



PT Sri Rejeki Isman Tbk

SUSTAINABLE GROWTH THROUGH INNOVATION

2018 CORPORATE
REPORT

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OUR PRODUCTS

MILITARY UNIFORM

Sritex is one of the world's prominent partner in supplying military, public authority and professional uniforms to over 30 countries. Sritex is also the official partner outside Europe to produce military uniform for The North Atlantic Treaty Organization (NATO).



TACTICAL AND CASUAL PROTECTION EQUIPMENT

SRX epitomizes design for functionality in this cutting edge Tactical range of product developed and engineered to protect.

Efficient, durable and functional are the characteristics of innovative products at SRX. We combine Tactical and Casual techniques with highly efficient water resistant, abrasion resistant, breathable materials to provide a practical, protective, comfortable and durable collection.

SRX collection includes Body Armour, Backpacks and Carrying Equipment, Vests, Shirt and Trousers, compatible with Outdoor pursuits to maximize performance

SCHOOL UNIFORM

Sritex produce school uniforms made from various types of fabric, In assorted style according to your needs.



OUR PRODUCTS

FASHION PRODUCT & GENERAL APPAREL

Sritex Produces apparel for fashion, corporate, homeware products and industry clothing needs, made from various types of fabrics in various qualities, various weaving style and size.

TEXTILE BRAND

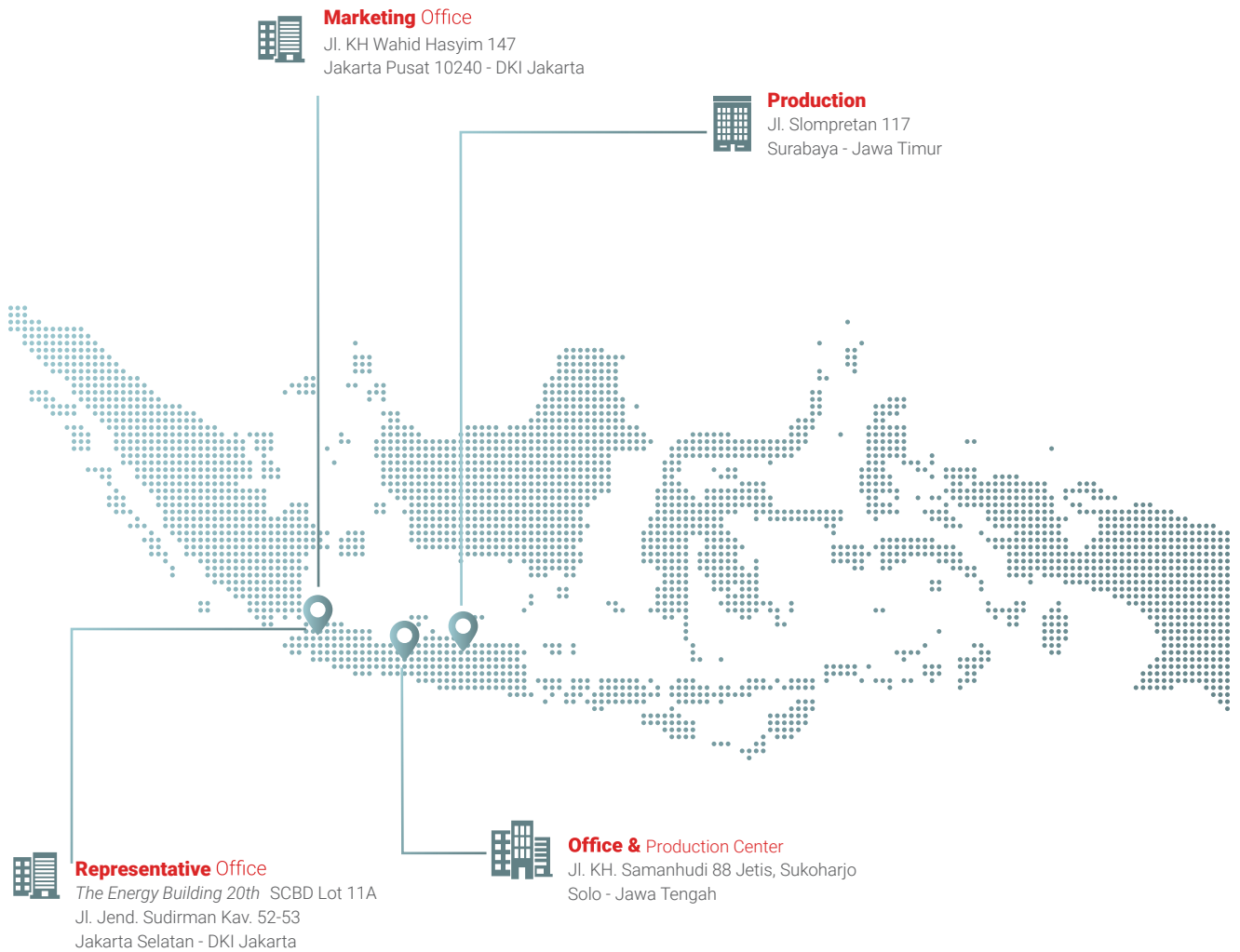
Gabardine Drill Suiting
Tetoron Cotton
TR Drill Suiting
TR Plat Fof Suiting
Oxford
Rayon RFP
TR Twill Suiting

CORPORATE UNIFORM

Sritex manufactures uniforms for domestic and international companies, as well as uniform for government agencies.



OPERATION AREA MAP



OUR MARKETS



ADVANTAGES AND EXPERIENCES

1 One of the largest vertically integrated textile producers in Southeast Asia with major competitive advantages.

2 Excellent product quality and strong customer satisfaction, supported by modern production facility and strict quality control system.

3 Product portfolio is supported by strong capability to create solution based on customers' needs.

4 Large and diversified customer bases and highest loyalty.

5 Strategic production facilities with skill workers support.

6 Compelling financial performance with good track records on profitable and consistently growth.

7 Expert management team with proven track record.



SPINNING

Transforms fiber into yarn

14 Spinning divisions

2.500 Spinning machines

5.000 Employees

600.000 Ring spindle & modified machines

Production Capacity

1,100,000

Bales of Yarn/Year

WEAVING

Transforms yarn into greige

3 Weaving divisions

3.900 Machines

4.000 Employees

High-speed looms

Production Capacity

180,000,000

Meter/Year

DYEING, PRINTING and FINISHING

Transforms greige into finished fabric

3 Dyeing, printing and finishing divisions

9 Rotary printing machines

9 Stenter machines

12 Jet dyeing machines

1.000 employees

Production Capacity

240,000,000

Yard/Year



GARMENT

Transforms fabric into ready-to-wear clothing

8 Garment divisions

11.000 Machines

6.000 Employees

High-speed looms

Production Capacity

28,000,000

Pieces of Ready-To-Wear Garment/Year

Based on the Company's articles of association as set out in the Deed of March 4, 2013 No. 29, the scope of the Company's business activities covers its main business activities in accordance with prevailing laws and regulations as described above.



Our spinning business segment produces a wide variety of yarns. The process of making yarn is by connecting fiber, filament or other raw materials, which can be used for weaving or fabric process. Various yarn forms can be produced based on the raw materials used to make different thickness, feel, and look for different purposes. The production of spinning division is currently using rayon, cotton and polyester.

The spinning segment produces several types of yarns, namely rayon yarn, cotton yarn and polyester yarn. There are also mixture between the 3 main raw materials to feed the needs of our customers. These yarns are sold worldwide and consumed internally by the company to make greige or raw fabric. The amount of internally used yarns is around 20%.

Throughout 2018, Sritex produced 1,100,000 bales of yarn, increased by 31.4% from 2017 production. Sales from the spinning segment in 2018 were USD464.4 million, increased by 58.82% from the previous year amounted to USD292.4 million.

We sell our yarns domestically and internationally to countries such as China, South Korea, Japan, and South America. This division contributes to 45% of the company's revenue.

SPINNING



Revenue of the spinning business segment reached USD 464.4 million, increased by 58.82% compared to the previous year, which was USD 292.4 million.”

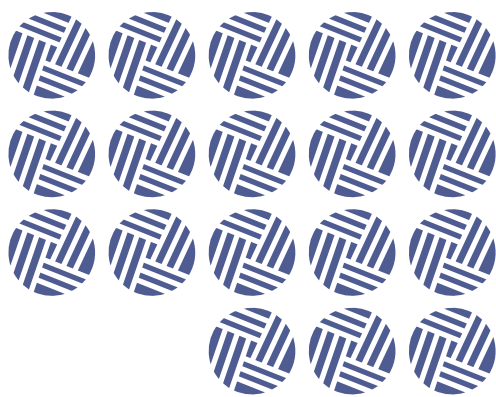
WEAVING

“The total number of Sales from the weaving segment in 2018 was US\$74.40 million, increased by 0.4% from the previous year of US\$74.10 million.”



Greige or raw fabrics are the final product of yarn that has been woven and is the main ingredient for textile products. Greige is also often called as a rough cloth. This product can be processed further through dyeing, printing, or other finishing treatments before it can be a finished textile.

Throughout 2018, Sritex produced 180,000,000-meter raw fabrics, where 80% of them are internally to produce finished fabric. The remaining 20% is sold to external customers. This division contributes 7% to the total revenue.



USD 74.40 MILLION

Total Number of
Sales from the
Weaving Segment
in 2018

 = 10,000,000 meters of raw fabric

180,000,000

meter of raw fabrics, where 80% of them are internally used to produce finished fabrics.

DYEING PRINTING



The revenue of the dyeing & printing reached USD 250.20 million, increased by

29.17%
36.12%

Sritex produced 240,000,000 yards of fabric throughout 2018

“The revenue of the dyeing & printing business segment reached USD250.20 million, increased by 29.17% compared to the previous year amounting in USD193,72 million.”

The dyeing & printing business segment transform greige into finished fabric which has been bleached, colored and/or printed so it can be directly used for garment production purposes. Sritex manufactures finished fabrics based on orders from customers and pre-approved designs. The finished fabric production has two categories, uniform or fashion apparel retail needs.

Throughout 2018, Sritex produced 240,000,000 yards of fabric, increased by 36.12% from the previous year's production of 153,311,089 yards. 70% of the total production was sold externally while the remaining 30% is used to make garment products.

We export our finished fabrics to large companies domestically as well as countries such as Turkey, China and South Korea. This division contributes 24% to the company's revenue.

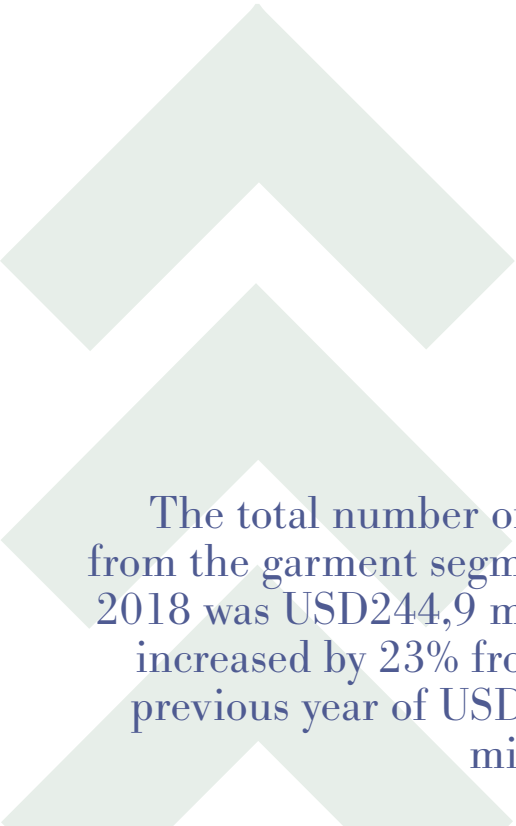
GARMENT

Garment is the final product manufactured by Sritex, consisting of uniforms for military and corporate or fashion retail. As with finished fabrics, Sritex's garments are manufactured according to customer orders based on the design provided by us, or from new requests by the customer.

Productions of garment are also made to serve large fashion retailers located in different parts of the world.

Throughout 2018, Sritex produced 28,000,000 pieces of garments, increased by 10.34% from the previous year's production of 25,102,349 pieces.

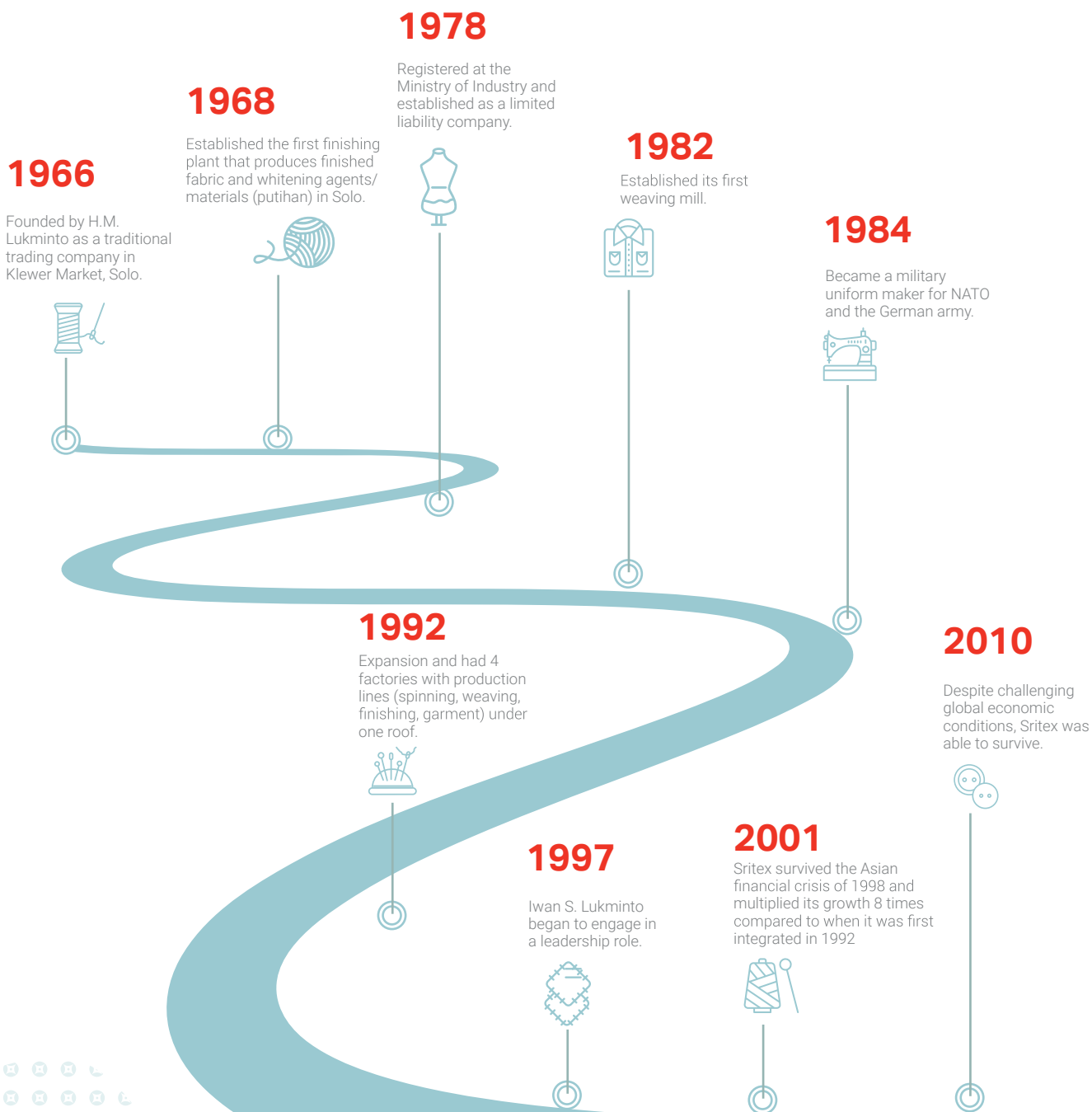
Our top export destination for this division includes United States, Japan, and countries in Southeast Asia. This division contributes 24% to the total sales of the company.



“

The total number of Sales from the garment segment in 2018 was USD244,9 million, increased by 23% from the previous year of USD199,1 million.”





MILESTONES

2012

Sritex was able to double its growth and performance compared to 2008.



2013

PT Sri Rejeki Isman Tbk officially listed its initial shares (with ticker code SRIL) on Indonesia Stock Exchange.



2015

Sritex's expansion by the Coordinating Minister of Human Development and Cultural Affairs, Mrs. Puan Maharani and the Minister of Industry, Mr. Saleh Husin.



2014

Iwan S. Lukminto was awarded Businessman of the Year by Indonesian Forbes magazine and EY Entrepreneur of the Year 2014 by Ernst & Young.



2016

Succeed in issuing global bond amounted to USD350 million which will due in 2021.



2017

Increase of Capital Without Pre-emptive Rights ("PMTHMETD") amounting to a maximum of 10% of the Company's total issued capital. Succeeded in issuing global bond amounted to USD150 million which will due in 2024

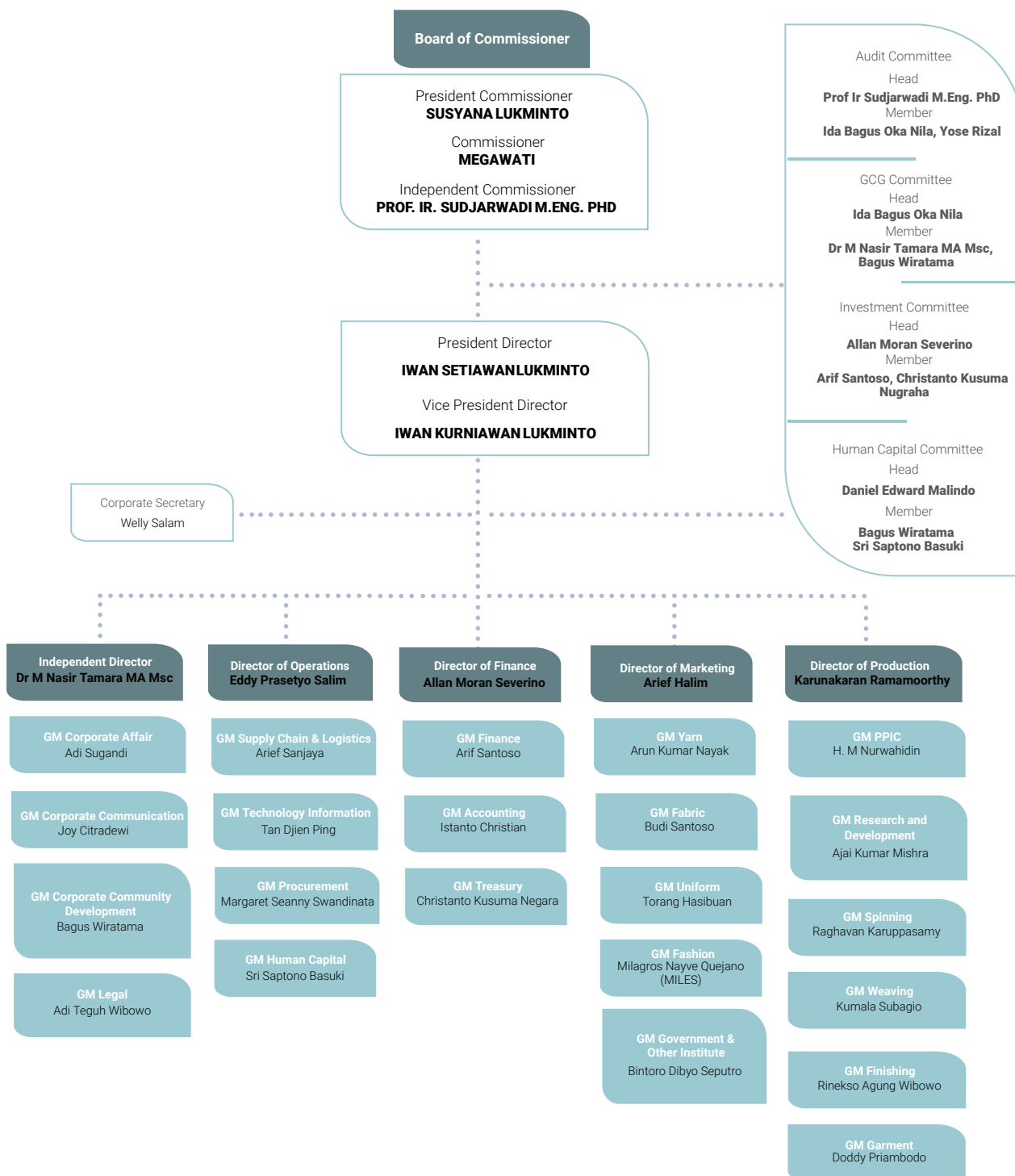


2018

Sritex has acquired two subsidiaries namely PT Primayudha Mandirijaya and PT Bitratex Industries to boost the spinning production.



ORGANIZATIONAL STRUCTURE



MESSAGE FROM THE BOARD OF DIRECTORS



36.16%

Sales Increase from 2017

24.28%

Profit Increase from 2017

Performance improvement in 2018 contributed a significant impact on the Company's revenue and net profit.

Sales in 2018 has recorded of USD 1.03 billion, increased by 36.16% when compared to sales in 2017, which amounted to USD 759.35 million.

The Company's profit in 2018 has reached USD 84.56 million, growing 24.28% or as much as USD 16.52 million when compared to 2017.

MESSAGE FROM THE BOARD OF DIRECTORS

Dear our valued Shareholders and Stakeholders,

Please allow us to express our gratitude to God Almighty for these achievements We obtained in 2018. For the effective support and cooperation from various parties, the Company has been able to make the economic challenges becoming some opportunities that maintained properly through effective strategy execution.

MACROECONOMIC OVERVIEW

The economic condition grew unbalanced in 2018 where the global economy is experiencing a slowing growth and financial market uncertainty. This economic growth and the risk of deteriorating trade relations have impacted on the low volume of world trade. Along with, the declined world commodity prices, including world oil prices still suppressed due to the prospect of rising supply.

Based on World Bank data, the world economy in 2018 recorded at 3.7%. Global economic growth was declining in 2018, due to low growth expectations, especially countries in the European region and China's economic growth in 2018 was recorded at 6.6 percent (YoY). This is driven by the pressure of trade wars with the US, weakening the domestic demand, corporate activities and consumer spending, as the impact of increasing cost and liabilities risk for Companies. The IMF projects that the world economy will decline to 3.5% in 2019. This declining projection is because of the weakening economic growth in China, Europe and a number of other developing countries.

Based on the data from the Central Bureau of Statistics, Indonesia's economy in 2018 grew by 5.17%, this increase showed an improving trend compared to 5.07% in 2017 and 5.03% in 2016. Amidst the challenges of the global economy in 2018, Indonesia's economic growth has an outstanding achievement. This performance is influenced by improving public consumption and maintaining exports of goods and services, even though imports of goods and services are still high.

Bank of Indonesia (BI) decided to maintain the benchmark interest rate, the BI 7 Days Repo Rate, at the level of 6% despite the Fed's benchmark interest

The Company's total equity as of December 31, 2018, increased by USD 74.09 million or 16.76% from USD 442.16 million in 2017 to USD 516.25 million as of December 31, 2018.

at 2,5%. BI considered the easing of monetary policy pursued previously still sufficient to continue to drive the momentum of the domestic economic recovery. In the future, BI will continue to focus on maintaining economic stability which is the main foundation for the creation of stronger and more sustainable economic growth.

PERFORMANCE ANALYSIS IN 2018

Sritex has produced an excellent financial performance throughout 2018, as stated on the Company's ability recorded sales growth in 2018 of 36.16% an increase of USD274.60 million to USD1.03 billion. It also recorded a profit growth of 24.28% or an increase of USD16.52 million to USD84.56 million in 2018.

In terms of financial position, the Company has also succeeded in increasing total assets and equity. As of December 31, 2018, the Company's total assets increased to USD1.36 billion from USD1.19 billion as of December 31, 2017.

The increase in total assets has reached USD171.37 million or 14.37%. The Company's total equity as of December 31, 2018, increased by USD74.09 million or 16.76% from USD 442.16 million in 2017 to USD 516.25 million as of December 31, 2018.

MESSAGE FROM THE BOARD OF DIRECTORS

STRATEGY AND STRATEGY POLICY

To achieve an excellent performance, the Board of Directors believes both from operational and financial aspects, strategic planning and efforts are needed to facilitate the achievement of predetermined targets. The strategic efforts have been carried out by Sritex in supporting the achievement in 2018, which includes:

1. Normalization of New Production Capacity

The company consistently improves innovation in new products to serve consumers. The Company also invests in expanding production capacities so that the production normalization is done to achieve optimum levels in production.

2. Production and Operational Efficiency

By continuing the growth of the Company's production capacity, it is necessary to keep monitoring and controlling production so maintained production and operational efficiency could be achieved. There are three supporting aspects carried out by the Company, namely modern and superior production equipment, integrated quality control process, maintenance of machines. To maintain the quality of production, the Company has ensured that the equipment is using the latest generation technologies tested by European and Asian manufacturers. The control process over the production quality is carried out from the receiving of raw materials until the finished goods.

3. Innovation as an Added Value of Product

In facing tight competition in the textile products and industries, the Company is expected to innovate creating the best products that can be accepted by the market in accordance with the demands and needs of consumers. We continue to evaluate and develop our products with new innovations to strengthen our market.

4. Human Resources Improvement and Development

We see that Human Resources is a key of the Company's success in leading textile industry. So, it is necessary to improve and develop human resources competency through some development and training programs that we keep giving as an appreciation for the working performance of our Employees.

5. Market Share Development and Economic Scale Through the Acquisition of Opportunity

To increase production capacity in 2018 while still calculating production cost efficiency, one of the steps taken by the Company is the acquisition of 2 companies engage in yarn spinning. We do this in accordance with the business development plan to support international market expansion.

6. Capital Structure and Equity Strengthening

To keep improving the growth of the Company, we see that it is necessary to strengthen capital structure and equity.

COMPARISON BETWEEN TARGET AND REALIZATION

The Company set a target for achieving an outstanding performance every year while keeping to evaluate each of its achievements. Overall, the performance in 2018 experienced a stellar improvement compared to the results of the performance in 2017. These results were obtained through the implementation of the strategies that was implemented throughout 2018, which focuses on normalization of and operational efficiency, innovation product for additional value, human capital development, and maintaining the working capital adequacy of operations.

| Description | 2018 Realization | 2018 Target | Achievement (%) |
|---------------------|------------------|-------------|-----------------|
| Sales | USD1.033 | USD850-900 | 121,53% |
| Gross Profit | USD183 | USD180-195 | 100,16% |
| Income for the Year | USD84 | USD75-85 | 110,59% |

in million USD

Table of Comparison between Target and Realization

MESSAGE FROM THE BOARD OF DIRECTORS

CHALLENGES IN 2018

Throughout 2018, the successes of Sritex in achieving its targets has been due to the various solutions that was taken in accordance to challenges at hand as follows:

1. Economic politic circumstances in Indonesia
2. Textile imports

In facing these obstacles and challenges, the Company has taken strategic steps by managing risk management internally and innovating to face existing or future challenges.

BUSINESS PROSPECTS 2019

The business prospects of the Company could not be separated from the condition of the economy, especially in the textile industry. Economic growth in 2019 is targeted at 5.2% to 5.6%, in addition, maintain financial stability and stabilizing financial market, it is expected to boost the Company's growth.

According to the Indonesia Textile Association (API), Indonesia textile industry is expected to grow by 7% in 2019. Some of the factors are supporting this growth includes government policy through which has been issued by the Minister of Industry Regulation No. 1 of 2018, one of its content is to provide 30% income tax deduction for corporate income during 6 years or 5% per year for various manufacturing industries, such as the Textile Industry. As well as the presence of Presidential Instruction Number 13 of 2015 concerning the Policy on Domestic Free Trade Facilities (Inland Free Trade Agreement - FTA) with the aim of On Time Delivery and Efficiency in Production so it can increase the competitiveness of Indonesian Textile Products. Along with projections for 2019, the Company will implement some strategies to achieve the objectives, namely :

1. Integrated System Optimization in the Production Processes.

The Company will maintain its integrated production system to provide self-sufficient production from raw materials into finished goods, has an impact on the efficiency and excellence of our product quality. By optimizing the integrated system, it is expected to maximize the Company's performance.

2. Improve Product Excellence with Innovation.

The integrated system of the Company is able to create innovation which impacts cost efficiency and the excellence of out end product.

3. Market Development Through Old Market Penetration and New Market Expansion.

One of the important things that supports the Company's performance is the ability to expand the customer network. The Company continues to make market development through the penetration of existing markets and look for opportunities in new markets, for example by increasing sales volume or through new customers, especially in China, America and Europe.

4. Restructuring of Production Machinery and Upgrading Skills & Productivity of Workers.

Restructuring production machinery and upgrading the labor skill on a regular basis that are expected to increase operational effectiveness and optimization.

5. Application of risk management as a consideration in decision making.

The application of risk management to be done in all divisions of the Company's business, this is expected to mitigate the obstacles and prepare solutions in overcoming the risks in the future.

IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE

The Company realizes that the implementation of Good Corporate Governance is one of the benchmark to achieving success. With this reason, the Company is always committed to improving the implementation quality of GCG for business growth and sustainability.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

On this occasion, We express there is no changes in the composition of the Board of Directors for the financial year 2018. We hope the existing structure could manage their duties and responsibilities optimally for the Company.

MESSAGE FROM THE BOARD OF DIRECTORS

CORPORATE SOCIAL RESPONSIBILITY

In implementing Corporate Social Responsibility (CSR), we understand that how important its role in creating responsible and sustainable business development. The Company always implements social responsibility programs consistently every year. Sritex continues to carry out CSR activities through "Corporate Active Citizen" (CAC) approach, which is a manifestation of our commitment for sustainable community empowerment. Through CAC, the Company strives an active role, both from management and employees, to having wide impact on the community.

APPRECIATION

Thus, the Board of Directors' message on the implementation of the Company's business during 2018. We give the highest appreciation for the trust, commitment and cooperation of all stakeholders, especially to the management and all employees who have worked hard for achieving the goals. For the hard work of the management and all employees, the Company is able to improve its performance in 2018. We also thank the Board of Commissioners for the direction, which is greatly contributing to the Company's ability to achieve this outstanding performance.

The Board of Directors expressed the highest appreciation for the Shareholders and the partners of the Company. Their support to the Company has made us prevail in an excellent performance. We are committed to always provide the best performance and improvements in the future. The Board of Directors hopes that the Company will become an important part in improving economic growth in Indonesia.

Jakarta April 2nd, 2018
On Behalf of the Board of Directors



Iwan Setiawan Lukminto
President Director

THE BOARD OF COMMISSIONERS & DIRECTORS





THE BOARD OF COMMISSIONERS

HJ. SUSYANA President Commissioner

| | | |
|----------------------------|---|---|
| Citizenship | Indonesian | |
| Age, Place & Date of Birth | 71 years old as of December 31, 2018 - Kediri, May 18, 1947 | |
| Domicile | Solo, Indonesia | |
| Work Experiences | 2006 - Present 1999 - 2005 1997 - 1998 | Commissioner PT Sri Rejeki Isman Tbk Business Woman Retail Entrepreneur |

MEGAWATI Commissioner

| | | |
|----------------------------|--|---|
| Citizenship | Indonesian | |
| Age, Place & Date of Birth | 42 years old as of December 31, 2018 - Surabaya, May 4, 1976 | |
| Domicile | Solo, Indonesia | |
| Educational Background | Bachelor of Commerce Deakin University, Melbourne, Australia | |
| Work Experiences | 2014 - Present 2001 - 2011 2001 - 2011 1999 - 2000 1997 - 1998 | Commissioner PT Sri Rejeki Isman Tbk Head of Treasury PT Sri Rejeki Isman Tbk Marketing Director Asistant Senior Advisor Lippo Bank, Surabaya Finance Director Asistant, Packaging House Pty Ltd, Melbourne |

PROF. DR. IR. SUDJARWADI, M.ENG, PH.D Independent Commissioner

| | | |
|----------------------------|---|--|
| Citizenship | Indonesian | |
| Age, Place & Date of Birth | 71 years old as of December 31, 2018 - Kediri, March 13, 1947 | |
| Domicile | Solo, Indonesia | |
| Educational Background | 1986 1981 1975 | Doctoral Degree in Marine / Ocean Studies, University of Iowa, USA Doctoral Degree in Marine / Ocean Studies, AIT, Bangkok Bachelor's Degree in Civil Engineering, UGM Yogyakarta |
| Work Experiences | 2012 - Present 2007 - 2012 2002 - 2007 2000 - 2002 1995 - 1999 1995 - 1999 | Independent Commissioner PT Sri Rejeki Isman Tbk Lecturer / Rector UGM, Yogyakarta Lecturer and Vice Chancellor for Academic Affairs and Quality Assurance UGM Lecturer and Dean of the Faculty of Engineering UGM Lecturer / Secretary at the Directorate General of National Higher Education Lecturer and Assistant Dean of Administration & Finance, Faculty of Engineering UGM |

THE BOARD OF DIRECTORS

IWAN SETIAWAN LUKMINTO

President Director

| | | | |
|---|----------------------------|--|--|
| 1 | Citizenship | Indonesian | |
| | Age, Place & Date of Birth | 43 years old as of December 31, 2018 Surakarta, June 24, 1975 | |
| | Domicile | Solo, Indonesia | |
| | Educational Background | 1997 | Bachelor's Degree in Business Administration from Suffolk University |
| | Work Experiences | 2006 - Present 1999 - 2005 1997 - 1998 | President Director of the Company Vice President Director Assistant Director |

IWAN KURNIAWAN LUKMINTO

Vice President Director

| | | | | |
|---|----------------------------|---|---|--|
| 2 | Citizenship | Indonesian | | |
| | Age, Place & Date of Birth | 35 years old as of December 31, 2018 Surakarta, January 22, 1983 | | |
| | Domicile | Solo, Indonesia | | |
| | Educational Background | 2004 | Bachelor's Degree in Business Administration from Northeastern University | |
| | Work Experiences | 2012 - Present 2005-2012 | Company's Vice President Garment Division Director at the Company | |

THE BOARD OF DIRECTORS

ARIEF HALIM Marketing Director

3

| | | |
|----------------------------|---|---|
| Citizenship | Indonesian | |
| Age, Place & Date of Birth | 68 years old as of December 31, 2018 - Pekalongan, January 26, 1950 | |
| Domicile | Solo, Indonesia | |
| Work Experiences | 1990 - Present 1973 - 1990 1970 - 1973 | Director of the Company Marketing Manager in the Company Seller and marketer of textile chemicals |

EDDY PRASETYO SALIM Director of Operations

4

| | | |
|----------------------------|--|--|
| Citizenship | Indonesian | |
| Age, Place & Date of Birth | 51 years old as of December 31, 2018 Surakarta, August 21, 1967 | |
| Domicile | Solo, Indonesia | |
| Educational Background | 1992 | Bachelor's degree from Faculty of Economics, University of Brawijaya, Malang |
| Work Experiences | 2014 - Present 2009 - 2012 1994 - 2009 | Director of Operations Financial Consultant Head of Loan Center, Jakarta Selatan Region, PT Bank International Indonesia (BII) |

KARUNAKARAN RAMAMOORTHY Director of Production

5

| | | |
|----------------------------|--|--|
| Citizenship | Indonesian | |
| Age, Place & Date of Birth | 51 years old as of December 31, 2018 Appayanaic Kenpatti, India, May 23, 1967 | |
| Domicile | Jakarta, Indonesia | |
| Educational Background | 2003 1979 | Bachelor's degree in Textile from Kennington University, USA Master of Business Administration from West Coast University, USA |
| Work Experiences | 2017 - Present 2010 - 2017 2008 - 2009 1997 - 2007 1988 - 1997 | Director of the Company Unit Head of PT Spinmill Indah Industri (Indah Jaya Group) Technical Director of Thiennam Textile Company, Vietnam General Manager of Sunflag Textile & Knitwear Mills Ltd, Kenya Senior Service Engineer of Lakshmi Machine Work Ltd. |

THE BOARD OF DIRECTORS

DR. M. NASIR TAMARA

Independent Director

| | | | | |
|------------------|----------------------------|---|--|--|
| 6 | Citizenship | Indonesian | | |
| | Age, Place & Date of Birth | 67 years old as of December 31, 2018 Lampung, January 4, 1951 | | |
| | Domicile | Solo, Indonesia | | |
| | Educational Background | 1981 | Doctorate in Social Sciences from the University of Paris FHES | |
| | | 1979 | Master's Degree in Politics from the University of Paris I | |
| | | 1977 | Bachelor's Degree in Media from CFJ University of Paris II | |
| Work Experiences | 2012 - Present | Independent Director of the Company | | |
| | 2009 - 2012 | Vice President Director of Dr Nasir Tamara Associates Consultants | | |
| | 2011 - 2012 | President Commissioner of PT Bangun Maju Wisata | | |
| | 2007 - 2010 | Senior Research Fellow of the ISEAS S NUS | | |

ALLAN MORAN SEVERINO

Director of Finance

| | | | | |
|-------------|--------------------------------------|---|--|--|
| 7 | Citizenship | Indonesian | | |
| | Age, Place & Date of Birth | 62 years old as of December 31, 2018 Philippines, March 26, 1956 | | |
| | Domicile | Solo, Indonesia | | |
| | Educational Background | 1975 | Bachelor of Business Administration degree, majoring in Marketing and Accounting from the University of San Carlos | |
| | Work Experiences | 2006 - Present | Director of the Company | |
| | | 1991 - 2005 | Corporate Trustee | |
| 1989 - 1991 | | Finance Manager of Timur Djaja Group | | |
| 1988 - 1989 | | Finance Manager of Commercial Division at PT Tirtamas Majutama | | |
| 1987 - 1988 | | General Manager of PT Argha Giri Perkasa | | |
| 1982 - 1985 | | Audit Manager of Drs. Utomo & Co | | |
| 1977 - 1981 | Audit Supervisor of Drs. Utomo & Co. | | | |

FINANCIAL HIGHLIGHTS

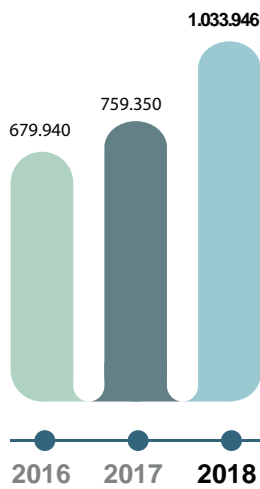
| Description | 2018 | 2017 | 2016 |
|--|----------------|----------------|----------------|
| FINANCIAL POSITION HIGHLIGHTS | | | |
| Current Assets | 706.253 | 645.051 | 378.025 |
| Non-Current Assets | 658.019 | 547.850 | 569.145 |
| Total Assets | 1.364.272 | 1.192.901 | 947.170 |
| Current Liabilities | 228.955 | 175.188 | 106.772 |
| Non-Current Liabilities | 619.069 | 575.554 | 509.288 |
| Total Liabilities | 848.024 | 750.742 | 616.060 |
| Total Equity | 516.248 | 442.159 | 331.110 |
| Total Liabilities and Equity | 1.364.272 | 1.192.901 | 947.170 |
| Net Working Capital | 477.298 | 469.863 | 271.253 |
| in Thousand US Dollars | | | |
| CASH FLOW HIGHLIGHTS | | | |
| Cash Flows from Operating Activities | 64.509 | (28.846) | 5.437 |
| Cash Flows (used in) Investing Activities | (115.440) | (30.087) | (83.461) |
| Cash Flows from Financing Activities | 51.744 | 126.284 | 62.304 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 813 | 67.352 | (15.720) |
| Net Effect of Changes in Exchange Rates on Cash and Cash Equivalents | 28 | (607) | (930) |
| Cash and Cash Equivalents at Beginning of Year | 127.232 | 60.487 | 77.136 |
| Cash and Cash Equivalents at End of Year | 128.073 | 127.232 | 60.487 |
| Basic earning per share (in USD) | 0,0041 | 0,0036 | 0,0032 |
| in Thousand US Dollars | | | |
| INCOME HIGHLIGHTS | | | |
| Sales | 1.033.946 | 759.350 | 679.940 |
| Cost of Goods Sold | 850.168 | 588.079 | 534.589 |
| Gross Profit | 183.778 | 171.271 | 145.351 |
| Operating Expenses | (21.863) | 36.589 | 29.898 |
| Income from Operations | 161.915 | 134.682 | 115.453 |
| Income for the Year | 84.556 | 68.035 | 59.366 |
| Number of Outstanding Shares | 20.452.176.844 | 20.452.176.844 | 18.592.888.040 |
| in Thousand US Dollars | | | |

Financial Ratio

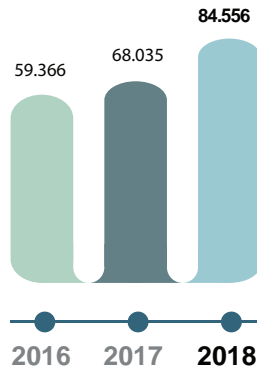
| Description | 2018 | 2017 | 2016 |
|---|---------|---------|---------|
| Income from Operations (%) | 15,66% | 17,74% | 16,98% |
| Income for the Year/Sales (%) | 8,18% | 8,96% | 8,73% |
| Income from Operations/ Total Equity (x) | 31,36% | 30,46% | 34,87% |
| Total Income for the Year/ Total Equity (x) | 16,38% | 15,39% | 17,93% |
| Income from Operations/ Total Assets (x) | 11,87% | 11,29% | 11,87% |
| Total Income for the Year/ Total Assets (x) | 6,20% | 5,70% | 6,27% |
| Total Current Assets/ Total Current Liabilities | 308,47% | 368,21% | 354,05% |
| Total Liabilities/Total Equity (x) | 164,27% | 169,79% | 186,06% |
| Total Liabilities/Total Assets (x) | 62,16% | 62,93% | 65,04% |
| in Thousand US Dollars | | | |

FINANCIAL HIGHLIGHTS

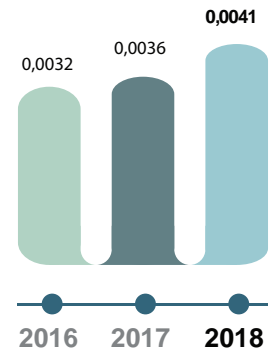
SALES
in Thousand US Dollar



INCOME FOR THE YEAR
in Thousand US Dollar



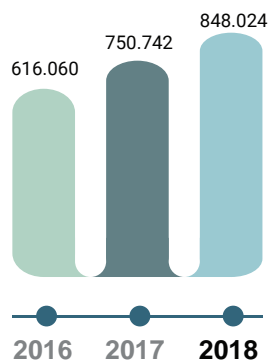
BASIC EARNINGS PER SHARE
in US Dollar



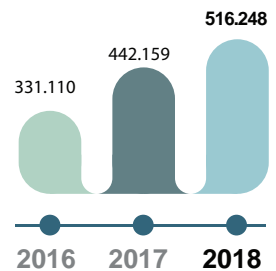
TOTAL ASSETS
in Thousand US Dollar



TOTAL LIABILITIES
in Thousand US Dollar



TOTAL EQUITY
in US Dollar

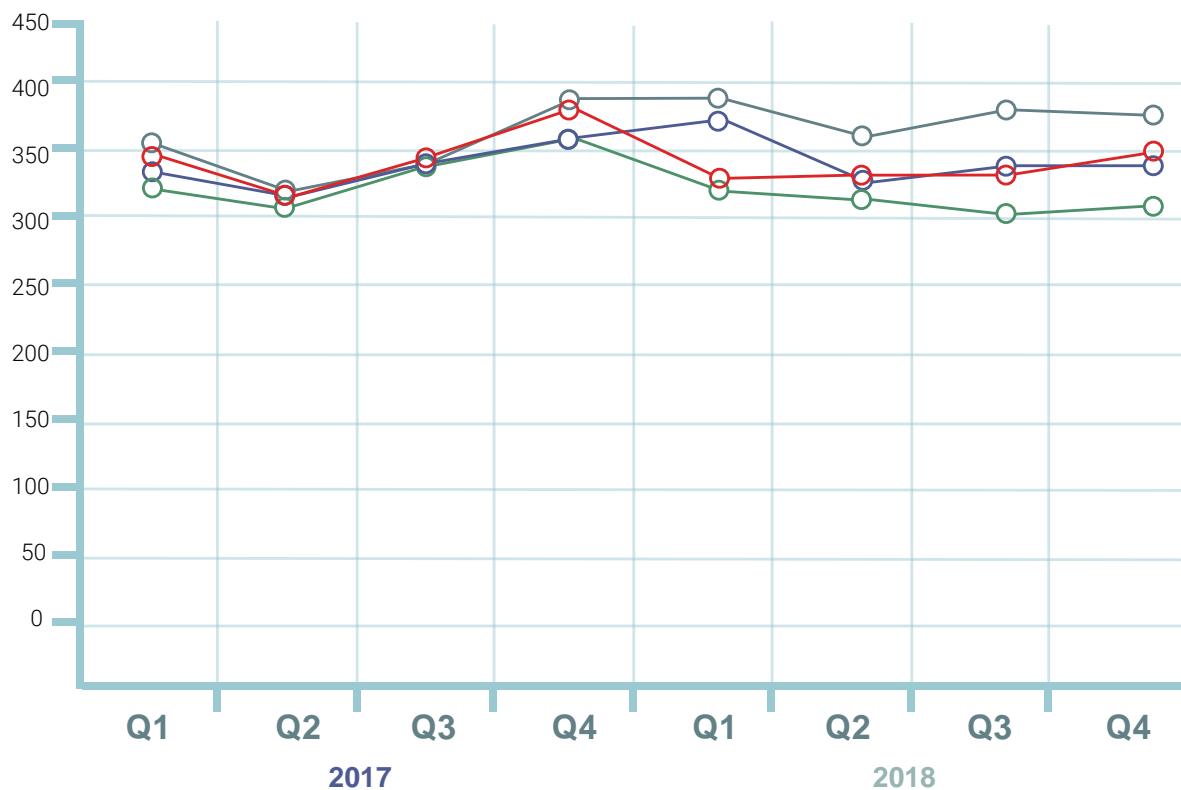


STOCK HIGHLIGHTS

QUARTERLY SHARE PERFORMANCE 2017-2018

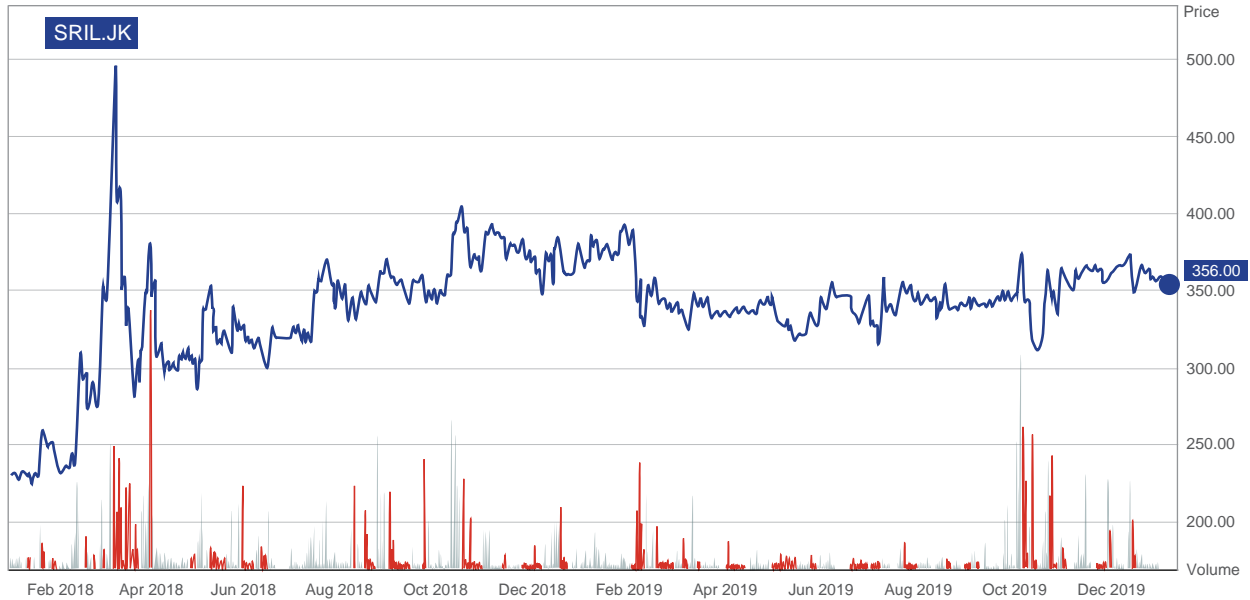
| Description | 2017 | | | | 2018 | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Opening Price (Rp) | 342 | 320 | 348 | 362 | 372 | 334 | 344 | 344 |
| Highest Share Price | 362 | 324 | 348 | 390 | 390 | 364 | 380 | 378 |
| Lowest Share Price | 324 | 316 | 344 | 362 | 322 | 318 | 302 | 312 |
| Closing Share Price | 350 | 320 | 348 | 380 | 334 | 344 | 344 | 358 |
| Total Share (thousand shares) | 719.810 | 26.130 | 28.610 | 272.860 | 8.760.267 | 2.510.168 | 4.830.238 | 25.901.954 |
| Outstanding Share (million shares) | 18.592 | 18.592 | 18.592 | 20.452 | 20.452 | 20.452 | 20.452 | 20.452 |
| Market Capitalization (million rupiah) | 6.507.545 | 5.949.756 | 6.470.359 | 7.771.827 | 6.831.027 | 7.035.548 | 7.035.548 | 7.321.879 |

GRAPHIC OF OPENING, HIGHEST, LOWEST, CLOSING SHARE PERFORMANCE 2017-2018

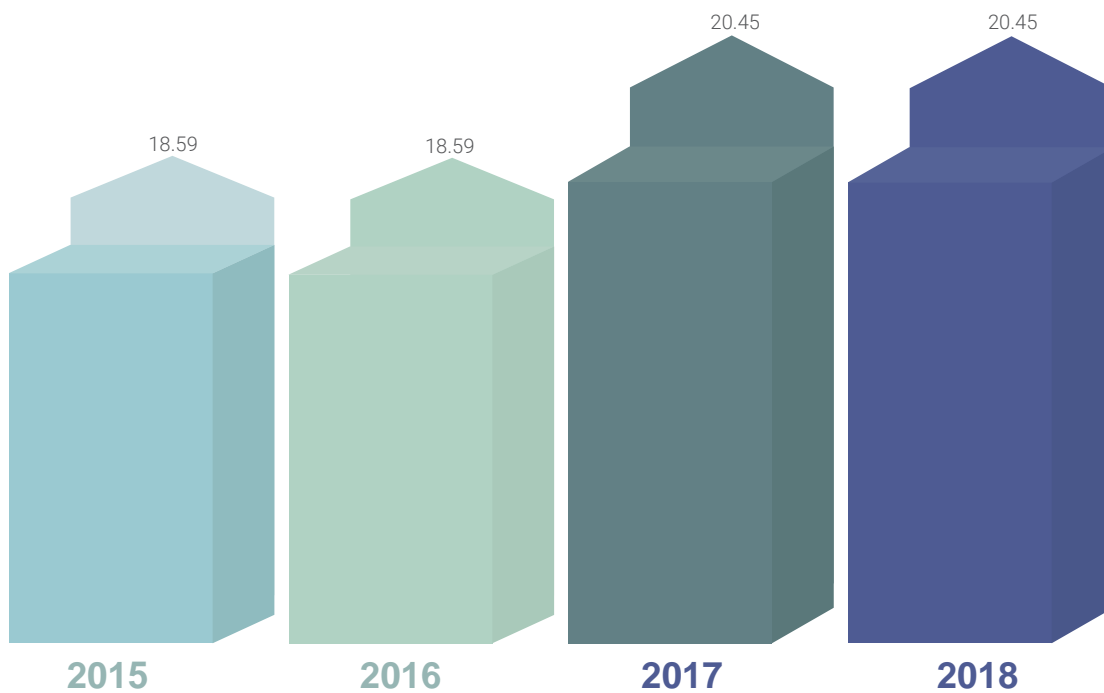


STOCK HIGHLIGHTS

SHARE PRICE MOVEMENT AND TRADING VOLUME IN 2017-2018



TOTAL SHARE (MILLIONS)



HUMAN CAPITAL



Human Capital (HC) holds a strategic position in the Company. Sritex believes that one of the measures to achieve business success is the development of talented human capital. Therefore, HC is a key of providing the best service for customers. The Company encourages all of its HC to take the major role in their duties and responsibilities and they are equipped with special trainings based on their scope of work. Every employee is a driving force to the better performance of the Company.

Loyalty, capability, tenacity and efficiency have been as the key factors in motivating the employees and building trust in Sritex. As a team, Sritex is proud to realize many achievements through perseverance and determination.

HUMAN CAPITAL PROFILE

Total employees in Sritex as of December 31, 2018 reached 18,713 employees, increased by 14.56% compared to 16,334 employees in 2017. Total employee composition in 2018 includes 18,590 employees from production units and 123 employees from nonproduction units. In detail, Sritex’s HC profile throughout 2018 can be seen from the table below:

Table of Employee Composition Based on Organizational Structure

| Position | 2018 | 2017 | Composition |
|--------------------------|---------------|---------------|-------------|
| Management (BOC and BOD) | 10 | 10 | 0,05% |
| General Manager | 14 | 14 | 0,07% |
| Manager | 99 | 99 | 0,53% |
| Supervisor | 712 | 688 | 3,80% |
| Senior Operator | 7.172 | 7.179 | 38,33% |
| Operator | 10.706 | 8,344 | 57,21% |
| Total | 18.713 | 16.334 | 100% |

HUMAN CAPITAL

Table of Employee Composition Based on Educational Background

| Education | 2018 | 2017 | Composition |
|-------------------------------|---------------|---------------|-------------|
| Master's Degree | 7 | 7 | 0,04% |
| Bachelor's Degree | 1.225 | 862 | 6,55% |
| Diploma | 613 | 542 | 3,28% |
| Highschool and Its Equivalent | 16.705 | 14.729 | 89,27% |
| Junior Highschool and below | 163 | 194 | 0,87% |
| Total | 18.713 | 16.334 | 100% |

Table of Employee Composition Based on Age

| Age | 2018 | 2017 | Composition |
|--------------|---------------|---------------|-------------|
| >50 | 462 | 454 | 2,47% |
| 41-50 | 2.643 | 2,556 | 14,12% |
| 31-40 | 3.115 | 2,989 | 16,65% |
| 21-30 | 5.235 | 4,245 | 27,98% |
| <21 | 7.258 | 6,090 | 38,79% |
| Total | 18.713 | 16.334 | 100% |

Table of Employee Composition Based on Domicile

| Age | 2018 | 2017 | Composition |
|--------------|---------------|---------------|-------------|
| Sukoharjo | 7.120 | 6,145 | 38,05% |
| Klaten | 3.613 | 3,386 | 19,31% |
| Wonogiri | 3.320 | 2,934 | 17,74% |
| Karanganyar | 592 | 533 | 3,16% |
| Gunung Kidul | 712 | 651 | 3,80% |
| Boyolali | 583 | 436 | 3,12% |
| Sragen | 465 | 406 | 2,48% |
| Solo | 465 | 278 | 1,74% |
| Other area | 1.983 | 1,565 | 10,60% |
| Total | 18.713 | 16.334 | 100% |

HUMAN CAPITAL

RECRUITMENT AND CAREER DEVELOPMENT

Human Capital processes have been being begun since the first recruitment process. The prospective candidates provided by knowledge relating to the given directions. Sritex's recruitment processes upholds the principles of transparency, fairness and equality. These selection processes are based on the Company needs and considering the candidate competencies. The Company also develops various trainings for employee needs based on their characters, competencies and recruitment qualifications as well. For career development, each employee is given equal opportunities to be promoted and occupied at the highest position according to their merits and capacities.

TRILOGY AND TRI DHARMA

At the beginning, HC has been becoming the highest consideration in founder and management of Sritex. At the Company's environment, there is two points of views of Sritex appreciating HC at inside or outside the work environment. First of all, human being is collectively social creatures, who has a powerful if they are united. However, Human Being as individual creature is also having distinction, ability and various innovation thinking who gives the benefit for the Company.

In terms of preserving collective values, Sritex's founder, HM Lukminto has been introducing two philosophies of the Company, well-known as "Trilogy" and "Tri Dharma". Both heavily emphasizes on the aspect of human collectivity. Trilogy consists of three substances, namely: "The Company is the source of our livelihood"; "Today must be better than yesterday, and tomorrow must be better than today"; and "We are part of Sritex's family, that prioritizes togetherness and unity".

Meanwhile, Tri Dharma consists of three substances, written in ancient Javanese language, which emphasizes on the contribution of human integrity towards the greater and nobler causes. These three substances are melu handarbeni (sense of belonging); melu hangrungkebi (sense of responsibility); and mulat sariro hangrosowani (constant sense of self-awareness or introspection).

These philosophies or local wisdoms have a significant role for our sustainability, because Sritex is one of the largest textile-garment company in Southeast Asia that employs ten thousands of employees and has weathered fluctuations within the global economy. The employees' loyalty has been tested from time to time - some employees come from three generations of the same family, some employees have been still working at Sritex.

COMPETENCY TEST

In associate with a Textile and Garment Professional Certification body and the Minister of Industry. Sritex has organized the Competency Trainings for Spinning, Weaving, Finishing and Garment operators (each division consists of 100 participants). It aims to develop a highly competent of human resources in manufacturing textile and garment for the long terms.

CONSTRUCTION OF HC BUILDING

Sritex has provided a separate building for Human Capital Department, equipped with training and counseling rooms for the employees.



The Company is the source of our livelihood. Today must be better than yesterday, and tomorrow must be better than today. We are part of Sritex's family, that prioritizes togetherness and unity"

HUMAN CAPITAL

PRODUCTION QUALITY CONTROL PROCESS

On the other hand, as a company that engages in the manufacturing industry, Sritex has to adopt advancement oriented values, specifically innovations, for continuously providing additional value to all stakeholders. For example, in order to satisfy various demands for more intricate specifications in military uniforms and fashion, the Company must ensure that production planning and quality control should be made as precisely as possible. With foreign and domestic professional assistance for, the quality control process at Sritex began from the receipt of raw materials, the packing of the finished good, until the finished good is delivered to both domestic and foreign customers.

For production planning, all of Sritex's division production must be under strict supervision of professionals who carry out Production Planning & Inventory Control (PPIC) functions.

For all of the processes above require the exceptional human resources. Sritex formed a group consisted of domestic and professional employees, including experts who grow within the Company, to be involved in marketing, finance, technology and research and development. Nevertheless, in the long term, the improvement of capacity and capability of the employees at managerial and head of units levels will be unceasingly improved through the CCDP program, realized in the form of

training for all of division, that has been running since 2010 and started with 120 employees who channeled their knowledge to other employees. Currently, it has just begun the construction of "Institute for Textile and Garment Technology" in front of Sritex complex and office in Sukoharjo. This institute will be known as innovation center that will provide additional value to various products of Sritex.

CORPORATE ACTIVE CITIZEN

An integral part of Sritex' corporate which has received an award from the Indonesian Record Museum (MURI), which is the unique tradition of the flag raising ceremony on the 17th in every month. This activity is to put the Company at the forefront in building Corporate Active Citizens amongst companies at the national level, as well as have great benefits to invest the discipline and passion values to all employees in order to get better together.

As an appreciation to employees' loyalty and performance, Sritex has initiated the program of providing low-income housing for employees in Kenep Village, Sukoharjo. Other service programs as follows:

The establishment of a 24 hours polyclinic, with medical staffs and doctors, provision of dormitories and hostels for employees, provision of free lunch for workers and the establishment of PT Sritex Worker Union (SPSI); and of Employee Cooperative.



24 HOURS POLYCLINIC
With medical staff and doctors



ROOM AND BOARD
Provision of dormitories and hostels



MEALS
Provision of free lunch



WORKERS UNION
Establishment of PT Sritex Worker Union (SPSI); and of Employee Cooperative

HUMAN CAPITAL

HUMAN CAPITAL EDUCATION AND TRAINING DEVELOPMENT PROGRAM IN 2018

Throughout 2018, Sritex has organized various human resources education and training development programs. Some programs routinely implemented by Sritex are knowledge management and Achievement Motivation Treatment (AMT) programs. Knowledge Management is important for the Company to create chain effects through various training programs and unique experiences of employees and managers. The Company's Management regularly conducts revitalization activities such as sharing with the employees. This activity started with the implementation of thematic discussion led by managers and is held every Thursday for all supervisors in the production departments. This activity has created solid and reliable supervisor teams which are able to strengthen the Company's values in customers' perspective. The impact of this program is that the Company has a high level of motivation, compliance, and loyalty from the employees who participate in the program.

In 2018, Sritex has conducted some programs to evaluate the overall strengths and weakness of its employees and managers for character-building purposes. Sritex has also designed various HC training and development programs, which are relevant and in line with the Company needs to face and anticipate the existing and potential challenges in the future.

Sritex has built a number of training facilities for each department, namely:

- Spinning Training Center located at III and VII Spinning Department.
- Weaving Training Center located at IV Weaving Department.
- Garment Training Center located nearby III Spinning Department Building.

The cost of HC training and development activities in 2018 reached Rp4.3 billion, up 18.2% compared to that of 2017 at Rp3.6 billion. Through these training and development activities, Sritex has sustainably implemented HC management strategy by encouraging all employees to respond the existing challenges.

| HC Training and Development | Organizer | Total Participants | Cost (in Rupiah) |
|--|---|--------------------|------------------|
| Unskilled training becomes skill in LPK Sritex (Spinning, Weaving, Finishing, Garment) | Learning Center, LPK Sritex and Industrial Training Center in Surabaya. | 8.613 | 1.813.213.000 |
| Competency Certification, Garment Operator Education and Training | Learning Center, LPK Sritex and Industrial Training Center in Surabaya. | 8.845 | 2.058.170.000 |
| Competency Certification, Supervisor Education and Training | Learning Center, LPK Sritex and Industrial Training Center in Surabaya. | 33 | 25.715.000 |
| Work orientation training | Learning Center HRD Sritex | 180 | 65.678.000 |
| Skill development training | LPK Sritex, Learning Center and Department Sritex | 550 | 86.213.000 |
| Management Training and Industrial Knowledge | Learning Center HRD Sritex, Gajah Mada University Yogyakarta. | 45 | 30.875.000 |
| OSH Training | Learning Center HRD & P2K3 | 77 | 36.892.000 |
| ISO Training, Quality Management and Environmental Management | Sritex System and Procedure. | 113 | 47.250.000 |
| Corporate Culture Training | AOC Sritex | 125 | 52.150.000 |
| Security Training and Emergency Response | Security, HRD, P2K3 Sritex | 50 | 40.125.000 |

HUMAN CAPITAL



HUMAN CAPITAL PROGRAMS AND PLANS IN 2018

In 2018, Sritex, in cooperation with textile and garment educational institutions that located in Solo and Sukoharjo, we will continue to evaluate the needs for HC training and development. Several programs and activities will be conducted to optimize its human resources are as follows:

- Diploma Program 2 (D -2).
- Competency Certification Program for Trainer Garment.
- Training for Quality Control & Inspection.
- Human Resources Management.
- Effective Leadership.
- Work Motivation & Work Ethics.
- Basic Management.
- Training on Quality Management System of ISO 9001:2015.
- Special Class of Middle Management.
- Training on Security & Safety.
- Training for Trainer Candidates of Garment Department.
- Training for Trainer Candidates of Weaving Department.
- Training for Trainer Candidates of Finishing Department.
- P2K3 Training.
- Strategy Management.
- Audit Compliance.



INFORMATION TECHNOLOGY

The implementation of this system is performed on both operational and functional levels by developing a work program that supports the Company's business strategy.

Sritex is fully committed to supporting research and development in technology through various innovations, both in our technology system and products. Information technology is to boost an advanced performance as stated on our "website" which is more comprehensive regarding to informations displayed.

INFORMATION TECHNOLOGY DEVELOPMENT

The Company consistently and continuously improves information technology system to realize its vision, namely "To Become a Leading Textile and Garment Producer with the Best Reputation and Credibility". The implementation of this system is performed on both operational and functional levels by developing a work program that supports the Company's business strategy. The information technology program is to support the Company's business are as follows:

- Completion of Microsoft AX program to support operational and financial activities.
- Integrated production program in operational and financial.
- Updating the Company's website.

HUMAN CAPITAL TRAINING AND DEVELOPMENT ON INFORMATION TECHNOLOGY

High quality of human resources is a significant asset to support business operations in the field of information technology. The Company recruits information technology personnel through a strict and competitive selection to ensure that the recruited candidates have the competency according to the Company needs and standards.

Sritex regularly holds internal and external trainings in both technical and non-technical duties to boost the competency of each individual in line with system development of the Company.

In addition, the Company cooperates with one of its strategic partners to provide trainings that will equip the employees with knowledge and open up their new perspective.

By understanding the integration of business process, information technology staff is expecting to develop a strategic planning on the implementation of information technology and to create transformation and modification of business process flows.

INFORMATION TECHNOLOGY DEVELOPMENT IN THE FUTURE

Implementation and development planning of information technology in the long-term cover integrated information technology development relating to the establishment of new factories and others sustainable improvement.

GOOD CORPORATE GOVERNANCE

The Company believes that sustainable growth can be realized through an optimal implementation of GCG as the main foundation and supported by a commitment to strengthening the implementation of GCG in each organ of the Company. so, the Company can continue to create value and always be a trusted company for stakeholders.

GCG PRINCIPLES

In detail, implementing GCG to the Sritex governance system is guided by the following rules:

1.

Code of Good Corporate Governance in 2006 by the National Committee on Governance (KNKG)

5.

Regulation of the Financial Services Authority No.34 of 2014 on the Nomination and Remuneration Committee of Issuer or Public Company

9.

Regulation of the Financial Services Authority No. 56 of 2015 on the Establishment and Guidelines for the Preparation of Internal Audit Charter Unit

2.

Law of the Republic of Indonesia No. 40 of 2007 on Limited Liability Company

6.

Regulation of the Financial Services Authority No.35 of 2014 on Corporate Secretary of Issuer or Public Company

10.

Regulation of the Financial Services Authority No.29 of 2016 on the Annual Report of the Issuer or Public Company

3.

Regulation of the Financial Services Authority No.32 of 2014 on the Planning and Organizing the General Meeting of Shareholders of Public Company

7.

Regulation of the Financial Services Authority No.21 2015 on the Implementation of Good Corporate Governance of Public Company

11.

The Financial Services Authority Circular No.30 of 2016 on the Form and Content of the Annual Report of Issuer or Public Company

4.

Regulation of the Financial Services Authority No.33 of 2014 on the Board of Directors and Board of Commissioners of Issuer or Public Company

8.

Regulation of the Financial Services Authority No.55 of 2015 on the Establishment and Work Guidelines of the Audit Committee

GOOD CORPORATE GOVERNANCE

GCG Implementation Principles and Its Implementation

Our commitment in implementing the practices of GCG, the Company has applied GCG basic principles as follows:

| Principle | Implementation |
|--|--|
| <p>Transparency Covers the transparency in the process of decision making and transparency in the disclosure of information which is relevant to the Company to all the stakeholders and shareholders, in accordance with the prevailing rules.</p> | <ul style="list-style-type: none"> • Make an announcement on the quarterly financial statement to the Indonesian language newspaper at least to 1 (one) newspaper which is nationally circulated. • Deliver the annual report to Indonesia Stock Exchange and upload it to the official Company website |
| <p>Accountability Clarity of function, its implementation, and responsibility of organ to achieve effective company management.</p> | <ul style="list-style-type: none"> • Determining clear responsibility of each department that is in line with the vision, mission, business target, and strategy of the Company. • Establishing reward and punishment system and performance standard for all job levels using the agreed parameter, which is consistent with the corporate values, business target, and corporate strategies. |
| <p>Responsibility The Company complies with the laws and regulations and fulfills its responsibility to the stakeholders. Thus, the Company can successfully maintain business continuity for the long term and obtain recognition as a good corporate citizen.</p> | <ul style="list-style-type: none"> • Upholding prudential principles and ensuring compliance with the applicable regulations. • Caring about environment and not putting aside its social community responsibility. |
| <p>Independency The Company is managed professionally without conflict of interest and influence from any other parties that are against the laws and regulations in force and the healthy corporate principles.</p> | <ul style="list-style-type: none"> • Taking maximum effort to ensure zero influence from one-sided interest. • Avoiding conflict of interest. • Making decision objectively without any pressure. |
| <p>Fairness and Equality Giving fair and equal treatment in the fulfillment of the shareholders and stakeholders' rights, which arise from the agreement made, the laws and regulations, and the Company's policy.</p> | <ul style="list-style-type: none"> • Always fulfilling the rights of the shareholders and other stakeholders in proper and fair manner to ensure zero domination from any party. |

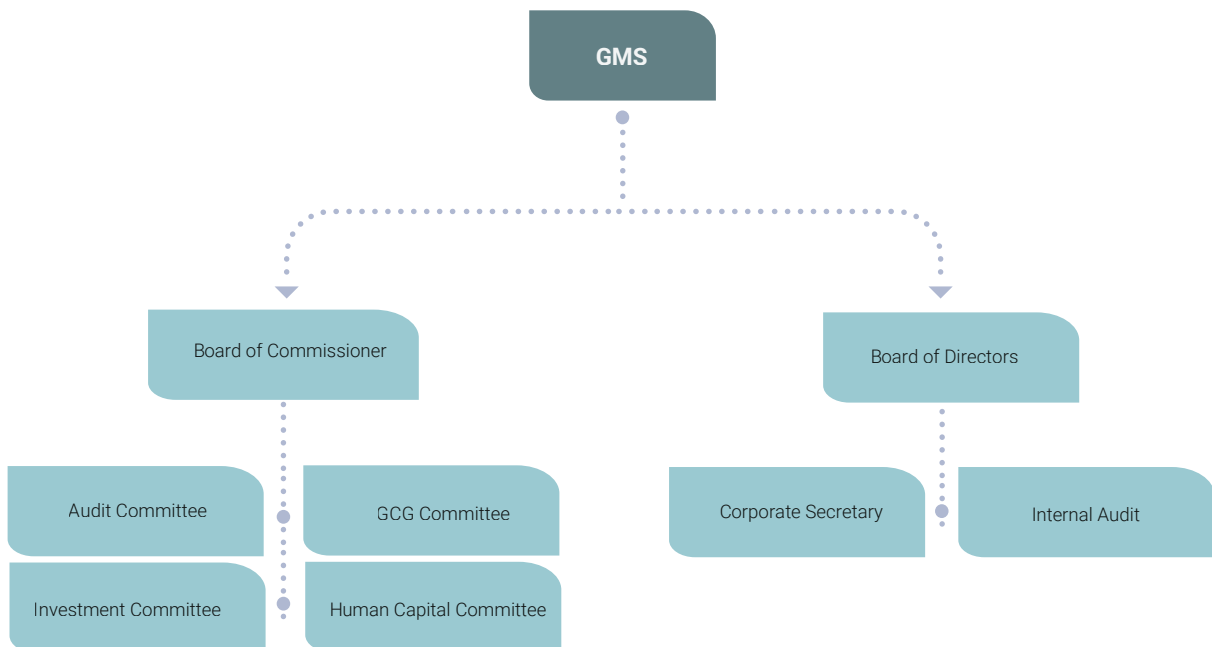
GOOD CORPORATE GOVERNANCE

GCG STRUCTURE

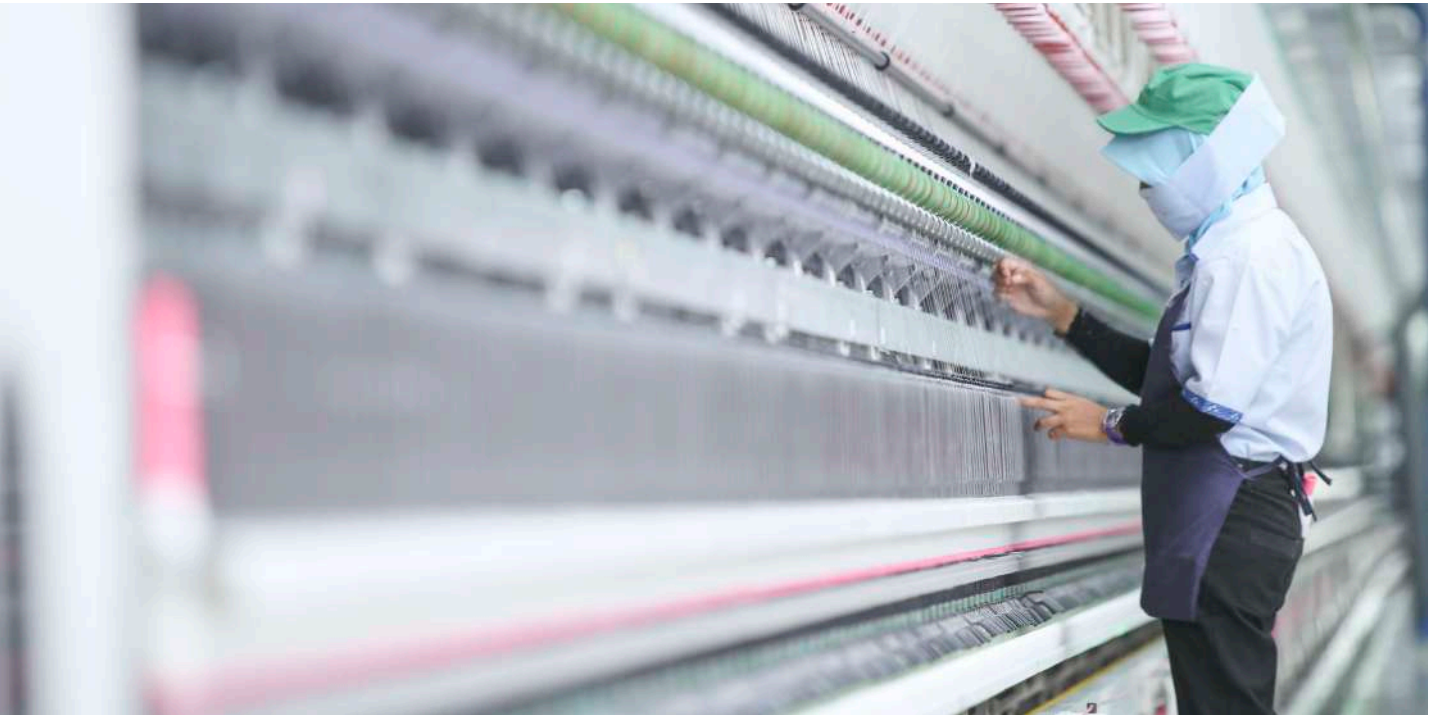
Referring to Law No. 40 of 2007 regarding to Limited Liability Company, the Company's GCG major organ consists of General Meeting of Shareholders (GMS), Board of Commissioner, and Board of Director.

These organs have a key success in the implementation of GCG. In addition, the Company has established GCG supporting organs under Board of Commissioner, namely Audit Committee, GCG Committee, Investment Committee and Human Capital Committee, and under Board of Director consisting of Corporate Secretary and Internal Audit Unit.

Each of the Company's organs performs its duties, functions and responsibilities independently for the interest of the Company in accordance with the statutory provisions, the Articles of Association and other applicable provisions.



CORPORATE SOCIAL RESPONSIBILITY



As a company that engages in manufacturing sector, Sritex ensures that have been accordance with sustainability principles in conducting its activities namely the balance between “triple bottom line” which is people, profit, planet. The Company measures the success of its business based on corporate social responsibility, its responsibility on environment and benefit. A developing model is not only creating financial profit but also social responsibility.

Sritex recorded USD 485.945 for the distribution of economic value on the implementation of whole CSR activities during 2018. Initiative in implementing the environment has been giving a contribution on some efforts to make Sritex as a sustainable business textile. The Company is committed to keeping and improving the performance in maintaining environment for creating long-term environmental friendly textile industry and maintaining business reputation in global market.



Sritex recorded **USD 485,945** for the distribution of economic value on the implementation of whole CSR activities during 2018”

CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENT

In 2018, the Company has applied the policies in maintaining the environment, among others:

THE USE OF ENVIRONMENTAL FRIENDLY MATERIAL

Sritex's business operations have been vertically integrated to help the Company to have broader control in its production process. In this case, the Company can determine the use of raw materials that can be renewed to produce products that are more environmental friendly.

Since 2018, the use of renewable raw materials have reached 70% of the total raw materials used.

ENERGY CONSERVATION

The energy management system has been being implemented by the Company to control energy consumption referring to the ISO5001 standard. This means that the energy management system has been oriented with the Green Industry.

In 2018 the Company succeeded in reducing the number of energy intensity to be 0.143 Gjoule/Piece of clothing product, which has dropped from the intensity of energy usage in the previous year.

REDUCE EMISSIONS

The company also fully supports the commitment of the Government of Indonesia to participate in reducing GHG emissions by 29%. Sritex's contribution in reducing emissions figures is demonstrated through the planned energy efficiency policy.

The Company's energy efficiency program also contributed to the reduction in emissions intensity by 12.5% when compared to the previous year.

WASTE MANAGEMENT SYSTEM

It cannot be undenied that the business operations of the textile industry have an impact in the form of waste for both liquid waste and solid waste. In managing liquid waste, the Company has WTPP to treat wastewater from the rest of the production process.

In total during 2018, WTPP in the Company has processed 100% of the water used for the production process and has been flowed back into the river with proper quality standards. For solid waste, some are reused and discharged into landfills.

ENVIRONMENT CERTIFICATION

In the side of Environment certification, the Company has had certification, among others:

- ISO14001:2015
- Proper from Minister of Environment
- Audit NATO (Bundeswehr German certification)



The Company's energy efficiency program also contributed to the reduction in emissions intensity by **12.5%** when compared to the previous year."

CORPORATE SOCIAL RESPONSIBILITY

EMPLOYMENT



The Company sees that the workforce is an important part of business operations. Sritex is committed to paying attention to its employees on the issues regarding employment through various mechanisms. Some activities related to employment that have been conducted by the company as follows:

EQUALITY AND WORK CHANCES

Regarding the granting of rights for employees, Sritex continues to uphold the principle of equality. All regulations and employment opportunities apply to all employees regardless of gender. To qualify all job positions offered only require education and competence. Rights and obligations apply to all employees regardless of gender.

OCCUPATIONAL HEALTH AND SAFETY

Occupational Health and Safety is a culture that must be implemented by all employees. As an effort to realize zero work accident figures, the Company routinely conducts training on occupational health and safety organized by P2K3 Sritex.

In addition, the Company also provides free health services in the form of the 24-hour polyclinic to handle injuries and health problems both work and non-employment.

RETURN TO WORK PROGRAM

Corporate Social Responsibility of Sritex on employment conducted through "Return To Work" (RTW) from BPJS Ketenagakerjaan. In 2018, the Company returns accepting the absence of Employees for some months because of accidents to work again. This program also includes the acceptance of diffable employees. At the end of 2018, there were more than 160 diffable employees with their own cases condition to work in.

EMPLOYEE COMPETENCY DEVELOPMENT

As one of the keys in the Company's performance growth, Human Resources is one of the factors that concerned its quality. To maintain and improve HR quality, Sritex has Learning Center and LPK.

Sritex Learning Center is a training center for Human Resources from various levels of employees to get soft skills training and a means to expand knowledge relating to work.

LPK itself is hard skill training center for employees, especially at the operator level. LPK Sritex also provides training for entry-level employees from 'unskilled' to 'skilled'.

“ Sritex has been [roviding both in soft or hard skills to 910 employees at various organization levels for 2018.”

CORPORATE SOCIAL RESPONSIBILITY

SOCIAL & COMMUNITY

The presence of Sritex is not only for profit. Since the beginning of its operation, the Company has been committed to its presence that could provide benefits to the surrounding communities. With such commitment, from year to year, the Company continues to improve harmonious relations with the community. In 2018, the Company has contributed to the community through the following programs:

INFRASTRUCTURE INVESTMENT

In 2018, Sritex has made infrastructure investments in the form of building houses of worship and schools. Infrastructure assistance to houses of worship, Sritex routinely contributes funds for infrastructure development to houses of worship around the Company's operational areas, in the Sukoharjo area of Central Java. In addition to houses of worship, schools that given those infrastructure investment assistance were SMK Tekstil Lailatul Qodar in Kenep Village, Sukoharjo, Central Java. This school is a Vocational Middle School that prints ready-to-work resources in the textile field.

HOUSE OF HARMONY (RHA)

Harmoni Alam House is an assistance program of Sritex to boost populist economy for the farmers that struggle the balance of nature through creating integrated empowerment system to create the sustainability of additional income and independence economy. RHA itself has an organizational structure consisting of Boga Tani farmer group. The impact of this program has been directly felt by farmers participating in the RHA program. One of the impacts is the increase of harvest by 33% in 2018.

BLOOD DONORS

Sritex collaborates with the Blood Donation Unit of the Indonesian Red Cross (PMI) of Sukoharjo Regency in a blood donor CSR activity held regularly, ie every 3 (three) months at PT Sri Rejeki Isman Tbk.



CORPORATE SOCIAL RESPONSIBILITY

CUSTOMERS

Sritex strengthen its reputation as a textile and convection industry company by reaching global markets. Therefore, the Company has the greater responsibility to meet the expectations of all customers. As a realization of social responsibility towards customers, the company internally instills the number of principles that must be fulfilled by employees in the field of production. Employees are required to understand that Sritex is an integrated textile company that produces the best products.

PRODUCT LEGALITY AND COMPLIANCES

The quality and grade of Sritex products obtained from the application of an integrated management system. In this case, the Company has obtained ISO 9001: 2015 quality management system certification and ISO 14001: 2015. In addition, Sritex also has certification on raw materials used, namely certificates from Cotton Council International and Oeko-Tex.

CUSTOMERS SATISFACTION SURVEY

The company routinely evaluates the performance of services and products produced through customer satisfaction surveys. In 2018, the survey results stated that the average of customers was quite satisfied with the services and products provided by Sritex.

CUSTOMERS COMPLAINT SYSTEM

For readiness to handle customer complaints, the Company provides a channel to receive input and complaints from all stakeholders by contacting via telephone to (0271) 593188, facsimile (0271) 592488, by e-mail through info@sritex.co.id or mail to the address of PT Sritex Rejeki Isman Tbk, Jl. KH. Samanhudi 88 Jetis, Sukoharjo 57511, Solo, Central Java.



AWARDS AND CERTIFICATION



THE IDX BEST BLUE 2017

Textile Industry Category
Jakarta, May 31st 2018

BEST OF THE BEST AWARDS 2018

as the Top 50 Companies for 2018
Jakarta, November 29th 2018



OCI AWARDS

The Most Influential Company of the Year
Jakarta, April 2nd 2018

SWA AND DUNAMIS LEADERSHIP AWARDS

as the Best CEO 2018 Employees Choice
Jakarta, November 29th 2018



AWARDS AND CERTIFICATION



BISNIS INDONESIA AWARD 2018

Iwan Setiawan Lukminto as the Best CEO
Jakarta, 2018

as the Best Public Company in Various Industry Sector
Jakarta, May 7th 2018

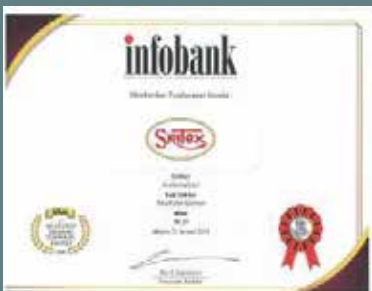
WARTA EKONOMI INDONESIA CORPORATE SECRETARY AWARD

Top 5 GCG Issues in Textile and Garment Sector
Jakarta, October 26th 2018



WARTA EKONOMI INDONESIA EXCELLENT PUBLIC COMPANY 2018

as Indonesia Excellent Public Company 2018
Category: Miscellaneous Industry
Jakarta, July 31st 2018



INFOBANK 100 FASTEST GROWING COMPANIES AWARDS

Sector Various Industry, Subsector Textile and Garment
Jakarta, 31st January 2019

BKKBN

1st Java Bali Regional,
The Company National Family Program Competition
Manado, July 6th 2018



2018 CORPORATE REPORT



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