

ESG REPORT



Contents

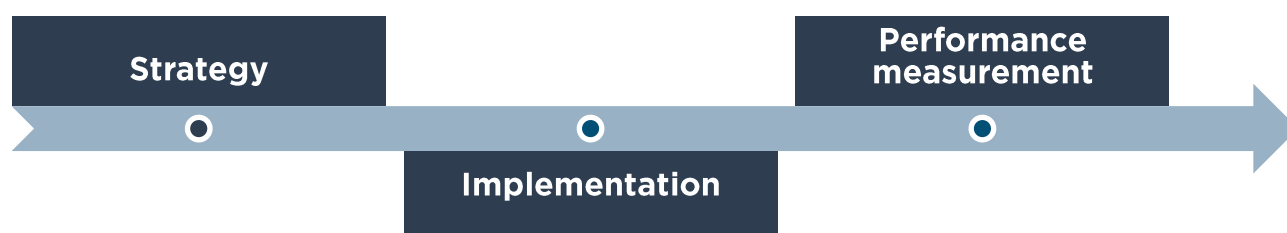
1. Executive Summary	4
2. Sustainability Framework	1
2.1. Corporate Sustainability Reporting Directive (CSRD)	1
2.2. Sustainable Development Goals.....	2
3. Strategic Sustainability Planning	3
3.1. Sustainability Opportunities and Threats	3
3.1.1. Sustainability Related Risks.....	4
3.1.2. Sustainability Related Opportunities.....	6
3.2. Industry Supply Chain.....	7
3.3. Value Chain.....	8
3.3.1. Global Operations	9
3.3.2. Human Resource Management.....	9
3.3.3. Legal & Compliance.....	9
3.3.4. Outbound Logistics.....	9
4. Hexagon’s Strategic Priorities	11
4.1.1. Human Rights.....	11
4.1.2. Environment.....	11
4.1.3. Operational Excellence	12
5. Actions and Resources	13
5.1. Corporate Compromise	13
5.2. Human Rights Strategy.....	13
5.2.1. Gender Equality.....	13
5.2.2. Discrimination and Harassment Prevention	14
5.2.3. Decent Work and Economic Growth.....	15
5.3. Environmental Strategy	16
5.3.1. Green Commuting.....	16
5.3.2. Singapore Open Innovation Challenge.....	17
5.3.3. Green Vessels Initiative	18
5.3.4. BiodivX Project.....	19
5.4. Operational Excellence Strategy	20

5.4.1. Know Your Client Reporting.....	20
6. Evaluation Process.....	21
6.1. Sustainability Timeline.....	22
7. Future Projects.....	23
7.1. GHG Emissions.....	23
7.2. Quality Control.....	23
8. About this Report.....	24
8.1. Reporting Frameworks & Scope.....	24
8.2. Relevant Information for the Creation of this Report.....	24
9. References.....	25



1. Executive Summary

Sustainability -or the ability to maintain a constant level of existing resources- in today's world should be an integral part of any business plan for trading companies. Traders who understand the harmful effects our job can have on the environment can help reduce these effects through sustainable practices. This is why, for 2022 we at Hexagon Group have started a sustainability awareness campaign and corporate social responsibility (CSR) initiative for all members of the Hexagon Group (hereinafter for easy reference collectively referred to as "Hexagon Group" or "Company"). Through these efforts, we strive to reduce our emissions and help guide the sustainable development of our industry.



The first part of our initiative covers Hexagon's strategic position in the industry and identifies areas within which it can take advantage of it to be a driver of change. The position analysis is done through identifying, firstly, environmental risks and opportunities for the Hexagon Group. Secondly, a value chain analysis will be conducted to ascertain the scope of our impact regarding our counterparties.

With the help of external references, we will then develop a holistic and global course of action for Hexagon that tackles the three strategic priorities chosen by Hexagon Group:

- human rights,
- environment, and
- operational excellence through governance all along the value creation chain.

Within those strategic priorities we have opted to first concentrate on the following strategic action points, in accordance with the UN Sustainable Development Goals mentioned hereunder.



Figure 1: Hexagon Group's three strategic priorities and strategic actions, 2023.

2. Sustainability Framework

While several climate-related disclosure frameworks have emerged across different jurisdictions in an effort to meet the growing demand for such information, there is a need for a globally standardized framework that will promote alignment across different regimes. However, in order to tackle sustainability matters in a way that makes sense to us as a Company and to our stakeholders, we have considered some of the most well-known and adopted frameworks to analyse sustainability.

By combining different sources, we have designed a framework that will help us strive towards a more sustainable operative system as a Company. We have taken into consideration the framework proposed by the European Union's CRSD directive that allows companies to clearly define, through a decalogue, their steps towards a more sustainable business. This structure allows us to analyse the areas where there is room for improvement and, with a direct influence of the United Nation's Sustainable Development Goals, allows us to constantly monitor our success towards our strategic position regarding sustainability.

2.1. Corporate Sustainability Reporting Directive (CSRD)

To help improve money flow towards sustainable activities across the European Union, the European Commission adopted the ambitious and comprehensive Sustainable Finance Package on 21 April 2021. One of the proposed measures within the package is the Corporate Sustainability Reporting Directive (hereinafter the "CSRD"). On the 5th of January 2023, the CSRD entered into force. This directive defines a common reporting framework for non-financial data that facilitates sustainability reporting for us as a Company.

One of the proposals is designed by the EFRAG Project Task Force on European Sustainability Reporting standards for its paper on a Climate Standard Prototype. On its presentation to the plenary meeting on 8th of September 2021, the EFRAG's Task Force designed a framework that consisted of three reporting areas that materialized into ten disclosure areas within them (EFRAG Project Task Force on European Sustainability Reporting standards (PTF-ESRS), 2021).

Strategy	Business strategy and climate
	Climate impact, risks and opportunities
	Climate governance
Implementation	Policies and targets
	Actions and resources
Performance measurement	Energy consumption
	Scopes 1 & 2 GHG emissions
	Scope 3 GHG emissions
	Financial exposure to physical & transition risks

Figure 2: Framework designed by PTS-ESRS for a Climate Standard Prototype, 2021.

2.2. Sustainable Development Goals

The Sustainable Development Goals (hereinafter referred to as the “SDGs”), commonly referred to as the Global Goals, are a collection of 17 interconnected, integrated objectives established by the United Nations that aim to end world poverty, safeguard the environment, and guarantee that all people live in peace and prosperity by 2030.

The 17 SDGs to transform our world are:



Figure 3: Sustainable Development Goals. United Nations, 2015.

Many different areas are targeted in this Sustainability Policy and not all of them relate to the area of influence/control of Hexagon. This is why we made a conscious choice to focus our attention to those sustainable development goals where we believe that we can improve matters for the general good. Hexagon's topics have been derived from and support the United Nations Development Program's Sustainable Development Goals. The goals that will first be targeted in 2023 are:

- 5 (gender equality),
- 6 (clean water and sanitation),
- 7 (affordable and clean energy),
- 8 (decent work and economic growth),
- 9 (industry innovation and infrastructure),
- 14 (life below water) and
- 16 (peace justice and strong institutions).



Hexagon's involvement for each of these goals will be further explained in each of the corresponding strategic action segments of this report.

3. Strategic Sustainability Planning

Giving an adequate and tailored response to our sustainability needs starts by defining Hexagon's business, the products traded by us, our current situation in the market and our role in the commodity trading industry. We are fully aware that the commodity trading industry has its share in the global environmental problems. However, at Hexagon we value ethical business above all principles. A part of it is that we strongly believe that ESG considerations are necessary while trading commodities. Studying our strategic position in this industry will allow us to know where to concentrate our efforts for a greater impact.

3.1. Sustainability Opportunities and Threats

There is a rising need in society for financial information on climate change that can be used to make decisions by investors, lenders, insurance underwriters, and other stakeholders. This disclosure of climate-related risks and possibilities allows stakeholders to conduct

thorough and consistent analyses of the potential financial effects of climate change. An important element of such an analysis is the assessment and categorization of climate-related risks and opportunities. For us as a Company such analysis helps us to prepare for possible challenges and to identify potential growth areas. We have outlined below some climate risks and opportunities that are relevant to Hexagon.

Hexagon's main trade products are fertilizers, fertilizer raw-materials and sulphuric acid. With this we are part of the value chain of the fertilizer and mining industries. Both industries have significant sustainability issues that can be tackled. However, it needs to be kept in mind that in our role of mere trading our direct impact on sustainability issues is limited only. We will also strive to seek areas where we can indirectly help to improve on sustainability matters.

3.1.1. Sustainability Related Risks

The fertilizer and mining industries are particularly sensitive to environmental (GHG emissions, air quality, energy management, water and wastewater management, waste and hazardous materials management, ecological impacts) and social/human capital challenges within the sector (Human Rights and Community Relations, Labour Practices, Employee Health & Safety).

Transition Risk

We are aware that adapting to a lower-carbon economy requires extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Transition risks can present firms with varied degrees of financial and reputational risk, depending on the form, speed, and focus of these changes. Hexagon first wants to get a good understanding of such risks to better scope its efforts towards the sustainability goals chosen by it. In the following paragraphs we outline our current understanding of the sustainability related risks involved:

Policy and Legal Risk

Initiatives related to climate change are always evolving. Their objectives frequently fall into one of two categories: either policy actions that support adaptation to the effects of climate change or policy activities that strive to prevent behaviours that intensify those effects. The risk involved and the financial impact will depend on the nature and timing of the policy change.

Another important risk is litigation. There has been a significant increase in the number of climate-related cases they have filed in court in recent years.

Technology Risk

Organizations may be significantly impacted by technological advancements or inventions that enable the shift to a low-carbon, energy-efficient economic structure. The competitiveness of some businesses, their costs of production and distribution, and ultimately the demand from end users for their goods and services will be impacted by the development and use of emerging technologies, such as renewable energy, battery storage, energy efficiency, and carbon capture and storage, for instance. For our efforts to achieve our defined sustainability goals we need to understand that there will be winners and losers in this process of "creative destruction," to the extent that new technology replaces outdated processes and upends some aspects of the current economic system. To this end we shall strive to follow all relevant technological developments. But one of the biggest unknowns in determining the risk associated with technology is the timeframe of technological development and deployment to the markets.

Market Risk

There are many different and intricate ways that climate change could impact markets. One of the most significant ways is through changes in the supply and demand for certain commodities, goods, and services as climate-related risks and opportunities are increasingly considered. To this end we at Hexagon believe that we can exercise a certain influence on relevant market participants to look into and implement changes on sustainability matters – it is where we may identify areas of possibilities for indirect changes.

Reputation Risk

A potential source of reputational risk is the shift Hexagon's image could have in its clients' perceptions of our support for the transition to a lower-carbon economy to stop the climate change, or if we would not do anything or even oppose to taking action on sustainability matters. We believe that it is vital that we communicate effectively our sustainability support to our counterparties.

Physical Risk

We are aware that physical dangers brought on by climate change such as direct damage to assets and indirect effects from supply chain interruption, may have a financial impact on Hexagon. Fluctuations in water availability, sourcing, and quality, food security, and significant temperature changes that have an impact on our or our suppliers'/customers' facilities, operations, supply chain, transportation requirements, and staff safety can all have an impact on Hexagon's financial performance. These risks can be caused short-term (acute) events or longer-term (chronic) changes in climatic trends. Acute risks are physical

hazards brought on by a specific occurrence, such as a storm, a hurricane, or a flood, which can be more severe than usual. Whereas chronic risks are long-term changes in climatic patterns, such as continuous high temperatures that could lead to sea level rise or recurrent heat waves.

3.1.2. Sustainability Related Opportunities

Efforts to prevent and adapt to climate change also give rise to opportunities in Hexagon. The use of lesser energy or low-emission energy sources, the development of new goods and services, entry into new markets, and bolstering supply chain resilience are just a few of the ways that Hexagon can benefit from these new trends.

Resource Efficiency

At Hexagon we have already successfully reduced operating costs by improving efficiency across our processes. Still, we are constantly looking for further opportunities to reduce our resource efficiency directly and indirectly. Over the medium to long term, such steps can directly reduce costs for Hexagon's operations and support international efforts to reduce emissions. We are keeping ourselves abreast on technological innovation that is aiding this transition, which includes creating circular economy and efficient solutions to everyday problems.

Energy Source

Investments in renewable energy capacity have surpassed investments in fossil fuel generating for the fifth consecutive year (Frankfurt School-United Nations Environmental Programme Centre and Bloomberg New Energy Finance, 2017). Companies that switch to low-emission energy sources may be able to reduce their yearly energy bills (Ceres, 2017). Significant factors include the move toward distributed clean energy sources, rapidly falling prices and subsequent widespread adoption of these technologies. For us at Hexagon this could also mean that low-emission products can evolve with the help of renewable energy input that were previously not feasible due to the cost and high emissions of traditional production methods. We will actively support such developments as we, in our role of traders, see chances to trade and market such low-emission products into completely new markets. A case in point could be the production of green ammonia to be used as ship-fuel, replacing heavy fuel oil which is a big environmental concern.

Products and Services

Shifts towards a more climate-friendly industry create new opportunities for businesses. Hexagon strives to innovate and develop new low-emissions products (see above) and

services that may improve our competitive position and capitalize on shifting consumer and producer preferences.

Markets

At Hexagon we pro-actively seek opportunities in new markets that may be able to diversify our activities and better position ourselves for the transition to a lower-carbon economy. Opportunities exist for organizations like Hexagon to access new markets through collaborating with governments, development banks, small-scale local entrepreneurs, and community groups in developed and developing countries as they all work to shift to a lower-carbon economy.

Resilience

Hexagon also looks at climate resilience. The concept of climate resilience involves organizations like Hexagon to develop an adaptive capacity to respond to climate change and to better manage the associated risks and seize opportunities, including the ability to respond to transition risks and physical risks.

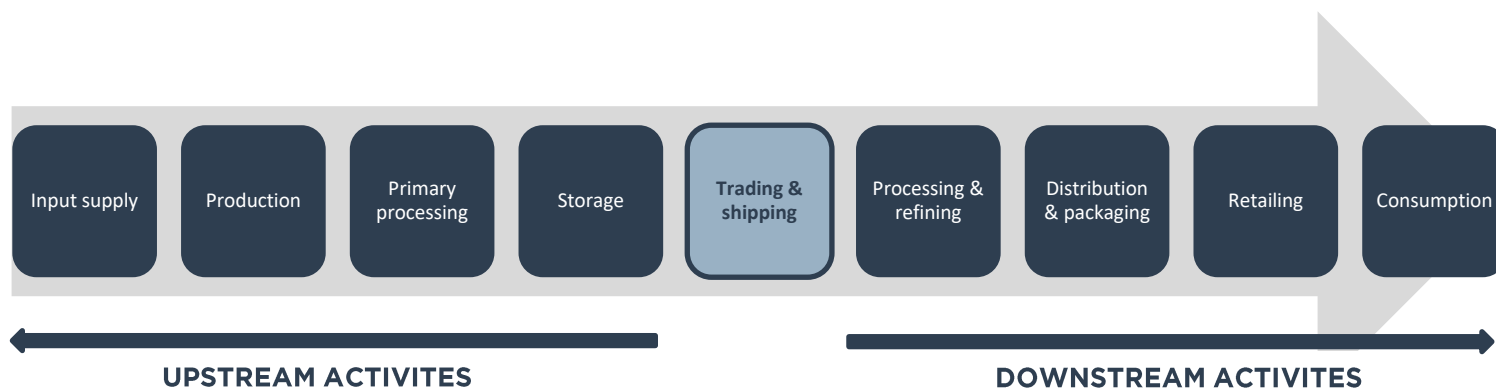


3.2. Industry Supply Chain

Understanding our position in the supply chain is vital to properly understand the reach our actions could potentially have and allows us as Hexagon to set measures in place to influence both our downstream and upstream counterparties.

The physical supply chain is the beating heart of the commodity trading business. Global trading firms such as Hexagon manage transportation and complex logistics to source, market and deliver commodities for their suppliers and customers around the globe. The Hexagon supply chain management process includes identification of supply chain risks

and impacts, working with buyers and suppliers to develop robust management and mitigation measures and ongoing monitoring of counterparties to ensure compliance with Hexagon's ESG policy.



The commodities' trading industry has an environmental impact along its supply chain. However, especially in the production of the products the environmental impact is particularly big due to the use of tremendous amounts of energy and natural resources. Although the products traded by Hexagon are essential for the survival of humankind for the purpose of enhancing agricultural productivity, their sustainability is dependent on how they are produced and used. Their manufacturers and users must understand how to apply sustainable practices to reduce their negative impacts on the environment and human health.

As traders, Hexagon is in the middle of the commodity supply chain. For this reason, it is a challenge to have direct impact in all the steps of it. However, part of our vision regarding sustainability is having other counterparties from upstream and downstream activities across the value chain cooperate and reduce their emissions too. The main way we will manage this is by keeping our counterparts' operations accountable and requiring non-financial information from them regarding sustainable practices as part of the Know Your Client reporting.

3.3. Value Chain

At a smaller scale in the individual business unit at Hexagon, we pay close attention to our value generation process to maximize positive impact and reduce negative impact activities on sustainability matters.



Figure 4: Value chain of Hexagon Group's trading operations.

3.3.1. Global Operations

To reduce the impact of our operations globally, Hexagon has already made adjustments to its operations to reduce our environmental impact. We have implemented actions to lower emissions office-wide such as a zero-printing policy, online meetings (instead of in person) and established a recycling and an energy-saving policy.

3.3.2. Human Resource Management

We have created specific measures to guarantee employee satisfaction and protection. These measures include promotion of public transport, harassment prevention and gender reporting to keep track of Hexagon's employee gender ratio.

3.3.3. Legal & Compliance

Our Legal & Compliance team is in charge of establishing a KYC reporting policy to ensure that our counterparts operate within legal terms and respecting human rights.

3.3.4. Outbound Logistics

As mentioned in the supply chain, we encourage both our upstream and downstream counterparts to take steps towards cleaner and more sustainable operations. Apart from the KYC reporting, for our counterparties in our Sulfuric Acid team, we have created a Green Vessels reporting system that will allow us to track the emissions of the vessels we fix and over time to provide them with a "sustainability grading".

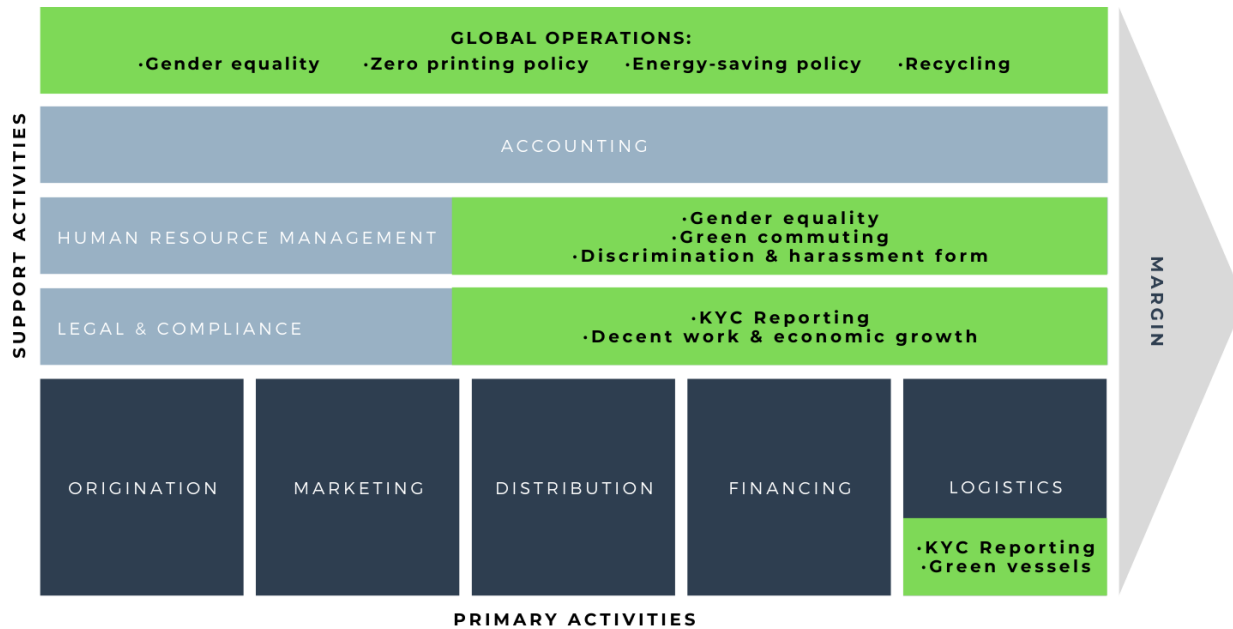


Figure 5: Hexagon's value chain with the ESG projects associated to each area.

4. Hexagon's Strategic Priorities

After carefully studying our strategic position and identifying different areas of improvement, Hexagon decided to target on three specific areas. Hexagon's Sustainability and ESG policy focuses on supporting human rights, environmental protection, and operational excellence.



4.1.1. Human Rights

Human rights embody key values in our society such as fairness, dignity, equality and respect. They are needed to protect and preserve every individual's humanity, to ensure that every individual can live a life of dignity and a life that is worthy of a human being. Safeguarding human rights helps us ensure that every person has their basic needs met.

In the commodities industry, especially in mining and in fertilizer production facilities, but also along the logistics chain, sometimes human rights issues are found to be a challenge. Hexagon holds all its suppliers and business partners to the standards outlined above because we are convinced that treating people fairly and with dignity cannot end at the door to our office.

4.1.2. Environment

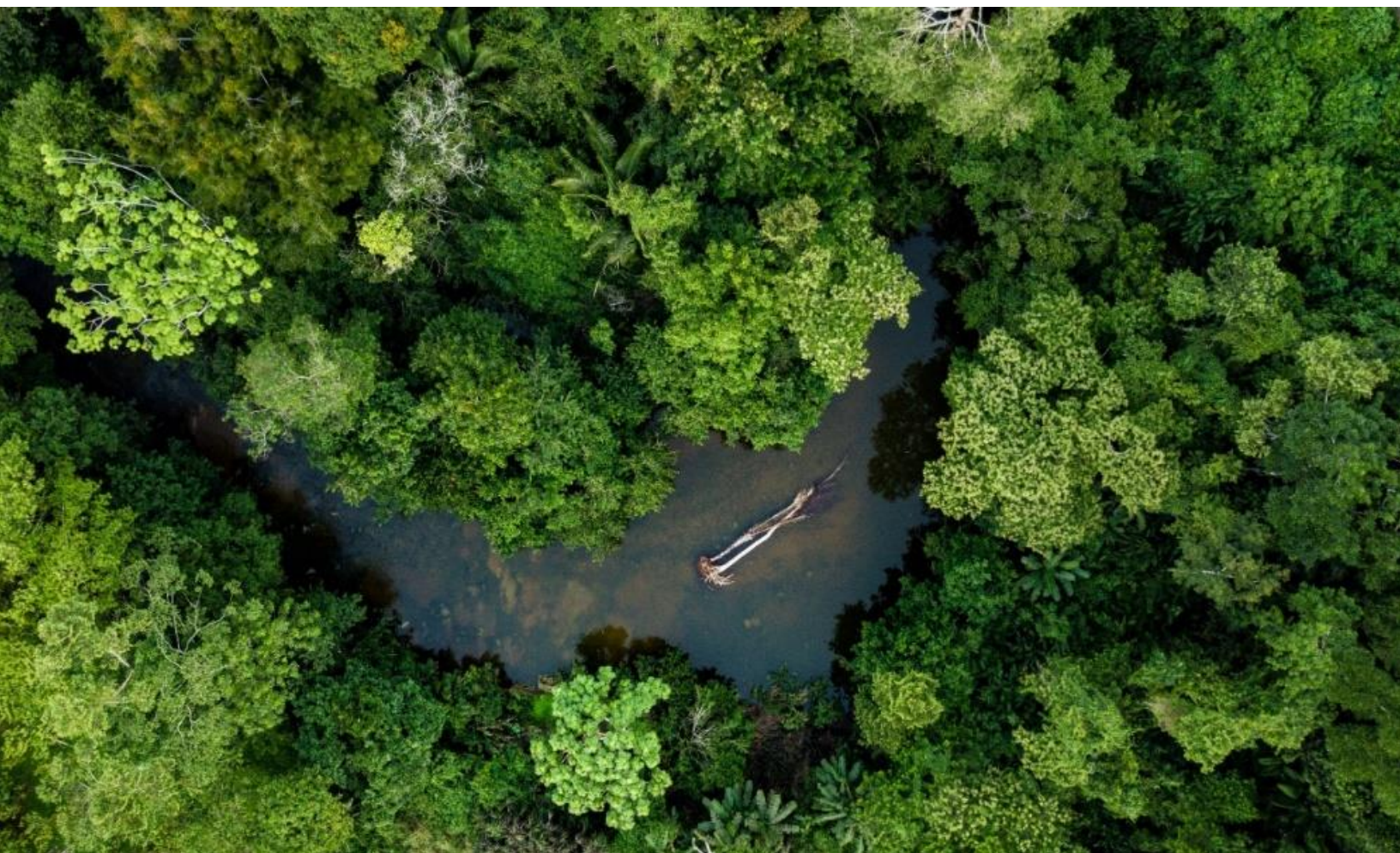
People around the world depend greatly on the natural environment for their health and livelihoods— especially people in developing countries. A healthy environment supplies the necessities of life, like water, food and air. It also provides resources for economic growth and the means to fight natural hazards. It is therefore a moral obligation for humans to protect the environment from pollution and other activities that lead to environmental degradation. Importantly, environmental degradation is detrimental since it threatens the long-term health of the animals, humans and plants.

Hexagon is committed to be an environmental steward and lead by example in ESG matters. We not only want to act alone, but we want to incentivize our industrial and transportation counterparts to do so too. This is why, as part of our KYC onboarding process we request our counterparties to indicate whether they have any ESG measures in place and to please provide their sustainability reports to analyse their efforts.

4.1.3. Operational Excellence

Operational excellence allows a business and its leadership to improve all areas of performance, including decision-making, customer- and partner services, human resources capabilities, profitability and ongoing investment. Our organisation is dedicated to excellence in all areas. We are always looking for ways to improve our processes, guarantee counterparty satisfaction, and keep up our industry-leading records.

A quality guarantee from our part will ensure a smooth running of our company and fair conditions for our counterparts. Also, guaranteeing a maximal quality in our day-to-day operations will allow us to also excel on the previous non-financial aspects, human rights and environment.



5. Actions and Resources

5.1. Corporate Compromise

Hexagon Group's ESG Committee, led by the company's Executive Chairman and President, oversees sustainability performance at the highest level. Hexagon is committed to responsible management and oversight of its operations and business activities, wherever we operate.

We recognise the critical importance of conducting our business and operations responsibly, demonstrating integrity, professionalism and diligence at all times.

2023 will be an important year for Hexagon in ESG. We have taken matters into our own hands to contribute to reducing our emissions and have started our sustainability initiative.

5.2. Human Rights Strategy

5.2.1. Gender Equality

GENDER EQUALITY		
Strategic Priority	Human Rights	SDGs
Target	<ul style="list-style-type: none"> 50% women company-wide by 2030. Women in senior leadership by 2030 	
Starting Base	<ul style="list-style-type: none"> 38% women in 2022 in Hexagon Trading and Aries Fertilizers 	

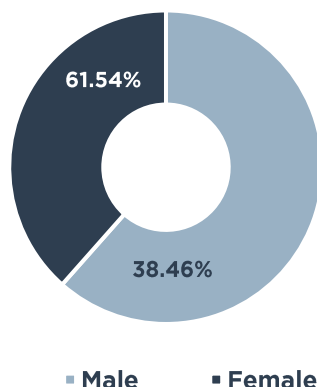
As a company, we are committed to promoting inclusion, fairness, and equality, and our leaders actively work to maintain a corporate culture that reflects these values. We appreciate the many forms of diversity present in our offices, including national origin, gender, ethnicity, age, and cultural diversity.

We believe that diversity is about listening to different perspectives, valuing them, and learning from them. A truly inclusive culture requires individuals who are willing to learn from one another and respect differing viewpoints. We are dedicated to building a highly skilled and productive workforce that is focused on results, and we prioritize hiring and retaining the best employees for the job based on merit.

Gender inequalities are still deep-rooted in every society. Women struggle with a lack of access to jobs, gender wage inequalities, and occupational segregation. This is especially true in the commodities trading industry, that has been traditionally male dominated. This is

why, in Hexagon we strive towards gender diversity in leadership roles. We promote women empowerment, and achievement of equality between women and men as partners and beneficiaries of business opportunities.

Gender distribution in Hexagon Group as of March 2023



Example: In Hexagon Group we have 39 employees. Of those employees, 24 are men and 15 are women. However, all members of the board are men and only one woman out of 11 people holds a management position. We explain these results from the concept that the trading industry has traditionally been more male dominated. However, even though we hire and promote irrespective of gender considerations, we are working to promote female leadership through female empowerment seminars and courses.

Gender	Total employees	Board Members	Management
Male	24	5	10
Female	15	0	1

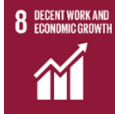
5.2.2. Discrimination and Harassment Prevention

DISCRIMINATION & HARASSMENT FORM AND PROCESS		
Strategic Priority	Human Rights	SDGs
Target	<ul style="list-style-type: none"> Establish a fully operative form and process for Hexagon's employees within 2023. 	
Starting Base	<ul style="list-style-type: none"> No form/process available yet 	

Hexagon is a place that attracts, supports, respects, and retains professionals irrespective of their gender, religion, ethnical background, sexual orientation, and/or political opinion. At all of our locations, we are committed to providing a respectful, professional, and inclusive workplace. We have a zero-tolerance policy for workplace harassment and encourage all employees, contractors, and suppliers to report any discriminatory or unethical behaviour.

For this reason, Hexagon has put in place a Discrimination/Harassment Form and Process for its employees in 2023. This preventive form encourages people who feel they have been subjected to workplace discrimination or harassment too speak up. The process will ensure that complaints can be made completely anonymous and on a confidential basis by being supervised by an independent and impartial third-party.

5.2.3. Decent Work and Economic Growth

DECENT WORK AND ECONOMIC GROWTH		
Strategic Priority	Human Rights observance	SDGs
Target	<ul style="list-style-type: none"> • Maintain internal observance • Minimum 95% counterparty acceptance by 2030. 	
Completion	<ul style="list-style-type: none"> • internal: accomplished • counterparties: design and implement sustainability question in the GTCs. 	

Decent work means opportunities for everyone to get work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration. Hexagon recognises that we have the potential to impact human rights directly through our operations, and indirectly through our relationships with our counterparties. At Hexagon we are committed to respecting human rights and actively support our workforce, business partners, buyers and suppliers to understand and uphold this commitment.


To comply with these principles, Hexagon Group tackles this goal in two ways. Internally, it offers fair wages and working conditions to all its employees. Externally, Hexagon will include the following clauses that all business partners will be required to adhere to on their contractual General Terms and Conditions as from 2025 onwards. The principles included will be:

1. International Regulatory and Standards Compliance: Full compliance with laws and regulations in the various jurisdictions and the prevention of bribery and corruption. Compliance with international guidelines and standards to which Hexagon's suppliers are committed, as well as the biodiversity protection climate change mitigation and adaptation requirements stated above.

2. Human Rights: Business activities must not infringe on human rights as defined in the UN Guiding Principles on Business and Human Rights. Forced labour, Child labour, discrimination of any kind, and harassment must not be tolerated by Hexagon and its business partners.
3. Labour Rights: Hexagon expects that its suppliers respect the rights of employees to associate freely and bargain collectively and requires the same of its business partners. They strive to manage their employees' working hours fairly and effectively, holidays, leaves of absence, and wages in according with local regulations as specified in their countries and/or in Hexagon Group HR Policy.
4. Health and Safety: Employees have the right to a healthy and safe work environment. Hexagon's suppliers shall strive to ensure that all work hazards are identified and rectified in a prompt manner in compliance with their and or Hexagon Group Environmental, Health and Safety (EHS) Policy/ sustainability policy.
5. Decarbonisation: Hexagon strives to achieve a carbon net zero operations by 2050 or earlier aligned with the Paris Agreement based on a timebound plan with medium term milestones, preferably aligned to TCFD standard, the Net Zero standard of the IEA or Net Zero Standard of the SBTi or one of SBTi's Sector Decarbonisation methodologies, if applicable. This includes ensuring that all business partners working together with Hexagon to both abate, avoid and remove carbon emissions in their operations and supply chains.
6. Environmental Protection: Furthermore, Hexagon strives to minimize environmental impacts while engaging in business activities.
7. Monitoring and Reporting: Hexagon will monitor application of its ESG efforts on a regular basis, at least annually, to identify areas for improvement. Hexagon strives to disclose all information related to the above principles in a timely manner, preferably via an ESG report. Should any violations in the above policy be identified, Hexagon will work with suppliers to remediate any impacts through a robust and transparent process.

5.3. Environmental Strategy

5.3.1. Green Commuting

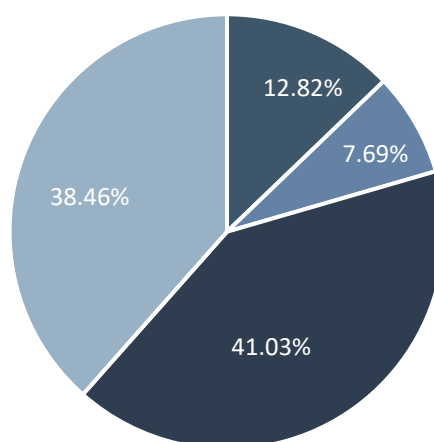
GREEN COMMUTING		
Strategic Priority	Environment	SDGs
Target	<ul style="list-style-type: none"> • 75% Employee Green commuting by 2030 	
Completion	<ul style="list-style-type: none"> • Designed an incentive strategy • Implemented the strategy 	

Ensuring universal access to affordable electricity by 2030 means investing in clean energy sources such as solar, wind, hydro and thermal. It can also be achieved by adopting cost-effective standards for a wider range of technologies and reduce the global electricity consumption of buildings and industry.

We are pleased to communicate that in our Aries Fertilizers Group office, all employees commute sustainably. Out of 20 employees, 9 of them work from home and the remaining 11 employees either walk or use public transport to arrive to the Singapore office.

At Hexagon, however, out of 19 employees, 12 commute sustainably and the remaining 5 travel by car. We encourage our employees to reduce their emissions, therefore, at our operational unit Hexagon Trading, e.g., we have created the Hexagon Green Commuting Initiative where employees can get a 50% reimbursement of their commuting costs provided that they use public transportation to commute to the office.

Total Commuting in Hexagon Group as of March 2023



■ Car ■ Walk ■ Public Transport ■ Home office

5.3.2. Singapore Open Innovation Challenge

SINGAPORE OPEN INNOVATION CHALLENGE		
Strategic Priority	Environment	SDGs
Target	<ul style="list-style-type: none"> Award USD 70,000 to SOIC Winner 	
Completion	<ul style="list-style-type: none"> Design the prize structure Design judging criteria Launch SOIC contest 	

Sustainable Development Goal 9 seeks to build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. This SDG encompasses three important aspects of sustainable development: infrastructure, industrialisation and innovation. It entails investing in new, resilient infrastructure in developing countries or retrofit


existing infrastructure to make it more sustainable as well as expand the geographic reach of research and development facilities, bringing R&D capabilities to developing countries.

At Hexagon we are participating in Enterprise Singapore’s Sustainability Open Innovation Challenge for 2022. The Challenge, launched on October 25th, 2022, aims to create an entrepreneurial ecosystem that embraces sustainability and delivers impact. A challenge has been organized with the aim to encourage global innovation and entrepreneurship. We believe such initiatives are vital to raise awareness about environmental issues we are facing on the one hand, and on the other hand to find solutions that enable us to build a more sustainable future.

In the contest, Hexagon participates as a Challenge Sponsor by awarding a cash prize to innovation and solutions that help sustain a greener planet. With this initiative, our objective is to help to make an impact by supporting a platform that will motivate entrepreneurs to opt for sustainable initiatives that will provide a better future for upcoming generations.



5.3.3. Green Vessels Initiative


GREEN VESSELS		
Strategic Priority	Environment	SDGs
Target	<ul style="list-style-type: none"> • Create a reporting system to control chemical tankers’ emissions. • Offer our customers the possibility of choosing more sustainable chemical tankers. 	
Completion	<ul style="list-style-type: none"> • Create a database with all chemical tankers fixed in 2022. 	

Sustainable Development Goal 14 seeks to conserve and use the oceans, seas and marine resources in a sustainable manner. It aims to prevent and reduce marine pollution of all kinds, to minimise and address the effects of ocean acidification and to regulate fisheries, among other objectives.

Water is an important topic for Hexagon Group. That is why, we want to create a reporting system to keep track of the emissions of the vessels we charter and, in the long term, also to encourage our counterparts to fix their shipments with low-emissions vessels.

To achieve this we will create the database of all our chartered vessels and we are in the process of compiling and calculating relevant information to it. Our next steps will be to analyse the data and determine which vessels have a lower environmental impact.

5.3.4. BiodivX Project

BIODIVX: Biodiversity in Rainforests		
Strategic Priority	Environment	SDGs
Target	<ul style="list-style-type: none"> • ETH established partnership 	
Completion	<ul style="list-style-type: none"> • ETH Contact • Project outline • Established partnership 	

At Hexagon we recognize the vital importance of this goal. For this reason, part of the funds from the Hexagon Green Fund goes towards academic research projects. We have therefore established a collaboration agreement with ETH Zurich University to finance environmental research projects.

ETH Zurich ("ETH") is globally among the top universities and strives to contribute to the conservation of biodiversity on our planet through research, teaching and outreach. In its research on biodiversity and its conservation, the university combines a wide range of disciplines such as environmental systems science, biology, data science and robotics; an example of this is the "BiodivX" project.

The \$10M XPRIZE Rainforest is a five-year competition launched in November 2019 by the XPRIZE Foundation.

The goal of the XPRIZE Rainforest is to accelerate the innovation of autonomous technologies needed for biodiversity assessment and enhance the understanding of rainforest ecosystems. For this purpose, rapid data integration will be used to provide new wisdom about the forest as well as inspire new investment and exploration to accelerate the development of new, just, and sustainable bioeconomies.

At ETH, Professors Kristy Deiner (Environmental DNA) and Stefano Mintchev (Environmental Robotics), and PhD student David Dao are leading the team ETH BiodivX consisting of about 30 team members from various scientific disciplines, local and indigenous people, and NGOs to co-design the necessary technology.

5.4. Operational Excellence Strategy

5.4.1. Know Your Client Reporting

KYC REPORTING		
Strategic Priority	Operational Excellence	SDGs
Target	<ul style="list-style-type: none"> • Minimum 90% counterparties reported in 2030 	
Completion	<ul style="list-style-type: none"> • Design and use the KYC form that also includes sustainability issues • Four registered counterparties 	

Goal 16 aims to improve people's lives by reducing violence, improving access to justice, and promoting effective, accountable, and inclusive institutions. This goal can be achieved by developing effective, accountable and transparent institutions at all levels; ensuring responsive, inclusive, participatory and representative decision-making at all levels and broadening and strengthening the participation of developing countries in the institutions of global governance.

For Hexagon, information responsibility is a priority. For this reason, we conduct checks on the counterparties we contract business with and assess the political situation within which they operate.

Internally, Hexagon is dedicated to absolute compliance at all times and in all places. No transaction is carried out in defiance of the law. We follow anti-boycott measures whenever and wherever they are enforced, and we abide by any sanctions imposed on nations, corporations, and people. We oppose all forms of fraud, bribery, and corruption. We also adhere completely to antitrust and competition laws and will take every precaution to stop money laundering. These commitments are included in Front Office Agreements that every trader at Hexagon needs to abide to and countersign.

Before entering any business, at Hexagon every counterparty needs to be vetted as to whether any business can be done with that party, particularly to ascertain whether that counterparty is named on one of the sanction-lists, such as OFAC or the like. Should that be the case no business can be conducted with that counterparty. Hexagon works with external service providers for this so to ensure that always the most updated data is applied in these checks. If there is reason to believe that a counterparty that was previously accepted

is added to a sanction-list, a new sanctions-list check is conducted without delay. In any event every counterparty is checked an annual basis in the beginning of each calendar year.

As a general matter we want to know whom we are dealing with. Therefore, all information and data that is available will be taken into consideration. This relates to all information available on the proposed counterparty, its shareholders, the financial standing, the type of business that the proposed counterparty is conducting, in all locations and with their known counterparties. The purpose of this is to enable us to make a full assessment of the proposed counterparty, its financial standing, and the legitimacy of its businesses.

We have put in place a KYC form (included in Annex 1) that we will require all our counterparts to complete. This allows us to identify and verify the client's identity and make sure that we are completing businesses with trustworthy counterparties that do not engage in any illegal activities.

6. Evaluation Process

All strategic options set forth herein were evaluated following the SAFe criteria to ensure that they are a good fit for Hexagon's long-term strategy. However, it is important for Hexagon to measure the impact of these processes to ensure that they are having a direct and strong impact on our environmental targets. This is why, on an annual basis, a performance assessment will be conducted to analyse the performance and organisational effectiveness of the actions put in place. These assessments will allow Hexagon to identify potential gaps in its strategic planning and to effectively redirect its environmental efforts.

These performance measurements refer to a broad set of performance criteria that reflect internal operational efficiency. Hexagon's performance is evaluated in relation to:

- Our organisational targets: which are set for every specific project the company develops (see above).
- Trends over time: to analyse if the performance improves or declines over time.
- Benchmarking against key commodity traders to ensure that Hexagon's environmental strategy remains competitive.

6.1. Sustainability Timeline


Below is the outline of the progress on all the sustainability projects for 2022 and the beginning of 2023. Marked in blue, the general ESG meetings.

Projects	2022			2023		
Donation to India PMCARE – Aries collaboration	Q2					
KYC Form: first contact		Q3				
SMU International Trading Institute – Aries collaboration		Q3				
SOIC: first contact		Q3				
Sustainability policy design		Q3				
First ESG outline meeting		Q3				
SOIC: Meeting with Enterprise Singapore		Q3				
SOIC: Second meeting with Enterprise Singapore		Q3				
Green commuting: first contact			Q4			
Green commuting: Information collection			Q4			
Green Vessels: first contact			Q4			
ESG Presentation to Management			Q4			
Green Vessels: Internal meeting			Q4			
Sanctions reporting: Meeting with insurance brokers			Q4			
SOIC: Challenge Launch			Q4			
ESG Presentation to team			Q4			
ETH: first contact			Q4			
ETH: Project Proposal Meeting			Q4			
Green Vessels: Meeting with brokers			Q4			
SOIC: Evaluation design meeting			Q4			
FMF Symposium 2023 – Hexagon Trading collaboration				Q1		
ETH BiodivX Project – Hexagon Trading collaboration				Q1		
ESG Report: Final Drafting				Q1		
SOIC: Event					Q2	

7. Future Projects

Our projects and ideas do not stop here. Below are some of the future initiatives we are considering for the upcoming years, to keep ESG as a main focus in our business.

7.1. GHG Emissions

GHG EMISSIONS		
Strategic Priority	Environment	SDGs
Target	<ul style="list-style-type: none"> Establish a GHG emission reporting system 	
Completion	To be designed during 2023/2024.	

We plan on tracking the scope 1 GHG emissions intensity of our business activities in the future. Up to this moment, due to our company's small size tracking our own internal GHG intensity figure did not yield any meaningful data. However, it is an issue we plan on tackling in the near future. We also plan on working with customers to calculate the carbon intensity and carbon footprint of the commodities we source and supply from production to the customer gate.

7.2. Quality Control

QUALITY CONTROL		
Strategic Priority	Operational excellence	SDGs
Target	<ul style="list-style-type: none"> Implement a quality management system by the end of 2023. 	
Completion	To be designed during 2023.	

It's important for Hexagon to ensure that it is offering its clients the utmost quality in its services. To achieve this, we plan on implementing a quality management system that will aid us in establishing processes and minimizing operational errors to guarantee a swift and quality-driven business process to our clients.

8. About this Report

This Sustainability Report outlines Hexagon’s principles and methods used to promote ethical and sustainable business practises as well as the steps taken to implement them. This report details Hexagon’s overall performance in relation to a number of ESG-impact management goals.

8.1. Reporting Frameworks & Scope

This report has been prepared with reference to the Sustainable Development Goals (SDGs) and Environmental, Social, and Governance (ESG) standards. It also follows the standards outlined in the Non-Financial Reporting Directive (NFRD) of the European Union (European Union, 2014). The framework used for this report is based on the European Project Task Force European Sustainability Reporting Standards’ (hereinafter, PTF-ESRS) “Climate Standard Prototype” working paper (EFRAG Project Task Force on European Sustainability Reporting standards (PTF-ESRS), 2021).

These standards create transparency for Hexagon’s stakeholder and address the ambitious objectives of the European Union related to climate change reflected in the CRSD and the existing regulations on the matter. The standards are based around three reporting areas materializing through ten disclosure areas.

8.2. Relevant Information for the Creation of this Report

Unless otherwise stated, all data included in the report refers to our 2022 financial year, which runs from 1st January 2022 to 31st December 2022 (FY2022). The report includes information and data for divisions, subsidiaries and investments where Hexagon Group AG has a majority shareholding and/or management control or significant influence, including Hexagon Trading AG (Switzerland), and Aries Fertilizers (Singapore). Although Hexagon Group AG does not have control over Triptik Trading SA (Switzerland), Triptik has decided to adopt the standards contained herein.

We will start to report sustainability data for assets, facilities and operations from the first full financial year of ownership. Aries Fertilizers and Hexagon Trading AG were fully consolidated into the Hexagon Group from June, April, and November 2022, respectively, and sustainability data will be fully incorporated into Hexagon’s sustainability reporting for FY2023. Triptik Trading SA will follow this procedure.

9. References

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