



## HALCYON AGRI CORPORATION LIMITED

(Company Registration No. 200504595D)  
(Incorporated in the Republic of Singapore)

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### SUSTAINABLE NATURAL RUBBER SUPPLY CHAIN POLICY (“SNRSCP”)<sup>1</sup>

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#### 1. INTRODUCTION

Halcyon Agri Corporation Limited (the “Company” or “HAC”) is committed to promoting, developing and implementing the sustainable and responsible use of natural rubber throughout its supply chain.

Sustainable governance of the natural rubber supply chain is essential to preserve biodiversity and to ensure local communities experience continued economic development and livelihood sustenance.

The natural rubber supply chain includes industrial plantations, smallholder farmers, dealers or intermediaries, processing plants, manufacturers and distributors. HAC strives to be a global steward to work together with all stakeholders within our supply chain and the industrial sector to advance natural rubber sustainability.

HAC acknowledges its commitment as a responsible industry stakeholder and supports the Global Platform for Sustainable Natural Rubber’s (GPSNR) Policy Framework, to the extent that is commercially practicable, taking into consideration the relevance to the Company’s business, strategy, business model and key stakeholders.

This Policy directs the sustainability management of HAC, which shall be embedded into the decision-making processes, systems, and performance metrics of corporate management, relevant business units, joint ventures and the affiliated companies.

#### 2. OBJECTIVES OF THIS POLICY

- 2.1 Promote and outline HAC’s commitment to comply with applicable local and national laws on human rights, labour, land use, environment, and health and safety in the countries and regions in which it operates; and observe international norms which includes respecting and supporting the protection of internationally recognised human rights of workers, land owners, indigenous peoples and local communities (IP/LC) in accordance with the UN Guiding Principles on Business and Human Rights (UNGPR);
- 2.2 Promote the responsible acquisition and management of land for growing natural rubber; and support the livelihood of smallholder farmers and the economic, social and cultural rights of IP/LC through access to education, employment and livelihood opportunities; and
- 2.3 Develop and drive practices for traceability and implement best environmental standards in cultivation, harvesting and processing of natural rubber; apply continual improvement in

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<sup>1</sup> This Policy was developed in consultation with Rainforest Alliance and Proforest, and has been updated to align with the GPSNR Policy Framework endorsed on 23 September 2020.

our management systems<sup>2</sup> and actively engage with our supply chain to communicate and ensure compliance with this Policy.

### **3. WORKING CONDITIONS & LIVING ENVIRONMENT**

Working with its supply chain, HAC strives to protect the rights of its supply chain stakeholders and create a positive work environment at every level. HAC upholds the labour rights and laws in accordance with International Labour Organization's eight fundamental conventions, including but not limited to:

- 3.1 Protect the health and safety of employees and their families by ensuring mobility and accessibility to quality healthcare facilities, providing education on best safe-work practices and raising awareness on health and safety risks.
- 3.2 Protect the health and safety of employees, visitors, contractors and suppliers by providing suitable personal protective equipment (PPE) and ensuring the work areas are satisfactorily safe. This includes taking appropriate actions to eliminate hazards and reduce health and safety risks.
- 3.3 Safeguards established by HAC shall apply to all workers, including contract, temporary and migrant workers.
- 3.4 Prohibit all forms of discrimination based on gender, marital status, sexual orientation, religion, political beliefs, union membership, ethnicity, nationality, age, social status, physical or mental disability.
- 3.5 Maintain adequate working conditions which include:
  - (a) providing employees with employment contracts;
  - (b) supporting decent living wages by ensuring salaries are at least equal to the country's minimum wage for an equivalent job, with reference to known benchmarks;
  - (c) supporting gender equity by providing equal opportunities and ensuring the principle of equal remuneration for men and women employees for work of equal value is applied;
  - (d) respecting legal working hours; and
  - (e) ensuring the right of employees to join or form trade unions and collective bargaining.
- 3.6 Actively engage in the economic and social development of local communities by creating direct or indirect job opportunities to increase their employability.
- 3.7 Prohibit any form of labour exploitation such as child or forced labour, or any forms of mental or physical coercion towards direct or indirect employees and contractors by committing to the eight fundamental ILO Conventions on rights at work.
- 3.8 Maintain safe and adequate housing for employees who are provided with company accommodation by offering reasonable levels of decency, hygiene and comfort (ILO Convention 110).

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<sup>2</sup> Set of interrelated or interacting elements of an organization to establish policies and objectives, and processes to achieve those objectives – as defined under the [International Organisation for Standardization \(ISO\)](#)

#### **4. RESPONSIBLE LAND ACQUISITION & USE**

HAC will work with its supply chain and relevant stakeholders to promote a natural rubber supply chain that is socially and environmentally responsible, supports the livelihoods and decent living conditions of local communities, and upholds the following principles:

- 4.1 Respect and protect customary, traditional and communal land tenure rights in accordance with the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and prohibit the practice of land grabbing.
- 4.2 Implement specific mechanisms to facilitate resolution of land disputes and respect the rights of indigenous peoples and local communities (IP/LC) (ILO Convention 169).
- 4.3 Support the right to food and food security by acting responsibly without compromising local food supplies and grant fair compensation for IP/LC in accordance with HAC's grievance resolution procedure.
- 4.4 Apply Free, Prior and Informed Consent (FPIC) in a culturally appropriate manner to IP/LC likely to be affected by HAC's operations when planning, establishing, restoring, or transforming plantation and/or industrial sites, as well as associated infrastructure. Implement FPIC process in accordance with appropriate methodologies (including United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation (UN-REDD)) and associated GPSNR guidance.

#### **5. ECOSYSTEM PROTECTION**

HAC is committed to, and expects its Suppliers who cultivate, harvest or process natural rubber for HAC's use, to be socially responsible and environmentally friendly by upholding the following principles:

- 5.1 Prior to new developments, HAC will conduct social and environmental impact assessments in accordance with applicable national legislation, High Conservation Value (HCV) and High Carbon Stock (HCS) approaches and UN Guiding Principles on Business and Human Rights (UNGPR).
- 5.2 Develop and implement land use plans that prevent erosion, sedimentation and water contamination from agricultural and industrial chemicals.
- 5.3 Commit to no deforestation in producing natural rubber. HAC considers natural rubber in areas deforested or where HCVs have degraded after the cut-off date of 1 April 2019 as non-conforming to GPSNR Policy Framework, and will apply our knowledge and experience to engage with our suppliers towards the elimination of deforestation and land degradation in sourcing natural rubber.
- 5.4 Support the long-term protection of natural forests and other ecosystems and their conservation values, including wildlife species from illegal activities such as poaching, over-hunting and habitat loss, and support wildlife protection activities in areas under HAC's management and control.
- 5.5 Prohibit any form of rubber production on known peat land of any depth and the use of fire in the preparation of new planting areas and replanting areas or for any other reason other than emergencies, fire break establishment or sanitary and phytosanitary reasons where waste management services are not available.

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- 5.6 Respect community rights on use of water resources by creating buffer zones to protect natural waterways from erosion and sedimentation.
- 5.7 Apply appropriate agricultural practices that protect soil quality against erosion, nutrient degradation, subsidence and contamination and support restoration of deforested and degraded rubber landscapes.
- 5.8 Impose appropriate standards regarding the use, safe handling, storage and disposal of all chemicals and their by-products. Minimise use of chemical (fertilisers) and pesticides and prohibit the use of chemicals and pesticides listed under the Stockholm Convention, Rotterdam Convention and World Health Organisation (WHO) Class 1A & 1B.
- 5.9 Mitigate any adverse effects of surface or ground water contamination from use of agricultural and industrial chemicals in natural rubber cultivation, harvesting and processing.
- 5.10 Where necessary, take appropriate measures to reduce odour produced from rubber milling.
- 5.11 Implement and maintain systems for the collection, segregation, recycling and disposal of waste or by-products generated by farming, industrial operations or by employees and their families.
- 5.12 Maximise natural resource efficiency that includes protecting water quantity through water recycling in production process, minimising scrap rubber, optimising energy usage, and minimising and mitigating carbon emissions where possible and practicable.

## **6. ETHICS & TRANSPARENCY**

HAC takes a strong stance against corruption and requires all stakeholders to uphold the following principles:

- 6.1 Prohibit corruption in any guise or form and adopt a zero-tolerance approach on corruption across the value chain.
- 6.2 Develop and adopt the use of transparent grievance mechanism processes for local communities, employees and all stakeholders.
- 6.3 Practice free and fair competition, in compliance with local antitrust and competition laws.

## **7. GOOD AGRICULTURAL PRACTICES & YIELD IMPROVEMENT**

HAC encourages suppliers to undertake every reasonable effort to ensure maximum yield is obtained from existing planted and replanted natural rubber trees by upholding the following principles:

- 7.1 Provide practical training sessions to improve yield and quality of natural rubber and dissemination of information on rubber cultivation and agricultural standards to groups of growers, cooperatives, smallholders and suppliers.
- 7.2 Minimise the use of chemicals and promote the use of natural fertilisers, biological pest and disease control methods for all new planting and replanting efforts in industrial plantations.

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- 7.3 Target smallholder projects, such as agroforestry and outgrower programmes that aim to improve yields, livelihoods and environmental conservation practices and create work opportunities for local communities

### **8. TRACEABILITY**

HAC will support the development of methods to trace natural rubber across the supply chain and will:

- 8.1 Engage in and support the development of tools and processes to trace natural rubber across the supply chain.
- 8.2 Work with suppliers and smallholder farms to map supply chain, develop social and environmental risk maps and prioritize risk mitigation actions.
- 8.3 Work towards full disclosure of the source provenance of natural rubber from Industrial Plantations.
- 8.4 Ensure intermediaries provide source provenance information, at minimum to an appropriate jurisdictional level, to natural rubber processors.

### **9. POLICY IMPLEMENTATION & COMPLIANCE**

HAC is committed to the corruption-free and transparent implementation of this Policy and its principles and expects all its suppliers to act likewise. HAC will prefer suppliers that promote activities that are consistent with this Policy. HAC reserves the right to conduct audits on its suppliers as deemed appropriate and expects that:

- 9.1 Suppliers shall comply with this Policy and shall transmit it to the relevant members of their supply chain. HAC requires suppliers to monitor compliance by reasonable means.
- 9.2 Where a discrepancy has been identified through supplier assessment or available grievance mechanisms, HAC will work towards an acceptable, time-bound improvement program with the supplier and/or connected intermediaries. Substantiated non-compliance and/or failure to close agreed identified gaps in compliance will result in suspension or termination of the business relationship.
- 9.3 HAC recognises that its policies and programmes may not prevent all adverse impact in the supply chain. In line with the UN Guiding Principles and the GPSNR Policy Framework, HAC aims to provide appropriate remedy, through mutually agreed procedures, where the Company has caused or contributed to the appropriation of or harm to lands, territories or natural resources of IP/LC without securing FPIC. Implementation will be jointly monitored by the community and HAC and/or by mutually agreed third parties.
- 9.4 Violations of this Policy may be confidentially and anonymously reported to HAC via the grievance mechanism published on its corporate website.
- 9.5 HAC commits to maintaining inclusive and participatory dialogue with key stakeholders and supporting multi-stakeholder planning and policy efforts that uphold the GPSNR principles at a landscape, jurisdictional or other spatial level.

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- 9.6 HAC will publicly report the Policy implementation progress, and where appropriate, the time-bound and geographic-specific targets and milestones in its annual sustainability report and periodically on HAC's website.
- 9.7 HAC reserves the right to update, enhance or revamp this Policy at any given time, for any given reason or as deemed appropriate by future findings, interactions with stakeholders in the value chain and experiences gained through the implementation of this Policy.

## **GLOSSARY**

**Customary Land Tenure Rights:** As defined by the Food & Agricultural Organisation (FAO), customary tenure is a set of rules and norms that govern community allocation, use, access, and transfer of land and other natural resources. The term “customary tenure” invokes the idea of “traditional” rights to land and other natural resources: “the tenure usually associated with indigenous communities and administered in accordance with their customs, as opposed to statutory tenure usually introduced during the colonial period”.

### **Eight Core ILO Conventions:**

1. Freedom of Association and Protection of the Right to Organise Convention (No. 87),
2. Right to Organise and Collective Bargaining Convention (No. 98),
3. Forced Labour Convention (No. 29) including the 2014 Protocol,
4. Abolition of Forced Labour Convention (No. 105),
5. Minimum Age Convention (No. 138),
6. Worst Forms of Child Labour Convention (No. 182),
7. Equal Remuneration Convention (No. 100),
8. Discrimination (Employment and Occupation) Convention (No. 111).

**FPIC (UN-REDD):** Guidelines by the UN-REDD for stakeholder engagement using the principle of “Free, prior and informed consent” (FPIC). The UN-REDD Programme is the United Nations collaborative initiative on Reducing Emissions from Deforestation and forest Degradation (REDD) in developing countries. “Free consent” to mean consent that is free of any manipulation, interference, coercion or intimidation. “Prior consent” to mean communicating information to the relevant stakeholders in good time and before any final decision is made. “Informed consent” to mean involving relevant representative institutions, providing information that is comprehensible and accessible, such as assessments, action plans, project summaries, and any other relevant information.

**HCV Approach:** The High Conservation Value (HCV) approach is designed to maintain or enhance environmental and social values in production landscapes based on six values covering species diversity (HCV 1), landscape-level ecosystems (HCV 2), rare ecosystems/habitats (HCV 3), critical ecosystem services (HCV 4), community livelihood needs (HCV 5) and cultural values (HCV 6).

**HCS Approach:** The High Carbon Stock (HCS) approach is a methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed.

**ILO Convention 110:** International Labour Organisation, 1958 (No.110): Convention Concerning Conditions of Employment of Plantation Workers.

**ILO Recommendation 115:** Workers’ Housing Recommendation, 1961 (No. 115)

**ILO Convention 169:** Convention on Indigenous peoples’ right to self-determination within a nation-state, while setting standards for national governments regarding Indigenous peoples’ economic, socio-cultural and political rights, including the right to a land base.

**Industrial Plantations:** Natural rubber plantations with an area planted or replanted with more than 50 hectares of natural rubber.

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**Land Grabbing:** Land grabbing is land acquisitions or concessions that are based on one or more of the following characteristics: (i) in violation of human rights, particularly the equal rights of women; (ii) not based on Free, Prior and Informed Consent (FPIC) of the affected land-users; (iii) not based on a thorough assessment, or are in disregard of social, economic and environmental impacts, including the way they are gendered; (iv) not based on transparent contracts that specify clear and binding commitments about activities, employment and benefits sharing, and; (v) not based on effective democratic planning, independent oversight and meaningful participation. This definition has been obtained from the International Land Coalition.

**Rotterdam Convention:** A multilateral environmental treaty signed in 1998 and effective from February 2004 to promote shared responsibilities in relation to importation of hazardous chemicals.

**Smallholder:** Small-sized, usually family run farm with a typical size of between one hectare to 10 hectares. Smallholders are characterised by using mainly family labour for production, and using the produce as a source of family income.

**Stockholm Convention:** An international environmental treaty on Persistent Organic Pollutants signed in 2001 and effective from May 2004, that aims to eliminate or restrict the production and use of persistent organic pollutants.

**Suppliers:** Entities or individuals that directly supply HAC or its subsidiaries with products or services related to natural rubber.

**UNDRIP:** United Nations Declaration on the Rights of Indigenous Peoples was adopted by the General Assembly on September 2007.

**UNGP:** United Nations Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework, 2011.