



SOUTHERN ALLIANCE MINING LTD.

(Company Registration No.: 201931423D)

(Incorporated in the Republic of Singapore on 19 September 2019)

Responsible & Sustainable Growing In Tandem With The Environment



Sustainability Report 2022

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BOARD STATEMENT



The Board of Directors of Southern Alliance Mining Ltd (“**SAM**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to share our second Sustainability Report for the financial year ended 31 July 2022 (“**FY2022**”), which demonstrates our commitment towards sustainable growth and development.

The global environment during the past twelve months had been fraught with economic, geopolitical and environmental uncertainties. Countries, companies and communities continued to keep their guard up against new variants of the COVID-19 virus. Russia’s invasion of Ukraine in February 2022 sent ripple effects across the world in terms of food shortages, supply chain disruptions, inflationary pressures and dampened business sentiments.

Climate change became an increasingly salient concern with more extreme weather events. According to the Global Risks Report 2022 published by the World Economic Forum, 41.8% of its survey respondents are of the opinion that the global outlook over the next three years would be “consistently volatile with multiple surprises” while 37.4% opined that the outlook would have “fractured trajectories separating relative winners and losers”.

Given that uncertainty is the only certainty, the SAM Board and Management Team have continued to keep a close eye on external developments that could impact our business. Our ongoing efforts in organisational sustainability will enable SAM to remain adaptable and resilient, so as to successfully navigate the volatile macroeconomic environment. Nevertheless, it is not all doom and gloom. Malaysia, where SAM is headquartered and runs its mining operations, has gradually emerged from the pandemic-related restrictions with the phased implementation of

the Malaysian Government’s National Recovery Plan commencing from August 2021. In tandem with this reopening, SAM will manage our enterprise risks while looking out for opportunities to strengthen the business.

On the operational front, FY2022 was a year characterised by a higher strip ratio while the ore extension drilling was still ongoing. Our belief in exploration investment which forms the backbone of responsible and sustainable mining has yielded results. The ongoing overburden stripping activities, which were intended to gain access to the previously established ore body, turned out to be another stepping stone to extracting newly discovered ore body. This development necessitated better waste management systems to reduce environmental and social impacts from increased overburden removal. SAM has always been careful in segregating the mining waste with some of it sold as iron ore tailings while the rest is disposed in strict accordance with established corporate policies and regulatory requirements.

Sustainability is a fast-evolving sector of standards, requirements and best practices. The Board regularly reviews the sustainability framework to ensure that we accurately identify the material economic, environmental, social and governance (“**EESG**”) factors facing our business, monitor these material factors on an ongoing basis and manage them appropriately. The Board is mindful of the SGX’s enhanced disclosure requirements for all listed entities announced on 15 December 2021, and we will work with the Management Team to ensure full compliance within the stipulated timelines. This includes phasing in of climate-related risk assessment and disclosures, which is an important issue for the mining sector.

Our vision of a careful and balanced approach in our pursuit of generating returns to shareholders, promoting people’s welfare, and preserving the planet for sustainable growth is possible only with our stakeholders’ trust and support. We will continue to keep our stakeholders informed and engaged in a regular and transparent manner through the annual Sustainability Report and other channels of communications. The Group is fully committed to building a sustainable future for the long-term and creating value for our stakeholders and the wider society.

On behalf of Board of Directors
Dato’ Sri Pek Kok Sam
Managing Director
10 November 2022

ABOUT THIS REPORT

This report has been prepared in accordance with Rule 711B and Practice Note 7F of the Singapore Exchange Securities Trading Limited ("SGX-ST") Section B: Rules of Catalist ("Catalist Rules"). The preparation of this report has taken into consideration the SGX's changes to sustainability reporting announced on 15 December 2021. The Group will adopt a phased approach in climate risk disclosures commencing with next year's FY2023 Sustainability Report, and work towards full mandatory reporting in the FY2025 Sustainability Report.

Our Group has chosen the Global Reporting Initiative ("GRI") framework as it is an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures, and allows stakeholders to fully understand the core sustainability values, policies and practices of the organisation. This report has been prepared in accordance with the GRI Standards (2016): Core option for FY2022.

This report covers the key EESG initiatives carried out throughout a 12-month period in FY2022, taking into consideration feedback and expectations from various stakeholders, the overall business environment, as well as external sustainability-related developments. The data, statistics and targets in this report are in relation to the Group's operations in Malaysia. The Group adopts the precautionary principle to minimise negative effects of conducting its business when and where feasible.

We have relied on our internal sources of information and verification mechanisms to ensure the accuracy of this report. No external assurance has been sought. We will strive to maintain and/or improve the standards of the various EESG factors reported where appropriate and practicable, in accordance with the business activities of the Group. In compliance with SGX's requirements for issuers' sustainability reports for the financial year starting 1 January 2022 onwards, an internal review of the sustainability reporting process will be carried out by the Internal Audit function for the Group's FY2023 and subsequent sustainability reports.

FEEDBACK

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to consistently improve our policies, systems and outcomes. Please send your comments and suggestions to general@samingltd.com.

ACCESS

You may visit the SGX website (<https://www.sgx.com/securities/company-announcements>) or our corporate website (<https://southernallianceminig.com/>) to access a soft copy of the sustainability report.

ORGANISATION PROFILE



The Chaah mine operations

Our Group is principally involved in the exploration, mining and processing of iron ore, gold and other precious metals for subsequent sale. We may undertake the exploration, mining and processing activities directly or outsource part of such activities to contractors. Our Group is based in Pahang, Malaysia and has been operating the Chaah Mine located at Johor, Malaysia since 2008. Our Group has also been granted the right to carry out exploration and mining operations at four exploration assets (the “**Exploration Assets**”) in Johor, Malaysia.

On 26 June 2020, the Group successfully listed on SGX. This marked the beginning of a new chapter for SAM. Being a publicly-listed company in Singapore, SAM operates under high standards of corporate governance and offers our stakeholders great transparency, thereby boosting their confidence in dealing with us. We also expect to benefit from the networks and resources brought by Singapore’s established status as a regional hub for energy and commodity trading.

More details of the Group can be found on our corporate website: <https://southernallianceminig.com/>. The latest FY2022 financial results are published in the Annual Report, available for viewing here: <https://investor.southernallianceminig.com/newsroom.html>.

SAM'S SUSTAINABILITY APPROACH

OUR SUSTAINABILITY METHODOLOGY

At SAM, sustainability is integral to our corporate Vision and Mission of constant improvement; adopting a balanced approach towards Returns to Shareholders, People and Planet; and creating value for our stakeholders. There are four focus areas in our long-term approach to sustainability:

- **We invest heavily in mine exploration activities** in order to assess the suitability, environmental effects and economic benefits before carrying out the mining activities.
- **We carry out our mining operations responsibly** by monitoring, managing and mitigating the environmental and social impacts.
- **We are committed to full compliance with all applicable laws and regulations** in the jurisdictions where we operate. This includes safeguarding of safety, health and wellness of our people and partners. We strive to align our policies and processes with international best practices.

- **We build ongoing and beneficial relationships with all our key stakeholders.** Our channels of communication are always open to hear and respond to our stakeholders' feedback, concerns and suggestions.

We adopt a systematic approach in managing corporate sustainability. We start with scoping out the sustainability mandate and plans based on compliance requirements and industry best practices. We engage stakeholders on sustainability matters and concerns, which helps us to identify and crystallize the material sustainability issues. We monitor and manage these sustainability issues using relevant qualitative and quantitative information and data. Internal reporting on sustainability to the Board is on an ongoing basis while publishing the annual public sustainability report allows us to communicate our policies, practices and outcomes to all our stakeholders.



SUSTAINABILITY GOVERNANCE

The Group's Board of Directors provides oversight for our sustainability strategy planning and implementation. The Board has considered sustainability issues in the Group's business and strategy, determined the material sustainability factors, and overseen the management and monitoring of the material sustainability factors. The Board provides ongoing guidance to the Management Team on effective implementation, prioritization and monitoring of the relevant sustainability-related initiatives and indicators. The Board's key concern during FY2022 was ensuring seamless adjustments to and compliance with various regulatory requirements as the Malaysian government progressively and continuously rolled back the Movement Control Order ("MCO") restrictions.

The Group's Management, led by the Managing Director, are collectively responsible for formulating sustainability plans, implementing specific initiatives and monitoring sustainability performance. Regular Management meetings are conducted to deliberate and coordinate the Group's responses to various sustainability issues.






STAKEHOLDERS ENGAGEMENT

SAM believes that an important starting point in our sustainability journey is to identify the material sustainability factors across the established EESG pillars and seek our stakeholders' feedback, concerns and recommendations. The interests and requirements of key stakeholders are taken into account when formulating corporate strategies on sustainability. These key stakeholders include, but are not limited to, suppliers, employees, investors, and regulators.

We adopt both formal and informal channels of communication to understand the needs of key stakeholders and incorporate these into our corporate strategies to achieve mutually beneficial relationships.



The table below sets out our continuous modes of engagement with our stakeholders in FY2022.

Stakeholders	Engagement and Communication Channels	Engagement Frequency	Areas of Concern	Corporate Responses
Employees 	Performance Appraisal	Half-yearly	High-performance workforce	<ul style="list-style-type: none"> Develop a high-performance culture through careful recruitment, ongoing training and providing opportunities for career development. Improve employee benefits. Compliance with health, safety and environment ("HSE") regulations and policies. Scheduled regular site inspections. Commitment to achieve zero occupational health and safety incidents. Keep employees engaged to boost employee morale, productivity and retention.
	Coaching Sessions	Ongoing	Workplace health & safety	
	Employee Feedback Channels	Ongoing	Employee engagement	
	Training/Workshops	Ongoing		
	Team Building	Annually		
Customers 	Emails, phone calls	Ongoing	On time delivery	<ul style="list-style-type: none"> Realign internal inventory strategies to promote shorter cycle times and improve on time deliveries. Continuous research and innovation to improve products and services. Adopt customer-centric approaches, leveraging on data and technology to optimise all business aspects to achieve competitive pricing.
	Meetings	Ongoing	Product quality	
	Corporate website (https://southernallianceminig.com/)	Periodic updates	Competitive prices	
Suppliers and Service Providers 	Continuous communication, checks and negotiations	Ongoing	Local procurement	<ul style="list-style-type: none"> Priority is given to local suppliers and in the community. Site inspections, contract negotiations and anti-bribery and anti-corruption policy. Efficient payment and timely accounts payable processing.
			Procurement practice- fair and transparent	
			Timely payment	
Shareholders and Investors 	Continuous engagement and communication	Annually, half-yearly and as required	Proper management of the Company with strategic business plans and risk management plans in place	<ul style="list-style-type: none"> Adherence to the Code of Business Conduct and Ethics and effective communication during AGM and/or EGM. Timely and comprehensive announcements made via SGXNET, the corporate website, press releases and analyst briefings.
			Effective communication, timely reporting and accurate disclosures	
Government and Regulators 	Continuous communication, timely reporting and information disclosure	Ongoing	Compliance with applicable laws, rules and regulations, including environmental compliance and adherence to all COVID-19 related requirements	<ul style="list-style-type: none"> Compliance with relevant laws and regulations and participation in various industry and government forums for latest development and to voice our concerns. Site inspections and engagement with the relevant authorities and independent third-party reporting from mining consultants and adherence to the Environmental Impact Assessment ("EIA") and Environmental Management Plan ("EMP") requirements. Timely submissions and payments to the government. Site inspections and engagement with the relevant authorities.
			Obtaining all the required permits and licences	
			Taxes and royalties	
			Workplace safety and wellbeing of the workforce	

MATERIALITY ASSESSMENT

The Group adopts a multi-step process to identify and prioritize the material EESG factors:

- Firstly, we monitor external geopolitical events and industry developments to identify relevant factors.
- Secondly, through ongoing engagement with stakeholders and internal qualitative discussions, Management would identify and prioritise key factors to focus on for the forthcoming financial year.
- Thirdly, Management would seek the Board's views and approval to validate the material factors.
- Finally, we would monitor the material factors closely during the financial year and if need be, review and adjust our plans to manage the factors effectively.



The Group had conducted a materiality assessment during FY2022. In reviewing whether a factor is material, we have made reference to GRI's "double materiality" concept that comprises:

- Financial materiality in terms of how the factor influences the value of business to the benefit of investors and shareholders.
- Impact materiality in terms of how the factor impacts the wider economy, environment and people for the benefit of multiple stakeholders.

For the FY2022 materiality assessment, we retained all 12 material factors as identified and disclosed in the FY2021 Sustainability Report, albeit with two amendments:

- First, we expanded the "Energy" factor to "Energy and Emissions", recognising the growing importance of global climate action and the need for the Group to play its part in monitoring and reducing carbon emissions.
- Second, we shifted the "Anti-Corruption" factor from the Economic to Governance pillar for a better fit in terms of reporting and oversight with the other governance factors.

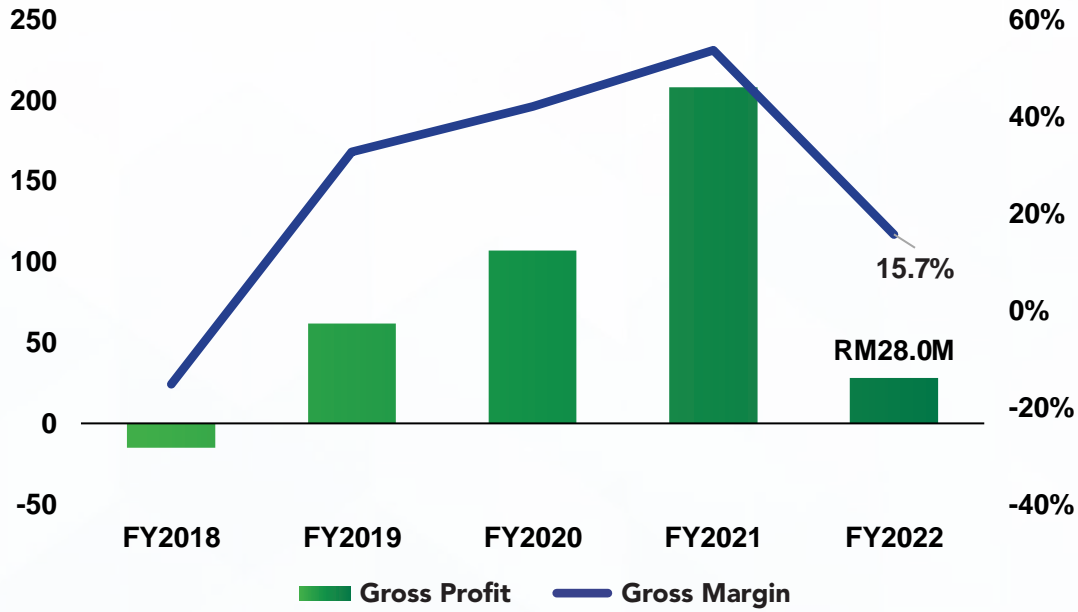
FY2022 Material Factors



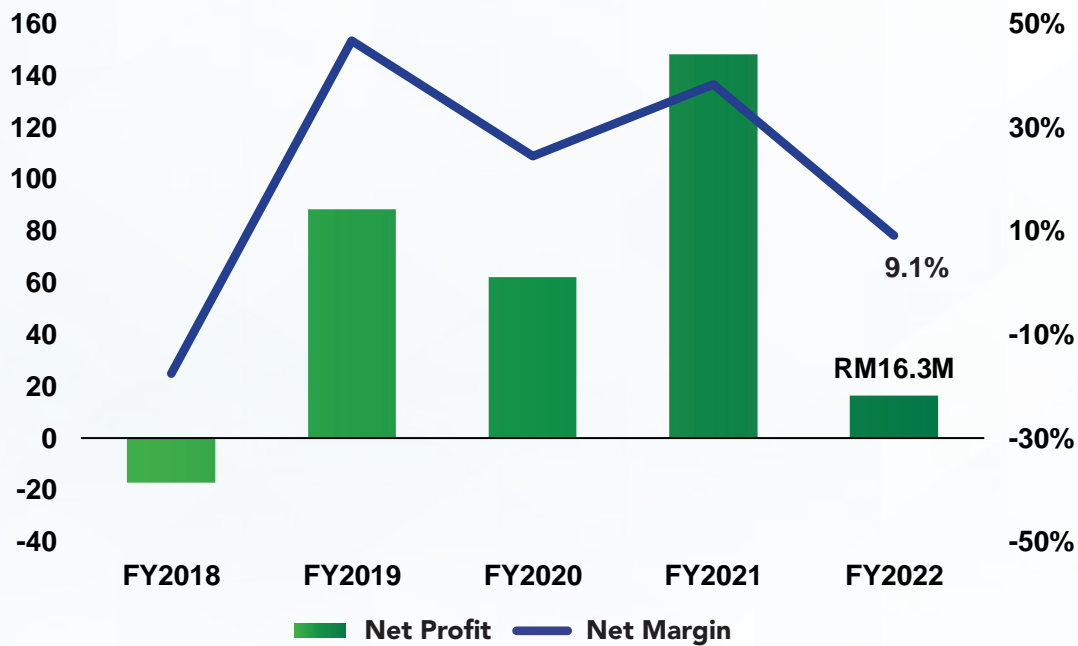
ECONOMIC DISCLOSURES

FINANCIAL HIGHLIGHTS AND ECONOMIC CONTRIBUTIONS

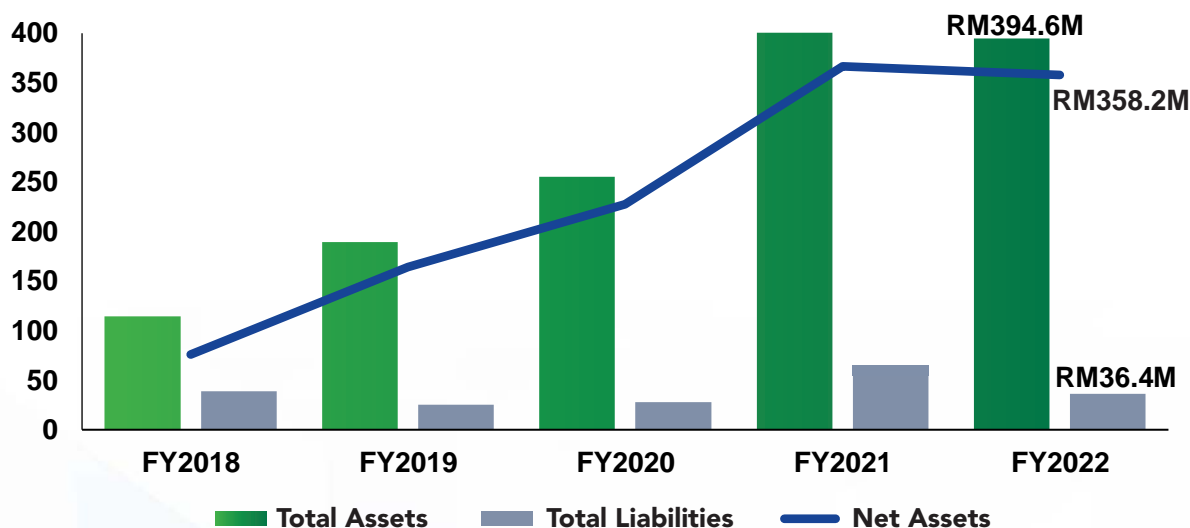
Gross Profit and Gross Margin



Net Profit and Net Profit Margin



Group Financial Position



The Group views economic sustainability in terms of sustained, long-term growth as well as generating surpluses to reinvest into the business and reward our stakeholders. The Group had been consistently profitable since FY2018. We ended FY2022 in a strong financial position with sufficient liquidity and low gearing, which would allow the Group to meet our financial obligations, weather short-term economic shocks and take advantage of investment opportunities.

Since the company's incorporation in 2001, the Group has grown into a listed company with market capitalisation of S\$325M (as of 29 July 2022, the last trading day of FY2022). As a company headquartered in Pahang, Malaysia with its iron ore mine located in Johor, Malaysia, we view our economic impact in terms of:

- Contributing to Malaysia's economic growth in terms of value-add and wealth creation.
- Generating positive spinoffs to the economy, such as through investment in new mining equipment and digitalisation, as well as purchasing from local suppliers (this is explained in the next section).
- Creating jobs and generating income for our employees to support their families.

Iron ore prices had been volatile in FY2022, fluctuating between USD84.50 and USD156.50 per tonne. Nevertheless, governments across the world, including China (the world's leading iron ore

importer), were investing in infrastructure and fiscal stimulus as part of the post-COVID economic recovery. This helped to create positive macroeconomic conditions for demand of iron ore.

In January 2022, the Group received Exploratory Approval to carry out gold mining exploration. Strategically, this would allow us to diversify and strengthen our business beyond extraction of iron ore.

The target set for FY2022 has been met through the achievement of continuous profit and maintaining a strong net assets position despite the volatile iron ore price in FY2022.

Please refer to our review of the performance of the Group section in the FY2022 Financial Result Announcement and Annual Report 2022 for the detailed financial results and analysis.



OUR TARGET FOR FY2023

- We aim to sustain our positive financial performance – in terms of profitability and net assets growth – for FY2023. Please refer to Section 4 of Part II, pages 23 and 24 in the FY2022 Financial Result Announcement for the known factors or events that might affect the Group in the next 12 months.

PROCUREMENT PRACTICES

We strive to make a positive impact on the lives of people who reside in the areas where we have a presence. Whenever possible, we seek to support and promote local businesses and economic activities by engaging them as suppliers, subject to the suppliers' capacity to deliver to the Group's specifications and on commercially acceptable term and conditions.

For FY2022, SAM had targeted at least 90% of our purchases from local suppliers. We exceeded this target as SAM's local purchases for the year amounted to RM89.7M, i.e. 92.9% of our total purchases of RM96.6M.

In addition, the Group developed a Supplier Code of Conduct – administered by the purchasing department – that set out the minimum standards of ethical, social and environmental responsibilities required of all suppliers. This Code of Conduct would cover anti-bribery and corruption, conflicts of interest, ethical business practices, regulatory compliance, human rights and good employment practices, health and safety, environment, and proper record keeping. Non-compliance with the Code of Conduct could lead to termination or suspension of relationship with the supplier. The Code of Conduct was disseminated to and acknowledged by all 90 of the Group's suppliers in August 2022, i.e. shortly after the close of FY2022 on 31 July 2022.



**OUR TARGET FOR
FY2023**

- To maintain local procurement of at least 90% of total purchases.



ENVIRONMENTAL DISCLOSURES

ENERGY AND EMISSIONS


Energy in the form of electricity and diesel is essential to power the Group's daily operations. Electricity is used in processing plants, offices and staff facilities. Diesel fuel is used for excavators, dump trucks, drilling machines, lorries and all generator sets. We constantly monitor and optimise our energy consumption – both electricity and diesel – to ensure that we optimise our resources economically and responsibly. We also encourage employees to play their part, such as turning off equipment and devices when not in use.



Plant and machinery deployed at the Chaah Mine




Our energy consumption for FY2021 and FY2022 are as follows:

 Keys Parameters	FY2021	FY2022
Electricity consumption in kilowatt hour ("kWh")	9,723,000*	19,171,000 (+97.2%)
Diesel consumption in litres	12,563,000**	6,794,000 (-45.9%)

* For FY2021, the electricity consumption was from March 2021 to July 2021 only as access to the Malaysian National Grid was completed in March 2021. Prior to that, we were using diesel.

** The diesel consumption for FY2022 included diesel used in company vehicles. Such data was not tracked for FY2021.

Our production to energy consumption ratio for FY2021 and FY2022 are as follows:

 Keys Parameters	FY2021	FY2022
Concentrate production to electricity consumption in metric tonnes per kWh	0.03***	0.02 (-33.3%)
Material extraction to diesel consumption in metric tonnes per litre	1.09	1.68 (+54.1%)

*** For FY2021, the concentrate production to electricity consumption ratio is calculated based on 5 months' data, i.e. March 2021 to July 2021.

The Group has achieved the FY2022 targets set for production to energy consumption ratio and material extraction to diesel consumption.

In FY2022, the Group started to track greenhouse gas ("GHG") emissions as part of our corporate responsibility to support international efforts in climate action, and in preparation to comply with SGX's new requirements for climate risk disclosures. We aim to improve our emissions-related data capture and reporting over time.

Our estimated Scope 1 (direct) and Scope 2 (indirect) emissions for FY2021 and FY2022 are as follows:



Keys Parameters	FY2021	FY2022
Scope 1 CO ₂ emissions from diesel usage in metric tonnes	33,619	18,180
Scope 2 CO ₂ emissions from purchase of electricity from the National Grid in metric tonnes	6,212	12,250
Total of Scope 1 and Scope 2 CO ₂ emissions in metric tonnes****	39,832	30,429 (-23.6%)

**** Emission factors used are sourced from Tenaga Nasional Berhad, the sole provider of electricity in Peninsular Malaysia, and the GHG Protocol. Emissions are estimated for CO₂ only and not the other greenhouse gases.



**OUR TARGET FOR
FY2023**

- Subject to the quality of the run of mine, we target to achieve the production to energy consumption ratio of not less than 0.02MT concentrates per 1kWh of electricity usage and the material extraction to diesel consumption ratio of not less than 1.00MT of materials (both ores and waste) extracted per litre of diesel usage.
- Track and mitigate direct and indirect emissions from our operations. We will set a quantitative mitigation target after we have reviewed decarbonization pathways and options.

ENVIRONMENTAL COMPLIANCE

The Group complies with all applicable environmental regulations and guidelines to minimise environmental pollution, resource depletion as well as adverse impacts to local communities and ecosystems. This includes the following regulatory requirements:

- National Land Code 1965
- Mineral Development Act, 1994 and regulations
- Mineral Enactment (Johor), 2003 and regulations
- Environment Quality Act, 1974 and regulations

In FY2022, we engaged an independent consultant to conduct environment monitoring checks at our mining site on a regular basis for water quality (monthly), ambient noise (quarterly) and ambient air (quarterly). Results showed that all readings were within permitted levels. The water test samples were taken from a downstream location. Results were within the permitted range of Malaysia's National Water Quality Standards ("NWQS"), which indicated that the mining activities had no adverse impact on water quality in the surrounding area.



Water quality tests were conducted quarterly in FY2022

There were no reported incidents of environmental non-compliance with the relevant regulations and no penalty imposed from local authorities in FY2022.



OUR TARGET FOR
FY2023

- To maintain zero incidents of environmental non-compliance in FY2023.

SOCIAL DISCLOSURES

FOCUS ON EMPLOYEES AND COMMUNITY

For social sustainability, we focus on both our employees and the wider community. Our employees are the most important asset for the Group. We aim to create a conducive workplace of growth and respect through various programmes to recruit, develop, reward and motivate all our employees. This builds up their loyalty and the Group’s brand name as an employer of choice.

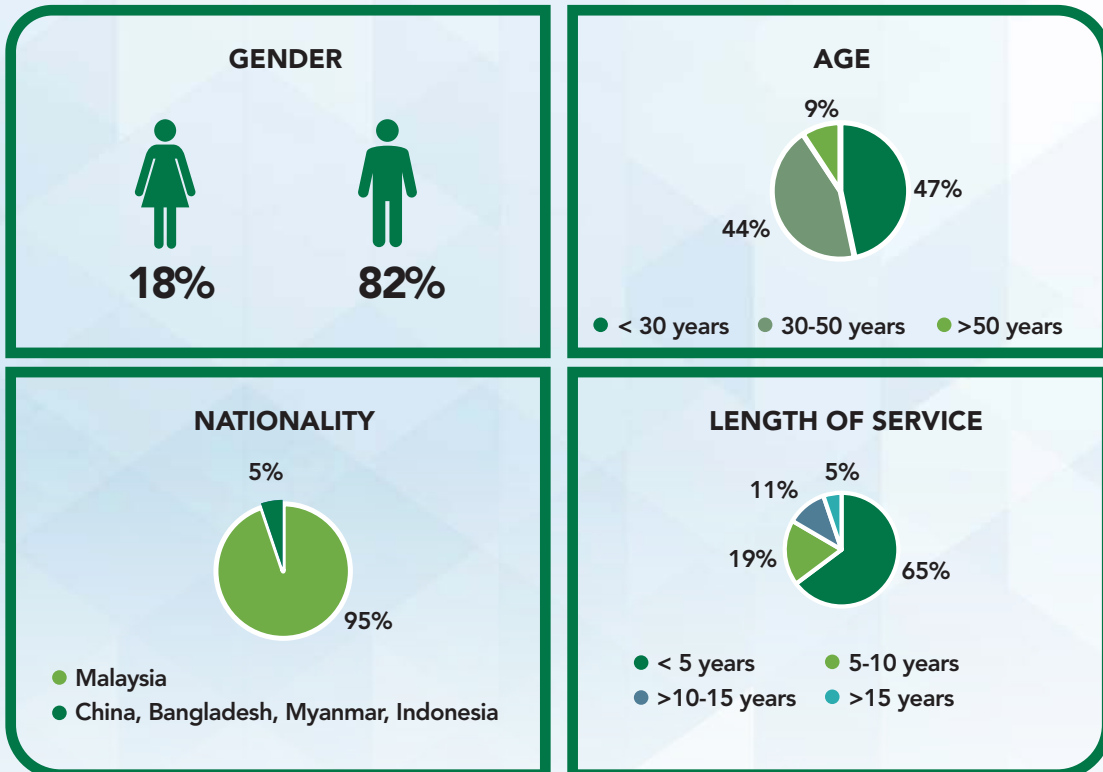
We do not tolerate any discrimination in hiring practices and operations. We treat all employees fairly regardless of their race, nationality, gender, sexual orientation, language, religion, age or marital status. In turn, employees are expected to deal with their colleagues, clients and community in a fair and transparent manner.

For the community, the Group aims to be a responsible corporate citizen and partner. We respect human rights, labour laws and the prohibition against child labour. We also take the lead in providing the community with a safe and healthy environment around our site of operations.

WORKFORCE OVERVIEW

In FY2022, the Group recruited 54 employees and ended the year with a total of 193 employees, as compared to 212 employees in FY2021. The female to male gender ratio was 18% to 82%, a 5% increase for female employees as compared to 13% to 87% in FY2021. As an affirmation of the Group’s stance towards equal opportunities and meritocracy, 43% of the leadership roles in the organisation were held by women in FY2022.

Our workforce is distributed as follows:



The Group publishes an Employee Handbook that is given to every employee. The document explains the employment contract and terms of employment, compensation and benefits, and workplace policies and practices.

We respect diversity within the Group in terms of gender, age, nationality and years of service. All employees can learn from one another regardless of cultural background, and we endeavour to bring those differences into the workplace to broaden the collective experience and knowledge. Employees are offered equal opportunities in terms of fair treatment, access to training and other organisational resources, and are not disadvantaged by any prejudices or bias. Our staff recruitment and annual appraisals are conducted based on performance, work attitude, cooperation with fellow staff and external partners, as well as efficiency and effectiveness of work.

For FY2022, there were no reported incidents or complaints on employee discrimination.

For FY2022, the Group had scheduled a series of different activities and events for our employees such as team building activities and workshops. We ensured that all activities were carried out in accordance with the Malaysian government’s prevailing regulations and guidelines under the different phases of the National Recovery Plan (“NRP”) announced on 15 June 2021.



Employee health has become a key focus area for the Group and became even more important during the prolonged pandemic. For FY2022, we continued with the annual blood screening programme (comprising 47 blood tests and 5 cancer markers) offered to employees at the supervisor and above grades.



**OUR TARGET FOR
FY2023**

- To maintain zero incidents or complaints on employee discrimination.



Teambuilding for employees at Genting Highlands on 24 June 2022



Blood screening for employees on 21 March 2022

OCCUPATIONAL HEALTH AND SAFETY

Safeguarding our employees' safety and health against workplace hazards is one of our top priorities. The Group has in place a Safety & Health Committee (the "**Committee**") chaired by the Chief Operating Officer and comprises a secretary, employer representatives and employee representatives. The Committee oversees the development and updating of health and safety policies, standards, rules and operating measures to maintain and continuously improve overall safety environment for all our employees and stakeholders.

All staff are aware that any accident/incident in the workplace, including near-miss events, must be reported immediately to the designated Safety Officer. An Incident Report must be completed with full details of the accident/incident by staff and related parties, and promptly submitted to the Safety Officer. The Safety Officer shall investigate the scene, interview relevant parties for findings and recommend actions to be taken to avoid reoccurrence. All accident/incident data collected will be documented and analyzed for further improvements by implementing preventive measures. Statistics on accident/ incident frequency rate will be compiled for monitoring purposes.

A Noise Risk Assessment ("**NRA**") by a Department of Occupational Safety and Health ("**DOSH**") registered assessor was conducted on 10 May 2022 at our mining site to assist us to comply with the Occupational Safety and Health (Noise Exposure) Regulation 2019. The assessment measured the noise levels, identified employees likely to be exposed to excessive noise and recommended appropriate control measures. The area noise mapping indicated that the Processing Plant, Crusher Plant and Workshop areas exceeded the noise threshold of 82 dB. The Group's Safety & Health Committee had reviewed the NRA's findings and rectified the adverse findings within thirty days by adopting the recommended measures such as reducing friction noise from machinery, job rotation to reduce employees' daily noise exposure, and ensuring that Personal Hearing Protector ("**PHP**") is worn and maintained regularly.

Other measures adopted to promote occupational safety and health include:

- Monthly workplace inspection to identify hazards/potential hazards to mitigate risks.
- Having quarterly Safety & Health Committee meetings, and obtaining feedback from all levels of employee to gather their views to keep improving safety at the workplace.

- Setting safety key performance indicators (“KPIs”) to involve everyone in promoting safety awareness and shared responsibility.
- Conducting daily departmental safety toolbox briefing to inculcate a safe system of work and strong safety culture.
- Regular and refresher training sessions and briefings for all new and existing employees on potential health and safety risks they may face at the workplace. This equips them with the necessary knowledge to deal with such risks.



Training for staff to deal with fire hazards

We are pleased to report that there were no major work injury and zero fatal accidents at our workplace In FY2022.



**OUR TARGET FOR
FY2023**

- To maintain zero major injury and fatal accidents.

TRAINING AND EDUCATION

SAM provides all employees with regular and timely training so that they can perform their tasks competently and safely, upgrade their skillsets and professionalism, and keep pace with the Group’s growth and industry developments. Every year, our Human Resource (“HR”) department would engage the respective heads of department to identify staff development needs and review suitable training providers and programmes.

For FY2022, we conducted a comprehensive range of training courses – this included HSE Induction and Toolbox Training for our operational employees, and the Mobile E-leave App Training and Wellness Workshops for employees across the organisation.

The average training hours per employee for FY2022 was 7.8 hours, exceeding the target set of 4 hours and representing a 129% increase over FY2021’s average of 3.4 hours per employee. The increase was due to resumption of training in line with the easing of COVID-19 related restrictions.



Safety training and Microsoft Excel training conducted for employees



**OUR TARGET FOR
FY2023**

- Provide at least an average of 7 training hours per employee.

LOCAL COMMUNITIES

Long-term sustainability is founded on a mutually beneficial partnership with the local communities. The Group, including our onsite mining operations in Johor, generates jobs and other economic opportunities for the locals. The Group adheres to all environmental regulations to minimise negative environmental impacts on residential and other areas adjacent to the mining operations.

The Group has a community support policy of rendering relevant assistance to underprivileged groups and conducting periodic community development programmes. In FY2022, the Group contributed a total of RM336,750 – a 34.1% increase over FY2021’s contribution of RM251,082 – in sponsorships and assistance for various community projects and assistance schemes. This included a group vaccination programme for more than 600 villagers at Chaah, Johor and supplying food to victims of the December 2021 floods in Peninsular Malaysia.



Vaccination of Chaah Village residents on 10 September 2021



Food assistance given to flood victims on 21 December 2021



OUR TARGET FOR
 FY2023

- Continue our contributions to the community through creating employment and other economic opportunities, as well as supporting underprivileged groups and community development programmes.

GOVERNANCE DISCLOSURES

CORPORATE GOVERNANCE

The Board and Management of the Group are committed to adopting corporate governance best practices to ensure sustainability of the Group’s operations. We aim to establish transparent, accountable and equitable systems and processes, thereby increasing the value of the Company to its shareholders and other stakeholders.

In FY2022, we complied fully with the Code of Corporate Governance 2018. Please refer to the 2022 Annual Report for the Group’s Corporate Governance Report.

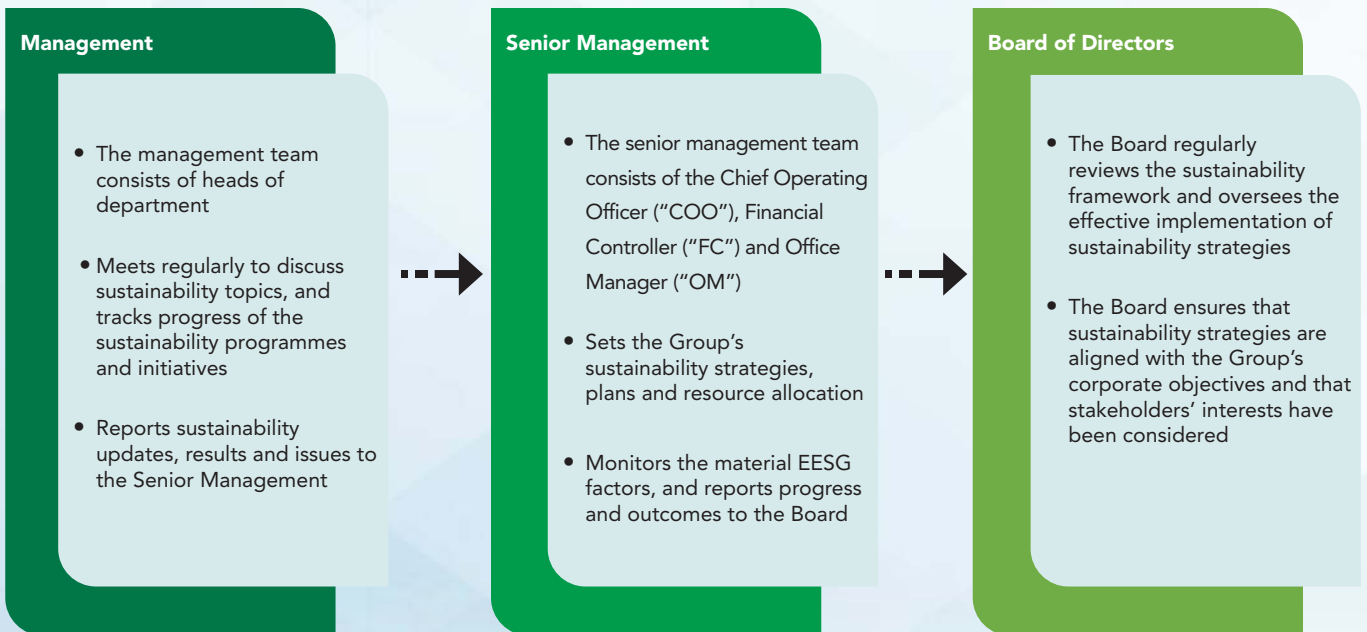


OUR TARGET FOR FY2023

- Continue to comply with the Code of Corporate Governance 2018 and meet all governance requirements that are expected of the Group by all stakeholders.

SUSTAINABILITY LEADERSHIP

We have put in place a leadership structure to drive sustainability throughout the Group. The roles of each level of the structure are described below:



RISK MANAGEMENT

The Board acknowledges its responsibility for the governance of risk and ensuring that the Management Team maintains a sound system of risk management and internal controls to safeguard the interest of shareholders and the Group's assets.

Matters related to risks are referred to the Audit Committee ("AC"). The Board, with the support of the AC, is responsible for the overall governance of the risk management of the Group, establishing risk management policies and tolerance strategies for the Group, and overseeing the effective implementation of the risk management framework.

In FY2022, the Board had reviewed the risk management and control systems, and ensured that corporate risks had been adequately identified and managed. For detailed disclosure on Risk Management, please refer to the "Risk Management and Internal Controls" and the "Summary of Audit Committee and Risk Management Activities" in our Annual Report 2022.

The Group is mindful of the SGX's requirement – announced in December 2021 – for issuers to undertake climate risk reporting in line with the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD"). The Group will adopt a phased approach in such climate risk disclosures commencing with next year's FY2023 Sustainability Report, and work towards full mandatory reporting in the FY2025 Sustainability Report.

BUSINESS ETHICS AND COMPLIANCE

All staff are reminded regularly and clearly of the importance of upholding the highest standards when it comes to business ethics. The Group would promptly update relevant staff on any relevant and applicable developments in international and local regulations.

There were no fines or non-monetary sanctions for non-compliance with laws and regulations in FY2022.



OUR TARGET FOR FY2023

- Conduct annual review of risk management and internal control systems to ensure that all relevant risks are identified, communicated and managed on a timely basis.
- Implement phased approach for climate risk disclosures.

ANTI-CORRUPTION

SAM does not tolerate corruption in any form, and strives to conduct business with utmost integrity and transparency. This has been made clear to all of the Group's Directors, officers, employees, suppliers and business partners. Our whistleblowing email account was set up so that anyone who wants to report any issue on corruption can do so confidentially. Any report of corruption will be escalated to the attention of the AC.

In FY2022, there were no reported incidents of corruption. In August 2021, a qualified and independent auditor reviewed the adequacy of the Group's corporate liability initiatives against the Guidelines of Adequate Procedures ("GAPs") which is issued pursuant to S17(A) of the Malaysian Anti-Corruption Commission ("MACC") Act. The overall assessment of the review, to be conducted every three years, was that current policies and controls were adequate.

The risk mitigation actions arising from the review included the provision of periodic training and awareness; the internal and external communication of anti-corruption and bribery ("ABC") policy; the setting of approval limits on gifts, hospitality, donation, sponsorship and referral payments and the periodic reporting thereof; the oversight of tender selection and approval procedures; and implementation of reliable whistleblowing reporting and protection procedures to whistleblowers.

Whistleblowing Policy

The Group has a whistleblowing policy that provides an avenue for employees and external parties to raise concerns about misconduct or improprieties in the Group, and assures them that they will be protected from any reprisal or victimisation for whistleblowing in good faith. Reports can be lodged directly to the AC Chairman or the Lead Independent Director via email to honestsam@whistleblower.com.my, which is administered by the Group's Internal Auditor. The Group has made available to staff and business partners the whistleblowing policy, processes and email address for safe and confidential reporting of any suspected fraud, corruption or any form of dishonest practices. The Company has confidentiality clauses that protect the identification of the whistleblower and ensure that the identity of the whistleblower is kept confidential. The Company is also committed to ensure the protection of the whistleblower against any detrimental or unfair treatment. The AC is responsible for the oversight and monitoring of whistleblowing.

The AC is satisfied that proper arrangements and procedures are in place to ensure independent investigation of such matters and for appropriate follow up actions to be taken. There were no whistleblowing cases in FY2022.



OUR TARGET FOR FY2023

- Maintain zero incidents of non-compliance, corruption, bribery or other form of dishonest practices.
- Ensure that any whistleblowing report is promptly investigated and dealt with.

GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure	Reference / Description
GRI 101: Foundation 2016		
GENERAL DISCLOSURE		
GRI 102: General Disclosures	102-1	Name of organisation Southern Alliance Mining Ltd.
	102-2	Activities, brands, products and services https://southernallianceminig.com/our-business/
	102-3	Location of headquarters Malaysia
	102-4	Location of operations Malaysia
	102-5	Ownership and legal form Annual Report
	102-6	Markets served Annual Report
	102-7	Scale of the organisation Annual Report
	102-8	Information on employees and other workers Workforce Overview (Page 14)
	102-9	Supply chain Procurement Practices (Page10)
	102-10	Significant changes to the organisation and its supply chain Nil
	102-11	Precautionary Principle or approach About this report (Page 2)
	102-12	External initiatives Nil
	102-13	Membership of associations Nil
	102-14	Statement from senior decision maker Board Statement (Page 1)
	102-16	Values, principles, standards and norms of behaviour Our Sustainability Methodology (page 4)
	102-18	Governance structure Corporate Governance (page 20) Sustainability Leadership (page 20)
	102-40	List of stakeholder groups Stakeholders Engagement (page 5)
	102-41	Collective bargaining agreements Nil
	102-42	Identifying and selecting stakeholders Stakeholders Engagement (page 5)
	102-43	Approach to stakeholder engagement Stakeholders Engagement (page 5)
	102-44	Key topics and concerns raised Stakeholders Engagement (page 5)
	102-45	Entities included in the consolidated financial statements Annual Report
	102-46	Defining report content and topic boundaries About This Report (page 2)
	102-47	List of material topics Materiality Assessment (page 7)
	102-48	Restatement of information Nil
	102-49	Changes in reporting Nil
	102-50	Reporting period About This Report (page 2)
	102-51	Date of most recent previous report 18 July 2022
	102-52	Reporting cycle Annual
	102-53	Contact point for questions about the report general@samingltd.com
	102-54	Claims if reporting in accordance with the GRI Standards About This Report (page 2)
	102-55	GRI content index Page 23
	102-56	External Assurance No external assurance has been sought

GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure		Reference / Description
MATERIAL TOPICS			
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	Financial Highlights and Economic Contributions (page 8)
GRI 204: Procurement Practice	204-1	Proportion of spending on local suppliers	Procurement Practices (page 10)
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	Anti-Corruption (page 22)
GRI 302: Energy	302-1	Energy consumption within the organization	Energy and Emissions (page 11)
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Energy and Emissions (page 11)
	305-2	Energy indirect (Scope 2) GHG emissions	Energy and Emissions (page 11)
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	Environmental Compliance (page 13)
GRI 403: Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety (page 16)
GRI 404: Training and Education	404-1	Average hours of training per year per employee	Training and Education (page 18)
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	Workforce Overview (page 14)
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Local Communities (page 19)
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	Local Communities (page 19) Business Ethics and Compliance (page 21)



Southern Alliance Mining Ltd.
(Company Registration No.: 201931423D)
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