

# Partnership for Future Generations



# Table of Contents



- About this Report**
- 2 Managing Director’s Message**
- 4 About Southland Rubber Group**
- 6 The Global Platform for Sustainable Natural Rubber**
- 8 International Standards Certification**
- 9 EcoVadis**
- 10 Our Sustainability Approach**
- 14 Partnering for our Economy**
- 18 Partnering for the Environment**
- 22 Partnering with our People**
- 24 Partnering with our Communities**

## About this report

This report, which is Southland Rubber Group’s second annual sustainability report, highlights the progress and achievements made by the Group for the period of 1 January to 31 December 2018. It includes the activities of all sixteen of the Group’s rubber processing operations in Thailand, which are managed by our eight subsidiaries:

- Southland Rubber Co. Ltd.**
- Southland Resources Co. Ltd.**
- Southland Latex Co. Ltd.**
- Southland Resources (Chumphon) Co. Ltd.**
- Southland Resources (Trang) Co. Ltd.**
- Southland Latex (Phatthalung) Co. Ltd.**
- Uni-Rubber Co. Ltd.**
- and Unimac Rubber Co. Ltd.**

## Guidelines and standards

This sustainability report references the Global Reporting Initiative (GRI) Standards 2016. Content is based on the GRI Reporting Principles for defining report quality, and some of the required GRI General Disclosures (GRI 102) are included.

The three main sustainability dimensions defined by GRI: Economic, Environmental, and Social are reflected in the content of this report, as is the alignment of Southland Rubber Group’s sustainability objectives with the United Nation’s 17 Sustainable Development Goals (SDGs) and the topics under the ISO 26000 Guidance on Social Responsibility for organisations.

Our sustainability targets are guided by our materiality matrix which is reviewed every two years, with the next review scheduled for July 2019.

## Feedback

Your views are important to us and we welcome all suggestions for improvements and feedback on any aspect presented in this report. If you have any comments or questions, please contact the reporting team at [csr@southlandholding.com](mailto:csr@southlandholding.com)



# Managing Director's Message

“Through partnerships with our stakeholders and industry colleagues, we can unlock mutual value and create a more sustainable society for future generations.”



## Dear Stakeholders,

Since the publication of our first sustainability report 12 months ago, Southland Rubber Group has made significant steps forward in its sustainability journey and I am delighted to be able to share our progress with you in this year's report.

The title of our 2018 Sustainability Report is *Partnership for Future Generations*. We believe that through collaboration with our stakeholders and industry colleagues, we can unlock mutual value and create a more sustainable future for our children and our children's children.

Our programme to strengthen management systems throughout our operations, in order to achieve alignment with international standards has made good progress. At the close of 2018, 15 of our 16 factories had successfully obtained ISO 14001 certification for effective environmental practices, and eight were certified in the occupational health and safety management standard OHSAS 18001. We are on track for all factories to be certified for both of these standards by the end of 2019.

To drive a continuous improvement in our sustainability practices and foster trust between our trading partners, we have completed an in-depth assessment conducted by EcoVadis, a collaborative platform that provides ratings for global sustainable procurement. Our EcoVadis on-line 'scorecard' will be available to our customers in 2019.

Through Southland Global Pte. Ltd, which co-ordinates the activities of all Southland Rubber Group's overseas units, we became a founding member of the GPSNR (Global Platform for Sustainable Natural Rubber) in October 2018. As such, we have committed to a range of principles designed to facilitate and strengthen the sustainability of the natural rubber industry supply chain.

In 2018 we have also strengthened links with many of the communities surrounding our processing plants. Pages 26 and 27 of this report illustrate just some of the many highlights of these partnerships.

The year ahead will present new opportunities for us to build on the partnerships that have been forged during 2018, enabling us to create a more sustainable society for future generations. We look forward to sharing the next chapter of our sustainability journey with you and thank you for your continuing trust and support.

Phern Tirasamvong  
Managing Director

# About Southland Rubber Group

8

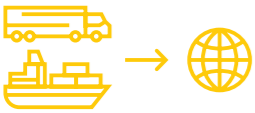


Subsidiaries

16



Production Plants



Export to Africa, Europe, Asia, North America, South America, Australia

Customers All Around the World

32

Years of Operations

over

10

Product Types

Employ more than 5,500 Personnel

Southland Rubber Group is a leading natural rubber producer and exporter headquartered in Hatyai, Thailand. Our high-quality products supply many of the world's leading tyre brands and other rubber product manufacturers. Since our establishment in 1986, we have worked conscientiously to build our reputation as a trusted and respected company.

## Core Values



Respect



Integrity



Passion



Vision

## Our Affiliations



Founding member of Global Platform for Sustainable Natural Rubber (GPSNR)



Thai Rubber Association



Thai Latex Association



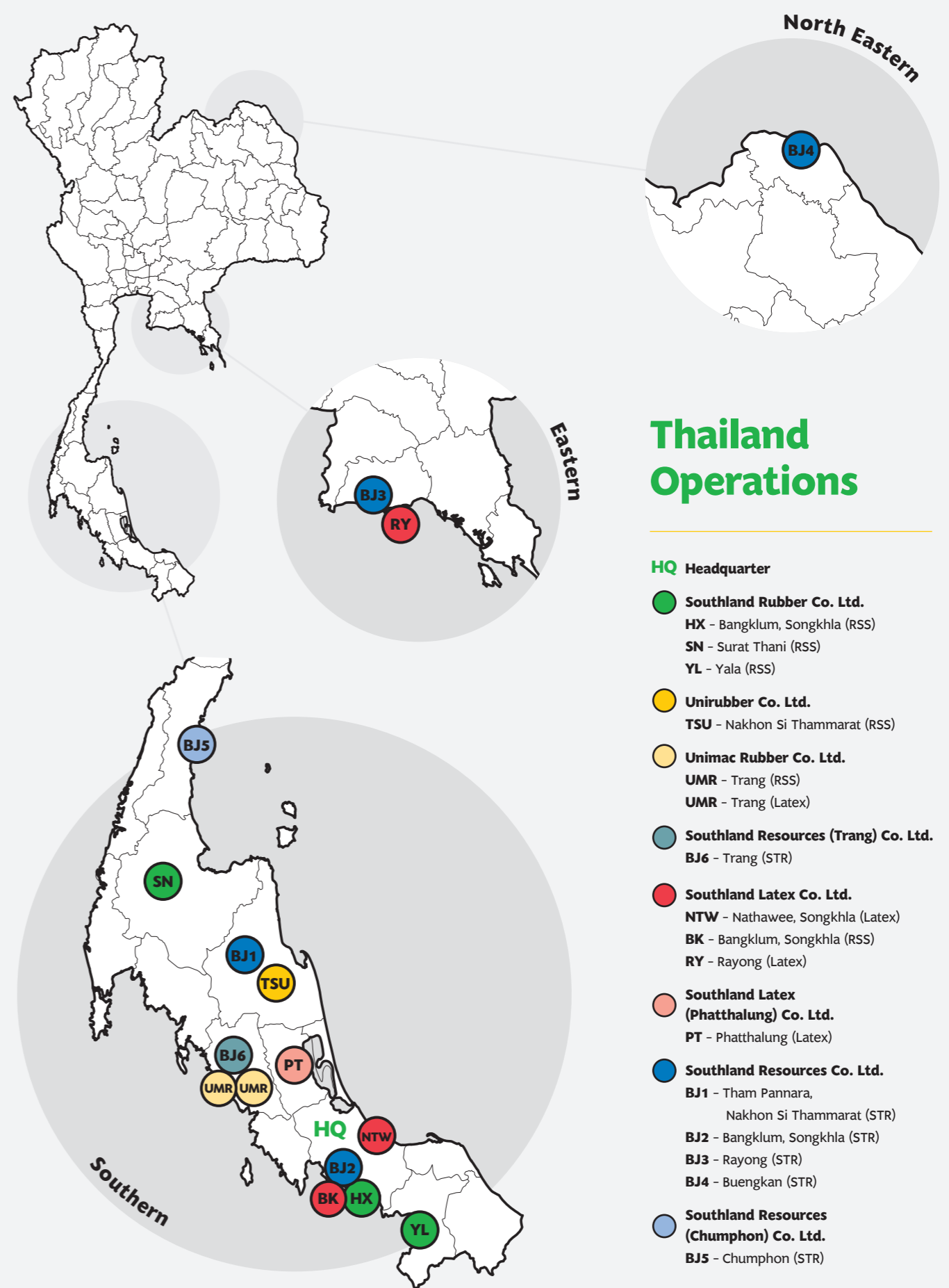
The Federation of Thai Industries



Thai Chamber of Commerce



Thai National Shipping Council (TNSC)



## Thailand Operations

### HQ Headquarter

- **Southland Rubber Co. Ltd.**  
HX - Bangklum, Songkhla (RSS)  
SN - Surat Thani (RSS)  
YL - Yala (RSS)

- **Unirubber Co. Ltd.**  
TSU - Nakhon Si Thammarat (RSS)

- **Unimac Rubber Co. Ltd.**  
UMR - Trang (RSS)  
UMR - Trang (Latex)

- **Southland Resources (Trang) Co. Ltd.**  
BJ6 - Trang (STR)

- **Southland Latex Co. Ltd.**  
NTW - Nathawee, Songkhla (Latex)  
BK - Bangklum, Songkhla (RSS)  
RY - Rayong (Latex)

- **Southland Latex (Phatthalung) Co. Ltd.**  
PT - Phatthalung (Latex)

- **Southland Resources Co. Ltd.**  
BJ1 - Tham Pannara, Nakhon Si Thammarat (STR)  
BJ2 - Bangklum, Songkhla (STR)  
BJ3 - Rayong (STR)  
BJ4 - Buengkan (STR)

- **Southland Resources (Chumphon) Co. Ltd.**  
BJ5 - Chumphon (STR)

# Global Platform for Sustainable Natural Rubber (GPSNR)

Via our co-ordinating unit in Singapore, Southland Global Pte. Ltd., we have joined the Global Platform for Sustainable Natural Rubber (GPSNR) as a founding member. The Platform was initiated by the World Business Council for Sustainable Development's (WBCSD) Tyre Industry Project (TIP) that comprises 11 major tyre manufacturers who, together, use close to 65% of the world's production of natural rubber.

Recognising the need for an industry-wide effort to strengthen the sustainability of the natural rubber supply chain, we partnered with our tyre manufacturing customers, car makers, civil society organisations, and other rubber producers and processors, to launch this important Platform with the mission of leading improvements in the socio-economic and environmental performance of the natural rubber value chain.

Representation from all key stakeholder groups is an important element in the development of wide-reaching priorities that will set the foundations for transformative actions along the natural rubber value chain.

With this "multi-stakeholder partnership" and the vision for a fair, equitable, and environmentally sound natural rubber value chain, Southland Rubber Group has embarked on the journey of partnership for future generations.

The Platform members have all agreed to commit to 12 principles to guide their behaviour.



## 12 Principles of GPSNR

1.



### Forest Sustainability

To advance natural rubber production and processing that protects peatlands, and avoids ecosystem conversion, deforestation and forest degradation based on identification and management of forests and other natural ecosystems as outlined in the guidelines of the High Conservation Value Resource Network, the High Carbon Stock Approach, or other applicable regulatory frameworks.

2.



### Water Management

To appropriately manage water along the natural rubber value chain.

3.



### Land Rights (FPIC)

To recognize, promote, and protect the rights of indigenous peoples and local communities; to not engage in "land grabbing"; to obtain Free Prior and Informed Consent (FPIC), as defined by the UN-REDD Programme from existing land users; and to promote adequate compensation where land use is granted.

4.



### Labour Rights

To comply with applicable labor laws for employees and contractors and fulfill the intent of the International Labor Organization's eight core conventions.

5.



### Human Rights

To recognize and promote human rights within the natural rubber value chain, including alleviating poverty by promoting programs that improve smallholders' livelihoods.

6.



### Equity

To promote principles of equity throughout the supply chain.

7.



### Traceability

To establish and implement protocols for rubber traceability from farm to end-user, working towards full traceability for industrial plantations and applying a risk-based approach for smallholder farms.

8.



### Transparent Reporting

To support transparent reporting along the entire natural rubber supply chain.

9.



### Anti-corruption

To not engage in corruption and to take a zero-tolerance approach on corruption within the value chain.

10.



### Grievance Mechanism

To establish an open, transparent, and independent process to ensure that the members of the GPSNR are respecting, protecting, and contributing to the eventual standards and the reputation of the GPSNR.

11.



### Auditing Protocols

To develop auditing protocols that allow those interested in these principles to learn which members of the natural rubber value chain are following these best practices.

12.



### Training & Education

To support training and educational efforts to raise awareness and build capacity for the implementation of these principles, including improvement of production practices by focusing on vertical (improved yield and quality) rather than horizontal (increased planted area) expansion.

# International Standards Certification

In our 2017 Sustainability Report, we committed to aligning Southland Rubber Group to international standards. One year on, we are proud to report great strides forward in our international standards certification.

Quality and value have always been a prime consideration for Southland Rubber Group, but from the earliest stage of our journey towards sustainability we have become aware that the trust of our stakeholders also relies on our strong performance in other areas. The importance of the social, economic and environmental aspects of our business is fully recognised.

Following an online survey conducted in 2017, the expectations and concerns of our stakeholders were assessed and subsequently mapped in a materiality matrix. This showed that pollution control, waste management, and health & safety were all deemed to be of high importance.

To address these issues it was decided to enhance our Environmental Management System and Employee Health and Safety System by certifying for ISO14001 and OHSAS18001.

**Benefits:**



**Increased Productivity**



**Enhanced Efficiency**



**Improved Employee Skills and Knowledge**



**Fulfillment of Stakeholders' Interests**

**ISO14001:2015**  
15 processing plants certified\*

\*See Page 20 for more information about the benefits of this certification.

**OHSAS18001:2007**  
8 processing plants certified

**By 2019**  
All processing plants certified



# EcoVadis

“The objective of the EcoVadis assessment is to provide our customers with an evaluation of our Corporate Social Responsibility (CSR) management system.”

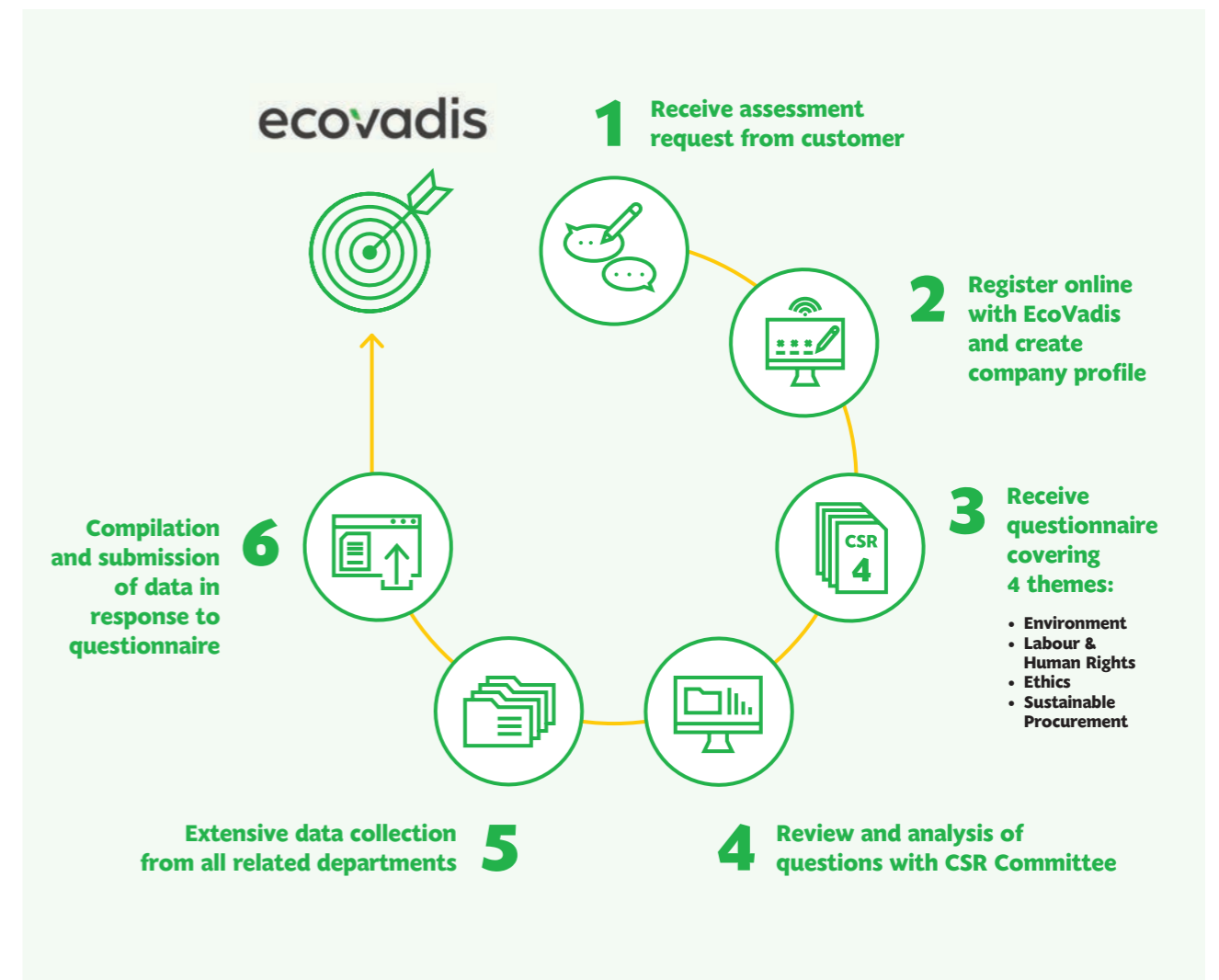
Several of our customers use EcoVadis, a web-based collaborative platform that provides a “score card rating” of their suppliers’ sustainability performance. Recognising the benefits of this ratings system – not only to our customers, but also to other stakeholder groups – Southland Rubber Group underwent the EcoVadis assessment in late 2018.

The assessment evaluates our sustainability management system covering 21 CSR criteria across four themes. The results of our

assessment will be available in early 2019 and will be shared in next year’s sustainability report.

This was the most extensive sustainability assessment conducted so far by Southland Rubber Group. We see it as an important investment in our on-going efforts to benchmark our sustainability performance against international standards.

## The EcoVadis assessment process



# Our Sustainability Approach

Southland Rubber Group is committed to providing quality products and services while supporting long-term environmental, social, and economic balance throughout our supply chain. To facilitate a more strategic approach to the planning, implementation and evaluation of our sustainability performance the Group established a sustainability framework in 2017 which guided our CSR policy. In 2018, to align closely with our business strategy we reviewed the CSR policy and drafted our first Sustainability Policy.

## Southland Rubber Group Sustainability Policy

Our Sustainability Policy defines commitments applicable to all entities within our Group and aims to identify opportunities as well as prevent and mitigate risks to create a lasting and positive impact on our brand reputation and business performance.

<b>Southland Rubber Group Code of Conduct</b>	<b>The United Nations Sustainable Development Goals (SDGs),</b>	<b>United Nations Global Compact (UNGC)</b>	<b>ISO 26000 Social Responsibility Guidelines</b>	<b>Global Platform for Sustainable Natural Rubber (GPSNR)</b>
<b>Procurement</b>	<b>Environment</b>	<b>Social</b>	<b>Economic</b>	

## CSR Management Structure

The Group's Sustainability Policy is overseen by a cross-organisational CSR Committee, which is chaired by our deputy managing director and comprises heads of all our business units. The CSR Committee works closely with our CSR Department. At plant level, sustainability initiatives are implemented by the plant manager and team members representing each of the four areas identified in our Sustainability Policy.

## Commitment to our Stakeholders

As we progress in assessing the environmental, economic and social impacts of our operations, we are committed to improving how we engage with our stakeholders, adopting a more proactive approach through our sustainability strategy and expanding our reporting boundaries within our Group and value chain.

## Our Stakeholder Engagement channels

	<b>Surveys/questionnaires/feedback</b> <ul style="list-style-type: none"> <li>• Customers</li> <li>• Employees</li> <li>• Raw Material Suppliers</li> <li>• Contractors/Outsourced</li> <li>• Government Agencies</li> <li>• Financial Institutions</li> <li>• Community</li> </ul>		<b>Plant and field visits</b> <ul style="list-style-type: none"> <li>• Customers</li> <li>• Government Agencies</li> <li>• Financial Institutions</li> <li>• Community</li> </ul>
	<b>Seminars/conferences/presentations</b> <ul style="list-style-type: none"> <li>• Customers</li> <li>• Employees</li> <li>• Raw Material Suppliers</li> <li>• Contractors/Outsourced</li> <li>• Government Agencies</li> <li>• Financial Institutions</li> <li>• Community</li> </ul>		<b>Internal communications</b> <ul style="list-style-type: none"> <li>• Employees</li> </ul>
	<b>Face-to-face meetings</b> <ul style="list-style-type: none"> <li>• Customers</li> <li>• Employees</li> <li>• Raw Material Suppliers</li> <li>• Contractors/Outsourced</li> <li>• Government Agencies</li> <li>• Financial Institutions</li> <li>• Community</li> </ul>		<b>Email/phone calls</b> <ul style="list-style-type: none"> <li>• Raw Material Suppliers</li> <li>• Contractors/Outsourced</li> </ul>
	<b>Partnerships</b> <ul style="list-style-type: none"> <li>• Customers</li> <li>• Employees</li> <li>• Raw Material Suppliers</li> <li>• Government Agencies</li> <li>• Community</li> </ul>		<b>Performance reviews</b> <ul style="list-style-type: none"> <li>• Employees</li> </ul>
			<b>Training/workshops</b> <ul style="list-style-type: none"> <li>• Employees</li> <li>• Government Agencies</li> </ul>
			<b>Sales transactions</b> <ul style="list-style-type: none"> <li>• Raw Material Suppliers</li> <li>• Contractors/Outsourced</li> </ul>
			<b>Financial reports</b> <ul style="list-style-type: none"> <li>• Government Agencies</li> <li>• Financial Institutions</li> </ul>

## Governance & Ethics

Corporate governance is key to organisational accountability and transparency. It is the way an organisation keeps watch on itself and its relationships with various external stakeholders. It also defines our corporate behaviour within our communities and the overall impact we want to have on the economy and society. Southland Rubber Group strives to ensure that its strategic direction, values, and code of conduct are established and understood at every level of the organisation.

## Southland Rubber Group Code of Conduct


In 2018, we revised our Code of Conduct to align all entities within the Southland Rubber Group. Every employee of the Group is expected to abide by this Code of Conduct, which outlines our policy on business ethics and standards of behaviour within the workplace.

## Sustainability Targets and Achievements

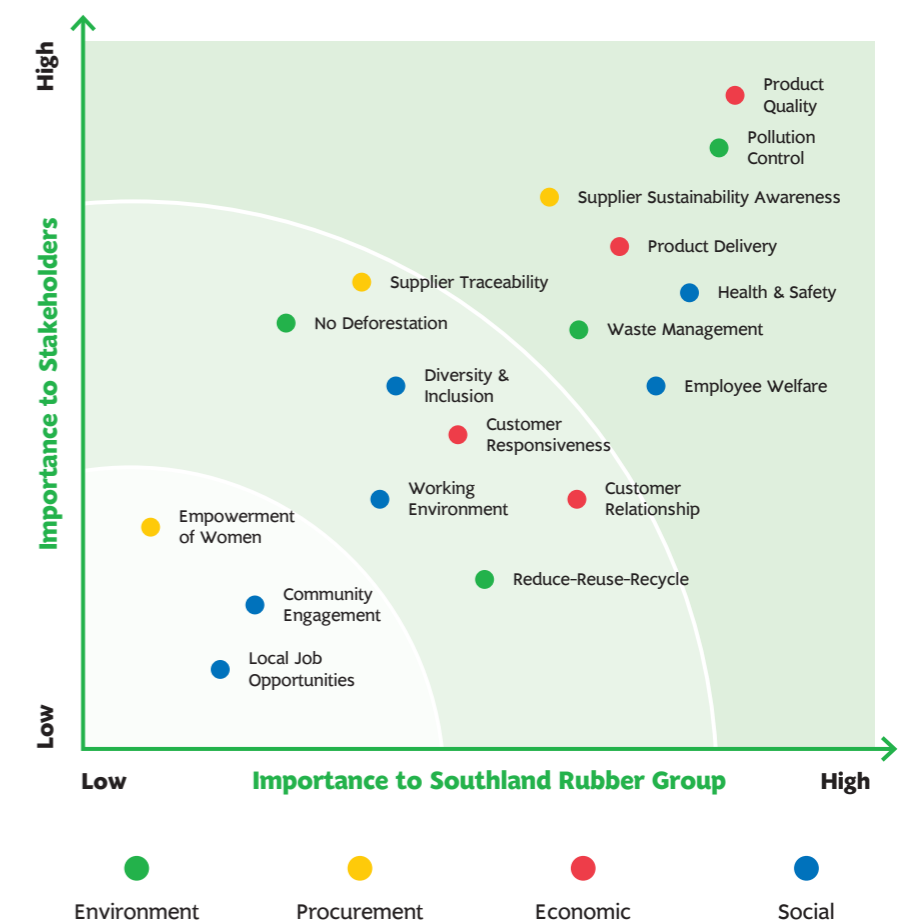
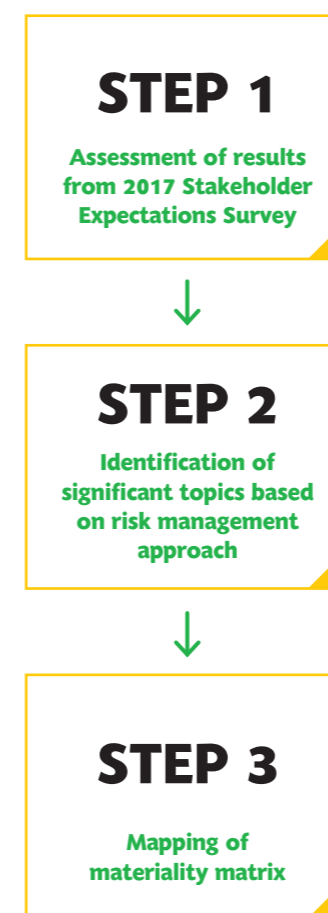
Environmental Protection	2017 Targets	2018 Achievements	SDGs ISO26000 Alignment
<b>Creating Biodiversity</b> To increase green areas around rainwater ponds at our production plants	To plant <b>5,000 native trees each year</b> from 2018 to 2020	<b>Planting method developed and deployed to all production plants</b> (see Page 20 for further information)	<b>SDGs</b>
<b>Waste Management</b> To improve waste management to cut greenhouse gas emissions and air pollution	By 2020, reduce total waste disposed via landfill by <b>50%</b> and via open burning by <b>100%</b> By 2030, reduce total waste disposed via landfill by <b>100%</b>	<b>In progress</b>	  
<b>Water Management</b> To improve waste management to cut greenhouse gas emissions and air pollution	<b>Ensure 100% of our wastewater</b> from production <b>cleaned and reused</b>	<b>100% wastewater cleaned and reused</b>	
<b>Air and Emissions</b> To contribute to the global response to climate change	By 2020, <b>reduce CO<sub>2</sub> emissions by 5%</b> per production plant.	<b>In progress</b>	
<b>International Standards</b> To align with the latest ISO 14001 requirements	By 2018, certify all production plants	<b>15 production plants certified</b> (see page 8 for further information)	<b>ISO26000 core subjects</b> 6.5 The Environment

Customer Focus & Quality Products	2017 Targets	2018 Achievements	ISO26000 core subjects
<b>Customer Complaints</b> To effectively address all customer complaints and reduce their number	By 2020, reduce customer complaints to <b>zero</b>	<b>No major complaints</b>	<b>ISO26000 core subjects</b>
<b>Audits &amp; Corrective Actions Requested by Customers</b> Place equal importance on all corrective actions	By 2020, <b>complete and answer 100%</b> of Corrective Action Reports (CARs) within required period	<b>In progress</b>	6.6 Fair Operating Practices 6.7 Customer Issues
<b>Product Delivery</b> To ensure that all product shipments are complete and on time	By 2018, deliver <b>100%</b> of product shipments on time	<b>100% delivered on time</b>	

Supply Chain Management	2017 Targets	2018 Achievements	ISO26000 core subjects
<b>Suppliers Engagement</b> To increase suppliers' awareness and understanding of the Group's CSR policy	By 2020, make <b>100%</b> of suppliers aware of our CSR policy	<b>In progress</b>	<b>ISO26000 core subjects</b> 6.4 Labour Practices 6.5 The Environment 6.6 Fair Operating Practices

Fair Labour Practices & Human Rights	2017 Targets	2018 Achievements	SDGs ISO26000 Alignment
<b>Labour Practices and Human Rights</b> To ensure fair labour practices and human rights to international standards	By 2018, implement standards and processes at all operations	<b>8 production plants certified</b> with "Good Labour Practice" from the Thai government	<b>SDGs</b>
<b>High Risk Operation and Machines</b> To ensure a safe working environment for all our employees	By 2018, <b>eliminate 100%</b> of high risk operations at our factories	<b>In progress according to the certification of OHSAS 18001</b>	 
<b>Whistleblower System</b> To establish a confidential mechanism for our employees to report improper conduct within the company	By 2018, implement whistle blower system throughout our organisation	<b>System being reviewed</b>	<b>ISO26000 core subjects</b> 6.4 Labour Practices 6.6 Fair Operating Practices
<b>International Standards</b> To align with the latest OHSAS 18001 occupational health & safety requirements	By 2018, certify all production plants to OHSAS 18001	<b>8 production plants certified</b> (see page 8 for further information)	

## Establishment of Materiality Matrix





# Partnering for our Economy

## Product Quality

The key to our business success is to deliver top-quality products to our customers at a competitive price. We place great emphasis on stringent quality checks and good customer service. To achieve these objectives, we abide by a set of internal policies that are in compliance with the ISO 9001 standard on quality management systems.

**Our 2018 Quality Conference exemplified this commitment to quality and service.**

## Southland Quality Conference 2018

“A quality product is essential to our long-term sustainability”

Given that 90% of Southland Rubber Group’s customers are tyre companies, understanding the requirements of these important customers and supplying them with a quality product to meet those requirements is essential to our long-term sustainability.

With the objective of sharing information on the development and delivery of quality products, a Quality Conference was organised for production and quality assurance personnel. Held in Hatyai, Thailand, from 29 to 31 October 2018 the event included an off-site conference and an experience-sharing workshop.

At the conference, a tyre industry expert explained how every parameter in the natural rubber manufacturing process affects the quality of the finished tyre, and the eventual safety of the tyre. Participants were also very interested to hear the expert’s views on future trends and quality requirements within the tyre industry.

During the workshop, natural rubber processing consultants shared their experiences in quality assurance best practices. Participants were also encouraged to share their own knowledge and experiences.



**90%** of participants found the event to be informative

## Customer Satisfaction

We have established a range of communication channels to enable us to hear, understand, and action our customers’ needs. However, it is our customer satisfaction survey, which focuses on product quality, delivery, and customer service, which provides us with the most comprehensive customer feedback.

Each year, key data obtained from the survey is analysed to see where we can make further improvements, or take corrective actions as necessary. The results of our 2018 Customer Satisfaction Survey showed that customers were satisfied with our products and services.

Two aspects of our business that are always of prime interest to our customers are product quality and on-time delivery. Recognising its importance, we reviewed and refined our shipping process in 2018 to meet our customers’ expectations.

## Our Shipping Process

“ Building partnerships to ensure 100% on-time delivery”

With 16 factories located throughout Thailand, Southland Rubber Group is well placed to manage orders efficiently and guarantee on-time delivery of our quality products to all our customers, wherever in the world they may be.

We are particularly proud of our shipping process, which was reviewed and improved in 2018 to give 100% customer satisfaction with the delivery of their orders.

**We evaluate and select our transport and forwarding partner based on**



Timeliness



Problem solving



Communication



Quality of Vehicle/Container

## Southland Rubber Group Shipping Order Work Flow



### 1. Create:

Shipping allocation by our marketing department to customer for approval



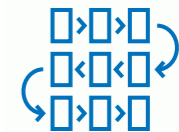
### 2. Confirm:

Customer approves plan and sends us the shipping instruction



### 3. Inform:

Shipping instruction forwarded to customer-approved production plant



### 4. Planning:

Plant manager plans production



### 5. Process:



**Production:** rubber prepared according to customer spec



**QA:** quality controlled against spec from raw material to finished product



**Lab:** product qualities tested for conformity to customer spec



**Shipping:** prepare for packing, transport and forwarding



### 6. Inform:

Communicate shipping information to export department



### 7. Export:

Ship order to customer

## Ethical Procurement

The procurement of quality natural rubber is the first step of our production process, and our relationship with our raw material suppliers is very important to us. Ethical procurement and a sustainable supply chain go hand-in-hand, creating economic, social and environmental benefits for all involved.

As well as being in a position to boost job opportunities for workers in rural areas, our Group is able to build on the long-term trusted relationships we have with our suppliers to promote sustainable practices throughout our supply chain.

Our Sustainable Procurement Policy, which is aligned to the principles of the Global Platform for Sustainable Natural Rubber (GPSNR), reflects an on-going partnership with our suppliers to continuously improve our ethical procurement goals and practices.

## Sustainable Procurement policy

This policy, which was substantially reviewed at the end of 2018, sets out guiding principles aimed at minimising environmental impact as well as delivering social benefits and economic growth.

All Southland Rubber Group entities in Thailand are committed to the terms of our Sustainable Procurement Policy. The Policy is also distributed to all our suppliers, with the request that they adopt the principles contained within it.

### Through our Sustainable Procurement Policy, Southland Rubber Group commits to:



**Procuring goods and services with consideration to environmental and social factors as well as economic factors.**



**Building a sustainable supply chain through the establishment and communication of expectations to our suppliers.**



**Investing in supplier engagement through educational efforts to raise awareness of the importance of sustainability and sustainable procurement.**



**Striving to map our supply chain to support transparent reporting, protect our brand, and meet stakeholder expectations.**

## Risk Mapping our Supply Chain

### Why is risk mapping necessary?

Southland Rubber Group places great importance on the mapping of our supply chain to ensure that we obtain raw material from ethical and environmentally friendly sources. However, it has proven to be a challenge tracking multi-tiered upstream suppliers as the chains can be long and interconnected.



### What risk-mapping tool have we implemented?

In 2018, we were introduced to a unique digital tool for risk mapping which employs questionnaire-based data collection methodology with GPS function. The questions focus on four topics: respecting people, protecting the environment, agricultural practices, and transparency within the supply chain.

### How did we conduct the risk-mapping?

We selected five strategically located processing plants for the execution of the pilot project. An internal training course was held for the procurement teams of these plants, who then conducted the risk-mapping survey.

Our target groups were the smallholders and intermediaries that supply the five factories involved in our pilot project. The aim was to interview at least 1500 smallholders and intermediaries.

### What were the results?

Data collected over a 3-month period was used to generate regional risk maps, allowing us to locate hotspots according to each theme and guide us in implementing appropriate corrective actions.

This initiative could be an effective way to reach smallholders, and to better understand and improve their social, environmental, and agricultural practices.

“Over the past 20 years, I have only been concerned about good quality. From now on I will try to focus on environment and social issues too.”

**Unsmoked Sheet (USS) supplier to Southland Rubber Co. Ltd.**

“I am happy to know that the company cares about my livelihood.”

**Field latex smallholder to Southland Latex Co. Ltd.**

“I want to learn about sustainable agricultural practices for higher yields to generate more income.”

**Field latex supplier to Southland Latex Co. Ltd.**

# Partnering for the Environment

Managing the environmental impact associated with our business activities, products, and services is a core element of Southland Rubber Group's long-term sustainability strategy. A significant step in our sustainability journey during 2018 has been the ISO 14001 certification of our processing plants.






## Environmental Management System

Our Environmental Management System (EMS) is overseen by the CSR Committee, and an environmental management representative has been appointed in every processing plant.

As well as complying with applicable laws and regulations relating to the environment, we invest in Group-wide training and education of our personnel to build awareness about environmental protection and pollution prevention.

Our Group Environmental Policy is reviewed annually and circulated to all 16 of our processing plants.

This policy commits to reviewing objectives and targets relating to:

				
<b>Energy and Emissions</b>	<b>Materials and Waste Management</b>	<b>Water</b>	<b>Biodiversity</b>	<b>Local Pollution</b>

## What is ISO 14001?

ISO 14001:2015 sets out the requirements for an environmental management system. By helping organisations to be more efficient in their use of resources and reduction of waste, this internationally recognised standard helps them improve environmental performance.

ISO 14001:2015 also emphasises the requirement for organisations to continually improve their systems and approach to environmental concerns.

Accredited ISO 14001:2015 certification by an independent third-party, who audits an organisation's practices against the requirements of the standard, not only demonstrates compliance with statutory and regulatory requirements, but also builds competitive advantage and stakeholder trust.

## Partnering with our raw material suppliers

Last year we reported on the successful collaboration between a Southland Resources Co. Ltd. branch in Bueng Kan Province and their raw material transporters to comply with a Land Traffic Act to minimize negative environmental impacts when transporting their goods.

As a result of this collaboration, all of the branch's raw material suppliers now have tanks installed on their trucks to catch the serum that was seeping out of the raw material and dripping onto the road. This practice will continue to be a requirement for all new trucks delivering raw materials to the branch.

In 2018, a special sticker was designed for display on the trucks that have fitted water tanks and properly enclosed the raw materials they carry. This sticker signifies that the truck has met regulations and is cleared to deliver supplies to the plant.



## Upgrading our wastewater treatment system

To support the existing and future needs of our customers, our plants are regularly expanding their production capacity. This expansion puts an ever-greater demand on our water use and wastewater treatment capabilities, which we continuously seek to improve.

The Southland Resources Co. Ltd. plant at Tham Phannara is the oldest of our Standard Thai Rubber (STR) plants, and has used the Aerated Lagoon (AL) wastewater treatment system since it began operations in 1999. In order to improve efficiency and minimise the environmental impact of the wastewater treatment, the plant is now undergoing an upgrade of their wastewater treatment system to Activated Sludge Process (AS) by Q3 of 2019..

**60%**  
higher efficiency  
for the AS system

Aerated Lagoon (AL)	Activated Sludge (AS)
Low installation cost	Higher installation cost
No skilled supervision required	Skilled supervision required
Slower process	Faster process
More land space required	Less land space required

## Biodiversity

“We will not participate in deforestation activities, and will preserve the ecosystem and protect native flora through our planting programmes.”

As a rubber producer and exporter, Southland Rubber Group relies heavily on natural resources. Our raw material comes predominantly from monoculture plantations, which reduce the benefits that natural biological diversity permits. It is our responsibility to minimise these negative impacts and find a balance between our economic growth and environmental protection.

To this end, our CSR Department introduced a “Creating Biodiversity” programme during 2018, which has now been rolled out to all our processing plants. Between 2018 and 2020 all production units will be planting 5,000 trees each year on their premises.

### Creating Biodiversity Programme

#### Phases:

1. Research different planting methods
2. Seek CSR consultant advice
3. Create trial plan to test planting methods
4. Acquire seedlings
5. Conduct trial at two branches: HX in the South and BJ4 in the North
6. Assess and compare results from different planting methods
7. Adopt the "Miyawaki method of planting native trees"
8. Produce "Creating Biodiversity 2018 Instruction Manual"
9. Deploy Creating Biodiversity Programme to all branches

#### Benefits:

- Enable the independent survival of planted trees
- Create a higher density forest leading to greater CO<sub>2</sub> absorption
- Gain a greater understanding of biodiversity
- Improve and develop planting methods
- Educate others in the community on the benefits of the planting method



▲ Project at Southland Resources, Buengkan (BJ4)



Project at Southland Rubber, Bangklum, Songkhla (HX) ▼



## Listening to our communities



▲ Community survey



▲ Spraying wood vinegar



### Factory odour issue update

In our 2017 Sustainability Report we included a case study to explain how we had listened to the feedback of the community surrounding our Southland Resources Co. Ltd. branch in Rayong Province, and taken measures to reduce the odour emanating from the plant.

During 2018 significant progress was made to further control the odour, which was being caused by the oxidation and decomposition of non-rubber components in the raw material.

- Spraying wood vinegar to eliminate odour-causing bacteria
- Scheduled preventive checks on wet scrubber and bio filters of the dryers
- Adding EM (effective micro-organism) to the wastewater treatment pond
- Conducting a twice-weekly survey within a five kilometre radius of the plant

**98%**  
of the local community  
satisfied with air quality\*

\*Survey from 40 community households

# Partnering with our People

Fully recognising the importance of our personnel to our business success and long-term sustainability, Southland Rubber Group is committed to fair employment practices and creating a safe and clean workplace for all our employees. We do not tolerate discrimination, threat, or harassment of any kind or for any reason at any of our worksites.

We also recognise our responsibility to provide adequate training and learning opportunities for everyone in our workforce and aim to enhance and enrich the role of each individual.

## Fair Employment Practices



“ This experience really helped me to be more careful and attentive to not only the needs of the employees in the office and in the factory but also those working in other areas. While they may not be directly involved in making our products, they are also very important to us to make sure that our operations are running smoothly.”

– HR manager of audited plant



### Case study

In November 2018, a periodical audit was requested by one of our major tyre customers to assess social and environmental practices and performance at our Southland Resources Co. Ltd. plant in Tham-Pannara.

Audit results showed that the plant provided health checks for all employees apart from staff working in the canteen. We were subsequently given a corrective action to include canteen staff in the health checks. This corrective action has now been implemented, and within one month of receiving the audit results all canteen staff were being given health checks.

We were pleased that the audit gave us the opportunity to correct this oversight and improve our employment practices to benefit our deserving staff.

“ I don't usually bother with health checks because they cost money and it seems unnecessary to go to the hospital when I do not have any problems. However, my HR Manager explained that the checks are part of the staff welfare programme, and that the company covers payment. After the health check, I feel grateful that the company focuses on the importance of their employees' health. I also understand more about why we must do health checks to prevent any diseases or sickness.”

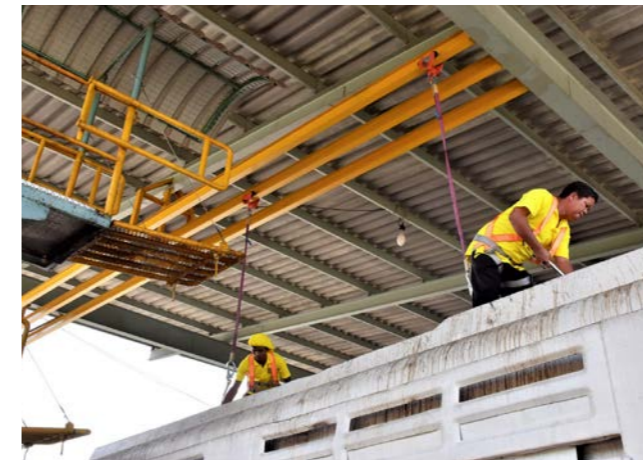
– Canteen chef at audited plant

## Health and Safety

Employee health and safety is a priority at all of our plants. Operating procedures to reduce risks and apply mitigating measures to ensure the safety of employees are implemented and reviewed regularly in compliance with the OHSAS18001 safety management system.



▲ Stainless steel gloves are worn to prevent injuries when using a coping saw to cut the rubber at our Standard Thai Rubber (STR) production plants



▲ Workers at our latex production plants must use a safety sling and harness to protect them from falls



◀ Wooden chocks are placed under the wheels of trucks at the incoming raw materials area to prevent accidental movement



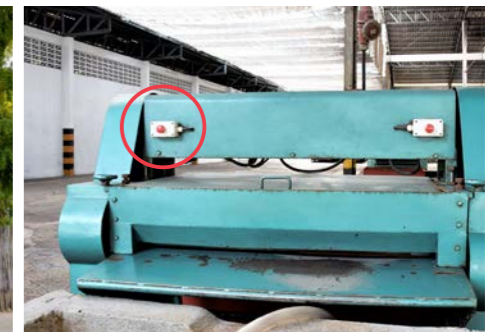
◀ Visual and clear safety signs provide a constant reminder to all employees



Annual fire and evacuation drills are practiced by employees at all our production plants ▶

Dots, which form a circle if the vehicle goes too fast, are painted on the rear wheels of forklifts as a speed check ▼

Diesel storage tanks are installed in locations with sufficient air flow and at a safe distance from the working area. ▶



▲ An emergency stop button is installed on all rubber sheet washing machines at our Ribbed Smoked Sheet (RSS) production plants



◀ All road and safety markings at the production plants are regularly refreshed to ensure that they are clearly visible

# Partnering with our Communities



◀ Mangrove planting – Helping to balance the ecosystem



Litter clearing – Educating about environmental damage ▼

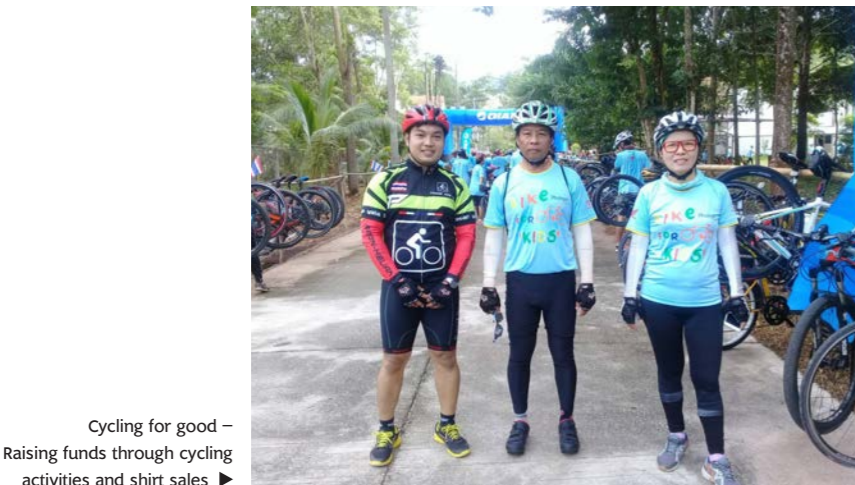


Caring for children – Annual scholarships and organising learning activities ▶

◀ Flood prevention – Clearing drains before the rainy season arrives



Road safety – Volunteers teach road safety awareness ▲



Cycling for good – Raising funds through cycling activities and shirt sales ▶



▲ Dengue prevention – Cutting back vegetation



◀ Making merit – Monthly make merit activities at the temple

Community Development – Volunteering to care for the local temples ▼



Schools outreach – organising environmental activities ▼



▲ Supporting flood victims – Donating provisions to flooded households



Relationship building – Participating in sports and social activities ▶



◀ Blood donation – Annual donation drive to help save lives

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