



HALCYON AGRI CORPORATION LIMITED

(Company Registration No. 200504595D)

(Incorporated in the Republic of Singapore)

SUSTAINABLE NATURAL RUBBER SUPPLY CHAIN POLICY (“SNRSCP”)

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, 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.

This Policy applies to HAC and all its subsidiaries, including factories and plantations owned, managed, invested in by HAC and all third party natural rubber agents that HAC has dealings with.

This Policy was developed in consultation with Rainforest Alliance and Proforest. HAC supports the Global Platform for Sustainable Natural Rubber (GPSNR)’s principles and aims to align with the GPSNR Policy Framework endorsed on 23 September 2020.

HAC acknowledges its commitment as a responsible industry stakeholder to support the 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.

2. OBJECTIVES OF THIS POLICY

- 2.1 Respect and protect 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 (UNGPs);
- 2.2 Promote the responsible acquisition and management of land for growing natural rubber;
- 2.3 Develop and drive practices for traceability of natural rubber across the supply chain;
- 2.4 Develop and implement best environmental standards in cultivation, harvesting and processing of natural rubber;
- 2.5 Support the livelihood of smallholder farmers and advocate principles of equity by engaging stakeholders throughout the supply chain; and

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- 2.6 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 all its supply chain stakeholders and create a positive work environment at every level by upholding the following principles:

- 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 that work areas are satisfactorily safe.
- 3.3 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.
- 3.4 Maintain adequate working conditions and provide employees with employment contracts, salaries at least equal to the country's minimum wage for an equivalent job, fair working hours, freedom to join or form trade unions and collective bargaining in accordance with applicable national and international laws (ILO Convention 110).
- 3.5 Actively engage in the economic and social development of local communities by creating direct or indirect job opportunities to increase their employability.
- 3.6 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.
- 3.7 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).

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 Comply with applicable local, national and international legislation on human rights, labour, land use, and the environment including respect and protection of customary land tenure rights and prohibition of land grabbing in accordance with the UN Declaration on the Rights of Indigenous Peoples (UNDRIP).
- 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).

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- 4.3 Act responsibly without compromising local food supplies and grant fair compensation for IP/LC in accordance with HAC's grievance procedure. The procedure was established to complement this Policy to prevent, identify, and manage environmental and social concerns throughout HAC's supply chain.
- 4.4 Apply Free, Prior and Informed Consent (FPIC) in a culturally appropriate manner 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 Conduct social and environmental impact assessments prior to new developments in accordance with the applicable national legislation and/or the UN Guiding Principles on Business and Human Rights (UNGPR).
- 5.2 Develop and implement land use plans that prevent overexploitation of natural resources using an integrated landscape management approach.
- 5.3 Commit to no deforestation in all HAC operations by utilising the High Conservation Value (HCV) and High Carbon Stock Approach (HCSA) requirements. HAC will apply its knowledge and experience to engage with our suppliers to work towards eliminating deforestation from our supply chain.
- 5.4 Protect forest areas under HAC's management and control, 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.
- 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.
- 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.

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- 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 Undertake reasonable efforts to maximise water recycling in production process, minimise scrap rubber, optimise energy usage and minimise or mitigate 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 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.
- 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 and, where possible and practical, develop environmental and social risk maps.

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8.3 Work towards full disclosure of the source provenance of natural rubber from Industrial Plantations.

8.4 Ensure traders provide source provenance information back 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 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 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 where the Company has caused or contributed to those impact directly linked to our business operations, goods, or services.

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 development efforts that uphold best practices in sustainability.

9.6 HAC will report on the progress of implementation of this Policy 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”.

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.

Fundamental ILO Conventions: The 8 fundamental conventions are Freedom of Association and Protection of the Right to Organise Convention (No. 87), Right to Organise and Collective Bargaining Convention (No. 98), Forced Labour Convention (No. 29) including the 2014 Protocol, Abolition of Forced Labour Convention (No. 105), Minimum Age Convention (No. 138), Worst Forms of Child Labour Convention (No. 182), Equal Remuneration Convention (No. 100), Discrimination (Employment and Occupation) Convention (No. 111).

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.

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.