

A young boy is captured in a dynamic splash of water, his body angled towards the left. He is shirtless and wearing dark swim trunks. The water is frozen in mid-air around him, creating a large, energetic spray. In the background, a traditional thatched-roof hut is visible, slightly out of focus, suggesting a coastal or tropical setting. The overall lighting is warm and golden, typical of late afternoon or early morning.

# Sustainability Report **2018**

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For a Brighter Future  
Together



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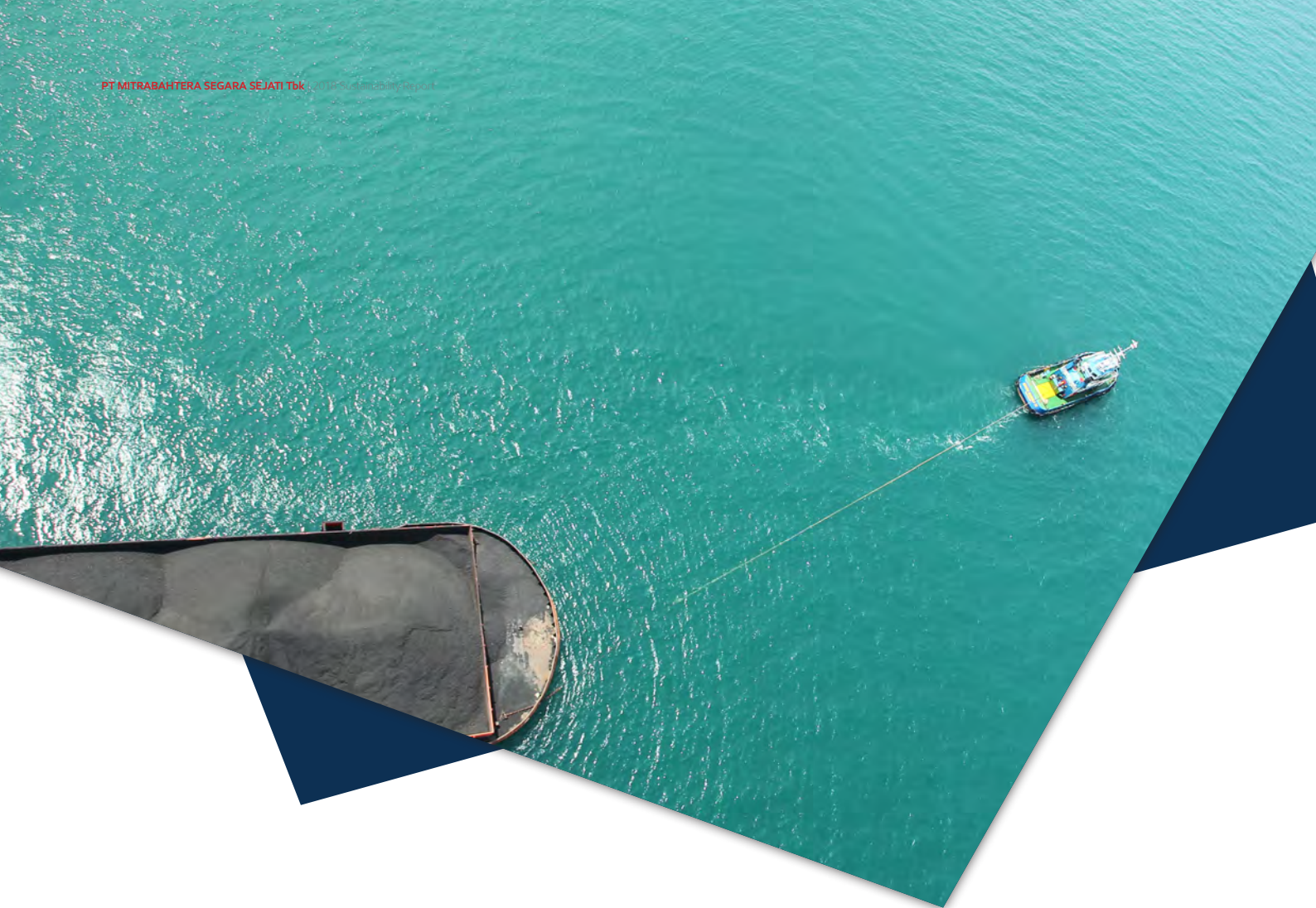
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For a Brighter Future  
Together

SUSTAINABILITY  
REPORT  
2018





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# I. Introduction

## About the Sustainability Report

PT Mitrabahtera Segara Sejati (MBSS) Tbk - hereinafter referred to MBSS, the Company or "We" – began publishing its Sustainability Report in 2016 for the first time. The Sustainability Report is scheduled for annual publication. The 2018 report contains information regarding the fulfillment of the Company's sustainability responsibilities, covering the economic, environmental, and social aspects, during the period of January 1 to December 31, 2018. The 2018 Sustainability Report was prepared with reference to the G4 Sustainability Reporting Guidelines (SRG) G4, which are published by the Global Reporting Initiative (GRI).

## Materiality

This report discusses aspects of MBSS and its subsidiaries' business that are viewed as having significant impact and thus are considered to be material aspects. These material aspects were determined through discussions with key figures in the Company and involved opinions from internal and external parties with due consideration of the scope and impact of the Company's existence.

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## II. President Director message

Dear Stakeholders.

Sustainability continued to be a major theme in PT Mitrabahtera Segara Sejati's (MBSS) operations in 2018, in line with our efforts to create value for the nation and the people of Indonesia. The programs and efforts we have carried out to achieve this aim have been set forth in this Sustainability Report, which is MBSS' third ever publication of its type. Despite pressures on our core business, we continued to maintain the integrity and even improve the capabilities of MBSS, as part of our transformation journey to operational excellence. We successfully served our customers as promised, supported national development by providing important logistics services, implemented good labour practices as an employer of choice, and conscientiously carried out activities to empower and improve local communities' welfare.

As a logistics company, we also paid special attention to work safety and to our impact on the environment. Through various initiatives, we successfully achieved an outstanding record of 3.8 million manhours without lost time injuries (LTI) at the end of 2018. This excellent achievement demonstrates that MBSS has created a strong safety culture supported by systematic safety policies and practices.

We also ensured that our environmental footprint was minimized in terms of our fuel usage, greenhouse gas emissions, water discharge, and other waste disposal among others. We have implemented a range of measures to optimize these aspects for more sustainable operations and a smaller environmental footprint.

We are cognizant that development of human resources is critical to ensure sustainable growth. We have therefore created a safe and productive work space and implemented human resources policies that are designed to increase employee engagement and productivity, including competitive benefits and periodic health check-ups.

In 2018, we provided many opportunities for training and development, including leadership training, to identify and create the next generation of MBSS leaders. By transforming our people, we hope to drive MBSS' performance in a sustainable manner going forward.

“Throughout the year, MBSS has continued to strive to create more benefits for all shareholders.”





In parallel, we continued to carry out our Corporate Social Responsibility (CSR) program, which is founded on the four pillars of Health, Education, Community Development and Environment. In doing so, we took care to coordinate with local stakeholders including the local government and the communities themselves. Altogether, our CSR activities aim to create healthy, empowered local communities in the areas where we operate, so that they enjoy the benefits of our presence. More detail on our CSR activities is provided in this report.

I would also like to note that our operations which are located all over Indonesia, help support economic growth in the region. Where possible we work with local suppliers with preference being given to hiring local residents. We also opened up opportunities to provide crew members with good benefits, medical, insurance and other welfare schemes, enabling our valuable off shore crew to earn a decent living to be able to support their family and community welfare.

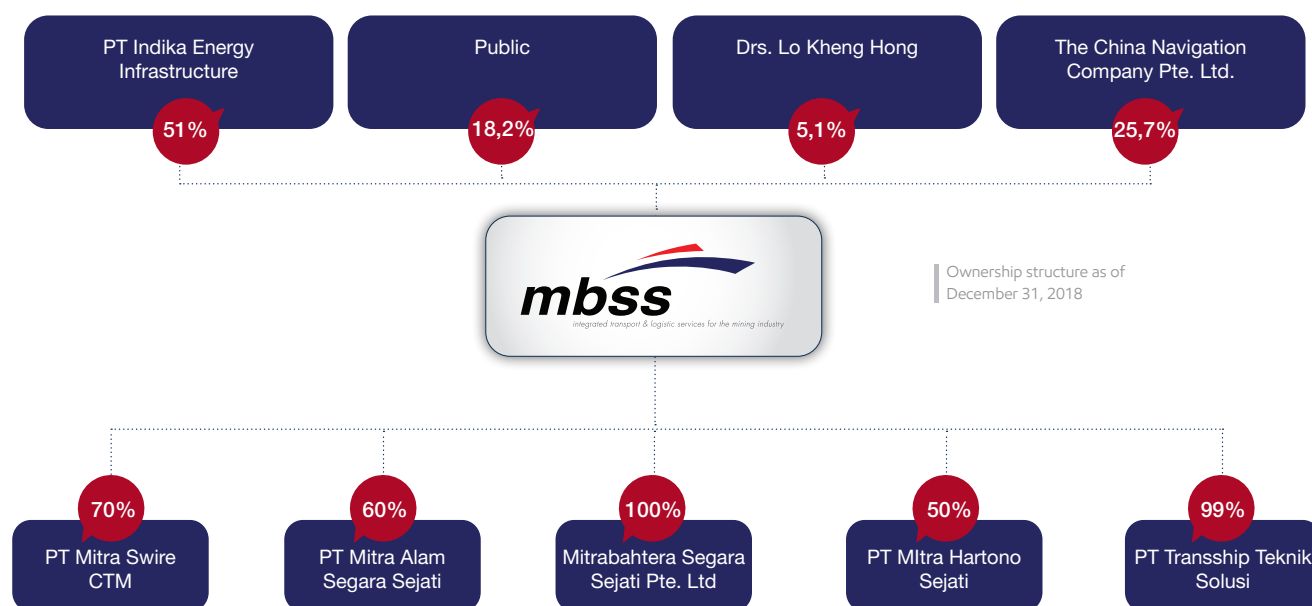
We believe that the gains that we have achieved in 2018 will help transform the Company into a more sustainable, stronger organization, when measured in terms of the triple bottom line - People, Profit and Planet. We made progress in all of these aspects, and that is something that we can be rightfully proud of together. On behalf of the Board of Directors, I would like to thank all of our employees, customers, partners, shareholders and stakeholders at large for their involvement with MBSS.

**CAPTAIN HARI ANANTHANARAYANAN**  
President Director

### III. About MBSS

PT Mitrabahtera Segara Sejati (MBSS) Tbk is a leading provider of logistics solutions and integrated marine transportation of bulk materials in Indonesia, particularly coal. With more than 20 years of experience in this business, MBSS has a reputation for the highest and reliable quality service. MBSS primarily serves the largest coal mines in Indonesia.

MBSS was established in Jakarta, Indonesia in 1994 as a Limited Liability Company. In 2011, MBSS listed on the Jakarta Stock Exchange (now the Indonesia Stock Exchange). In the same year, MBSS became a member of Indika Energy Group.



### Scale of the Organization



	2018	2017
Number of Employees	1,430	1,386
Revenues (million US\$)	75.4	68.4
Liabilities (million US\$)	68.3	52.3
Equity (million US\$)	171.4	187.9
EBITDA (million US\$)	24.0	18.6
Total Assets (million US\$)	239.7	240.1





## Vision & 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 including oil and gas.

## MISSION



"MBSS has one of the largest fleets in the Indonesian region so that it can provide superior service"





# Products & Services

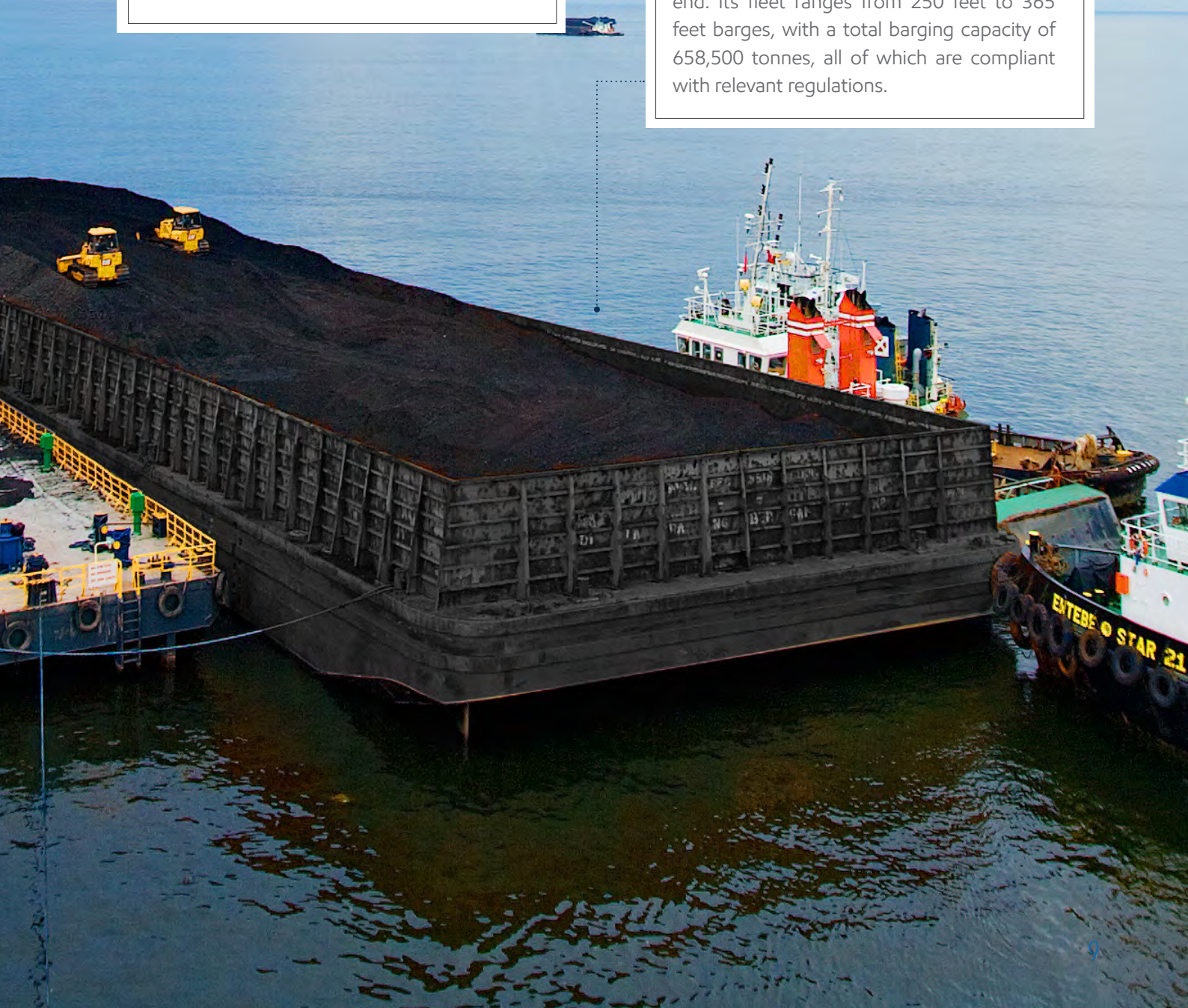
MBSS provides integrated one stop sea logistics and transportation solutions for bulk materials, particularly coal. Its integrated transportation solutions cover material handling and operation of onshore facilities, barging and transshipment services. With its large fleet and excellent operational track record, including a strong safety record, MBSS is positioned to be a logistics provider of choice in Indonesia.

## Floating Crane

MBSS owns and operates one of the largest fleet of floating cranes in Indonesia. As of the end of 2018, MBSS owned four floating cranes ranging in capacity from 18,000 tpd to 30,000, and two floating loading facilities with a capacity of 50,000 tpd.

## Barging

MBSS maintains one of the largest barging fleets in Indonesia, totaling 76 sets at year end. Its fleet ranges from 250 feet to 365 feet barges, with a total barging capacity of 658,500 tonnes, all of which are compliant with relevant regulations.







## Operational Map

Currently MBSS operates in five Indonesian provinces in the following areas:

No.	Lingkup Pasar	Area Operasi
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
11.	Alfa Energi Investama	East Kalimantan

# Operational Map



No.	Lingkup Pasar	Area Operasi
12.	Atlas Resources	Java   South Sumatera
13.	Mitra Maju Sukses	Java   South Kalimantan
14.	Kideco Jaya Agung	East Kalimantan
15.	Chiyoda – Saipem – Tripatra – SAE ( <i>Joint Operation</i> )	West Papua
16.	Berau Coal	East Kalimantan
17.	Sinarmas LDA Maritime	East Kalimantan
18.	Maritim Barito Perkasa	South Kalimantan
19.	Bukit Prima Bahari	Java   Sumatra
20.	Virtue Dragon Nikel Industri	southeast Sulawesi
21.	Trascoal Pasific	South Kalimantan
22.	Energy Trasporter Indonesia	Java   South Kalimantan

## Nurturing Good Stakeholder Relationships

In carrying out its operational activities, MBSS always maintains and preserves good relationships with all stakeholders. This is done with full recognition that each of its stakeholders have different needs and aspirations, so that different approaches are needed. We have mapped the interests of each of the MBSS stakeholder groups along with the approach used by MBSS continuously foster good relationships as follows:

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>

## Associations

Besides engaging with the above stakeholders, MBSS actively participates in a strategic association, namely Persatuan Pengusaha Pelayaran Niaga Nasional Indonesia (INSA).



## IV. Economic Performance & Contribution to the Nation in 2018

### Economic Performance

In 2018, MBSS managed to improve its revenue and EBITDA compared with 2017, although a variety of factors including impairment and new asset purchases resulted in a comprehensive loss attributable to owners of the Company of US\$16.3 million for the year. However, EBITDA and profit generation consistently improved throughout 2018, showing the results of the Company's ongoing transformation for excellence.

	2018	2017
Volume coal transported (million metric tons)	33.9	27.2
Barging (million metric tons)	22.1	18.5
Floating crane (million metric tons)	11.8	8.7
Revenue (US\$ million)	75.4	68.5
EBITDA (US\$ million)	24.0	18.6
Comprehensive loss (US\$ million)	16.3	9.2



### National Economic Contribution

In line with these achievements, the Company contributed directly and indirectly to the national and regional economy in 2018.

Direct contributions included government tax payments and wage payments to employees, whereby MBSS is committed to paying at least local minimum wage at the locations where it operates, in compliance with government regulations.

MBSS also distributes dividends to shareholders from time to time in accordance with the performance of the Company and the policy of the management.



(US\$ thousand)	2018	2017
Government tax payments	954.3	847.1
Employee compensation	13,628.6	13,419.4

In addition to these direct economic contributions, MBSS indirectly supported national economic growth by supporting the domestic coal industry and other important national services, for example by transporting coal to PT Perusahaan Listrik Negara (PLN), which helped ensure adequate national power supply. MBSS transported coal for export, which earns valuable foreign currency for the country.

## Supporting Regional Economic Development

Where possible, in order to help develop the regional economy, MBSS gave preference to local suppliers in supporting its operations, for example:

Local suppliers	2017				2018			
	Jakarta	Banjarmasin	Balikpapan	Samarinda	Jakarta	Banjarmasin	Balikpapan	Samarinda
Clean water	1	2	1	2	1	2	1	2
Repair dan Docking	1	3	2	2	1	3	2	2
Spare part kapal	6	4	3	2	5	3	4	1
Moring rope	2	4	1	2	2	2	1	2
General consumables	4	3	3	2	3	3	3	2
Service maintenance	10	4	2	1	4	4	2	1

MBSS also tries to hire local employees where possible in order to support local communities.



## V. Operational Excellence

MBSS is fully committed to implementing Operational Excellence including Health, Safety and Environment (HSE) standards as part of efforts to realize its vision of becoming a world class company. In 2018, efficiency and productivity increased throughout the year, resulting in 33.9 million MT tons of coal transported, 24.7% higher than in 2017.

As part of its excellent service for customer satisfaction, MBSS can be contacted 24/7 to ensure every complaint can be addressed immediately. In addition, MBSS continuously tracks the position of each vessel in real time through its satellite-based Vessel Tracking System.

### **K3L as a Company Business Priority**

The implementation of safety, health and environmental preservation practices (K3L) is an integral and inseparable part of the Company's operational activities, which is one of the business priorities set by top management.

Top management has shown their commitment and support for the implementation of HSE by providing the necessary resources, including but not limited to Human Resources (HR), facilities, HSE budget and the existence of the Health and Safety Department and Health and Work Safety Development Committee (P2K3), to appointing a Designated Person Ashore (DPA) and Management Representative (MR) to represent top management in ensuring the continued implementation of the "QSHE Partner Integrated Management System".

In addition, the Company always strives to fulfill and comply with all HSE regulations both nationally and internationally as related to the Company's operational activities, as well as other requirements from our customers.

### **Towards a World-Class Health & Safety Culture**

One of MBSS' HSE achievements was the to reach 3,800,000 free man hours of Lost Time Injury (LTI). These man hours are calculated as a summary of all Company operational activities throughout Indonesian territory. This achievement is a first by the Company, since listing its shares on the Indonesia Stock Exchange (IPO) in 2011.

In addition, the Company was also declared to have successfully implemented the Integrated Management System "QSHE Partners" consistently and continuously, as proven by MBSS' the successful achievement of its first OHSAS 18001: 2007 certificate through a series of external audits carried out by the SGS certification body between December 3 - 6, 2018 and 14-18 January 2019.

### **Safety First**

Safety is a top priority for MBSS in all of its operations, in order to mitigate the hazards and risks that MBSS faces as an operator and provider of sea logistics services for bulk materials focused on the coal mining sector. In addition, MBSS' safety record and commitment to delivering responsive sailing services is itself a source of added value that helps to safeguard client satisfaction. Our safety policies aim for zero incidents by reducing work accident risk factors.

Due to the high occupational health and safety risks in our environment, we require employees to undergo HSE training (Health, Safety, and Environment). The goal is to improve the capabilities and expertise of workers in HSE aspects, based on their job positions. The training was held at the Company's facilities or we send employees to attend training classes held outside the company

**"MBSS achieved 3.8 million work hours LTI-free in 2018"**



### Keeping Employees Healthy and Productive

The target of our workplace health efforts is to prevent work-related illness, to create a healthy working environment and to support optimal health for workers. In addition, MBSS has established medical facilities and insurance as well as healthy working conditions. Employees are covered by insurance policies whereby the premiums are borne by MBSS, and all employees undergo routine medical check-ups.

Pre-medical checkups are also carried out as part of the employee recruitment process. Whereas on site, MBSS has arranged with clients to provide access and facilities so that crew can receive medical assistance as soon as possible in the case of medical emergencies.

### Achieving Safety with Partners

To achieve this target, we apply strict regulations regarding HSE, not only to MBSS employees, but also to all partners, especially suppliers and contractors. We include all the regulations related to HSE in every collaboration with suppliers and contractors.

### Safety Activities

As part of these efforts, MBSS consistently strives to fulfill and achieve key operational safety indicators as follows:

#### Inspection, Commissioning and Monitoring

- Monthly inspections of vessels
- Monthly inspections of safety and lifesaving appliances
- Pre start checks for vehicles and moving equipment
- Buoy inspections

- Heavy equipment commissioning
- Monitoring and measurement of industry health and hygiene
- Calibration of measuring instruments such as: multigas detector, lux meter and Sound Level Meter
- Examination and inspection of lifting and transport equipment and lifting tools
- Health and sanitation examination onboard ships, such as wet ball temperature index, indoor air quality, vessel water / sewage discharge quality, clean water quality, quality of drinking water, lighting, noise, etc.

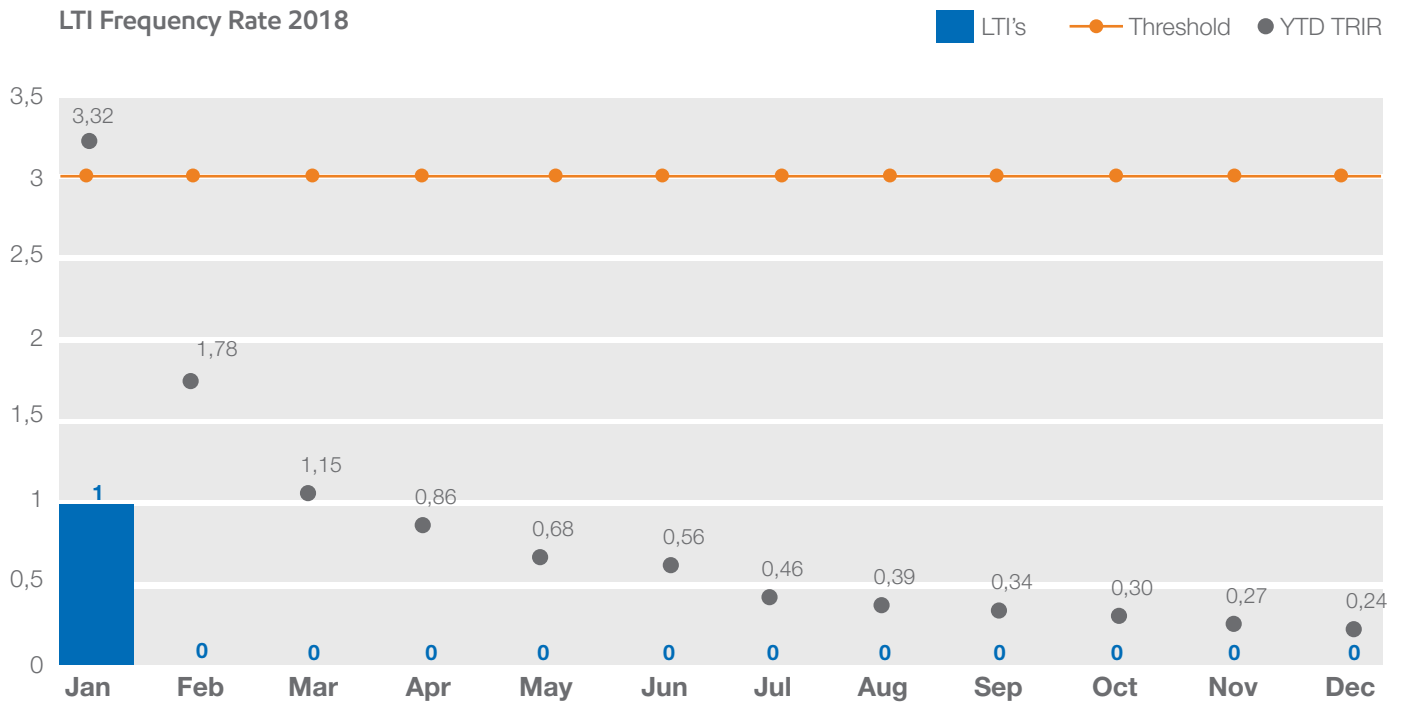
#### Training, Awareness, Socialization, Induction

- Marine Insurance
- Pengawas Operasional Pratama
- Internal Auditor ISM Code (International Safety Management)
- Internal Auditor for the 2015 version of ISO 9001 and ISO 14001
- Basic safety training for crew dan officers onboard ships
- Confined Space
- HSE Supervisory
- Designated Person Ashore
- Visual Safety Observation
- Working at Height
- Hazard Identification Risk Assessment & Determining Control
- Job Safety Environmental Analysis
- KMPD (Basic Training Material Group)
- KMPP (Supervisory Training Material Group)
- Weekly Safety Meetings

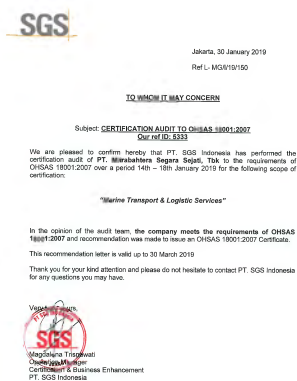
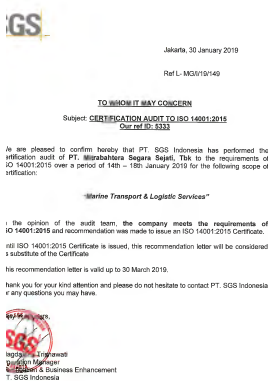
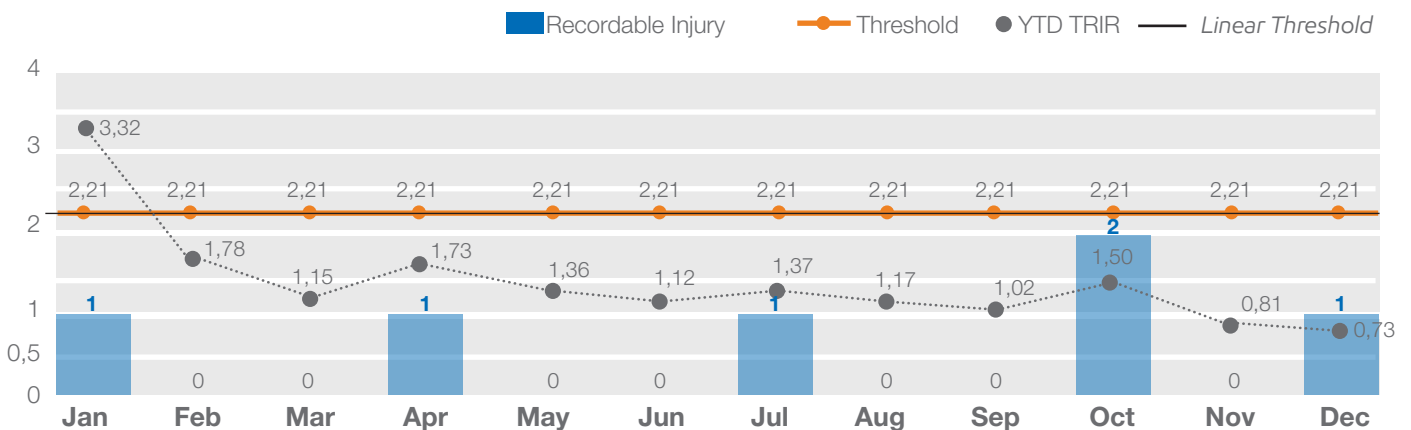


# Occupational Accident Incident Chart

LTI Frequency Rate 2018



Total Recordable Injury Rate 2018





### Upholding Good Employment Practices

As part of achieving operational excellence, MBSS strives to be a good employer who optimizes its employees for high productivity and service excellence, while maintaining a Safety First culture.

As such, MBSS is committed to implementing good labor practices including maintaining a safe and comfortable workplace, giving competitive remuneration, continuous training and education and maintaining employees' Occupational Health and Safety.

MBSS also hires employees based on their merits and competencies without prejudice as to religion or ethnicity. In providing training and education, MBSS is committed to giving equal opportunities to all employees including crew.

Apart from these practices, MBSS refuses all forms of forced labor including child labor. In all of its practices, MBSS always complies with prevailing labor regulations.



Number of Employees [Persons] :

	2018	2017
onshore:	264	285
offshore:	1,166	1,101
Total	: 1,430	: 1,386



### Certification

All of MBSS' crew are certified in line with SEACOM regulations, and has received safety training induction supported by frequent inspections and refresher training.



## VI. ENVIRONMENTAL MANAGEMENT

As part of its commitment to be a world class company, MBSS complies with all applicable environmental rules and regulations in its operations.

### International Standards

MBSS has implemented ISO 14001:2015 standards (standard reference for Environmental Management System) in its integrated Quality, Safety, Health and Environment management system.

### Environmental Policy

MBSS environmental policy aims to:

1. Prevent environmental pollution and oil spills.
2. Not to produce hazardous waste.
3. Reduce greenhouse gas emissions
4. Use energy efficiently.

MBSS strives to minimize its environmental footprint in general, for example by minimizing use of fuel and solvents in its operations and maintenance, and reducing the amount of warm water released from engine cooling systems into waterways, which can negatively impact local ecosystems. Discharged water is also filtered first to make sure it meets guidelines.

### Environmental Incidents

During 2018 there were no reported environmental issues including large or small oil spills.

### Hazardous Waste Management

The Company always handles Hazardous Waste Management responsibly in compliance with the regulations set forth by the Government of Indonesia.

### Reduction of Greenhouse Gas Emissions

MBSS is committed to supporting the Government's efforts in reducing greenhouse gas (GHG) emissions through various means, including various efforts to improve the efficiency of fuel use. These efforts are carried out in various ways, ranging from periodic engine maintenance so that engines run optimally and use fuel effectively, to the selection of smooth paint which reduces vessel friction in the water and in turn reduces fuel wastage, as well as more efficient scheduling and monitoring fuel usage more strictly.



### Energy Consumption Efficiency

In 2018, electricity consumption in Jakarta's head office was 19,360.8 kWh while total fuel consumed by the entire fleet amounted to 23.6 million liters, each decreasing by 30.1% and 13.4% respectively from the previous year's consumption.

We are still trying to calculate energy consumption for other locations. The difficulty of calculating quantitative data in energy use is due to technical factor constraints on data collection, given the size of the business scope and the extent of the operational area of MBSS.

In order to reduce energy usage, MBSS implements energy conservation programs to improve energy efficiency and reduce emissions in each work area. MBSS has also centralized printers, faxes and scanners, and it utilizes teleconferencing technology to conduct remote meetings.



## VII. Corporate Social Responsibility

We define corporate social responsibility (CSR) . MBSS is committed to grow with the community through transparent and ethical business conduct and to carry out the principles of CSR in a sustainable manner.

In carrying out is programs, MBSS upholds the following CSR principles to:

1. Support the concept of sustainable development and prosperity.
2. Take into account the presence of all the stakeholders.
3. Integrate CSR activities into business operations.
4. Comply with the law and be consistent with international norms.

Aside from complying with regulations, MBSS implements CSR as an effort to enage with local communities in its operational and business areas, given that local communities are an important stakeholder in supporting the company's operations. The implementation of CSR programs, which is done through personal approach and empowerment of local communities in collaboration with existing agencies as well as the local government, allows communities to benefit from the existence of MBSS.

We strive to contribute in an effort to improve the quality of life of people in the operating area and realize it through various CSR programs.

### Program Design

Sustainability programs are formulated based on social mapping, communication and feedback from stakeholders, with consideration of social issues that are strongly relevant to the operations and sustainability of our business.

MBSS conducts CSR activities in the fields of education, health, community empowerment, and environmental preservation in the form of programs tailored to the needs of the community in the company's operating area.

### Monitoring & Evaluation

Implemented activities are monitored and evaluated by the company to ensure that the stakeholders enjoy benefits. Monitoring and evaluation are conducted regularly by the Commissioners and Directors of the company internally and as well as at Indika Energy Group level through the Sustainability Forum.

The continuous dialogue between the Company and the community in MBSS' operational areas has given rise to a positive spirit of mutual help and mutual cooperation, as well as mutual trust, thus minimizing social challenges to MBSS' business operations.

### CSR Program Pillars

MBSS' programs comprise 4 CSR Pillars: Health, Education, Community Development and the Environment. Implementation of these programs aim to contribute in improving the quality of life, especially in the areas where the company operates.







#### Pillar 1: Health

MBSS periodically carries out CSR health programs including charity medical treatment in partnership with various stakeholders towards fulfilling the needs of the community.

In 2018, as a demonstration of the Company's concern, an employee blood drive was held in collaboration with the Indonesian Red Cross. A total of 125 employees participated and a total of 89 pouches were successfully collected.

This blood drive activity has been consistently held each year over the past few years as part of MBSS' efforts to positively contribute to maintaining the health of the community.

In addition, in the areas where it operates, MBSS always reminds the local communities of the importance of maintaining a clean environment for their health.





## Pillar 2: Education

MBSS believes that education is a very important need for the community. Therefore, MBSS periodically rehabilitates school facilities and infrastructure in its operational areas. In 2018 MBSS conducted an education program as follows:



### *MBSS Cerdaskan Anak Bangsa Sungai Barito*



This program was a continuation of the Sambang Desa Jambu Tengah CSR Program carried out in 2017. Seeing the difficulties encountered by local students going to and from school, in 2018, MBSS repaired a kelotok boat used by students of Kuripan SMPN 3 Middle School to cross the Barito River to school from the villages of Jambu Tengah and Muara Pulau. The SMPN 3 contains 70 students, who benefited from MBSS' assistance. The benefits of the repairs to the kelotok boat as the main means for transportation were clearly evident in the students' daily lives.



### *MBSS Cerdaskan Anak Bangsa Sungai Satui*

The remote Satui Timur Village SDN 1 elementary school is located on the coast, and is difficult to access. coastal schools which began operations in 1976. This elementary school only has six classrooms.

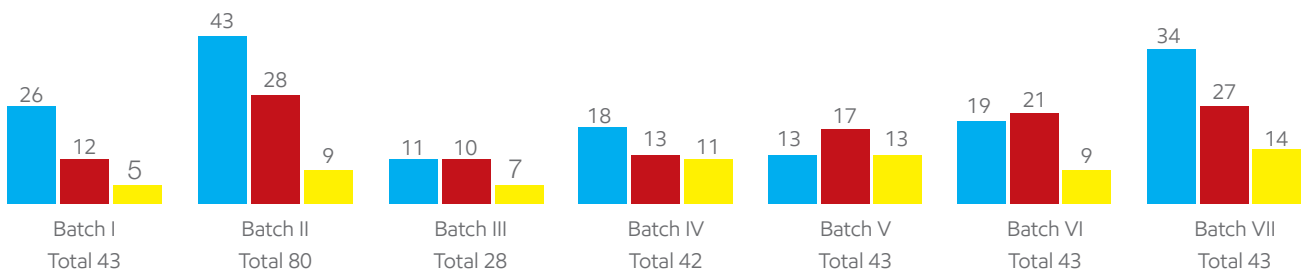
Learning facilities such as student desks and chairs have been damaged or are not suitable for use. Through discussions and communication between the MBSS Satui site and Pembakal (Village Head) and the school as well as the MBSS CSR team, it was agreed to renew the school facilities in SDN 1 Timur Satui in the form of 50 sets of chairs and tables that were adequate to support the learning process for 100 students. These efforts resulted in a decent environment and facilities for the local students.



## Scholarships

During 2018, as part of its continuous CSR program, MBSS gave scholarships to 75 high performing children of MBSS employees including children of crew members. Since the beginning of this program in 2011, a total of 360 high achieving students have received these scholarships, ranging from elementary to high school students. Besides benefitting employees through a tangible demonstration of MBSS' concern towards their welfare, this program is also a form of the Company's contributions toward nurturing the future of the Indonesian people.

“Supporting education as one of the most important foundations in nation building”



Elementary School



Junior High School



Senior High School



### Pillar 3: Community Development Programs

Community empowerment programs were carried out in the form of 2 main programs in 2018 as follows:

#### Improving the Welfare of the Villages of Gedung Buruk through Duck Farming

Desa Gedung Buruk, Muara Belida Sub-District, Muara Enim Regency, a village on the Musi River which MBSS vessels bypass, needed assistance to improve its welfare.



To improve the welfare of the people of Muara Enim village through a duck farming program. This program was considered to be most suitable for the conditions and culture of the local residents. The program was agreed upon through discussions between community leaders and the MBSS team.

A total of 65 heads of underprivileged families who receive Rastra (Beras Sejahtera) assistance were given 2800 eggs from superior laying ducks and sufficient feed for the first 2 weeks accompanied by counseling by successful duck breeders.

Within the next 6 months it is expected that farmers will be able to harvest eggs from cultivated ducks so as to improve their families' welfare as a form of MBSS concern for the local community.

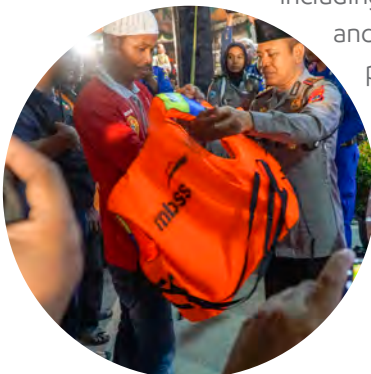
#### Sahur on the River

A Sahur together event held on the river with floating market traders and the Barito River community. This event is a collaboration between MBSS, the Banjarmasin city government and the Polresta water police which was first held in 2016 and has now become an annual official agenda in Banjarmasin City.

To maintain relations and cooperation with the community and stakeholder interests in the Barito River, as one form of the Company's concern for religious celebrations in the community.



In the 2018 event, this event was attended and enlivened by around 6000 people in the city of Banjarmasin including students and students, Government apparatus including the Air and Water Police and MBSS. Campaigns for shipping and security services are carried out to the general public, most of who sail on the Barito river.



The program succeeded in fostering MBSS relationships with various community groups in the operational locations of MBSS, as well as creating opportunities to increase the shipping safety awareness of the local community.



#### Pillar 4: Environmental Programs

Mangroves are an important ecosystem in maintaining the sustainability of shoreline areas. In previous years, MBSS has periodically helped to plant mangrove forests near its operational areas.

In 2018, MBSS together with Cotrans as its client therefore collaborated to plant mangrove trees in the coastal area of Tanah Merah. Overall, more than 2000 mangrove trees have been planted, which are expected to prevent erosion and abrasion of the shoreline in the future, as well as an effort to reforest in order to preserve local ecosystems.

In addition, this trial also contains the potential to support the local economy given that mangroves are the habitat and feeding grounds for many types of animals, including those that have commercial value such as shrimp and crab.



"Working together for the benefit of the local community and environment"

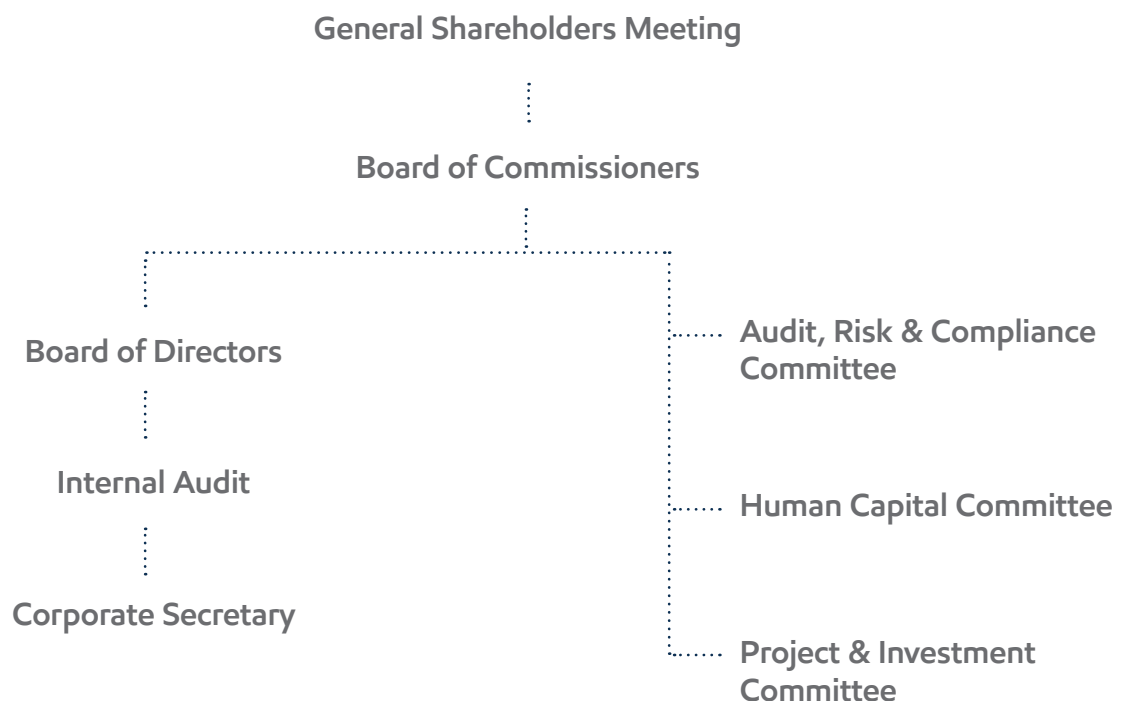


## VIII. Good Corporate Governance

In line with the Company's vision and mission to being a world-class company, MBSS is fully committed to the implementation of good corporate governance (GCG) measures within all aspects. The implementation of consistent and effective corporate governance continues in an effort so that the principles of transparency, accountability, responsibility, independence, justice and equity and compliance present at every level of organization's activity as well as management.

In line with the Act 40 of 2007 on Limited Liability Companies, the structure of corporate governance body is comprised of the General Meeting of Shareholders, the Board of Commissioners and Board of Directors.

### GCG Structure



#### Composition of the Highest Governance Body and Supporting Committees

The primary factors in determining the composition of the members of the Board of Commissioners and its supporting committees are competence and qualifications. Other factors such as age, nationality and gender are secondary.

Similarly, members of the Board of Directors are appointed based on merit and ability to contribute based on their working experience and education, without prejudice to age, gender, race or nationality.

#### Mechanisms for Recommendations to the Highest Governance Bodies

All shareholders including minority shareholders are able to express their opinions at the General Meeting of Shareholders.

Whereas all employees are able to express opinions to the management through formal channels such as meetings, informal channels such as casual discussions, as well as anonymous reports through the Whistleblower mechanism.

## Code of Ethics & Whistleblowing

MBSS has established a Code of Ethics that all employees and management is expected to adhere to. As one of the control mechanisms against violations, we have implemented a Whistleblowing system. This system allows employees to freely communicate their concerns anonymously without exception.



"Always committed to supporting national development through superior logistics services"

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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.





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