



# Anchor Resources Limited

(Registration No. 201531549N)  
(Incorporated in the Republic of Singapore)

## SUSTAINABILITY REPORT

FOR

FINANCIAL YEAR ENDED

31 DECEMBER 2017

*This sustainability report has been prepared by Anchor Resources Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this sustainability report.*

*This sustainability report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this sustainability report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this sustainability report.*

*The contact person for the Sponsor is Ms Lam Siew Hwa, Vice President at 8 Anthony Road, #01-01 Singapore 229957, telephone (65) 6590 6881.*

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## **BOARD STATEMENT**

We are pleased to present Anchor Resources Limited's (the "**Company**" or "**ARL**") inaugural Sustainability Report for financial year ended 31 December 2017 ("**FY2017**").

We acknowledge the importance of sustainable developments as part of the Company's key strategy in enhancing and preserving value for all our stakeholders.

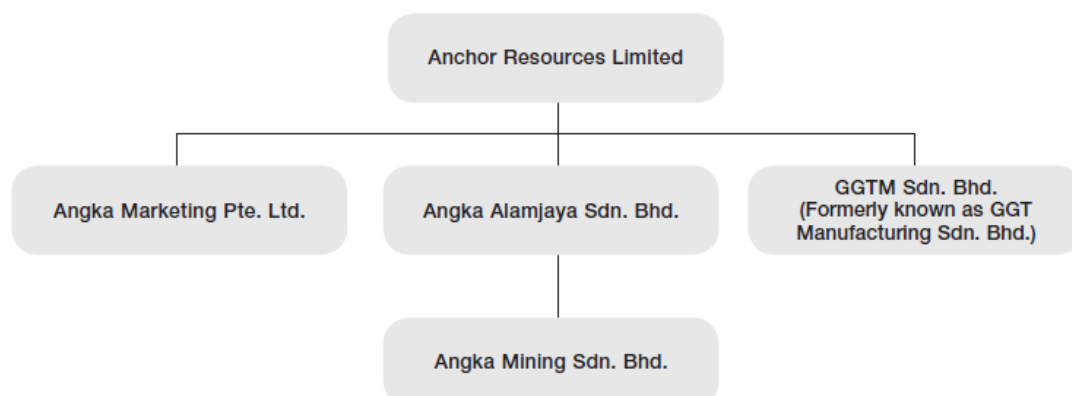
ARL is engaged in both gold and dimension granite mining in Terengganu, Malaysia. Being one of the major players in the mining industry in Terengganu, we strive to achieve sustainable mining, which will ultimately contribute towards value enhancement and preservation of our stakeholders.

As the board of directors ("**Board**"), we support the disclosure of our practices and performance in the area of environment, social and governance ("**ESG**"). This Sustainability Report covers data and information from 1 January 2017 to 31 December 2017. The report has been prepared in accordance with the widely recognised Global Reporting Initiative ("**GRI**") Standards: Core Option as well as on a "Comply and Explain" basis pursuant to Rule 711B and Practice Note 7F of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Board has considered sustainability issues as part of our strategic formulation and have determined the material ESG factors. The data and information provided have not been verified by an independent third party.

With the support from the Board, the management establishes policies and practices to address and manage the material ESG factors. We believe that, with our continuous efforts in more sustainable operating model, we will be able to achieve sustainable growth for our businesses.

## **GROUP STRUCTURE**

Below is our Group Structure for FY2017.





**GGTM: Quarry Face at Bukit Chetai Granite Mine**



**AASB: Gold Concentrated Ore Production Plant at Lubuk Mandi Gold Mine**

## **MATERIALITY ASSESSMENT**

Our assessment of sustainability is guided by the GRI Reporting framework and reflects the Group's material ESG factors. A materiality assessment was carried out during FY2017 based on the guidelines of GRI Standards. To identify its material topics, we have considered all topics and standard disclosures included in the GRI Standards across the economic, environmental and social categories as well as those included in the GRI disclosures. During the process, we have considered the views of ARL's various stakeholders. Applying the guidance from GRI, we have determined the following factors for FY2017:

- GRI 302 – Energy
- GRI 303 – Water and Effluents
- GRI 403 - Occupational Health and Safety

## **KEY STAKEHOLDER ENGAGEMENT**

A great collaboration with stakeholders supports us in addressing sustainability challenges. We continue to promote ongoing communication and active engagement with our stakeholders. We incorporate shareholders' feedback into our planning and actions where appropriate and relevant to our businesses. Their feedback has helped us in strengthening the relevance of our reporting and approach to managing the Company's material issues. In identifying the key groups of stakeholders, we assessed the level of significance of the stakeholders' interests in sustainability issues, the potential impact and influence of these stakeholders on our Group's businesses and operations.

Our approach towards engaging with our identified key stakeholders are summarised in the table below.

<b><u>Stakeholder Group</u></b>	<b><u>Relevance</u></b>	<b><u>Engagement Platforms</u></b>
1. Shareholders	Financially vested in ARL	a. Annual reports b. Annual General Meetings c. Announcements d. Company website
2. Government	Continuing rights for ARL to operate and possibility of additional business opportunities	a. Compliance to laws and regulations b. Reports on ad-hoc and on scheduled basis
3. Employees	Limited pool of skill and/or talent as well as retention of talent	a. Employee Stock Options Plan (ESOP) scheme b. Annual performance reviews

4. Business partners		
i. Customers	Provide profit for continuing operations	a. Negotiations on pricing & delivery b. Receive feedback on quality of products and/or service
ii. Contractors	Provide facilities, technical skills and finance	a. Regular and ad-hoc meetings b. Telephone and email communications c. Reports
5. Local communities	Possibility of resentment and disruptive actions	a. Financial support for social activities of local communities via sponsorship, donations etc. b. Community programme

## **MATERIAL TOPICS: ENVIRONMENTAL FACTORS**

### **Approach**

ARL is committed on measures to minimise any impact of our operations on the environment, on our employees, on our suppliers and/or contractors as well as on the local communities.

We have an Environmental Monitoring Program (“EMP”) administered by Sukikawa Environmental Sdn Bhd (“SESB”) (formerly known as Surawaki Environmental Sdn Bhd). The EMP program is in compliance with the guidelines from the Department of Environment, Terengganu (“DOE”). Our actions are guided by the recommendations from SESB.

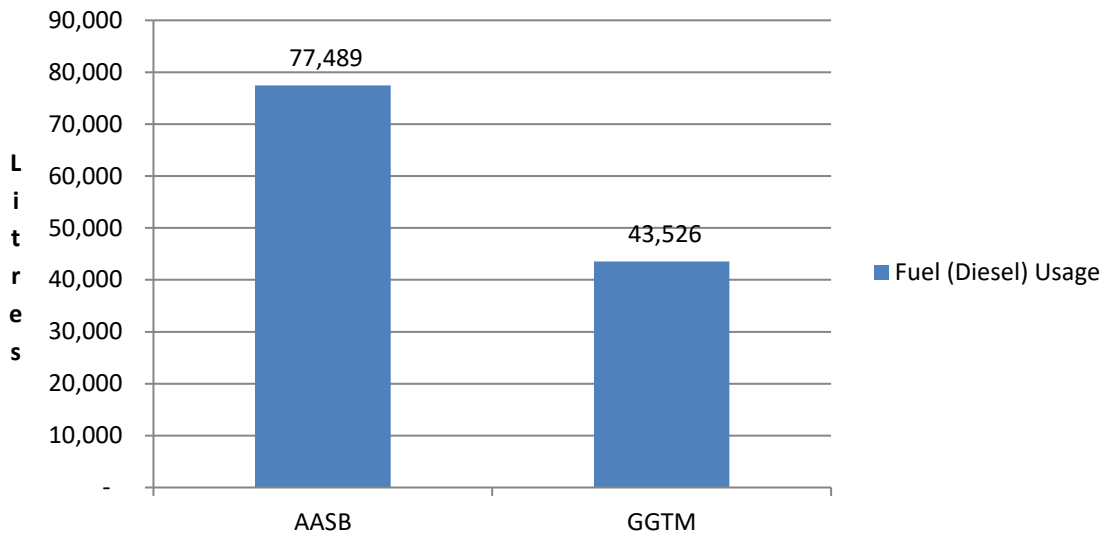
### **Energy Management**

#### **GRI 302. 2016: Energy**

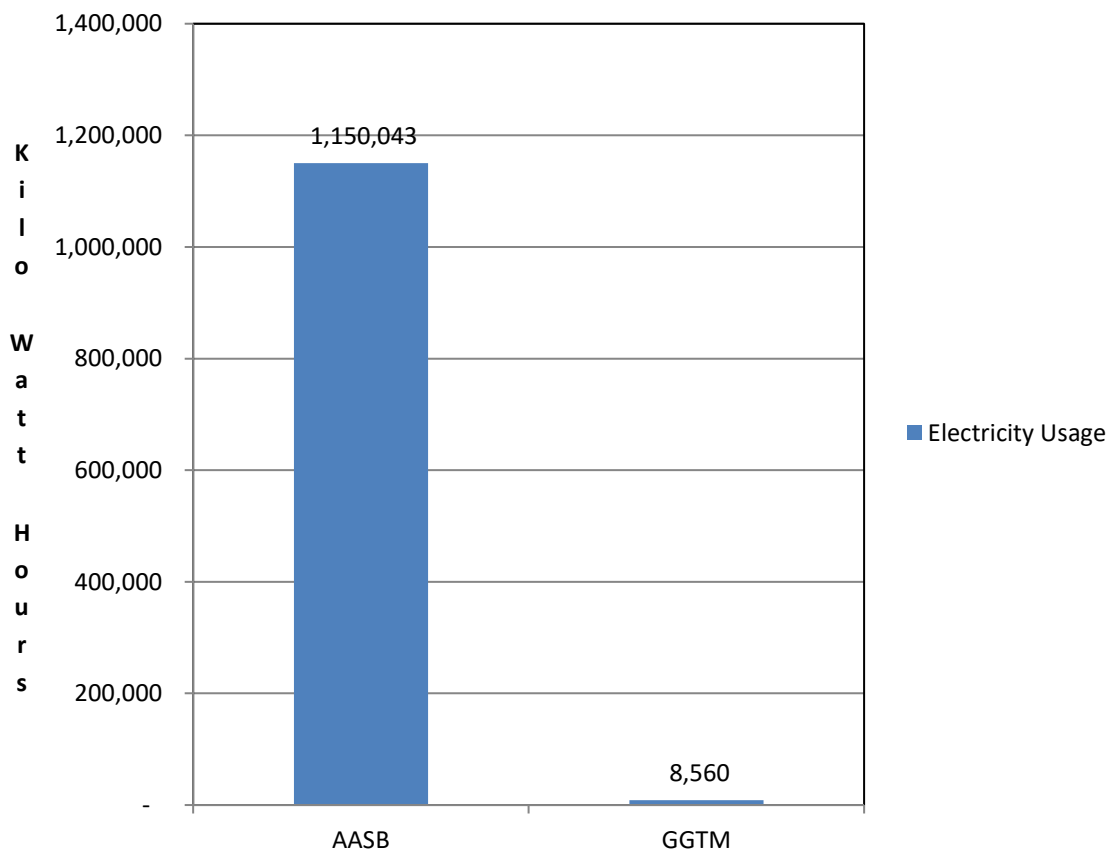
### **Performance**

ARL has two distinct operations, both of which utilise diesel and electricity (electricity supplied by Tenaga Nasional Bhd). Both are mining operations which are energy intensive. Diesel fuel is used to power vehicles, heavy machinery and power generators. Both diesel and electricity are from non-renewable sources.

### Fuel (Diesel) Usage in FY2017



### Electricity Usage in FY2017



The energy consumed by both operations are used for the following purpose:

Company	Lubuk Mandi Gold Mine (AASB)	Bukit Chetai Granite Mine (GGTM)
Diesel Usage	<ul style="list-style-type: none"> <li>• Excavators</li> <li>• Lorries</li> <li>• Wheeled loaders</li> <li>• Forklift</li> <li>• Passenger vehicles/4WD Pick-Ups</li> </ul>	<ul style="list-style-type: none"> <li>• Excavators</li> <li>• Lorries</li> <li>• Wheeled loaders</li> <li>• Passenger vehicles/4WD Pick-Ups</li> <li>• Power generators for;               <ul style="list-style-type: none"> <li>○ Circular Saw quarry machine</li> <li>○ Diamond wire saw machine</li> <li>○ Derrick cranes</li> <li>○ Water pumps</li> </ul> </li> </ul>
Electricity Usage	<ul style="list-style-type: none"> <li>• Gold processing plant</li> <li>• Management office, staff and workers' quarters</li> <li>• General lighting for mine, office and plant</li> <li>• Ventilation fans</li> <li>• Water pumps</li> </ul>	<ul style="list-style-type: none"> <li>• Management office, workers' quarters</li> <li>• General lighting for mine, office and factory</li> </ul>

Target for 2018: We strive to minimise our energy consumption in 2018 even though we expect to increase the scale of our operations.

### **GRI 303. 2018: Water and Effluents**

#### **Performance**

In both of our mining operations, water is used in large quantities. We practise closed systems where by waste water is discharged into dams and sumps and is then recycled in our plant. Thus, waste water is not discharged into surrounding waterways. While we still draw a certain quantity of clean water from water authorities, by utilising recycled waste water in our operations, we could minimise expenditure and at the same time, does not cause disruption to surrounding communities.

Water used for the activities of AASB and GGTM are as follows:

Company	Lubuk Mandi Gold Mine (AASB)	Bukit Chetai Granite Mine (GGTMSB)
Water Usage	<ul style="list-style-type: none"> <li>• Tunnelling works to facilitate underground mining of hard rocks</li> <li>• Construction of 50-ton pilot plant to process both tailings and hard rocks feed</li> </ul>	<ul style="list-style-type: none"> <li>• Extraction and production of dimension Terengganu Green and Sekayu White granite blocks</li> </ul>

Target for 2018: To maintain present closed water system.



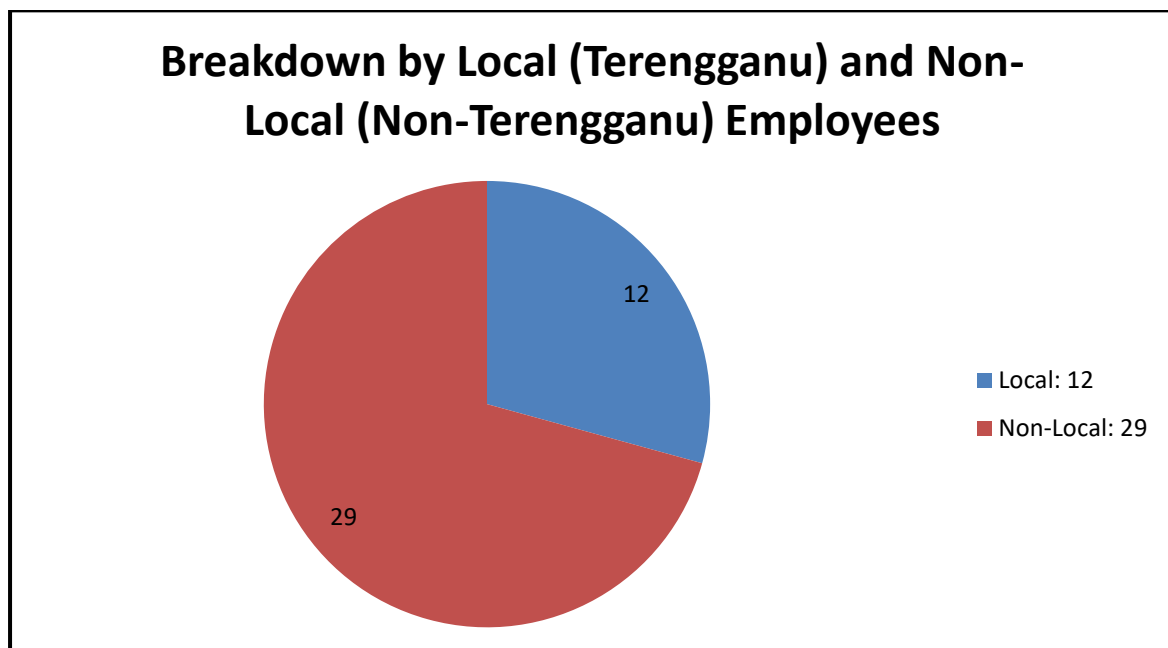
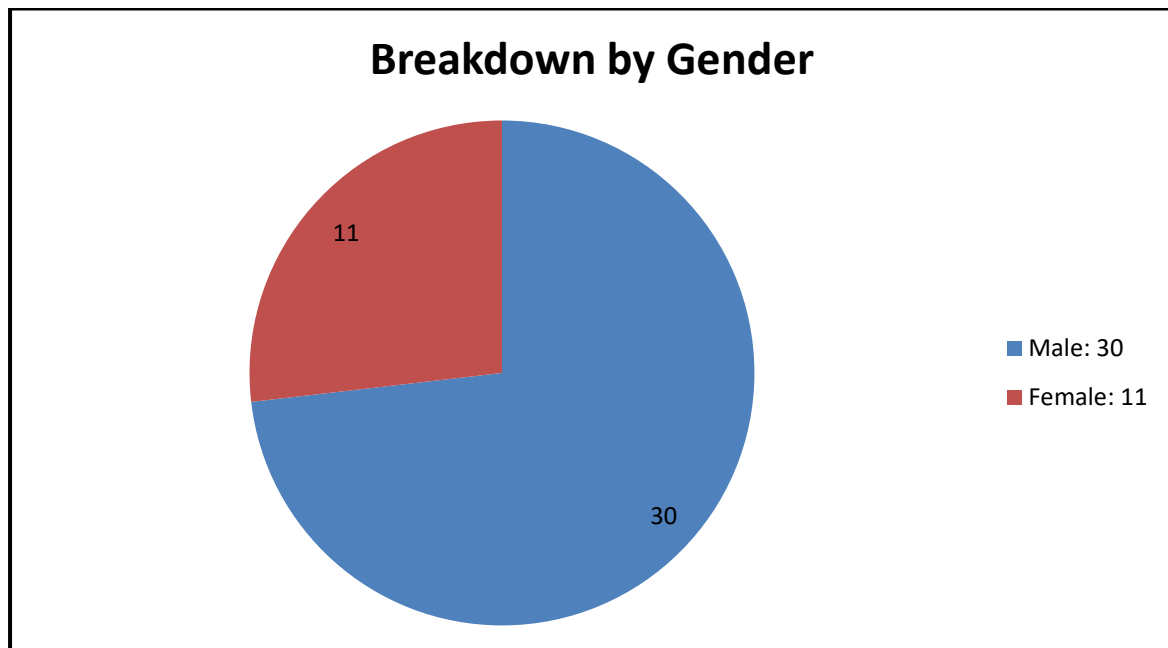
## **OUR PEOPLE**

As far as possible, ARL strives to provide employment to the local community. We practise non-discriminatory policies in hiring and, insofar as is feasible, we provide equal employment opportunities to both genders.

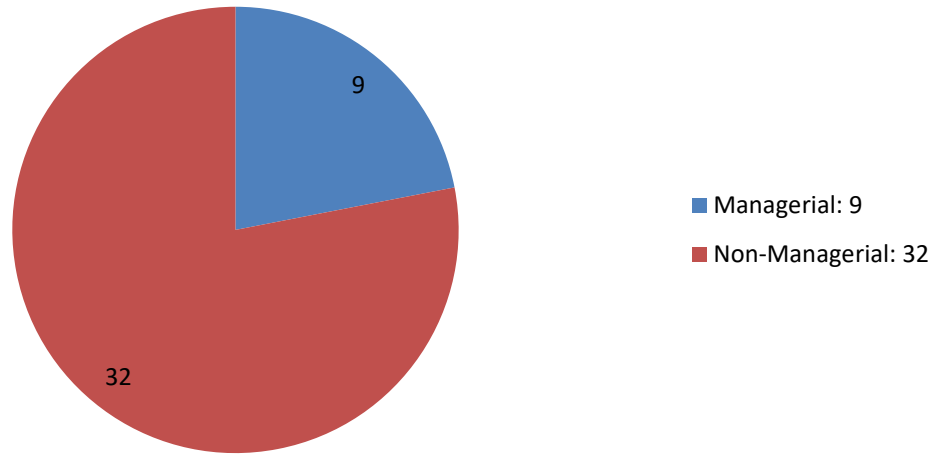
### **Employment at ARL**

Below chart showing breakdown of number of employees by:

1. Gender;
2. Local (Terengganu) and Non-Local (Non-Terengganu);
3. Manager and Non-Managerial.



## Breakdown by Managerial and Non-Managerial Employees



Target for 2018: To maintain non-discriminatory policies in recruitment process and to provide equal employment opportunities.

## **SUPPLY CHAIN – PROCUREMENT PRACTICES**

At ARL, we contribute to the local community and whenever possible, procure supplies or services from local consultants, merchants and contractors. As mining companies, we are required to comply with a range of laws and regulations set by the government and/or government bodies. We engage local consultants to provide these services.

Target for 2018: To maintain these practices.

## **MATERIAL TOPICS: SOCIAL FACTORS**

### **GRI 403. 2018: Occupational Health and Safety**

#### **Approach and Performance**

ARL considers that it is important to provide safe and healthy work environments to our employees and other workers within our sites. We abide by the provisions of the Department of Occupational Safety and Health. These provisions include equipping the workers with appropriate personal protective equipment (“PPE”) and providing safety briefings. We employ safety officers or safety supervisors to maintain safety measures and these measures are periodically checked by our independent Internal Auditors. The safety measures cover workers who are involved in the construction of the plants/factories, operating of the gold processing plant, tunnelling works and gold and granite mining works.

All workers and visitors are given a safety briefing by the safety officer before they are allowed into the mining and/or factory grounds. Refresher briefings are also carried out on, at least, an annual basis. Appropriate PPE are also provided to all.

There were no fatalities during FY2017 and we are committed to maintain a zero-fatality record at all times.

Target for 2018: To carry out refresher safety briefings annually and to maintain zero-fatality record.

### **Corporate Social Responsibility Management**

We consciously work towards making a difference, however small, to the communities we operate in. This year, in engaging the local communities, we had provided financial support in the form of sponsorship to the local police force for a fishing competition, which is one of the favourite activities of the local communities.

Target for 2018: To maintain present policies and to continue to support activities of local communities.



**GGTM: Fishing competition organised at Marang, Terengganu**

## GRI CONTENT INDEX – CORE OPTION

SR – Sustainability Report

AR2017 – Annual Report for financial year ended 31 Dec 2017

GRI Standard	Disclosure Number and Title		Section Reference
GRI 102: General Disclosures 2016	102-1:	Name of the organisation	Note 1 to the Financial Statements in AR2017
	102-2:	Activities, brands, products and services	Financial Review, Operations Review, Group Structure in AR2017
	102-3:	Location of headquarters	Note 1 to the Financial Statements in AR2017
	102-4:	Location of operations	Note 1 to the Financial Statements in AR2017
	102-5:	Ownership and legal form	Note 1 to the Financial Statements in AR2017
	102-6:	Markets served	Note 34 to the Financial Statements in AR2017
	102-7:	Scale of the organization	Financial Review, Operations Review in AR2017 Our People in SR
	102-8:	Information on employees and other workers	Our People in SR
	102-9:	Supply chain	Supply Chain: Procurement Practices in SR
	102-10:	Significant changes to the organisation and its supply chain	Milestone Achieved in AR2017
	102-11:	Precautionary principal or approach	Corporate Governance Report in AR2017
	102-12:	External initiatives	Board Statement in SR
	102-13:	Membership of associations	None
	102-14:	Statement from senior decision maker	Board Statement in SR
	102-16:	Values, principles, standards and norms of behaviour	Board of Directors, Corporate Governance Report in AR2017 and Board Statement in SR
	102-18:	Governance structure	Corporate Governance Report in AR2017
	102-40:	List of stakeholder groups	Key Stakeholder Engagement in SR
	102-41:	Collective bargaining agreements	N.A.
	102-42:	Identifying and selecting stakeholders	Key Stakeholder Engagement in SR
	102-43:	Approach to stakeholder engagement	Key Stakeholder Engagement in SR
102-44:	Key topics and concerns raised	Material Topics in SR	
102-45:	Entities included in the consolidated financial statements	Note 1 to the Financial Statements in AR2017	

GRI Standard	Disclosure Number and Title		Section Reference
	102-46:	Defining report content and topic boundaries	Board Statement in SR
	102-47:	List of material topics	Material Topics in SR
	102-48:	Restatements of information	N.A. This is the first report
	102-49:	Changes in reporting	N.A. This is the first report
	102-50:	Reporting period	1 January 2017 to 31 December 2017
	102-51:	Date of most recent report	N.A. This is the first report
	102-52:	Reporting cycle	Annually
	102-53:	Contact point for questions regarding this report	<a href="mailto:office@anchorresources.com.sg">office@anchorresources.com.sg</a>
	102-54:	Claims of reporting in accordance with the GRI Standards	Board Statement in SR
	102-55:	GRI content index	This section
	102-56:	External assurance	No external assurance
GRI 302: Energy 2016	DMA	Disclosure of Management Approach	Energy Management in SR
	302-1:	Energy consumption within the organization	
GRI 303: Water and Effluents 2018	DMA	Disclosure of Management Approach	Water and Effluents in SR
	303-2:	Management of water discharge-related impacts	
GRI 403: Occupational Health and Safety 2018	DMA	Disclosure of Management Approach	Occupational Health & Safety in SR
	403-1:	Occupational health and safety management system	