

SUSTAINABILITY **REPORT 2016** CHANGING THE GAME

CORPORATE PROFILE

Halcyon Agri creates value for its customers by connecting and bringing together businesses across the entire natural rubber value chain.

Listed on the Singapore Exchange (SGX) in 2013 as a rubber producer with two factories in Indonesia, Halcyon Agri has rapidly advanced to become a world-leading natural rubber supply chain manager with an extensive portfolio of industry assets and a global distribution network, supporting the world's growing mobility needs through the origination, production and distribution of natural rubber.

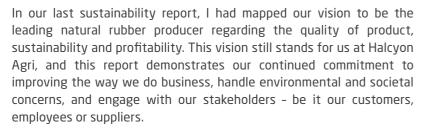
With strong capabilities across each segment of the supply chain, Halcyon Agri offers its customers a comprehensive suite of products to precisely meet their needs in a timely and efficient manner.

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CEO'S MESSAGE

"Sustainability is not just about producing a product that takes into account the environmental concerns or that we use chemical-free water in our factories. Sustainable rubber means we can audit the steps taken in producing our product. We want to be able to identify and track our product's path from raw material to finished goods such that we can verify good practices were in place, and the rights of the individuals involved were respected. That is what I want to achieve, a product with full supply chain traceability."



There is an ongoing evolution of the way the world views transportation: The rise of ride-hailing and sharing apps is expected to grow eight-fold by 2030, and it is predicted that by 2020, there will be 10 million self-driving cars on the road. This translates into more vehicles using more rubber. Arising from this, is the responsibility for us to produce rubber sustainably, to meet our customers' technical, environmental and social specifications.

We have established a set standard for quality, responsibility and sustainability in natural rubber production and our premium brand of HEVEAPRO is produced based on four core attributes: Quality, Environment Health & Safety, Social Responsibility and Security. We have intensified our quality control management to fine-tune the specifications to produce customer-driven grades of rubber. We ensure that our raw material is sourced ethically and that our environmental, health and safety policies are in place at every step of the supply chain. As one of the leading suppliers of natural rubber globally, we are cementing our position as a game changer in an industry that has traditionally viewed rubber as a commodity instead of the truly customised industrial product it has become today.

In 2013, we had only two factories with a production capacity of 110,000 metric tonnes of rubber. Today we have 33 (soon to become 38!) production facilities with an installed and licensed annual capacity



of 1.4 million metric tonnes. In the same timeframe, our staff strength has grown from 650 to about 15,000 employees around the world. We have implemented stronger Corporate Social Responsibility (CSR) policies to attract and retain staff. We have seen the gender gap closing in at all levels, and we offer employment to the indigenous and rural ethnic minority population in the countries where we operate plantations and factories. We provide training for our employees to improve their skillsets and we have whistleblowing policies in place to ensure no retaliation for employees to report corruption or mistreatment. Sustainable rubber is not just about the product itself; it is about the people that make it happen, their families and the environment we all share.

Despite our progress and milestones, there is still much to be achieved. We would like all of our factories to be ISO 14001 certified. We intend to complete our roll-out to map our raw material supply chain right down to the smallholder level. We will regularly carry out comprehensive environmental and social impact assessments in countries where we have large plantations such as Cameroon. We intend to further develop and implement ever more stringent CSR policies and to work closely with the local communities to improve their quality of life significantly.

After seven years of strong growth driven by a series of unprecedented and decisive actions, we have built strong momentum at Halcyon Agri. We are a more disciplined and more focused company. We remain committed and responsive to our customers, our suppliers and our employees in our journey to make Halcyon Agri a leading natural rubber producer and distributor with minimal impact on the environment while delivering robust returns to our shareholders.

By living our values and doing what we say we will do, I am confident we will achieve our goals for our suppliers, customers and shareholders for years to come.

Robert Meyer Executive Director & CEO

ABOUT THE SUSTAINABILITY REPORT

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The 2016 Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI) G4 Guidelines (Core) reporting framework. Moving forward, we will continue to have a structured process of disclosure on relevant Environmental, Social and Governance (ESG) matters in line with the Singapore Exchange (SGX) sustainability reporting requirements. While the report has not undergone external assurance, due care has gone into the disclosure of the information presented in this report. We will review our policy on sustainability reporting assurance for future releases.

Reporting Scope

The scope of this sustainability report covers the financial year from 1 January to 31 December 2016 (FY2016) with prior financial year (FY2015) data for comparison, where available. The information disclosed in this report includes our rubber origination, production and distribution operations under Halcyon Agri in Singapore, Indonesia, Malaysia, Thailand, Vietnam, China, Cameroon, Cote D'Ivoire, Germany, and the United States of America (USA), including the recently acquired assets in 2016 unless otherwise stated (Figure 1).

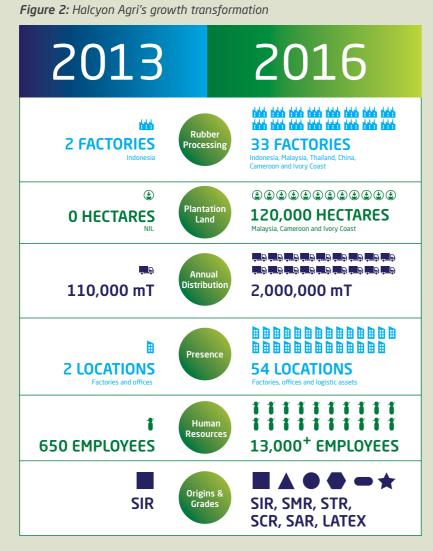
We welcome your questions and value your feedback about our sustainability report. Please contact us at sustainability@halcyonagri.com



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SUSTAINING CHANGE **Overview of Halcyon Agri**

The natural rubber industry is evolving and calling for an ever-increasing connectivity within the value chain to meet our customers' specific needs. The drive for sustainable raw materials including rubber in the production of passenger and industrial vehicles puts pressure on tyre manufacturers to source ethically. We have to constantly rethink how we conduct our business to meet our customers' requirements. We now have a comprehensive fully integrated supply chain in which we originate, produce and distribute natural rubber. We are the only rubber business with factories and plantations in all major natural rubber producing areas, namely in West Africa, Indonesia, Malaysia, Thailand and China. While we are a long way from providing sustainable rubber, we believe that with our global footprint and our presence across the entire supply chain for rubber production, we are in a stronger position to be part of the evolution.



Origins & grades legend:

SIR : Standard Indonesian Rubber SMR: Standard Malaysian Rubber STR: Standard Thai Rubber SCR: Standard Chinese Rubber SAR: Standard African Rubber

Table 1: Halcyon Agri's business model

Global Franchise

Capabilities across all segments of the value chain

Industri and Lat	ial Distribution ex	Global Tyre M
 Dedicated servicing non-tyre i Supplies t synthetic liquid), as rubber ch ancillary p 	both natural and rubber (dry or well as selected emicals and other broducts to producing rubber	 Hevea Global Tyre major merch arm with exclusiv market natural ru Exclusive market responsibility for Indonesian and 2 Coast factories, annual capacity of 685,000 metric factories

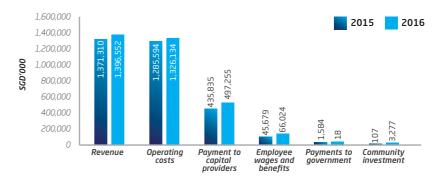
Operations

Customer-centric approach to business

Plantation	Processing	Distribution
Total plantation land in excess of 120,000 hectares Total plantable area in excess of 84,000 hectares	 Natural rubber produced in 33 factories located in 6 countries Total annual production capacity of 1.4 million metric tonnes, covering major rubber producing regions 	 Distribution capacity of 2.0 million metric tonnes per annum Sales offices and logistics assets are present in 39 cities, spanning Asia, Europ Africa and North America

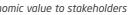
Our revenue growth has presented us with opportunities to strengthen our financial performance and distribute higher economic value to our stakeholders. However, we are cognizant of the fact that this must be carefully managed against the challenges presented by climate change, including global warming and prolonged spells of unpredictable weather, both of which can substantially affect us as plantations owner. In response, we invest in technology that enables us to manage energy and water consumption through process efficiency and reduce waste generation. For instance, we optimise and enforce a strict maintenance regime for our production machinery, while monitoring our energy and water usage.

Figure 3: Halcyon Agri's distribution of economic value to stakeholders



We recognise that we can only sustain this change by striking the right balance between economic, environmental, social and governance facets of our business. We have taken steps to identify and prioritise topics of vital importance to our stakeholders.

lajors	China Tyre Majors
handising ive rights to ubber ting r 14 2 Ivory with an of tonnes	New Continent Enterprises Group • Spearheading Halcyon Agri's China-focused business • Distributes Chinese, Thai and Malaysian Technically Specified Rubber "Point-to-point" model eliminates intermediary, connecting customers directly to producers



SUSTAINABILITY APPROACH Stakeholder Engagement

Collaborative working is the cornerstone of sustainable business practices. We are sensitive to our stakeholders' needs and engage with them actively to address their concerns. We have been reviewing our sustainability matters on a periodic basis, and the summary of our approach towards stakeholder engagement is shown in the table below (Table 2).

Stakeholder Group	Mode	Frequency	Concerns and Interests	Actio
Customers	 Customer surveys Sales presentations Shipment delivery meetings Factory site inspections or visits One-to-one meetings Emails/phone calls Supplier/customer conferences Customer portal on website 	 Continuous As required As required As required Monthly Continuous Continuous Continuous 	 Quality and price of the product Supply chain resilience Corporate Social Responsibility (CSR) risks 	• Imple Mana • Estab great
Suppliers	 Rubber raw material quality checks Sales transactions and deliveries Supplier/customer conference 	• As necessary • Daily • Continuous	 Market price Market access Quality of supplies 	• Supp
Employees	 Face-to-face meetings Training Grievance procedure Senior Management meetings Production planning and performance reviews 	 Continuous As required Yearly Monthly/quarterly Monthly 	 Employee rights and benefits Career development Job satisfaction 	 Staff EHS r Traini Comn and r
Investors/ Shareholders	 Face-to-face meetings Emails Phone calls Corporate website Annual General Meeting Regulatory announcements on SGX 	 As required As required As required As required As required Yearly Quarterly/as required 	 Financial performance Risk management compliance with laws and regulations Transparency and comprehensive reporting Ethical business practices 	• Timel and s • Comp requi
Financial Institutions	One-to-one meetingsEmailsPhone calls	 As required As required As required 	• Timely disclosure of sustainability information	• Annu • Susta
Regulators	 Briefing sessions Factory inspections Environmental compliance reporting 	• Monthly • Monthly • Monthly/as required	 Practices associated with pollution Compliance with rules and regulation Regulatory updates 	• Annu
Local Community (e.g. farmers)	 Face-to-face meetings Council or village meetings Social investment programmes to support the local community 	• Continuous • Continuous • Continuous	 Sustenance of livelihoods Wellbeing of local community Land rights 	• Field • Socia • Regu
Non-government Organizations (NGOs)	Face-to-face meetings	• Continuous	 Biodiversity conservation Community improvement Odour reduction in rubber processing 	• Provi non-g and e
Industry Associations	 Meetings Emails Participation in industry events 	 As required As required Quarterly 	 Sustainable rubber production Responsible marketing Labour standards Environmental performance 	 Know advor Collat progr

Table 2: Halcyon Agri stakeholder engagement

ons

- plementation of robust Total Quality nagement (TQM)
- ablishing standards and procedures for
- eater conformance to customer needs

pport and adhere to fair pricing of supplies

- ff welfare programmes
- management systems
- ining programmes
- nmunication of employee responsibilities
- l rights (e.g. employee handbook)

nely communication to investors l shareholders

- npliance with all relevant regulatory
- uirements

nual report stainability report

nual filings

Id centre for skills development ial investment gular feedback from the local community

vision of communication channels for n-government organisation (NGO) feedback engage NGOs to seek solutions

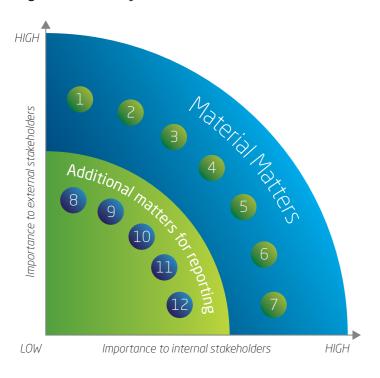
wledge sharing and public policy

- vocacy with industry peers
- laboration on social investment
- grammes for the local communities

Materiality Assessment

We performed a peer benchmarking assessment of sustainability-related disclosures to generate a list of potential material matters. Subsequently our Business Unit Heads, facilitated by external sustainability specialists, deliberated and prioritised on the most material sustainability matters. The prioritisation took into consideration the opinions of external stakeholders through a materiality assessment workshop. The material sustainability matters are shown in the materiality matrix below (Figure 4).

Figure 4: Materiality matrix



Details of Materiality Assessment Results			Where Impacts occur within		
No.	Material ESG Matters	Description	Mapped GRI-G4 Aspects	Location in the Report	Halcyon Agri's Value Chain
1	Economic Performance	Financial performance, including global demand and supply influencing pricing, dividends to shareholders	• Economic	Creating customer-centric products	 Investors/Shareholders Financiers
2	Premium and Sustainable Product Offering	Guided by HEVEA <i>PRO</i> 's pillars of quality; environment, health and safety; social responsibility; and security to develop products that meet customers' needs	• Customer health and safety	Creating customer-centric products	Customers
3	Occupational Health and Safety	Provide for the health and safety of employees and contractors, with statistics on incidents, fatalities, lost days, and absenteeism rates	 Occupational health and safety 	Investing in our people	RegulatorsEmployees
4	Human Rights	Commitment to anti-discriminatory practices, no child labour, respecting and accepting all people regardless of age, gender, racial and cultural background across our operations, hiring policy and practice	 Investment Non-discrimination Indigenous rights Human rights Grievance mechanisms Equal opportunity employment 	Investing in our people	 Local Community NGOs Employees
5	Corporate Governance	Practicing responsible business policy such as anti-corruption, anti-competitive behaviour, anti-trust, may include a clause on ethical practices in contracts	General standard disclosures	Maintaining sound corporate governance	 Investors/Shareholders Financiers
6	Customer Satisfaction	Disclosure of efforts to meet customer expectations and to maintain good relationship	 Product and servicing labelling 	Creating customer-centric products	Customers
7	Stakeholders Relationships	Regular stakeholder engagement with action plan on specific concerned areas	General standard disclosures	Stakeholder engagement	All Stakeholders
8	Responsible Supply Chain	Encourage local, sustainable and accountable procurement via tracing suppliers and direct natural rubber providers in areas of labour practices, indigenous rights, anti-corruption, compliance and others	 Procurement practices Supplier assessment for labour practices Supplier human rights assessment 	Creating customer-centric products	• Customers • NGOs
9	Effluent Management	Proper wastewater treatment with COD, BOD, NH3-N, TSS levels below regulation limits	• Effluents and waste	Caring for the environment	 Local Community NGOs Regulators
10	Regulatory Compliance	Compliance with regulations including corporate governance, diversity, taxation, environment, labour, health and safety and supply diversification	• Compliance	Maintaining sound corporate governance	Regulators
	Attracting and Retaining Employees	Creating an inclusive corporate culture with appropriate work-life balance, comprehensive benefits, and regular employee engagement	General standard disclosures	Investing in our people	• Employees
12	Community Investment	To give back to the community through various initiatives (e.g. free clinics, healthcare, scholarships and infrastructure development)	• N.A. ¹	Community investment	Local CommunityNGOs

Table 3: Halcyon Agri's materiality assessment results

MAINTAINING SOUND **CORPORATE GOVERNANCE**

Corporate Governance

Sound corporate governance is pivotal to sustainable growth and the continuous success of Halcyon Agri. We are committed to upholding the highest standards of corporate governance to create long-term shareholder value. Under the Board of Directors' (the Board) leadership, our six key capitals - financial, manufactured, intellectual, human, social and natural capital, are allocated efficiently and productively in the best interests of our shareholders and other stakeholders. We are guided by a set of sound corporate governance policies that act as a solid foundation for good corporate governance (Figure 5).

At Halcyon Agri, we adhere to all material principles and guidelines of the Code of Corporate Governance 2012, the disclosure guide developed by the Singapore Exchange Securities Trading Limited (SGX-ST), and all other applicable laws, rules and regulations. Also, we engage proactively with regulators, governments, industry leaders and industry associations to understand the local legal requirements across the jurisdictions where we operate. The details have been set out in Halcyon Agri's Annual Report for the 2016 financial year on page 36 to 56.

Corporate Governance Structure

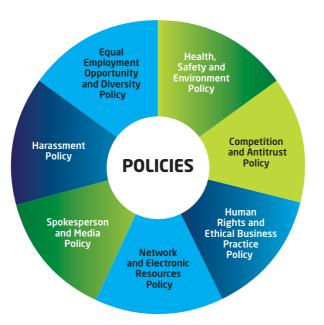
The Board embraces the principle of empowerment. While the Board delegates certain functions to the Chief Executive Officer (CEO), Board Committees and the Management (Figure 6), the responsibility of overseeing the design, implementation and monitoring of economic, environmental, social and governance (EESG) risks ultimately remains with the Board.

The CEO leads the management of EESG that are indivisible from the day-to-day operation while the Management maintains a structured risk management that incorporates a continuous process of identification, evaluation and effective management of EESG risks. The Board also appoints professional firms to identify impacts, risks, and opportunities, as well as conduct comprehensive studies on issues or concerns relating to EESG risks.

Figure 6: Halcyon Agri's governance structure



Figure 5: Halcyon Agri's suite of policies



Business Ethics

At Halcyon Agri, we act with integrity, fairness and transparency and we do not tolerate corruption in any form, whether direct or indirect. Our business principles underpin how our corporate culture delivers healthy growth and positive contributions to our host communities where we operate. These principles are overseen by the Board and recorded in the employee handbook in various languages. We encourage all employees, contractors, business partners and suppliers to adhere to our principles highlighted in Figure 7.

Figure 7: Halcyon Agri's business principles

Uphold good	Compliance
corporate governance	laws and regu
Safe and rewarding workplace	Sharehold engagement, respect to t rights and int

Our employees are also expected to uphold strict standards of ethical business conduct and made aware through our mandatory induction programmes. In 2016, we maintained an unblemished record of zero confirmed cases of corruption.

To promote ethical business practices, Halcyon Agri has a whistleblowing policy outlined in our employee handbook. We encourage our employees to raise any concerns relating to suspected improprieties. In the event of a reported whistleblowing case, the Audit Committee ensures that an independent investigation is instituted followed by the appropriate actions. We continue to target for zero lapses in business ethics and employee conduct.

Regulatory Compliance

We recognise the risk of regulatory penalties and resulting loss of reputation arising from non-compliance with relevant legal requirements. As we expand rapidly through acquisitions, we proactively keep abreast of applicable legal requirements in the countries we operate. In 2016, we did not record any material breaches of relevant laws and regulations in our respective jurisdictions of operations (Table 4).

Table 4: Halcyon Agri's regulatory compliance







CREATING CUSTOMER-CENTRIC PRODUCTS Responsible Supply Chain

Beyond producing premium quality products that are to customerspecifications, we strive to develop products that are environmentally and socially responsible. These themes form the core of the HEVEA*PRO* promise to our customers. It is therefore imperative that we assess not only our final products but also the entire value chain culminating in production. To that end, we strive to ensure that our raw materials are sourced sustainably.

Within our plantations in Kelantan (Malaysia) and Cameroon (West Africa), we maintain sustainable agricultural practices such as zero deforestation and obtaining free, prior and informed consent (FPIC) from affected stakeholders. Likewise, we encourage our suppliers to uphold the same sustainability standards. However, limited resources or knowledge may pose hindrances for our suppliers, especially smallholders, to embrace sustainability. We welcome this challenge as it presents us with an opportunity to help and influence our suppliers' business practices. For instance, we periodically visit our smallholders' plantations to provide advice on best practices in agroforestry and agricultural management skills.



Case Study 1:

Protection of High Conservation Value (HCV) Areas in Sud Cameroun Hevea SA (Sudcam)'s Concessions and Dja Faunal Reserve

As our business grows, we realise the increasing importance of practising sustainability across our entire value chain, including our plantations, where part of our supplies originates. A case in point is our Sudcam plantations in Cameroon. In 2011, we completed the first Environmental and Social Impact Assessment (ESIA) for the concessions, and we continue to have regular consultations with the local communities to discuss our progress and concerns they may have. In 2016, we completed an HCV assessment within our concessions, which led to the delimitation of 10,323 hectares of land area for preservation. In that same year, we conducted an environmental audit to evaluate our conservation rate. The study assesses that 45% of our concessions are conserved, reflecting more than double the allocation of 20% recommended.

Beyond our concessions, we also play our part in safequarding the rich biodiversity of Dja Faunal Reserve - a UNESCO World Heritage Site located in proximity to our concessions. Sudcam sits on the inter-ministerial committee in charge of safeguarding Dja Faunal Reserve, and we have a five-year conservatory partnership with Dja Faunal Reserve. The partnership aims to maintain the integrity of wildlife resources around our concessions and protect the value of its biosphere reserve. While the Cameroonian government has yet to define the exact size of a buffer zone between our plantations and Dja Faunal Reserve, we have proactively maintained a buffer zone between 7 - 10 kilometres between our plantation concession in the north and at least 200 meters in the central and south concessions. Also, we maintain minimal disturbance in the border areas by conducting foot patrols and prohibiting our employees from entering the Reserve or the Dja River.



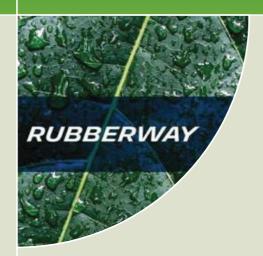
As a sign of our commitment to safeguarding biodiversity, we will continue to conduct ESIA and HCV studies regularly. Our upcoming ESIA is scheduled in 2018, and we intend to renew our partnership with Dja Faunal Reserve in the same year. Acknowledging the multiplied impact of concerted efforts, we will continue to be a member of the inter-ministerial committee and work with UNESCO and International Union for Conservation of Nature (IUCN) to protect Dja Faunal Reserve. In recent years, there has been a growing interest among customers and other stakeholders on the origin of raw materials used in agribusiness. This interest is driven both by increasing awareness and by preference for sustainability, as well as concerns expressed in the news around unsustainable business practices and their ramifications to the environment and the community. In light of this, we have taken various measures to enhance our upstream traceability to ensure that our products are not produced at the expense of the environment or the community. While there are challenges in doing so, we have started the process of traceability.

Case Study 2:

Michelin's Rubberway with Mapping of the Supply Chain in Indonesia

In 2015, we embarked on a project with one of our key customers, Michelin, to trace and map the supply of our raw materials in Indonesia. In this project, we use a mobile software application (app) called "Rubberway" to map our factories to the smallholder farmers and intermediaries who supply to us. The initial phase of the project involved interviews with farmers and intermediaries to gain a better understanding of their concerns. The objective of Rubberway is to connect with farmers in remote regions and understand their key concerns through the questionnaire, thereby enabling us to design programmes and initiatives to improve the sustainability of the rubber industry. In 2016, Rubberway was successfully tested at the factory level, intermediary level and farmer level. Rubberway will be deployed at other Halcyon Agri factories and at other rubber producers.

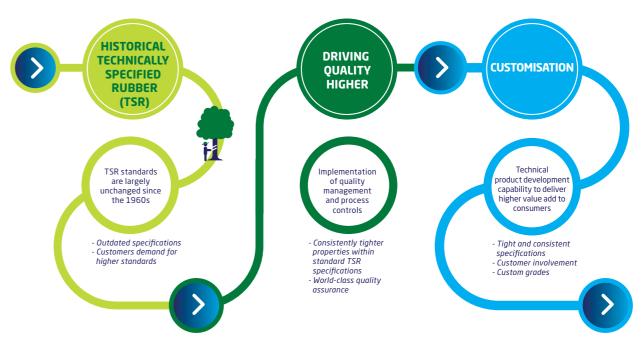
"Since 2015, Halcyon Agri has been collaborating actively with us to design, test and deploy on the field our innovative mobile app Rubberway. Rubberway is a tool to map environmental, social and labour practices through the natural rubber supply chain. By sharing this information with our suppliers, we can better target our actions and contribute together to a more sustainable natural rubber supply chain. At each step of the development, Halcyon Agri team was willing to share its field knowledge in a fully transparent and constructive way. The involvement and professionalism of Halcyon Agri's staff working on this project has been a true example of what can be a win-win supplier/customer partnership." (Société de Matières Prémières Tropicales Pte. Ltd., a member of Michelin Group)



Delivering High-Quality and Sustainable Products to Our Customers

Not all natural rubber is created equal, and we want to supply our customers with rubber customised to their needs and specifications. Halcyon Agri's fully integrated value chain, coupled with the technical expertise we have acquired over the years, allows us to deliver an unparalleled advantage to our customers. We pride ourselves in offering premium-quality rubber, and we ensure our suppliers can manufacture products where consistent quality, reliability and safety are critical. In 2016, we had zero incidences of regulatory non-compliance concerning the health and safety impacts of our products.

Figure 8: Halcyon Agri's journey to creating customised and high quality rubber



Our journey to produce high-quality customised rubber to meet our customers' specifications is a progressive one. By understanding our customers' evolving needs, we can implement a robust quality management system. We continuously challenge ourselves to innovate and remain relevant in the industry.

Since 2015, we have developed our flagship HEVEAPRO brand of natural rubber. Built on the four core principles of Quality; Environment, Health and Safety; Social Responsibility and Security, our customers can be assured that by purchasing HEVEAPRO natural rubber, they have a premium product, sourced ethically. Through HEVEAPRO, we aim to be the market leader in driving not just innovation, but also sustainability.



HEVEAPRO FOUR PRINCIPLES

These four HEVEAPRO principles govern the way we work, ensuring consistent standards of quality and sustainability in our product offerings. We conduct HEVEAPRO factory audits using four different checklists: Quality Assurance, Environment, Health and Safety and Security. Our factories are ranked in various categories based on their scores using over 700 stringent criteria in the audits.

In 2016, we commenced the first phase of our internal audits across 13 factories in Indonesia. Two of the 13 factories achieved the Gold rating, and six factories achieved the Silver rating. While the remaining five plants did not meet our minimum score requirements, steps are taken to analyse their performance gaps and action plans will be implemented to improve their respective performance in the coming year. To enhance our commitment to our customers, we will commence with third-party validation and certification of HEVEAPRO standards across all of our 33 factories in 2017.

1. QUALITY

Quality of Product:

- Statistical process control implemented and audited
- High performance benchmarks in laboratory tests on key natural rubber properties
- High performance in Quality Assurance (QA) product audit programme

Quality of Factory:

- High factory performance in QA audit
- Each factory must have accredited laboratory testing facilities and qualified laboratory staff

Quality of Management:

- Effective implementation of Total Quality Management (TQM)
- ISO 9001 certification



3. SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) Policies:

- Stakeholder engagement process comprising management, workers' representatives and community leaders.
- Implementation of CSR checklists

CSR Reporting:

• Publication of sustainability report in accordance to Global Reporting Initiative (GRI) framework



2. ENVIRONMENT, HEALTH & SAFETY

EHS Monitoring and Control:

- Target of zero incidents
- Key EHS metrics regularly monitored and published annually
- Complete review of environmental impact and occupational health and safety risk assessments bi-annually
- Quarterly EHS audits

EHS Management:

- ISO 14001 and OHSAS 18001 certification
- Annual EHS training conducted at each factory
- Dedicated EHS officers

4. SECURITY

Security Controls:

 Comprehensive security measures implemented to ensure a controlled work environment and minimise risk to our people and property

Security Certification:

 Factories to be certified to the United States Customs & Trade Partnership Against Terrorism (C-TPAT)

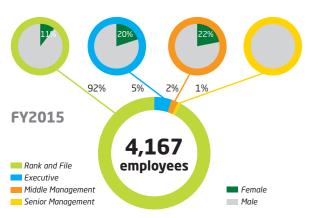
INVESTING IN OUR PEOPLE

With more than 13,000 employees located across 54 locations in our offices, plantations and factories, it is inevitable that we have a diverse and culturally rich workplace. We want to provide our employees with an environment that is free from any form of discrimination and ensure equal employment opportunities for everyone. We have policies in place to attract and retain talented individuals and training programs to develop skill sets needed to grow with us.

Employee Demographics

In 2016, with the acquisition of GMG Global Ltd, we saw a threefold rise in our staff strength as we absorbed all employees from GMG Global Ltd. We also actively reach out to the indigenous and the rural ethnic minority population in the countries where we have plantations and factories to offer employment. While our gender breakdown indicates disproportionately more male employees than female employees, it should be noted that the nature of the job at factory or production level traditionally attracts male rather than female workers. However, as can be seen in the charts below (Figure 9 and 10), we have hired more female employees at all levels.

Figure 9: Halcyon Agri's workforce breakdown by employment category and gender



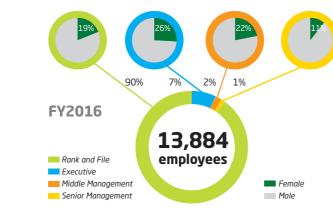
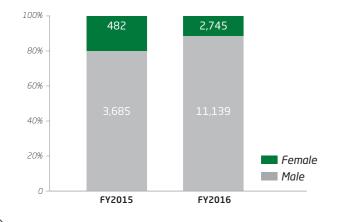


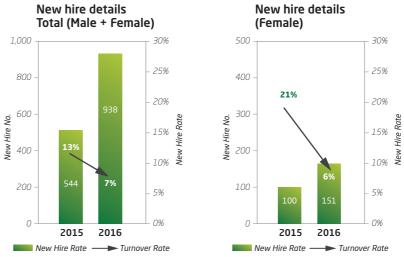
Figure 10: Percent composition of total employees by gender

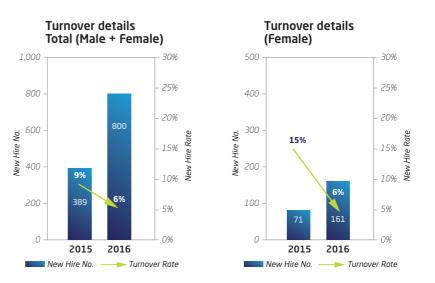


Attracting and Retaining Employees

Key performance data relating to human capital at Halcyon Agri is shown below (Figure 11²).

Figure 11 : Employee hires and turnovers at Halcyon Agri

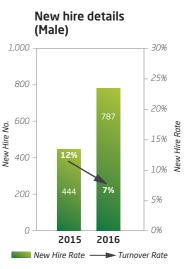




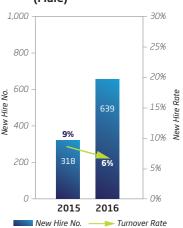
At Halcyon Agri, we ensure that we comply with all human resource policies and standards and that we are in line with the legislative requirements in each country where we operate. We offer the standard probationary period to full-time employees, and our contracts include the security and safety rules clause. Besides building a safe and environmentally responsible workplace for our staff, we ensure fair compensation and appropriate occupational benefits. We believe firmly in providing a work environment that respects the rights of the individuals, and we have zero tolerance towards child labour or forced labour. We maintain an avenue for our employees to submit anonymous feedback via our whistleblowing policy. We also expect our staff to conduct business practices with integrity and confidentiality and be responsible towards our properties, be it our electronic communication devices or our site accommodation.

² The new hire employee number does not include the increase





Turnover details (Male)



Employee Welfare

As a company that has factories and plantations sometimes located in rural areas, it is our responsibility to provide primary care for our employees and their families in accordance with the country regulation. We provide onsite housing, medical care and health campaigns (e.g. anti-malaria drives) as well as community activities such as celebration of religious festivals.

Halcyon Agri has a proper documented grievance procedure in place for employees to freely voice out their concerns. All reported grievances would be investigated with an action plan by our human resource team. There were less than five grievances reported in 2016, and we aim to reduce that number annually.

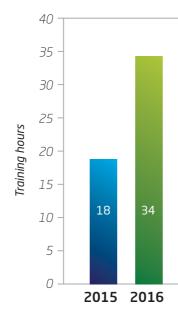
Training

We encourage our employees to grow and excel in their personal and professional lives. Under the guidance of the heads of the departments, we have training programmes in various forms such as via daily briefings, on-the-job coaching, seminars, management courses and apprenticeships. We also encourage job rotations and opportunities to further oneself through professional qualifications.

In particular, Halcyon Agri places a strong focus on environmental and safety training. We equip our employees at all levels with the requisite knowledge and relevant skillsets to improve work performance. We provide training courses on safety matters such as risk assessment, 5S (Sort, Set in Order, Shine, Standardise, Sustain) training, chemical spillage response, noise and hearing protection, machinery safety and hand injury prevention, electrical safety and emergency evacuation and response drill. Additionally, external courses on ISO 14001 audit, OHSAS18001 audit, scheduled waste handler competency, fire emergency and first aid, are provided to the employees with managerial roles. To further support our employees' safety training, we engaged Safety Training Officers to conduct training at specified sites. While the group level data are not yet available, we have begun tracking hours of certain safety training matters delivered at HEVEA KB I and II factories in Ipoh, Malaysia, as shown in Figure 12.

We also extend our training programme to external stakeholders such as our contractors. For example, at our lpoh factory, both employees and our contractors are required to attend the mandatory in-house EHS Safety Induction training before commencing their work. The EHS Safety Induction training addresses topics such as good housekeeping, working at height and confined spaces, manual handling, hazardous materials and accident investigation.

Figure 12: Employee training hours HEAVA KB I and II in Ipoh, Malaysia



Occupational Health and Safety

It is without a doubt that we must commit to providing our employees with a high standard of safe working conditions to prevent injuries and ill health of our employees. We are committed to the safety of our employees, and we treat it with utmost importance through compliance with legal and other requirements. Our determination to keep the work surroundings safe is also evident in our conducting of hazards identification, risk assessment, safety training, employee communications, external consultations and review of the Occupational Health and Safety (OHS) management implementation.

In addition to the above, we are committed to providing the following support:

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Despite our utmost efforts to manage work-related safety risks, there were five fatalities at our facilities in 2016. Four of them took place in Hevecam, Cameroon in 2016 before our acquisition, while the other one fatality occurred at one of our rubber factory, PT. Sunan Rubber in Indonesia. Electrocution, a fallen tree and a lorry accident caused the fatalities in Heveacam. The fatality at PT. Sunan Rubber was due to the attire of the employee being caught in the stirrer of the soda ash tank, a wastewater treatment machine. We have scrutinised the accidents and have enforced stringent safety procedures. For example, we have installed a reflective mirror so that our employees could check if the soda ash tank is full without having to stand too close to the machine. We will continue to enforce high safety standards, procedures and practices to build safe working culture and environment across the factories, including our newly acquired factory like Hevecam. Moving forward, we aim to achieve zero fatality across our operations.



Proper facilities to ensure the employees' safety and health at workplace

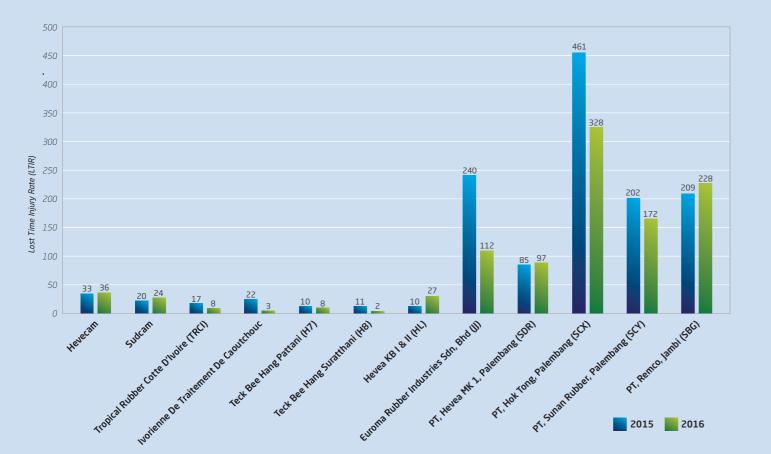
Safe and regular maintenance of all equipment Elimination of hazardous working conditions Emergency procedures and policies along with

compulsory bi-annual fire drill exercises

Annual health screenings for all employees

There were no recorded vector-borne diseases or occupational diseases in 2016. However, non-fatal accidents were recorded which included injuries relating to activities such as receiving, unloading and storage of raw materials, driving vehicles, picking objects from the moving belt conveyor in the factories, slips and falls from ladders and high platforms, electric shock from armoured cables, skin ailments from handling chemicals and entanglement in chain guards (Figure 13³). We are striving to reduce our Lost Time Injury Rate through various safety training programmes.

Figure 13: Lost Time Injury Rate (LTIR) at various sites



We are still in the midst of tracking absenteeism statistics, as our current data collection systems do not disaggregate it from sick leave data. However, indications from turnover data and experience on the ground reveal that absenteeism rate is insignificant. We aim to keep the absenteeism rate to a minimum. We also seek to establish specific reduction targets for Lost Time Injury Rate (LTIR) and other safety statistics as we work towards identifying the most optimal approach to collecting the safety data across the sites.

³ The lost time injury rate relates to the number of lost time injuries that occurred on factories where we have significant business operations.

(24)

Human Rights

Halcyon Agri strongly supports the protection and elevation of human rights around the world. We follow the guidance on fundamental principles of human rights, such as in the United Nations Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Our support for these fundamental principles is reflected in our policies and actions towards our employees, suppliers, clients, communities and the countries where we have business operations.

As one of the world's leading natural rubber supply chain managers, with operations across 54 countries worldwide with over 13,000 employees, Halcyon Agri is committed to ensuring that our employees are treated with respect and dignity and can work in an environment that is free from harassment and unlawful discrimination. Our commitment to respect human rights in the workplace is articulated in our employee handbook. We adopt a whistleblowing framework whereby concerns, questions and grievances can be raised anonymously and resolved quickly. Our employees are strongly encouraged to raise ethics, discrimination or harassment matters, and report suspected violations of applicable laws, regulations and policies. Retaliation is prohibited when raising these concerns in good faith. Although we do not currently conduct human rights impact assessment through a third party, our internal audit process allows us to identify risks associated with employee rights at work.

Besides pledging ourselves to the protection of our employees' human rights, we comply with all employment regulations particularly those related to a fair wage. Internal audits are conducted to assure that fair wages are provided to our employees, and there were no significant audit findings this year. While a national minimum wage level guideline is stipulated, the salaries at our sites are agreed locally. The ratio of standard entry-level wage compared to local minimum wage is 1:1 for male and female employees. We are in the progress of establishing a formal review system relating to labour rights at our sites starting with fair pay review for all locations by 2017.

Halcyon Agri supports and respects the human and development rights of indigenous and traditional people. Indigenous people have accumulated vast amounts of ecological knowledge in their long history of managing the environment, and the experience could be beneficial for nature conservation and sustainable use of natural rubber. While we recognise the importance of the preservation of their cultures, it is challenging to embrace them as part of our business model in times of globalisation and expanding economic and market forces. However, we continue to work towards our goal through cooperation and partnerships with them. In 2016, there were no incidents of discriminations or violations involving rights of indigenous people observed at Halcyon Agri.

EMPOWERING THE COMMUNITY

Our rapid expansion across countries and continents for the past two years has created what we call our "Halcyon Global Village" - where we see unprecedented linkages between us and the communities surrounding our operations. Within the Global Village, our plantations and assets are primarily located in developing countries, presenting us with opportunities to meet the existing needs of these communities and empowering them to achieve a better quality of life. All of our community investments are aligned with the seven pillars of our HEVEAPRO Community Support Programme.



Seven Pillars of HEVEAPRO



HEVEA Life Improving the communities' standard of living and quality of life.

- Blood donation drives in collaboration with Red Cross Indonesia, with 120 donor participants, made up of our employees and surrounding communities
- Provision of healthy food aid for needy families, expectant mothers, new-borns and orphanages in Cameroon and Indonesia
- Construction of bore wells to provide clean water in Cameroon
- Anti-drugs campaign at a primary school located near our factory in Palembang
- Celebration of cultural and religious festivals
- Tree planting activities in a primary school located near our factory in Palembang, Indonesia, using our composted waste as fertiliser



HEVEA Sports Promoting a healthier lifestyle and bonding within and between communities.

• "Halcyon Indonesia May Day Cup" - a sports tournament for our factory workers in Palembang, Indonesia, held in collaboration with the Labour Union • Group exercises for our employees in Cameroon to commemorate World Environment Day



HEVEA Learn Advocating education and development of technical skills that can be directly applied in the workplace.

- Scholarships for underprivileged students from nine schools in Indonesia • Salary support for teachers from nine schools in Indonesia
- Donation of furniture and books to a primary school in Cameroon



HEVEA Health Providing better nutrition and health care to control the spread of endemic diseases.

- Free or subsidised medical treatment at Sudcam's central hospital, Cameroon
- Provision of AIDS test in Cameroon
- Provision of poliomyelitis vaccination in Cameroon
- Dengue fogging at all factories in Palembang, Indonesia, and surrounding workers' housing



HEVEA Grow Improving productivity of smallholder farmers.

• Provision of technical assistance on the management of nurseries, bud wood gardens, as well as budding and tapping training to smallholders in Cameroon



HEVEA Safe management.

communities

Promoting safety and hazard

• Provision of fire and electrical safety training for workers and local



HEVEA Build

Improving infrastructure for the local communities.

- Construction of primary schools within Sudcam's concession
- Renovation and construction of classrooms in Cameroon and Indonesia
- Construction of roads to improve access to surrounding villages and other amenities such as schools and mosques in Indonesia and Cameroon
- Installation of street lights leading to our factories in Palembang and Pontianak, Indonesia
- Transportation support for fire-fighting efforts in Pontianak, Indonesia
- Built a primary school in a remote village in Ivory Coast, in partnership with Fondation la Rentrée du Coeur⁴
- Renovated classrooms in a community centre in Ivory Coast, in partnership with Fondation la Rentrée du Coeur
- Built a canteen at a village near our plantations in Ivory Coast

CARING FOR THE ENVIRONMENT

Halcyon Agri is acutely aware of its responsibility towards the environment, and actively invests and partners with its stakeholders (customers and suppliers) to address environmental challenges. Environmental management gains priority across our operations, and the EHS Committee, chaired by the factory manager at each of our operations is responsible for overseeing the EHS performance. EHS Committees at our factories are composed of Management and Worker representatives, and these Committees report to the Group Technical Management Team to ensure alignment of management systems and performance standards.

Waste and Effluents Management

Our focus lies primarily on the effluents and wastes derived at the initiation and endpoints of the rubber production process at our factories. Washing the harvested latex requires significant volumes of water. While the washing method does not involve any chemicals, the discharge contains high concentrations of biological matter and suspended solids. To ensure the discharged wastewater is sufficiently treated, we examine specific parameters, i.e. Biological Oxygen Demand (BOD), Chemical Oxygen Demand (COD), pH, and Ammonia levels on a daily basis⁵⁶⁷⁸. We have invested in state-of-the-art wastewater treatment systems in each of our factories. Discharge parameters are well within the requirements set by the national regulatory authorities present in the countries where our plants operate. In 2016, we received zero non-compliance notices from any of the regulators (Figure 14).

We are attempting to achieve Environmental Management Systems certification (ISO 14001) for all factories. As we expand our assets with more new acquisitions, we have drawn up a time plan to track our certifications.

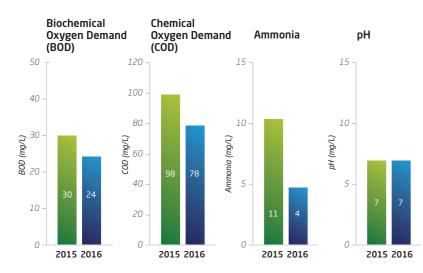


Figure 14 : Wastewater quality measurement at Halcyon Aqri

(28)





Case Study 3:

Sludge to Soil **Community Project**

During rubber processing, large The sludge could be used for landfill volumes of water are used to remove and other ways. At Halcyon Agri, we dirt and contaminants from the raw test the sludge for fertiliser usage latex. The wastewater contains which is then distributed to the local sludge that holds small amounts of communities around our sites. The rubber, sand and grit that are rich in local communities use the sludge to organic matter. The wastewater grow crops such as corn and cassava. discharged from the factories is In 2016, we distributed 580 tonnes treated and returned to the river or of sludge as fertiliser to the local recirculated into our rubber produc- communities. tion processes.

⁵The wastewater quality measurements do not include factories that were recently acquired during the 2016 reporting year. We aim to include these factories' measurements in the forthcoming year ⁶BOD quality measurement is not applicable to factories in China.

Ammonia quality measurement is not applicable to factories in Thailand.

⁸Wastewater quality measurement is not applicable for Sudcam plantation in Africa and has been omitted.

GRI CONTENT INDEX - "CORE" OPTION

General Standard Disclosures			
Profile			
Disclosure	Description	Section	
G4-1	Provide a statement from the most senior decision-maker of the organisation (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organisation's strategy for addressing sustainability.	CEO's Message (page 2)	
Organisa	tional Profile		
G4-3	Name of the organisation.	Overview of Halcyon Agri (page 6)	
G4-4	Primary brands, products, and services.	Overview of Halcyon Agri (page 6)	
G4-5	Location of organisation's headquarters.	Overview of Halcyon Agri (page 6)	
G4-6	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Overview of Halcyon Agri (page 6)	
G4-7	Nature of ownership and legal form.	Overview of Halcyon Agri (page 6)	
G4-8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	Overview of Halcyon Agri (page 6)	
G4-9	Scale of the organisation	Overview of Halcyon Agri (page 6) Employee demographics (page 20)	
G4-10	Total workforce by employment type, gender, employment contract and region	Employee demographics (page 20)	
G4-11	Percentage of total employees covered by collective bargaining agreements.	All production workers	
G4-12	Describe the organisation's supply chain.	Creating Customer-Centric Products (page 14)	
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	Overview of Halcyon Agri (page 5)	
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Corporate Governance (page 12)	
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Creating customer-centric products (page 14) Human Rights (page 25)	
G4-16	Memberships in associations (such as industry associations)	Malaysian Rubber Products Manufacturers' Association Rubber Trade Association of Singapore (RETAS) International Rubber Study Group (IRSG) Member/Panel of Advisor/Signatory to SNRi (Sustainable Natural Rubber Initiative) Singapore International Chamber of Commerce Rubber Association (SICCRA) GAPKINDO (Gabungan Perusahaan Karet Indonesia/ Rubber Association of Indonesia) The Thai Rubber Association China Rubber Industry Association China Natural Rubber Association	
Identifie	d Material Aspects and Boundaries		
G4-17	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures (List all entities in the consolidated financial statements)	Overview of Halcyon Agri (page 6)	
G4-18	Process for defining report content and the Aspect Boundaries and explain how the Reporting Principles has been implemented	Materiality assessment (page 10)	
G4-19	List all the material Aspects identified	Materiality assessment (page 10)	
G4-20	The Aspect Boundary within the organisation: Whether the Aspect is material within the organisation; The list of entities included in G4-17 for which the Aspect is or is not material; Specific limitation regarding the Aspect Boundary within the organisation	Materiality assessment (page 10)	

Profile Disclosure	Description	Section	
G4-21	The Aspect Boundary outside the organisation: Whether the Aspect is material outside the organisation; The list of entities for which the Aspect is material, relate to geographical location; Specific limitation regarding the Aspect Boundary outside the organisation	Materiality assessment (page 10); The effluent management and occupational health and safety aspects are not material to the following entities: Hevea Global Pte Ltd Sinochem Int'l Natural Rubber Investments (Overseas) Pte Ltd	
G4-22	Explanation of the effect of any restatements	Not applicable	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	About the Sustainability Report (page 4)	
Stakehol	der Engagement		
G4-24	List of stakeholder groups engaged by the organisation.	Stakeholder engagement (page 8)	
G4-25	Basis for identification and selection of stakeholders with whom to engage.	Stakeholder engagement (page 8)	
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Stakeholder engagement (page 8)	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting; Report the stakeholder groups that raised each of the key topics and concerns	Stakeholder engagement (page 8)	
Report P	rofile		
G4-28	Reporting period	About the Sustainability Report (page 4)	
G4-29	Date of most recent previous report	31 December 2012	
G4-30	Reporting cycle	Annual	
G4-31	Contact point for questions regarding the report or its contents.	About the Sustainability Report (page 4)	
G4-32	a. Report the 'in accordance' option the organisation has chosen. b. Report the GRI Content Index for the chosen option	About the Sustainability Report (page 4); GRI Content Index (page 30)	
G4-33	Policy and current practice with regard to seeking external assurance for the report	About the Sustainability Report (page 4)	
Governai	nce		
G4-34	Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	Corporate Governance (page 12)	
G4-36	Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	Corporate Governance (page 12)	
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks and opportunities. Include the highest governance body's role in the implementation of due diligence process. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks and opportunities.	Corporate Governance (page 12)	
G4-48	Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered	Corporate Governance (page 12)	
Ethics an	d Integrity		
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	Business ethics (page 13)	
G4-57	Internal and external mechanism for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines	Business ethics (page 13)	
G4-58	Internal and external mechanism for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanism or hotlines	Business ethics (page 13)	

Specific Standard Disclosures

Specific Standard Disclosures					
Profile Disclosure	Description	Section			
Environmental					
EN22	Total water discharge by quantity and destinationWaste and efflue (page 28)				
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Regulatory compliance (page 13)			
Social					
Sub-catego	ory: Labour Practices and Decent Work				
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Attracting and retaining employees (page 21)			
LA2	Benefits provided to full-time employees that are not approved to temporary or part-time employees, by significant locations or operation	Employee welfare (page 22)			
LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender	Occupational health and safety (page 24)			
LA7	Workers with high incidence or high risk of diseases related to their occupation	Occupational health and safety (page 24)			
Sub-catego	ory: Society				
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Regulatory compliance (page 13)			
Sub-catego	ory: Product Responsibility				
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Regulatory compliance (page 13)			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Regulatory compliance (page 15)			
Sub-catego	ory: Human Rights				
HR3	Total number of incidents of discrimination and corrective actions taken	Human rights (page 25)			
HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Human rights (page 25)			
HR12	Number of grievances about human rights impact filed, addressed, and resolved through formal grievance mechanisms	Human rights (page 25)			
Economic					
Sub-category: Economic Performance					
EC1	Direct economic value generated and distributed	Overview of Halcyon Agri (page 6)			
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Overview of Halcyon Agri (page 6)			