



# *SUSTAINABILITY REPORT*

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## *2017*



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# BOARD STATEMENT



The Board is pleased to present its first Sustainability Report for the year 2017 which sets out our policies, practices and performance in relation to sustainability. This report was prepared in accordance with the SGX Sustainability Reporting Guide and the Global Reporting Initiative (Core) Standards.

The Group's approach towards sustainability is based on our core values of Integrity, Accountability and Sustainability. Indonesia is a nation rich in natural resources and has increasing energy demands to fuel the country's continued economic growth. As Indonesia's economical development continues to move forward, coal will be a vital source in meeting the country's growing domestic electrification needs, as urbanisation and a growing middle class have accelerated the need for greater access to electricity across the archipelago. Demand for electricity is expected to rise, as the country's political and business leaders begin to prioritise energy, infrastructure and electrification in the immediate future.

At BlackGold, we believe in building a sustainable business that not only delivers long-term value to our stakeholders but one which commits to sustainable considerations to our mining practices. To be a part of the future of Indonesia's power generation, we must first protect its future.

Sustainability is at the heart of our business practices and operational considerations. We place health and safety as our utmost priority, ensure that we are environmentally responsible in our operations and are committed to respecting human rights and supporting our host communities. As a partner in the communities in which we operate, we share stewardship of the environment, support local cultures and aim to make a positive impact, both socially and economically, in these communities.

BlackGold is committed to complying with the laws and regulations of the jurisdictions in which we operate. Where the local jurisdiction's regulatory requirements are less stringent than our own, we continue to uphold the Group's own standards of legal and regulatory compliance.

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# SUSTAINABILITY GOVERNANCE

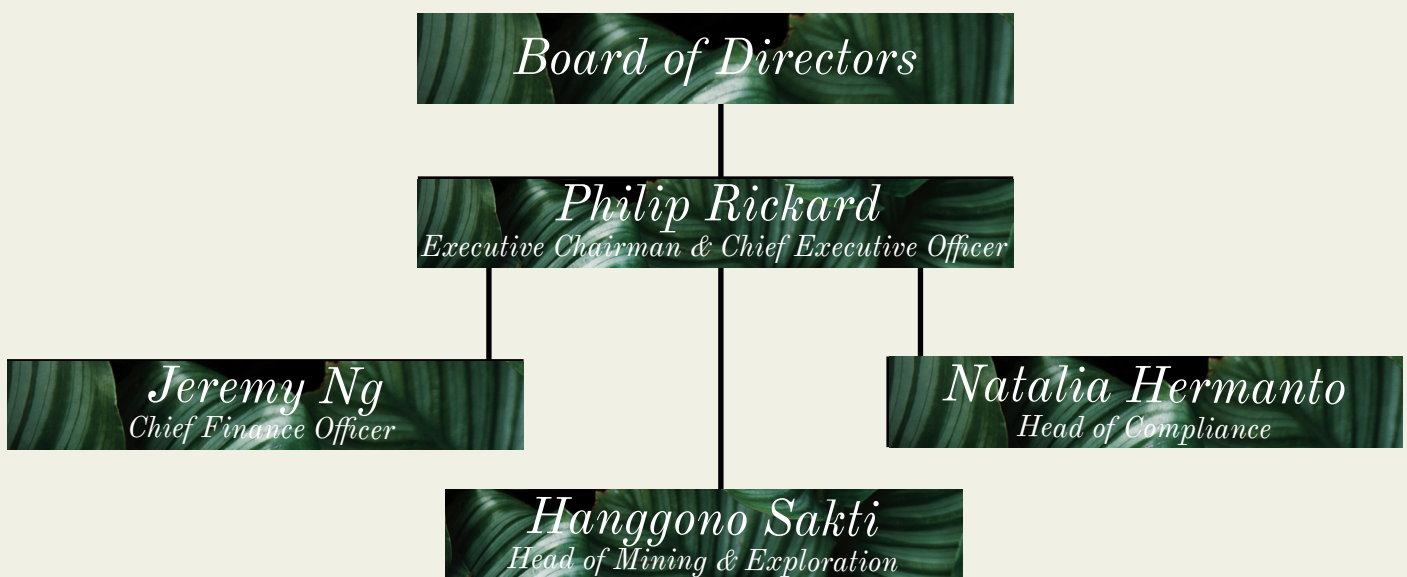
Sustainability is addressed at the highest levels at BlackGold. Our Board of Directors oversees the sustainability approach – assisting with governance and close monitoring. We believe a high standard of governance is critical to the implementation of our strategy, as well as the achievement of targets for long-term success.

The main duties of the Board include providing leadership on BlackGold’s overall strategy, taking into consideration any sustainability issues that may arise and ensure the adequacy of the Group’s framework for risk management and internal controls.

Our employees work closely with the Management to identify and manage material risks across our business activities, functions and processes through our internal risk management standards. This allows us to consistently apply a risk-based approach in our business considerations and operations. All material risks are assessed alongside careful consideration of the potential health, safety, environmental, community, reputational, legal and financial impacts. By incorporating risk management into all our work processes and critical business systems, we ensure that decisions are made based on relevant inputs and valid data.

The Audit Committee evaluates the design and effectiveness of our risk management processes and systems annually. These audit results are used to create detailed management plans to address and identify gaps. Key findings are then reported to the Board, which manages oversight of the Group’s systems of risk management. At the business unit level, economic, operational as well as health and safety issues and other risks are reported to - and reviewed by the Operations Director in the Indonesia office.

A broader discussion of our risks factors and management approach is provided in the “Corporate Governance” section of the 2017 Annual Report.





# ABOUT BLACKGOLD

BlackGold Group (“**BlackGold**” or the “**Group**”) is an Indonesia-focused coal mining company targeting Indonesia’s rapidly growing power plant industry, with a specific focus on supplying coal to power plants located in Riau province, Sumatra, Indonesia.

The Group, through its subsidiaries in Indonesia, holds the rights to PT Samantaka Batubara (“**PT SB**”), a coal concession in Riau, a region rich in natural resources.

Capitalising on its core competencies in coal mining, the Group is able to tap into the regional coal demand via the strong support given by the Government of Indonesia for development of the country’s electrical power capacity.

The Group is listed on the Catalist board of the Singapore Exchange Securities Trading under the stock code 41H.

# OUR VISION

Our vision is to be the region’s leading coal and energy provider, creating superior customer and shareholder value through innovation and cost efficiency, with responsible focus on health, safety and environmental considerations.

# OUR MISSION

Our corporate mission is to support our shareholders, customers, employees and local communities in their endeavours to achieve economic and social prosperity; realising their goals through our sound business activities. A sound management style which places emphasis on integrity is the essence of BlackGold’s business philosophy.

# ABOUT THIS REPORT

This report has been prepared in accordance with the GRI Standards: Core option. The Group has selected the Global Reporting Initiative (the “**GRI**”) framework as the primary guideline for our sustainability reporting aside from the guidelines issued by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The reason for selecting the GRI framework is due to its internationally-recognised, well-structured guidance and universal application which allows the application of the relevant guidelines to all aspects of its current operations and countries in which the Group operates.

The scope of this report encompasses all business operations within the BlackGold Group (including its subsidiaries) boundary definition for the period 1 January to 31 December 2017. However, some of the matters addressed in the report are illustrated by developments and initiatives that have continued into 2018; we therefore believe that they are relevant to this report.

Although some indicators are applicable to all types of industries, the scope of this sustainability report will be unique to the BlackGold Group’s industry-specific concerns and risks. We will introduce new measurement indicators as they are accepted, from time to time. For any queries pertaining to this report, please email us at [contactus@blackgold-group.com](mailto:contactus@blackgold-group.com).

# STAKEHOLDER ENGAGEMENT

Here at BlackGold, we recognise the importance of engaging our stakeholders to encourage open communications and build relationships. Being listed on the Catalist Board of SGX-ST and having our mining operations based in Indonesia, we interact with a range of stakeholders through various effective mediums of communication across the region.

Identified key stakeholder groups significant for BlackGold are namely; shareholders, employees and unions, central and local government institutions, business associations, contractors and other business partners, local communities, media and non-governmental organisations. We conduct our communications with our stakeholders via our Annual General Meeting, corporate publications such as the Annual Report, our website ([www.blackgold-group.com](http://www.blackgold-group.com)), as well as any news releases to the market and media.

| Stakeholders | Approach  | Focus Areas   | Aspect Boundary       |
|--------------|---|---|-----------------------|
| Shareholders | <ul style="list-style-type: none"> <li>• Annual Reports</li> <li>• Sustainability Reporting</li> <li>• Announcements</li> <li>• Press Releases</li> <li>• Investor Presentations</li> <li>• Analyst Reports</li> <li>• Website</li> <li>• Email Communications</li> </ul> | <ul style="list-style-type: none"> <li>• Environmental Compliance</li> <li>• Anti-Corruption</li> <li>• Greenhouse Gas (“GHG”) Emissions</li> </ul>   | Internal and External |
| Customers    | <ul style="list-style-type: none"> <li>• Announcements</li> <li>• Email Communications</li> <li>• Telephone</li> </ul>  | <ul style="list-style-type: none"> <li>• Anti-Corruption</li> <li>• Occupational Health and Safety</li> <li>• Local Communities</li> </ul>  | External              |
| Regulators   | <ul style="list-style-type: none"> <li>• Email Communications</li> <li>• Telephone</li> <li>• Announcements</li> <li>• Annual Reports</li> <li>• Sustainability Reporting</li> </ul>  | <ul style="list-style-type: none"> <li>• Water Management</li> <li>• Energy Consumption</li> <li>• GHG Emissions</li> <li>• Waste Management</li> <li>• Environmental Compliance</li> <li>• Anti-Corruption</li> <li>• Occupational Health and Safety</li> <li>• Local Communities</li> </ul> | External              |
| Employees    | <ul style="list-style-type: none"> <li>• Weekly Meetings</li> <li>• Email Communications</li> <li>• Telephone</li> </ul>  | <ul style="list-style-type: none"> <li>• Occupational Health and Safety</li> <li>• Local Communities</li> <li>• Anti-Corruption</li> </ul>  | Internal              |



# MATERIALITY

Materiality is the centre of sustainability reporting. The materiality analysis and assessment framework allows BlackGold to develop a robust understanding of what issues are material to the Group’s operations, the environment and communities that act as barriers or enablers to achieving our business goals in the short, medium and long term. In doing so, the management team is able to prevent or mitigate these risks and gain access to opportunities which will allow us to successfully deliver our business strategy, while also meeting our shareholders’ expectations for value in our developed assets.

We have identified eight (8) key focus areas that hold high relevance to the global sustainability challenges that the Group faces. Determination of material aspects and priority topics for presentation in this report is based on a GRI publication, “Defining Materiality” as guidance to strike a balance between key issues that the Group would like to highlight and areas in which stakeholders would prefer to have greater visibility of.

## OUR PROCESS FLOW

### Feasibility Studies

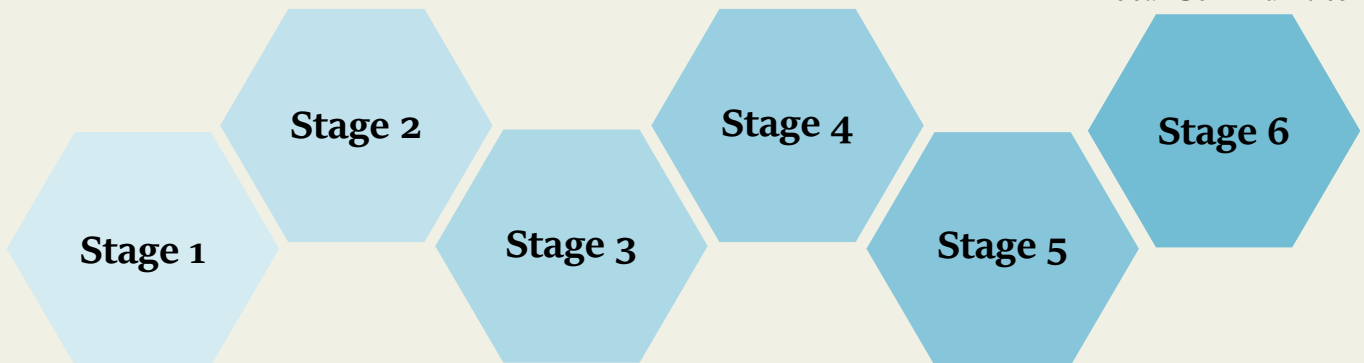
- Water Management
- Energy Consumption
- GHG Emissions
- Waste Management
- Environmental Compliance
- Occupational Health and Safety
- Local Communities

### Mining Operations

- Water Management
- Energy Consumption
- GHG Emissions
- Waste Management
- Environmental Compliance
- Occupational Health and Safety
- Local Communities

### Land Rehabilitation

- Water Management
- Energy Consumption
- GHG Emissions
- Waste Management
- Environmental Compliance
- Occupational Health and Safety
- Local Communities



### Suppliers Procurement

- Occupational Health and Safety
- Local Communities
- Anti-Corruption

### Land Clearing

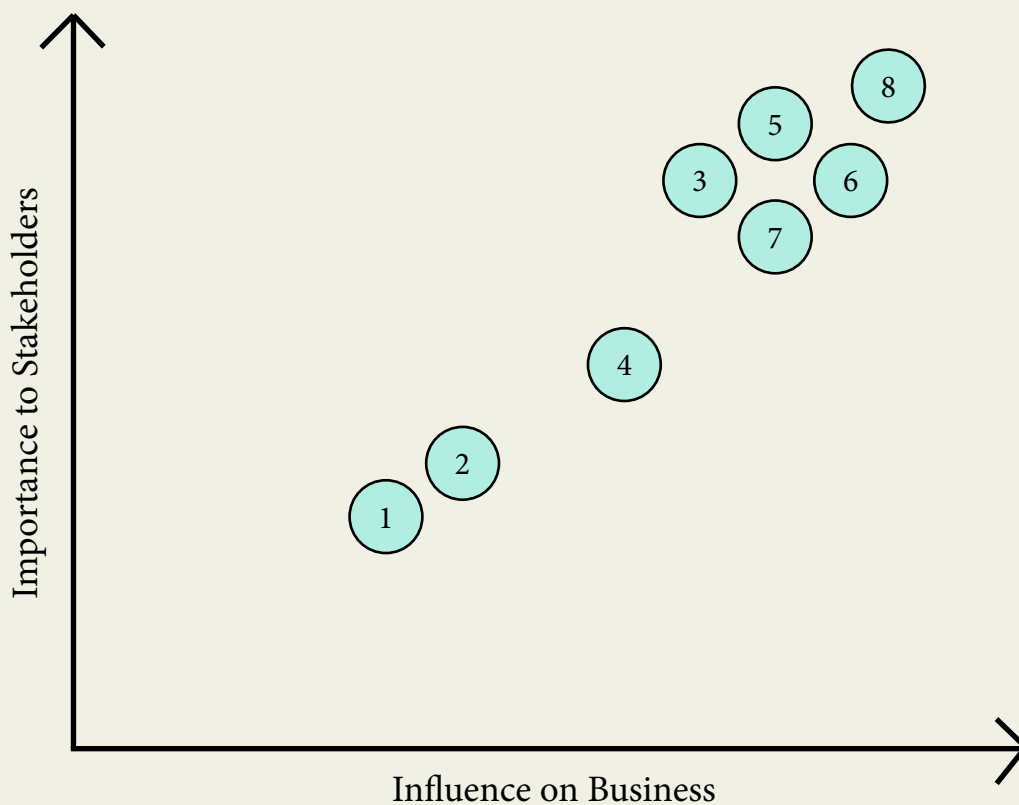
- Water Management
- Energy Consumption
- GHG Emissions
- Waste Management
- Environmental Compliance
- Occupational Health and Safety
- Local Communities

### Delivery to Customers

- Occupational Health and Safety
- Local Communities

# PRIORITISING MATERIAL ISSUES

1. Water Management
2. Energy Consumption
3. GHG Emissions
4. Waste Management
5. Environmental Compliance
6. Occupational Health and Safety
7. Local Communities
8. Anti-Corruption





# ENVIRONMENTAL SUSTAINABILITY

BlackGold believes in sustainable mining. Thus, we make it our main priority to protect the environment and minimise any impacts of our mining activities on it. We seek to identify risks to the environment at each stage of our coal mining and production process flow, and mitigate risks to the best of our ability.

BlackGold's environmental policy is as follows:

1. Identify, assess and monitor all environmental impacts
2. Develop and implement an environmental system aligned to company regulations and all national and international regulations
3. Engagement and involvement of external vendors where necessary for best practice
4. Keep the size of disturbed areas to a minimum and rehabilitate the mined-out area to promote the reintegration of flora and fauna
5. Identify, track, manage and assess actual performance against targets for the continuous improvements in reducing GHG emissions, waste minimisation, impacts of environmental pollution and protection of biodiversity

At BlackGold, our environmental operating standards are driven by:

1. Environmental Compliance,
2. Land Management,
3. Waste Management,
4. Energy and Water Management, and
5. Management of Air Quality (GHG Emissions)



# WATER MANAGEMENT

Water is another essential material aspect in the Group's sustainability management as it provides great support to the mining activities at the PT SB concession. The Operations team on-site pays close attention to the usage of water as we recognise it as a valuable and scarce resource. In 2017, there were no reports or complaints on incidents related to the use of water nor any environmental harm caused to water bodies in the vicinity of our mining areas.

At the Jakarta Head Office and at the PT SB concession, water is used effectively and recycled wherever possible to optimise the usage of water and reduce the impact on the environment.

The Group is unable to provide a reliable estimate of its total water usage for FY2017 as the costs and quantity of water usage at its Jakarta Head Office is not separable from the monthly rental costs and therefore unable to be separately monitored. At the PT SB mining concession, water is drawn from natural aquifer wells, therefore there is no reasonable way of calculating how much water is used at the mine site.

Moving forward, BlackGold targets to install water measurement meters at the Jakarta Head Office to monitor the efficient and sustainable usage of water, as well as flow constrictors on all water valves to minimise the flow of water, ensuring as little wastage as possible.

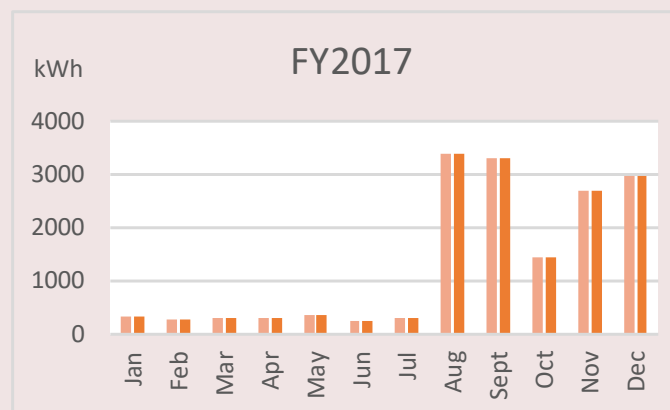
# ENERGY CONSUMPTION

Usage of energy is crucial to our mining operations. As such, we recognise the critical importance of using energy with care and efficiency so as to ensure that there will be sufficient energy to run our operations and for future generations to come.

Management plays an important role in emphasising the significance of conserving energy whenever possible and driving employee awareness, putting in place policies and practices to regulate energy consumption.

At BlackGold's Jakarta Head Office and at the PT Samantaka Batubara mine site, electricity is to be switched off at 6pm, unless there is overtime work that requires the use of electricity.

Energy consumption at our head office in Jakarta totalled 15,961 kWh for FY2017. This figure was derived from the utility bills, and the monthly breakdown is presented below:



The sharp increase in energy consumption from August to December 2017 is mainly attributable to renovation works beyond office hours for an expanded office space at its Jakarta Head Office.

Moving into 2018, the Company targets to implement more practices to further manage and minimise energy consumption.



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# GHG EMISSIONS

Managing climate change is a priority in BlackGold's environmental management strategy. Energy use at the PT SB concession produces GHGs and other emissions such as dust that may have an adverse impact on the environment and community. At BlackGold, we employ the use of technology in our approach to creating a clean and safe working environment for our employees, the local communities, as well as the biodiversity found in the area.

Our open-pit mining activities emit dust during excavation and transportation. As part of the Group's environmental management strategy, we have employed extensive use of dust suppression techniques to control the emanation of mining dust at the mine site. Catalytic converters are also installed in all heavy equipment used at the mine site to reduce the toxicity of gases released into the atmosphere.

As at FY2017, the Group has yet to implement any systems to measure the volume of GHGs emitted, largely due to the high costs involved that makes a measurement system impracticable to be installed during the early stages of a young, growing company. Moving forward, the Group targets to step up on its efforts to monitor and manage GHG Emissions, perhaps through the engagement of third-party environmental consultants.

# WASTE MANAGEMENT

Waste, whether in the form of liquids, solids or effluents, are material aspects in relation to sustainability as BlackGold's mining activities generates both hazardous (B3) and non-hazardous (non-B3) effluents which would cause harm to the environment if not disposed of in a proper manner.

At the PT SB concession, the Group has put in place a waste management policy at the mining operational area. A settling pond is constructed to eliminate acid water seepage from the mine and ensure proper water drainage. This pond will also be used to neutralise the pH level in the water prior to being discharged. The waste from our mining areas is primarily disposed of at our own facilities.

Mineral waste, namely overburden and waste rock, remains at the site where it is generated. Amongst these, reusable resources such as topsoil are stored separately and protected from erosion to be used in the rehabilitation of the mine-out area. As at FY2017, the PT SB concession is still in production and thus, any other waste such as waste rock and mine tailings are carefully disposed of in special areas to prevent any adverse environmental impact.

## Breakdown of Waste Generated in FY2017

| Type                 | Amount       |
|----------------------|--------------|
| Lubricant            | 5,247 Litres |
| Waste Fuel           | 2.5 Litres   |
| Used Filters         | 660 Pieces   |
| Grease               | 1 Kg         |
| Automotive Batteries | 11 Pieces    |

### Composition of Waste Contribution

- 90% from coal mining activities
- 5% from land clearing activities
- 5% from coal hauling activities

### Waste Disposal Procedure:

- All hazardous waste is to be collected and brought to the temporary hazardous waste dump
- Oil changes during equipment maintenance must leave as little oil residue as possible
- Workshop areas must have concrete floor with grooves to allow the used oil to drain into an oil trap for collection
- Should the oil change take place outside of the workshop areas, a barrel or tarpaulin must be used to collect the oil
- All used oil collected is to be deposited in the used oil depository
- Further handling of the used oil and hazardous waste is subcontracted to the third-party waste disposal contractor once the used oil depository and temporary hazardous waste dump are approaching maximum capacity

Moving into FY2018, the Group targets to maintain its zero non-compliance record and constantly seek to uncover newer, innovative ways to mitigate the harmful effects to the environment as a result of waste disposal.



# ENVIRONMENTAL COMPLIANCE

BlackGold is committed to the improvement of environmental management and adding value to the maintenance of natural resources, energy conservation and community development.

In FY2017, the Group spent approximately S\$36,000 for the management of environmental quality and initiatives for mitigation of environmental damage, including but not limited to:-

- Submission of tri-monthly reports to the Indonesian government on environmental management
- Formulation of up-to-date standard operating procedures in compliance with prevailing government regulations
- Trainings and workshops to constantly improve the employees' knowledge and understanding of environmental management
- Construction and maintainance of infrastructure at the mine site for the purpose of mitigating damages to the environment
- Procurement of environmental monitoring equipment
- Daily checks on water acidity

Moving into FY2018 and beyond, the Group targets to maintain the zero non-compliance record and to step up on our environmental management efforts wherever possible.

The following two pages show the Indonesian environmental regulations that the Group has complied with.



| Environmental Aspect                        | Compliance with Indonesian Regulations  |
|---|---|
| Environment, EIA, PROP-ER, Post-mining plan | <i>UU No. 32 Tahun 2009 tentang Perlindungan dan Pengelolaan Lingkungan Hidup</i>   |
|   | Law No. 32 of 2009 on Environmental Protection and Management   |
|   | <i>PP No. 27 Tahun 2012 tentang Izin Lingkungan</i>   |
|   | Government Regulation No. 27 of 2012 on Environmental Permits   |
| Toxic and Hazardous Materials and Waste     | <i>Peraturan Pemerintah No. 101 Tahun 2014 tentang Pengelolaan Limbah Bahan Berbahaya dan Beracun</i>                     |
|   | Government Regulation No. 101 of 2014 on the Management of Toxic and Hazardous Waste                                      |
|   | <i>Peraturan Pemerintah No. 74 Tahun 2001 tentang Pengelolaan Bahan Berbahaya dan Beracun</i>                             |
|   | Government Regulation No. 74 of 2001 on Management of Toxic and Hazardous Material  |
| Forestry & Biodiversity                     | <i>UU No. 41 Tahun 1999 tentang Kehutanan</i>   |
|   | Law No. 41 of 1999 on Forestry  |
|   | <i>Peraturan Pemerintah Nomor 7 Tahun 1999 tentang Pengawetan Jenis Tumbuhan Dan Satwa</i>                                |
|   | Government Regulation No. 7 of 1999 on Preservation of Plants and Animals   |
|   | <i>Keppres RI No. 41 Tahun 2004 tentang Perizinan atau Perjanjian di bidang pertambangan yang berada di kawasan hutan</i> |
|   | Presidential Decree No. 41 of 2004 on Licenses or Agreements in the Mining Sector located in Forest Areas                 |
| Energy                                      | <i>UU N. 30 Tahun 2007 tentang Energi</i>   |
|   | Law No. 30 of 2007 concerning Energy  |
|   | <i>PP No. 70 Tahun 2009 tentang Konservasi Energi</i>   |
|   | Government Regulation No. 70 of 2009 on Energy Conservation   |
|   | <i>Permen ESDM No. 14 Tahun 2012 tentang Manajemen Energi</i>   |
|   | Minister of Energy and Mineral Resources' Decree No. 14 of 2012 on Energy Management                                      |

| Environmental Aspect   | Compliance with Indonesian Regulations  |  |
|--|---|--|
| Air Quality  | <i>PP no. 41 Tahun 1999 tentang Pengendalian Kualitas Udara</i><br>Government Regulation No. 41 of 1999 on Control of Air Quality   |  |
|  | <i>Perpres No. 61/2010 tentang Rencana Aksi Penurunan Gas Rumah Kaca (GRK)</i><br>Presidential Decree No. 61/2010 on Action Plan to Reduce Greenhouse Gases   |  |
|  | <i>Perpres No. 71/2010 tentang Pencatatan Inventarisasi GRK Nasional</i><br>Presidential Decree No. 71/2010 on National GHG Inventory Recording   |  |
|  | <i>Permen LH No.4/2014 tentang Baku Mutu Emisi Sumber Tidak Bergerak Bagi Usaha Atau Kegiatan Pertambangan</i><br>Minister of Environment's Decree No. 4 of 2014 on Quality Standard of Stationary Source Emissions in Mining Activities  |  |
|  | <i>Keputusan Presiden No. 23 Tahun 1992 tentang Ratifikasi Konvensi Wina untuk Perlindungan Lapisan Ozon</i><br>Presidential Decree No. 23 of 1992 on Ratification of Vienna Convention for Protection of Ozone Layer   |  |
|  | <i>Peraturan Presiden No. 33 Tahun 2005 tentang Pengesahan Amendemen Beijing</i><br>Presidential Decree No. 33 of 2005 on Ratification of Beijing Amendment   |  |
|  | <i>Peraturan Presiden No. 46 Tahun 2005 tentang Pengesahan Amendemen Montreal tentang pengurangan penggunaan bahan-bahan yang berpotensi menipiskan lapisan ozon.</i><br>Presidential Decree No. 46 of 2005 on Ratification on Montreal Amendment concerning reduction in use of substances potentially causing ozone layer depletion |  |
|  | Water Quality   | <i>PP No. 82 Tahun 2001 tentang Pengelolaan Kualitas Air Dan Pengendalian Pencemaran Air</i><br>Government Regulation No. 82 of 2001 on Management of Water Quality and Control of Water Pollution |
|  |   | <i>Permenlh No. 5 Tahun 2014 tentang Baku Mutu Air Limbah</i><br>Minister of Environment's Decree No. 5 of 2014 on Waste Water Quality Standards   |
| <i>Permenkes No. 416 Tahun 1990 Syarat-syarat dan Pengawasan Kualitas Air</i><br>Minister of Health's Decree No. 416 of 1990 on Terms and Water Quality Monitoring |   |  |
|  |   |  |



# OUR PEOPLE

People are the cornerstone of our business, and we are committed to growing and nurturing our human resources. We also believe in the importance of creating a work culture that encourages employee retention and instils motivation in our people. BlackGold provides safe working conditions, recognises outstanding performances, fosters team work and offers rewarding career growth.

BlackGold continuously strives to improve the performance of its people as the primary asset in running the Company's business. We believe that our approach to employee relationships helps attract, motivate and retain our talent. We are committed to promoting diversity in our workforce – inspiring creativity in our business considerations and execution. BlackGold Group is an equal opportunity employer, employing and promoting people based on merit.

Our employees are hired on the basis of their overall qualification for the required job; we do not discriminate based on race, nationality, religion, gender, age, sexual orientation, disability or political (or other) opinions. The majority of BlackGold's employees are male, owing to the nature of our mining activities which naturally attracts more male workers. It is not indicative of gender discrimination at the workplace.

At BlackGold, our remuneration structures are fair and merit-based according to a person's knowledge, experience and ability. We ensure a fair system across all eligible employees by conducting an annual performance evaluation, during which we discuss an employee's strengths and areas for career development.

BlackGold ensures that all permanent employees are covered under a fair compensation and remuneration scheme comprising of basic salary, annual incentive and job-specific allowances, regardless of gender.

The Group invests in its employees through many professional development opportunities and training programmes for mining supervisors to develop their skillset and equip them with the necessary knowledge for further career advancement.

In addition to professional training programmes, knowledge sharing sessions ("**BlackGold Co-learning Sessions**" or "**BCOS**") are held regularly. These sessions see each employee conducting a short lesson in their field of expertise to share their knowledge and experience with the team. This fosters a holistic education to each team member's contribution to the work place and is an essential tool in developing a cohesive work environment.



# OCCUPATIONAL HEALTH & SAFETY

The mining industry involves using large, heavy equipment that could impact the safety of employees during operations. Mining activities also entail other risks such as emergency situations due to mine accidents and natural disasters. Accident and disaster mitigation efforts have been implemented through the application of good mining practices and emergency response protocols.

BlackGold regards health and safety as an integral part of its operations. We understand that effective safety management contributes to operational excellence. The Group takes a proactive and vigilant approach to protecting our employees' health and safety, with a genuine commitment to maintaining an incident-free workplace. We demonstrate our commitment in maintaining this high standard by continuously improving the health and safety practices described in its Health, Safety and Environmental (“HSE”) Management System.

The principal aspects of BlackGold's HSE Management System include:

- Comprehensive Health Check-ups – conducted annually for all workers;
- Emergency Preparedness Plan – a comprehensive plan to guide our workers and sub-contractors on how to react during emergencies or accidents; and
- Safety Risk Management – a guide on how to control and minimise risks in situations that pose a safety hazard to our employees.

At BlackGold, health check-ups are conducted annually for all workers as we believe in taking care of our employees beyond their safety at the workplace. Our mining concession is located in an area which is a distance from the city centre, as such, medical resources are limited at the mining concession. Therefore, it is of utmost importance to us to ensure the health aspects of our employees and their family members are taken care of as a form of social responsibility towards the local communities which we operate near to.

As at FY2017, no injuries or fatalities have occurred during the course of our mining operations, and we target to report the same in FY2018.

## **Work Accident Procedures**

In the event of an accident, an investigation form is provided to guide accident reporting, and to ensure completion of all necessary report items, such as:-

- Interview of Witness
- Collection and analysis of evidence
- Identification of the cause of accident (based on documented evidence)
- Reporting of findings
- Development of immediate correctional plan (if applicable)
- Implementation of correctional action plan
- Evaluation of effectiveness of the correctional action plan
- Future planning for continual improvements



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# LOCAL COMMUNITIES

BlackGold Group believes in maintaining a balance between the attainment of both our financial and corporate, social, responsibility (“**CSR**”) objectives. Our success depends on our ability to maintain the trust and relationships with the communities at our concessions, and we foster these relationships through various activities and programmes.

The local community is viewed as an integral part of the Group’s operations. Priority is given to local people in our recruitment as we believe in empowering, developing and supporting the local talent available in the relevant countries in which we operate.

During Ramadhan, the Group sponsored meals for a Fast-Breaking event that we held for the community. We also gave donations for other religious celebrations such as Christmas and provided financial assistance to improve the infrastructure of religious buildings. The Group also improved access to clean drinking water for the local villagers through the drilling of a new well at a mosque in Peranap, Riau province, Indonesia.

Our coal concession is based in a remote and relatively underdeveloped area, which may have less adequate amenities and infrastructure as compared to the city centres. As such, we make it our commitment to enrich the lives of the community through formal employment, infrastructure investments, healthcare and education.

This is demonstrated through the following initiatives:

- Supporting local business owners by procuring our food supplies directly from them, and
- Sponsoring the training of workers at the local community health centres so they can in turn provide better health services to the community.

The Group also recognises the importance of education and seeks to positively influence the community by providing scholarships for bright and motivated students.

As our mining operations are based on the open pit mining method, BlackGold ensures we have a proper and strategic approach to the local communities settled in the mining operational areas. If needed, the residents will be relocated from the designated operating areas and the necessary infrastructure will be provided for the continuance of their livelihoods. During 2017, no relocation was required.

In FY2017, approximately S\$91,000 (or 945,666,300 Rp) was spent on the following activities, and BlackGold targets to contribute S\$100,000 in FY2018.

- Education funding
- Basic skills training for villagers
- Community training and empowerment
- Medical supplies and infrastructure funding
- Disaster aid relief
- Preservation of local culture and customs
- Funding for religious facilities
- Donations for religious holidays (Eid Al-Adha, Ramadan)
- Community road maintenance

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# GOVERNANCE

The BlackGold Group is committed to the highest standards of corporate governance and supports the principles of transparency, integrity and accountability advocated by SGX-ST. The Board of Directors of the Group recognises the importance of corporate governance and is committed to maintaining high standards to safeguard the interests of the Company's shareholders and enhance corporate value and accountability by complying with the corporate governance practices, principles and guidelines contained in the Code of Corporate Governance 2012 as well as all regulatory reporting that is required to provide investors with an accurate, coherent and balanced account of the Group's performance.

BlackGold has a dedicated investor relations and corporate communications team whose core function is to provide investors timely and accurate disclosures as well as develop investor engagement initiatives. These include, one-on-one meetings with potential investors, investor roadshows as well as the maintenance of the investor relations section of the corporate website. In 2017, our Executive Chairman and Chief Executive Officer, Philip Cecil Rickard spoke at an investor presentation held by Philips Securities Pte Ltd and also the Corporate Connect Seminar. These gave the investment community great exposure and awareness to the Company's brand and business.

# ANTI-CORRUPTION

The Group, through the course of its business activities and engagement with local suppliers and partners, is exposed to a relatively high degree of risk for corruption. Therefore, we have made it our top priority to identify areas where corruption could occur and put in place policies and practices to prevent it.

We manage this risk by maintaining our commitment to uphold the highest standards of ethical behaviour and communicating to all employees that the Group has a zero-tolerance attitude to all forms of unethical behaviour.

Employees who suspect or are aware of an occurrence of unethical behaviour are encouraged to report to Management immediately as part of our whistleblowing policy.

As at FY2017, there was no unethical behaviour or offences uncovered, and we target to report the same in FY2018.



# GRI CONTENT INDEX

| GRI Indicator   | Disclosure   | Page Reference                            |
|---|--|---|
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This report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this report. The Sponsor has not drawn on any specific technical expertise in its review of this report.

This report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this report including the correctness of any of the statements or opinions made, or reports contained in this report.

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