oil, wastewater, waste, or exhaust gas emissions, in accordance with the regulations of the International Safety Management Code.

## Efficiency of Electricity, Fuel, and Water Consumption

Efforts to save electricity, fuel, and water are conducted at the corporate levels and in every operational area.

	Year 2017	Year 2016
	27.684 KWH	33.406 KWH
	27.200 Tonnes	26.873 Tonnes
	5.040 Bottles	38.880 Bottles

There are several policies and strategic measures to bring down energy consumption that have been made, as follows:

1. Exploring the implementation of energy conservation programs to remedy energy efficiency and lower emissions in work area;
2. Centralizing printers, faxes and scanners, significantly reducing bottled water usage into refill drinking water leaving no waste plastic bottles, utilizing teleconference technology for long-distance meetings, and reducing the frequency of business travels.

“...This year, MBSS has reduced the use of plastic bottles from 38,880 bottles to 5,040 bottles and will continue to seek the breakthrough to be more environmentally friendly.”





Conservation Activities of Mangrove Forest

### Reduction of Greenhouse Gas Emission

In line with the appeal from the United Nations (UN) through the UNFCCC (United Nations Framework Convention on Climate Change), which expects all parties to reduce greenhouse gases (GHGs) emissions to prevent dangerous global warming, MBSS has undertaken efforts to reduce greenhouse gas emissions by doing the followings:

- 1. Fuel efficiency and machinery maintenance continue to be done periodically. The increase in fuel consumption of the company in 2017 due to the high starting volume of shipping as the rise of coal mining industry.
- 2. Apply all environmental regulations in ship operations to prevent negative impacts on the ecosystem.





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## **Warning on statements regarding the future**

*In this report there is a number of plans, projections, strategies and objectives of the Company. Everything must be understood as a statement about the future instead of historical facts. Statements regarding the future depend on the risks and uncertainties that could cause actual results to state and company in the future is different than the expected or indicated one. There is no assurance that the results anticipated by the Company or indicated by statements about the future in this report will be achieved.*