BLUMONT GROUP LTD.

Sustainability Report

2017

CONTENTS

1 Introduction

Blumont Group Ltd. and its subsidiaries ("Blumont" or "the Group") is going through a period of business metamorphosis after the major ownership and management renewal last year. As we rationalise our business model, it becomes increasing clear that sustainability is crucial to our mission to refresh and rebuild Blumont.

The Group's main business is in the provision of sterilisation services. Given the nature of our business, we are intrinsically cognisant of the environmental and social duties of a responsible corporation. Blumont aims to be a good corporate neighbour and is committed to the safeguard of the environment and development of our employees towards a sustainable future.

We believe in integrating sustainability into our business model over a longer horizon and in aligning it with our key stakeholders' interests as we seek to maximise values for our key stakeholders. With the consistent support of our valued stakeholders, we make every effort to mature and pitch in sound practices to be a responsible and ethical organisation.

This is the Group's first sustainability report and we have adopted a phased-in approach. As we embark on our sustainability reporting journey, we have identified our material Economic, Environmental, Social, and Governance ("ESG") factors based on the calibration of current practices against future initiatives pertaining to non-financial aspects of the Group's activities. Our current practices and future initiatives will be reviewed on an ongoing basis in consideration of the business objectives, environment and our key stakeholders' concerns.

We report with reference to the Global Reporting Initiative ("GRI") standards (core option) and in accordance with SGX-ST Listing Rules (711A and 711B) – Sustainability Reporting Guide, and is limited to operations for the period 1 January 2017 to 31 December 2017. The GRI Content Index is provided at the end of this report for the relevant references.

The contact point for questions regarding this report will be Mr. Siaw Lu Howe, the Executive Chairman and Chief Executive Officer of the Group.

The content of this report has not been externally assured by independent parties.

1.1 Chairman's Message

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Blumont Group Ltd. ("Blumont" or the "Company" and together with its subsidiaries, the "Group"), I am pleased to present to you the Group's annual sustainability report for the financial year ended 31 December 2017 ("FY2017").

SUSTAINABILITY AS A FOCUS

The Singapore Exchange has made it mandatory for all listed companies to report their environmental, social and governance practices from FY2017 onwards. This move is a step towards greater transparency and focuses on investors' interest on sustainability practices and corporate social responsibility. As part of the family in this network, we are in full support of this.

Our core competency in our sterilization business has allowed us to hardwire such sustainability principles in our operations. Just to illustrate, as part of our responsibility towards the environment in which we operate our sterilization plant, we not only comply with local government and global requirements, but also continuously monitor the emission of gamma rays and conduct audits to assess the environmental impact to take swift, relevant remedial actions, if required. Our focus on sustainability reporting has allowed us to review and improve our long run practices.

GOVERNANCE AND MANAGEMENT

While we are currently in the midst of reviewing the Group's existing businesses, we seek to concurrently review our governance and management framework to steer the Group towards best governance practices and ethics code, review the effectiveness of our Board and committees, identify areas of significant business risks as well as put in place proper risk management controls in order to steer the Group towards a path that can generate opportunities and scalable growth for the Group.

COMMUNITY COLLABORATION

Our businesses are reliant on our community of stakeholders and employees. For instance, we are a statutory member of the Singapore Business Federation. We will collaborate with such stakeholders to tap on the latest trends and opportunities of sustainability as a business imperative. Also, while we emphasise on staff productivity and safe working conditions, we continue to educate our employees on the importance in creating a safe, healthy, and sustainable working environment not just for ourselves, but for the global environment at large.

On behalf of the Board, I would like to extend my sincere thanks to every member of our Group, for their support in our sustainability journey so far, and for the years to come.

Yours sincerely,

Siaw Lu Howe
Chairman & Chief Executive Officer

1.2 About Us

Blumont Group Ltd. is listed on Singapore Exchange Securities Trading Limited and we are headquartered in Singapore.

Our two distinct operating podiums are:

- Sterilisation services – we provide gamma irradiation service for sterilisation process of medical equipment, pharmacy products, cosmetic products and package, and pasteurisation process for food products nationwide across Indonesia
- Property investment – we are engaged in the development of properties for sale, as well as long-term holding of properties for rental and other related income.

During the financial period ended 31 December 2017, we recorded a net revenue of S$ 3,697,557 with 97% derived from the sterilisation business and remaining 3% from the property business.

Our mission is to continue to re-engineer Blumont into a niche strategic investor in businesses in the global market in mind that can generate opportunities, scalability and growth for the Group. The locations of our operations include Indonesia, Malaysia and Singapore. As our sterilisation business is the existing key contributor to revenue, this report will mainly focus on our sterilisation business. In our subsequent years of reporting, the Group may decide to widen the scope to include other business segments of the entity.

1.3 Defining Material Topics

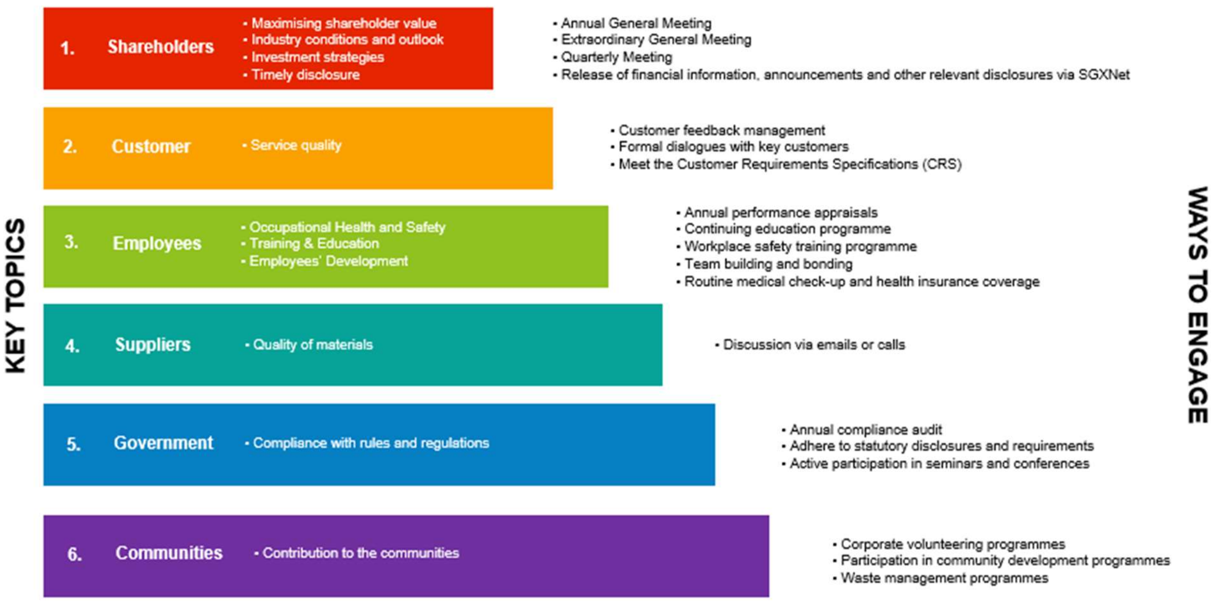
The Group considered and evaluated all factors in defining material topics affecting Blumont from the stakeholders' perspectives. The list of sustainability topics was identified and drawn from various sources including GRI and stakeholders' feedback. In the process of prioritising our material ESG factors, we identified a list of sustainability topics within the sections of: Our Business, Our Environment, Our People and Our Governance.

The material topics that affect our business are cautiously assessed and ranked through the use of questionnaires. They are further carried out in dialogues with concurrence of key personnel on the identification of ESG factors.

The ranking is based on the significance of the organisation's ESG impacts and the substantive influence on the assessment and decisions of key stakeholders.

1.4 Key Stakeholders

We considered our business activities and have identified six stakeholder groups with significant influence on our business operations and sustainability efforts. We recognise the importance of deep engagement with our key stakeholders as we know securing their trust is essential for our long-term success. We have identified the following platforms to communicate with our key stakeholders and to recognise and understand their concerns and expectations:



1.5 Targets and Strategies

We have defined our key topics with current strategies and future targets as set out below to achieve sustainable operations.

Our Business

Strategic Investment

Strategic investment deals with managing financial resources and proper allocation to maximise shareholders' wealth and employees' security.

- Strategies: Drive business expansion through property investments, maximising shareholder returns.
- Targets: Improve profitability and generate positive cash-flow by tapping on prospective property investments.

Our Environment

Waste and Resource Management

Due to nature of business, it is important to evaluate the impact on the environment, and implement long-term solutions to preserve the environment.

- Strategies: Monitor the exposure of gamma rays to ensure activity of Cobalt-60 is no longer effective
- Targets: Conduct audits to ensure compliance with the global and local standards of managing waste.

Our People

Good Employment Practices

Good employment practices help to attract and retain talents for long-term success.

- Strategies: Provide continuous training to build employees' skills and narrow gaps in knowledge.
  Promote employees based on merit and performance through objective evaluations.
- Targets: To perform periodic assessment of the training needs of the employees and create training plan for continuing education
  Employee empowerment through recognition of their efforts.

Workplace Safety

Provide a safe and healthy environment for all stakeholders who carries out their professional duties on site.

- Strategies: Installation of radiation safety system to ensure no breach of workplace safety.
  Ensure compliance with safety rules and regulations during the discharge of professional responsibilities by sending new/existing irradiator operators for periodic trainings
- Targets: Engage external assurance to conduct compliance audit periodically.
  Maintain safety of environment by constantly sending employees for other quality assurance courses.

Our Governance

Corporate Governance, Values and Code of Conduct

Maintaining high standards of corporate governance is key to protecting all our stakeholder Groups' interests.

- Strategies: Diversity of board members ensures exchange of different management opinion to gain competitive advantage.
  Ensure compliance with code of business conduct with our Standard Operating Procedures.
- Targets: Continuous compliance with mandatory listing requirements and board composition.
  Promote awareness to disclose wrongdoings such as misconduct, fraud or any other illegal acts as part of whistle-blowing policy.

Strategies Targets

1.6 Risk & Opportunities

	Risk	Opportunities	Approaches
Our Business	Ability to keep up with the market and industry trends Investment risks in fast changing global market economy.	Foster long term relationships with our valued stakeholders Explore niche market investments to generate opportunities.	We strive to continuously conduct market research on potential investment portfolios to maximise shareholders' returns.
Our Environment	Inadequate approach to reduce waste emissions. Non-compliant with rules and regulations, resulting in operations disruption.	Adopting energy saving plans. Increase environmental awareness and reduce environmental footprints for future generations.	We strive to be compliant with new regulations. Revised regulations and new energy saving plans will be conveyed to our employees, sharpening their environmental consciousness behaviours.
Our People	Employees' non-compliance or unfamiliarity with safety standards No succession plan for skilled employees in relation with turnover	Enhance employees' knowledge by sending them to accredited training courses Key employees' retention by giving recognition and rewards through objective performance evaluations.	We aim to create a safe working environment by broadening our skills base through continuing education and recognising merits of employees' performance.
Our Governance	Financial losses as a result of reputation damage, lost trust with stakeholders and legal implications	Achieving long-term success and maximising financial returns for our valued stakeholders. Enhancement of policies and procedures framework through continual assessment and management of risk.	We strive to maintain good corporate governance practice by establishing a robust policies and procedures framework to create and deliver sustainable value to our stakeholders.

2 Our Business

2.1 Strategic investment

The Group's mission is *"To continue to re-engineer Blumont Group Ltd. into a niche strategic investor in business with the global market in mind, that can generate opportunities, scalability and growth for the Group".*

Strategic investment is one of the most crucial strategies in the Group's financing decision and an important stimulus for the Group's performance. Strategic investment is the identification and evaluation of various portfolios and making an investment decision to enhance the Group's competitive advantage. The sterilisation business has shown consistent performance and we seek to boost our profits further from other areas.

The Group had made investment decisions in the property industry, striving to maintain positive cash flow through fixed returns via rental income. Efficient investment is expected to contribute positively to maximise shareholders' returns.

3 Our Environment

Our aim is to provide high quality and reliable gamma irradiation services using a radioactive isotope, namely cobalt-60, in a sustainable environment. The Group supports the preservation of resources in meeting current needs, never compromising the ability to meet the needs of the future generations.

Waste and Resource Management

Geological, seismological and hydrological characteristics study of the site's conditions are undertaken to assure the radiation safety, health of workers and the environmental protection of the community. With the use of technology and a closed irradiation chamber, the Group cautiously monitors gamma ray exposures to ensure that it is within the range of safety radiation. In addition to the automated system, every personnel carries a monitoring dosimeter and survey meter, both for human radiation protection and for the measurement of radiation, to ensure radiation exposure within the safe level when entering the chamber.

There are various detector/sensor equipment installed to ensure the personnel's safety in the irradiator facility. Safety system is used to avoid excessive radiation exposure and is set up to allow irradiator operation (run the conveyor and raise the source).

The closed irradiation chamber is controlled with interlocking safety system, with these 3 categories:

(1) *Access control.*
A detector is installed on access control to the labyrinth (e.g. product entry/exit, maze entry/exit, photoelectric censor, etc.). When there is unauthorised entry detected to any of the access control, the source automatically shut down.

(2) *Radiation detection*.
To monitor radiation level in areas using cell monitor, maze monitor, pool water monitor). When radiation exceeds certain level condition, automatically shut down / prevent entry to the areas.

(3) *Environmental system*.
To monitor environmental conditions surrounding the facility (e.g. seismic sensor to detect earthquake, thermal detector for abnormal heat, smoke detector, pool level, etc.).

In a crucial era where we need to save our environment from unnecessary waste, we have engaged our suppliers in a sustainable supply chain. We have an arrangement with our suppliers to return the cobalt-60 beyond economic life to them for proper disposal.

We strive to continuously adhere to environmental regulations (e.g. compliance to nuclear test) to reduce environmental footprints for future generations.

4 Our People

4.1 Workplace Health & Safety

Contrary to popular beliefs, nuclear energy provides many benefits for the human civilisation. For more than a century, nuclear power has been tapped on to meet the basic needs of human beings and improve the welfare of society and public health.

Our Commercial Gamma Irradiator Facility is the one and only Gamma Irradiator facility in Indonesia. We are licensed and registered under the following regulatory boards internationally and locally:-

- License of Operational Gamma Nuclear Irradiator: Nuclear Energy Regulatory Agency
- Food Irradiator Facility: The National Agency of Drug and Food Control
- International Code: International Consultative Group on Food Irradiation (ICGFI)
- Ministry of Health Republic of Indonesia Regulation No. 701 of 2009
- The National Agency of Drug and Food Control Regulation No. 26 of 2013
- ISO 9001: 2015, Quality Management Systems

The function of the regulatory boards are to serve the public by ensuring that competent practices are adhered to. They are responsible for the accreditation and issuance of licenses for the business operations. As part of our sterilisation process, we provide gamma irradiation services ranging from medical equipment to food packaging. The Group's irradiation facilities are operated by licensed and certified employees. It is a mandatory requirement for irradiation operators to undergo the Nuclear Energy Regulatory Agency certified training once every three to five years based on the validity of their operating license. Compliance audits are conducted bi-annually to ensure compliance with all other regulations and quality assurance standards.

However, the Group recognises that prolonged close range exposure to nuclear energy may cause health issues.

The Group values the well-being of each individual employee. Due to the nature of the Group's business operations, workplace health and safety is deemed to be our top priority. The Group owns a Radiation Protection and Safety Programme ("safety programme") prepared in accordance with the following Regulations:

- Law Number 10 of 1997: Nuclear Power
- Government Regulation No. 29/2008 Ionizer Radiation Source Utilisation License
- Government Regulation No. 33/2007 Ionizer Radiation Safety and Radioactive Source Security
- BAPETEN Chairman's Regulation No. 7 of 2007 Radioactive Source Security
- BAPETEN Chairman's Regulation No. 6 of 2010 Health Monitoring of Radiation Workers
- BAPETEN Chairman's Regulation No. 11 Irradiator Construction and Operation Permit
- BAPETEN Chairman's Regulation No. 16 of 2014 Working License of Ionizer Radiation Sources

Nuclear Energy Regulatory Agency (BAPETEN)

National Agency of Drug and Food Control (Badan POM)

Ministry of Health Indonesia

The safety programme covers a wide range of safety protocols and quality assurance standards for the entire sterilisation process. This is made available to all employees of the irradiation operation. Monthly checks and preventive maintenance are undertaken to ensure that all employees are supervised in compliance with safety standards. Supervised safety system tests are conducted monthly. The safety programme is introduced to all irradiator operators before the commencement of their employment. The safety manual is reviewed and updated annually. Revisions of the safety programme manual is communicated to all operators. We also conduct regular trainings and emergency countermeasure to ensure workers are familiar with the requirements or changes. The Group holds annual and regular health checks of all employees, for the employees' well-being.

4.2 Good Employment Practices

Good employment practices create a dynamic environment for sustainable growth. Providing proper guidance and empowering employees allow them to perform at their full potential. Team bonding breaks down political and personal barriers of each individual and across groups. These vital aspects are recognised by the Group for future succession planning.

Blumont provides an objective annual evaluation for all employees. Performance appraisals help to identify the shortfalls and strengths of individual employees, and function as a basis to give reward and recognition to employees.

As part of good employment practices, the competency shortfalls in skills identified during the performance evaluation are addressed by providing regular accredited trainings and seminars conducted either externally or internally. The Group recognises that ongoing corporate trainings aid in enriching the knowledge of employees and enable our people to keep up with industry changes. The Group strives to formalise a comprehensive training plan for all employees.

Irradiation Gamma Rays Seminar,
Semarang, 10 Oct 2017

National Nuclear Regulatory Agency Seminar,
Indonesia

Employee Gathering, Kampung Turis,
Kerawang, 13 August 2018

Irradiation Gamma Rays Seminar,
Surabaya, 22 Nov 2017

5 Our Governance

Good corporate governance builds trust and ensures sustainable corporate success and economic growth. It maintains investor's confidence and protects the interests of stakeholders. In Blumont, we are committed to building a culture of strong corporate governance and high standards of corporate conduct.

We have a whistle-blowing policy for our employees that enshrines zero tolerance for dishonourable practices. The policy encourages employees to raise concerns of fraud or misconduct. We designed our own Standard Operating Procedures ("SOP") to heighten our employees' ability to deliver quality work and results. Coupled with our Employee Handbook which provides a comprehensive set of guidance and expectations of the employees, these measures ensure the consistency of employees' performance and goal alignment.

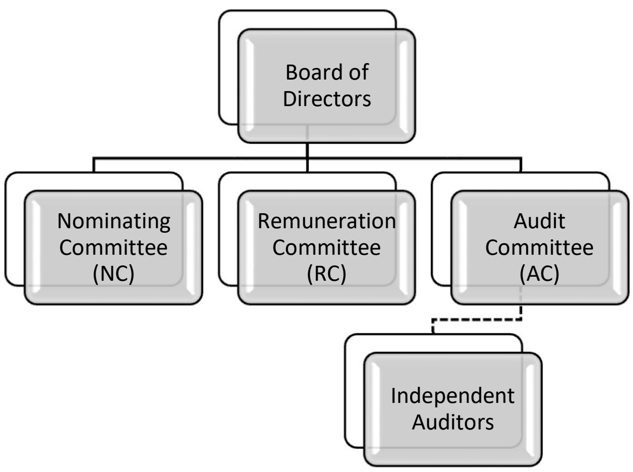
The expectations of stakeholders change as the business grows. Changes in technologies and economies impact our business operations. We strive to continuously improve our corporate framework, and further strengthen our SOP through assessment of risk tolerance and management of the internal control systems, at least annually, to cope with the ever-changing business economic environment.

5.1 Shareholders

We believe in open communication with our shareholders. We have a specific investor relations contact as disclosed in our FY 2017 Annual Report and we are mindful of the importance of providing regular, effective communication with our shareholders. We encourage shareholders to raise questions in our Annual General Meetings and Extraordinary General Meetings, as we see the effectiveness of these platforms for shareholders to raise their concerns and interact directly with the Board and management.

5.2 Board of Directors ("BOD")

The Board of Director comprises of five male Directors and one female Director. There are six Directors in total, comprising of three Independent Directors and three being Non-independent Directors. The Chairman and Chief Executive Officer of the Group has vast experience in managing diverse businesses. The two non-independent and three independent directors have extensive experience in the financial and mining, oil & gas industry. The Group aims to maintain diversity in its board composition as set forth in the revised code of corporate governance.



APPENDIX 1: UNIVERSAL STANDARDS

GRI No.	Description	Page or direct references
GENERAL DISCLOSURES		
Organisational profile		
102-1	Name of the organisation	Blumont Group Ltd.
102-2	Activities, brands, products, and services	Pg.5
102-3	Location of headquarters	Apex @ Henderson 201 Henderson Road #03-26/27 Singapore 159545
102-4	Location of operations	Singapore, Indonesia and Malaysia
102-5	Ownership and legal form	Pg. 5
102-6	Markets served	Pg. 5
102-7	Scale of the organisation	Pg. 5
102-8	Information on employees and other workers	Pg. 5
102-9	Supply chain	Pg. 9
102-10	Significant changes to the organisation and its supply chain	No significant changes
102-11	Precautionary Principle or approach	Pg. 12
102-12	External initiatives	No external initiatives
102-13	Membership of associations	Pg. 4
Strategy		
102-14	Statement from senior decision-maker	Pg. 4
Ethics and integrity		
102-16	Values, principles, standards, and norms of behaviour	Pg. 12
Governance		
102-18	Governance structure	Pg. 12
Stakeholder engagement		
102-40	List of stakeholder Groups	Pg. 6
102-41	Collective bargaining agreements	No Collective Bargaining Agreement
102-42	Identifying and selecting stakeholders	Pg. 6
102-43	Approach to stakeholder engagement	Pg. 6
102-44	Key topics and concerns raised	None
Reporting practice		
102-45	Entities included in the consolidated financial statements	This is adopted in the FY 2017 Annual Report
102-46	Defining report content and topic Boundaries	Pg. 7
102-47	List of material topics	Pg. 6 to 7
102-48	Restatements of information	None
102-49	Changes in reporting	None
102-50	Reporting period	January to December 2017
102-51	Date of most recent report	First sustainability report
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Mr. Siaw Lu Howe, the Executive Chairman and Chief Executive Officer of Blumont
102-54	Claims of reporting in accordance with the GRI Standards	Pg. 3
102-55	GRI content index	Pg. 13
102-56	External assurance	None

APPENDIX 2: SPECIFIC STANDARDS

Our People		
GRI No.	Description	Page or direct references
Occupational Health and Safety		
403-1	Occupational health and safety management system	Pg.10
403-3	Occupational health services	Pg. 10
403-5	Worker training on occupational health and safety	Pg. 10
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pg. 10
Training and Education		
404-3	Percentage of employees receiving regular performance and career development reviews	Pg. 11