



Sustainability Report 2021

Incorporated in the Republic of Singapore
Company Registration Number: 199302554G

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About this Report

Southern Archipelago Ltd. (formerly known as Blumont Group Ltd.) and its subsidiaries (“SAL” or “the Company” and together with its subsidiaries, the “Group”) have been releasing the annual sustainability report since the financial year 2017. In this fifth edition of our report, for the financial year ended 31 December 2021 (“FY2021”), we continue our sustainability journey in enhancing our development and achieving our Environmental, Social and Governance (“ESG”) goals while meeting our stakeholders’ growing needs.

This report is prepared with reference to the Global Reporting Initiative (“GRI”) Standards – Core Option and in accordance with the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules 711A and 711B – Sustainability Reporting Guide and the relevant SGX Practice Notes. The GRI reporting framework was adopted for its robust regime and it is an internationally recognised sustainability reporting framework. The GRI content index and relevant references are provided at the end of this report for reference. We commit to take a precautionary approach to environmental risks, where applicable.

We remain focused on the sustainability efforts carried out by the Group, and in particular on our sterilisation and polymerisation services at PT Rel-ion Sterilization Services (“PT Rel-ion”) which is the sole contributor to our reported net revenue for FY2021. This being the case, the scope of our report is focused on the sustainability initiatives surrounding PT. Rel-ion.

The Group has yet to seek for external assurance for this sustainability report. We have relied on our internal processes and verification to ensure that the data and information reported are accurate.

We value your feedback in shaping our sustainability policies, practices and initiatives. You may share with us your insights and feedback pertaining to this sustainability report via our website <https://www.southernarchipelago.com>, or reach out to our contact point Mr. Alan Yu Chin, the Executive Director of the Company.

As part of our sustainability initiatives, physical copies of this report will not be printed. A copy of this report is available for download on SGXNet at www.sgx.com.

About Southern Archipelago Ltd.

Company Profile

Southern Archipelago Ltd. (formerly known as Blumont Group Ltd.) has been listed on the mainboard of Singapore Exchange Securities Trading Limited (“SGX”) since 2000. We are headquartered in Singapore, with operations in Singapore, Indonesia and Malaysia. With an eye on global market trends, our business ventures are conducted in an ethical, environmentally, friendly and socially responsible manner.

The Group is currently operating with the following four reportable segments:



Investment Holding

- Investment in transferable securities including but not limited to marketable shares, warrants and debentures etc.



Sterilisation

- Contract sterilisation and polymerisation services to food packaging, medical devices, cosmetic raw materials and consumers products



Property

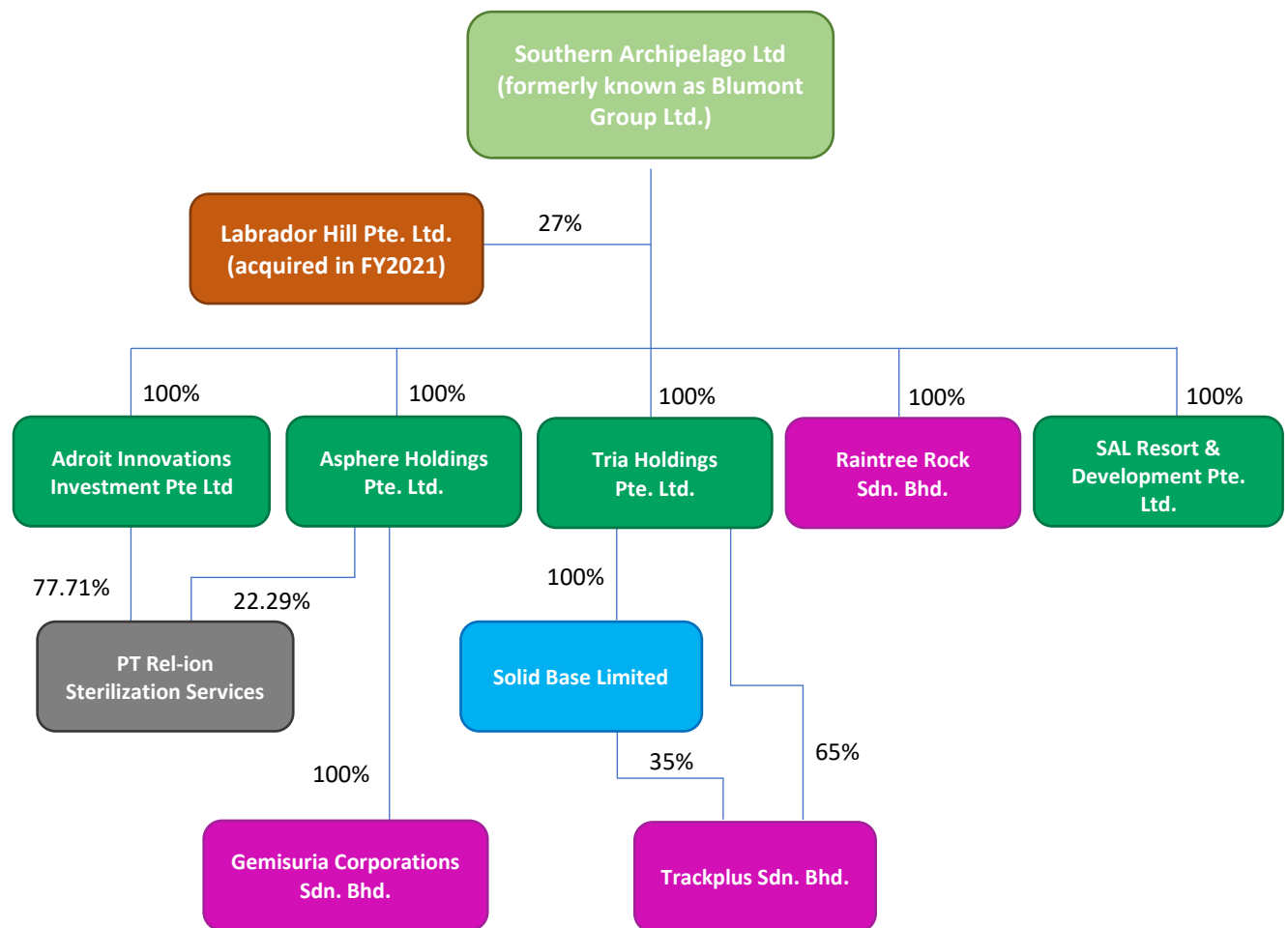
- Development of properties for sale, long-term holding of properties for rental and related income



Hospitality and Wellness

- Provision of hotel management and wellness services

Group Structure



Legends

Subsidiary in Singapore

Subsidiary in Malaysia

Subsidiary in Indonesia

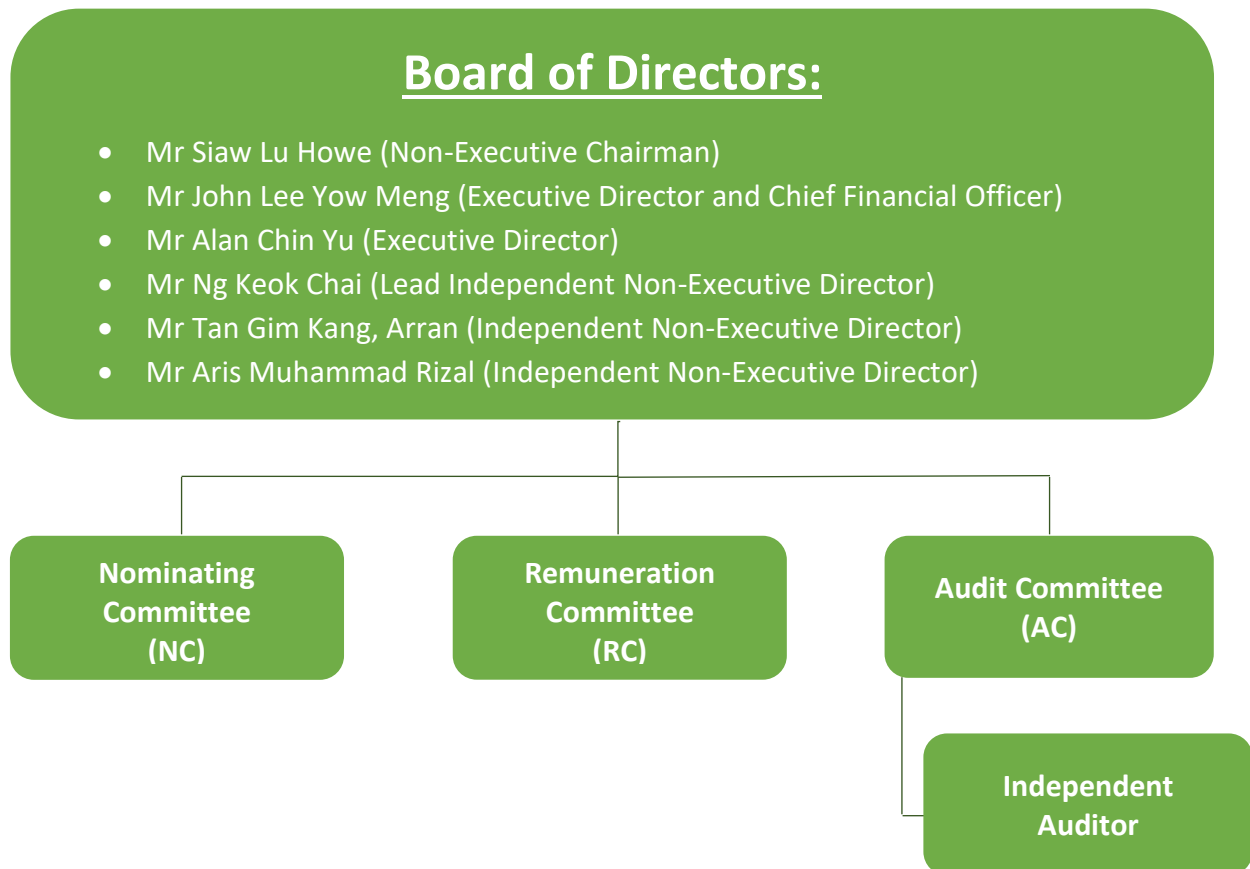
Subsidiary in Seychelles

Associate in Singapore

Group Structure (Cont'd)

Our Board of Directors is cognizant of the importance of robust corporate strategies for the growth and development of the Group. This is important in enhancing and providing long-term sustainable value to the shareholders and stakeholders.

The composition of our Board of Directors and the respective committees during FY2021 are as follows:



Executive Director's Message

Dear Stakeholders,

The Board of Directors (the "Board") are proud to bring our sustainability report to our stakeholders and showcase how our sustainability initiatives form part of our business strategy for the long-term growth of our Group. We present in this report the sustainability principles and initiatives which align our business segments and operations with our stakeholders' expectations in the scope of environment-related issues, social responsibilities, and governance requirements.

While the COVID-19 pandemic continues to affect the global economy, our Group fully acknowledges its impact on our operations as well as employee welfare. The most vivid impact experienced to-date is the constraint our customers' exports operations face, as countries impose restrictions on the import of products and other lockdown measures. These cause fluctuations in the demand of the Group's services in sterilisation segment, resulting in changes in scheduling arrangements of our Group.

Nevertheless, the Group has made alternative arrangements to cope with the restrictions by arranging for more flexible working hours, sterilising products and containers to ensure hygiene, consistent checking of body temperature and performing Antigen Rapid Test of the employees and visitors, distribution of face masks as well as providing vitamin supplements to employees as part of safety precautions. These changes allow us to cater to the requirements of our customers, while also observing the prevalent restrictions by our suppliers.

Despite the global challenges, we are determined to conduct our business activities to high ethical, social and environmentally sustainable standards as we value the importance of minimising our negative impact on our environment. Ensuring a safe working environment and providing a conducive workplace to our employees are crucial initiatives in sustaining the Group's business and we are fully committed to improving our efforts in these areas.

Taking a holistic view of the Group's operations, our main revenue driver is the sterilisation business in Indonesia, which saw an increase of S\$0.40 million as compared with FY2020. The Board is optimistic that PT Rel-ion will be able to rise to the occasion of providing hygienic and sustainable solutions to our customers, and sustain its performance despite the adverse lockdown conditions due to the COVID-19 pandemic in Indonesia.

To diversify our operations and also broaden our expertise into the field of eco-tourism, the Group has ventured into the hospitality and wellness industry in FY2021. We are committed to the development of the hospitality and wellness industry, where demand is increasing in line with the relaxing of travel restrictions and with the opening up of borders. To reflect our vision of owning and operating establishments in the hospitality and wellness industries in the South-East Asia region, we have changed our name from Blumont Group Ltd. to Southern Archipelago Ltd.. The new name of the Company better represents the Company's geographical focus and business strategy.

Executive Director's Message (Cont'd)

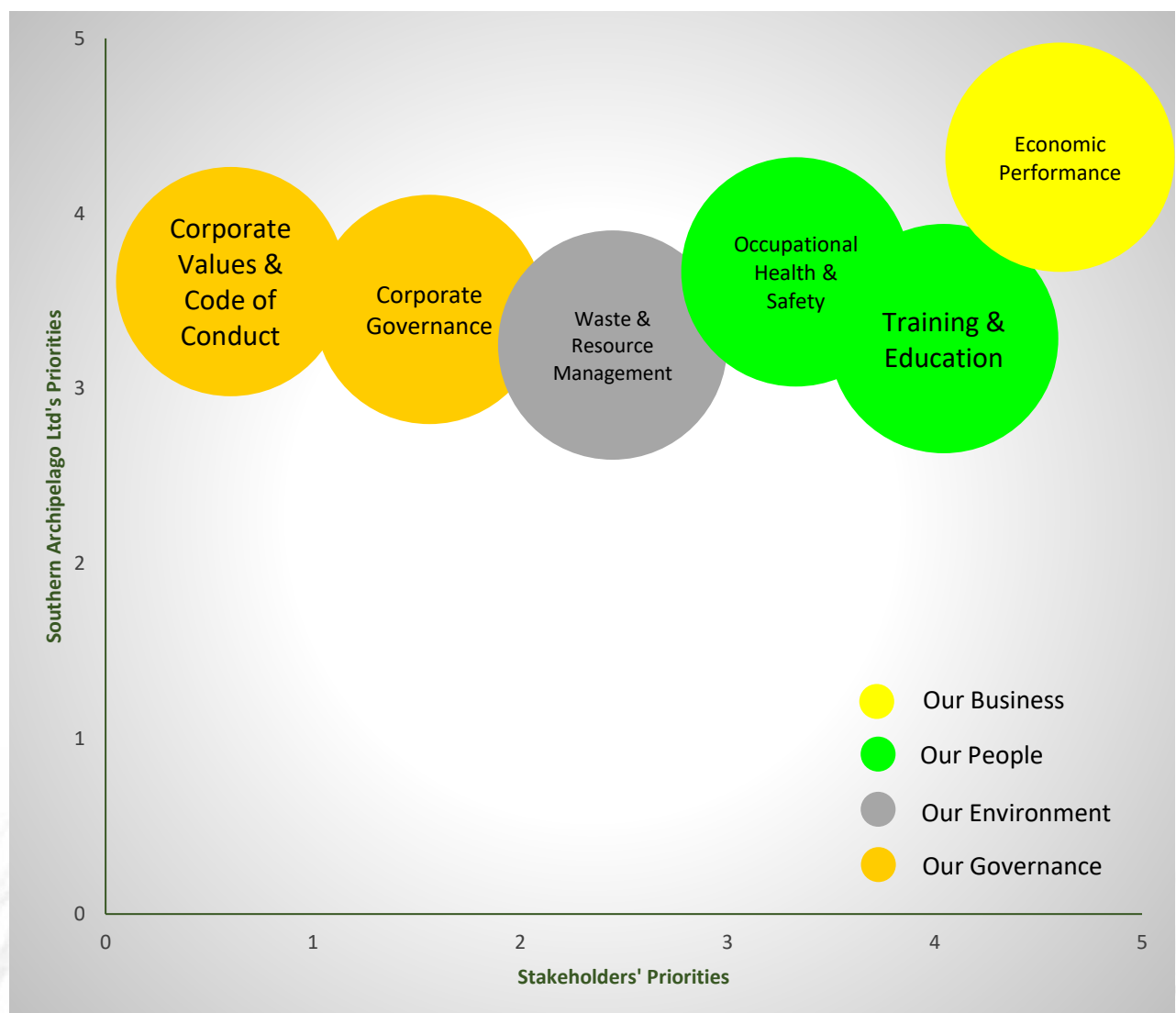
As we further our commitment to improve and report on our sustainable business practices, we would like to thank our valued stakeholders in contributing their insight and efforts in shaping the Group's sustainability journey.

Mr Alan Chin Yu
Executive Director

Materiality Assessment

The Group assesses and reviews sustainability matters based on the Economic, Environmental, Social and Governance (“EESG”) impacts on our operations via feedback from our valued stakeholders and GRI guidelines.

Referencing to the feedback gathered and our management’s evaluation, we have identified the key topics of highest interest to our stakeholders. In order to prioritise our initiatives and also to achieve the best sustainability results, we have then ranked the material topics as shown in the Materiality Matrix below, segregated into the four pillars: **Our Business, Our People, Our Environment** and **Our Governance**.



Key Stakeholders Engagement

Our key stakeholders are parties identified to have significant effect on our Group and vice versa. Key stakeholders play a pivotal role in our value creation strategy, and have conveyed their interests and concerns through various channels to our Company.

We engage our stakeholders to understand their concerns and emerging priorities. Through the close working relationship we have established with them, we are able to better identify and address issues.

Stakeholders Group	Engagement Channels	Key Interests
Customers	<ul style="list-style-type: none"> • Daily interactions • Enquiry and feedback channels • Customer survey 	<ul style="list-style-type: none"> • Top notch customer service • Quality management
Employees	<ul style="list-style-type: none"> • Annual employee performance appraisal • Regular team meeting • Regular medical check-up • Workplace safety training programme 	<ul style="list-style-type: none"> • Employee right and welfare • Occupational health and safety • Employee skills enhancement
Investors	<ul style="list-style-type: none"> • Regular investor meetings • Annual and interim reports • Circulars to shareholders 	<ul style="list-style-type: none"> • Profitability • Transparency • Timely reporting
Suppliers	<ul style="list-style-type: none"> • Periodic supplier evaluation • Comparison of quotes • Periodic discussion 	<ul style="list-style-type: none"> • Compliance with terms and conditions of purchasing policies and procedures • Maintenance of ethical standards • Material quality and waste management
Government and Regulations	<ul style="list-style-type: none"> • Annual compliance audits • Adherence to statutory disclosures and requirements • Participation in conference / seminars for updates 	<ul style="list-style-type: none"> • Compliance with rules & regulations • Timely reporting and resolution of issues
Community	<ul style="list-style-type: none"> • Active participation in corporate volunteering programmes 	<ul style="list-style-type: none"> • Contribution to community developments • Compliance with socio-economic standards and environmental standards on waste management

Risk and Opportunities

We continue to review and analyse the Group's sustainability strategy in concert with our overarching business objectives, to ensure efficiency and effectiveness in enhancing our performance.

We supplement our Enterprise Risk Management ("ERM") via stakeholder engagement and materiality assessment in addressing the ESG risks and opportunities impact on our business operations and stakeholders. We endeavour to constantly monitor and review the risks, as well as implementing mitigation controls throughout the emerging global trends and the ever-evolving business landscape.

Section	Risks	Opportunities	Approaches
Our Business	Competitors entering the market offering competitive prices and products	Continuously engaging with our customers to provide best price without compromising the profit margin	On-going monitoring of investment opportunities in order to maximise shareholders' returns
Our People	Employees may be unfamiliar with the safety standards	Enhancing and upgrading of employees' skill through training	On-going training to be provided to our employees and ensuring that every employee is keeping up-to-date on the - industry's requirement
Our Environment	Non-compliance with waste disposal and emission standards	Increasing environmental awareness and reduce environmental footprints for future generations	Striving to comply with local environmental regulations with continuous monitoring
Our Governance	Non-compliance with local laws and regulations resulting in fines, complaints, reputational losses	<ul style="list-style-type: none"> Updating of policies and procedures as and when required. Periodic monitoring of enterprise risk 	Maintaining good corporate governance practice by establishing robust policies and procedures

Our Business

Strategic Investment

Strategic investment continues to remain as our main business strategy, to gain competitive advantages while maximising our stakeholders' value.

With reference to our announcements on 16 July 2018 and 16 October 2018, our planned acquisition of Samadhi Retreats Pte Ltd. (i.e. being part of the corporate strategy to expand and diversify the scope of the existing business of the Group to include the hospitality and wellness business) is currently in the negotiation stage with the vendors. We look forward to finalising and closing the acquisition with the vendors upon reaching an agreement with all parties.

On top of the above, the Company has successfully concluded our first strategic investment in the hospitality and wellness segment by finalising the acquisition of the 27% shares in Labrador Hill Pte Ltd ("LHPL") in April 2021. This is our first completed initiative into the hospitality and wellness sector, and the Board is optimistic about the upcoming developments.

In addition, the Company has entered into Share Sale Agreements to acquire 100% of Natra Bintan, a tribute Portfolio Resort Hotel (the "Hotel") with 100 luxury glamping tents, leisure, food and beverage facilities, and 60% of attraction assets and three parcels of land (collectively, the "Proposed Acquisition Assets") in October 2021. The Proposed Acquisition Assets are part of our 20-years master plan that offers many first-in-Asia concepts to create new travel and leisure experiences for visitors and investment opportunities for investors.

The efforts above in diversifying our business shows our passion in owning and operating establishments in the hospitality and wellness industries in the said segment.

We are a proud member of the Singapore Business Federation ("SBF"), which is an essential means of bridging between Singapore business community and the Government for corporate expansion and improvements.



Our Business (Cont'd)

Economic Performance

Despite the effects of the global pandemic, our Group's economic performance in FY2021 is slowly recovering. We have seen an increase of the revenue from the sterilisation business by S\$0.40 million to S\$3.90 million in FY2021 (FY2020: S\$3.49 million). Other losses of S\$0.95 million for FY2021, as compared to the other gains of S\$0.33 million in FY2020, is mainly due to the currency exchange loss, and the loss on the disposal of the property and development. The successful roll-out of vaccines in Indonesia and around the world, resulting in the recovery of our supply chains and international business was a main contributor to the growth in revenue of our sterilisation business.

Raw materials and consumables used decreased by S\$0.01 million to S\$0.04 million in FY2021 (FY2020: S\$0.05 million), which is mainly due to the decrease in the cost of raw materials and consumables in the market.

Employee benefits increased significantly by S\$1.70 million to S\$3.64 million in FY2021 (FY2020: S\$1.94 million), mainly due to the share-based payment expense relating to the fair value recognised for employee services received during the year in return for share options granted. However, there is a slight decrease in the finance costs by S\$0.01 million to S\$0.21 million in FY2021 (FY2020: S\$0.22 million), mainly due to partial repayment of bank loan during the year.

We will continue monitoring the business operations and undertake the necessary actions in improving the business operations in the coming FY2022.

Our People

Occupational Health and Safety

We value our employees as the most valuable resource in driving the success of the Company's business operation. To ensure the welfare and safety of our people, we have implemented the Occupational Safety and Health (OSH) or Keselamatan dan Kesehatan Kerja (K3) which is an important element in the promotion and maintenance of the highest degree of physical, mental and social well-being for all workers in all types of work, preventing health problems from occurring. This programme covers the employees who are exposed to the work surrounding the radiation area.

To achieve the above, periodical medical check-ups, execution of COVID-19 Antigen Rapid Test as well as provision of the radiation protection devices (such as survey meter) to mitigate the risk of exposure to several health hazards and radiation encountered in the course of their work with the aim of achieving zero health and safety incidents in our workplace.

PT Rel-ion has also conducted constant fogging exercises around the premises, installed plastic barriers in the meeting room, coordinated vaccination and last but not least, put in place temperature checks before entering the premises. These policies and procedures, which are communicated to employees during internal trainings, contribute to the Company being a safe environment and workplace for the employees.

Execution of COVID-19 Antigen Rapid Test



Our People (Cont'd)

Occupational Health and Safety (Cont'd)

Fogging of Office and factory Area



Our People (Cont'd)

Occupational Health and Safety (Cont'd)

Employees' Medical Check-Up



Our People (Cont'd)

Occupational Health and Safety (Cont'd)

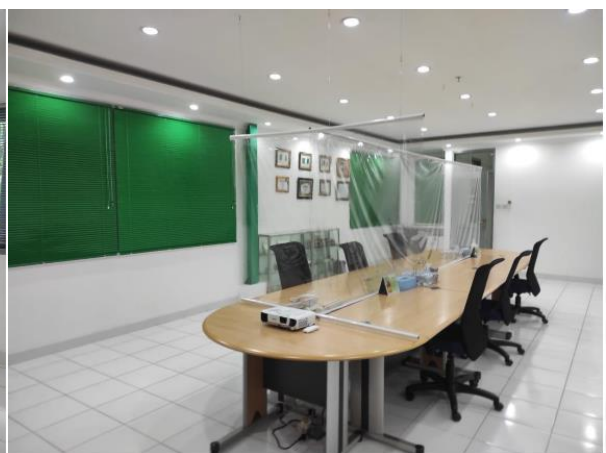
Sterilising product and containers



Sterilising of office and factory area



Using plastic barriers in meeting rooms



Our People (Cont'd)

Occupational Health and Safety (Cont'd)

Social Security Participation Certificate (No. 05CK1011) under Jamsostek which covers occupational and health insurance for all employees



**SERTIFIKAT KEPESERTAAN
JAMINAN SOSIAL TENAGA KERJA**

NOMOR : 05 CK 1011

Direksi PT JAMSOSTEK (PERSERO) dengan ini menyatakan bahwa :

Nama Perusahaan : **PT. REL-ION STERILIZATION SERVICES**
Alamat : **KAWASAN INDUSTRI GANDA MEKAR, CIBITUNG
BEKASI**

Telah didaftar sebagai peserta JAMINAN SOSIAL TENAGA KERJA sesuai dengan ketentuan dalam Undang-Undang No. 3 Tahun 1992 juncto Peraturan Pemerintah No. 14 Tahun 1993

Nomor Pendaftaran Perusahaan KK01.2228

ditetapkan di : JAKARTA
pada tanggal : Maret 2005

PT JAMSOSTEK (PERSERO)
DIREKSI



Drs. A. DJUNAIDI, Ak.
DIREKTUR UTAMA

Nomor Kendali : 2003-19809

Our People (Cont'd)

Occupational Health and Safety (Cont'd)

Our Health and Safety Committee is committed to ensure that radiation exposure conditions are safe for the environment, our employees as well as the public. We are pleased to inform that we are in compliance with the following environmental acts and regulation as required for our business operation.

Environmental Acts and 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

We have measured our past achievements and present our current year's achievements, as shown below:

ACHIEVEMENT FOR FY2021:

We have attained ISO 9001:2015 certification and maintained a track record of no reported workplace injury nor non-compliance to regulations. Compliance to the ISO 9001:2015 shows our commitment to quality with continuous improvement and to provide quality services.

TARGET FOR FY2022:

We seek to improve continually through adopting recommendations of compliance audits, appraisal service and radiation safety inspections conducted.

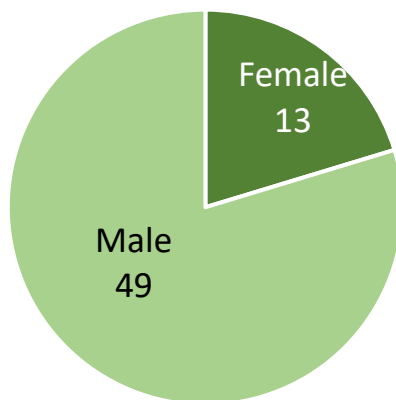
Our People (Cont'd)

Employment and Diversity

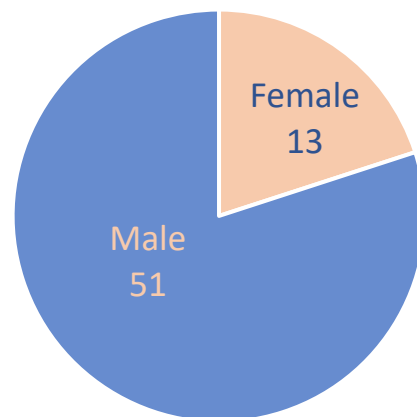
Our Group conducts an annual employee performance evaluation to evaluate the performance of our employees. This exercise provides a platform in appraising our employees for their achievements during the year while in the meantime, reflecting the areas for improvement for consistent learning approach. It also ensures that the employees have the opportunity to discuss and agree their career developments with their superior.

We strongly believe that diversity within our workforce is a significant differentiator in our industry and do not base our hiring preferences on age, gender, race, marital status, nationality or religion as we believe that each individual is able to make a difference with their own capability and skills.

**EMPLOYEES BY GENDER
FY2021**



**EMPLOYEES BY GENDER
FY2020**



Our People (Cont'd)

Training & Education

Having a conducive workplace which promotes inclusivity and collaboration are crucial for our employees to develop their competencies and skills. Our Group provides training and education opportunities to the employees through internal courses and on-the-job training to ensure they are equipped with the relevant and updated skills to perform their work efficiently and safely. Our training programme are extensive, ranging from the proper handling of radioactive substances, radiation working training to fire drills.

In FY2021, we continue to maintain our levels of internal trainings to our employees to ensure that they are updated with the latest environmental laws and regulations as well as ensuring compliance to them while carrying out their duties. The average training hours clocked in by our employees are as follows:

	FY2021	FY2020
Average training hours per employee	4	4

We are pleased to report our progress and target for the next financial year as shown below:

ACHIEVEMENT FOR FY2021:

We managed to maintain the same level of training as prior year despite the COVID-19 restrictions. Our gender diversity ratio has also remained largely consistent with prior years.

TARGET FOR FY2022:

We target to engage external specialised trainers to provide more extensive training for our employees for their daily duties. We will also continue to monitor the gender diversity ratio when recruiting new employees.

Fire drill training



Our Environment

Waste and Resource Management

In our sterilisation business segment in which PT Rel-ion operates, the production of hazardous by-products, such as radioactive waste, may cause potential environmental threats and harm to health. In view of this and recognising the impact of this by-product to the environment, we ensure that waste products are treated with care and in compliance with the regulations in Indonesia, which includes the methods of handling, transportation, storage, and disposal of the waste.

As disclosed in our Sustainability Report published in year 2021, there was no purchase and disposal of cobalt-60 (the radioactive isotope for the high quality and reliable gamma irradiation services) during FY2020 as well as FY2021.

To improve our compliance posture and ensure such incidents do not occur, we have implemented controls such as providing irradiation equipment and supplies such as survey meter, ozone meters, water treatment, conductivity meters and demineralised water as part of the initiative. In the event where the meters reading exceeds the normal activity, this will be reported to the Radiation Protection Officer (RPO) immediately to ensure necessary action is taken at the earliest.

In addition, training sessions such as radiation working training by the RPO and routine internal trainings were provided to educate our employees on the relevant environmental laws and regulations.

Training for workers who work around the radiation area



Our Environment (Cont'd)

Waste and Resource Management (Cont'd)

Survey meter



Conductivity meter



Our Environment (Cont'd)

Waste and Resource Management (Cont'd)

Ozone meter



Film dosimeters



Our Environment (Cont'd)

Waste and Resource Management (Cont'd)

We have been engaging BAPETEN Nuclear Energy Regulatory Agency, the regulatory, inspection and licensing body overseeing all activities involving of the use of nuclear energy in Indonesia to review our operations for compliance to regulatory standards. Similar to previous years, we are proud to present our certificates certifying that our operations have complied with the Indonesian safety standards.



We measured our past achievements and present our current year's achievements, as shown below:

ACHIEVEMENT FOR FY2021:

We were inspected by BAPETEN and received the certification with no non-compliance noted.

TARGET FOR FY2022:

We target to maintain zero radiation accidents and maintain zero non-compliance with the local regulatory board.

Our Governance

Protecting the interests of our stakeholders is our top priority while balancing the sustainability and operations of our business. Our Board is committed to this and strives to maintain high standards of corporate governance for greater transparency. We emphasise the importance of conducting our business activities in an ethical, socially and environmentally sustainable manner and ensure strict controls against corruption, dishonesty and fraud.

Whistleblowing Policy

Our Whistleblowing Policy provides an independent platform to the employees to report anonymously any suspected incidents of misconduct or fraud. The employees are educated with the whistleblowing procedures, policies and guidelines to ensure that reports are made in good faith. All reported cases will be treated fairly and be protected from reprimand.

We are proud to report that there were no reported cases of fraud, misconduct, and breaches received through our whistleblowing channel in FY2021 and our Group is committed to maintain zero reported cases in the upcoming financial years.

Interested Persons Transactions Policy

Similar to past practices, our Company has established procedures in ensuring all interested person transactions are reported in a timely manner to the AC and conducted on an arm's length basis as well as not prejudicial to the interest of the shareholders.

We have announced all the reportable transactions on SGX and through the annual report accordingly.

We report our progress and target for the next financial year as below:

ACHIEVEMENT FOR FY2021:

The business process cycles below have been reviewed for governance in the year by our internal auditors:

1. Cash management
2. Custodian obligation and management of second party goods
3. Health environment safety controls
4. Custodian Procedures Governing Hazardous Materials

TARGET FOR FY2022:

We target to comply with the GRI standards version 2021 on Group level, including the finalisation of the expected new acquisition in Bintan.

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