

RESOURCES PRIMA GROUP



FY 2018

SUSTAINABILITY REPORT

*This Sustainability Report has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**").*

*This Sustainability Report has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**Exchange**") and the Exchange assumes no responsibility for the contents of this Sustainability Report, including the correctness of any of the statements or opinions made or reports contained in this Sustainability Report.*

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SUSTAINABILITY REPORT

ABOUT THIS REPORT

The Sustainability Report (the “**Report**”) of Resources Prima Group Limited (“**RPG**”) has been prepared in accordance with the Global Reporting Initiative (“**GRI**”) standards: Core option and is set out on a “comply or explain” basis. This report is prepared with reference to Rule 711B and Practice Note 7F of the Catalist Rules. The Company has chosen the GRI framework as the reporting framework to drive reporting and disclosure for a number of reasons including; its international recognition, provision of different levels of compliance suitable for first year implementation and its close alignment to SGX-ST requirements.

We have conducted a renewed study of the Environment, Social and Governance (“**ESG**”) factors affecting the Group to evaluate the relevancy against current business conditions, in particular, coal hauling operations by the Group’s only operating subsidiary in 2018, PT Energy Indonesia Resources (“**EIR**”) in East Kalimantan, Indonesia. This report covers the sustainability performance of EIR’s operations for the financial year ended 31 December 2018 (“**FY2018**”), unless stated otherwise. Notwithstanding that the Company had on 15 May 2019 announced the receipt of a letter of termination by EIR from PT Coalindo Adhi Nusantara (“**PT CAN**”) terminating the coal hauling service agreement, this Report details the sustainability practices of EIR during FY2018. Currently, EIR is exploring alternative coal hauling contracts with other mine owners.

We have taken a phased approach as described in Practice Note 7F: Sustainability Report Guide as specified in the Catalist Rules of the Exchange. We endeavour to progressively develop our sustainability reporting in quality and depth in the years to come.

BOARD STATEMENT

The Board of directors (the “**Board**”) of the Company continues to be committed to good corporate governance and sustainable business processes that foster best practices, transparency, accountability and integrity for the long-term sustainability of our business and value creation for our stakeholders in spite of the challenges from a business and operation perspective in 2018. By integrating such practices, the Board believes that this will help achieve sustainable growth as well as achieving better quality services and strategies for the Group.

The Board endorsed a materiality assessment and endorsed material ESG factors in the 2017 Report that are of the highest importance back then. This year, the Company re-assessed and refined the relevancy of the materiality issues in this Report. This Report covers the financial year ended 31 December 2018 and should be read together with the Company’s FY2018 Annual Report which will be made available via SGXNet in due course.

The executive management team comprising of the Chief Executive Officer (“**CEO**”), Chief Operating Officer (“**COO**”) and Chief Financial Officer (“**CFO**”), has assessed that external assurance report is not required for FY2018 as the Group is undergoing a business transformation and undertaking corporate actions as part of its restructuring efforts following the loss of control of the Group’s key operating mining business in 2017.

THE GROUP AT A GLANCE

The Company was incorporated on 27 December 1986 in Singapore and following a reverse takeover on 12 November 2014 was renamed Resources Prima Group Limited (formerly Sky One Holdings Limited). As at 31 December 2018, there has been no substantial change in the Company’s beneficial ownership since the 2017 Annual Report following the trading suspension of the Company’s shares in June 2017 and the details of the Company’s beneficial ownership, including the identity and ownership of the largest shareholders will be included in Shareholdings Statistics of the Annual Report for FY2018. Following the reverse take-over, the Group became a mine owner and was primarily engaged in the business of coal exploration and coal mining, in East Kalimantan. The mine operations have continued until the Group lost control of its main operating subsidiary PT Rinjani Kartanegara (“**Rinjani**”) in August 2017. The Group’s remaining and sole activity is coal hauling services provided by the Company’s 100% owned subsidiary EIR until 15 May 2019 following the receipt of letter of termination served by PT CAN to EIR. This loss of control of Rinjani has also resulted in a significant reduction in all areas of the Group including revenue, procurement activity, manpower strength, membership of associations as well as the level of engagement with stakeholders.

At 31 December 2018, the Group’s main operating assets consisted of 19 coal hauling trucks, capable of hauling up to a maximum of approximately 100,000 tonnes of coal per month. Total full-time manpower of the Group at 31 December 2018 stood at approximately 62, the majority of which are employed on a contract basis and located at the Group’s sole coal hauling site in East Kalimantan. The reduction in manpower strength from approximately 70 in 2017 to 62 in 2018 was mainly due to EIR reacting to the decreasing coal hauling operations that were routinely adversely affected by continual disruptions either due to heavy rainfall and/or problems arising from PT CAN’s coal hauling infrastructure and the inability of PT CAN to continuously supply enough tonnage of coal to EIR. Net sales and total assets of the Group amounted to approximately US\$1.2 million and US\$0.9 million respectively for FY2018.

The Group is a member of Singapore Business Federation.

OUR APPROACH

Sustainability Governance

The Board of the Company is ultimately responsible for the sustainability direction of the Group and provides formal oversight of the Group’s sustainability progress thus ensuring the sustainability agenda is integrated with the Group’s business and strategic decisions.

The sustainability efforts are driven by the executive management team comprising the CEO, COO and CFO. As the business operations expand and evolve, the sustainability efforts will be transferred to a formal

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sustainability working group which will be responsible for implementing, monitoring and reporting on such efforts.

As mentioned in our inaugural 2017 Report, the Board oversees the process of engaging the stakeholders and material topics, ultimately responsible for the sustainability direction through information provided by the executive management team.



The Board: Set sustainability direction



Executive Management Team: Provide information on material topics

Business and Operational Risk Management

The Company values integrity and honesty and drives a strong business ethic as fundamental for a sustainable business operation. The Board also recognizes the importance of maintaining a sound system of risk management and internal controls to safeguard the shareholders' interests and the Group's assets, and to manage risk. Risk management functions and activities have been curtailed during 2018 due to *inter alia* the size of the current operations and the circumstances of the Group. However, with the signing of the investment agreements by the Company on 6 August 2018 and 31 March 2019, the Company has appointed BDO LLP as its internal auditors who will review the risk management and internal control framework in 2019. This risk management and internal control framework is intended to provide reasonable but not absolute assurance against material loss, to safeguard assets and also maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislations, regulations, and identification and containment of business risks.

Business Ethics

The Company has zero tolerance in respect of corruption in any form. This has been made clear to all our employees, major suppliers and business partners.

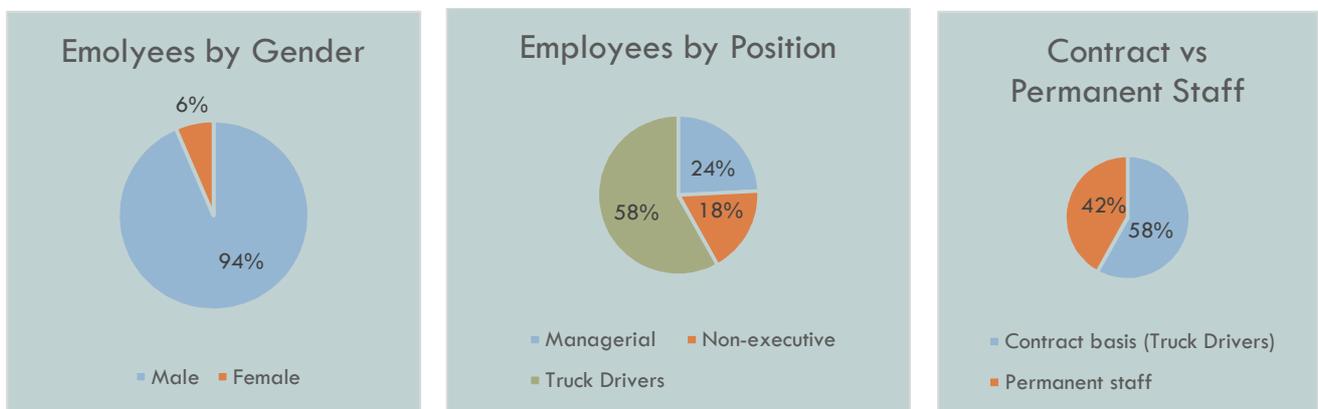
When it comes to hiring, our code of conduct and business ethics clearly spells out RPG's expectations from our employees and bring to their attention the consequences of any violations and grievances reporting procedures embodied in the Group's whistle-blowing policy. Compliance with rules and regulations is

paramount and policies have been issued to manage and safeguard the Group’s information systems and data.

For FY2018, there were no significant fines or non-monetary sanctions for non-compliance with laws and regulations. There have also been no reported incidents of corruption during the reporting period. We will regularly review policies on whistleblowing and anti-corruption.

Diversity

The Group has not made much progress to address diversity indicators as we embarked on our journey in restructuring and looking for sustainable business, and as mentioned in our 2017 Report, has not been assessed as a material ESG issue. However, as the business of the Group is restructured and expanded in the foreseeable future, diversity will be reintroduced as an important issue for future action. All of the Group’s 62 employees are employed on a full-time basis.



STAKEHOLDER ENGAGEMENT AND MATERIALITY REVIEW

Stakeholder Engagement

The Group is mindful of the importance and obligation to provide regular, effective and fair communication to stakeholders in maintaining the company’s long-term growth as well as responsible business development in ESG topics. Therefore, maintaining effective communication channels with our stakeholders are of utmost importance to us.

We communicate regularly with our stakeholders by providing an open and transparent channel for their concerns, reviewing and considering those concerns and responding in a timely manner.

Stakeholders	Mode of Engagement	Frequency	Concerns Raised	Group’s Responses
Business partners and *suppliers	<ul style="list-style-type: none"> Meetings Email communication 	<ul style="list-style-type: none"> Frequent and regular 	<ul style="list-style-type: none"> Strong long-term relationship Security of payment 	<ul style="list-style-type: none"> Forge strong long-term relationship Manage the cashflow and sustainability of the Group through <i>inter alia</i> injection of new business and/or assets

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Employees	<ul style="list-style-type: none"> • Performance review • Internal meeting • Email communication • Whistle blowing policies 	<ul style="list-style-type: none"> • Frequent and regular 	<ul style="list-style-type: none"> • Employment • Occupational health and safety 	<ul style="list-style-type: none"> • Adopt adequate fair employment practices • Provide safe and conducive working environment
Communities	<ul style="list-style-type: none"> • Meetings (at special events) 	<ul style="list-style-type: none"> • Adhoc 	<ul style="list-style-type: none"> • Support/Improve local communities 	<ul style="list-style-type: none"> • Use of local employment where appropriate
Shareholders/ Investors	<ul style="list-style-type: none"> • SGXNet announcements • Annual General Meeting 	<ul style="list-style-type: none"> • Frequent and regular • Annual 	<ul style="list-style-type: none"> • Timely and transparent updates • Corporate governance • Economic performance 	<ul style="list-style-type: none"> • Provide transparent and timely communication of both financial and non-financial information • Maximise shareholder returns, maintain good corporate governance for continued business success
Regulatory authorities and agencies	<ul style="list-style-type: none"> • Meetings (with presentation) • Through Sponsor • Regulatory reporting 	<ul style="list-style-type: none"> • Frequent and regular 	<ul style="list-style-type: none"> • Compliance with laws and regulations 	<ul style="list-style-type: none"> • Ensure regulatory compliance • Participate in meetings with relevant government agencies to keep abreast with new developments
Financiers	<ul style="list-style-type: none"> • Meetings • Financial/Compliance reporting 	<ul style="list-style-type: none"> • As required • Regular and timely 	<ul style="list-style-type: none"> • Compliance with agreement/ contracts terms and conditions 	<ul style="list-style-type: none"> • Adhere to terms and conditions as per agreements/contracts

*Suppliers

The Group procures high quality spare parts and materials mainly for coal hauling dump trucks from local Indonesian suppliers, as well as from the manufacturer's official agents also within Indonesia.

Results from Materiality Assessment

Building on our previous assessment, we have further refined our understanding of our material issues. Going forward, materiality review will be conducted every year, incorporating inputs from the stakeholders' engagements. The material ESG factors that deemed to be material to be our business and stakeholders has not changed significantly from previous year as assessed in 2017 Report.

The materiality assessment process was conducted to re-define our identified material ESG topics through:



Material Aspects and Indicators Identified

We have included Aspect Boundary to the material issues identified in 2017 to this Report. Aspect Boundary is a description of where the impacts occur for a material topic and our Group’s involvement with those impacts either through our own activities or as a result of our business relationships with other stakeholders.

Material Aspects	GRI Standards	ESG Indicators	Aspect Boundary
Financial and Economic Performance	GRI 201	Improving the cashflow situation and satisfying the requirements of a resumption of trading	
Strong Business & Supplier Relationship	GRI 204	Maintaining constructive and regular engagement with relevant stakeholders	
Transparency & good Corporate Governance	GRI 205	Ensuring business activities are conducted with integrity, free from corruption	
Environment Protection	GRI 307	Maintaining zero penalties or sanctions from regulatory authorities in relation from environmental damage	
Safe Working Environment	GRI 401	Ensuring zero deaths and serious injuries requiring inpatient care	
Regulatory Compliance	GRI 419	Adhering to regulatory compliance, if cases do arise, an immediate corrective action to follow	
Support & Improvement of Local Communities	GRI 413	Establishing effective communication with local communities	



Management and Reporting



Coal hauling

MATERIAL ECONOMIC & ENVIRONMENTAL PERFORMANCE, SOCIAL DEVELOPMENT AND GOVERNANCE ISSUES

Financial & Economic Performance (including resumption of trading)

The Company has been focusing its efforts on generating revenue and re-building the Group's business and to address the immediate financial issue. The Company had on 6 August 2018 and 31 March 2019 announced the execution of investment agreements which will provide a minimum investment of S\$4 million and US\$2 million of working capital for the Group respectively.

On 31 March 2019, the Company announced that through its wholly owned subsidiary company (the "**Subsidiary**"), entered into a joint operation agreement (the "**JOA**") with PT Prima Dharma Karsa ("**PT Prima**"), a company incorporated in Indonesia to provide logistical support to PT Prima, in respect but not limited to the transportation of nickel to a loading port, the supervision of mining operations as well as provision of mining equipment and mining services to PT Prima in relation to a mining area. In return, PT Prima will pay the Subsidiary royalty fees.

All these corporate actions will address immediate cashflow issue and strengthen the financial position of the Group.

The Board and Management will continue to look out for potential deals/transactions that will provide a viable and sustainable business for the Group, and work towards satisfying the requirements of a resumption of trading by addressing both financial and business viability issues before the deadline by 28 September 2019.

Transparency & good corporate governance

In ensuring that all laws and regulations including those related to anti-corruption practices are complied with, the Group has a whistle-blowing policy within its corporate governance practices which will be detailed in FY2018 Annual Report with specific reference to the principles and guidelines of the Code of Corporate Governance 2012.

The details of the Company's corporate governance for FY2018, will be documented in FY2018 Annual Report under the section titled Corporate Governance Statement and include key policies, *inter alia* a whistle blowing policy as well as a code of conduct and ethics policy.

The Independent Directors constructively challenge and assist in the development of proposals on strategy, and without compromising their independence. The appointment of the current Independent Directors who have extensive experience in restructuring to guide the Company through this critical period, assist the Group in reviewing and negotiating potential transactions that the Group had embarked on, to safeguard the interest of the Company, investors and shareholders.

The Company continues to provide shareholders with timely updates of the Company's performance, position and outlook on a monthly basis pursuant to Rule 704(22) of the Catalist Rules and other ad-hoc announcements as required by the Exchange via SGXNet. There were no whistle blowing reports received in FY2018.

Safe Working Environment

The Group has set an objective which is to raise health and safety standards for our coal hauling activities. We are committed to provide a safe working environment for our coal hauling truck fleet to safeguard the health and safety of our on-site employees, which we believe will greatly enhance morale and satisfaction leading to higher productivity. The Group's health and safety policies and procedures which include speed limits, coal hauling load limits, truck fault reporting, required rest periods and designated smoking areas have implemented to ensure that there are well-developed and robust processes in place to identify and prevent health and safety risks to complement Government of Indonesia safety management rules and regulations and the Group's code of conduct.

The Group's safety performance targets include zero deaths and serious injuries requiring inpatient care.

We are pleased to report that there has not been any death or reportable serious work-related injuries in FY2018. We hope to achieve our perpetual target of zero cases of reportable serious work-related accidents or injuries for FY2019 and beyond.

Regulatory Compliance

The Company strives to ensure that the operations of the Group are in compliance with all relevant laws and regulatory requirements in countries we operate in.

The Board and Management are fully aware of the need for regulatory compliance and has processes and procedures in place to avoid breaches and if cases do arise, then for an immediate corrective action to be taken. For FY2018, there were no reported cases of regulatory non-compliance. By proactively identifying and responding to new developments of rules and regulations in which we operate, the Company hopes to continue maintaining our excellent performance in the years to come.

Environmental Protection

The reliance on nature elements in the nature of our business has made environmental management one of the critical aspects of the Group's sustainability programme. The Group is committed to minimizing the environmental impact of its coal hauling operations and mindful to pollutant concentrations, including *inter alia* dust and noise at/around work operating environment and surrounding communities. The Group complies with the local and international regulations regarding the handling and disposal of hazardous substances and waste such as diesel, lubricants and used tyres arising from its dump trucks used for coal hauling operations. The Group's dump trucks undergo regular maintenance to repair and/or replace faulty parts, aimed to reduce possible air pollution.

The Group's targets set in 2017 Report have not changed and these include, *inter alia*, zero penalties or sanctions from regulatory authorities arising from environmental damage and zero coal hauling days lost from community complaints and/or disruption to coal hauling due to non-compliant coal hauling activities.

In FY2018, the Group did not encounter any major issues in relation to the environment and had achieved the targets set out above.

Strong Business & Supplier Relationships

The Group values the opinions of its stakeholders. The Group understands that sustainable growth is dependent on understanding the concerns of our key stakeholders, including *inter alia* our business partner, suppliers, customers, investors, shareholders and regulators.

The Group adopts both formal and informal channels of communications as set out in the Stakeholder Engagement section above, to understand the needs of our stakeholders, and incorporate into our overall strategies to achieve mutually beneficial relationships.

Support of & Improvement of Local Communities

The Company believes that community engagement is an integral part of our business sustainability and remain committed to building positive and long term relationships within the local community. We establish mutual respect, trust, and understanding through effective communications with the locals that we are operating in. The jobs that we create will benefit and stimulate the local economy through the employment of local manpower including security, coal hauling truck drivers, maintenance and administration personnel and well as the use of local suppliers of goods and services whenever possible.

GRI CONTENT INDEX

GRI General Standard Disclosures		Page References
1. Organizational profile		
GRI 102: General Disclosures	1. General	
	102-1 Name of the organization	Resources Prima Group Limited
	102-2 Activities, brands, products, and services	The Group at a glance, Annual Report 2018
	102-3 Location of headquarters	The Group at a glance, Annual Report 2018
	102-4 Location of operations	The Group at a glance, Annual Report 2018
	102-5 Ownership and legal form	Annual Report 2018
	102-6 Markets served	The Group at a glance, Annual Report 2018
	102-7 Scale of the organization	The Group at a glance, Annual Report 2018
	102-8 Information on employees and other workers	The Group at a glance, Stakeholder Engagement
	102-9 Supply chain	Stakeholder Engagement
	102-10 Significant changes to the organization and its supply chain	NA-There is no change in (coal hauling) operations during the reporting period
	102-11 Precautionary Principle or approach	Business and Operational Risk Management
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	2. Strategy	
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	3. Ethics and integrity	
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	4. Governance	
	102-18 Governance structure	Sustainability Governance
	5. Stakeholder engagement	
	102-40 List of stakeholder groups	Stakeholder Engagement
	102-41 Collective bargaining agreements	NA-The management has not adopted any collective bargaining agreements
102-42 Identifying and selecting stakeholders	Stakeholder Engagement	
102-43 Approach to stakeholder engagement	Stakeholder Engagement	
102-44 Key topics and concerns raised	Material ESG Issues	
6. Reporting practice		
102-45 Entities included in the consolidated financial statements	Annual Report 2018	
102-46 Defining report content and topic boundaries	About this report	

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	102-48 Restatements of information	Results from Material Assessment
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	102-56 External assurance	Board Statement

GRI Specific Disclosures		Page References
Financial & Economic Performance		
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	Financial & Economic Performance (including resumption of trading)
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	
	201-2 Financial implications and other risks and opportunities due to climate change	
	201-3 Defined benefit plan obligations and other retirement plans	
	201-4 Financial assistance received from government	
Transparency and Good Corporate Governance		
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	Transparency & good corporate governance
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 205: Anti-Corruption	205-1 Operations assessed for risks related to corruption	
	205-2 Communication and training about anti-corruption policies and procedures	
	205-3 Confirmed incidents of corruption and actions taken	
Environmental Protection		
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	Environmental Protection
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 307; Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	

Regulatory Compliance		
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	Regulatory Compliance
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	
Secure & Safe Working Employment		
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	Safe Working Environment
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3 Parental leave	
Strong Business & Supplier Relationships		
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	Strong Business & Supplier Relationships
	103-2 The management approach and its components	
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GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	
Support of Local Communities		
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	Support of & Improvement of Local Communities
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	
	413-2 Operations with significant actual and potential negative impacts on local communities	