



INNOVATE
SUSTAIN
SUCCEED

CORPORATE REPORT 2020

Book One: Strategy and Sustainability

ABOUT THE REPORT

Book One: Strategy and Sustainability

Book Two: Corporate Governance and Financial Report

Our vision is to be the leading natural rubber global franchise, leveraging our globally integrated platform in advocating for supply chain sustainability, and effecting meaningful change in the industry.

The 2020 Corporate Report covers the financial year of 2020 (1st January to 31st December), encompasses the strategic, financial and sustainability aspects of our Group's business, including the impact of COVID-19 and how we came together in navigating the challenges, as well as detailing the developments and initiatives moving into 2021 and beyond.

The Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) standards: Core option. It contains our key Environmental Social Governance (ESG) factors approved by the Board, and was prepared in accordance with the Singapore Exchange Sustainability Reporting Guide. All data refers to Halcyon Agri Group's operations in Asia, Europe, America and Africa unless stated otherwise. There were no significant changes to our organisation and supply chain during the reporting period.

Please contact investor@halcyonagri.com for any questions or feedback.

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CHAIRMAN'S WELCOME MESSAGE

Dear Shareholders,

Welcome to the 2020 Annual Report of Halcyon Agri. Our theme this year is "Innovate, Sustain, Succeed", which illustrates the future direction of the Group.

2020 has been an unusual year, as global economic activity and every aspect of ordinary life were severely challenged by the COVID-19 pandemic. The OECD forecasted a global GDP contraction of 4.2% in 2020, with China being the only country among G20 to record a year-on-year growth. Commodity prices, including natural rubber, have been highly volatile and presenting significant challenges to all stakeholders in the natural rubber value chain: Plantations, smallholder farmers, manufacturers and tyre makers.

In the first half of the 2020, our operations were affected by the sharp decline in demand from global tyre majors, with only c.530,000 mT of natural rubber delivered amid the global economic turmoil. Heading into the second half, our management team embraced the principles of "customer excellence", by keeping the finger on the pulse of the market, and seizing opportunity amidst demand recovery. As a result, a higher sales volume of c.660,000 mT was achieved in second half of 2020, which was around the same level as the corresponding period in 2019, a promising sign of navigating the challenges of the pandemic.

Halcyon Agri had successfully issued US\$200 million guaranteed perpetual securities on 18 November 2020, strengthens the Group's balance sheet and lays a solid financial foundation for its future aspirations.

On the sustainability front, we have made significant strides as well. For our sustainability efforts, we were awarded the EcoVadis Gold Medal, and ranked as the most transparent rubber company in 2020 SPOTT assessment. Our plantation in Malaysia, owned by JFL Holdings Sdn. Bhd., have obtained the Malaysian Sustainable Palm Oil (MSPO) certification.

Looking ahead, the global economy is facing a phase of unprecedented transformation. OECD and IMF have both pointed towards a recovery in 2021, estimated global GDP growth of 5.6% and 6.0% respectively. Halcyon Agri instills innovation to the traditional rubber industry and charts a path towards sustainable growth. We will continue to leverage our best-in-class assets and our unrivalled global coverage, to embrace modern technology and uphold the concept of "customer excellence" and "operational excellence". With persistent innovation in our products, process and business model, we aspire to drive a lasting change in the industry, achieve sustainable profitability and create value for our shareholders, employees, stakeholders and community as a whole.

During the year, David Li Xuetao has been appointed as the new CEO in place of Robert Meyer, who retired in June 2020 as part of the management transition plan. I believe David Li and the management team will steer the Group forward, and scale new heights.

In closing, I would like to express my deepest gratitude to our employees, business partners, bankers, investors and all other stakeholders for their unwavering support to Halcyon Agri. Thank you.

Liu Hongsheng
Chairman

各位股东：

欢迎您阅读合盛公司2020年度报告。我们今年的主题是“创新Innovate”，“可持续Sustain”和“成功Succeed”。这一主题展示了我们未来努力的方向。

2020年是很不寻常的一年，全球经济活动和人类的生活方式受到了新冠疫情的严峻挑战。OECD最新预测全球GDP在2020年下降了4.2%，G20主要经济体只有中国的GDP实现正增长。包括天然橡胶在内的大宗商品价格大幅波动，给天然橡胶种植园、小农户、生产商包括下游轮胎企业带来了很大挑战。

上半年受轮胎厂需求量大幅下降影响，合盛公司仅实现销量约53万吨，下半年公司新的管理团队通过强化“客户导向”，贴近市场，抓住轮胎厂需求恢复的机遇，实现销量约66万吨，与去年同期持平，初步克服了疫情的不利影响。

合盛公司于11月18日成功发行了2亿美元次级永续债，夯实了资产负债表，为未来发展打下了坚实的财务基础。

合盛公司在可持续发展方面也取得了更多成绩，2020年公司荣获EcoVadis金牌，并在2020年SPOTT评估中被评为最具透明度的橡胶企业。公司JFL种植园获得马来西亚可持续棕榈园证书(MSPO Certification)。

展望未来，世界经济正面临前所未有的大变局，OECD和IMF共识都预计全球经济于2021年复苏，估计全球GDP增速分别为5.6%和6.0%，重回增长轨道。合盛公司处于传统的天然橡胶行业，唯有不断创新才能实现可持续发展。我们要继续利用世界一流的资产基础和我们的全球影响力，秉持“客户导向”、“卓越运营”的理念，不断进行技术创新、商业模式创新、产品创新、管理创新等，凝心聚力，艰苦奋斗，实现可持续的盈利，为股东、社会和员工创造价值。

2020年6月，作为集团继任计划的一部分，李雪涛先生正式被任命为合盛新的首席执行官，从原任CEO罗伯特迈耶先生(Robert Meyer)的手中接棒。我相信李雪涛先生与他的管理团队将继续带动集团继续前进，并创新高峰。

衷心感谢我们的各位员工、业务伙伴、银行、投资者以及其他利益相关者对合盛公司的支持！

刘红生
董事长

HALCYON AGRICULTURE AT A GLANCE



15,000+
DEDICATED AND
RESPECTED EMPLOYEES



100+ LOCATIONS

Headquartered in Singapore, we are fully integrated with significant presence along every phase of the supply chain, including plantations, factories, warehouses, tank terminals, laboratories, and a worldwide distribution network



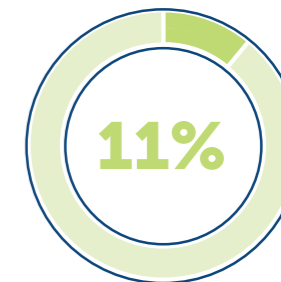
39,000 ha
PLANTED AREAS



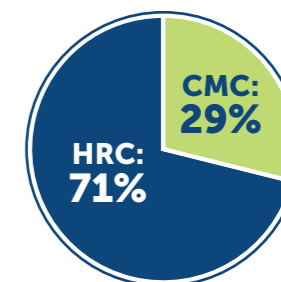
1.6 million mT
PRODUCTION
CAPACITY



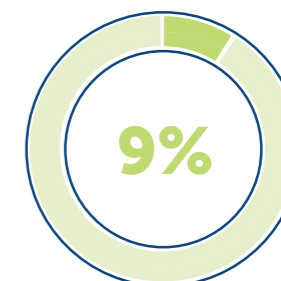
1.2 million mT
SALES VOLUME



Market share of natural rubber supplied to global tyre production



Sales volume contribution by segment



Global natural rubber and latex market share

Our Global Franchise

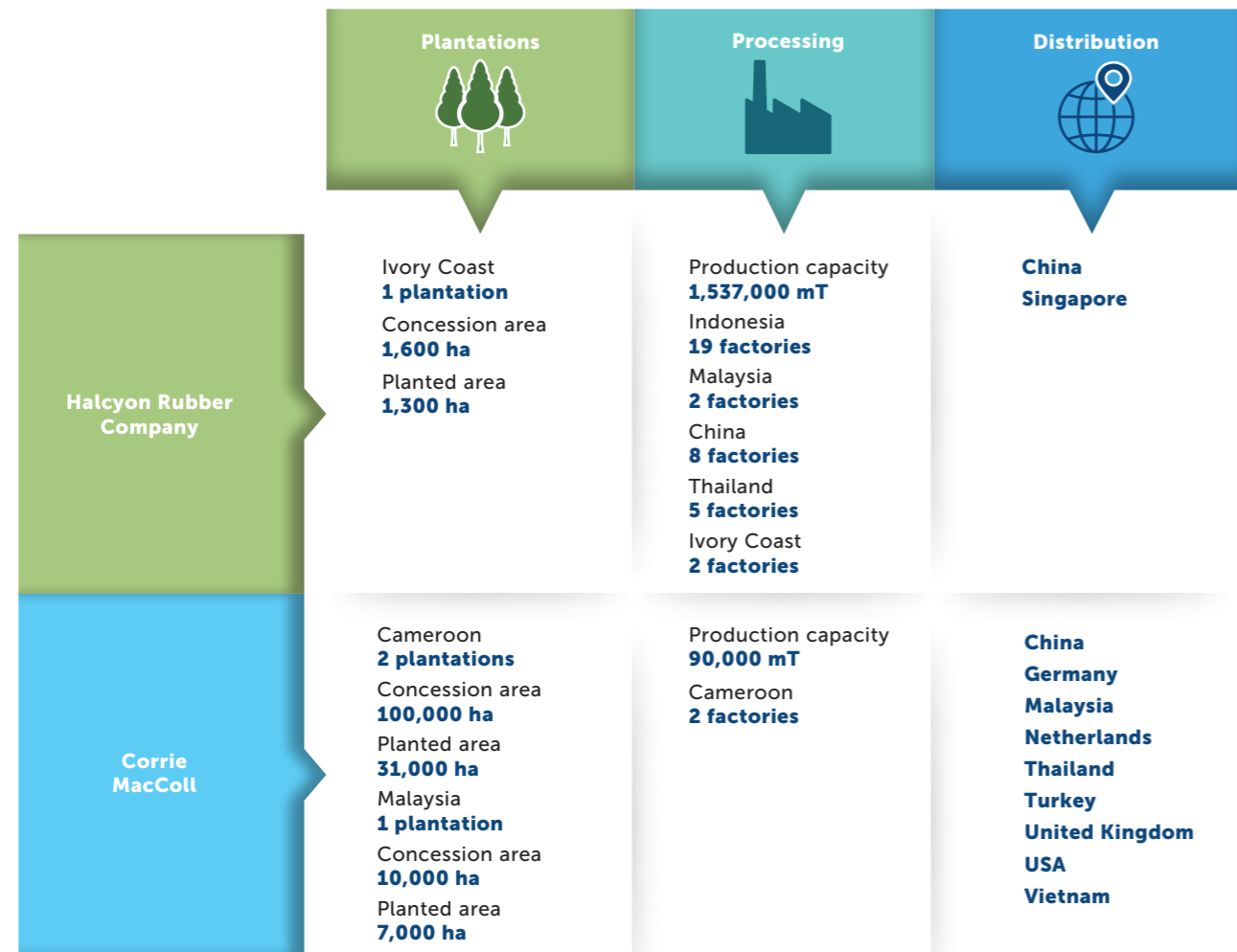
Halcyon Agri Corporation Limited (SGX: 5VJ.SI) is a leading integrated natural rubber supply chain franchise. Headquartered in Singapore with over 15,000 employees in more than 100 locations, the Group leverages its extensive network of factories, warehouses, terminals, laboratories and sales offices around the world to distribute a wide range of natural rubber products to our customers.

Through multiple acquisitions and vigorous integration process, Halcyon Agri has created two best-in-class operations, while introducing and upholding the strictest sustainability principles:

- **Halcyon Rubber Company (HRC Group):** Pre-eminent supplier of natural rubber to the global tyre fraternity, HRC Group owns and operates 36 factories with wide-ranging approvals from the tyre majors. The factories are located across the key rubber origins, including Indonesia, Malaysia, China, Thailand and Ivory Coast, and they have attained international standards of environmental performance under ISO 14001 and/or compliant with HeveaPro, an industry-leading manufacturing standard for sustainable natural rubber.

- **Corrie MacColl (CMC Group):** A leading provider of specialist polymers for industrial and non-tyre applications, CMC Group operates a wide storefront covering in-house plantation rubber and concentrated latex, as well as third-party sourced natural and synthetic rubber, in both dry and liquid forms. CMC comprises of two units: CMC Plantations (CMCP), which is the owner of one of the largest commercially owned and operated plantations globally, as well as CMC International (CMCI), a commercial and distribution platform with global third-party procurement capability, which supports the customers' requirements via providing a full suite of logistic and technical services.

On top of the above two major business segments, Halcyon Agri also invests in the digital transformation of the natural rubber supply chain, the most prominent initiative being HeveaConnect. HeveaConnect is a digital marketplace for sustainably produced natural rubber, and is at the forefront of the digitalisation of the natural rubber industry. Digital transformation allows for data transparency, which will strengthen the integrity of product sustainability, and enhances trust along supply chain.



Our Business Model

HRC Group

HRC Group houses our supply chain for tyre applications and operates 36 factories in five key rubber origins. The factories purchase raw materials from smallholder farmers, which is then processed to HeveaPro standard, and marketed to the global tyre industry. Being in a mid-stream business, the key profitability driver for the factories is the processing margins, which is the selling price of the finished product, deducted against the procurement costs from smallholder farmers, and associated conversion costs and overheads.

In FY2020, HRC Group delivered 881,467 mT of natural rubber to the tyre industry, and produced EBITDA of US\$37.2 million after excluding management fees.

HRC Group also owns a rubber plantation in Ivory Coast with 1,300 ha planted, which supplies raw material into our factory.

CMC Group

CMC provides integrated supply chain services to the global non-tyre and specialty tyre market segments with both third-party sourced rubber and its own in-house, fully traceable rubber and latex products. This division comprises of two units, each with different characteristics and profit drivers.

CMC Plantations (CMCP)

With over 31,000 ha planted in Cameroon and 7,000 ha planted in Malaysia, CMCP's average tree profile remains largely immature, currently standing at 12.2 years. The plantation business is a long-term investment as each planted rubber tree takes an average of five to seven years before yielding the first drop of latex, and will go on to be productive for the next 30 years. As the plantation overheads are mostly fixed in nature, the time passage will lead to the ramping up of plantation yields and improving the absorption of fixed costs.

Moving forward, as the immature areas come on stream and the yields of the younger trees strengthen, the plantation output is expected to at least double in the next five years, and reach 55,000 mT of output by 2030. As the unit costs are reduced with a larger volume base, unit profits will increase. There is further upside profit potential when factoring in the cyclical recovery in rubber prices.

In FY2020, CMCP produced 15,015 mT of natural rubber, which translates into an average yield per matured hectare of 1.0 mT. Compared to 19,597 mT in 2019, the decrease is attributed to the suspension of tapping activities due to the lockdown restriction amid COVID-19 pandemic to minimise in-country movement amid pandemic. Currently c.40% of its produce is in the form of concentrated latex. Its oil palm plantation in Kelantan, Malaysia is currently being harvested for fresh fruit bunches, at an annual yield of 8.3 mT per ha. A negative EBITDA of US\$20.8 million was recorded in FY2020, mainly due to the maintenance expenditures associated with the plantations has yet to be sufficiently covered by the margins generated from plantation output.

CMC International (CMCI)

Being a fulfilment platform, CMCI is the distribution arm for our plantation outputs, which allows us to capture the whole supply chain margin from the tree all the way to the customers' door. It is also a stockist and merchandiser that buys and sells third-party rubber products with a margin. The distribution margins are used to support the development and maintenance costs of our plantations.

CMCI fulfilled 349,820 mT (which include marketing of CMCP's outputs) during FY2020, and recorded an EBITDA of US\$0.9 million.

HeveaConnect

A game-changer in the natural rubber price discovery process, HeveaConnect facilitates the trade between customers and producers for sustainably sourced and responsibly produced natural rubber. Its data-enriched platform provides traceability and sustainability data tailored to the requirements of the customers, which facilitates realisation of sales premium on sustainable rubber. In return for the services, HeveaConnect earns a volume and tenor based commission.

In FY2020, COVID-19 pandemic has supercharged digital adoption. This directly benefited HeveaConnect, which saw 169,000 mT being matched on the platform, with gross sales value of US\$185 million.

HeveaConnect secured a US\$1.5 million investment from Singapore Exchange (SGX) on 3 March 2021. Cognisant that the industry participation is crucial for such a platform, Halcyon Agri has relinquished its controlling stake in HeveaConnect by transferring a portion of its shares into HeveaConnect Equity Trust.

The shares in the Trust are administered by an independent trustee, for distribution to eligible organisations involved in promoting the sustainability agenda in the natural rubber industry. With an increased involvement from different interest groups, we believe that HeveaConnect's role as an independent marketplace will be elevated and will gain more traction with the natural rubber producers and customers.

Dear Shareholders,

2020 is an unprecedented year, and for Halcyon Agri and the natural rubber industry, it is best described as "A Tale of Two Halves", which represents contrasting characteristics of economic conditions before and after the mid-year point. Since taking over the helm of Halcyon Agri on 26 June 2020, the management team and I have worked tirelessly in navigating various challenges arising from COVID-19 pandemic, whilst we continue to keep an eye on the opportunities that we could capture going forward. My observations and thoughts of the business environment and economic conditions in 2020 are as follows:

First half (January – June 2020)

Year 2020 started off on an encouraging note, as the rubber price recovery momentum since the end of 2019 continued into January up until the Lunar New Year. SICOM TSR20 hit a high of US\$1,524 per mT on 16 January 2020. However, the rapid outbreak of a never-before-seen strain of the coronavirus around the world forced the World Health Organisation to declare it as a pandemic in March 2020 and essentially put the world on a standstill at that point in time.

Global markets tanked, and the rubber price gains at the beginning of 2020 have been wiped out due to a panic selloff post-Lunar New Year amid COVID-19 outbreak. SICOM TSR20 prices collapsed to below US\$1,100 per mT at the end of June, a level not seen in the past five years. The collapse in rubber prices in the first half, alongside a global economy catastrophe, caused a severe margin compression for the industry, and the prices were well below the breakeven costs of our plantations.

With lockdown restrictions in place, demand weakened, supply chains were disrupted and as a result, the anticipated recovery in the rubber market in 2020 did not materialise. Halcyon Agri is not immune, with the downstream factories being furloughed and offtakes reduced drastically. Our global processing capacities were underutilised, causing the margins generated not being able to cover our fixed operating costs. However, our Asia-based latex business thrived amidst the pandemic-induced demand surge for medical gloves, though it has yet to reach the meaningful scale to set off the losses from tyre demand setback.

Owing to the double-whammy effects of low price and low volume, the Group recorded a loss before tax of US\$41.1 million during H1 2020, after adjusted for non-recurring expenses.

Second half (July – December 2020)

As lockdowns remained in place throughout Q2 2020, worldwide governments are faced with a dilemma – on how to achieve a balance between protecting the economy and protecting the population. Realising that movement restrictions cannot be indefinite, and that threats from a weakening economy are looming, the governments progressively lifted the lockdown regulations in the beginning of the second half. Whilst air travel remains muted when the borders remained closed, downstream industrial activities have resumed.

Tyre factories resumed taking delivery of cargoes after months of limited activity. We have also observed a higher capacity utilisation across our factories, which was driven by a gradual improvement in demand. Margins have re-emerged alongside the strengthening of rubber prices – SICOM TSR20 levels as at end of July, August and September trading months were at US\$1,231, US\$1,367 and US\$1,357 per mT, respectively.

At the beginning of Q4 2020, we started to see a stronger, and pent-up demand. Business confidence levels improved and our customers were filling up their inventories at a quicker pace and some started to build up buffer stocks, partly due to the concerns over supply chain disruption and global logistics conditions, with reports about container shortage

started to make its way around the market. Such situations underpinned the increase in rubber prices, which hit a three-year peak of US\$1,764 per mT on 28 October 2020. The stronger demand and higher offtakes have allowed us to ramp up the utilisation of factory capacities.

Since hitting the peak, rubber prices have experienced a correction, amid lingering macroeconomic concerns: US Presidential Elections, certainty of economic stimulus, effectiveness and efficacy of vaccines amongst others. SICOM TSR20 ended a very eventful 2020 at US\$1,503 per mT, marginally higher than the starting point of the year.

The Group seized the market opportunities amidst a market recovery and recorded an improved operating performance in H2 2020. Delivered volume was at 656,115 mT, 23.7% higher than H1 2020, and almost reached H2 2019 levels. Adjusted for non-recurring costs, our H2 2020 loss before tax narrowed to US\$0.8 million, close to breakeven, and represents a significant improvement from H1 2020.

Key priorities and strategies

Every challenge is an opportunity, and Halcyon Agri have tackled this challenge head-on. During 2020, we have taken the following measures to drive profit and preserve capital:

- **Review of plantation capex:** Whilst we have ceased new planting in line with our zero-deforestation commitment, further calibrations were made to our capital expenditure plans (especially those of our replanting programme), with an aim to strike a balance between preserving cash flows and ensuring our immature trees continued to be nurtured. These immature plantations are critical in driving the Group's profitability when the natural rubber price recovers. As of 31 December 2020, the Group has c.15,000 ha of immature plantations coming on-stream in the next four years. Based on the expected yield patterns, this translates into an additional output of c.30,000 mT per annum. If rubber prices continue to recover, this should further enhance our earnings in future years.
- **Business rationalisation:** Streamlining of group-wide operations and cost structure, preserving the Group's competitiveness upon market recovery.
- **Business and commercial optimisation:** Taking advantage of the demand improvement to ramp up factory utilisation. Implemented more disciplined commercial management, balancing between capturing of margins and achieving operating efficiency. Capitalise on the demand vacuum as smaller rubber players have exited the rubber industry amid financial difficulties due to COVID-19 pandemic.
- **Customer-focused approach:** Closer engagement and strengthening commercial relationship with our key customers, understanding their production requirements and providing value-added services. The supply chain disruption induced by the pandemic has created an opportunity for us to collaborate more closely with our customers to embrace our role as a fully-integrated supply chain manager.
- **Rightsizing the capital structure:** We have issued US\$200 million of guaranteed perpetual securities on 18 November 2020. We have also recently secured a syndicated loan facility of up to US\$300 million to refinance the existing term loan coming due in December 2021. We continue to work with our banking partners to review the overall financing arrangement to ensure proper alignment to our business objectives and strategies. Concurrently, we are also reviewing our assets portfolio to identify non-core assets for potential divestments, with proceeds to be redeployed to optimise returns on capital.

Sustainability remains a core business tenet

The Group relentlessly upholds high sustainability standards in spite of the operating challenges in 2020. We have been actively involved in initiatives that advocate for sustainable natural rubber and equitable supply chain, most prominently being the Global Platform for Sustainable Natural Rubber – we are proud to be one of the 11 member organisations to pilot-test their Baseline Reporting Requirements.

Our sustainability practices have been recognised by respected industry organisations:

- Awarded an EcoVadis Gold Medal, with a score of 68/100 – a full 13-point improvement from the 2019 Silver Medal.
- Rated as #1 most transparent rubber company in SPOTT assessment by Zoological Society of London, with a score of 77.7% – from 69.9% in 2019 which earned us the second place.
- JFL attained Malaysian Sustainable Palm Oil (MSPO) certification.
- Corrie MacColl Group secured a green loan from Deutsche Bank, first of its kind for the rubber industry.
- HeveaConnect secured a US\$1.5 million investment from Singapore Exchange, paving the way for the next phase of HeveaConnect's growth as industry-preferred platform.

What lies ahead for natural rubber?

Since the turn of 2021, the rubber prices have continued to strengthen, closing off the February delivery month at US\$2,000 per mT – a level unseen since early 2017! The signs are telling: markets are excited for the prospects of natural rubber. It should be noted that the improvement in the natural rubber prices is not simply buoyed by the rise in other commodities prices, but rather backed by an expectation of improved consumption of natural rubber from 2021 onwards, as reported by the key economic and rubber organisations:

- IMF has projected a global GDP growth of 6.0% for 2021.
- OECD has also forecasted that global GDP will expand by 5.6% in 2021, which may be further strengthened by the effectiveness in global rollout and the efficacy of COVID-19 vaccine.
- International Rubber Study Group (IRSG) has projected a 7.0% year-on-year growth in the global natural rubber consumption in 2021.

Amid an improved market sentiment, we are maintaining a sense of cautious optimism on the prices and prospects of the industry, as we expect that the global economic recovery to be gradual and uneven amongst the nations.

The demand of natural rubber is expected to remain robust in the near future:

- Tyres will remain a crucial element in global supply chain connectivity, as it mobilises the delivery vehicles around the world, which has seen its utilisation boosted by the booming e-commerce industry that thrived during the pandemic.
- The demand for gloves and personal protective equipment is not expected to wane, despite the mass vaccination programme, due to the awareness and emphasis on hygiene both on personal and medical perspectives.

On the other hand, the supply is dwindling. Minimal new plantings in the past few years, under-maintenance of rubber trees due to unremunerative prices, have left the trees to be vulnerable to diseases which permanently affects its yield. Subsistence farmers have abandoned their rubber trees in search for better income through employment, or have their trees felled, to be replanted with more profitable cash crops: durian, oil palm just to name a few.

These supply issues are structural: Trees can't grow faster, and nor does the sick or dead trees can be revived or rejuvenated.

Inferring from the above observations, the future growth in natural rubber demand is likely to outpace the growth in its supply, barring unforeseen circumstances. As a leading rubber franchise, Halcyon Agri's integrated global network gives us control over the entire value chain of how rubber is grown, sourced, produced, and distributed. Hence, we are well-positioned to capitalise on these post-pandemic opportunities.

The COVID-19 pandemic has exemplified the importance of natural rubber. *Hevea brasiliensis* is the common ingredient that is fundamental to mobility (tyres) and healthcare (gloves and medical equipment), being two of the most prevalent themes at the moment. **It goes without saying that our products keep the world moving, and keep people safe.**

Innovate to sustain

The digital transformation has revolutionised the global economy. The prominence of sharing economy model gave birth to Mobility-as-a-Service (MaaS) and the ridesharing business; and the movement towards smart cities and smart living has accelerated the development of self-driving technology and autonomous vehicles. The growing consciousness about carbon footprint from the end consumers has also increased the demand of electric and hybrid vehicles over the traditional internal combustion engine (ICE) vehicles.

All the considerations above share a common theme: These vehicles all run on wheels and tyres, which are made out of natural rubber. When all is said and done, the consumption of natural rubber is inevitable in supporting the digital transformation, and hence the downside is limited.

With the growing awareness for corporations to be responsible, sustainable and "green", complying to production standards and achieving cost effectiveness are no longer the core purpose for businesses. The consumers demand, and are eager, to know what goes into their products and whether they are responsibly sourced and sustainably produced. This in turn drives the shift in demand towards sustainable products that are traceable digitally, environmentally friendly and procured under a transparent pricing framework.

Halcyon Agri recognises the importance of innovation and digitalising the rubber trade to keep pace with the changes in sustainability requirements, and has invested into innovative solutions and products. Some of the highlights are as follows:

- **HeveaConnect:** A digital marketplace for sustainable natural rubber, which allows bilateral negotiations and trades between producers and consumers for technically specified rubber with bespoke requirements. With the support from Halcyon Agri, DBS Bank Ltd, ITOCHU Corporation and most recently, Singapore Exchange, HeveaConnect is locked and loaded to launch into its next phase of growth to gain more industry traction.
- **HeveaPro:** Now owned by HeveaConnect, HeveaPro is a suite of supply chain standards that was developed in-house, which sets the bar for high quality sustainable products. Widely accepted by our customers, it is encouraging that the same standards will now be adopted as the industry standard for sustainable rubber under HeveaConnect.
- **Development of Vytex[®] deproteinised latex:** Our group-wide innovation capabilities have enabled us to engage in innovative commercial partnerships. Corrie MacColl is collaborating with Vystar Corporation to transform our Cameroon plantation output into ultra-pure latex with stronger molecular bond that offers enhanced strength, durability and flexibility in the end products. This is achieved by removing non-rubber components and 99.85% of the proteins.

CHIEF EXECUTIVE OFFICER'S REVIEW

- Realising value of our end-of-life trees:** Our Cameroonian plantations have approximately 2 million trees due to be replanted in the next 4 – 5 years. In the past, due to the logistical challenges to treat and convert the trees into a supplementary product like rubberwood, the harvested trees were left as biomass or sold as scrap. Thanks to the infrastructure development in Cameroon in the past years, it is now commercially viable to extract the value of the harvested timbers into rubberwood for furniture industry, as well as industrial wood pellets which are highly in demand now for industrial and private heating.
- Strengthening innovation capabilities through industrial alliance:** Through investment in preferred stocks of Continental American Corporation (CAC), which owns Pioneer Balloon, the Group is supporting CAC's new venture into the production of latex gloves, as part of our initiatives to incubate innovative business ideas through alliance with business partners.

Our priorities

Our mission is to be a leading sustainable supply chain manager, delivering high quality products and providing exceptional services, and in doing so, achieve sustainable profits and create value to shareholders, employees and communities.

In achieving our mission, we have set out clear priorities, based on four core pillars below, to strengthen our industry leadership position, and to deliver profits in years to come:

- Operational excellence:** Improving operating efficiency across the board, meaningfully and profitably increase our factory utilisation, building on the seamless connectivity of our global platforms to capture the improving demand of the customers, and constantly seeking for, incubate and develop innovative solutions and products.
- Customer excellence:** Deepening customer relationship, and strengthening our positions as their preferred supplier. Seek to build alliance with customers to mutually strengthen innovative capabilities.
- Corporate excellence:** Embracing sustainability as one of our key business tenets, and seek to set an industry example of a sustainable business organisation.

- Financial excellence:** Enhancing group-wide liquidity and deleverage our balance sheet, thus facilitating the ability to achieve all of the goals above, ultimately leading towards group-wide profitability.

Closing thoughts

The outbreak of COVID-19 has definitely dealt a devastating blow to the business, but we have taken the right steps and are moving in the right direction, as evidenced by the improved results in the second half. Our ability to navigate through the catastrophic economic downturn in 2020 strengthened our belief that Halcyon Agri is poised to come out of this perfect storm stronger than ever. We'll stay the course – it is a matter of time before it yields the right results.

In closing, I would like to thank all members of the Halcyon Agri family who demonstrated unity in the face of adversity, and powered through the journey with much enthusiasm and perseverance. I also would like to extend my deepest appreciation towards our Board of Directors, our bankers, our commercial partners, and all other stakeholders for their unwavering support. For all the challenges in 2020, we have come much further than you might realise, and I'm quite excited for what's in store for 2021.

I would also like to reiterate that Halcyon Agri supports the United Nations Sustainable Development Goals in creating a lasting positive impact on society. As a signatory of United Nations' Global Compact (UNGC), we remain committed to upholding UNGC's universal principles on human rights, labour, environment and anti-corruption for all our stakeholders.

David Li Xuetao

Executive Director and Group CEO

BOARD OF DIRECTORS



Alan Nisbet
Lead Independent Director

Mr Alan Nisbet is a highly experienced accountant and serves as Lead Independent Director and Chairman of the Audit Committee. He joined the Board in 2013 and is also sits on the Remuneration, Nominating, as well as the Strategy and Investment Committees. His other current roles include:

- Independent Director and Chairman of the Audit Committee of Ascendas Property Trustee Pte Ltd (the trustee-manager of Ascendas India Trust)
- Independent Director, Chairman of the Remuneration Committee and member of the Audit and Risk Management Committee at KrisEnergy Limited
- Independent Director of Keppel REIT Management Limited (the manager of Keppel REIT)
- Independent Director and Chairman of the Audit Committee at Standard Chartered Bank (Singapore) Limited

Mr Nisbet was a member of the Institute of Singapore Chartered Accountants until his retirement. He graduated with a Diploma of Business Studies (Accounting) from the Caulfield Institute of Technology, Melbourne, Australia.



Liew Choon Wei
Independent Director

Mr Liew Choon Wei is an Independent Director and Chairman of the Remuneration Committee. He was appointed to the Board in 2014 and also sits on the Audit and Nominating Committees. He joined Ernst & Young LLP in Singapore in 1979 and was Audit Partner for its largest real estate, commodities, banking, media, hospitality and retail clients before retiring in 2013.

His current roles include:

- Independent Director at Frasers Hospitality Asset Management Pte Ltd (manager of Frasers Hospitality Real Estate Investment Trust) and Frasers Hospitality Trust Management Pte Ltd (trustee-manager of Frasers Hospitality Business Trust), member of the Audit Committee, Remuneration Committee and Nominating Committee
- Independent Director, Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee of F J Benjamin Holdings Ltd
- Independent Director at The Hour Glass Limited and Chairman of its Audit Committee
- Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants



Simon Lam Chun Kai
Independent Director

Mr Simon Lam Chun Kai is an Independent Director appointed to the Board in 2019 and serves as the Chairman of the Nominating Committee. He also sits on the Audit Committee as well as the Strategy and Investment Committee. He brings many years of corporate experience, particularly in the petroleum and petrochemicals industries, and has served as:

- Chairman of Shell Companies in Singapore
- Chief Executive Officer at CNOOC and Shell Petrochemicals Company Limited
- Venture Director of Shell Eastern Petrochemical Complex
- Chief Executive Officer at Jurong Aromatics Corp, Singapore

He has previously sat on the boards of a number of government and industry bodies, including:

- Maritime and Port Authority of Singapore
- Science Centre Singapore
- International Chamber of Commerce
- Energy Market Authority of Singapore
- Hertel Group, Netherland
- Royal Vopak, Netherland
- Sinochem International Corporation Ltd

Mr Lam received his tertiary education at Adelaide University, South Australia, and is a Chartered Member of IChemE, United Kingdom.



Eddie Chan Yean Hoe
Independent Director

Mr Eddie Chan Yean Hoe is an Independent Director appointed to the Board in 2020 and sits on the Audit Committee. He was an Executive Director and a Partner of Ernst & Young Malaysia with extensive experience in auditing, corporate restructuring, taxation and accounting, particularly in the petroleum and petrochemicals industries, rubber and oil palm plantation.

He held several senior finance roles in oil and gas companies until his retirement, and has served as:

- Director of Daiman Development Berhad
- Director of Finance Department at CNOOC and Shell Petrochemicals Company Limited

Mr Eddie Chan is a Certified Public Accountant. He is a member of the Malaysian Institute of Certified Public Accountants and a chartered member of the Malaysian Institute of Accountants.



Liu Hongsheng
Non-Executive Chairman

Mr Liu Hongsheng brings decades of experience in business and human resources to his roles as Halcyon Agri's Non-Executive Chairman and Chairman of the Strategy and Investment Committee. He joined the Board in 2017. He is currently Director and Chief Executive Officer of Sinochem International Corporation (SIC). His previous posts include:

- Vice President at SIC
- Senior Vice President at SIC Chemicals Segment
- General Manager at SIC Logistics Business Division
- Deputy Head of Human Resources at China's Ministry of Foreign Trade and Economic Cooperation
- First Secretary of the Economic and Commercial Counsellor's Office at the Chinese Embassy in Thailand

Mr Liu holds a bachelor's degree in Philosophy from Peking University and an executive master's degree in Business Administration from Shanghai Maritime University.



Qin Jinke
Non-Executive Director

Mr Qin Jinke joined the Board in 2018 and is a Non-Executive Director. He has been with Sinochem International Corporation for 20 years and is now its Chief Financial Officer. He joined Sinochem in 2001 and has held senior positions in its auditing, finance and accounting departments, including:

- Deputy Chief Financial Officer
- General Manager of the Finance Department
- Vice General Manager of the Finance Department
- General Manager of the Accounting and Tax Office
- Chief Financial Officer at Metallurgy and Energy Division Assistant General Manager of the Auditing Department

Mr Qin holds a bachelor's degree in Accounting from Central University of Finance and Economics, and an executive master's degree from China Europe International Business School.

BOARD OF DIRECTORS



Wang Wei
Non-Executive Director

Mr Wang Wei is a seasoned investor and investment analyst who was appointed to the Board in 2017 as a Non-Executive Director. He serves as Managing Director of the China-Africa Development Fund's (CADFund) Infrastructure and Energy Investment Department. He is presently a Director at Nanjing Ocean (CM) Co. Ltd and Ansogli Power (Ghana) Ltd.

His previous roles include:

- Consultant with APCO Worldwide LLC (Beijing)
- Consultant with KPMG Huazhen LLP

Mr Wang holds a master's degree in International Relations, and a Bachelor of Arts in International Economics and Trade, from the China Foreign Affairs University. He is also an alumnus of Johns Hopkins University-Nanjing University, Center for Chinese and American Studies.



Li Xuetao
Executive Director, Chief Executive Officer

Mr Li Xuetao is Halcyon Agri's Chief Executive Officer and joined the Board as Executive Director in June 2020. 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), including:

- Director of Strategic Synergy Department of Chemical SBU of SG
- Deputy Director of Strategy Development Department of Chemical SBU of SG and SIC
- Vice President of SIC and CEO of Trading and Distribution Business Division
- Vice President of SIC and CEO of Rubber Business Division

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.

SENIOR MANAGEMENT



Jeremy Loh
Chief Financial Officer

Mr Jeremy Loh is the Chief Financial Officer at Halcyon Agri and is responsible for the Group's financial affairs, including corporate finance, treasury and capital management.

He joined Halcyon Agri in 2016 as the Deputy Chief Financial Officer and brings with him almost 20 years of financial reporting, control and risk expertise to the Group. His work experiences include senior roles at international banks and auditing firms in Singapore, Thailand and Malaysia.

Mr Loh holds a bachelor's degree in Accounting from Monash University Australia.



Andrew Trevatt
Chief Commercial Officer
Corrie MacColl (CMC Group)

Mr Andrew Trevatt is a co-founder of Halcyon Agri and has overseen the daily commercial affairs of the Group since 2010. He has more than 30 years of experience in the natural rubber industry, having worked in various rubber and commodity related companies in the United Kingdom, The Netherlands, the United States of America and Singapore.

Mr Trevatt has now taken on the role of Chief Commercial Officer for the CMC Group and is responsible for implementing and managing its overall commercial and sales strategies.

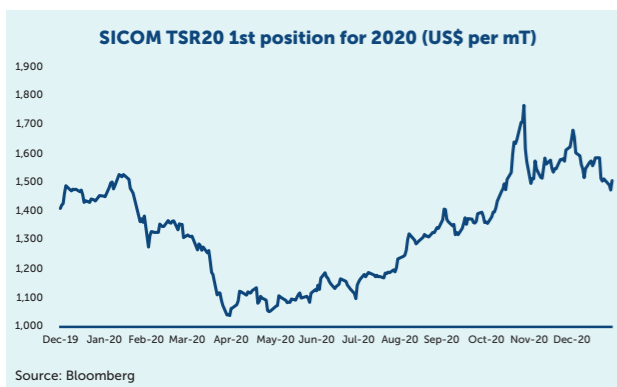


Ng Eng Kiat
Managing Director
Halcyon Rubber Company (HRC Group)

Mr Ng joined Halcyon Agri in 2013 as Chief Financial Officer. In addition to his CFO's role, Mr Ng also oversaw the Group's operations in China and Indonesia between 2017 and 2018. He was appointed Group Chief Operating Officer in mid-2018 where he was responsible for the overall Group's operations.

In late 2019, Mr Ng assumed the role of Managing Director for HRC Group and is responsible for the merchandising and risk management functions of the business unit, as well as oversight of the factory operations under the HRC Group.

Mr Ng graduated from the Multimedia University in Malaysia in 2002 with a bachelor's degree (Honours) in Accounting. He is also a member of the Association of Chartered Certified Accountants and the Institute of Singapore Chartered Accountants.



As the wheels of industry started turning again, the downstream activities began to pick up, leading to a release of pent-up demand for rubber. Consecutive quarters of expansion in both GDP and PMI globally sparked the rally in the rubber prices, which peaked at US\$1,764 on 28 October 2020. It has since retreated to close 2020 at US\$1,503 amid macroeconomic uncertainty, amongst others, the resurgence of the virus with new strains being reported and uncertainty over the outcome of the US Presidential Elections.

Demand factors

Industry 4.0 sparked the digital transformation, and has revolutionised the global economy. The emergence of sharing economy model gave birth to Mobility-as-a-Service (MaaS) and the ridesharing business, which improves the vehicle utilisation across the board; and the movement towards smart cities and smart living has accelerated the development of self-driving technology and autonomous vehicles. The growing consciousness about carbon footprint from the end consumers has also accelerated the replacement of electric and hybrid vehicles over the traditional internal combustion engine (ICE) vehicles.

COVID-19 pandemic has also supercharged the shift towards e-commerce and the low-touch economy, which brought an unprecedented level of emphasis towards supply chain connectivity. While the passenger cars' driven miles reduce as people travelled less and adopted telecommuting arrangements, the booming e-commerce industry have boosted the utilisation of delivery vehicles around the world, connecting the supply chain from the first mile to the last mile.

All the considerations above share a common theme: They all run on wheels and tyres, which are made out of natural rubber. At the root of it, the consumption of natural rubber is inevitable in supporting the digital transformation and powering the supply chain connectivity. Demand for natural rubber will remain robust and the downside is limited.

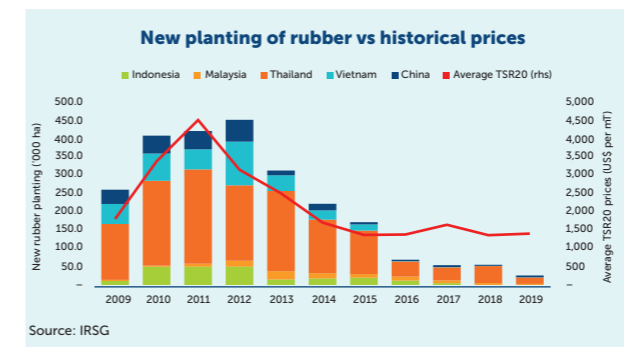
After another year of decelerating growth in 2019 – a year which the global economy grew at its slowest since the Global Financial Crisis, the natural rubber industry outlook shown some positive signs at the beginning of 2020. Phase One trade deal between the US and China was finalised in December 2019, putting a halt to a potential further escalation of trade strife, and the market was fuelled with excitement for a long-awaited pause in the trade war that has weighed on the global economy for nearly two years.

The natural rubber prices have indeed seen a recovery from December 2019 up until the end of January 2020, before the outbreak of COVID-19 spooked the market, which led to a sell-off post Lunar New Year. The market conditions further deteriorated when the World Health Organisation declared the novel coronavirus outbreak a global pandemic in March 2020, which triggered aggressive lockdown restrictions around the world.

Over the same period, global industrial activities came to a grinding halt, and the downstream tyre factories were furloughed due to lockdown measures and weakened demand. Rubber prices fell to a trough of US\$1,038 on 1 April 2020, before slowly retracing to US\$1,100 levels.

As 2020 passed its middle point, amidst the rising number of new cases, there was a dawning realisation for the governments that the lockdowns cannot be indefinite, due to the looming concerns over economic stagnation. Led by China – first into the virus and first out of it due to stringent defensive measures, many countries had progressively lifted their lockdown measures, to allow the industrial activities to gradually resume their operations.

Supply factors



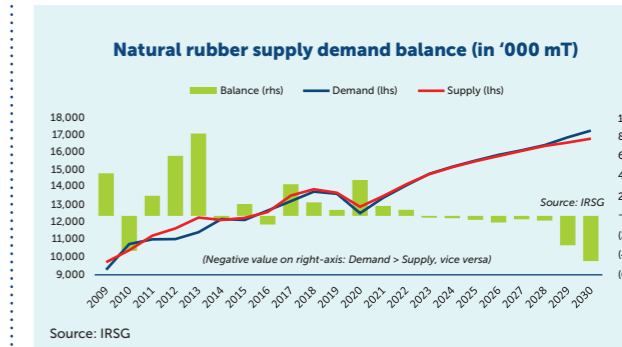
On the other hand, supply is dwindling. Due to a prolonged price suppression, the incentives for smallholder farmers to keep the supply pipeline has been little to non-existent – New plantings have been declining since 2011, when the rubber prices deteriorated from its historic high.

Subsistence farmers, who historically have relied on rubber-tapping to sustain their livelihood, have also left with little choice: either seeking for alternative income source, or continue to “abuse” the trees by overtapping and undermaintaining them to derive an equivalent monetary value to make ends meet. This has led to the trees being vulnerable to diseases, such as leaf blight¹ and leaf fall² diseases, which affects tree yields permanently.

The COVID-19 pandemic and the collapse of certain prominent commodity traders have induced a wave of credit-tightening measures by the banks for the commodities industry. This may have led to some smaller-scale producers curtailing their operations amid financial weakness and increasing difficulty in obtaining credit and cargo insurance.

Separately, whilst the global trades have carried on, population movements have been largely restricted, which resulted in foreign labours not being able to return to their country of employment. This affects predominantly Thailand and Malaysia, where tapping operations are mainly manned by foreign labours. These issues have affected and are expected to continue to affect the rubber supply in near future, until the restrictions on cross-border travel are lifted.

Closing thoughts



Based on analysis done on datasets from International Rubber Study Group, the current excess inventory situation in the natural rubber industry is expected to subside and a supply shortage will emerge, as the growth in natural rubber demand is expected to outpace supply in the near future. However, based on our on-ground observations as described above, the tipping point may come much sooner than expected.

If the auto-tyre-rubber ‘trilogy’ has proven one thing over the course of the unprecedented year, is that its proven collective and co-operative resilience and adaptability to adversity as they approach 2021 with optimism. That ‘W/V’-shaped recovery mentioned earlier looks to have been confirmed in the first couple of months of 2021. The ‘Rubber Trilogy’ looks set on an altogether better year than the one just concluded. The success of the glove industry aside, the rubber products industry should also benefit from steady economic recovery. We look forward to being a part of it all.

1 <https://ircorubber.com/2019/pestalotiopsis-endanger-national-rubber-production/>
 2 <https://ircorubber.com/2020/severe-and-critical-situation-of-rubber-plantations-in-thailand-affected-by-new-leave-fall-disease/>

The inherent potential of a plantation business

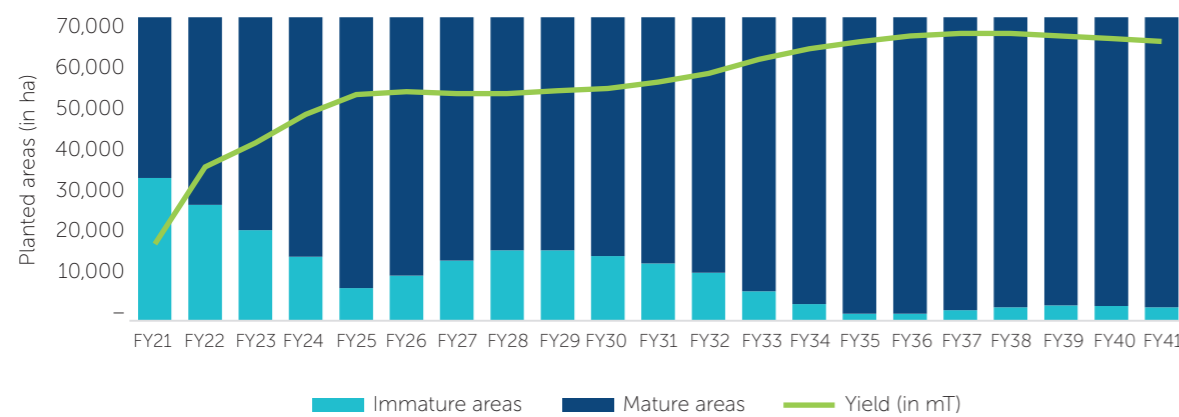
80% of natural rubber produced globally is grown by smallholder farmers. This results in a very weak ability to trace which farm or tree the rubber originates from, and with that, arises many sustainability challenges.

On the other hand, Corrie MacColl Plantations (CMCP) owns 100,000 ha (1.5 times the size of Singapore) of land in Cameroon and another 10,000 ha in Malaysia. We apply low-density planting with 38,400 ha, or just 31% of our land planted. We are committed to good agricultural practices, and having full control over both planting and harvesting means that output from our plantations is 100% traceable.

Management of our Cameroon estates began in 2016. A majority of the trees had already exhausted their economic lifespan then, and we have since engaged in a replanting programme. A plantation is always a long-term investment as time between plant and yield is roughly six years, continuous capital investment to nurture the immature plantation areas. Having been established in 2013, the first plantings of our Malaysia plantation reached maturity last year with peak production expected seven years after first harvest.

Total CMCP's output for 2020 was 15,015 mT of natural rubber and 8,356 mT of fresh fruit bunches.

Yield forecast vs maturity over next 20 years (Cameroon)



The future of CMCP paints a bright picture. The infrastructure is in place. Costs are fixed, and we have observed a recent strengthening in rubber prices. Couple that with an increase in production as trees mature, unit costs decrease and margins grow. As we enter a cyclical recovery in the market, CMCP is well positioned to supply a forecasted 55,000 mT of fully traceable, high-quality, sustainably produced natural rubber and latex by 2030. To put things into perspective this could be used to manufacture 8 billion medical gloves!

Sustainable development of our operations, and our people

The management strategy for the plantations was built around sustainability. We developed our Sustainability Policy with International NGOs Proforest and Rainforest Alliance. The Policy defines our highest sustainability standards and it includes a No Deforestation commitment across our Group's assets. 62% of our land remains unplanted and includes High Conservational Value (HCV) areas, protected land, and our 25,000-ha Community Forest where we are developing income generating programmes with all benefits allocated to the local Communities.

2021 will see the first planting of our Cameroon Outgrower Programme. 300 ha have been selected for planting this year with each applicant required to undergo a stringent sustainability and credit-risk onboarding process. The programme is forecasted to plant 27,000 ha of multi crop farms over the next 15 years, surrounding a core crop of rubber, and generating income and food security for a minimum of 13,000 smallholder farmers. At peak production, the programme is expected to produce approximately 35,000 mT of rubber which will add to CMCP's total output.

Carbon opportunities

To further our sustainability development, we engaged Rainforest Alliance last year to carry out a complete supply chain greenhouse gas (GHG) balance assessment on our plantations in Cameroon.

An excerpt from the report's summary:

"Estimated carbon sequestration in the existing rubber systems at both plantation sites far outweighed the GHG emissions associated with the cultivation and processing of rubber. However, when taking into account emissions from historical land use change this positive balance is quickly negated."

What's important is that rubber trees sequester carbon, and they store it. In fact, in our Sudcam plantation, *"The C sequestration rate in rubber is about 10 times the value of its Carbon Footprint."*

The second phase of this study is to identify carbon reduction and removal opportunities, and define potential opportunities for achieving net zero or carbon neutrality – to offset the damage done from past deforestation.

"In recent years, Corrie MacColl has taken actions to implement proactive efforts to halt further land use change and degradation in this region, coupled with the intent to support and implement activities that will lead to further climate benefits and, more broadly, ecosystem and livelihood resilience through their Outgrower Programme and Community Forest. These efforts are commendable and should be highlighted as a role model for the industry."

Note: The quotes in italicised texts above are obtained from the Rainforest Alliance Report titled "Assessing Carbon Neutral Opportunities in Halcyon Agri's Cameroon Operations".

Full report: https://www.corrie-maccoll.com/wp-content/uploads/2020/11/Assessing-C-neutrality-opportunities_final.pdf.

Public summary: <https://www.corrie-maccoll.com/wp-content/uploads/2020/11/Rainforest-Alliance-Corrie-MacColl-Carbon-Neutrality-Study-.pdf>

High-quality latex well positioned for the specialty market

CMCP made a tactical shift to latex production, targeting a 75/25 split in favour of the more specialised liquid product. Latex is used in the manufacturing of a plethora of products including condoms, balloons and even dog toys.

More importantly, latex is used to save lives! The medical industry is a large consumer of latex in the manufacturing of catheters and other medical tubing, and medical gloves. In medical gloves, natural latex is the choice raw material for its form, feel, fit and function due to superior elasticity, viral and bacterial barrier, better dexterity and sensitivity for fine movements, and for its 40% more tensile strength as compared to alternative materials.

Our Malaysian plantation, upon turning mature, is well situated to supply the Malaysian glove manufacturers (Malaysia is the world's largest glove manufacturer), while our Cameroon plantations, being the sole producer of concentrated latex in Africa, are situated strategically to benefit our European and North American customers. The Cameroon plantations benefit extensively from Corrie MacColl's distribution business which employs a technical advisory unit to assist customers with their purchase of specialty-grade products. The Group also provides logistical expertise which is needed in delivering latex, and tank storage capability.

CMCP will establish itself as the premium supplier of specialised liquid latex, from a 100% traceable, and sustainable source.

Continued advancement

There are approximately 2 million trees in our Hevecam plantation in Cameroon scheduled for replanting over the next 5 years. The building of a rubberwood processing facility will allow effective capturing of the value of these aged trees by creating by-products in the form of rubberwood for furniture, and rubber pellets for energy production. Exports of rubberwood and the sale of the pellets locally will create an income stream from what would have been previously considered waste material. In addition to the financial benefit, the programme advances our sustainability programme by ensuring the rubberwood retains its sequestered carbon while the pellets provide a more environmentally friendly source of energy.

The Hevecam plantation is also currently undergoing a step-wise programme to be ready for Forest Stewardship Council (FSC) certification which is scheduled for the beginning of 2022.



Halcyon Agri employs more than 15,000 employees globally, especially in Cameroon, where we are one of the largest private employers. It is estimated that our raw material procurement is intertwined directly or indirectly with at least 800,000 smallholder farmer households.

COVID-19 wreaked havoc across all businesses in 2020 and we were not spared. As we tackled the effects, our main priority was to secure the safety and wellbeing of the thousands of people we employ, as well as the members of the communities in locations we operate – most of whom live in lower income regions. We are proud of how our Group adapted to changes and challenges, and we thank the local communities for giving us the trust to guide and support them throughout the year.

Protecting our people

- Adoption of strict precautionary measures, taking guidance from international standards put in place by government authorities.
- Roll-out of awareness and up-to-date information campaigns through multiple channels in local languages.
- In addition to our usual Environmental, Health and Safety (EHS) practices, we mandated the use of personal protective equipment (PPE) such as masks. Gloves were distributed to our staff according to the level of risk in different areas of operation.
- Strict compliance to safe distancing rules: Unnecessary movement or overcrowding was discouraged through evening curfews, staggered working hours, work-from-home where possible, and newly painted ground markers.

- In addition to the regular disinfection of villages and communal buildings, all incoming vehicles are disinfected before being allowed into the compound.
- Both of our Cameroon plantation hospitals have been certified as official testing centres by the government which allowed our teams to provide tests to our communities, as well as those surrounding our concessions.
- During times of rising cases within the regions of the plantations, precautionary measures that align with international standards were put in place. These included mandatory testing upon employees' return to the plantation, quarantine periods and a second test.
- Local villages have supported the concession communities in the delivery of fresh fruit and vegetables with a home delivery system of food and basic amenities; this system has ensured that employees and their families are well fed during the period of movement restrictions.
- Global teams have adopted video-conferencing platforms to promote regular communication and to keep motivation high whilst working from home. To continue a sense of normalcy, social events, and celebrations such as Christmas and birthdays have gone virtual.



Dedicated employees disinfecting incoming vehicles (Taken at our Hevecam plantation)



Disinfecting communal buildings (Taken at our Sudcam plantation)



Briefing and informational updates about COVID-19 (Taken at our PT Hok Tong Palembang factory)



Bulletin board detailing the COVID-19 information (Taken at our Hainan factory)

Protecting our communities

- Collaborated with local Cameroonian NGO, APIFED as well as Red Cross to deliver one of the earliest and largest COVID-19 awareness campaigns for communities neighbouring our plantations.
- We have actively reached out to local communities to inform and educate them about COVID-19, in collaboration with local governments.
- Increased the cleaning frequency of the environment surrounding the factories, and disinfecting the communal areas (such as schools and housing areas).
- Distribution of prevention kits to communities surrounding our operations, which comprises soaps, face masks and hand washing barrels, with demonstration on how to use these correctly.
- In Cameroon, a toll-free number has been established in the plantation communities to connect the caller to the nearest medical facility in order for the suspected cases to promptly receive medical assistance. Fully functional isolation treatment centres have been established to accommodate up to 200 people, ensuring that patients are treated separately without posing a health risk to the wider community.
- Community school students attended classes on a rotational basis, as the seating capacity was reduced by half to ensure safe distancing in classrooms.
- Food assistance programme to the community members affected by the lockdowns, in collaboration with local government authorities.



Daily temperature monitoring of our employees (Taken at our Sudcam plantation)



Safe distancing during meal times (Taken at our SDCI Ivory Coast factory)



Harnessing video conferencing facilities to stay connected

Our way forward – Business continuity plans

COVID-19 exemplified the necessity of a business continuity plan to manage the unforeseeable circumstances, minimise the disruption to our global operations and ensure that the business remains resilient in spite of external disruptions. The key features to the business continuity plans are as follows:

- Communicate with internal and external stakeholders on timely basis, to keep them fully apprised of our plans and to secure their ongoing support.
- Adhere to all travel and health advisories issued by the respective local government agencies and global health authorities.
- Identify critical business functions and essential employees, and deploy appropriate business continuity arrangements, such as split team arrangements as well as cross-training and covering arrangements to minimise disruption due to risks of infection.
- Utilise flexible work arrangements, and provide the employees with sufficient tools and resources to support telecommuting.



Hand-making face shields to be distributed to local communities (Taken at our Teck Bee Hang factory)



COVID-19 awareness campaigns to the local communities (Taken at our Hevecam plantation)



Face masks were made mandatory in local schools, and reduction of seating capacity (Taken at our Hevecam community school)



Distribution of PPEs to the local community (Taken at our Teck Bee Hang factory)



Distribution of care packages to communities surrounding our factories (Taken at Kedah, Malaysia)



Briefing to communities (Taken at the living quarters of our plantation workers in Ivory Coast)

January 2020

16 Jan
PT. Pulau Bintan Djaya became the Group's wholly-owned subsidiary.

April 2020

24 Apr
Consolidating some of the world's oldest and most established rubber trading brands – **Wurfbain, Corrie MacColl, and Alan L Grant** distribution franchises to operate under Corrie MacColl brand, a vital phase to strengthen Corrie MacColl's market presence and achieve higher brand visibility.

August 2020

17 Aug
JFL Holdings receives Malaysian Sustainable Palm Oil (MSPO) certification, a recognition for responsible management of palm oil plantations, smallholdings and palm oil processing facilities.

November 2020

9 Nov
Deepening partnership with Pioneer Balloon, one of the world's largest balloon manufacturer, by investing in the preferred stocks of its holding company Continental American Corporation, to support its new venture into the production of latex gloves.

18 Nov
Completion of issuance of 3.8% US\$200 million perpetual securities guaranteed by Sinochem International Corporation. The securities are classified as equity, which strengthen the Company's capital position.

March 2021

3 Mar
SGX invests US\$1.5 million into HeveaConnect, Halcyon Agri cedes controlling stake as part of its commitment to accelerate industry adoption of the digital platform, and driving sustainable development in the natural rubber industry.

17 Mar
Rank #1 most transparent rubber producing company in SPOTT assessment by Zoological Society of London, from second place in previous assessment in 2019.

March 2020

27 Mar
Collaboration with China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters (CCCMC) to develop practical and systematic solutions for Sustainable Natural Rubber.

June 2020

19 Jun
Partnership with Deutsche Bank for sustainability-linked financing for an initial amount of US\$25 million, with an accordion option to upsize the facility to US\$75 million.

26 Jun
Appointment of Mr David Li Xuetao as the Chief Executive Officer as part of management transition plan.

Mr Robert Meyer and Mr Pascal Demierre retired from their offices as the Group's founding Chief Executive Officer and Chief Corporate Officer, respectively.

October 2020

22 Oct
Awarded EcoVadis Gold Medal for Sustainability, a major improvement from silver medal in 2019.

January 2021

15 Jan
Corrie MacColl launches second phase of Sustainable Sourcing Policy with Rainforest Alliance, with the purpose of extending in-house sustainability standards to business partners.

27 Jan
Sudcam kick-starts the operations of its state-of-the-art latex factory, with capability to produce fully traceable concentrated latex to fulfil the growing demand in the Western Hemisphere.

April 2021

30 Apr
Obtained a syndicated loan facility of up to US\$300 million with a tenure of three years, to refinance existing term loan.

2020 was a financially challenging year for Halcyon Agri. The Group's ambition to seize opportunities and capture profits, on the back of an anticipated recovery in rubber market in early 2020, has been sideswiped by the COVID-19 outbreak. In response, we have nimbly executed several key strategies to navigate the pandemic:

- **Completion of US\$200 million subordinated perpetual securities** guaranteed by Sinochem International Corporation, our major shareholder, has allowed the Group to strengthen our capital structure and improve its operating liquidity.
- **Obtained a three-year syndicated term loan of up to US\$300 million**, which will be used to refinance an existing term loan. Completion of the exercise is subject to fulfilment of standard conditions precedent.
- **Partnered with Deutsche Bank for a sustainability-linked loan of US\$25 million**, with an accordion option of US\$50 million. The proceeds from such loan are utilised to fund our global plantation operations. This facility is first-of-its-kind in the natural rubber industry, where the financing costs are closely linked to our sustainability performance.
- **Streamlined our global operations to preserve our competitiveness upon market recovery.** In doing so, we have incurred US\$14.4 million one-off expenses in 2020, which is expected to bring about savings in the future.

- **Calibrated our plantation capex** with an aim to strike a balance between preserving capital and ensuring the immature trees continue to be nurtured. This contributed to a 25% reduction in plantation capital expenditure to US\$27.9 million in 2020, from US\$37.4 million in 2019.

On top of the above, we have also entered into important partnerships that strengthened our strategic footing ahead of the future:

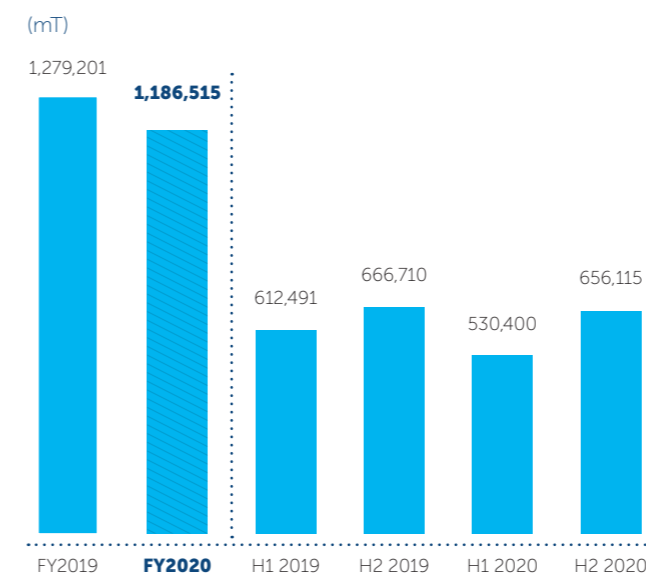
- **HeveaConnect Pte. Ltd. has secured a US\$1.5 million investment from Singapore Exchange.** The significance of this deal lies in the endorsement of the core rubber marketplace. With the transfer of our 14.7% shares into HeveaConnect Equity Trust, we have **ceded our controlling stake in HeveaConnect**, and accordingly will no longer consolidate HeveaConnect as the Group's subsidiary. HeveaConnect's independence is crucial in facilitating its next stage of growth and promoting industry adoption.
- **Invested US\$3 million in preferred stocks of Continental American Corporation (CAC).** CAC is the owner of Pioneer Balloon, one of the largest balloon manufacturers globally and also one of our important customers in North America region. This strategic investment is part of the Group's strategy to strengthen innovation capabilities through industry alliance.

Selected Key Financial Statistics

US\$m unless otherwise stated	2020	2019
Sales volume (mT)	1,186,515	1,279,201
Revenue	1,708.8	1,907.7
EBITDA		
As reported	1.4	71.7
Adjusted for fair value gains and non-recurring expenses	11.5	26.7
Operating (loss)/profits		
As reported	(31.3)	38.3
Adjusted for fair value gains and non-recurring expenses	(21.1)	(6.7)
Return on assets¹ (%)	0.6%	1.4%
Return on equity² (%)	1.5%	4.5%
Return on capital employed³ (%)	0.9%	2.3%

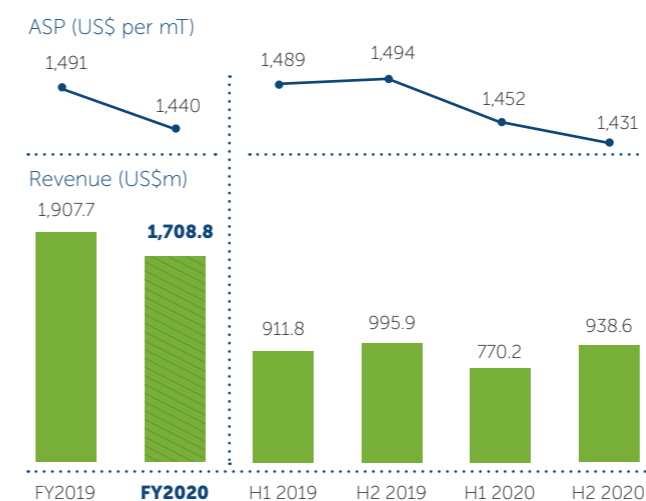
Notes:

1. Return on assets: Adjusted EBITDA divided by total assets
2. Return on equity: Adjusted EBITDA divided by total equity
3. Return on capital employed: Adjusted EBITDA divided by capital employed (term debts plus total equity)



Sales Volume

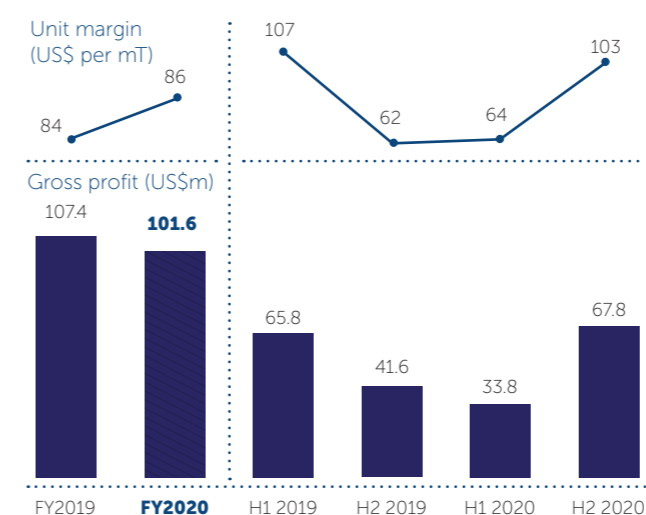
The outbreak of COVID-19 has affected the downstream demand and disrupted the global supply chain, which resulted in a 7.2% year-on-year decrease in the volumes being delivered during the year. Typically, the first half delivered volume trends lower due to wintering season in key rubber origins, but in H1 2020, the slump has been exacerbated by the COVID-19 impact, which caused the downstream factories to be furloughed, and our factory capacities underutilised. H2 2020 rebound in volumes were driven by a strong recovery in downstream demand, where the countries progressively lifting the lockdown restrictions.



Revenue and Average Selling Price

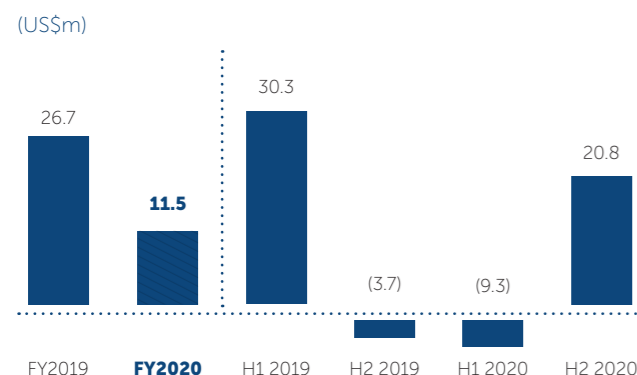
Revenue decreased by 10.4% from US\$1,907.7 million to US\$1,708.8 million in 2020, in part due to 7.2% decrease in volumes, as well as a 3.4% reduction in average selling prices. Average selling prices (ASP) are lower in tandem with the 6.7% decline in the average SICOM TSR20 prices from US\$1,406 per mT in FY2019, to US\$1,318 in FY2020, impact of which saddled by the higher sales premium realised.

Our sales are conducted via two major mechanisms: Spot, and Long-Term Contract (LTC). Spot sales are entered to secure nearby cargoes (i.e. two to three months away from contracted date), with prices and delivery months fixed, that allows effective capturing of margins but more susceptible to the rapid changes in the downstream activities. Meanwhile LTCs are typically determined based on the average prices of the month preceding cargo delivery, and offers guaranteed capacity utilisation, but will be subject to a higher exposure to margin variation, if raw material prices at origin diverge from futures prices used to price LTCs. We continuously review and calibrate our sales mix to balance between realisation of margins and ensuring our factory capacities are optimally utilised.



Gross Profit

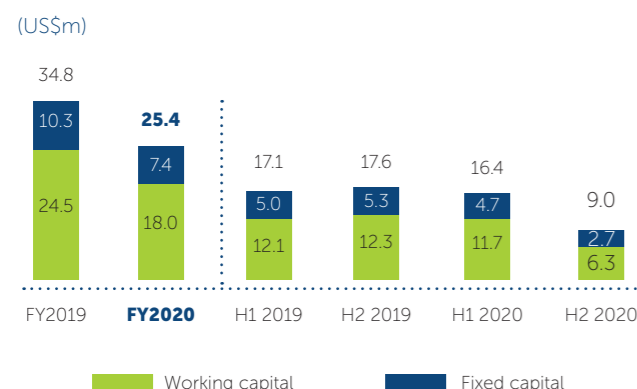
Gross profit reduced from US\$107.4 million in FY2019 to US\$101.6 million in FY2020, or 5.4%, which is volume-driven predominantly. It was partially set off by a higher unit margin. Reduced downstream demand since H2 2019 was caused by economic uncertainty, and was worsened by COVID-19 in H1 2020. The effectiveness in capturing of margins is sensitive to the prevailing benchmark prices, downstream demand, raw material availability and costs.



Adjusted EBITDA

Adjusted EBITDA reduced by more than half in 2020, from US\$26.7 million in 2019 to US\$11.5 million in 2020, which was mainly contributed by a US\$5.8 million decrease in gross profit, as well as the non-recurrence of the recovery of social charges amounting to US\$7.1 million from the Cameroonian government recorded in 2019.

Adjusted EBITDA as stated above is derived after excluding of non-recurring expenses, as well as fair value gains from biological assets and investment properties from reported EBITDA.



Net Financing Costs

Working capital financing costs comprise entirely the interest expenses incurred for the funding of the Group's working capital cycle. Meanwhile, fixed capital financing costs represents the net costs from structural financing facilities that includes term debt interests as well as financing income.

Net financing costs decreased by 27.0% from US\$34.8 million to US\$25.4 million, driven by the lower global benchmark interest rates, as well as the working capital interest savings from paring down of working capital loan balances out of the issuance proceeds of US\$200 million perpetual securities in November 2020.

Performance by Segment

US\$m unless otherwise stated	CMC Group		HRC Group		Corporate		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Sales volume ('000 mT)	349.8	378.5	881.5	946.1	-	-	1,186.5	1,279.2
Revenue to third party	533.3	595.0	1,175.3	1,312.7	0.2	-	1,708.8	1,907.7
Gross profits	21.6	30.7	80.3	76.6	-	-	101.6	107.4
Operating profit/(loss)*	(26.4)	(5.5)	19.2	13.9	(13.8)	(15.2)	(21.1)	(6.7)
EBITDA *	(17.0)	3.6	40.4	35.9	(12.6)	(14.2)	11.5	26.7

* Adjusted for non-recurring expenses, fair value gains and intragroup management fees.

CMC Group

After adjusting for the fair value gains on biological assets and non-recurring expenses, CMC Group's operating losses have widened in FY2020, mainly due to the fact that the current prices are below breakeven point of CMC plantations – the contribution margins generated were not able to set off the fixed costs from the maturing plantations. Gross profits decreased by US\$9.1 million from 2019 to 2020, which is due to volume reduction and comparatively lower unit margins amid downward pressure in rubber prices and the weakened demand. Also contributing to the variance is the absence of the recovery of social charges amounting to US\$7.1 million which happened in 2019. The maturing of CMC Group's plantation profile has also resulted in a higher maintenance costs being expensed off in 2020.

HRC Group

Adjusted for the management fee, have improved as compared to the previous year, due to effective capturing of sales premium and processing margins, as reflected in the improved unit gross profit. This was set off by the lower sales volume, caused by the pronounced demand weakness in H1 2020.

Corporate

This segment covers the key administrative and support functions for the Group. Operating losses decreased from US\$15.2 million in FY2019 to US\$13.8 million in FY2020, mainly due to the reduction in corporate costs, that is in line with the Group's rationalisation effort amid a challenging operating environment.

Financial Position

The Group's net assets have increased from US\$589.0 million in December 2019 to US\$748.7 million in December 2020. The key reason of the increase is due to the net proceeds of US\$192.6 million from the issuance of perpetual securities in November 2020, as well as foreign currency translation gains following the strengthening of the local currency against US Dollar, which sets off the losses for the year.

The Group continues to maintain a stable funding base, where financing tenors are matched, cash balances are unencumbered and fixed assets are sustainably financed.

The table below summarises the management's assessment of the Group's capital structure:

US\$m unless otherwise stated	Dec-20	Dec-19
Net working capital assets ¹	545.2	540.9
Cash and cash equivalents	45.7	57.9
Loan receivables	61.7	51.7
Total net working capital employed	652.6	650.5
Working capital loans	463.5	572.6
Efficiency of Working Capital Funding (%)	71.0%	88.0%
Operational long-term assets ²	1,064.5	1,017.5
Non-core assets ³	43.6	44.7
Total long-term assets	1,108.0	1,062.2
Other borrowings	548.1	551.1
Fixed Asset Gearing (%)	49.5%	51.9%
Total equity (excluding perpetual securities)	556.5	589.0
Perpetual securities	192.6	-
Total equity (including perpetual securities)	749.1	589.0
Term debt to equity gearing ⁴	0.73 times	0.94 times
Net asset value (NAV) per share ⁵	US\$0.47	US\$0.37

Working capital funding efficiency decreased to 71.1%, mainly driven by liquidity headroom created from the availability of the proceeds of issuance of perpetual securities. Such proceeds were channelled to pare down working capital loans.

Fixed asset gearing decreased from 54.2% in December 2019 to 51.5% in December 2020, mainly due to the increase in asset base in line with the continuous investment into immature plantation upkeep across our plantation platform and weakening of US Dollar against local currencies.

Notes:

1. Net working capital assets for the Group are defined as the sum of operational trade and other receivables, net derivative assets, inventories, assets held for sale, net off against trade and other payables.
2. Operational long term assets of the Group are defined as intangible assets, PPE, plantation and biological assets, and other non-current assets and right-of-use assets, net off against non-current liabilities.
3. Non-core assets mainly made up of investment properties.
4. Gearing = Term debts divide total equity.
5. NAV per share = Total equity divide total shares outstanding (1,595,011,941 shares).

Cash Flows

US\$m	2020	2019
Operating cash flow before working capital changes	28.0	15.3
Changes in working capital	(36.4)	(30.0)
Payments of taxes and working capital loan interests	(13.4)	(26.9)
Net cash flow from operating activities	(21.8)	(41.6)
Net cash flow from investing activities	(48.7)	(65.5)
Net cash flow from financing activities	56.7	38.7
Net changes in cash and cash equivalents	(13.8)	(68.5)

Operating cash flows

Operating cash flows before working capital changes increased from US\$15.3 million in 2019 to US\$28.0 million in 2020, reflecting cash-generating capabilities of the Group's core operations. Taking into account the investments into working capital, as well as the working capital loan interests and tax, the net cash outflow from operating activities reduced from US\$41.6 million in 2019 to US\$21.8 million in 2020.

Investing cash flows

Net cash used in investing activities have decreased, from US\$65.5 million in FY2019 to US\$48.7 million in FY2020, as part of our group-wide strategy to preserve capital and reduce capital expenditures. Specifically, the plantation capex has decreased from US\$37.4 million to US\$27.9 million year-on-year.

Financing cash flows

Net cash generated from financing activities has increased from US\$38.7 million in the previous year to US\$56.7 million in the current year, mainly due to the availability of proceeds from perpetual securities issuance.

Capital Structure Management

Treasury management

Treasury management is carried out by the business units, and coordinated by group treasury, in accordance with established policies and guidelines. Policies and guidelines are regularly updated to take into account changes in the operating-environment. Working capital requirements and capital expenditures are funded by a mix of short-term and long-term loans.

We closely monitor relevant emerging regulations which may potentially impact the way we obtain our finances or may introduce any operating constraints. We stay abreast of the latest development in debt markets and new financing opportunities. Our consistent approach has helped us in building a strong working relationship with the bankers.

Cash and cash equivalents, as well as undrawn committed facilities, are available for drawdown at short notice.

Financing profile

Halcyon Agri has access to different sources of financing. We decide on the financing approach that is suitable for our prevailing business needs, while mindful of the risk of concentration. Hence, we have a diversified source of financing, and borrow on both secured and unsecured basis.

As of 31 December 2020, the Group had total bank borrowings of US\$1,011.6 million, comprising:

- Working capital loans of US\$463.5 million (46%): These are mainly related to the financing of working capital turn, in which the cash conversion cycle is typically c.90 days.
- Term loans of US\$548.1 million (54%): These loans typically bear a repayment tenor of more than one year, and drawn to finance our investments into factory assets and plantations. It is worth noting that on 30 April 2021, the Group has obtained a three-year syndicated term loan of up to US\$300 million to refinance a substantial portion of the US\$373.2 million term loans which was classified as current liability as of December 2020.

Capital structure

In managing our capital structure, we strive to achieve a balance between shareholders' funds and external borrowings in order to maximise shareholders' return.

To achieve the optimal capital structure, we may either renew and refinance existing borrowings, obtain new borrowings, or deleverage by way of rights issue, as well as opportunistic disposal of non-core assets.

Having access to flexible and cost-effective financing allows us to quickly respond to opportunities. We also maintain a close working relationship with all of our panel banks, including the Chinese banks given our parentage. In our view, the Group has adequate sources of financing to meet our business requirement in the foreseeable future. We also use a combination of short-term and long-term debts in financing our operations, depending on the cash flow profile of the prevailing investments. Most of our drawdowns are in US Dollars, being the underlying currency of natural rubber trades.

The Board as a whole is responsible for the governance of risk and the overall internal controls framework. The Group proactively manages risks and embeds the risk management process into the Group's planning, decision-making process as well as its day-to-day operations. Our risk registers are reviewed regularly to ensure the risk mitigation measures are symmetric with market environment and Group's operations.

The risk registers are presented to the Company's Audit Committee and any material changes to the key risks areas are reported to the Audit Committee as soon as they are identified. The Board devotes significant attention to maintaining an effective system of risk management and internal controls, to safeguard the investment of the Company and its Shareholders, and ensure that risks are managed in the best interests of the Group.

RISK	CAUSE	IMPACT	MITIGATION MEASURES
PRICE RISK Fluctuations in the price of natural rubber and rubber products	Weather, political and geopolitical changes, futures market activities and currency movements	Exposure to price volatility directly impacts the Group's profitability	<ul style="list-style-type: none"> Utilise forward physical contracts and/or derivatives to manage the Group's open positions Daily reports on market positioning to facilitate management's decision making process
CREDIT AND COUNTERPARTY RISK Customer defaults and counterparty's failure to meet contractual obligations	<ul style="list-style-type: none"> Adverse market movements and volatile market price changes Inadequate screening of the customer and counterparty 	<ul style="list-style-type: none"> Customer defaults resulting in loss of revenue Breach of counterparty obligation resulting in additional costs 	<ul style="list-style-type: none"> Transact only with credit-worthy customers or counterparties Periodic review of credit terms granted Credit insurance to protect against potential default
LIQUIDITY RISK Insufficient liquidity to consistently meet obligations as well as to cater to changing business models	<ul style="list-style-type: none"> Longer-than-expected working capital cycle Bank reduces or cancels banking facilities 	Insufficient working capital resulting in inability to meet obligations on time which impacts the Group's reputation	<ul style="list-style-type: none"> Manage liquidity by matching fund's sources and usages Maintain sufficient headroom on unutilised committed banking facilities at all times
INTEREST RATE RISK Fluctuation in interest rate for loans and borrowings	Macroeconomic outlook, currency movement, political and geopolitical disruptions	Interest rate hikes could increase the Group's financing costs, which would negatively impact the Group's results as well as liquidity	<ul style="list-style-type: none"> Matching of cash availability with the repayment terms of facilities Actively monitor interest rate trends
FOREIGN EXCHANGE RISK Fluctuation in forex rates	Macroeconomic outlook, political and geopolitical changes	Inadequate hedging and unfavourable movements in exchange rates resulting in forex losses	<ul style="list-style-type: none"> Monitor exchange rate movements on an ongoing basis Employ hedging instruments to manage the exposure
BIOLOGICAL ASSETS RISK Suboptimal performance of biological assets	Unpredictable planting/replanting conditions (e.g. soil and weather conditions, plant diseases and pests)	Inefficient asset utilisation and lost profits as the Group would have to procure from third party sources to make up for the suboptimal yield of existing trees	In-house team of experienced plantation team, supported by the services of qualified professionals as required for planting/replanting matters
SOCIAL AND POLITICAL RISK Risk of changes in socio-economic and political climate	Socio-economic and political development (e.g. issues of labour laws, human rights, environmental protection) that have serious impact on local population	Improper management of such issues could tarnish the Group's reputation	<ul style="list-style-type: none"> Leverage the expertise and knowledge of local management and consultants to actively monitor the social and political risks Ensure effective risk mitigation measures are implemented in a timely manner
LEGAL AND COMPLIANCE RISK The Group operates in many different geographic locations with diverse cultures and local customs	Not being updated with changes of legal and regulatory requirements in respective geographical locations	Failure to comply with local laws and regulations may result in the Group being involved in litigations pertaining to claims and disputes	<ul style="list-style-type: none"> Maintain active communication with internal and external legal advisors Proactively engage in discussions with local governments, regulators and industry leaders

RISK	CAUSE	IMPACT	MITIGATION MEASURES
TAX AND COMPLIANCE RISK Risk in determination of our tax entitlement and obligation	Uncertainty regarding the application and interpretation of tax laws; not updated with changes in tax rules given the size and vast geographic scope of our operations	Failure to comply with tax rules which result in additional taxes, interest and penalties payable	<ul style="list-style-type: none"> Ensure that tax work is performed by personnel with an adequate technical understanding of local tax laws and consulting with external tax advisors where necessary In situations where there is inconsistent interpretation of tax laws, proactively engage with the relevant tax authorities to ensuring tax issues can be resolved as equitably in a timely and cost effective manner

Our Approach to Tax

Principles and Commitment:

We are committed to ensure compliance with the law and relevant statutory compliance obligations.

We target to achieve an optimal tax position for the Halcyon Agri Group – which does not always mean the lowest tax result possible in every transaction, but rather an equitable one.

We respect and comply with the laws of the jurisdictions in which we operate which we knew or ought reasonably to have known.

We will not enter into artificial arrangements in order to artificially transfer profits from one business location to another in order to avoid taxation.

We support simple and competitive tax rules and stand by the principle that the taxing rights of countries should commensurate with where the economic activity occurs so as to support economic growth and job creation.

Roles and Responsibilities:

The Group Chief Financial Officer has overall responsibility for tax matters and is responsible for ongoing tax compliance and management of tax risks and exposures.



SUSTAINABILITY REPORT

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Halcyon Agri firmly believes that upholding the highest standards of corporate governance practices is critical to ensure sustainable growth and success of the Group. We are committed, and devoted to enforce best practices and all material principles of the Code of Corporate Governance 2018, as well as all other applicable laws, rules and regulations. We will continue to proactively engage all stakeholders, including the regulators, governments, industry leaders and industry associations, to understand their concerns or expectations across jurisdictions where we have presence.

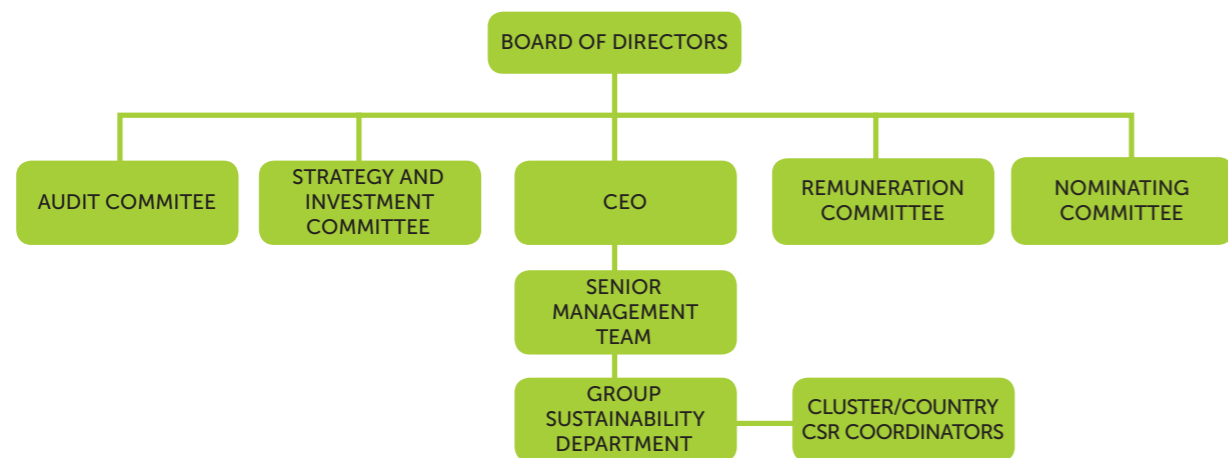
HALCYON AGRICULTURE BUSINESS PRINCIPLES



Board Responsibility

The Board has overall responsibility for the company's sustainability vision. Under the Board's leadership, six key capitals: financial, manufacturing, intellectual, human, social and natural capital are allocated in the best interests of our shareholders and key stakeholders. The Board identifies and oversees environmental, social and governance (ESG) factors that are material to the Group's business. The Board is duty-bound to exercise a precautionary approach¹ in their decision-making particularly on matters relating to environmental protection. Collectively, the Board has ultimate responsibility in reporting the Company's overall ESG performance.²

The Board adopts an inclusive decision-making to balance the needs and interests of the Company's material stakeholders. It has a written Policy on Board Diversity which endorses and promotes the inclusion of different perspectives and ideas, recognises the potential merits of gender diversity in the boardroom and welcomes female directors on board. While we acknowledge the lack of women representation in Halcyon Agri's Board for 2020, the Board is committed to advancing female candidates, should the candidates for appointment as director are relatively equivalent in their levels of required skills and experience. The Board sets the risk appetite to achieve an appropriate balance between risk and the Group's performance, and ensure transparency and accountability to key stakeholder groups. When necessary, the Board would engage professional services to identify impacts, risks, and opportunities, as well as to conduct comprehensive studies on issues or concerns relating to material risks.



1 Principle 15 of the Rio Declaration on Environment and Development: "Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation."

2 Section 3.1, Singapore Exchange (SGX) Practice Note 7.6 Sustainability Reporting Guide

Sustainability Leadership

With the support of the Board, the CEO supervises the management of material ESG issues and integrates them into the day-to-day management and operations of the Group. The CEO capitalises on the expertise of its management team and delegates sustainability related duties to the appropriate team members. For instance, the Managing Director – HRC Group leads and represents the Group's interests in industry-led sustainability discussions, including engagement with the Global Platform for Sustainable Natural Rubber (GPSNR). The CEO – Corrie MacColl Plantations, on the other hand, proactively maintains strategic relationships with key civil society groups and NGOs. Together, they champion the sustainability agenda of each business segment with the support from CEO and the Board, to achieve group-wide sustainability targets. A sustainability department was formally formed in 2019 dedicated to support, unite and reconcile the sustainability agenda of the different business segments across the organisation. To strengthen the Group's implementation of HeveaPro standards, the role of the sustainability department was expanded by establishing a network of Corporate Social Responsibility (CSR) Coordinators at each of the Group's key operating areas. While TÜV SÜD maintains their role as independent auditors for HeveaPro standards, the CSR Coordinators are responsible for driving the Company's social responsibility standards and practices in their operations and work alongside key functions such as Quality, Environment, Health and Safety (QEHS) and Human Resources (HR) teams, to ensure a holistic group-led sustainability approach.

Policies, Standards And Compliance

The Group has put in place a number of policies, standards, and systems for raising concerns as part of a strong ethics and compliance function. Our employees are expected to adhere to and comply with the Group's policies and embrace high standards of ethical business conduct.

As one of the world's largest supplier of natural rubber and the owner of sizeable plantation concessions, Halcyon Agri understands its role and obligation in minimising impact to the environment while continuing to meet the growing demand for a critical natural resource. Consistent with its commitment, the Group updated its Sustainable Natural Rubber Supply Chain Policy (SNRSCP) in January 2021. Revision to the said policy was initiated in support of the motion decided at the GPSNR General Assembly for all members to adopt the industry-first GPSNR policy framework.

On the other hand, our Sustainable Sourcing Policy articulates our requirements to suppliers. Established in 2019, the policy embraces our commitments to the SNRSCP. As we work very closely with raw material sources, we understand the complexities and challenges faced by our suppliers. Further details of this policy is elaborated in the succeeding sections relating to supply chain engagement.

Other key policies of the Group, including but not limited to anti-corruption & anti-bribery, human rights and ethical business practice, anti-harassment and environment, health and safety are embedded into a Global Employees Policies handbook which is communicated to every employee through our mandatory induction programmes.

HALCYON AGRICULTURE SUSTAINABLE DEVELOPMENT OBJECTIVES



HALCYON AGRI GLOBAL EMPLOYEE POLICIES



To supplement the implementation of the Group's policies, open door policies and whistleblowing framework are also in place to provide employees and/or third parties a trusted avenue to share their questions, concerns, suggestions or complaints and to ensure that their concern is addressed in the most appropriate manner.

Halcyon Agri's Whistleblowing Policy provides the mechanism for reporting concerns involving unethical or unlawful behaviour relating to Halcyon Agri, its employees, vendors, customers and other relevant stakeholders. All concerns raised including those reported anonymously, will be handled in strict confidence, treated fairly and assessed independently. The mechanism also commits to protecting the whistle-blower against reprisal and harassment. All reports are filed directly to the Audit Committee.

Ethics and Anti-Corruption

In 2020, we maintained a laudable record of zero confirmed incidents of corruption involving our employees. Supporting these efforts, HeveaPro standards provide the Group with essential baselines and performance indicators to enable continuous improvement plans.

Moving forward, the Group aims to improve its ethics training practices and ensure all sites have proactive anti-corruption mechanisms in place.

Materiality Assessment

In 2020, the Group initiated an online consultation to gather feedback from its key stakeholders. The intensive month-long exercise was aimed to assess the ESG factors that are material for Halcyon Agri. Representatives from Halcyon Agri's employees, key customers, investor institutions, civil society and industry bodies were invited to participate in the survey while the views from local communities, suppliers and smallholders were solicited by Halcyon Agri's CSR coordinators on the ground.

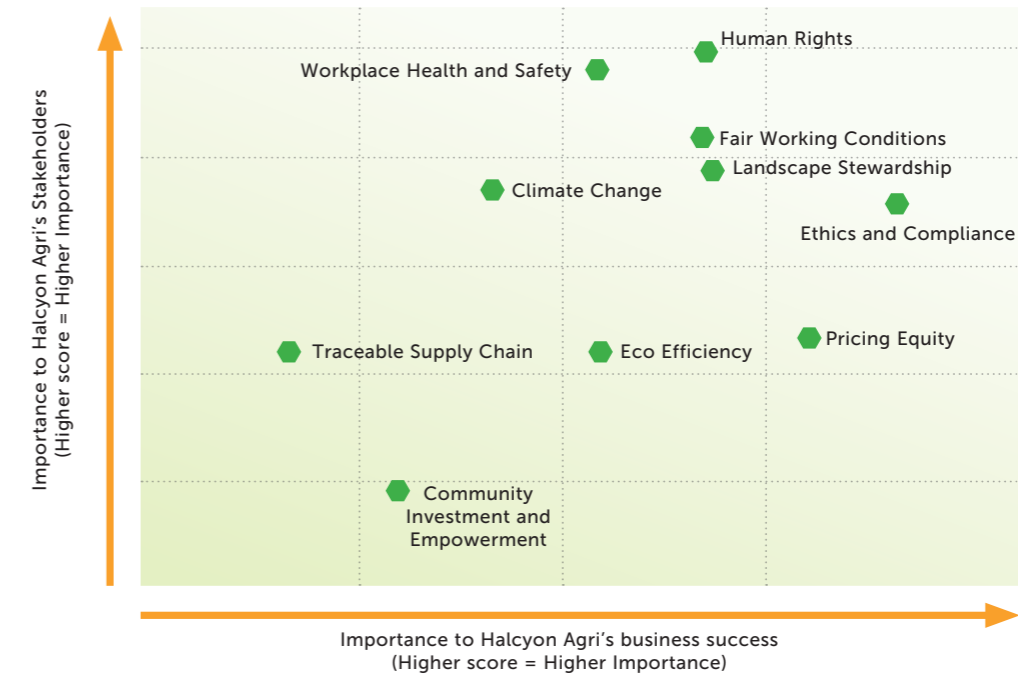
Despite movement restrictions brought about by the COVID-19 pandemic, it gave our team great pleasure to be able to receive overwhelmingly positive feedback from all stakeholder groups, with four responses out of every five invitees. Moreover, the survey was proven to be a valuable exercise to refine the scope of each material ESG factor.

With the approval from the Board, Human Rights and Climate Change have been included as one of the key ESG factors, making up a total of 10 material ESG factors for the Group. While both ESG factors were embedded in Halcyon Agri's key ESG factors previously, our stakeholders are in favour of elevating its importance further, particularly in our operations and industry as a whole.

Given the success of the survey, we will continue to undertake the consultation process at least once in every three-year cycle, supplemented by feedback received from our ongoing engagement with key stakeholders, and the ESG trends observed by the Sustainability Department.

Halcyon Agri's materiality matrix as illustrated in the next page describes each key ESG factor and its importance to the area across our supply chain, and represents a collective view on the ESG issues which Halcyon Agri and its key stakeholders consider as material to the Group:

HALCYON AGRI MATERIALITY MATRIX



Key ESG Factors

	Key ESG Factor	Description	Scope	
			Operations	Value Chain
1	Pricing Equity	Just and fair distribution of the economic value of latex/cup lumps to upstream stakeholders (Smallholder farmers)		✓
2	Traceable Supply Chain	Ability to trace raw material sources to address supply chain risk exposure to threats such as deforestation, environmental degradation and human rights and build transparency with customers and partners		✓
3	Workplace Health and Safety	Protecting the safety and health of staff, workers and affected communities	✓	✓
4	Fair Working Conditions	Ensuring workplaces are free of discrimination, forced labour and child labour; Upholding the right of workers to a decent living wage, freedom of association and collective bargaining and the intent of the International Labor Organization's eight core conventions.	✓	✓
5	Human Rights	Respecting internationally recognised human rights consistent with the UN Guiding Principles on Business and Human Rights; Applying the FPIC process where appropriate following credible methodologies; Providing a grievance mechanism that serves as a channel for dialogue and remedy for affected stakeholders.	✓	✓
6	Eco-Efficiency	Conducting business operations that minimize air, water and land pollution and ensuring efficient utilisation of natural resources such as water and energy and other production inputs	✓	
7	Climate Change	Supporting initiatives to reduce greenhouse gas (GHG) emissions in our operations and addressing risks posed by climate change to our supply chain.	✓	✓
8	Landscape Stewardship	Application of integrated landscape management and good agricultural practices; Respecting customary, traditional and communal land tenure rights; Commitment to no deforestation in support of ecosystem conservation and protection; and Responsible acquisition and management of land for the business	✓	✓
9	Ethics and Compliance	Compliance to Halcyon Agri's global standards and local regulations and adherence to universally-accepted standards and guidelines that work against corruption in all its forms.	✓	✓
10	Community Investment and Empowerment	Contributing to improve livelihoods of local communities who have an influence and/or dependence on Halcyon Agri's operations		✓

Stakeholder Engagement

Our stakeholders are those who have a considerable influence on our business, and whom our business has a significant impact on socially and economically. Ethical and ecologically sustainable business practices are fundamental to the Company's strategy for long-term growth. Understanding stakeholder perspectives is critical to determining, assessing and managing key risks and issues. As such, the Company has arrangements in place to identify and engage with the material stakeholder groups, including employees and those working across the supply chain.

We identified our key stakeholder groups based on the influence they have (or potentially have) on our organisation as well as the impact, whether positive or negative, our decisions and actions have on their own activities and decision-making. This approach took into account the principles and guidance contained in the AA1000 Stakeholder Engagement Standard 2015 by AccountAbility. Table below summarises our key stakeholder groups, our methods of engagement, and key topics raised from the stakeholder consultation on ESG factors in 2020.

	Key Stakeholders and Engagement Methods	Top ESG Concerns
1	Employees <ul style="list-style-type: none"> Annual performance review and employee feedback sessions Training and development programmes, including empowering leaders in managing teams Quarterly publication of Halcyon Rubber Times Magazine and engagement via Facebook fan page Company-wide open-door policy and CEO townhall meetings in headquarters and other offices Grievance and whistleblowing procedures in place with assurance of confidentiality and protection against reprisal Worker unions or associations and collective bargaining arrangements with factory workers Community volunteering and company recreational activities 	<ul style="list-style-type: none"> Fair Working Conditions Ethics and Compliance Workplace Health and Safety
2	Customers <ul style="list-style-type: none"> Annual or periodic on-site assessments of our factories and plantations following customer timeframe Networking sessions hosted by industry associations at least once a year Periodic meetings and daily communication via phone and emails on topics such as quality and supply chain logistics As needed formal communications (email/letters) to customers to address concerns raised Media releases and updates shared with customers relating to company updates and news posted on our website 	<ul style="list-style-type: none"> Pricing Equity Workplace Health and Safety Fair Working Conditions Ethics and Compliance
3	Smallholder Farmers <ul style="list-style-type: none"> Group meetings and discussions regarding concerns raised as and when needed, either directly or through dealers Knowledge sharing, cultural promotion and good agricultural practices in accordance with HeveaPro standards. Traceability initiatives in partnership with the customer such as Rubberway to understand their situation better 	<ul style="list-style-type: none"> Pricing Equity Landscape Stewardship Climate Change
4	Suppliers (Non-Smallholder Farmers) <ul style="list-style-type: none"> Supplier performance feedback on a per project basis Sharing project management best practices when needed Regular toolbox meetings and induction on environment, health and safety on site regulations (Processing) Training on proper use of agricultural methods, pesticides and fertilisers prior to field deployment (Plantations) 	<ul style="list-style-type: none"> Workplace Health and Safety Traceable Supply Chain Climate Change Fair Working Conditions
5	Civil Society <ul style="list-style-type: none"> Formal responses to civil society feedback posted on our websites or via email as needed Periodic or scheduled meetings with NGOs at our plantations or processing sites on a per issue or project basis. Establishment of the Cameroon Sustainability Council comprised of independent civil society participants Implementation of grievance procedures for access to remedy relating to our operations 	<ul style="list-style-type: none"> Landscape Stewardship Human Rights Community Investment and Empowerment





	Key Stakeholders and Engagement Methods	Top ESG Concerns
6	Industry Bodies (Regulatory Agencies, Governments, Industry Associations and Certification Bodies) <ul style="list-style-type: none"> Partnership with China Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters (CCCME) for joint collaboration on sustainability initiatives Membership to Global Platform for Sustainable Natural Rubber (GPSNR), UN Global Compact (UNGC) and Global Agribusiness Alliance (GAA) for engagement on key concerns affecting industry Company information and updates online through SGX announcements, disclosure of Annual Reports, Sustainability Reports, and news releases Periodic reporting of environment, health and safety compliance (regulatory agencies, governments) Third party assessments of our processing and plantation assets annually or as needed (certification bodies) Attendance in conferences, workshops and speaking engagements as scheduled by organisers (industry associations) 	<ul style="list-style-type: none"> Ethics and Compliance Workplace Health and Safety Human Rights
7	Investors (Financial Institutions, Regulators, Analysts and Shareholders) <ul style="list-style-type: none"> Company information and updates online through SGX announcements, earnings release, disclosure of Annual Reports, Sustainability Reports and news releases AGM and EGM serve as important platforms for shareholders to communicate directly with the Board Finance and Investor Relations teams as intermediaries between Halcyon Agri and investment community Senior management meetings with investors, analysts, and the media. Channels include conference calls, roadshows and industry conferences organised by major brokerage firms throughout the year 	<ul style="list-style-type: none"> Human Rights Climate Change Fair Working Conditions Workplace Health and Safety
8	Local Communities <ul style="list-style-type: none"> Provision of feedback channels at our processing and plantation sites to be treated confidentially Health promotion conducted yearly Ad hoc and continuous in kind contributions to schools and educational institutions Technical or financial support for local infrastructure maintenance or development projects Periodic contribution to local socio-cultural activities and families in need 	<ul style="list-style-type: none"> Human Rights

HeveaPro Industrial Standards: A Versatile Tool for ESG Performance Review

The HeveaPro brand is an industry tailored set of quality, environment, health & safety (EHS), security and social responsibility standards benchmarked against global customer requirements and international guidelines and best practice. Designed for natural rubber processing operations, factories are independently certified by TÜV SÜD following stringent checks comprising over 1,000 audit points.

The standards were developed in 2015 and are now managed independently by HeveaConnect, the standards owner. As of 2020, majority of Halcyon Agri's factories and two factories operated by ITOCHU Corporation have been certified to be in conformance with HeveaPro. The Group hopes the standards will be applied and recognised more widely by industry stakeholders.

In line with our commitments to transparency, the Group results from TÜV SÜD's 2019-2020 external audit exercise are reported in succeeding sections.

HeveaPro Standards	Referenced international standards and guidelines
<p>Quality Standards</p> 	<ul style="list-style-type: none"> – ISO 9001:2005 Quality Management Systems – ISO/IEC 17025:2017 Competence of Testing and Calibration Laboratories – International Automotive Task Force (IATF)
<p>Environment, Health and Safety</p> 	<ul style="list-style-type: none"> – ISO 14001:2015 Environmental Management Systems – ISO 45001:2018 Occupational Health and Safety Management Systems
<p>Supply Chain Security</p> 	<ul style="list-style-type: none"> – ISO 28000:2007 Security Management Systems for the Supply Chain – Customs Trade Partnership against Terrorism (CTPAT) of the U.S. Customs and Borders Protection (CBP) – Partners in Protection (PI) of the Canada Border Services Agency (CBSA) – Authorised Economic Operator (AEO) of the World Customs Organisation (WCO) – Mexico's Operados Economicos Autorizados (OEA), formerly known as NEEC
<p>Social Responsibility</p> 	<ul style="list-style-type: none"> – ISO 26000:2010 Guidance on Social Responsibility – SA8000 Social Accountability Certification – Global Platform for Sustainable Natural Rubber (GPSNR) 12 Principles

TÜV SÜD Audit Scope

To appreciate the scope of HeveaPro's more than 600 checkpoints for EHS and Social Responsibility, specific ESG topics relevant to Halcyon Agri's key stakeholders are listed below. As HeveaPro Industrial Standards are the exclusive property of HeveaConnect Pte Ltd., every effort was made to express audit scope clearly while respecting intellectual property rights of the standards owner.

The audit scope under HeveaPro EHS standards:

- Workplace Health and Safety**
 - Review of Hazard Identification, Risk Assessment and Risk Control risk assessment (HIRARC) records annually;
 - Implementation of periodic indoor air quality, workplace heat and noise assessments to ensure the health and safety of working conditions;
 - Presence of EHS committees ensuring worker representation with members having clear roles and responsibilities;
 - Application of Personal Protective Equipment (PPE) at key processes in the factory; and
 - Workers having access to medical facilities either within the factory or outside.
- Waste and Chemicals.** Verification of systems in place to monitor hazardous and non-hazardous waste, ensure waste chemicals are collected and stored properly and sent to licensed treaters
- Odour.** Checking for evidence of active odour treatment conducted across processing steps and regular preventive maintenance of air scrubbers, where applicable.

The audit scope under HeveaPro Social Responsibility standards:

- Freedom of Association.** Checking for evidence of systems in place that encouraged workers to organise into unions or associations, enabled collective bargaining agreements and showed evidence of active meetings and inclusive participation.
- Grievance Mechanisms.** Checking for evidence of communicating grievance procedures to workers and local community.
- Supplier Engagement**
 - Checking for evidence of supplier selection process that determines the identity of sellers, volumes they sell and origin of their raw material delivered to the sites;
 - Checking records of holding upstream economic engagement activities with suppliers (including farmers). Activities include enabling improved market access for rubber smallholders, disseminating good agricultural practices (GAP) through training or knowledge sharing. Examples of GAP topics included rubber tapping, intercropping, pest management and land conservation; and
 - Verifying evidence of systems in place that ensure supplier selection and communication are impartial and transparent.
- Community Investment.** Checking for evidence of local community engagement through skills transfer and apprenticeship opportunities, health and cultural promotion.

TÜV SÜD Audit Findings

A number of checkpoint results are presented below taken from TÜV SÜD's audit reports following HeveaPro EHS and Social Responsibility Standards. The external audits were held between 11 September 2019 to 7 February 2020 covering Halcyon Agri's 28 HeveaPro-certified sites.

Summary findings are presented in support of Halcyon Agri's Sustainable Natural Rubber Supply Chain Policy and industry initiatives such as the Global Platform for Sustainable Natural Rubber (GPSNR) and the Sustainability Policy Transparency Toolkit (SPOTT).

The following are summary findings from TÜV SÜD's audit reports:

- Ethics and Compliance.** 93% of audited sites have mechanisms set up that prohibit corrupt practices by our workers. Sites representing 7% were observed to have systems in place but fell short of proper documentation resulting in their non-conformance.
- Workplace Health and Safety.** 70% of audited sites held comprehensive environment, health and safety training.
- Non-Discrimination.** On recruitment and dismissal activities, all audited sites were confirmed to practice non-discrimination regardless of age, gender, race and religion.
- Gender Equality.** The practice of enquiring a person's sexual health (ie. pregnancy, virginity) is banned under any employment circumstances. The audit found 96% of sites showed evidence of this practice. The remaining 4% was observed to have the practice in place but lacked proper documentation resulting into non-conformance.
- Wages.** All sites were confirmed to meet minimum wage regulations set by their respective governments.
- Grievance Mechanisms.** All sites were confirmed to have open, transparent and independent grievance mechanisms in place system with access to remedy.
- Suppliers and Smallholders.** 2 of 5 sites were observed to communicate Halcyon Agri's policies and code of conduct with suppliers. From investigations, it was observed that other sites largely communicated policies verbally with suppliers and smallholders and records keeping was not consistently practised.
- Water.** 75% of sites were found to apply good practices in recording and monitoring water consumption while 12 of the 28 factories demonstrated water recycling rates of at least 40%.
- Effluent.** The audits confirmed all sites comply with national effluent discharge limits. Furthermore, all sites were found to treat cooling water from wet air scrubbers to their respective wastewater treatment plants.
- Energy.** All sites monitor fuel consumption at drying process where fuel consumption is greatest.



Our Mission and Values

At Halcyon Agri, we believe in responsible human resource management and equal opportunity for all. We recognise contributions from our employees and share best practices to build learning throughout the organisation. We have put in place group-wide policies to guide our global workforce and enable a culture of collaboration and teamwork.

HALCYON AGRI VALUES

Our values direct how we behave and our approach to achieving our goals



PERFORMANCE
To provide a pleasant, nurturing and growth-oriented environment, which encourages our employees to grow personally and professionally

RESPONSIBILITY
To support our customers by providing superior products of exceptional value, which help them gain a competitive advantage in their markets

QUALITY
To develop diversified markets, which provide stability and adequate financial returns allowing us to achieve our vision and provide full opportunities for all employees

INTEGRITY
To operate with integrity and clear business conscience, and to achieve perfect health, safety and environmental records

To sustain our vision and mission by constantly seeking renewal via continuous education and learning, and the application of new technologies and skills

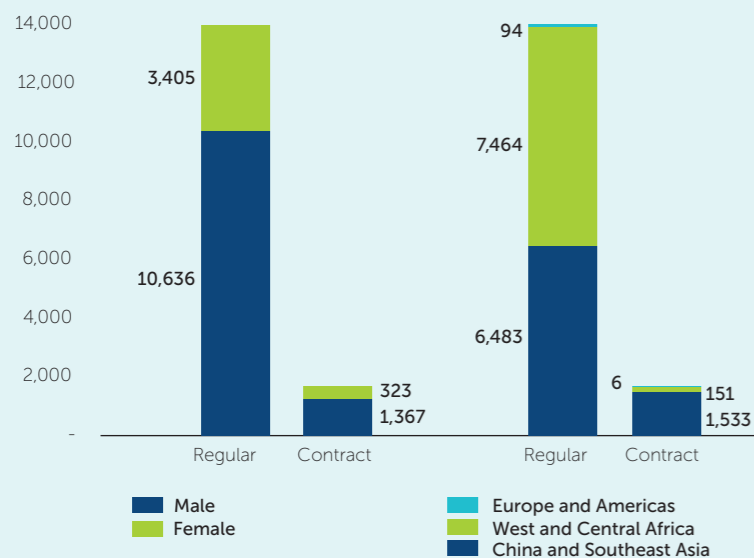
To develop a world-class group of companies serving the rubber industry

Human Capital

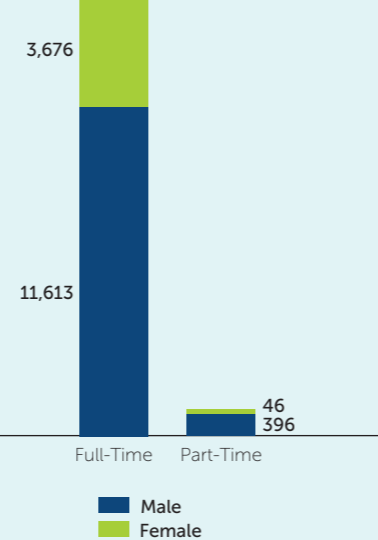
We support the careers and families of close to 16,000 employees globally. Our workforce in 2020 comprised of 24% females with over 95% of our employees working mainly in West & Central Africa and China & Southeast Asia. New hires in 2020 were slightly lower at 7% compared to turnover of 11%.

Total Employees 2020 15,731

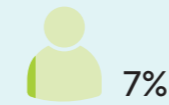
By Employment Contract, Gender and Region (2020)



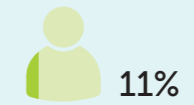
By Employment Type & Gender (2020)



Total New Hires

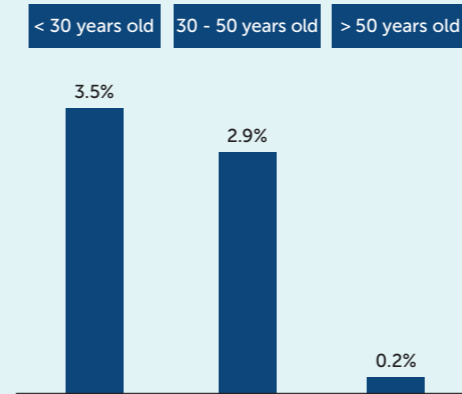


Total Turnover

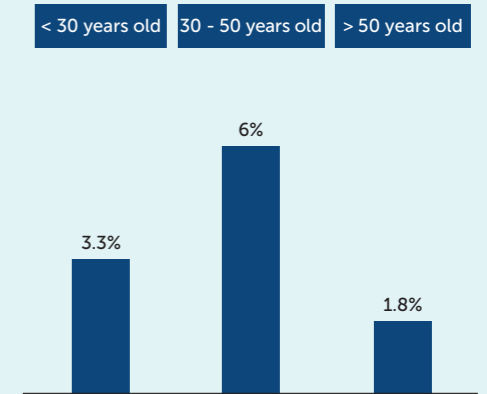


BY AGE

New hires by age (2020)

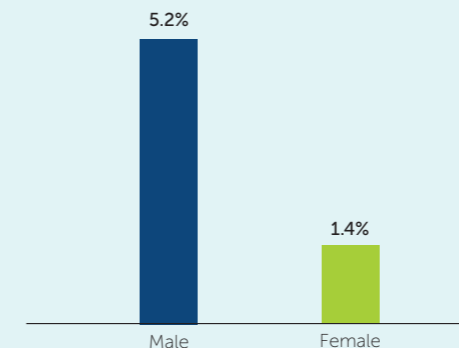


Turnover by age (2020)

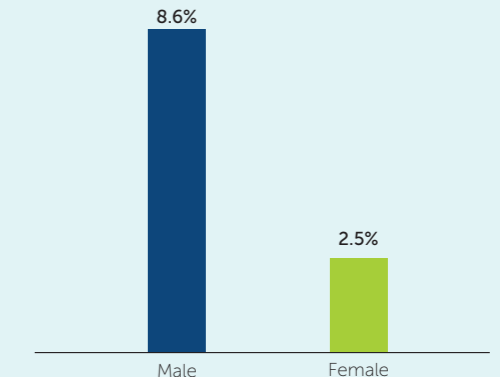


BY GENDER

New hires by gender (2020)

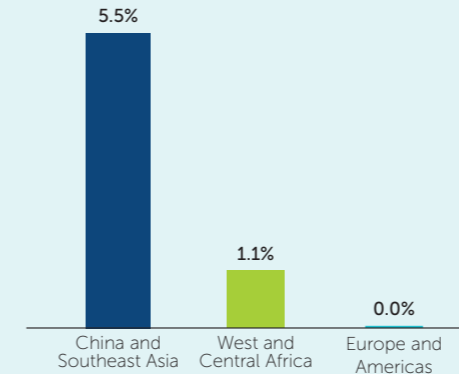


Turnover by gender (2020)

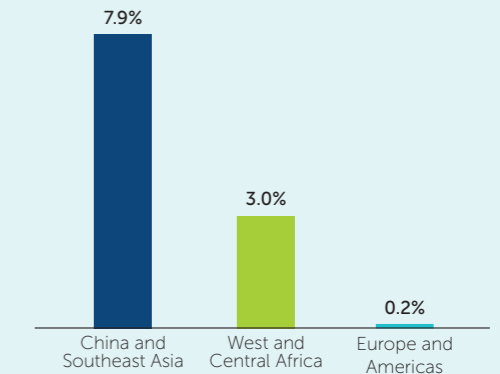


BY REGION

New hires by region (2020)



Turnover by region (2020)



Workplace Health and Safety Management System

Our commitment to health and safety is embedded in our Sustainable Natural Rubber Supply Chain Policy (SNRSCP), and all our employees are covered by an occupational health and safety management system. The main system the Group applies is the HeveaPro Industrial Standards on Environment, Health and Safety (EHS). With over 600 checkpoints, the EHS standards are specially designed for rubber processing-based activities.

In 2020, the Group maintained a total of 28 HeveaPro-certified sites out of 38 processing factories around the world. The remaining sites specifically in Thailand and China are certified to ISO45001, or plan to be certified in near future. For distribution operations, Kelvin Terminals achieved ISO45001 in 2020. As for our plantation operations, the Group implements an internal EHS management system called LatexPro. The system is benchmarked against international standards and best practices. Similar to HeveaPro, the EHS system extends beyond processing to plantation activities such as tapping.

Hazards and Controls

Our operating sites conduct comprehensive Hazard Identification, Risk Assessment and Risk Control (HIRARC) activities that cover their respective operations. We ensure the quality of these processes through annual internal and external HeveaPro audits. Findings are reported promptly to senior management for review to ensure continuous improvement in line with our SNRSCP commitments.

We recognise that most regulations where we operate require HIRARC records to be reviewed periodically such as once every three years. HeveaPro EHS standards move beyond compliance and specify updating requirements on an annual basis.

Incident reporting and investigation is mandatory in our operations. As a practice, workers are empowered to immediately discontinue their tasks at hand should they identify existing or potential unsafe activities. Workers who report such incidents are protected against reprisals as mandated by our group-wide whistleblowing mechanism. Other controls in place include physical controls and practices. Examples include installation and maintenance of emergency stop buttons on key machineries and, setting up of fire suppression equipment and safety and emergency signages throughout factory floor. Practices include regular inspection of personal protective equipment (PPE) to ensure they meet standards before issuing to workers, adoption of Permit-to-Work (PTW) system and Log Out Tag Out procedures to isolate hazards from workers.

COVID-19's Impact on Global Workforce

Halcyon Agri's operations were not spared from the unprecedented impact of COVID-19 to businesses and society as whole. Our internal reports as of January 2021 have indicated a total of 47 confirmed cases amongst our employees and six confirmed cases from our contract workers. As of the time of writing, confirmed cases are well on recovery or have promptly recovered. Fortunately, we have no reported deaths amongst our global workforce. Since its emergence, we promptly applied safe-distancing protocols, temperature screening and limited physical meetings and engagements across our operations. Staff were required to work from home and business travel was banned across the whole Group in early 2020. When safe distancing measures were eased by the respective governments, we allowed staff to report to office on an as needed basis. There were adjustments in working from home but eventually, our global staff became used to the new normal.

The health, safety and well-being of our employees are our top priority. We continue to actively monitor the situation developments across our business operation, and has mandated periodic reporting of any suspected cases to our EHS teams. Safe distancing measures remained in place and washing of hands and use of masks are regularly reminded. Business travel remains restricted. We support the vaccination programs and encourage our staff to take the COVID-19 vaccine when it is offered.

Health Services and Promotion

The health and well-being of our workers are paramount to our business. We believe in preventive health and safety measures. Apart from annual staff health screening activities, we also conduct periodic air quality, heat and noise assessments of our working environments to ensure workers operate in conditions that safeguard their well-being.

Should there be incidences of ill health, our sites have access to medical facilities within short distance. Access to health services is externally verified by TÜV SÜD's auditors using HeveaPro EHS standards. In 2020, amid the global pandemic, we conducted a global survey to ascertain the baseline conditions of medical facilities of our sites. The survey collected information such as medical staffing, facility capacities, availability of telecommunication services, medical equipment and services provided, and the access to nearest government or private hospitals. The survey helps us understand our internal capabilities, and we will use such information to support continuous improvement efforts.

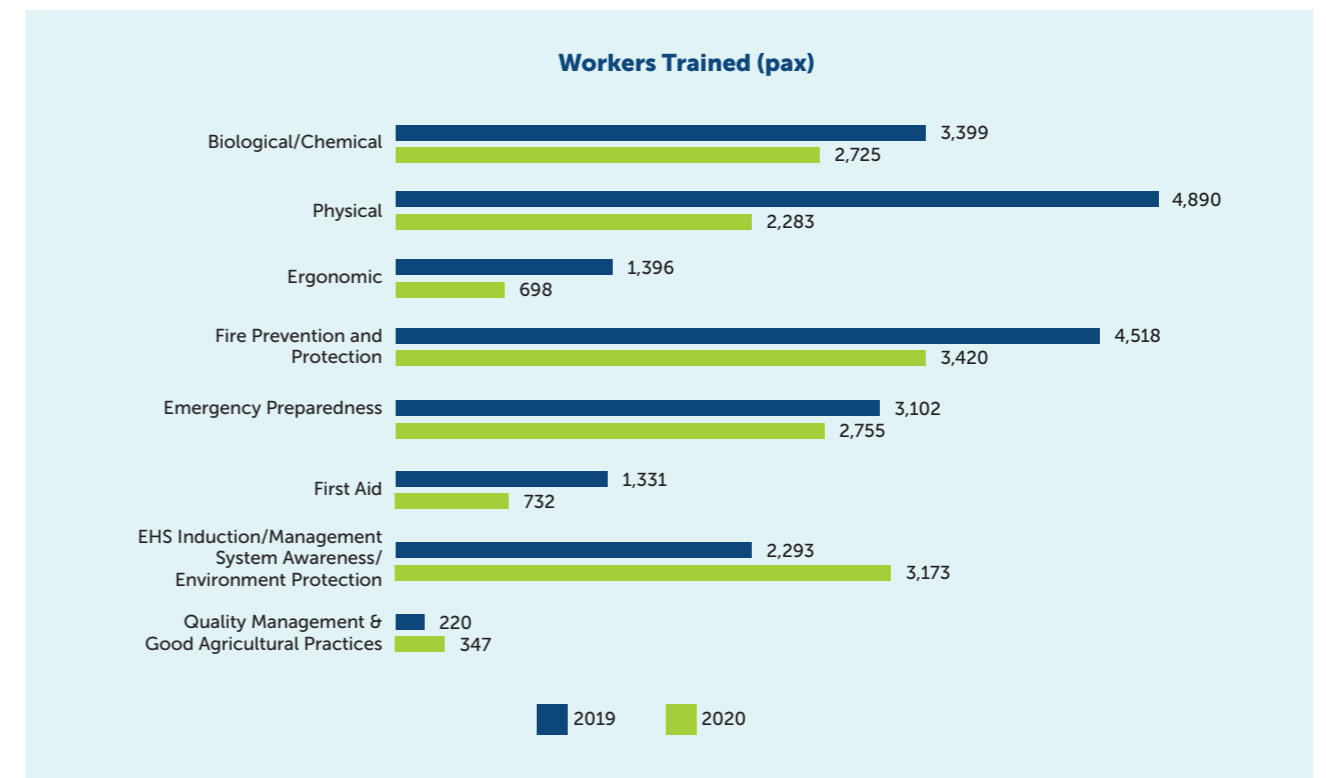
Worker Engagement and Training

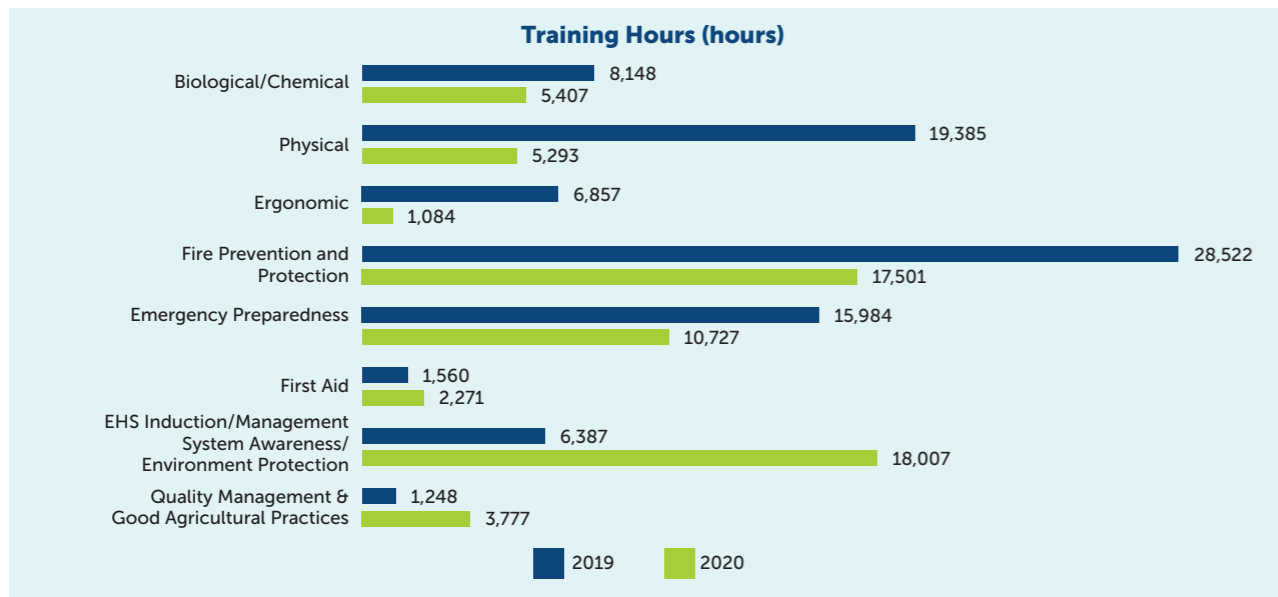
Despite local regulations requiring only health and safety committees, our group policy mandated environment, health and safety (EHS) committees in our operations. Meetings of the committee which represents all workers are held at least bi-annually and chaired by a competent employee. The EHS committee's charters are maintained through written procedures with the roles and responsibilities of members clearly stated therein. Activities and decisions of the EHS committee are communicated to workers either physically, through notice board, and/or email circulars.

To complement this, EHS campaigns are held at least quarterly to reinforce and inculcate safe behaviors amongst our workers. In 2020, our campaigns were limited to virtual communications largely due to movement restrictions and safe distancing measures that are put in place amid COVID-19 pandemic.

The audit scope of TÜV SÜD also includes verifying evidence of active EHS committees with clear roles and responsibilities and worker representation in place. While local laws where we operate require set up of only health and safety committees, HeveaPro EHS standards also require establishment of an environmental committee.

Overall, the number of workers trained and training hours were lower compared to 2019, mainly due to the disruptions brought about by the pandemic, whereby external training was restricted and in-house training was reduced to a minimum operational needs. Nonetheless, we still retain crucial training activities on emergency preparedness, fire prevention and EHS induction. The EHS briefings were especially relevant to step up safe distancing measures and screening activities for contractors and suppliers that visited our sites. We will continue to refine our training practices through needs assessment to ensure our workers remain vigilant about compliance with workplace health and safety measures.





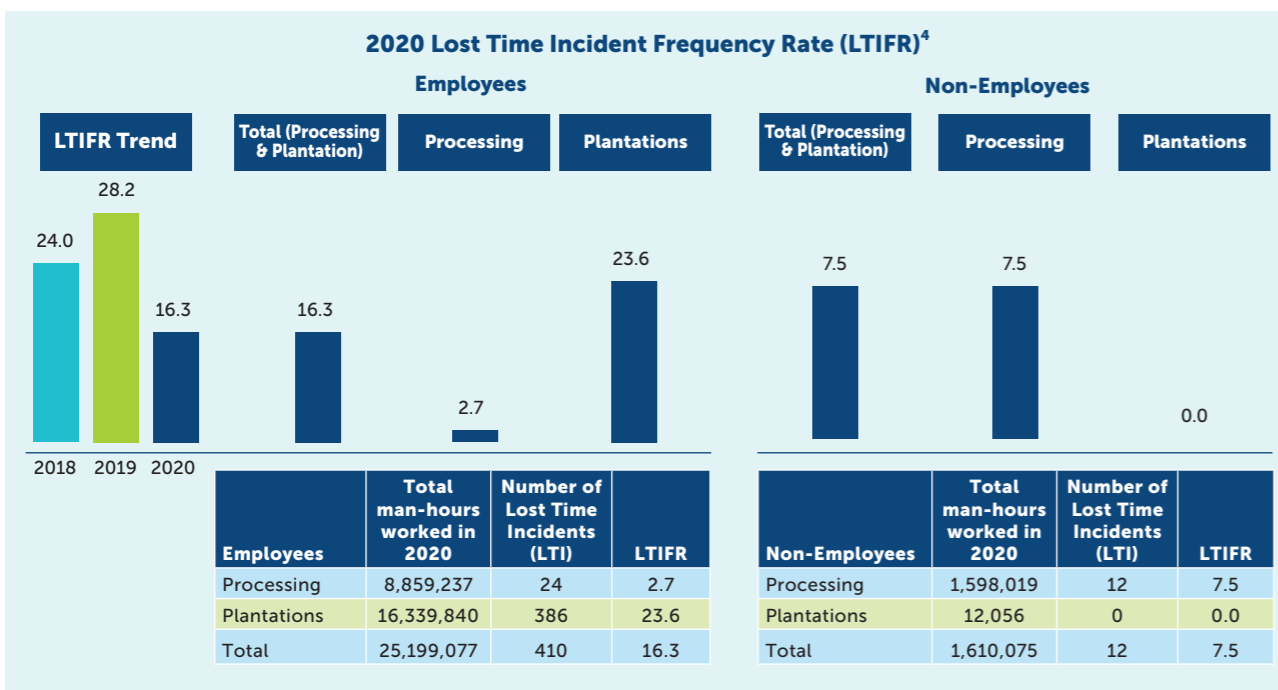
Work-related Injuries

The Group is pleased to report zero fatalities for 2020. From the start of the year, the EHS department implemented mandatory EHS reporting by all processing sites on a monthly basis. Such monitoring and control practices emphasize on accountability and correctness of reported EHS data.

Both the 2020 Lost Time Injury Frequency Rate (LTIFR) (stood at 16.3) and the Lost Day Rate (LDR)³ (stood at 76.3), are lower compared to levels in 2019. Despite an overall improvement, we are saddened to report a single high consequence workplace injury in 2020 – our worker in Malaysia factory cut his fingers while operating the rubber cutter machine. The worker was immediately given first aid by staff on

duty and sent to the nearby hospital for treatment. Further investigations and root cause analysis revealed the worker did not follow the standard operating procedure (SOP). As a preventive measure, we have placed additional warning signage and increase the frequency of SOP briefing to our machine operators.

We acknowledge higher LTIFRs for plantation employees and processing non-employees. Additional monitoring activities have been imposed by the Group EHS department which mandated monthly reporting of plantations and non-employee EHS data. This procedure aims to identify and address the root causes for the higher LTIFRs observed. We remain vigilant on our health and safety measures in the processing activities to safeguard health and safety of our employees.



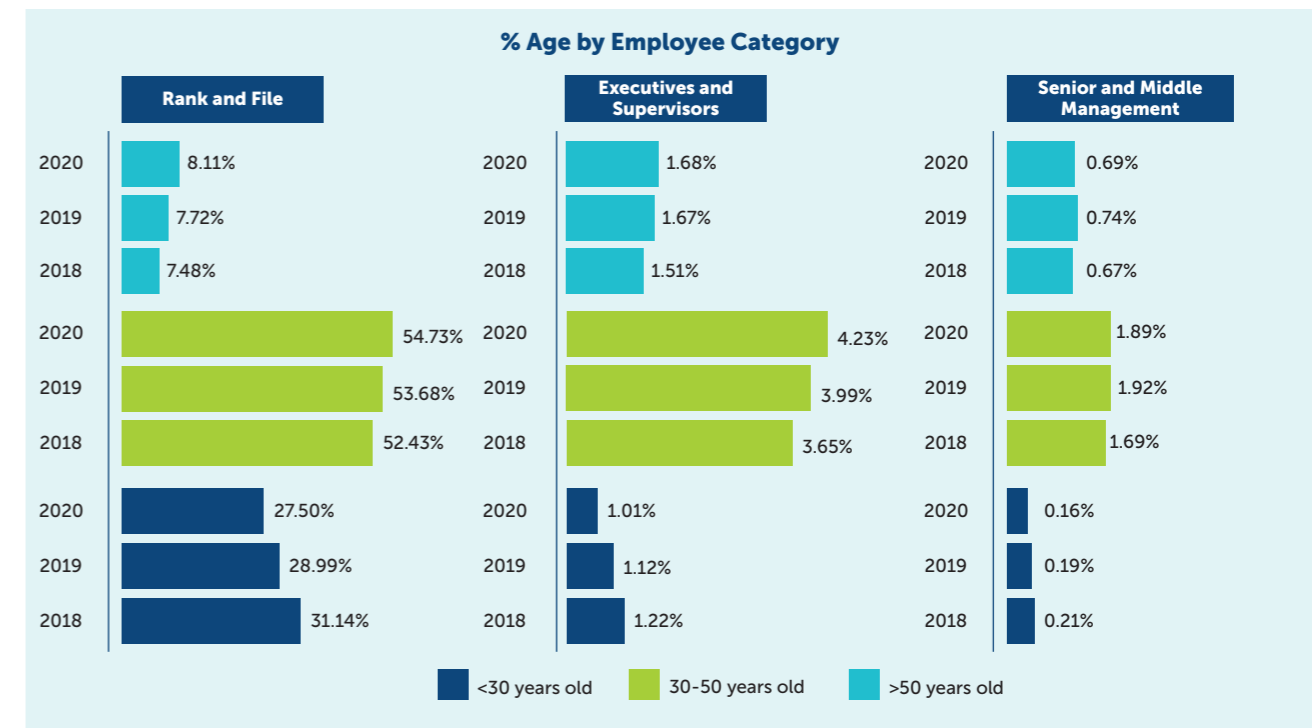
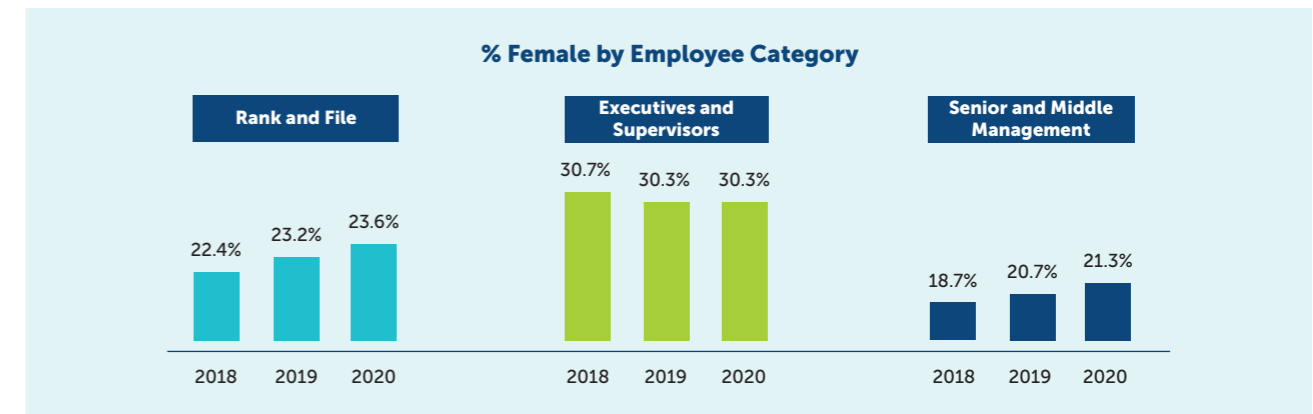
³ Lost Day Rate (LDR) is calculated based on the number of work days lost due to injury x 1,000,000 hours/ Total hours worked during the reporting period.
⁴ LTIFR is calculated based on number of occupational injuries x 1,000,000 hours / Total hours worked during the reporting period.

Fair Working Conditions

The Group is committed to fair working conditions by ensuring workplaces are free of discrimination, forced labour and child labour; upholding the right of workers to wages, and their right to freedom of association and collective bargaining.

Our employment practices prohibit any form of discrimination on the basis of age, gender, race and religion. This has been verified by TÜV SÜD auditors during their 2019-2020 HeveaPro audits. Discriminatory questions such as asking female applicants whether they are pregnant or intend to become pregnant are banned. Employees are granted maternity or paternity leave in accordance to local statutory requirements.

In the past three years, we witnessed a slight but steady increase in female representation across the Group. Female representation in senior management also stayed above 8% in 2020.



SAFEGUARDING OUR PEOPLE

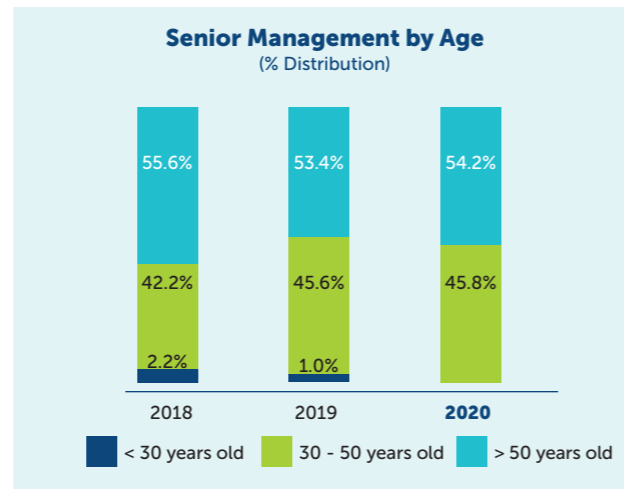


It is our group policy to prohibit employment of underage workers (typically, below the age of 18). Through our management systems, we have mechanisms in place to check and verify the age of applicants in a confidential manner as part of our recruitment procedures.

As a standard practice, living quarters of our plantation and processing factory workers must comply with the local government labour codes and regulations. Electricity and waste collection bins are provided in these facilities and they are regularly maintained. Facilities also have access to wash facilities and drinking water either through public water utilities or groundwater boreholes. For the latter, local EHS teams conduct groundwater quality tests to ensure safety of users and compliance to local water quality regulations. Consumption of water and electricity is monitored to ensure transparency to all users of housing facilities. Pest control monitoring activities are also done periodically to prevent the risk of vector-borne diseases infecting the workers and their families.

The Group adheres to the policy of equal employment opportunity and diversity. The Group ensures that its workers are remunerated not less than the minimum wage level imposed by respective regulatory authorities. Compliance with such regulations has been confirmed by TÜV SÜD's HeveaPro audit exercise.

From our practices, we confirm a 1:1 ratio on staff entry level wages with legislated minimum wages. The ratio excludes benefits-in-kind to employees. When monetised, these can account for a modest percentage of their total compensation. Furthermore, the ratio applies both to male and female staff.



The Group is supportive of workers' freedom of association and right to collective bargaining, as provided under the SNRSCP. We have operations in China and Thailand where their respective governments to-date have not ratified ILO 87⁵ or 98⁶. Despite this fact, we moved ahead of local laws and require our sites to encourage our workers to set up associations.

Collective agreements are widely practised across our plantations in Malaysia and Cameroon. For processing segment, the TÜV SÜD audit program checks for evidence on workers' right to freedom of association and collective bargaining. To ensure this right is closely safeguarded, one of the important roles of CSR Coordinators is to help factories enhance procedures and address any gaps identified from internal audits.

Guided by our Group policies and practices, we are heartened to report zero non-compliance to labour-related laws and regulations for 2020. We are committed to maintain full compliance in the years ahead.

ENGAGING OUR SUPPLY CHAIN

Halcyon Agri recognises that partnerships and close cooperation amongst all supply chain stakeholders are crucial to creating a sustainable business and shaping the future of natural rubber industry. As stated in the sustainability policy, we are committed to maintaining inclusive and participatory dialogue with key stakeholders and supporting multi-stakeholder planning and development efforts. We focus on four key areas of stakeholder participation: engaging the industry, building relationships with smallholder farmers, partnering with our suppliers and promote traceable and transparent supply chain.

Industry Engagement



HeveaConnect

To inspire meaningful change in the natural rubber industry, Halcyon Agri founded HeveaConnect in 2018 with the ambition to digitalise the traditional natural rubber supply chain and fulfil the growing demand for sustainably sourced and responsibly produced natural rubber from consumers. Through HeveaConnect digital marketplace, natural rubber producers and consumers are able to track pricing and supply information and transact directly on HeveaConnect, promoting greater price transparency in the rubber industry. Since it was launched in April 2019, HeveaConnect has successfully matched over 250,000 mT of natural rubber for global tyre majors including some of our key customers, with gross sales value exceeding US\$325 million.

HeveaConnect has recently received support from the Singapore Exchange (SGX), which joins the Company, DBS Bank Ltd. and ITOCHU Corporation as shareholders of HeveaConnect. SGX's investment into HeveaConnect is a significant milestone as it will boost industry-wide adoption by market participants requiring an independent platform. Cognisant that the industry participation is crucial for such a platform, Halcyon Agri has relinquished its controlling stake in HeveaConnect by transferring a portion of its shares into HeveaConnect Equity Trust. This also enables HeveaConnect to leverage on the data governance expertise of SGX from an exchange perspective.

In response to feedback from users, HeveaConnect has initiated a revamp of the platform's user interface and its supporting technology in 2020. HeveaConnect takes an inclusive approach and hopes to collaborate with more producers so they can benefit from the trading platform's data centre and data acquisition tools.



Global Platform for Sustainable Natural Rubber (GPSNR)

Halcyon Agri supports GPSNR's vision of a fair, equitable and environmentally sound natural rubber value chain. The multi-stakeholder initiative represents approximate half of global natural rubber volume and is represented by participants from each phase of natural rubber value chain, which comprises smallholder producers, producers, processors & traders, civil society, tyre & car makers and other product makers, as well as financial institutions. Halcyon Agri supported GPSNR's efforts in three main ways: through representation in working groups, participation in pilot and consultation activities, and facilitating discussions on a global rubber trust fund.

Working Groups

Halcyon Agri represents the views of processors and producers and sit on three main groups of GPSNR: Smallholders, Equity and Capacity-Building. The Smallholder Representation working group (SR) aimed to establish direct smallholder representation in GPSNR. The equity sub-working group (EQ), co-chaired by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and Halcyon Agri, aimed to define the meaning of "equity" for the industry and better understand living incomes of smallholder farmers while the Capacity-Building working group (CB) aims to build capacities among smallholder farmers and industrial plantations to adopt best practices in sustainable natural rubber production.

Through regular virtual meetings, the SR eventually secured representatives from smallholder communities across Southeast Asia, South America and Africa. These representatives have been formally accepted at the GPSNR General Assembly in September 2020. For EQ, the team was able to conduct living income studies in Thailand and Indonesia despite travel limitations amid COVID-19 pandemic. The studies will be used by GPSNR to understand baseline situations and support policy development. For CB, the team has successfully established national subgroups to spearhead capacity-building efforts at national and local levels. Halcyon Agri will continue to support GPSNR's working groups moving forward.

Consultations

Aside from working groups, Halcyon Agri also contributed to the drafting of GPSNR Policy Framework which has been approved in the GPSNR General Assembly. Halcyon Agri was among the 11 GPSNR members that participated in the pilot testing of a set of draft Baseline Reporting Requirements development by the Policy Toolbox and Implementation Guidance Working Group. The baseline reporting is envisaged to be a key requirement for GPSNR members to demonstrate that they are aligned with GPSNR's Policy framework in term of commitment to sustainability. We had since reviewed our sustainability policy and confirm that Halcyon Agri aligns with the Sustainability Framework endorsed at the GPSNR 2nd Assembly on 23 September 2020.

Rubber Trust Fund and Smallholder Financing

WWF and Halcyon Agri have jointly secured a grant from the inaugural Conservation Finance Alliance (CFA) Incubator for establishing a Rubber Trust Fund (RTF) for the industry. RTF aims to secure continuous financing and direct investments to offer trustworthy, efficient and transparent financial solutions to smallholders seeking to improve their livelihoods. The mechanism would be designed to engage the entire sector in addressing supply chain risks and impacts through investments that may include the matching of bi- and multi-lateral developmental aid with mandatory or voluntary fees, including fees collected through an innovative, GPSNR-endorsed rubber e-trade platform⁷. CFA is a global volunteer network established in 2002 to address financing challenges for biodiversity conservation in a sustainable manner. The grant provides expert mentorship as well as monetary support to recipients.

Throughout the year, Halcyon Agri regularly engaged in discussions with WWF and CFA and sought feedback from various industry stakeholders. Moving forward, Halcyon Agri will continue to contribute its industry expertise and supply chain connections to support WWF and its partners in designing a strategic framework for RTF. Halcyon Agri will also explore viable smallholder financing programs on the ground to complement the RTF framework.

⁵ International Labour Organization - Ratifications of C087 - Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
⁶ International Labour Organization - Ratifications of C098 - Right to Organise and Collective Bargaining Convention, 1949 (No. 98)

⁷ <https://www.conservationfinancealliance.org/incubator-selection-details/2020/4/17/trust-rubber-fund>



China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC)

In 2020, Halcyon Agri collaborated with CCCMC to foster sustainable development for natural rubber. CCCMC is a state-level social organisation directly under the supervision of Ministry of Commerce of China. It has over 6,000 members and widely considered as the largest industry organisation in the fields of minerals, petrochemicals, building materials, and ceramic sanitary ware in China.

Through a Memorandum of Understanding (MOU), the collaboration will involve assessing Halcyon Agri's policies and processes against CCCMC's Guidance for Sustainable Natural Rubber⁸ and providing advice in improving its practices. Halcyon Agri, in turn, will support CCCMC in refining the Guidance and implementation tools to benefit natural rubber companies more extensively.

Amongst the activities collaborated in 2020 are the benchmarking of CCCMC's Guidance with HeveaPro Industrial Standards and international guidelines, pilot testing implementation tools in one of Halcyon Agri's plantations and designing a stakeholder consultation framework to guide CCCMC in managing multi-stakeholder perspectives. The consultation framework was completed in 2020 while the benchmarking and pilot testing has continued on in early 2021. Halcyon Agri hopes that upon the completion of these activities, these tools can be applied in its operation and shared with the industry through CCCMC.

Smallholder Farmers

74% of the Group's outputs are supplied from smallholders



The world uses 14 million mT of natural rubber every year. 80-85% of that global supply is produced by at least six million subsistence farmer households in developing economies. The Group source at least 74% of natural rubber supply from smallholder farmers.⁹ We are acutely aware of the importance of the smallholders to the rubber industry, and are continuously engaging them to better understand their needs and concerns.

HeveaGROW

HeveaGROW is an initiative of HeveaConnect which is focused on curating and educating natural rubber smallholder farmers the best agronomical practices to protect trees and improve yields. HeveaGROW is the bridge to impart knowledge on best practices to smallholder farmers. By collaborating with SNV, a development organisation of the Netherlands government, with expertise in farmer programs, HeveaConnect is working with SNV to develop and provide digital training content for smallholder natural rubber farmers.

A total of five modules on Best Management Practices (BMP) were completed in 2020. These modules address key elements of rubber tapping, agroforestry, crop maintenance, pest management and natural rubber storage and processing. By digitising training material, HeveaConnect can offer this to a wider group. This would help the smallholder farmers to improve its plantation yields, which then translate to increased incomes and improved livelihoods.

HeveaConnect has also started collaboration with SNV, on their outreach program to educate smallholders on Good Agricultural Practices (GAP) utilising the video modules as part of their farmer training programs.

Sumatra Rubber Pilot

In July 2020, WWF and Halcyon Agri together with other supply chain stakeholders initiated a project to trace natural rubber from its sources (down to sub-district levels) to Halcyon Agri's factories in Jambi, and compare the source locations with conservation value data provided by WWF. The pilot project hopes to build on experience from the HeveaTrace and Rubberway[®] trials conducted in the previous year. The tracing exercise was completed in end-2020 and is the first of a multi-phase self-funded initiative by Halcyon Agri and other participants. Next phases involve assessing and verifying environmental and social risks at points of origin and developing financing mechanisms and capacity-building initiatives which will benefit the smallholder farmers.

Rubberway[®] in Palembang, Indonesia

In late 2020, Halcyon Agri deployed Rubberway[®] in Palembang upon completion run in Jambi province earlier in the year. Through survey interviews with smallholder farmers, the initiative will help to better understand socio-environmental profile of upstream natural rubber supply chain in Palembang.

Rubberway[®] is a technological solution that maps and assesses practices and risks regarding environmental issues, social affairs, and Corporate Social Responsibility governance throughout the natural rubber industry, along the natural rubber value chain¹⁰.

Our field teams secured interviews with 844 smallholder farmers in 2020. As a matter of protocol, farmers are assured of protection of their data privacy and are briefed on the purpose of the survey. Prior to holding interviews, our field teams procured written permission of village heads and adhered strictly to safe distancing and hygiene practices throughout the exercise. To ensure the safety and security of our field teams, they are directly supervised and monitored by factory teams and CSR coordinator-in-charge.

Continental and GIZ Partnership in Kalimantan, Indonesia

At the end of 2020, Halcyon Agri concluded its participation in a 3-year pilot sponsored and organised by Continental and GIZ aimed at establishing traceability of natural rubber from smallholder farmer communities located in West Kalimantan, Indonesia. The innovative tracing system facilitates rubber tracing from origin, thereby providing verification on source and quality. More than 400 smallholder farmers joined the programme and they were provided training by GIZ on good agricultural practices. According to GIZ, the training helped farmers to receive up to 15% more income from the rubber they produced¹¹.

Good Agricultural Practice Training

Teck Bee Hang, in partnership with the Rubber Authority of Thailand (RAOT), organised a training workshop in Yala for farmer dealers in 2020 on how to produce good quality rubber through good agricultural practices. The workshop also provided a platform to communicate our sustainability policy to participants. The farmer dealers that attended the training represented between 150 to 200 smallholder farmer households in Southern Thailand.

In Ivory Coast, our SDCL factory staff conducted a 2-day training in June 2020 to more than 60 smallholder farmers. The training programme was aimed at promoting awareness in three key areas:

- Impact of contaminants to rubber quality;
- Prohibition of child labour and forced labour in Halcyon Agri's supply chain; and
- Application of safe distancing and good hygiene measures to safeguard farmers and their families against COVID-19.

Cameroon Outgrower Programme

The programme aims to empower approximately 13,000 smallholder farmers by offering livelihood support through an intercropping model and partnering on ecological conservation. As of October 2020, 467 farmers successfully passed the onboarding process by Proforest. The programme has been gathering momentum with first year candidates all set to start planting in 2021. Updates and more information is available in the website: <https://www.corrie-maccoll.com/outgrower-programme-update/>.

Supplier Engagement

Corrie MacColl (CMC)

Corrie MacColl communicated its Sustainable Sourcing Policy to its business partners to inform them of the company's standards expectations. Continuing the collaboration with Rainforest Alliance an international NGO, CMC moved to the second phase with the release of an Implementation Manual and Strategic Actions Guide. The manual has been distributed to its top 20 suppliers in early 2021. CMC hopes to work closely with its business partners to implement pragmatic and appropriate actions in driving the sustainable development of the industry. More information is accessible in its website:

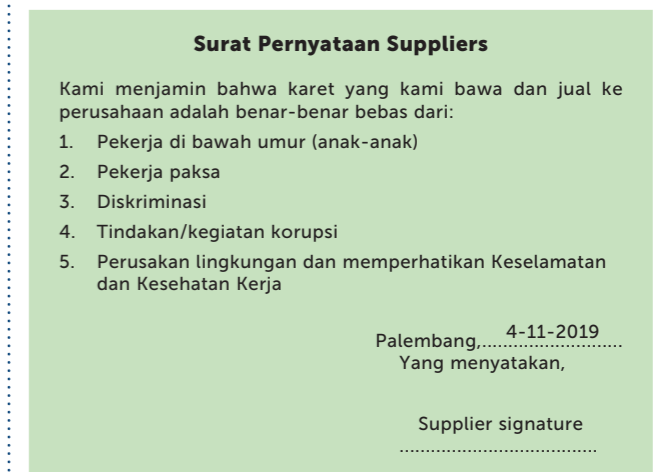
- <https://www.corrie-maccoll.com/collaboratively-advancing-sustainability-in-the-upstream/>
- <https://www.corrie-maccoll.com/wp-content/uploads/2021/01/SSP-Implementation-Manual-2021.pdf>

Halcyon Rubber Company (HRC)

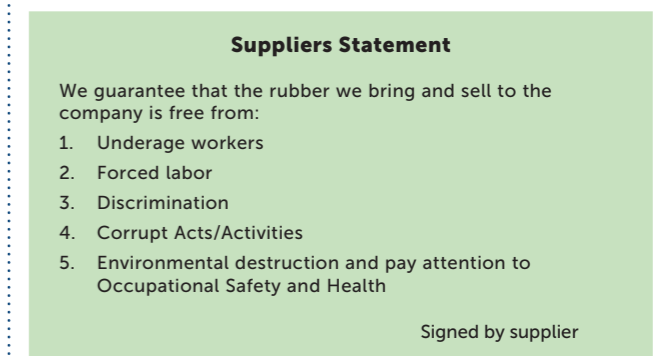
HRC's key customers are tyre majors. The company sources mainly from independent smallholder farmers. Under the HeveaPro Industrial Standards regime, our processing factories are regularly audited on supplier engagement practices. Among the criteria reviewed are:

- Having an impartial and transparent supplier selection criteria in place;
- Communication of our policies and code of conduct with suppliers; and
- Determining the identity of sellers, the volumes they sell and origin of raw material delivered to our factories.

Example of supplier engagement process with suppliers in Indonesia



English translation:



It is also mandatory for the factories to engage in upstream economic activities with their suppliers (including farmers) by assisting in improving market access for rubber smallholders and disseminating good agricultural practices through training or knowledge sharing.

8 The Guidance for Sustainable Natural Rubber, developed by CCCMC-led experts team, is the first comprehensive and risk-oriented guidance in the global natural rubber field. It aims to provide the companies engaging in natural rubber investment, planting and processing with business policies, management frameworks, risk analysis, evaluation references and implementing methods for identifying, preventing and managing environmental, social and governance risks, so as to help them incorporate risk-oriented due diligence systems into their daily management activities, and achieve business compliance and sustainable development. It is available at <http://www.cccmc.org.cn/docs/2017-11/20171107204714430892.pdf>

9 Percentage derived from comparing the annual sales volume of Halcyon Rubber Company with the whole Group.

10 Source: <https://www.michelin.com/en/press-releases/michelin-continental-and-smag-create-a-joint-venture-to-develop-rubberway-the-smartphone-application-designed-to-map-sustainability-practices-across-the-natural-rubber-industry/>

11 <https://www.giz.de/en/mediacenter/89961.html>

Environmental Management System

Halcyon Agri actively manages the eco-efficiency and climate change aspects via its environmental management systems which are implemented throughout our operations. The monitoring of the system's efficiency is enabled through certification on HeveaPro Environment, Health and Safety industrial standards and ISO14001.

Since 2018, we have managed to secure ISO14001 certification for additional three processing sites. Our progress was not as swift as expected due to competing priorities and the impact of COVID-19 which has lasted for more than a year now. Given that there are eight more sites (including a new Sudcam factory) to be certified for ISO14001, our target to have all processing factories certified by 2021 is unlikely to be achievable. Despite the delays, we remain committed and have since re-evaluated our internal resources thoroughly. We target to obtain ISO14001 certification for all eight sites by end of 2025.

We continuously measure and monitor our performance in managing water resources, inputs and impacts, and strive to achieve energy efficiency and reduce greenhouse gas emissions. Further information on our HeveaPro performance on water, effluent and energy management is reported in TÜV SÜD's audit findings performed for 2019-2020.

Water Resources Management

Over 90% of our water consumption are related to our rubber processing activities. This is because a large volume of water are required to remove physical impurities from rubber to meet quality requirements. As most of our factories are located in urban or semi-urban areas, and with the looming threat of climate change to our communities, it is crucial for us to manage our water resources responsibly.

Our processing sites draw water primarily from surface water bodies and discharge them back to the same source. Surface water consumption is supplemented by drawing from local water utilities where available. Through our onsite teams, we actively track our water consumption in our processing sites as frequently as possible, and at least on a shift basis.

In our plantations, the main water sources include surface water and groundwater. These sources are used for field operations and domestic consumption. Water-related impacts are identified through environmental impact assessments mandated by laws applicable to our operations. They are subsequently managed through local government-approved environmental management plans. In all countries where we operate, our processing operations with wastewater treatment facilities must meet the specific effluent quality standards imposed by the relevant regulatory authorities. We are also required to monitor groundwater quality, and surface water quality, and report these to the local authorities.

Building on Halcyon Agri's partnership with Alliance for Water Stewardship at processing sites, we have decided to obtain certification for our Cameroon and Malaysia plantations in 2020. Hevecam has secured AWS Gold certification while JFL is currently undergoing certification process which is expected to complete by mid-2021. These third party certifications, which are beyond the regulatory requirement, demonstrates our commitment to consume natural resources responsibly, and help us to monitor the sustainability criteria of the Deutsche Bank sustainability-linked loan secured by Corrie MacColl in 2020.

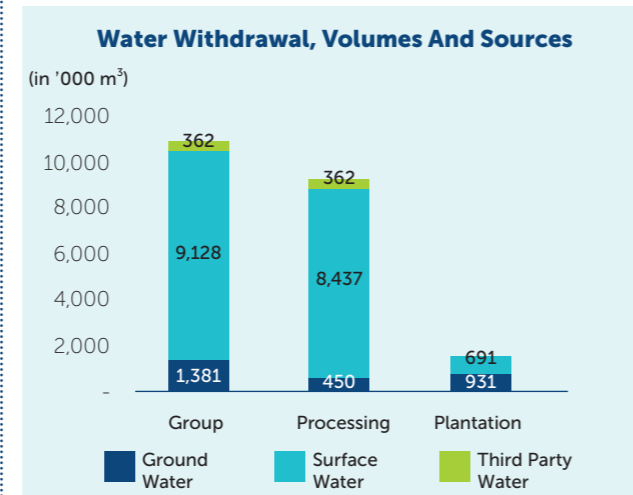
Water Withdrawal and Intensity

'000 m ³	Processing	Plantations	Group
Surface water	8,437	691	9,128
Groundwater	450	931	1,381
Third party water	362	-	362
Total	9,249	1,622	10,871

Water Use Intensity

Water use intensity = Volume of water withdrawn divided by mT of product or ha of cultivated area.

Processing (m ³ /mT of product)	Plantations (m ³ /ha. of cultivated area)
11.50	45.03



Using World Resources Institute's Aqueduct Water Risk Atlas (<https://www.wri.org/aqueduct>), we confirm that all our processing and plantations are located in areas with <10% water stress.

Chemicals and Effluents

For plantations, we use mainly solid state fertilisers, while fungicides, herbicides and pesticides are primarily in liquid form for application across our estates. A list of fertilisers and pesticides used at our plantations are presented in the table below.

Fertiliser	Herbicides	Fungicides	Insecticides
- Nitrogen, Phosphorous and Potassium (kg) - YaraMila Complex (kg)	- Glyphosphate (L) - Sodium Chlorate (kg) - 2,4-Dichlorophenoxyacetic acid (kg)	- Mancozeb (L) - Difenconazole (kg)	Lambda-Cyhalothrine (L)

For processing operations, chemicals in solid and liquid forms (mainly Ammonia, formic acid and Deorub solutions) are used in crumb rubber and latex production. Ammonia is used for latex preservation while formic acid aids in latex coagulation. Deorub application helps to mitigate odour in processing sites.

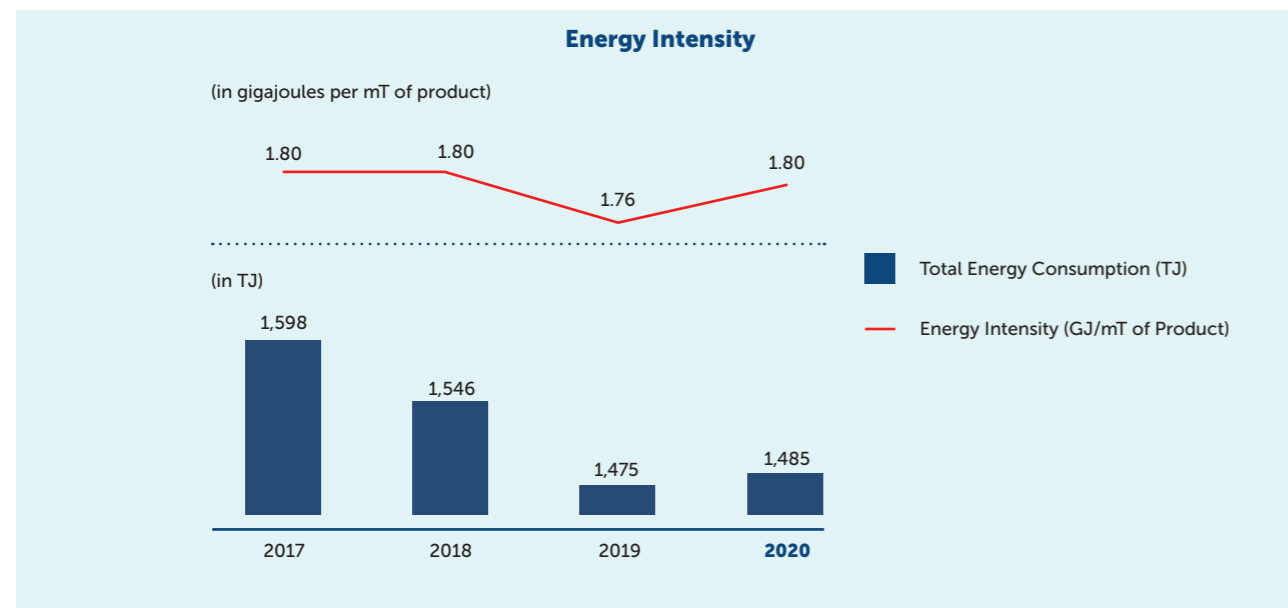
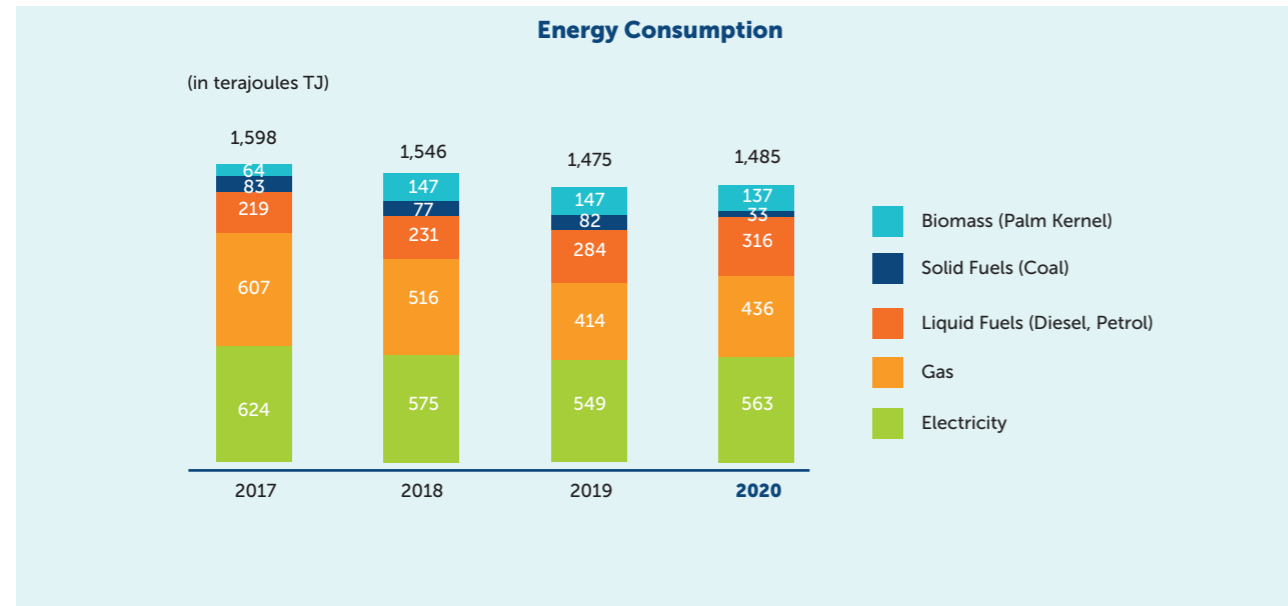
Solid form of hydrated lime, hydroxylamine sulphate and caustic soda are the major chemicals use at our processing sites. Hydrated lime prevents rubber crumbs from sticking together. Hydroxylamine sulphate is used for TSR grades requiring constant viscosity while caustic soda is generally used in cleaning of equipment.

Since reporting setbacks in effluent quality standards in Africa, our EHS department, with the support from senior leadership, have requested factory teams to report progress and the status of approved action plans for waste water management, at first on a weekly then monthly basis. Desludging works in Ivory Coast and discussions for the planned Activated Sludge System in Cameroon continued to be implemented despite the disruptions brought about by COVID-19 throughout 2020. We are pleased to report that the desludging works in Ivory Coast have been completed in January 2021. The local team has promptly proceeded to rehabilitate the lagoons and are working closely with the local authorities to implement the best management practices.

At our Cameroon operations, effluent quality improved during the second half of the year. This was achieved by increasing the efficiency of pre-treatment resulting in less load on the wastewater treatment plant and maintenance of existing ponds. Given the proven effectiveness of these measures which have a lower expenditure, the proposed investment in an Activated Sludge System has been put on hold. The onsite team is monitoring the long term effectiveness of such measures in meeting the effluent quality standards. The EHS department shall continue to use its best efforts to monitor group-wide compliance with environmental regulations through consistent monthly reporting.

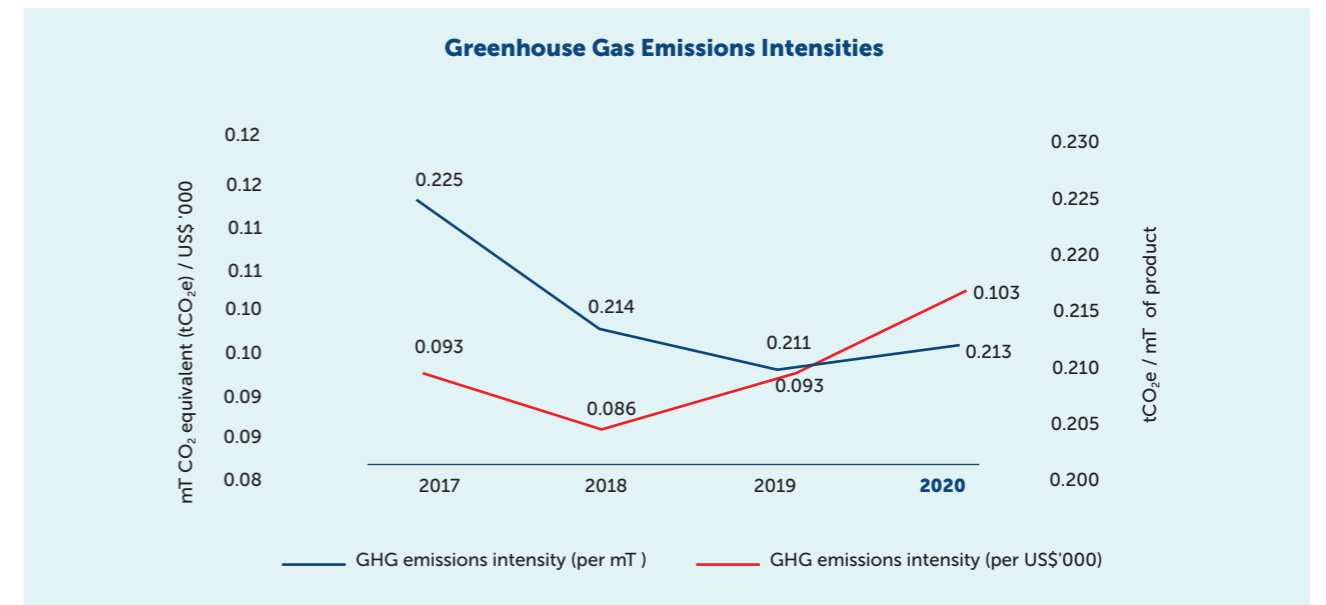
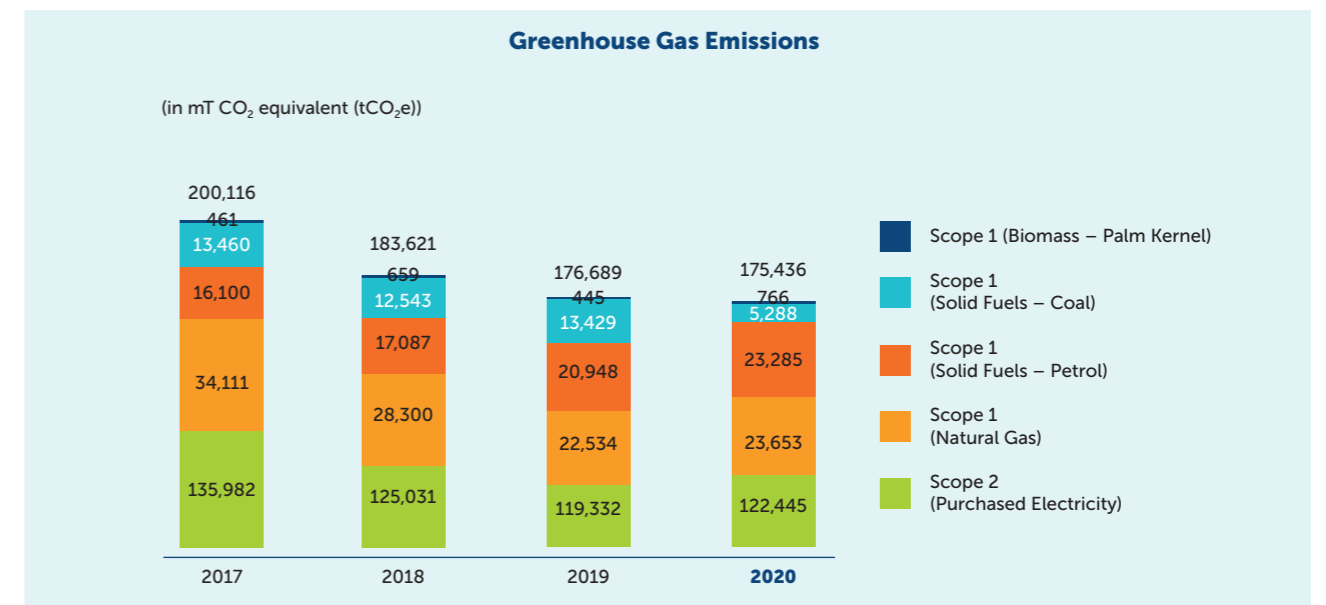


Energy and Emissions



Energy Consumption

Natural rubber production is energy intensive. To maintain operational continuity, we consume multiple energy sources where it is locally accessible and reliable. Electricity consumption is measured through metered connections from the national grid. Site teams measure fuel consumption through duly-calibrated meters and weighing scales and reported to our Halcyon Data Centre. Our largest energy source is from purchased electricity, which comprises approximately 38% of the energy requirements across the years. The next significant contribution comes from natural gas used primarily for drying process at our factories. With access to biomass (palm kernel) in Indonesia, we steadily increased its application for our dry process infrastructure, supplementing fuel and gas consumption over time. In 2020, biomass consumption accounted for 9% of our total energy needs, up from 4% in 2017. Our liquid fuels, mainly diesel, are used for dryers and on-site generators either for back up purpose or as main electricity source at off-grid locations. Across our plantations, the primary energy source is liquid fuels (mainly diesel and petrol). Overall, we have maintained an energy intensity of between 1.76 and 1.80 GJ of energy consumed per mT of natural rubber produced in the last four years.



Greenhouse Gas Emissions

Climate change and global warming remain the key concern across our supply chain. We are committed in reducing our emissions over the long term. Our greenhouse gas emissions calculations applied guidance from The Greenhouse Gas Protocol¹². Fuel emission factors for each reported year were taken from the UK Government GHG Conversion factors for Company Reporting¹³ while grid emission factors were obtained primarily from the Institute for Global Environmental Strategies (IGES) List of Grid Emission Factors and Trucost. The largest contribution to total emissions comes from our Scope 2 emissions (purchased electricity) with an average of 70% across the years. Scope 1 emissions (direct emissions) account for about 30% in 2020. As we improve the robustness of our data, we plan to use the average annual emissions between 2018 and 2020 as our baseline. Such approach is in line with guidance provided in The Greenhouse Gas Protocol. We chose these years as benchmark, as they are in line with efficiency benchmarking initiatives which the Group initiated in 2020 to track our performance.

GHG emissions intensity decreased steadily over a four-year period with 2020 at 0.213 tCO₂e per mT of product. When compared on a per revenue basis, our emissions intensity increased from 2017 with 2020 at 0.103 tCO₂e per US\$1,000 of revenue. We will continue exploring initiatives to help bring down our greenhouse gas emissions over time. Initiatives such as dryer retrofitting is one option as it not only provides efficiency gains but also operational flexibility due to its ability to combust natural gas or biomass alongside or as a replacement to liquid fuels.

¹² World Business Council for Sustainable Development (WBCSD) and World Resource Institute (WRI). The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard. Revised Edition. Source: <https://ghgprotocol.org/corporate-standard>

¹³ Source: <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

Efforts Towards Carbon Neutrality

In 2020, Corrie MacColl Plantations and Rainforest Alliance jointly completed a study with the objective to determine the supply chain greenhouse gas (GHG) balance of our plantations in Cameroon. The goal was to understand the carbon sequestration potential of rubber trees, and how it compares with GHG emissions from cultivation activities. The study also provided opportunities to achieve carbon neutrality across the supply chain.

Summary findings concluded that the estimated carbon sequestration in the existing rubber systems in Cameroon far outweighed the GHG emissions associated with the cultivation and processing of rubber. However, when taking into account emissions from historical land use change this positive balance is quickly negated. Rainforest Alliance has provided recommendations to Corrie MacColl to aid in its efforts in addressing the climate impacts. Rainforest Alliance's report is available from this website: <https://www.corrie-maccoll.com/understanding-our-carbon-footprint-with-rainforest-alliance/>.

New Eco-Efficient Factory in Cameroon

Operation at the new Sudcam factory in Cameroon started at the beginning of 2021 despite facing headwinds from the COVID-19 pandemic. With an annual capacity of 37,500 mT of concentrated latex, the facility will focus on supplying to manufacturers of specialty product and dipping applications for the European and North American markets.

The factory is designed to enable optimal energy and water use and minimal environmental impacts. Eco-efficient features installed in the factory include:

- 100 KW solar power for auxiliary infrastructure such as lighting
- Effluent water recycling and reuse
- Rainwater harvesting and groundwater recharging
- Sludge activated waste water treatment plant
- Soil erosion control through judicious landscape planning
- Dryer exhaust scrubber system to mitigate odour emissions

More information is available in the website: <https://www.corrie-maccoll.com/sudcams-state-of-the-art-factory-in-operation/>



As a responsible and accountable company, Halcyon Agri recognises the need to balance economic profitability and social equity, while protecting the environment and maintaining strict compliance to laws and regulations in areas where we operate. We approach this important responsibility in three key ways: Protect natural capital through good agricultural practices, policies and processes; Use our resources and influence to impact the community in positive ways; and Create value and build relationships with the community through outreach activities.

Protecting Our Natural Capital

The Group has responsibility over land area of close to 110,000 ha across Cameroon, Malaysia and Ivory Coast. Approximately 61% of our total land concessions are set aside for conservation. These include High Carbon Stock (HCS) and High Conservation Value (HCV) areas, a 25,000-hectare Community Forest established by Halcyon Agri within the Sudcam concession, and agroforest and primary forest land designated by the Ivorian government for conservation.

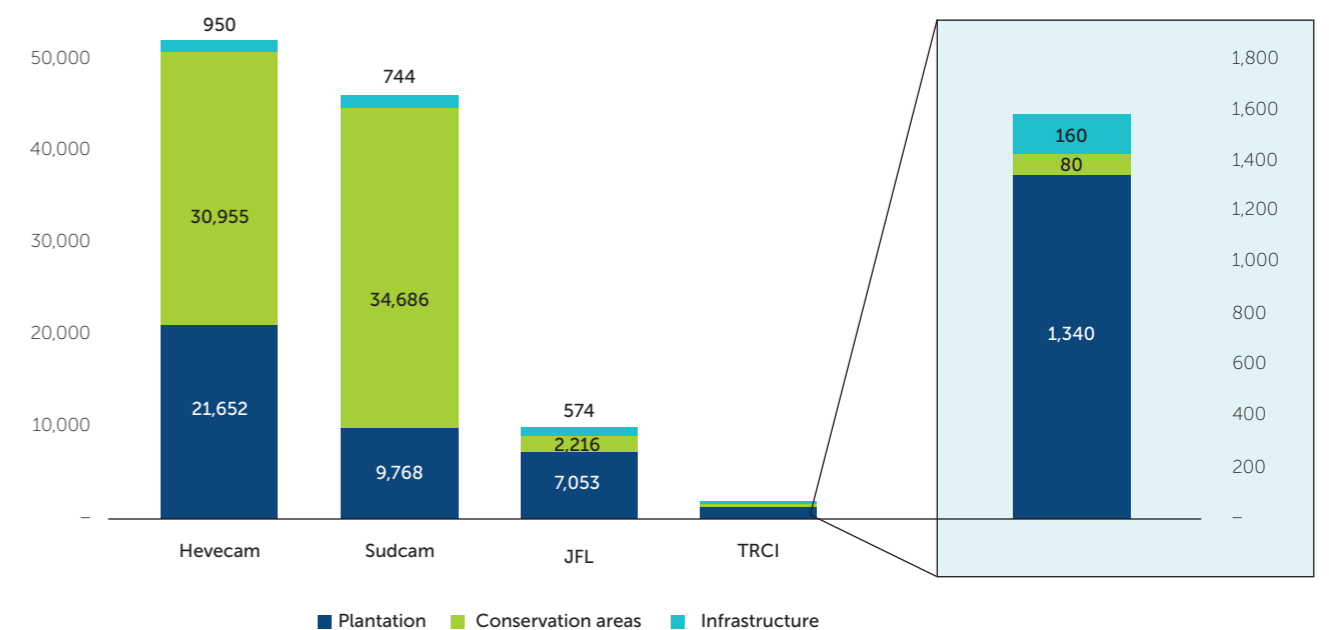
As a standard practice, our plantation teams conduct regular patrols of the concessions to prevent deforestation and illegal activities. To strengthen ground surveillance activities, our CEO – Corrie MacColl Plantations in Q1 2021 engaged the services of a prominent global technology company which provides services and software for landscapes monitoring including deforestation. Utilising mapping and satellite data, the service provider will provide CMC Group with annual report starting from 2019. Halcyon Agri delivers its no deforestation commitment through its best efforts in implementing robust, practical and credible ways.

An overview of our land concessions and Conservation areas are provided below.

Land Concessions

Plantation name	Hevecam		Sudcam		JFL		TRCI
Location	Niete, Cameroon		Meyomessala, Cameroon		Kelantan, Malaysia		Abidjan, Ivory Coast
Year established	1975		2008		2013		1975
Concessions (ha)	Niete	40,992	Central	36,998	Ulu Nenggiri	3,775	1,580
	Bissiang	7,643	North	8,200	Lebir	2,453	
	Elogbatindi	3,972			Ulu Temiang	2,023	
					Laloh	1,593	
Total concession	52,607		45,198		9,844		1,580

Land Allocation (ha)



Biodiversity Values

Hevecam and Sudcam concessions are located in the Southern region of Cameroon. Hevecam's Nieta concession is located on the edge of Campo Ma'an National Park, an area known for its rich biological diversity. From BirdLife International's database¹⁴, a total of 200 species of birds have been recorded from the National Park, and more than another 100 from adjacent buffer zones. Non-aviary threatened species include mammals such as *Loxodonta africana* (EN), common in the south-west of the park, and primates including *Mandrillus sphinx*, *Colobus satanas* (VU) and *Gorilla gorilla* (EN).

Sudcam concession, through the Dja river, shares approximately 33 kilometers of natural boundary with the Dja biosphere reserve, a UNESCO world heritage site since 1987. The Dja reserve is habitat to a wide variety of primates which include the western lowland gorilla, red-capped mangabey, black and white colobus monkey and chimpanzee. Other mammals in the reserve include elephant, bongo, buffalo, leopard, warthog, giant forest hog and pangolin. Among the resident bird population are Bates's weaver, found only in Southern Cameroon and reptile inhabitants including python, lizard and two species of crocodile-both of which are threatened.¹⁵

JFL's land concession is located in Kelantan, a rural state in the north eastern part of Malaysia. The Lebir concession in particular is located in the Lebir Forest Reserve, a habitat known to be the home of endangered species such as the Malayan tiger.

Summary list of threatened species which can be or potentially be found in Halcyon Agri's land concessions.¹⁶

No	Specie	IUCN Red List	No	Specie	IUCN Red List
Mammals			Birds		
1	Western lowland gorilla	CR	24	Helmeted hornbill	CR
2	Malayan tiger	CR	25	Great slaty woodpecker	VU
3	Chimpanzee	EN	26	Large green pigeon	VU
4	Asian elephant	EN	27	Chestnut-naped forktail	NT
5	White-handed gibbon	EN	28	Great argus	NT
6	Siamang	EN	29	Buff-vented bulbul	NT
7	Pangolin	EN	30	Scarlet-rumped trogon	NT
8	Malayan tapir	EN	31	Ren-naped trogon	NT
9	Bronze skink	EN	32	White-crowned hornbill	NT
10	Leopard	EN	33	Rhinoceros hornbill	NT
11	African Forest elephant	VU	34	Green broadbill	NT
12	Pig-tailed macaque	VU	35	Black and red broadbill	NT
13	Oriental small-clawed otter	VU	36	Black and yellow broadbill	NT
14	Sunda slow loris	VU	37	Black hornbill	NT
15	Banded civet	VU	38	Great hornbill	NT
16	Asian small clawed otter	VU	Reptiles and Amphibians		
17	Southern serow	VU	40	Giant slippery frog	EN
18	White-thighed langur	NT	41	Oriental garden lizard	EN
19	Dusky leaf monkey	NT	42	Golden-ringed cat snake	EN
20	Sun bear, Honey bear	NT	43	Reticulated phython	EN
21	Cream-coloured giant squirrel	NT	44	King cobra	VU
22	Asian golden cat	NT	45	Monocled cobra	VU
23	Masked palm civet	NT	46	Blyth's river frog	NT
			47	Peat swamp frog	NT
			48	Asian leaf turtle	NT

Legend

CR	Critically Endangered
EN	Endangered
VU	Vulnerable
NT	Near Threatened

Excluded from the list but clearly part of Halcyon Agri's biodiversity management activities are a number of threatened species identified as Least Concern by IUCN. These include the Barking deer, Leopard cat, toads and various flora such as Machang, Jelutong and the orchid, *Bromheadia finlaysoniania*.

14 BirdLife International Data Zone. <http://datazone.birdlife.org/site/factsheet/6134> Visited: 22 March 2021
 15 IUCN, <https://www.iucn.org/content/staving-threats-camerouns-natural-riches> Visited: 22 March 2021
 16 Reference from the International Union for Conservation of Nature (IUCN), Red List of Threatened Species, <http://www.iucnredlist.org>

Conservation Practices

Halcyon Agri, through Corrie MacColl Plantations, maintains and adheres to its plantation management guidelines for all its land concessions. These plans integrate biodiversity management which cover the following activities: Integrated pest management (IPM), Landscape monitoring, and Protection of waterways through buffer zones.

Integrated Pest Management

Our Malaysian concessions make use of cover crops such as *Puerara javanica* and *Centosema pubescens* whose flowers attract beneficial insects like wasps that help control insect pest population. The plantation also introduced the use of *Mucuna bracteata*, a leguminous plant widely used in oil palm plantations in Malaysia. The plant is mainly used to protect land from soil erosion which makes it an effective method to maintain overall soil quality and promote nitrogen fixation. The legume's physical characteristics also prevent invasion of beetles after oil palm replanting.¹⁷

In Cameroon, some cover crops such as *Mucuna bracteata* and *Pueraria Phaseoloides* are considered invasive species. In response to UNESCO's report entitled "Impacts des activites agro-industrielles de Sud Cameroun Hèvea sur le site du patrimoine mondial de la Reserve de Faune du Dja, Cameroun", Sudcam has committed to removal and eradication of these invasive plants for to protect the ecological balance.

Due to nationwide lockdown amid COVID-19 pandemic, the initial estimated completion timeline of July 2020 was not attainable. Notwithstanding, we have successfully removed around 70% of the cover crops at our 2012 and 2013 plantings. The work is primarily carried out manually as we do not use any form of chemical weeding practices under our policy. Given the disruptions to manpower supply, we hope to complete the work by 2021. While we have not yet identified any alternative cover crops apart from these invasive plants, we remain committed in exploring other alternatives.

Apart from these biological and mechanical controls, we strive to apply responsible pesticide application in plantations. In line with our commitment to minimise the use of 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, we apply the following standard operational practices and approaches:

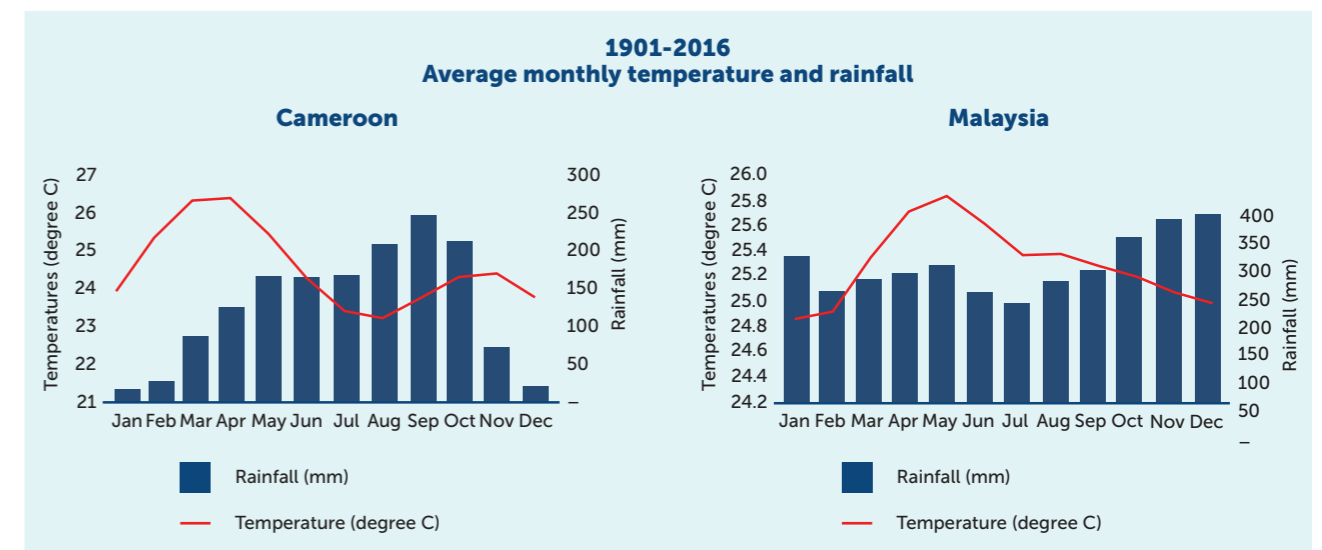
- Spraying of pesticides with broadcast spraying of non-specific pesticides as last resort,
- Application of synthetic pesticides only as required and often only at specific life cycle patterns of a pest,
- Progressively increasing use of pesticides from plant-derived or naturally occurring substances, and
- Taking guidance from the Sustainable Agriculture Network's (SAN) pesticide lists following the SAN 2017 Sustainable Agriculture Standard.

Fire Prevention and Suppression

In line with its commitment to zero deforestation and protection of forest areas, Halcyon Agri monitors fires and plays an active role in mitigating its occurrence in all our concessions. Cameroon and Malaysia, being tropical countries, experience both rainy and dry seasons. Climate data from World Bank show average monthly temperatures and rainfall from 1901 up to 2016.¹⁸

In 2020, our concession in Malaysia reported zero incidences while our Cameroon concessions reported a total of nine forest fire incidents. Eight occurred in the first quarter of the year while the last incident was reported in August. In recent years, our Cameroon concessions have been experiencing drought-like situations with an average rainfall of between 1,300 to 1,400mm per year. Whilst most incidents occurred generally in periods with low rainfall and hot temperatures, fire incidents could occur anytime.

Our plantations have dedicated teams on the ground to monitor fires on a daily basis. As standard practice, fire incidents are reported to plantation heads and local authorities within 24 hours. Weather is also closely monitored with the weather station at Hevecam. When incidents are reported, fire-fighting teams will be deployed immediately on site to suppress the fire. Incident investigations are also carried out by EHS teams to determine root cause and corrective actions to prevent recurrence. We regularly conduct training activities to maintain preparedness of our teams against fires. More information is available in our website: <https://www.corrie-maccoll.com/fire-monitoring-and-management/>



17 Source: <http://www.aarsb.com.my/legume-mucuna-bracteata>
 18 Source: <https://climateknowledgeportal.worldbank.org/>

Watercourse Buffer Zones

It is our policy to have buffer zones in watercourses in our concessions. In accordance with local regulations and forest management standards, these buffer zones act as riparian corridors for essential wildlife movement and promote stability of river banks as they could mitigate soil erosion and provide stability to meandering features of watercourses.

The width of the buffer zones (for each side of the watercourse) depends on local regulation. In our Cameroon plantations, buffer zones have at least 30-meter width while in Malaysia it varies between 5 and 50 meters depending on watercourse size.

Respecting Human Rights

Grievance Mechanism

In 2020, we disclosed our grievance resolution procedure which address concerns from stakeholders in a systematic and transparent manner. Managed by the Sustainability Department, the procedure outlines three key stages:

- Stage One: Identification and Review of Potential Grievance
- Stage Two: Investigation Process
- Stage Three: Resolution and Monitoring Process

The process flow provides specific timelines at each stage, targets to achieve and implement agreed monitoring activities within a 6 to 12-month period. At the time of this publication, a total of 14 cases have been reported coming from our plantation business with 11 active and three cases already closed. The last grievance case received was in February 2020. Grievance cases are publicly reported at Halcyon Agri's website: <https://www.halcyonagri.com/sustainability/sustainability-grievances/>.

For our processing activities, all our HeveaPro-certified sites have open, transparent and independent grievance mechanisms in place with access to remedy. From the 2019-2020 external audit program, it was observed that majority of our HeveaPro-certified sites communicate grievance procedures to workers and local community. While communication to workers was practised widely, communication to external stakeholders was limited. We have taken the findings positively and strive to improve based on suggestions received from the external auditors.

One potential area of grievance is odour emissions from our processing sites. We closely monitor and mitigate the impact with active odour treatment along the rubber production process as well as preventive maintenance of air scrubbers. Even with engineering controls and practices in place, odours may still potentially reach nearby local communities and result in dissentment.

The single grievance reported in our global operations happened in March. Our factory in Hainan, China received a non-monetary violation notice from local authority due to complaints from the local community on odour. To ensure compliance, the factory is upgrading its wet line scrubber system to mitigate the cause of odour from its factory operations. Installation of the system is under way and due to be completed by 2021. We remain committed to address and rectify issues promptly not just to comply with regulations but also to maintain a harmonious relationship with local community.

Complementing our online grievance system, our Cameroonian plantation teams, in partnership with APED¹⁹ for Hevecam and APIFED²⁰ for Sudcam, also implemented oral-based grievance reporting processes. This ensures our procedure remains inclusive by ensuring stakeholder feedback is received regardless of literacy levels. More information on work with APED and APIFED is available in the website:

- <https://www.corrie-maccoll.com/progress-across-mighty-earth-sustainability-accord/>
- <https://www.corrie-maccoll.com/apifed-partnership/>

In Malaysia, JFL team conducted stakeholder consultations as part of Malaysian Sustainable Palm Oil (MSPO) certification. Since securing certification in 2020, JFL continues to implement its stakeholder engagement plan including grievance management. More information is available in the website: <https://www.corrie-maccoll.com/jfl-receives-mspo-for-sustainable-palm-oil/>.

Through partnerships and programs, we will continue to maintain open and transparent communication channels with our key stakeholders.

Food Security

Land provides a universal means of livelihood. To ensure Halcyon Agri's activities do not compromise local food supplies, our plantations provide market access, income generation activities and good agricultural practices to local communities.

Since its establishment in 1975, Hevecam has been developing a food sourcing network. The plantation provides market areas for local vendors to sell food to the plantation population and also provides transportation for villagers to visit the local (Nlongo) market.

Sudcam operates and maintains bursar shops at workers' camps to administer distribution of essential food items. They also partnered with state authorities to establish and support local residents' food crops plantations. Sudcam has also initiated a program of income-generating activities to combat poaching in collaboration with Dja Reserve managers.

Furthermore, the Cameroon Outgrower Programme, which is an initiative of Corrie MacColl, provides integrated farming opportunities that not only support livelihoods of local communities but also provide food crops and livestock rearing opportunities during the gestation period of the rubber trees. More information on the program is available online:

- <https://www.corrie-maccoll.com/cameroon-outgrower-programme-overview/>
- <https://www.corrie-maccoll.com/sustainability/rubber-smallholders/>

In Malaysia, our Kelantan concessions received the Malaysian Sustainable Palm Oil certification which mandate good agricultural practices and environmental conservation measures. More information is available online: <https://www.corrie-maccoll.com/jfl-receives-mspo-for-sustainable-palm-oil/>.

Building Community

Despite the disruption of COVID-19 pandemic, we continued to support community building activities. These activities include apprenticeship and skills transfer, health and cultural promotion.

Africa

Our factory sponsored a handwashing campaign at three elementary schools in the Grand Bouboury village. Dubbed "Hand Washing Day", the campaign aimed to inculcate good hygiene practices amongst children especially during the pandemic period.

China

Our Banna factory subsidised RMB50,000 for the construction of piped water to Dai village. Located near the factory, the water infrastructure is expected to benefit 175 households comprising over 1,000 people. Prior to construction of this pipeline, the villagers sourced for water through manual and labour-intensive ways. The piped system will offer convenient, reliable and safe water sources to the villagers.

Southeast Asia

In Indonesia, PT. Rubber Hock Lie Sunggal organised and sponsored a food distribution program for the benefit of the under-privileged in Tanjung Gusta and Lalang villages. The campaign was initiated to celebrate the Muslim festivities, Eid al-Fitr by spreading joy to the less fortunate. The factory also extended food packages to its workers to show solidarity with local culture. Cycling clubs was founded in PT. Hok Tong Plaju and PT. Sunan Rubber to promote healthy lifestyle and encourage workers to stay fit and healthy during the pandemic.

In Malaysia, a pioneering staff volunteering program was launched in July 2020 to encourage staff to volunteer their time, knowledge and skills for the local communities. The program issues a volunteer card to every staff. As an incentive, staff will receive rewards when they accumulate a certain number of volunteer activities.

In Thailand, Teck Bee Hang head office organised a two-month event for the staff to make face shields and donate to a local hospital. In addition, cognisant of the impact of the pandemic to under-privileged communities, a food distribution campaign was organised by the staff in May. The activity involved setting up a pantry outside the office and offering food for free to those in need.



19 Appui pour la Protection de l'Environnement et le Développement
20 Appui à l'autopromotion et l'insertion des femmes, des jeunes et des désœuvrés

The table below lists Halcyon Agri's third-party audited sites on international certifications and standards relevant to the Group's key ESG factors. They are accurate as of the date of publication of this annual report.

No	Site Name	Code	Location	Supply Chain	International Certifications			
					ISO9001	ISO14001	OHSAS18001/ ISO45001	HeveaPro*
China								
1	Hainan Sinochem Rubber	CX	Hainan	Processing	Y	Y		Y
2	Xishuangbanna Sinochem Rubber	BX	Yunnan	Processing	Y	Y	Y	Y
3	Xishuangbanna Sinochem Rubber	BX2M	Yunnan	Processing	Y	Y	Y	
4	Xishuangbanna Sinochem Rubber	BX3T	Yunnan	Processing	Y	Y	Y	
5	Xishuangbanna Sinochem Rubber	BX4L	Yunnan	Processing	Y	Y	Y	
6	Xishuangbanna Sinochem Rubber	BX5R	Yunnan	Processing	Y	Y	Y	
Indonesia								
7	PT Hevea MK I	SDR	Palembang	Processing	Y	Y		Y
8	PT Hevea MK II	SEA	Palembang	Processing	Y	Y		Y
9	PT Hok Tong (Plaju)	SCX	Palembang	Processing	Y	Y		Y
10	PT Hok Tong (Keramasan)	SGO	Palembang	Processing	Y	Y		Y
11	PT Remco Rubber Indonesia	SDQ	Palembang	Processing	Y	Y		Y
12	PT Sunan Rubber	SCY	Palembang	Processing	Y	Y		Y
13	PT Remco Rubber Indonesia	SBG	Jambi	Processing	Y	Y		Y
14	PT Hok Tong	SCL	Jambi	Processing	Y	Y		Y
15	PT Hok Tong	KAZ	Pontianak	Processing	Y	Y		Y
16	PT Rubber Hock Lie	SDH	Medan	Processing	Y	Y		Y
17	PT Rubber Hock Lie	SCM	Rantau Prapat	Processing	Y	Y		Y
18	PT Pulau Bintan Djaya	SAR	Bintan	Processing	Y			Y
19	PT GMG Sentosa	KBM	Pontianak	Processing	Y			Y
20	PT Bumi Jaya	KBQ	Tanjung	Processing	Y	Y		Y
21	PT Sumber Djamin (Sanggau)	KBP	Pontianak	Processing	Y	Y		Y

* HeveaPro Industrial Standards apply to natural rubber processing only.

ISO9001: Quality Management System
 ISO14001: Environmental Management System
 OHSAS18001/ISO45001: Occupational Health & Safety Management System
 ISO17025: Technical competence on quality management system for testing and calibration laboratories
 MSPO: Malaysian Sustainable Palm Oil Certification

No	Site Name	Code	Location	Supply Chain	International Certifications			
					ISO9001	ISO14001	OHSAS18001/ ISO45001	HeveaPro*
22	PT Sumber Djamin (Sambas)	KBE	Pontianak	Processing	Y	Y		Y
23	PT Sumber Djamin	KAB	Pontianak	Processing	Y	Y		Y
24	PT Sumber Alam	KBD	Pontianak	Processing	Y	Y		Y
Malaysia								
25	Hevea KB I & II	HL1	Ipoh	Processing	Y	Y	Y	Y
26	Euroma	JJ	Kedah	Processing	Y	Y		Y
27	JFL	JFL	Kelantan	Plantation	Certified MSPO for Oil Palm			
Thailand								
28	Teck Bee Hang	H1T	Thung Song	Processing	Y	Y	Y	
29	Teck Bee Hang	H2Y	Yala	Processing	Y			Y
30	Teck Bee Hang	H6N	Narathiwat	Processing	Y			Y
31	Teck Bee Hang	H7P	Pattani	Processing	Y			
32	Teck Bee Hang	H8S	Suratthani	Processing	Y	Y	Y	Y
West and Central Africa								
33	Hevea Cameroun	HVC	Niete, Cameroon	Processing & Plantation	Y			Y
34	Sudcam	SDC	Meyomessala, Cameroon	Plantation				
35	Societe De Developpment Du Caoutchouc Ivoirien (Anguededou)	SDCI-A	Anguededou, Cote D'Ivoire	Processing	Y			Y
36	Societe De Developpment Du Caoutchouc Ivoirien (Bouboury)	SDCI-B	Bouboury, Cote D'Ivoire	Processing	Y			Y
Europe and Americas								
38	Kelvin Terminals B.V.		Terneuzen, Netherlands	Distribution	Y	Y	Y	
39	Corrie MacColl North America, Inc.		Norfolk, Virginia, USA	Distribution	Y			
40	Corrie MacColl Deutschland GmbH		Eschborn, Germany	Distribution	Y			
41	Corrie MacColl Europe B.V.		Zaandam, Netherlands	Distribution	Y			
42	Momentum Technologies Laboratories, Inc.		Ohio, USA	Distribution	ISO 17025			

GRI Standard	Disclosure	Location or Reason(s) for Omission	Page	References	
				SDGs	UNGC
GRI 101: Foundation 2016					
General Disclosures					
GRI 102: General Disclosures 2016	Organizational profile				
	102-1 Name of the organization	Halcyon Agri Corporation Limited			3,6,10
	102-2 Activities, brands, products, and services	Halcyon Agri at a Glance	4-6		3,6,10
	102-3 Location of headquarters	Corporate Information Address: 180 Clemenceau Avenue #05-02 Haw Par Centre Singapore 239922			3,6,10
	102-4 Location of operations	Halcyon Agri at a Glance	5		3,6,10
	102-5 Ownership and legal form	Corporate Structure	69-71		3,6,10
	102-6 Markets served	Halcyon Agri at a Glance	4-6		3,6,10
	102-7 Scale of the organization	Halcyon Agri at a Glance	4-6		3,6,10
	102-8 Information on employees and other workers	Human Capital	39-40		3,6,10
	102-9 Supply chain	https://www.halcyonagri.com/what-we-do/natural-rubber-supply-chain/			3,6,10
	102-10 Significant changes to the organization and its supply chain	About The Report	1		3,6,10
	102-11 Precautionary Principle or approach	Board Responsibility	31		3,6,10
	102-12 External initiatives	Industry Engagement	46-47		3,6,10
	102-13 Membership of associations	<ul style="list-style-type: none"> China Natural Rubber Association China Rubber Industry Association Federation of Malaysian Manufacturers GAPKINDO (Gabungan Perusahaan Karet Indonesia/ Rubber Association of Indonesia) Global Agribusiness Alliance Global Platform for Sustainable Natural Rubber (GPSNR) International Rubber Study Group (IRSG) LGM (Malaysian Rubber Board Pricing Panel) Malaysian SMR Rubber Processors Associations Member/Panel of Advisor/ Signatory to SNR-i (Sustainable Natural Rubber Initiative) Rubber Trade Association of Singapore Singapore Institute of Directors Singapore International Chamber of Commerce Rubber Association (SICCRA) The Rubber Trade Association of Europe (RTAE) The Thai Rubber Association UN Global Compact 			3,6,10

GRI Standard	Disclosure	Location or Reason(s) for Omission	Page	References	
				SDGs	UNGC
GRI 102: General Disclosures 2016	Strategy				
	102-14 Statement from senior decision-maker	Chairman's Welcome Message Chief Executive Officer's Review	3 7-9		Statement by the Chief Executive expressing continued support for the UN Global Compact and commitment to the initiative
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behavior	Policies, Standards and Compliance	32-33	16	3,6,10
	102-17 Mechanisms for advice and concerns about ethics	Policies, Standards and Compliance	32-33	16	3,6,10
	Governance				
	102-18 Governance structure	Board Responsibility	31		3,6,10
	102-22 Composition of the highest governance body and its committees	Overview of Board Committees Board Composition and Guidance	72 78	16	3,6,10
	102-23 Chair of the highest governance body	Chairman, CEO and Lead Independent Director	79	16	3,6,10
	102-24 Nominating and selecting the highest governance body	Board membership and Performance Evaluation	79-81	16	3,6,10
	102-26 Role of highest governance body in setting purpose, values, and strategy	The Board's Conduct of Affairs	76-78		3,6,10
	102-29 Identifying and managing economic, environmental, and social impacts	Board Responsibility The Board's Conduct of Affairs	31 76-78	16	3,6,10
	102-32 Highest governance body's role in sustainability reporting	Board Responsibility The Board's Conduct of Affairs	31 76-78		3,6,10
	102-35 Remuneration policies	Remuneration Matters	81-83		3,6,10
	102-36 Process for determining remuneration	Remuneration Matters	81-83		3,6,10
	Stakeholder engagement				
	102-40 List of stakeholder groups	Stakeholder Engagement	35-36		3,6,10
	102-41 Collective bargaining agreements	Fair Working Conditions	44-45		3,6,10
	102-42 Identifying and selecting stakeholders	Stakeholder Engagement	35-36		3,6,10
	102-43 Approach to stakeholder engagement	Stakeholder Engagement	35-36		3,6,10
	102-44 Key topics and concerns raised	Stakeholder Engagement	35-36		3,6,10

GRI Standard	Disclosure	Location or Reason(s) for Omission	Page	References	
				SDGs	UNGC
GRI 102: General Disclosures 2016					
Reporting practice					
	102-45 Entities included in the consolidated financial statements	Notes to the Financial Statements	114-168		3,6,10
	102-46 Defining report content and topic Boundaries	Materiality Assessment	33-34		3,6,10
	102-47 List of material topics	Materiality Assessment	33-34		3,6,10
	102-48 Restatements of information	No restatements of information mentioned in previous reports			3,6,10
	102-49 Changes in reporting	About The Report	1		3,6,10
	102-50 Reporting period	January 1, 2020 to December 31, 2020			3,6,10
	102-51 Date of most recent report	9 April 2020			3,6,10
	102-52 Reporting cycle	Annual			3,6,10
	102-53 Contact point for questions regarding the report	About The Report	1		3,6,10
	102-54 Claims of reporting in accordance with the GRI Standards	About The Report	1		3,6,10
	102-55 GRI content index	GRI Content Index	61-65		3,6,10
	102-56 External assurance	External assurance has not been sought for sustainability reporting in this report			3,6,10
MATERIAL TOPICS					
Ethics and Compliance					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Materiality Assessment	33-34		1,8
	103-2 The management approach and its components	Risk Management Stakeholder Engagement	28-29 35-36		1,8
	103-3 Evaluation of the management approach	Policies, Standards and Compliance	32-33		1,8
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Ethics and Anti-corruption	33	16	10
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Eco-Efficiency and Climate Change	49	16	8
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	Fair Working Conditions	45	16	
Fair Working Conditions					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Materiality Assessment	33-34		1,4,5,8
	103-2 The management approach and its components	Sustainability Leadership Fair Working Conditions	32 44-45		1,4,5,8
	103-3 Evaluation of the management approach	Policies, Standards and Compliance	32-33		1,4,5,8
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Fair Working Conditions	44-45	5	6
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Fair Working Conditions	44-45	8	3

GRI Standard	Disclosure	Location or Reason(s) for Omission	Page	References	
				SDGs	UNGC
Workplace Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Materiality	33-34		1,8
	103-2 The management approach and its components	Sustainability Leadership Workplace Health and Safety Management Systems	32 41-43		1,8
	103-3 Evaluation of the management approach	Policies, Standards and Compliance	32-33		1,8
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Workplace Health and Safety Management Systems	41	8	
	403-2 Hazard identification, risk assessment, and incident investigation	Hazards and Controls	41	3,8	
	403-3 Occupational health services	Health Services and Promotion	41	3,8	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Worker Engagement and Training	42	8,16	
	403-5 Worker training on occupational health and safety	Worker Engagement and Training	42	8	
	403-6 Promotion of worker health	Worker Engagement and Training	42	3	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Supplier Engagement	48	8	
	403-9 Work-related injuries	Work-related injuries	43	3,8,16	
	Traceable Supply Chain				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Materiality	33-34		1,8
	103-2 The management approach and its components	Sustainability Leadership Engaging our Supply Chain	32 46-48		1,8
	103-3 Evaluation of the management approach	Policies, Standards and Compliance	32-33		1,8
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	Engaging our Supply Chain	46-48		8
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	Engaging our Supply Chain	46-48	5,8,16	2
Pricing Equity					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Materiality	33-34		1,8
	103-2 The management approach and its components	Sustainability Leadership Industry Engagement	32 46-47		1,8
	103-3 Evaluation of the management approach	Policies, Standards and Compliance	32-33		1,8
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	HeveaConnect	46	5,9,11	

GRI Standard	Disclosure	Location or Reason(s) for Omission	Page	References	
				SDGs	UNGC
Eco-Efficiency					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Materiality	33-34		1,8
	103-2 The management approach and its components	Sustainability Leadership Environmental Management Systems	32 49		1,8
	103-3 Evaluation of the management approach	Policies, Standards and Compliance	32-33		1,8
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Consumption	51	7,8,12,13	7,8,9
	302-3 Energy intensity	Energy Consumption	51	7,8,12,13	7,8,9
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Resources Management	49	6	
	303-2 Management of water discharge-related impacts	Water Resources Management	49	6	
	303-3 Water withdrawal	Water Withdrawal and Intensity	49	6	
Climate Change					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Materiality	33-34		1,8
	103-2 The management approach and its components	Sustainability Leadership Environmental Management Systems	32 49		1,8
	103-3 Evaluation of the management approach	Policies, Standards and Compliance	32-33		1,8
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Greenhouse Gas Emissions	52-53	3,12,13, 14,15	7,8,9
	305-2 Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emissions	52	3,12,13, 14,15	7,8,9
	305-4 GHG emissions intensity	Greenhouse Gas Emissions	52-53	13,14,15	7,8,9
Landscape Stewardship					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Materiality	33-34		1,8
	103-2 The management approach and its components	Sustainability Leadership Protecting Our Natural Capital	32 54-57		1,8
	103-3 Evaluation of the management approach	Policies, Standards and Compliance	32-33		1,8
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Protecting Our Natural Capital	54	6,14,15	8
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity Values	55	6,14,15	8

GRI Standard	Disclosure	Location or Reason(s) for Omission	Page	References	
				SDGs	UNGC
Human Rights					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Materiality	33-34		1,8
	103-2 The management approach and its components	Sustainability Leadership Respecting Human Rights	32 57		1,8
	103-3 Evaluation of the management approach	Policies, Standards and Compliance	32-33		1,8
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	Respecting Human Rights	57		1,2
Community Investment and Empowerment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Materiality	33-34		1,8
	103-2 The management approach and its components	Sustainability Leadership	32		1,8
	103-3 Evaluation of the management approach	Policies, Standards and Compliance	32-33		1,8
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Living with COVID-19 Building Community	19-21 57		1



HALCYON AGRI CORPORATION LIMITED

180 Clemenceau Avenue
#05-02 Haw Par Centre
Singapore 239922
www.halcyonagri.com

