SAMUDERA SHIPPING

MOVING WITH THE TIMES

2018

ANNUAL REPORT

MESSAGE FROM THE CHAIRMAN

DEAR SHAREHOLDERS,

On behalf of the Board, I am pleased to present you the second Sustainably Report of Samudera Shipping Line Ltd ("Samudera"). This Sustainability Report demonstrates Samudera's steadfast progress in its sustainability journey. The report is aligned with SGX-ST Listing Rules Practice Note 7.6: "Sustainability Reporting Guide' and is prepared in accordance with Global Reporting Initiative (GRI) Standards.

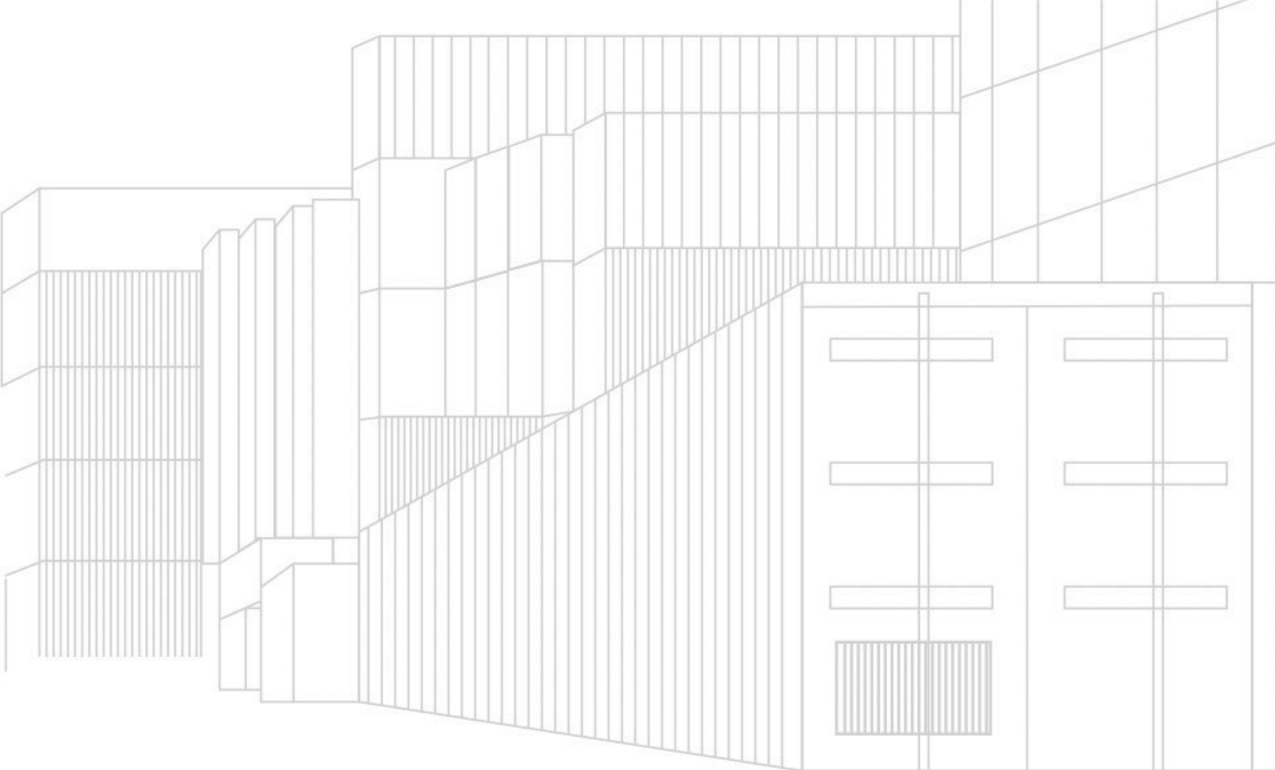
The Board recognises the importance of sustainability in realising our core values of "Integrity and Professionalism". We strive to align environmental, social and governance (ESG) considerations with our operational and development strategy. Our sustainability policies and practices are developed and monitored by senior management within the Group, while the Board provides oversight and counsel on the direction.

In 2018, Samudera conducted a materiality review session to review the ESG factors that are most important to our business and our stakeholders. Through a multi-lateral discussion across different business functions within Samudera, the reviewed material factors[1] continue to underpin four main sustainability aspects. These are economic performance, environmental responsibility, workforce management and corporate governance. These material ESG factors focus our sustainability objectives and drive our sustainability endeavors. The Board oversees the management of these material ESG factors and approves the disclosure of sustainability performance and targets in this report.

Moving forward, we shall endeavor to grow our business to deliver healthy financial returns along with good ESG performance. I would like to express my sincere appreciation to our committed and driven team of employees.

Masli Mulia
Executive Chairman

1. For more information on material factors, please refer to "Materiality Review" section.



WHO WE ARE

Samudera Shipping Line Ltd and its subsidiaries ("Group") focus on three main business segments in the shipping industry, namely, Container Shipping, Bulk and Tanker, as well as Logistics and Others.

1. Container shipping: Samudera offers reliable feeder service between the central "hub" port in Singapore and smaller size "spoke" ports in the region. The Group connects ports across a wide geographical range, spanning from Southeast Asia, the Indian Subcontinent, the Far East and the Middle East.

2. Bulk and Tanker: Samudera's fleet of bulk carriers and tankers are chartered out for the transportation of dry or liquid cargo.

3. Logistics and Others: Samudera provides agency services, forwarding, warehousing as well as general logistics services.

Samudera is listed on the Mainboard of Singapore Exchange Securities Trading Limited. For more corporate information, kindly refer to the relevant sections within this Annual Report.

ABOUT THIS REPORT

This Sustainability Report covers Samudera's sustainability practices and performance from 1 January to 31 December 2018 ("FY2018"). The report aligns with the requirements of SGX-ST Listing Rules Practice Note 7.6: "Sustainability Reporting Guide". The report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. GRI Standards are used as the reporting framework because it represents one of the most commonly used international practice guides on sustainability reporting. Please refer to page 48 - 50 for the GRI Content Index. No external assurance has been sought for this report.

We welcome your feedback to help us improve our sustainability practices and reporting. Please forward your feedback or enquiries to sustainability@samudera.id or (65) 6430 1687.

ABOUT THIS REPORT

REPORTING SCOPE

The ESG policies, practices and performance disclosed in the Sustainability Report[2] relate to the listed entity, Samudera Shipping Line Ltd and its six container vessels, as well as two of Samudera's key subsidiaries in Singapore, Foremost Maritime Pte Ltd ("Foremost") and SILkargo Logistics (Singapore) Pte Ltd ("SILkargo"). Foremost principally engages in the transportation of dry-bulk commodities and owns two bulk carrier vessels, while SILkargo specialises in logistics and forwarding business. Samudera consistently practices the same high level of business ethics across all its operations. Going forward, we will continue to review our reporting scope in consideration of encompassing other subsidiaries and geographic areas.

MATERIALITY REVIEW

In 2017, Samudera conducted its first formal ESG materiality assessment. This exercise identified six material ESG factors based on their impact on the business and their concern to stakeholders. In 2018, we reviewed our material ESG factors and came to the conclusion that the ESG factors chosen last year were still relevant in 2018. Therefore, we continue to focus on these factors for our sustainability endeavors and sustainability reporting with minor rearrangements (as shown by footnote 3). Our material ESG factors are mapped into four broad sustainability aspects as shown in the table below.

Sustainability aspect	Material ESG factor
Economic Performance	1. Generating economic value
Environmental Responsibilities	2. Strengthening environmental controls
Workforce Management	3. Providing safe working conditions[3]
	4. Investing in employee development
Corporate Governance	5. Maintaining a strong compliance record

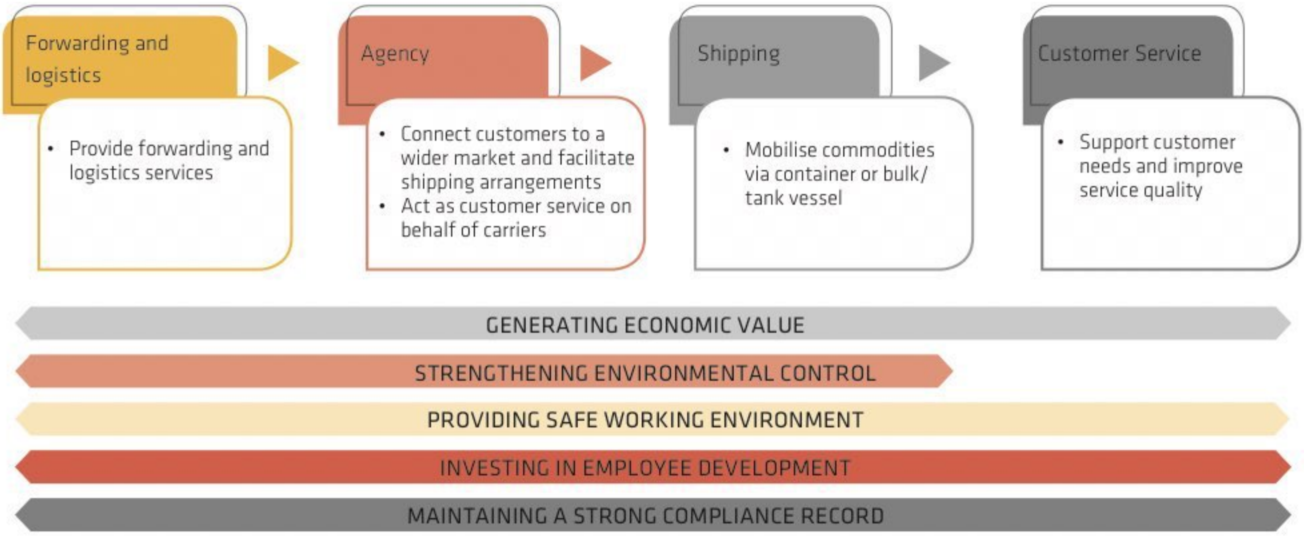
SUSTAINABILITY ACROSS OUR VALUE CHAIN

With a global shipping network, Samudera has an extended value chain of activities. To create synergy in our sustainability undertakings, we proactively engage a mix of stakeholders, including our suppliers, employees, customers and port authorities, at each stage of our activities.

2. Except the "Generating economic value" section, which covers Samudera Shipping Line Ltd and all its subsidiaries, following the same scope as the "Financial Statement" section in this Annual Report.

3. "Providing safe working conditions" summaries the following two material factors from Sustainability Report 2017, "strengthening the transport by sea" and "providing safe conditions during cargo handling operations"

The diagram below shows the materiality boundaries of each of our material factors in our value chain.



To create a collaborative experience, stakeholder engagement is important. It helps us to understand the key concerns of our stakeholders and brings insights on our approach to material sustainability issues. At the same time, through engagement and communication, we can raise awareness and cultivate a stronger sense of ownership regarding sustainability, garnering support from our stakeholders. The following table identifies our key stakeholders and shows how they are engaged.

Key Stakeholders	Key Topics of Concern	Engagement Methods	Frequency of Engagement
Investors and shareholders	• Business operations and performance • Business strategy and outlook	• Release of financial results and other relevant disclosures through SGXNet and Samudera's website • Annual General Meeting • Meeting with investors and stock analysts	• Throughout the year • Once a year • Throughout the year
Employees	• Benefits and compensation • Workplace safety and well-being • Career development and progression • Employee-management relationship	• Management meeting • Social and team building activities • Safety training • In-house and external trainings • Performance feedback and review	• Throughout the year • Throughout the year • Throughout the year • Throughout the year • Once a year
Port authorities	• Compliance with laws and regulations	• Compliance surveillance and monitoring Throughout the year	• Throughout the year
Customers	• Reliability and quality of services • Environmental and social impacts of services	• Feedback via website & email • Customer meetings	• Throughout the year • Throughout the year
Business partners	• Safety and environmental practices • Transparent cooperation with integrity • Mutual growth	• Business partners meetings	• Throughout the year
Local community	• Environmental impacts • Social contributions	• CSR activities • Facilitation of trade and business through shipping services	• Throughout the year • Throughout the year

GENERATING ECONOMIC VALUE

Performance Indicator	Performance in 2018	Target for 2019
Revenue	USD422 million	Continue to leverage on our extensive network and high-level of professionalism to provide the key connections for the region and beyond

Since its incorporation in 1993, Samudera has established itself as a reliable and trustworthy regional leader in the shipping industry. Positioned as a well-established regional container shipping service provider, Samudera provides end-to-end solution to the transportation of cargos.

We take pride in our nimble decision making, high service quality and strong network. These qualities have successfully helped us to navigate through turbulent market conditions in the previous years. On top of financial resilience, we also actively tap on new opportunities for growth. Our strategic expansion into the logistics business presents potentials for revenue diversification and future growth. While we continue to strengthen our current operations, we also strive to increase our presence beyond the region by venturing into new international markets. In 2018, we continue to grow our revenue from USD385 million in 2017 to USD 422 million. Our net profit remains strong at USD 7.7 million. Details of the financial performance in 2018 can be found in the Financial Statement section of this Annual Report.

Beyond its direct economic contribution to employees and shareholders, Samudera facilitates trade and creates business opportunities for the broader community. Going forward, we will continue to leverage on our extensive network and high-level of professionalism to provide the key connections for the region and beyond.

STRENGTHENING ENVIRONMENTAL CONTROLS

Performance Indicator	Performance in 2018	Target for 2019
Compliance with applicable regulations regarding oil spillage	100% 2018 Target achieved	Maintain 100% vessel-compliance rate for oil spill regulations
Number of oil spill incidents	0 2018 Target achieved	Maintain zero oil spill incidents.

In our operation, Samudera transports various chemical, oils and industrial compounds. We acknowledge the potential risks of environmental pollution if these compounds are accidentally spilled into the surrounding environment. Committed to protecting the natural environment, we strive to strengthen our environmental controls to minimise our pollution risks.

For this purpose, we have established an Environmental Management System (EMS). The EMS guides our ship managers and crew to monitor, evaluate and take corrective actions related to environmental issues. Based on a sound understanding of our operations and the environmental concerns within the maritime industry, the EMS establishes a comprehensive set of Standard Operating Procedures (SOPs) as part of our Shipboard Procedure Manual (SPM). For example, our Marine Pollution Prevention Procedures within SPM covers a range of topics related to pollution control, including:

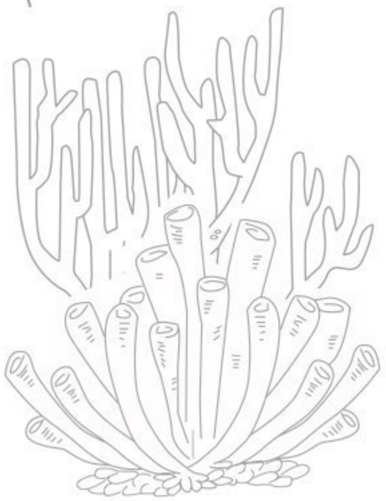
- ballast water management
- prevention of pollution by oil
- control of pollution by noxious liquid in bulk
- control of pollution by harmful substances carried in packaged form
- prevention of pollution by sewage and garbage
- prevention of air pollution and noise from ship
- prevention of pollution by anti-fouling paint

In particular, we place strong emphasis on oil spill management, as oil spills can potentially have severe environmental and public health consequences. Oil spills management includes hiring of competent crew members and providing them with adequate training and equipment. On top of the Marine Pollution Prevention Procedures mentioned above, we also have a specialised policy document, Bunker and Oil Transfer Procedures, to establish the SOPs on the loading, discharge and internal transfer of oils, such as cargo oil, bunker fuel oil and lubricating oil. All procedures related to oil transfer are supervised by a qualified Chief Engineer to provide guidance and ensure SOPs are strictly adhered to. Moreover, our equipment is inspected and maintained regularly to reduce the possibility of spills due to machine malfunction. Any defects are reported immediately to ensure prompt rectification.

Furthermore, we extend our commitment to prevent oil spills to our value chain. We have in place a stringent screening process to select responsible bunker suppliers. We also extended incident management training to all partners across our owned and chartered vessels.

We have established contingency plans to deal with emergency situations such as collisions, grounding and machine failures which may result in oil spills. Every vessel is equipped with the necessary pollution prevention procedures to contain damage to the minimal. Our crew also undergoes frequent oil spill drills to stay prepared for potential crises. All our vessels are covered under the Civil Liability Convention (CLC) Bunker Certificate, which provides us with the financial insurance to cover the liability of any potential pollution damage.

We are proud to announce that in 2018 we have achieved our target for the year of zero incidents involving oil spills and 100% of our vessels were in compliance with applicable regulation on oil spillage. In the coming year, we aim to maintain a zero vessel incident record involving oil spill and a 100% vessel-compliance rate for oil spill regulations.



PROVIDING SAFE WORKING CONDITIONS

Performance Indicator	Performance in 2018	Target for 2019
Number of significant* incidents involving dangerous goods	0 2018 Target achieved	Maintain zero significant workplace accidents, including incidents involving dangerous goods
Workplace fatalities	0	
Workplace injuries	0	

* Significant incidents refer to accidents which resulted in personal injury

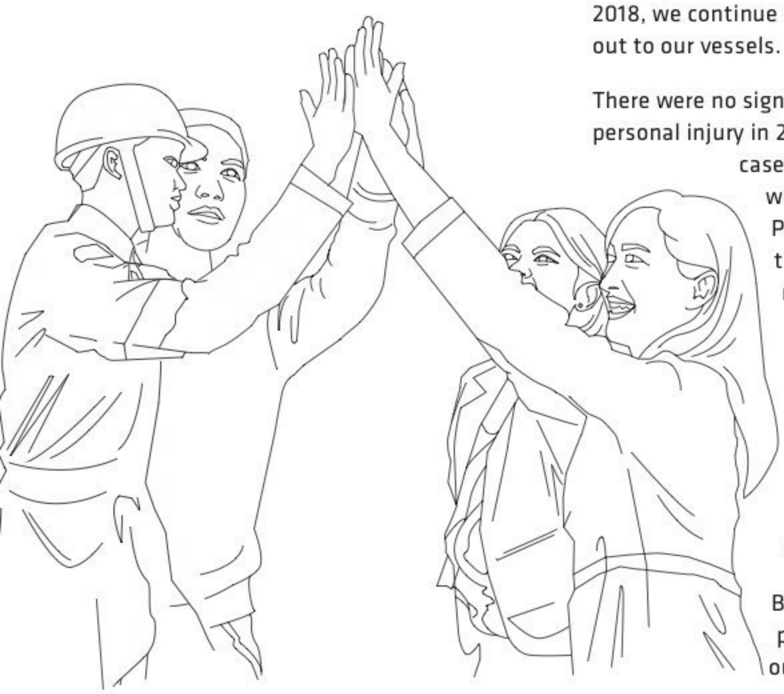
Due to the nature of our business, some of our employees are exposed to certain levels of occupational health and safety (OHS) risks in their work. As a responsible employer, Samudera is committed to providing a safe and healthy environment for its employees.

The Company continuously identifies potential safety hazards and implements precautions to eliminate or reduce those risks. To formalise our management approach, we have set up an OHS management framework. OHS trainings are provided to all relevant employees on a regular basis. As part of our monitoring effort, we conduct annual reviews on ship management to assess compliance with the Group's safety policies and procedures. Any findings will be followed up thoroughly to ensure the necessary corrective actions are put in place.

One particular focus of our OHS management is the safe handling of dangerous goods. The consequences of mishandling dangerous goods can be severe, posing threats to worker's safety and the surrounding environment. In addition, incidents involving the mishandling of dangerous goods can also result in legislative fines or sanctions, bringing financial and reputational loss.

We have established SOPs to achieve the safe stowage of dangerous goods. The potential dangers are properly signposted and corresponding emergency plans are formulated and communicated. We have also set up a flowchart to guide our employee through decision makings with regard to dangerous goods, in compliance with relevant laws and regulations.

We strive to continuously enhance our management for dangerous goods. In 2017, we began to develop a computerised software programme which would improve the control for dangerous goods and avoid the risk of human error. The new system will alert the ship stowage planner when dangerous goods are not properly stowed, so that the planner can take corrective actions. Throughout 2018, we continue to work on and fine tune this system to prepare for rolling it out to our vessels.



There were no significant incidents involving dangerous goods which resulted in personal injury in 2018, achieving our target for the year. However, there was one case of near-miss incident onboard one of our chartered vessels when loading dangerous goods (Organic Peroxide) at PSA Pasir Panjang terminal. The cargo in one of the containers was found to be leaking by crew during routine check. The accident was rectified immediately by the crew in collaboration with PSA. To prevent similar happenings in the future, we have further tightened our safety controls to execute more vigorous examinations on dangerous goods of high safety hazards. We also put in place a safety checklist to require Material Safety Data Sheets[4] (MSDS) to be submitted prior to approval of loading cargo onboard. In 2019, we target to maintain zero significant workplace accidents, including incidents involving dangerous goods.

Beyond workplace safety, Samudera is also committed to promoting employee health and wellbeing. We also ensure our ship managers and crew follow procedures that have

4. A MSDS is a document that contains information on the potential hazards (health, fire, reactivity and environmental) of the chemical product and how to work safely with the chemical product.

been established. For instance, the crew were educated on the health impacts of inhaling paint smell. Thus, to prevent the presence of a paint smell during any maintenance activities which involve paintings, the crew would make sure there should be sufficient ventilation within the area, by keeping the doors and windows opened.

As well as protecting their health, we strive to help employees to reduce stress levels and promote work-life balance. Some examples of our wellness programmes in 2018 include:

- Provision of fitness equipment such as stationery bicycles onboard our vessels
- Weekly hygiene checks on cabin and accommodation
- Offering complimentary medical check-ups for seafarers
- Organising group sporting activities, such as jogging and football sessions
- Encouraging employee to take part in the Health for Life in Singapore (HELIOS) Study, which offers comprehensive health screenings to participants for chronic disease research
- Encouraging employee to participate the National Step Challenge initiated by Health Promotion Board, to promote a more active lifestyle

INVESTING IN EMPLOYEE DEVELOPMENT

Performance Indicator	Performance in 2018	Target for 2019
Provision of programs for upgrading employee skills	• See our various programs below • 2018 target of more than 3 hours of training per employee per year achieved	Maintain a diverse and relevant training programme in our efforts to broaden and deepen the knowledge and experience of our employees

Grooming competent and motivated employees is key to our long-term success. We also believe in growing our employees personally and professionally in support of their life aspirations. Therefore, Samudera offers its employees training opportunities and career development programmes to build up their functional and core competencies. This helps Samudera to develop the essential capacities for growth.

Employees are encouraged to purse training opportunities such as certified skills training programmes, industry seminar and conference, as well as courses to attain professional qualifications. Financial sponsorship and leave are granted for eligible courses. For example, Samudera has sent employees from the IT department for Ethical Hacker Course (EHC), a qualification programme to enable IT professionals to assess the security postures by looking for weaknesses and vulnerabilities in target systems, using the same knowledge and tools as a malicious hacker, but in a lawful and legitimate manner. The programme equipped our employees with the most updated domain knowledge and allowed Samudera to strengthen its IT security. More examples of training programmes offered in 2018 are illustrated in the table below. In the coming year, we will maintain a diverse and relevant training programme in our efforts to broaden and deepen the knowledge and experience of our employees.

Aspect	Training topic
Orientation	• New Employee Orientation
Specialised training	• Container Management • International Ship and Port Facility Security (ISPS) Code • Familiarisation with New Build Ship
Information technology	• Electronic Chart Display and Information System (ECDIS) Type Specific Training • Nautical System Version 5 • Bellerophon Maritime • Certified Ethical Hacker • Cisco Networking • Paymaster Payroll Module • G-suite User
Occupational health and safety	• Safety management system • Safety Briefing and Discussion on Dangerous Goods • International Maritime Dangerous Goods Code
Governance	• Director Fundamental • Corporate Governance Briefing Session • Risk Management and Risk Assessment • Sustainability Reporting • Maritime Labour Convention • ISO140001 Environmental Management System (EMS)
Others	• Communication skills

Our Human Resources Department (HR) tracks and monitors the training records of employees. For external courses, employees are required to submit handouts or study materials to HR for review. If the materials are found relevant for other employees, they will be kept in the library for future reference. In 2018, our average training hours for our employees exceeded our target of 3 hours set for 2018. Going forward, we will focus on adequate and quality training to equip our employees with the relevant knowledge and to upkeep their mindset on new development to improve on work productivity. To support long-term career development, Samudera conducts annual performance and salary review for employees. The review communicates employee performances, identifies development needs and helps employees to progress steadily towards their career goals. In 2018, 100 % of employees have received a performance review from their supervisors.

MAINTAINING A STRONG COMPLIANCE RECORD

Performance Indicator	Performance in 2018	Target for 2019
Number of incidents of non-compliance with laws and regulations which resulted in significant fines or non-monetary sanctions	0 2018 Target achieved	Maintain zero incidents of non-compliance with laws and regulations which resulted in significant[5] fines or non-monetary sanctions

We strongly believe that our ability to maintain a strong compliance record directly translates into the long-lasting trust of our stakeholders. We continue to strengthen our internal controls and risk management to adhere to relevant laws and regulations. We recognise that strong corporate governance brings about greater transparency, accountability and integrity, which are vital for the long-term value creation of Samudera.

Samudera does not condone any form of corruption or fraudulent behaviour. Our Employee Handbook provides clear guidance on anti-corruption and anti-bribery polices. Employees are informed about our whistle blowing channels, which allows employees to report any suspected unethical or illegal practices without the fear of reprisal. Any received report will be discussed, evaluated and documented in the quarterly Audit Committee meeting. In 2018, there were zero whistle blowing reports.

Samudera actively identifies and manages its compliance risks across many relevant topics, including labour rights, safety practices, prevention of environmental pollution, licensing requirements, port clearance requirements, taxation as well as listing rules. Our management, risk management and internal audit team monitors changes to the applicable laws and regulations and ensure our internal governance controls stay relevant. We also provide training to our directors and selected employees to update them on significant new areas of law.

In 2018, there was zero incidents of non-compliance which resulted in significant fines or non-monetary sanctions. Going forward, we will continue to exercise strong governance and target to maintain zero incidents of non-compliance with laws and regulations which result in significant fines or non-monetary sanctions in 2019.

5. Significant cases are those resulting in a court case, imprisonment or fine above S$100,000

GRI CONTENT INDEX

This report has been prepared in accordance to GRI Standards: Core option.

GENERAL DISCLOSURES		
Organizational Profile		
102 – 1	Name of the organization	Annual Report page 2
102 – 2	Activities, brands, products, and services	Annual Report page 5
102 – 3	Location of headquarters	Annual Report page 5
102 – 4	Location of operations	Annual Report pages 8 – 9
102 – 5	Ownership and legal form	Annual Report (Financial) pages 146 – 147
102 – 6	Markets served	Annual Report pages 8 – 9
102 – 7	Scale of the organization	Annual Report page 31
102 – 8	Information on employees and other workers	No significant portion of Samudera's activities are performed by workers who are not employees.
102 – 9	Supply chain	Annual Report page 5
102 – 10	Significant changes to the organization and its supply chain	No significant changes to the structure, ownership, supply chain occurred during the financial year.
102 – 11	Precautionary principle or approach	Samudera does not explicitly refer to the precautionary approach or principle in its Risk Management. Framework
102 – 12	External initiatives	Annual Report pages 6 – 7
102 – 13	Membership of associations	Samudera is member of various professional associations, however it is not stated in the Annual Report.
Strategy		
102 – 14	Statement from senior decision-maker	Annual Report pages 12 – 15
Ethics and Integrity		
102 - 16	Values, principles, standards, and norms of behavior	Annual Report page 4
Governance		
102 – 18	Governance structure	Annual Report pages 18 – 30

Stakeholder Engagement		
102 – 40	List of stakeholder groups	Annual Report page 41
102 – 41	Collective bargaining agreements	There are no collective bargaining agreements in place.
102 – 42	Identifying and selecting stakeholders	Annual Report page 41
102 – 43	Approach to stakeholder engagement	Annual Report page 41
102 – 44	Key topics and concerns raised	Annual Report page 41
Reporting Practices		
102 – 45	Entities included in the consolidated financial statements	Annual Report (Financial) pages 104 – 109
102 – 46	Defining report content and topic Boundaries	Annual Report page 40
102 – 47	List of material topics	Annual Report page 41 – 47
102 – 48	Restatements of information	There is no restatement of information.
102 – 49	Changes in reporting	None
102 – 50	Reporting period	1 January to 31 December 2018
102 – 51	Date of most recent report	March 2018
102 – 52	Reporting cycle	Every 12 month
102 – 53	Contact point for questions regarding the report	sustainability@samudera.id or (65) 6430 1687
102 – 54	Claims of reporting in accordance with the GRI Standards	Annual Report page 40
102 – 55	GRI content index	Annual Report pages 48 – 50
102 – 56	External assurance	External assurance was not sought for this report

GRI CONTENT INDEX

This report has been prepared in accordance to GRI Standards: Core option.

MATERIAL TOPICS		
Economic Performance		
103 – 1	Explanation of the material topic and its Boundary	Annual Report page 41
103 – 2	The management approach and its components	Annual Report page 41
103 – 3	Evaluation of the management approach	Annual Report page 41
201 – 1	Direct economic value generated and distributed	Annual Report page 41
Environmental Compliance		
103 – 1	Explanation of the material topic and its Boundary	Annual Report pages 42 – 43
103 – 2	The management approach and its components	Annual Report pages 42 – 43
103 – 3	Evaluation of the management approach	Annual Report pages 42 – 43
307 – 1	Non-compliance with environmental laws and regulations	Annual Report pages 42 – 43
Training and Education		
103 – 1	Explanation of the material topic and its Boundary	Annual Report pages 45 – 46
103 – 2	The management approach and its components	Annual Report pages 45 – 46
103 – 3	Evaluation of the management approach	Annual Report pages 45 – 46
404 – 1	Average hours of training per employee per year	Annual Report pages 45 – 46
404 – 2	Percentage of employees receiving regular performance and career development reviews	Annual Report pages 45 – 46
Occupational Health and Safety		
103 – 1	Explanation of the material topic and its Boundary	Annual Report pages 43 – 45
103 – 2	The management approach and its components	Annual Report pages 43 – 45
103 – 3	Evaluation of the management approach	Annual Report pages 43 – 45
403 – 2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Annual Report pages 43 – 45 Rate of injury, absentee rate, lost day rate and occupational disease rate are not disclosed due to unavailability of data.
Socio-economic Compliance		
103 – 1	Explanation of the material topic and its Boundary	Annual Report page 47
103 – 2	The management approach and its components	Annual Report page 47
103 – 3	Evaluation of the management approach	Annual Report page 47
419 – 2	No significant case on non-compliance with laws and regulations	Annual Report page 47

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