



Technology & ESG – Key Focus in the New Era for Natural Rubber

World Rubber Summit
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Think Rubber, **Think Halcyon**



Speaker's Profile:

Mr David Li Xue Tao, CEO of Halcyon Agri

Mr Li Xuetao is Halcyon Agri's Chief Executive Officer and joined the Board as Executive Director in June 2020. Mr Li holds a Bachelor of Economics from University of International Business and Economics, Beijing and a Master of Change Management from BI Norwegian School of Management – Fudan University.

As Chief Executive Officer, Mr Li is in charge of formulating and executing the business strategy of the Group, and of overseeing its day-to-day management.

He has more than 20 years' experience in tyre, synthetic rubber and natural rubber business, and has held various senior positions in Sinochem International Corporation (SIC) and Sinochem Group (SG).

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Introduction about HAC



PLANTATIONS >

39,500 ha¹
across Africa and Malaysia



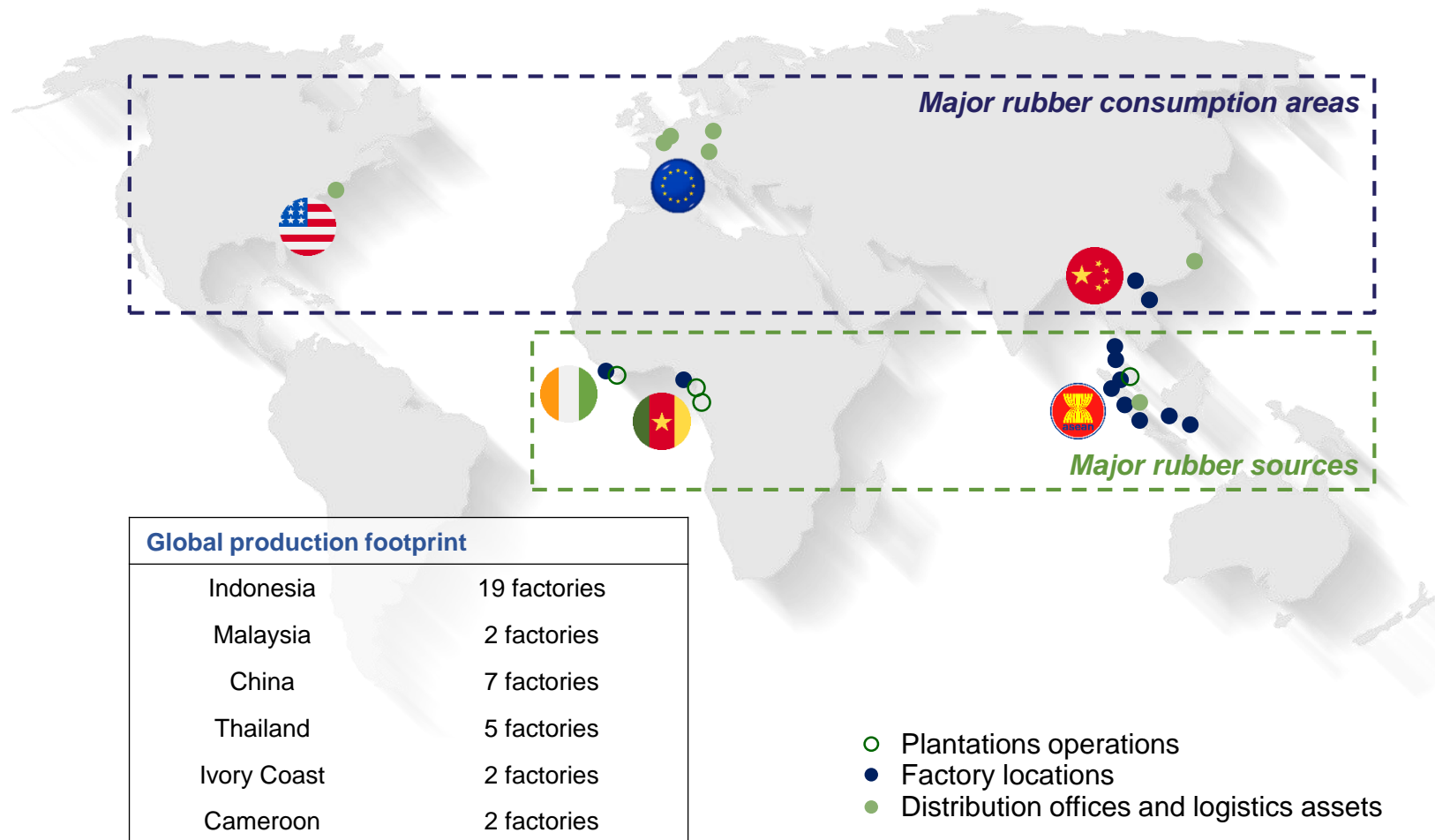
PROCESSING >

37 Production Facilities
Approximately **1.4 million mT**
per annum production
capacity



DISTRIBUTION >

Offices and Facilities in 100+
Locations Globally






*“Supported by more than 15,000 dedicated and respected employees, **Halcyon stands for its long term commitment to sustainable and quality natural rubber products.**”*

Introduction about HAC: Halcyon Rubber Company (HRC) Unit



One of the Group’s business units, **Halcyon Rubber Company (HRC)** processes and supplies superior rubber products to tyre manufacturers globally under the *HeveaPro* brand.

-  Operates 35 factories in five key rubber origins: Indonesia, Malaysia, China, Thailand and Ivory Coast
-  Manages 3 sales and distribution centers in Singapore, Shanghai and Qingdao
-  Assess to raw material network across key origins, allowing HRC to manage the cost of raw materials

HRC’s integrated business model



HEVEA PRO

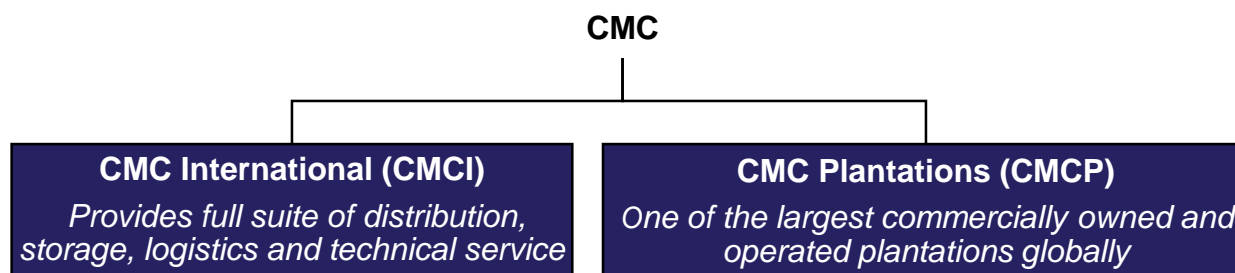
The HeveaPro brand of natural rubber represents Halcyon’s commitment to the highest standards.

Four core attributes lie at the heart of HeveaPro:

Quality Standards	Environment, Health and Safety
	
Supply Chain Security	Social Responsibility
	

Introduction about HAC: Corrie MacColl (CMC) Unit

Another business unit of our Group, Corrie MacColl (CMC) is the **leading integrated global distributor of fully traceable and sustainable in-house/third-party rubber products, with entrenched position in Europe and US**. CMC distributes under industry-leading *HEVEAPRO* and *LATEXPRO* brands to its tyre and non-tyre customers.



CMC Plantations



Amassed a total concession area of 110,000 ha, championing low-intensity planting, **zero deforestation** and ceased new planting in 2018. Championing the community forest and the Cameroon Outgrower programmes¹

CMC International



The **largest latex tank terminal in Europe**, providing storage and logistic service to customers



Presence in strategic locations to provide bespoke, holistic and prompt services to its clients



1. Please refer to <https://www.corrie-maccoll.com/community-forest/> and <https://www.corrie-maccoll.com/cameroon-outgrower-programme-has-launched/> for more information on these programmes.

Key Trends Shaping the New Era of Natural Rubber Industry

Halcyon Agri's unique vantage point towards emerging trends within the NR industry

Key Trends

Technology

- Digitalisation and big data

- Supply chain facilitation

- Efficiency improvement

ESG

- Zero deforestation

- Living income and smallholders

- Resilience, adaptation and research & development

- Capitalising on ESG opportunities

Technology – Digitalisation and Big Data

- Industry 4.0 accelerated adoption of technology and digitalisation across supply chain
- Usage of Internet of Things (IoT) devices and data centres, facilitate big data collection
- Address farmers' cost of living issues, provide them tools and information to enable better decision-making
- Big data allows accurate forecasting of supply and demand situation on real-time basis

✓ *Data-driven insights are cornerstone of digitalisation*



Technology – Supply Chain Facilitation

- Facilitate timely delivery and arrival of cargoes, with real-time geographical location data
- Adoption of telematics, location tracking technology
- Allows nimble execution of business strategy with timely information feed, enabling effective inventory management



Technology – Efficiency Improvement

- Labour shortage is key concern, automation in place to address
- Usage of drones to monitor large areas of plantations
- SMART factories – IOT driven
- Carbon measurement and carbon capturing technologies

✓ *Technology offers endless opportunities for operational improvements*



ESG – Zero Deforestation



- 437 million hectares (Mha) of forest lost since 2000
- **Commodity-driven deforestation – a key driver**

COP26: World leaders promise to end deforestation by 2030

Source: BBC, November 2021

Half of rubber trade agrees to new policies to cut deforestation, human rights abuses from supply chains

Growers, tyre manufacturers and automakers have agreed to a new policy framework that aims to support smallholders in the sustainable cultivation of rubber. The framework is a major milestone for an industry beset by environmental and social issues in tropical grower countries. **Source:** Eco-Business, September 2020

ESG – Living Income & Smallholders

- Residence of a smallholder farmer in Indonesia
- The physical condition of the home can serve as an indicator of farmers' economic state

WITH AVERAGE
MONTHLY
EARNINGS OF
 **USD \$85**

✓ *A holistic approach in collaboration with farmers, business end-users and government actors*



Photo: © Preferred by Nature

ESG – Resilience, Adaptation and R&D

Implementation of climate-resilient agronomic practices



Image: Rubber trees intercropped with cassava

Research and cultivation of adaptive rubber clones



Image: Rubber clones experiment on drought stress at Nong Khai Rubber Research Center

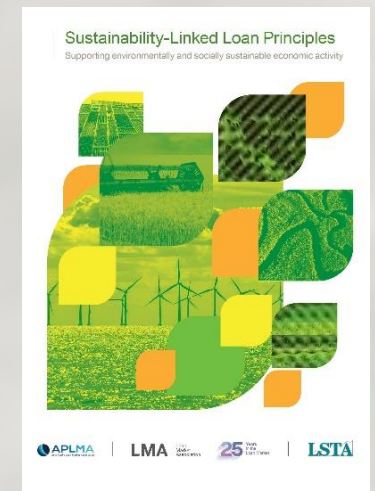
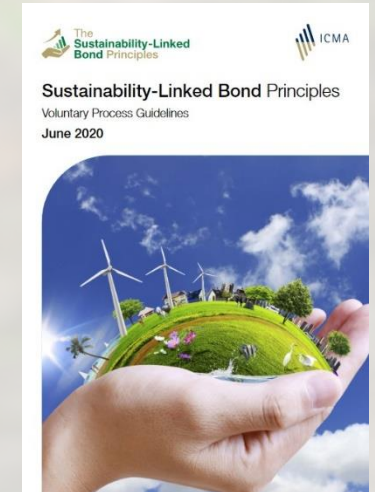
Capitalising on ESG Opportunities

Green, Social & Sustainability (GSS) Issuance¹

- Globally sustainable debt market reached a cumulative USD1.7tn in end 2020
- Sustained resurgence expected for GSS markets driven by policies and net-zero commitments
- ASEAN GSS issuance reached a record high USD12.1bn in 2020, a 5.2% Y-o-Y increase from USD11.5bn in 2019

Emerging Market Incentives & Carbon Markets

- Voluntary Carbon Markets (VCMs)
- MAS² Green and Sustainability-Linked Loans Grant Scheme
- Price premiums for verified sustainably-sourced commodities (FSC, etc.)



¹Source: www.climatebonds.net

²Monetary Authority of Singapore (MAS)

Conclusion

Technology & ESG

✓ *Data-driven insights are cornerstone of digitalisation*

✓ *Technology offers endless opportunities for operational improvements*

✓ *A holistic approach in collaboration with farmers, business end-users and government actors*

✓ *Capitalise on ESG opportunities offered by GSS issuance, carbon markets and incentives*



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Thank you!



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