



Southland Rubber
Think Good, Better Will Follow



SUSTAINABILITY REPORT 2021

SOUTHLAND RUBBER GROUP



About the Report

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About the Report

General Reporting Practice:

This Report covers the performance of our 17 factories in Thailand from January to December 2021.

Our Objective:

As the largest privately-owned rubber processing group, we recognize the importance to share publicly our sustainable development including our ethical and transparent business conduct.

Guidelines & Standards:

This Report makes disclosures based on the Global Reporting Initiative (GRI) Standards. We make references to these elements of the GRI requirements as our guidelines presented in the GRI content index ([pages 72-75](#)).

Highest Management’s role in preparing the Report:

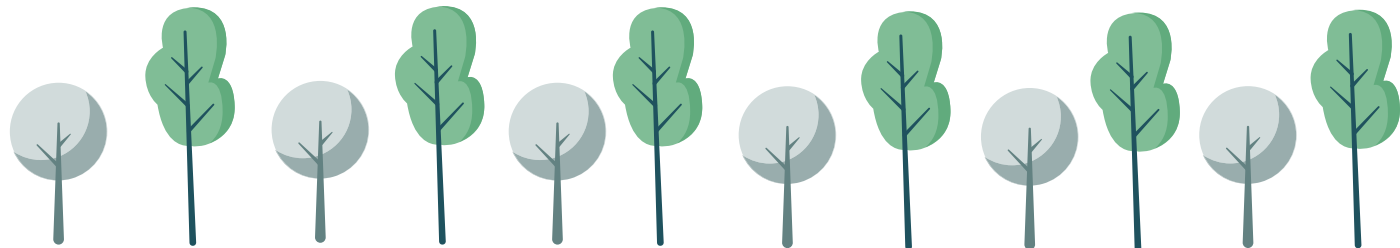
This Report was prepared by our in-house Sustainability Working Group, with the full support and engagement by our Board of Directors.

COVID-19 Management:

COVID-19 continued to spread this year, and it has impacted the global economy in many ways such as supply chain disruption and inflation. Therefore, we have ensured to have in place good management to promote continuity of material supplies and prosperity of our business.

Feedback & Contact:

Should you have any questions or suggestions, please feel free to contact out Sustainability Working Group at csr@southlandholding.com.



Message

from the Managing Director

Dear Stakeholders and Readers,



Along with rapid changes and rising challenges that our global communities have been facing in the recent decade, Southland Rubber persisted in our drive toward sustainability development and to build resilience to achieve our Mission **“To continue to be a Reliable and Dependable Supplier of Quality Natural Rubber.”** On top of that, our day-to-day operational activities and sustainability efforts are tied to our Vision **“Southland Rubber to be a leading processor focusing in major natural rubber producing areas, emphasizing on business excellence, social responsibility and the environment”**, upholding to our 4 Core Values **“Respect, Integrity, Passion, and Vision.”**



The year 2021 was another year of big changes and challenges for everyone. Some of those various circumstances included the second consecutive year of COVID-19 spread, supply chain disruption in some businesses, unemployment rate in one place and labor shortages in another, and the rising temperature of the earth surface which might exceed its tolerance levels faster than we expect. Additionally, the key international sustainability event COP 26 was also held this year after having been put off for one year due to the crisis of COVID-19 spread. The threat of climate crisis resulted from a variety of human activities and biodiversity loss caused by deforestation were among focused issues discussed at the conference. As a key player of the natural rubber industry, Southland Rubber is fully aware of our responsibilities towards those sustainability issues of varying dimensions.

As one of the world's major natural rubber producers, our position has significant impacts on values to the supply chain, economy, society, and people's way of life. The purchase of raw natural rubber from the up-stream supply chain creates incomes for local or domestic suppliers. Likewise, our processed natural rubber raw materials supplied to our customers, with most of them being manufacturers of automobile tires, make a great contribution to social and economic growth at least in terms of commuting and heavy machinery used in a wide range of industries. On the other hand, we need to be wary that the economic and social benefits we generate may have some negative impacts, especially environmental impacts. Rubber processing may incur carbon emissions and the dual risks of deforestation and biodiversity loss. Recognizing these potential adverse impacts, we are committed to mitigating such impacts through our sustainability work, e.g. the tree planting program, solar rooftop project, and other environmental conservation-related activities.

Furthermore, we also pay close attention to alleviating impacts on other areas of our operational activities, e.g. health and safety, and human rights and labor practices in our production units. Plus, we highly value engagements with stakeholders and enhance our social contributions. Therefore, we have arranged many social contribution activities and projects this year, with COVID-19 mitigation efforts through donations of money and other necessary equipment.

Last but not least, we need to underline our business motto “Think Good, Better will Follow” as being the heart of our sustainability awareness and our acceptable attitude. The motto reflects our overall ideology, and implies that good thinking, leads to good actions, leads to better results.

Thank you.

Pherm Tirasarnvong
Managing Director

About Southland Rubber

Southland Rubber is a privately-owned group. We are one of the biggest natural rubber producers proving customers worldwide with 3 main product types: Block Rubber (STR), Ribbed Smoked Sheets (RSS), and 60% Latex Concentrate. Our customers are tire makers and manufacturer of natural rubber-related products. Our primary markets include China, Japan, Korea, Thailand, Malaysia, Americas, and European countries.

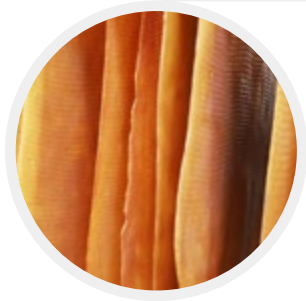
Our Products & Production Capacity (total capacity is 1,571,320 metric tons/year)



Block Rubber/ TSR (Technically Specified Rubber)

- STR 10
- STR 20
- STR Mixture

1,118,000 Metric tons/year, 7 factories



RSS (Ribbed Smoked Sheets)

- RSS #1
- RSS #2
- RSS #3
- RSS #4
- RSS #5

260,000 Metric tons/year, 5 factories



Latex Concentrate (60%)

- High Ammonia (HA)
- Medium Ammonia (MA)
- Low Ammonia (LA)
- Deproteinized Latex

193,320 Metric tons/year, 5 factories

¹ Factories with ISO Certification

100%

ISO 9001 Certified

100%

ISO 14001 Certified

82%

ISO 45001 Certified

33%

²ISO/IEC 17025 Certified

³ Our Employees

Total Employees

4,565

Employees

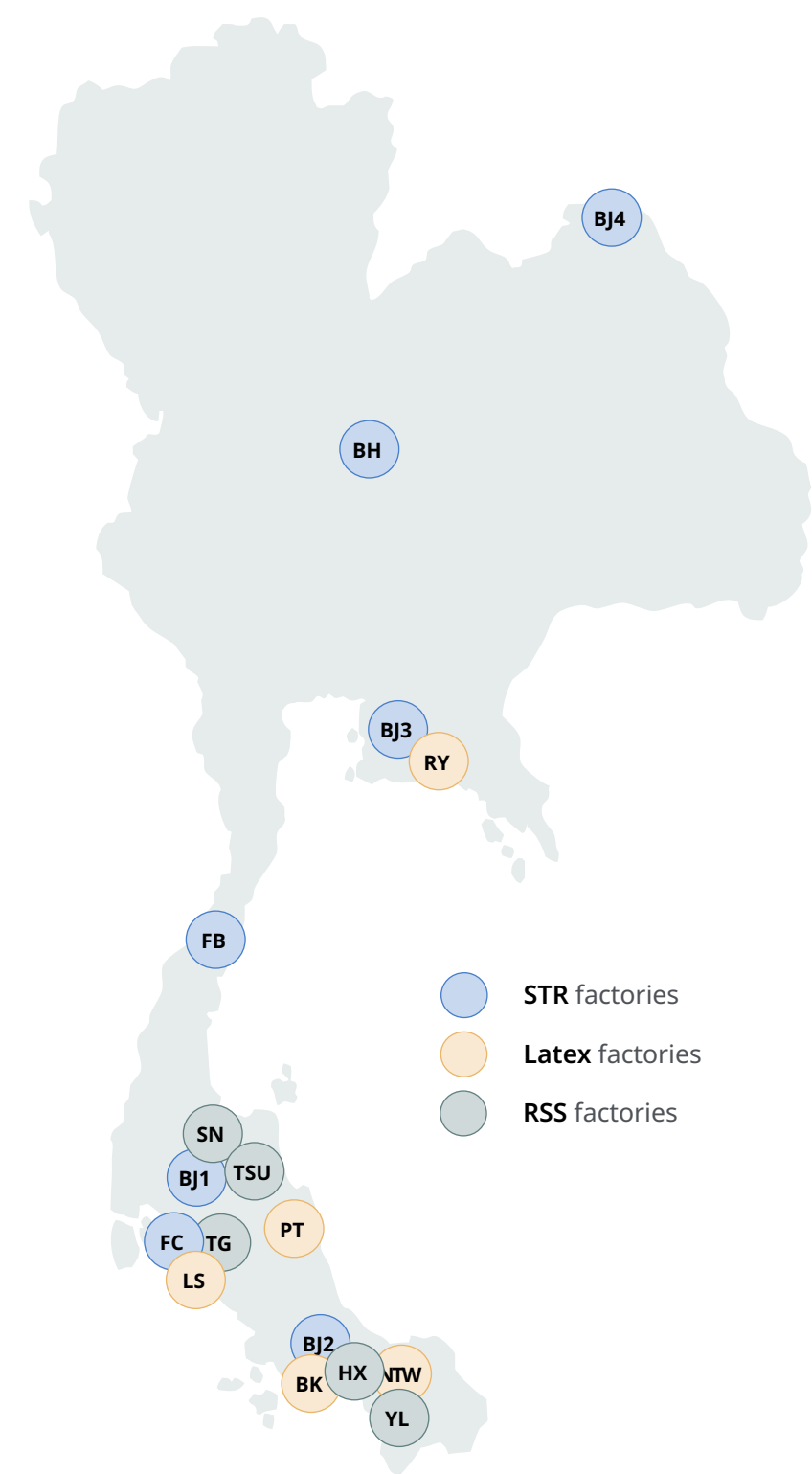
52%

48%

1. For detailed information about our ISO certification, please visit our website at: <https://www.southlandholding.com/new/overview/certificate.html>
2. ISO/IEC 17025 Testing and Calibration Laboratories applies to only STR factories and Latex factories.
3. Data as of December 31, 2021

Location of Operation

Southland Rubber operates 17 processing factories across Thailand. These factories are located in different provinces and the majority are located in southern region of Thailand. The Company's headquarters is located at 55 Rajyindee Road, Hatyai, Songkhla, Thailand.



STR group

- BJ1** Nakhon Si Thammarat
Southland Resources Co.,Ltd.
- BJ2** Songkhla
Southland Resources Co.,Ltd.
- BJ3** Rayong
Southland Resources Co.,Ltd.
- BJ4** Buengkan
Southland Resources Co.,Ltd.
- FB** Chumphon
Southland Resources (Chumphon) Co.,Ltd.
- FC** Trang
Southland Resources (Trang) Co.,Ltd.
- BH** Phetchabun
Southland Resources (Phetchabun) Co., Ltd.

LATEX group

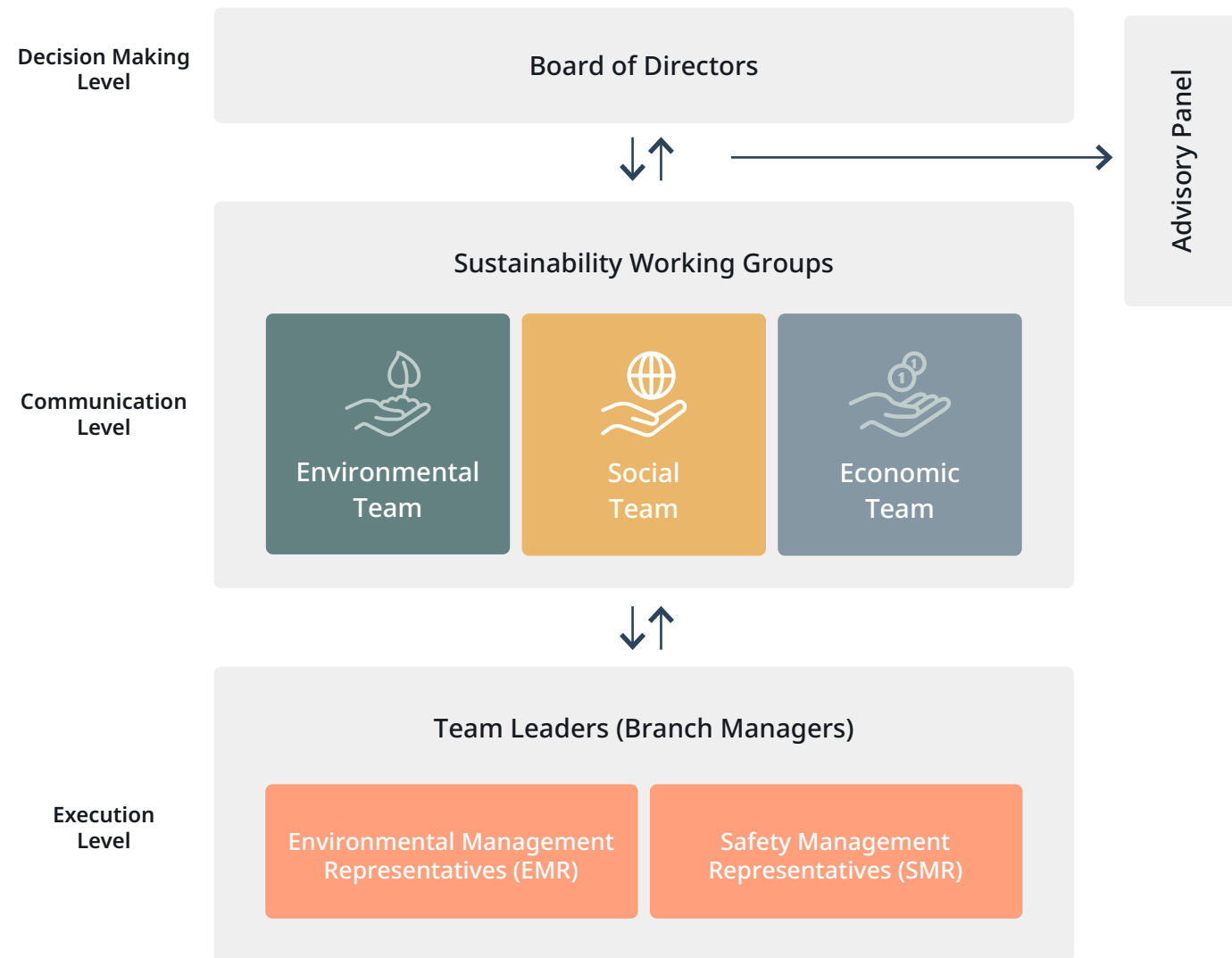
- NTW** Songkhla
Southland Latex Co.,Ltd.
- BK** Songkhla
Southland Latex Co.,Ltd.
- RY** Rayong
Southland Latex Co.,Ltd.
- PT** Phatthalung
Southland Latex (Phattalung) Co.,Ltd.
- LS** Trang
Unimac Rubber Co.,Ltd.

RSS group

- HX** Songkhla
Southland Rubber Co.,Ltd.
- SN** Surat Thani
Southland Rubber Co.,Ltd.
- YL** Yala
Southland Rubber Co.,Ltd.
- TSU** Nakhon Si Thammarat
Uni Rubber Co.,Ltd.
- TG** Trang
Unimac Rubber Co.,Ltd.

Sustainability Structure

The sustainability structure shown below depicts how we delegate the power from the highest governance body to other levels in managing our sustainability framework.



Decision Making Level: Top executives are the leaders of the Company's sustainability development. Their key responsibilities are to review the sustainability performances and make decisions regarding the Company's direction towards sustainability.

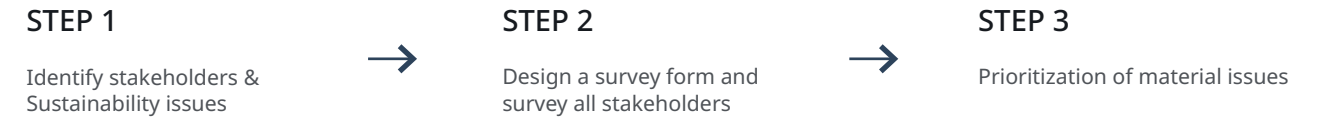
Communication Level: The Sustainability Working Group plays a substantial role in driving the sustainability work and sustainability development of the company with the following key functions and responsibilities:

- Collect and analyze sustainability performance results and report to top executives on a monthly basis
- Develop sustainability plans and propose to top executives and communicate the plans to processing factories for execution
- Follow up the progress of the sustainability plans and update to top executives
- Act as a coordinator for sustainability projects and activities

Execution Level: Execution level refers our processing factories which are responsible for executing the sustainability plans informed by the communication levels. Units at the execution level also need to report their performance results and provide feedback to the communication level.

Materiality Assessment

We continue to use the same materiality survey format that we reported in 2020 with a total of 18 material topics based on 3 dimensions of sustainability, with the issue of health and safety being top priority for our sustainable management as effected by the spread of COVID-19.



Environmental Aspect

- Pollution Control
- No Deforestation
- Energy Consumption
- Waste Management
- Reduce-Reuse-Recycle

Social Aspect

- Health & Safety
- Employee Welfare
- Diversity & Inclusion
- Working Environment
- Empowerment of Women
- Community Engagement
- Local Job Opportunities

Economic Aspect

- Product Quality
- Supplier Sustainability Awareness
- Product Delivery
- Supplier Traceability
- Customer Responsiveness
- Customer Relationship

Our Business Principles

Our operational activities are carried out under our business principles which include vision, core values, Business Code of Conduct, and other policies to achieved our mission and create mutual sustainable growth and prosperity along the supply chain.


Our Vision

“Southland Rubber to be a leading processor focusing in major natural rubber producing areas, emphasizing on business excellence, social responsibility and the environment.”

Our Mission

“ To continue to be a Reliable and Dependable Supplier of Quality Natural Rubber.”


4 Business Core Values




Integrity



Vision



Respect



Passion

Business Code of Conduct & Supplier Code of Conduct

Policies

General	Environmental	Social	Economic
<ul style="list-style-type: none">• Sustainability Policy• Whistleblowing Policy• Information Security Policy• ¹ PDPA Policy	<ul style="list-style-type: none">• Environmental Policy	<ul style="list-style-type: none">• Occupational Health & Safety Policy• Human Rights & Labor Practices Policy	<ul style="list-style-type: none">• Sustainable Procurement Policy• Quality Policy• 5-S Policy• Anti-Corruption Policy• No Gift Policy

The Systems to Ensure Compliance

Socializing Compliance Requirements

Compliance Audit

Whistleblowing

For more information about our business principles and policies, please visit our website at: <https://www.southlandholding.com>.

1. PDPA is short for Personal Data Protection Act.

Compliance Program

The Compliance Program is our annual policy communication and training program aimed at ensuring that the practices of all employees and relevant stakeholders conform to the Company's standards or policies. First, the Company's head office will run the program for top management employees and Compliance Officers of each factory. Then, the Compliance Officers will carry out the same program for all employees. Moreover, the Compliance Program also targets relevant stakeholders. For example, the Purchasing Department will ensure that all active or registered suppliers acknowledge and comply with the Supplier Code of Conduct and Sustainable Procurement Policy.

The Elements of the Compliance Program

The Compliance Program is composed of the following elements respectively:

Policy Deployment

The Company has a total of 15 policies covering several aspects of sustainability, e.g. product quality, environment, and human rights and labor practices. After the policies were developed, we followed up diligently with implementation and audits - these being essential to proper execution of our Compliance Program.

Compliance Training

Our compliance training began in 2019, which was an onsite face-to-face training program. Later, due to COVID-19 pandemic, it has been changed to online training for the most part. Our target is to provide the compliance training to 100 percent of employees each year. In 2021, 100% of employees participated in the compliance training.

Compliance Audits

The compliance audits are to monitor whether personnel in our processing factories understand and abide by the Company's policies and other relevant standards after they participated in the compliance training. In 2021, we faced with the big challenge in conducting the internal compliance audits as planned owing to COVID-19 situations in the country. For this reason, on-site compliance audits were shifted to remote audits by our Internal Audit Team from the Company's head office.

Management Review

The findings from the compliance audits include non-compliant incidents and corrective actions will be reviewed by the top management team and to receive directives for improvements. So, when a non-compliant risk or behavior is found, we have top management involvement and support for corrective actions and for developing strategies to mitigate or eliminate such risks.



Whistleblowing & Anti-Corruption

Whistleblowing Policy & Cases Received and Resolved


Our Whistleblowing Policy was established for providing grievance mechanism to employees as well as other stakeholders. Whistleblowing mechanism enables the opportunities for stakeholders to express their concerns as well as to inform the Company of wrongdoings or suspected behaviors that they have encountered or witnessed.

Whistleblowing is also regarded as a foundational part of our good corporate governance as it can help build trust, prevent damages, and drive transparency, development, and compliance with the Company's norms. It also protects all stakeholders the opportunities to voice legitimate concerns.


In 2021, the company received **1 whistleblowing case, 3 complaints**, and **3 grievances**. Whistleblowing cases are the report of wrongdoing or non-compliant behaviors. Complaints were written notices from governmental sectors, and grievances were reports of personal unhappiness.

How to Make a Whistleblowing Case


Whistleblowers can make a whistleblowing case through the following channels: website, letter, and email.



<https://www.southlandholding.com/new/contact.html>



55 Rajyindee Road,
Hatyai, Songkhla 90110
Thailand



whistle.hq@southlandholding.com

Protection of Whistleblowers

We ensure to protect whistleblowers by always keeping their data confidential. And whistleblowers must follow the following practices:

- Provide truthful information about the whistleblowing case
- Provide reliable evidence
- Have no intention to provide false information
- Make the whistleblowing case in good faith without the aim of exploding personal or business gains

Anti-corruption

Anti-corruption commitment and compliance are fundamental to the Company's good governance in shaping an ethical and transparent corporate culture while contributing to our long-term economic well-being.

We make efforts in ensuring that all related parties are in compliant with the Company's Anti-Corruption Policy as a norm for creating the corruption-free corporate culture and sustainable societal development.

We are committed to applying the Company's Anti-Corruption Policy and No Gift Policy as the norms for day-to-day business activities. Thus, we applied the following methods in implementing the policies:

- Encouraged employees to use whistleblowing channels to report on corruption-related issues
- Provided Policy training programs for employees
- Recorded the history of receiving acceptable souvenirs from external parties
- Conducted internal compliance audits
- Documented anti-corruption risk assessment manual, SOP, work instructions, and forms.

We achieved the following results in 2021:

- **100%** of employees trained on Anti-Corruption Policy
- **100%** of employees are communicated on and acknowledged Anti-Corruption Policy
- Number of training hours on anti-corruption was **4.30 hours** per employee
- **Zero case** of reported incidents of corruption
- **100%** of factories (17 factories) were audited on anti-corruption

Contribution to SDGs

Our sustainability programs were implemented with a view to making contributions to the U.N. Sustainability Development Goals (SDGs). As the business sector plays a critical role in pushing the progress of the SDGs, we therefore play the responsible roles in planning and executing our sustainability work and activities.

SDGs	Relevant Contribution
	Create local job opportunities, provide minimum wages defined by laws, provide other benefits to elevate employees' well-being
	Create local job opportunities, provide minimum wages defined by laws, provide other benefits to elevate employees' well-being
	Work to achieve a safe working culture and environment; adopt rational health-managment approaches regarding COVID-19 to assist and protect our employees and communities
	Provide educational supporting fund to local students and employee's children based on needs, provide adequate career development training to employees, engagement with suppliers to foster sustainable supplies
	Compliance with the Company's Human Rights and Labor Practices Policies, with the relevant laws, and with internationally recognized guidelines and principles
	Adopt the closed-loop wastewater treatment systems, retrieve recycled water to use in operational processes, no discharge of wastewater or treated water
	Conversion to renewable energy projects, energy conservation activities/ process improvement projects (KAIZENS)
	Create a decent working environment for all employees, promote the inclusiveness in workplaces by hiring people with disabilities and empowerment of women
	Build facilities for the installation of solar panels for generating greener energy
	Compliance with the Company's Human Rights and Labor Practices Policies, with the relevant laws, and with internationally recognized guidelines and principles
	Engagement activities with local communities to help foster sustainable communities and harmonious coexistence of our operation units and host communities
	Promote conservation of natural resources and circular economy through process improvement projects (KAIZENS) and activities such as Sludge to Fertilizer Project
	Tree planting projects in factories' compound which began in 2018, and other tree planting activities on occasion
	Adopt the closed-loop wastewater treatment systems, retrieve recycled water to use in operational processes, no discharge of wastewater or treated water which may harm marine ecosystem
	Tree planting projects in factories' compound which began in 2018, and other tree planting activities on occasion
	Promote peace and inclusiveness in our Company by adhering to the Company's policies, provide whistleblowing opportunities and channels to employees and other stakeholders
	Engage with our stakeholders in doing sustainability activities for making contribution to SDGs and building a sustainability supply chain.

Sustainability Management Overview / Reporting Topics

The graphic below depicts the overview of our key management topics under each aspect of sustainability in the Report. Plus, our commitments to mitigate relevant impacts and contribution to 17 SDGs are expressed. Readers can click on the page number link to direct you to each reporting topic.



Social Aspect

Commit to responsible business conduct with deep concerns for employees as well as for the communities in the vicinity of our factories and to support their economic well-being.

Main topics to be addressed

- Human Rights & Labor Practices ([20-22](#))
- Workplace Safety ([23-31](#))
- Employees' Well-being & Development ([32-35](#))
- Community Engagement ([36-39](#))

Contribution to achieve SDGs in 2030



Environmental Aspect

Attach great importance to conservation of the environment and efficient use of resources to promote environmental long-term sustainability.

Main topics to be addressed

- Biodiversity ([41-43](#))
- Climate Change & Decarbonization ([44-47](#))
- Water Management ([48-50](#))
- Waste Management ([51-53](#))
- Air Pollution ([54-55](#))

Contribution to achieve SDGs in 2030



Economic Aspect

Ensure transparent business conduct by putting effort into anti-corruption while focusing on consistent, good quality of products and close engagement with raw material suppliers.

Main topics to be addressed

- Natural Rubber Sustainability ([57-60](#))
- Work with Suppliers ([61-64](#))
- Product Quality & Customers ([65-67](#))

Contribution to achieve SDGs in 2030



Handling COVID-19

Promote health-oriented management to support business continuity and to support local communities to mitigate difficulties during prevailing pandemic.

Main topics to be addressed

- COVID-19 Mitigation Management ([16](#))
- Our Internal COVID-19 Response Measures ([16-17](#))
- Providing aid to Local Communities ([18](#))

Contribution to achieve SDGs in 2030



Handling COVID-19

- COVID-19 Mitigation Management
- Our Internal COVID-19 Response Measures
- Providing aid to Local Communities

COVID-19 Mitigation Management

Southland Rubber has formulated COVID-19 control measures to support business continuity as well as providing aids to our local communities to overcome this challenge together.



Awareness of the Impacts

Creating awareness of the impacts caused by COVID-19 among all levels of employees as well as suppliers and visitors through means of communication:

- talks
- meetings
- bulletin boards
- online communication
- e-materials



Active Communication

Actively communicating COVID-19-related information within the Company:

- news updates
- areas at risks
- announcements from the government and Ministry of Health
- internal statistics of COVID-19 situations



New Normal Practices as Corporate Culture

Adopting new normal practices in line with the management framework of Thailand's Ministry of Health, and the World Health Organization (WHO):

- face mask-wearing
- hand washing
- social distancing
- body temperature testing
- the government's application (Thai Cha Na) to record the history of visits to places



Collaboration from All

Requiring collaboration from all employees, suppliers, and visitors to strictly follow the Company's COVID-19 preventive and mitigation measures.

Our Internal COVID-19 Response Measures

The followings were some of our COVID-19 preventive and mitigation measures/practices to protect our employees and support business continuity amid the pandemic.

COVID-19 Active Case Finding

We began finding active COVID-19 cases among employees, using SWAP tests to detect the virus. The frequency of the SWAP test and the percentage of employees tested varied, depending on the local regulations of each factory's location. Areas of high risks needed to take a SWAP test more frequently, and a higher percentage of employees would need to be tested.



Sanitize Offices and Factory Areas

The hygiene of work areas is critical to our COVID-19 prevention. For this reason, we regularly use disinfectant to sanitize work areas which include offices and many areas of factories such as canteens and production areas.



Promoting COVID-19 Vaccination

The Company promotes herd immunity against COVID-19 and encourages its employees to get vaccinated. However, employees are free to make decision whether or not to receive the vaccine as well as making their own choices regarding their options of available vaccine. Additionally, we closely monitor the statistic of employees who have been vaccinated and collect other relevant data such as sick leave and quarantine to help optimize the efficiency of our COVID-19 mitigation management. In the upcoming 2022, we will encourage employees to receive booster shots.



Vaccination Rate as of December 30, 2021

Shots	Vaccinated Employees
1st dose	97%
2nd dose	89%



Bubble and Seal Measure

Bubble and Seal is a COVID-19 response measure introduced by The Federation of Thai Industries (FTI) to ensure the operational continuity of Thailand's industrial sector amid the pandemic. The measure aims at limiting the spread of COVID-19 inside industrial factories and from factories to outside communities as well as preventing business interruption. We had also adopted this measure in our factories where the number of infected cases were higher than 5%. To implement the measure, our factories appointed a COVID-19 prevention committee and collaborated with local public health agencies to take care of our employees.



Providing aid to Local Communities

Apart from our internal management regarding COVID-19, we also have been playing our part to mitigate the adverse impacts posed by the pandemic on local communities by providing them with aid such as donations and medical PPE. We carried out similar COVID-19 mitigation activities in the previous years since the outbreak started and will continue to run those activities until the world fully recovers from COVID-19.

Make a COVID-19 Relief Donation to a Local Hospital

Southland Rubber led by the Managing Director, Mr. Pherm Tirasarnvong, donated 2,000,000 THB to COVID-19 Mitigation Fund by Hatyai Hospital Foundation on May 9, 2021. The donation would be used for supporting the work of medical personnel who provide medical treatment to COVID-19 patients. The Company appreciates the hard work and dedication of all medical personnel in their battle against the pandemic to protect the public health and will continue to provide aid in the future until the world fully recovers from COVID-19.



Donated Medical Face Masks



In May, BJ1 donated 3,750 pieces of medical face masks to a field hospital in Tampannara District, Nakhon Si Thammarat Province. There were also many of other similar activities organized by our factories, aiming to help local communities mitigate the effects of COVID-19 spread.

Donated Lunch Boxes



On August 6, 2021, top executives and employees from the Company's head office donated money for buying food and beverages for 200 COVID-19 patients and medical staff members who work at Hatyai hospital, field hospitals, and vaccination service points.

Social Aspect

- Human Rights and Labor Practices
- Workplace Safety
- Employees' Well-Being
- Local Community Engagement



Human Rights & Labor Practices

Importance & Boundary

- **Importance:** Human rights are fundamental rights to which every human being is entitled. Thus, we respect human rights of all employees and ensure decent and fair labor practices.
- **Boundary:** Our human rights and labor practices framework emphasizes on our internal operations, which is mainly concerned with employees. However, the same rights and practices may also be adopted by other stakeholders including suppliers with whom the company has business relationships and communities which might be impacted by our operations.

Our Commitment

We comply with relevant laws and international human rights principles and ensure proper working conditions and good employment practices.

Methods

Obtain ¹ Good Labor Practices Certification (GLP) at all factories and manage according to it and implement Human Rights Due Diligence processes:

- Human Rights & Labor Practices Policy
- Compliance Training Program (policy training program for employees)
- Implementation of Human Rights Due Diligence processes
- Human rights & labor practices risk assessment & its procedures
- Human rights & labor Practices Risk assessment training for responsible persons
- Risk mitigation measures based on the findings from the risk assessment
- Whistleblowing opportunities

Targets & Results in 2021

No	Topics	Targets	Results
1	HRLP Policy Training (% employees)	100%	100%
2	Training on HRLP risk assessment procedures (% factories)	100%	100%
3	Conducting HRLP risk assessment (% factories)	100%	100%
4	GLP Certification(factories)	17 factories	16 factories

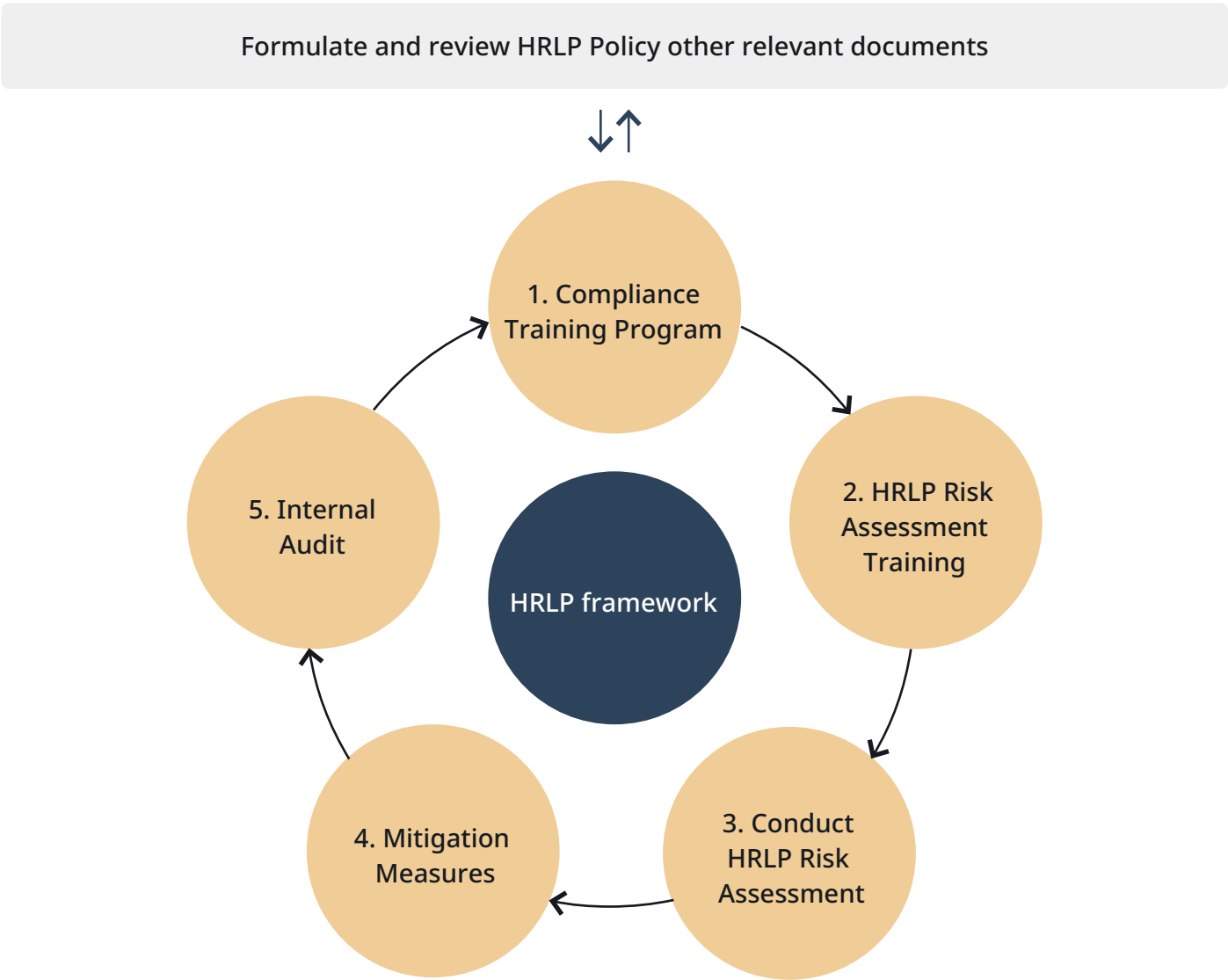


1. GLP Certificates are provided to organizations having good labor practices and fair, lawful employment conditions by the Department of Labor Protection and Welfare (Thailand). The certificates are valid for 2 years, and organizations are required to answer questions in the GLP checklist and provide evidence in order to have the certification renewed.

Human Rights & Labor Practices (HRLP) Framework

Our HRLP framework covers the elements of human rights due diligence which generally comprises organization policy, risks and impacts assessment, and monitoring and mitigation, for instance. We define the HRLP framework which consists of 5 steps as follows.

Our HRLP framework



HRLP Policy & documents: We have formulated our HRLP Policy and other relevant documents, e.g. manual and procedures used as a set of guidelines for our operations regarding HRLP. The Policy and documents had been reviewed when deemed appropriate

Compliance Training: Compliance Training Program which is our annual policy training program had been used as a tool to communicate the Company's Policies, including the HRLP Policy to employees.

Risk Assessment Training: The risk assessment training had been provided to persons responsible on a yearly basis. The training aims at creating and reaffirming mutual and correct understanding on the risk assessment procedures and also to keep up with changes in operations.

Conduct Risk Assessment: HRLP risk assessment in different operational activities had been conducted at least once a year in all processing factories.

Mitigation Measures: Mitigation measures had been implemented based on the risk levels.

Internal Audit: The internal audits aim at closing the gap between our actual practices and our norms which include laws and the Company Policies. Also, they point out improvement opportunities which will bring about better practices.

Human Rights Risk Assessment Training

We provided the training to HR persons of all 17 factories who are key persons responsible for conducting human rights risk assessment. The training follows the guidelines in Human Rights Risk Assessment Manual. After the training, our 17 factories conducted the **first official HRLP risk assessment** to initially identify existing and potential risks. We aim to cover the overall processes of human rights due diligence with a broader scope in the near future, using a step-by-step approach.



100%

Factories Receiving Human Rights Risk Assessment Training



100%

Factories Conducting Human Rights Risk Assessment

Internal Audits on Human Rights and Labor Practices

We perform internal audits using compliance with our HRLP Policy and GLP checklist which covers a wide range of human rights and labor practices issues, e.g. child labor, discrimination, and wages as criteria. The findings or improvement opportunities revealed from the audits allowed us to come up with corrective or mitigation measures to elevate our practices and be prepared for other third party audits.



100%

Factories Internally Audited

Audit Process:

- Factories answering audit checklist items and providing evidence
- The internal audit team interviewing workers
- The internal audit team checking all evidence in details and summarizing audit results/ improvement opportunities
- Factories taking corrective or improvement measures

Example of the Findings

- **Activities:** Recruitment of employees
- **Risk:** Discrimination in terms of gender, religion, age, and disabilities
- **Details:** Some factories did not update job posting in compliance with the Company's policy regarding recruitment. Therefore, it may lead to misunderstanding or discrimination in the first place.
- **Mitigation Measures:** Retrain persons responsible on the HRLP Policy as well as other related documents, Verify contents in job posting prior to posting to public

Workplace Safety

Importance & Boundary

- **Importance:** Workplace safety is crucial and has significant impacts on employees' well-being and business continuity.
- **Boundary:** We ensure to make constant efforts to improve our safety performances to protect our employees as well as all visitors from all kinds of work-related injuries and accidents.

Our Commitment

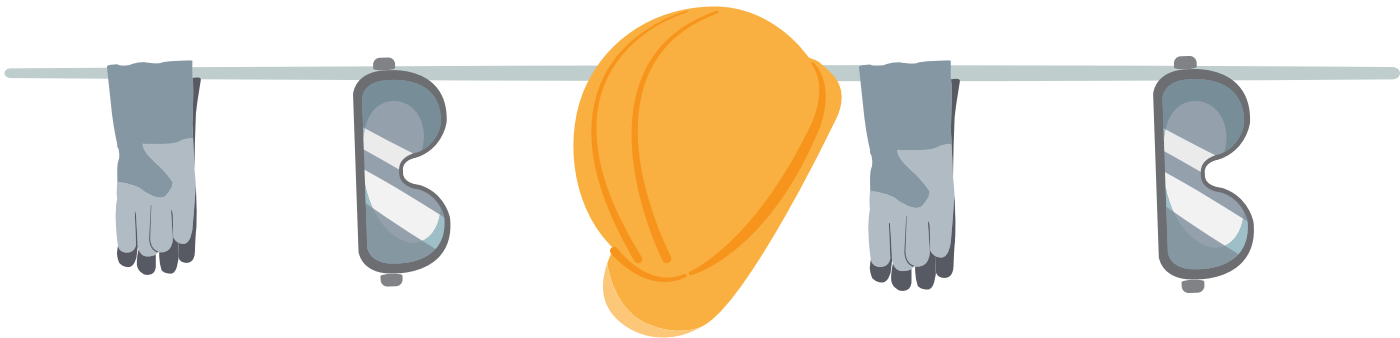
We ensure a work environment where all employees can work safely from the time they go to work until they leave the company. We instill the "safety first mindset" in all employees and promote the enhancement of safety practices.

Methods

- Obtain ISO 45001 at all factories and manage according to it:
- The Company's Policies, rules, and regulations
 - Safety Risk Assessments
 - Accident report
 - Training programs/ meetings/ Compliance Training Program
 - Communication tools such as ¹OPL and safety performance presentation
 - Safety campaigns/ Safety KAIZEN (process improvement projects)
 - Supervision

Targets & Results in 2021

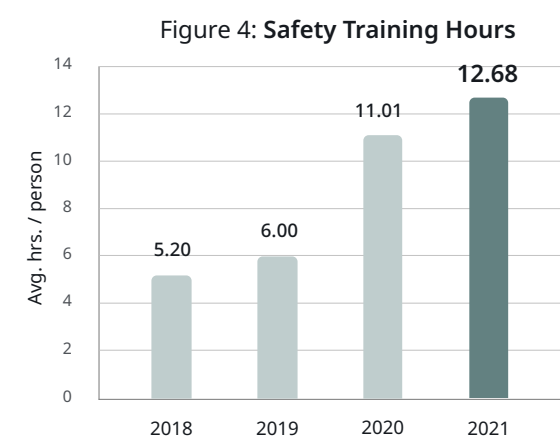
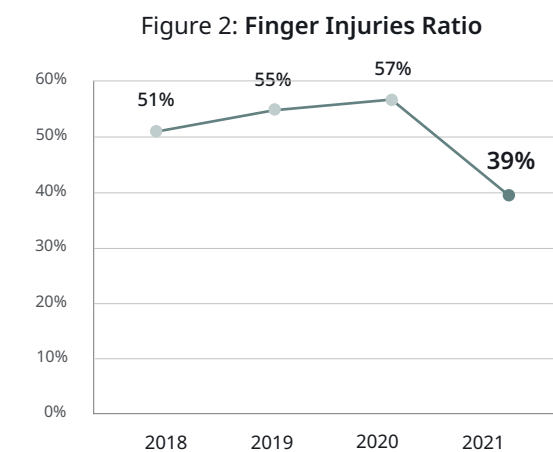
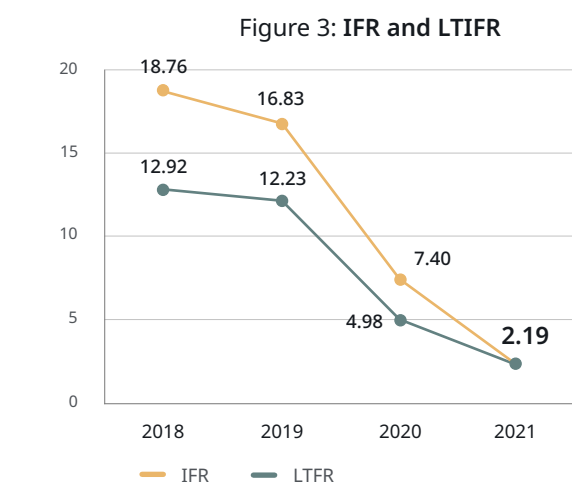
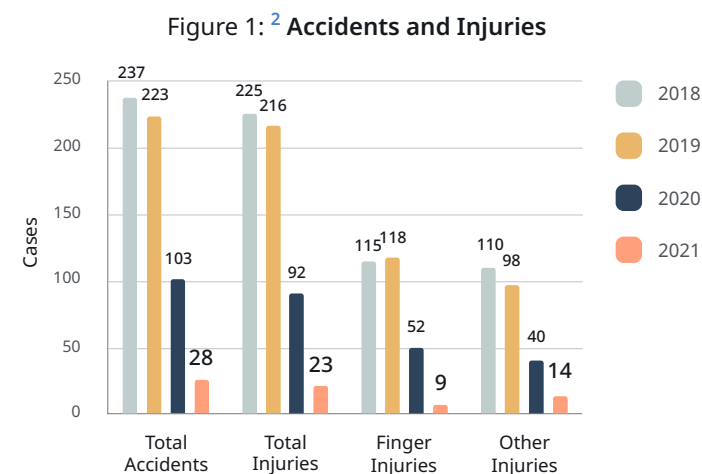
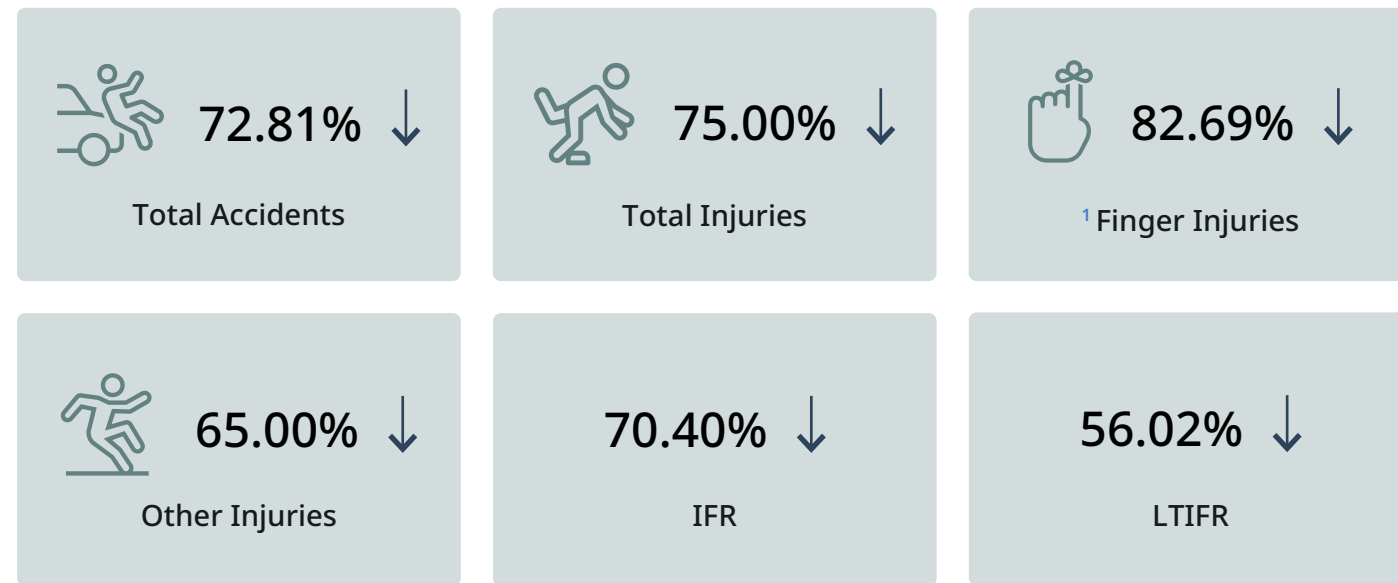
No	Topics	Targets	Results
1	² IFR (rate)	≤5	2.19
2	³ LTIFR (rate)	≤5	2.19
3	⁴ Work-related fatality (cases)	0	1
4	Safety Training (Avg. hrs. /person)	≥7 hours	12.68



1. We use OPL or One Point Lessons as communication tools for continuous improvement in safety practices and performance. When an accident occurs, the OPL which concisely describes the accident and its visual countermeasures will be created and shared among factories to prevent the recurrence.
2. **Injury Frequency Rate** (Number of reported accidents x 1,000,000) / (Total hours worked in the reporting period)
3. **Lost Time Injury Frequency Rate** [(Number of lost time injuries in the reporting period] x 1,000,000) / (Total hours worked in the reporting period)
4. A machinery-related accident occurred to a female worker at BJ4 in January.

Key Safety Performances

Key Improvement in 2021 Compared to 2020



¹ Finger injuries are the most common injuries occurring in our operational activities. The main cause of finger injuries is the use of tools and equipment, and they mostly occur in rubber cutting and packing processes.
² Accidents refer to injuries and damaged properties.

About Safety Risks Assessment

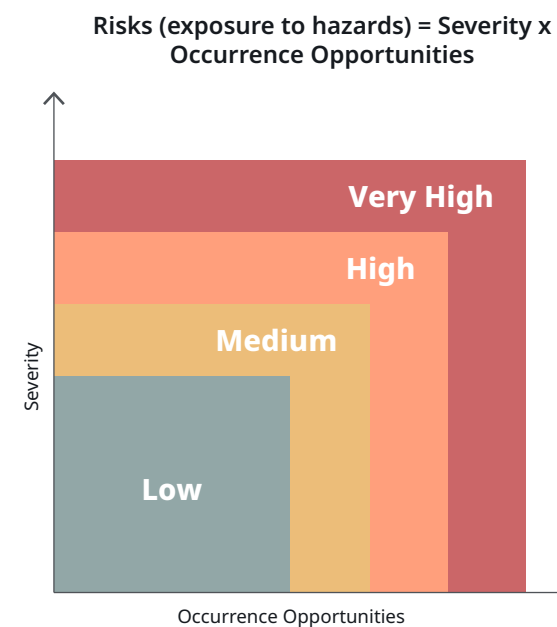
The company conducted occupational health and safety risk assessment annually. Also, every time when an accident occurred, the risk assessment will be re-conducted to ensure safe operations. Our occupational health and safety risk assessment processes can be summarized as follows.



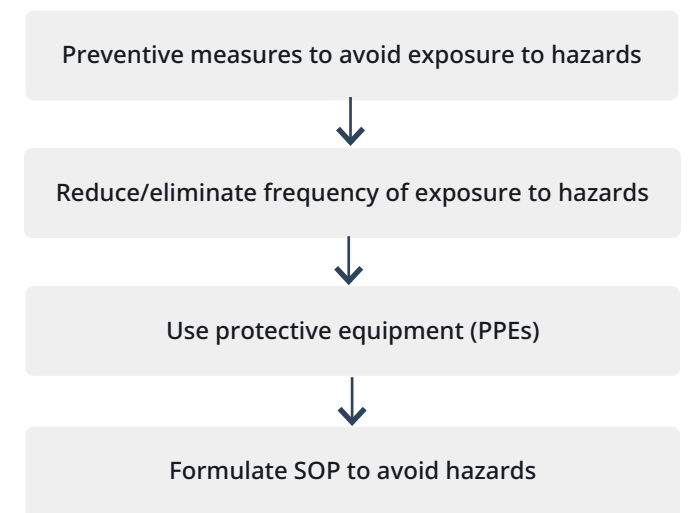
Safety Risk Assessment Concept

Our safety risk assessment consisted of the following key concepts:

- Identify as many risks as possible in each operational process
- Assess risk levels or magnitude of risks gained from “severity” and “occurrence opportunities”
- Plan and proceed on corrective or preventive measures according risk levels



Approach of Corrective Action



Key Safety Risks



Working at Heights



Using Tools, Equipment, and Machine



Road Accidents

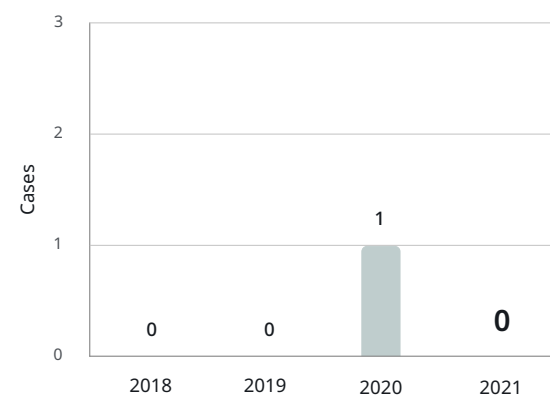
In 2020, we reported the 3 key safety risks which included working at heights, using tools, equipment, and machine, and road accidents. Those risks were the significant causes of accidents and injuries occurring in our operational activities. In 2021, we continued to monitor the accidents caused by those risks and their preventive measures closely to ensure the effectiveness of our accident prevention. **The outcomes of the measures are as follows:**

Working at heights

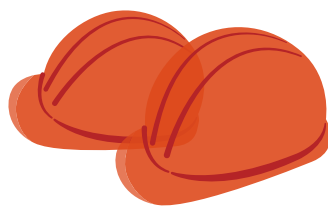
- **Accidents/Injuries:** falling off from heights, bone fracture, fatality
- **Measures in place:** intensive training and supervision, reinforcement on the proper use of personal protective equipment (PPE), e.g. safety belts and safety helmets, restriction on the use of proper tools for each task, e.g. scaffolding, stepladders, and extension ladders, barricading work areas using such tools as colored tapes, warning signs, and traffic cones.
- **Result in 2021:** There were no accidents related to working at heights in 2021.



Working at heights



According to our safety record since 2018, the accident caused by working at heights was only found in 2020. It has become a key safety risk because it caused a serious accident in 2020. Thus, we have become aware of the risks that come with working at heights and have adopted several safety corrective and preventive measures to prevent recurrence.

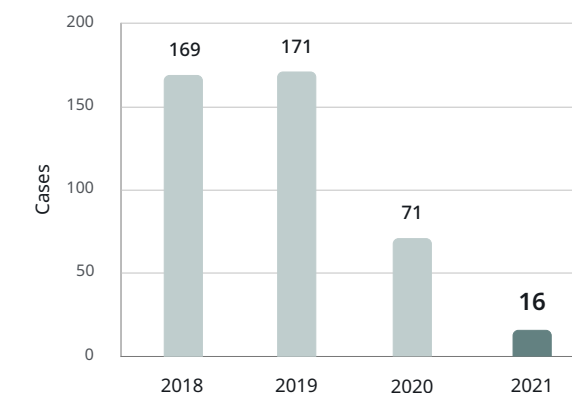


Using tools, equipment, and machines

- **Accidents/Injuries:** Body organ injuries especially **finger injuries** (The most common types are pinching and cutting)
- **Measures in place:** Training on the correct procedures of rubber cutting, enforce the use of gloves while performing the work, display safe procedures of rubber cutting in the work area, and intensive supervision
- **Result in 2021:** Operation with tools, equipment, and machine remained the key cause of work-related accidents in our factories. However, the number of total accidents dramatically dropped as well as finger injuries which decreased by 82.69%



Using Tools, Equipment, and Machine

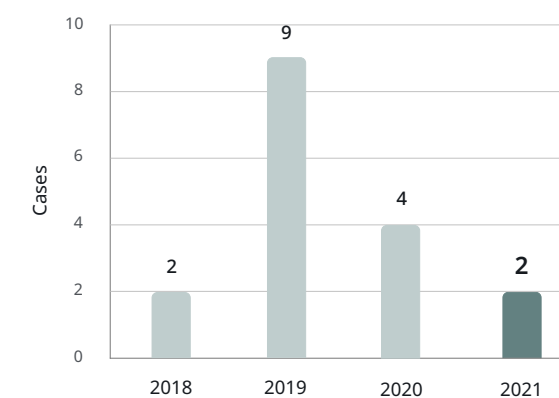


Road accidents

- **Accidents/Injuries:** Road accidents mainly occur in raw material incoming areas and exporting/ warehouse areas since there are transporting vehicles coming in and out these areas frequently. Road accidents cause body part injuries and damaged properties.
- **Measures in place:** Install traffic poles, use safety signs, communicate road safety requirements, paint walking path in clear colors, prohibit unauthorized people from entering the working areas.
- **Result in 2021:** There were no accidents related to road accidents in 2021.



Road and Vehicles accidents



Our safety record combines road accidents and vehicle accidents together. In 2021, there was no road accident, but there were 2 vehicle accidents which caused damages to properties.

Additional Key Safety Measures

We made a continuous effort to eliminate any further finger injuries. Unfortunately, more finger injuries in 2021 occurred in rubber sheet washing process, block rubber drying process, and assembling centrifuge machine process. The injuries were caused by rubber sheet washing machines, rubber drying trolleys, and miscommunication between workers. For this reason, we have adopted more safety measures specific to each operational activity as follows to prevent both machinery and human errors.

Rubber Sheet Washing Process



- **Accident:** finger injuries from using rubber sheet washing machines
- **Details:** The accident occurred when workers stopped the machine to pull sticky rubber sheets out but did not close the machine guard before restarting the machine. Therefore, their finger was caught between the belt pulley and the belt and injured.
- **Preventive Measure:** Used lockout-tagout system and installed limit switches on rubber washing machines in all RSS factories. The limit switches prevent the machine from operating unless the guard is completely closed.

Block Rubber Drying Process



- **Accident:** finger injuries from drying trolleys
- **Details:** When 2 workers worked together in the drying process, the worker in the position of lifting rubber trolleys was pinched by the trolleys pushed by the other worker.
- **Preventive Measure:** Used stoppers (metal latches) to prevent trolleys from accidentally moving in all STR factories. The stoppers will brake the trolleys at the lifting point. Thus it can prevent finger injuries when two people work together.

Assembling centrifuge machine process



- **Accident:** finger injuries from assembling centrifuge machine' bowls
- **Details:** When 2 workers worked together to assemble centrifuge machine bowls, accidents occurred due to miscommunication or a lack of communication.
- **Preventive Measure:** Modified the work procedure from using 2 workers to using 1 worker to avoid ineffective communication that can lead to finger injuries.

Key Safety Programs

To further enhance our safe operations, we have run several safety programs and defined additional safety measures based on accidents occurred to reduce and prevent the recurrence. The following is safety programs and measures in 2021:

Safety Risk Assessment Training Program



With the effort to improve the effectiveness and accuracy of our safety risk assessment, we organized a safety risk assessment training program in May 2021. The program was an online training where top executives, branch managers, and safety personals, and other observers attended. The training program aimed to optimize the effectiveness and create mutual understanding of the Company's **safety risk assessment procedures** which is applied to all operating units. After the training, the participants were also required to do a post-test to measure their understanding regarding the training's contents.

Focused Safety Topics of the Month

We initiated a safety program called "Focused Safety Topics of the Month" where we focused on different key safety risks in each month while also paid attention to other safety issues as well. The program began in February and continued to July and the key activities were training on those focused topics. The focused safety topics of the month were as follows:

Month	Focused Safety Topic
February	Machinery-related accidents prevention
March	Working at heights –related accidents prevention
April	Road accidents prevention
May	Fingers injuries prevention (saw cutting)
June	Fingers injuries prevention (working with rubber trolleys)
July	Rubber cleaning –related accidents prevention



February (BJ3)



March (FC)



April (NTW)



May (FC)



June (BH)



July (HX)

Factory Safety Days

Factory Safety Days were held twice in May and November 2021 by each factory. The factories safety days aimed at stimulating employees to be aware of safety at workplaces as well as instilling the “safety first mindset” in employees. The Factory Safety Days were carried out under the COVID-19 restriction of each area where the factories are located. The program emphasized on 2 key topics; COVID-19 Prevention and Safe Operations in different work areas.



Safety Performance Day

The Company's head office organized an online safety activity called “Safety Performance Day” The activity aimed to prevent accidents and damages to life and assets by sharing safety knowledge among factories, instilling the safety-first mindset in our employees, and promoting the enhancement of safety practices.

The program was divided into 2 main sessions

- **presentation of occupational health and safety performances,**
- **feedback session** where executives/factories give suggestions to factories for better safety management and outcomes in the future.

This event can also enable factories to learn from one another and then continue to improve their own safety practices. The **highlight** of the program was **sharing one point lessons (OPLs)** learned from accidents occurring in each factory to other factories to create **mutual safety knowledge** of the Company.

Practical Purposes

All factories were well informed of every accident occurring throughout the year.

All factories communicated the OPLs to all employees.

All factories applied the OPLs with their safety preventive measures after conducting safety risk assessment.

SAFETY PERFORMANCE DAY 2021

VISUAL refers to visual communication using signs and symbols. There are 4 types of visual communication used in our factories.

- 1. VISUAL DISPLAY:**
The use of safety signs and labels is very visible in warning about potential danger and telling the position of objects.
- 2. VISUAL CONTROL:**
The use of visual tools to indicate and control the working status of things.
- 3. VISUAL MANAGEMENT:**
The use of communication tools to display information and the information can be edited.
- 4. VISUAL FACTORY:**
The use of symbols for safety cautions such as color lines for pathways and other safety symbols in different areas of factories.

One Point Lessons (OPL)

Prevention for pillar crashing

Future Plans to Achieve Safety Culture

We have outlined our safety plans to define the direction of our next strides. Based on our safety record, we are able to see our improvement areas and come up with safety activities from which enhanced safety performances such as reduced incident rate can be expected. The following are our future safety plans.

1. Review the hazard identification and risk assessment

The review to update operational risks and hazard consists of the following steps:

- Review safety performance
- Conduct safety risk assessment to identify risks and hazards
- Implement preventive measures based on the findings from the risk assessment
- Share the preventive measures among factories
- Plan focused safety activities of each month to optimize safety practices

2. Review the Incident Investigation Manual and Form

The Incident Investigation Manual and Form are to be reviewed to improve their effectiveness practical application:

- Review the Incident Investigation Manual and Form
- Communicate the reviewed Incident Investigation Manual and Form to and arrange a training session for relevant persons

3. Improve Incident Reporting

We will improve our accident reporting as follows:

- Emphasize the importance of reporting all incidents
- Summarize and analyze all incidents reports
- Create one point lessons (OPLs) and share to all factories
- Create the matrix of injury prevention measures based on incident reports and follow up whether each factories adopt the injuries prevention measures related to their operation

4. Safety Programs/ Activities

We will also continue running the safety programs initiated this year in the future as they contribute a lot to safety performance improvement:

- Safety morning talks
- Factory Safety Day
- Safety Performance Day

5. Safety KAIZEN

We will carry out safety KAIZEN or process improvement projects specific the operations of each product group:

- **STR factories:** prevent injuries from trolleys/dryers
- **Latex factories:** prevent injuries from disassembling-assembling the centrifuge machine bowls
- **RSS factories:** prevent injuries in packing process

Employees' Well-Being

Importance & Boundary

- **Importance:** Employees' working life quality and career development are essential to us as these elements significantly contribute to the Company's sustainable growth.
- **Boundary:** We ensure decent working conditions and practices to all employees regardless of their positions or background.

Our Commitment

We are committed to ensuring decent working environment and decent employment practices adhering to relevant laws and equity to support working life quality and career development of all employees.

Methods

Established Company's Policies and manage according to them:

- Employee training
- Employee satisfaction survey (on a yearly basis)
- Welfare Committee meeting (every 3 month)
- Whistleblowing platforms
- Fair job promotion
- Workplace diversity and inclusiveness (genders, religions, disabilities, and races)
- Employee performance review (on a yearly basis)

Targets & Results in 2021

No	Topics	Targets	Results
1	Employee training (Avg. hrs./person/year)	≥12 hrs.	33.51
2	Female in managerial level(%)	≥30%	41.43%
3	Employees overall satisfaction(%)	≥70%	70.40%



Diversity & Career Development

Employee-Related Information

Total Employees



4,565
Employees

Employees by Genders



52%



48%

Employees with Disabilities



53
Employees

Females at Managerial level



41.43%

Employee by Age Groups

<30 years old	36%
30-50 years old	57%
>50 years old	7%

Employee by Levels

Managers	3.0%
Supervisors	10.5%
Operators	86.5%

Employees Promoted to Higher Job Positions

Total Job promotion	12 employees
Males	42%
Females	58%
Promoted to managers	17%
Promoted to HODs	8%
Promoted to supervisors	75%

Regular performance and career development review



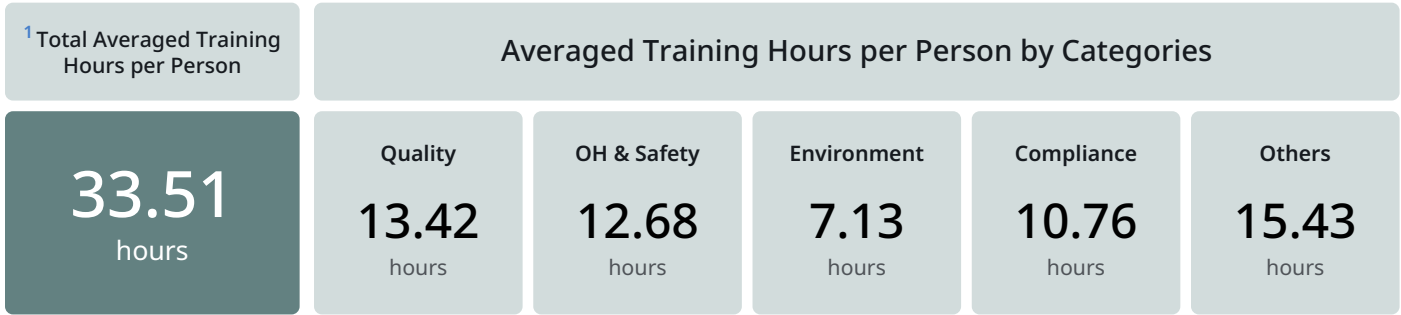
100%

Employees receiving regular
performance & career
development review

- **Performance assessment frequency:** annually
- **Performance assessment tool:** skill matrix & self-assessment form

Employee Training

For Southland Rubber, the scope of employee training had been wider than legal requirements. We value training as important means for increasing and sharpening employees’ work-related knowledge and skills and other topical issues. This year, most of the training sessions were concerned with safety at workplaces and practices during COVID-19, and we had paid attention to other training topics as well.



PPE Wearing Training



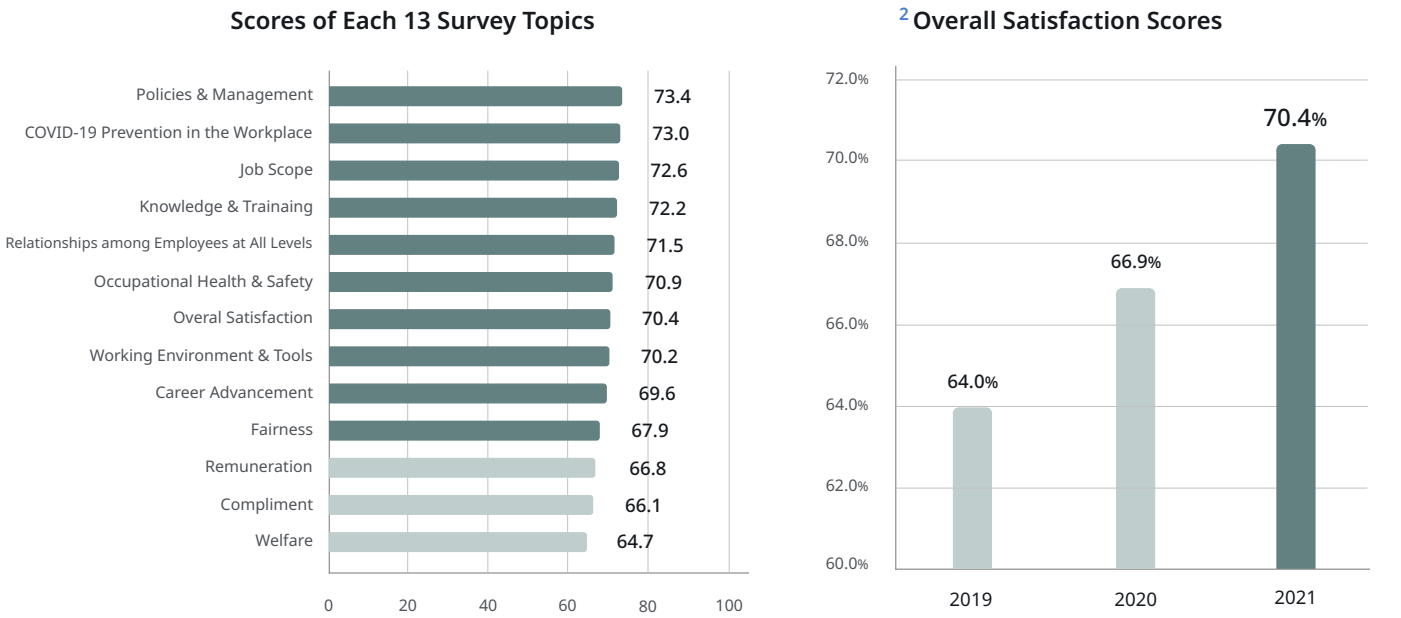
Compliance Training



Information Security Awareness Training

Employees Satisfaction Survey

We conducted an employee satisfaction survey on a yearly basis to gain feedback from employees regarding work-related issues. Employees’ feedback enables the Company to consider areas that need improvement for better quality of working environment, employees’ working life, and labor practices.



1. Total averaged training hours were summed by quantum of hours which could be counted concurrently in one and several other categories. We have many integrated training programs which means a training program can be classified as more than 1 category. For example, fire evacuation training can be classified as both safety category and environmental category. The calculation were total man hours of training divided by total number of employees.

2. Overall satisfaction score was not based on the averaged scores of the 13 survey categories but a category by itself. averaged scores of all survey topics but is one of the 13 survey topics.

Our Responses to Last Year’s Feedback

According to the 2020’s employee satisfaction survey, we considered improvement plans on 3 survey topics that received the least satisfaction scores—compliment, remuneration, and welfare. The following is our response to those improvement areas.

Compliment

- Presented letters of compliment on safety performance improvement
- Presented souvenir, certificate, and appreciation letter to a retired employee

Remuneration

- Continued to adhere to laws on minimum wages and encouraged employees to use the whistleblowing channel to report non-compliance on this matter
- Assisted employees who were affected by COVID-19 and could not come to work by proceeding on social security compensation and allowing leave rights so that they receive full payment during their absence

Welfare

- Reviewed employees’ needs by the Welfare Committee
- Provided more clean drinking water and hand cleaning points
- Disinfected surfaces of areas including restrooms more often and considered construction plans for more restrooms in factories
- Produced cloth face masks and provided them to employees

Appreciation for a Retired Employee

Ms. Ajalaya Kantasilanan, an export employee at the Company’s head office who is also among our first employees, retired in October 2021 after working along side the Company for 35 years since its inception in 1986.

The Company appreciated Ms. Kantasilanan’s services by **presenting a souvenir, retirement certificate and appreciation letter** on behalf of the Company and colleagues to her.



Providing Aid to Employees

There were **two significant events** occurred in 2021 that our employees needed help.

- The first event was flood in some southern provinces of Thailand during January, and our employees from the Yala factory were affected.
- Another event was a fire incident that burnt the house of an employee of our Bangklum factory, who happened to be also intellectually challenged.

The company as well as colleagues helped the flood victims by **providing instant food and other necessary supplies** to them. For the fire incident victim, we visited his family and contributed to a local municipality donation for building a new house for the family.

Local Community Engagement

Importance & Boundary

- **Importance:** Healthy relationship with neighbouring communities is a key factor to sustainable business and society. Hence building harmonious relationship with local communities in one of our priorities.
- **Boundary:** Our factory operations may cause some inconveniences to the local communities. Hence, we engaged closely with them to ascertain and mitigate any negative impacts while also creating beneficial impacts to help them progress sustainably with us.

Our Commitment

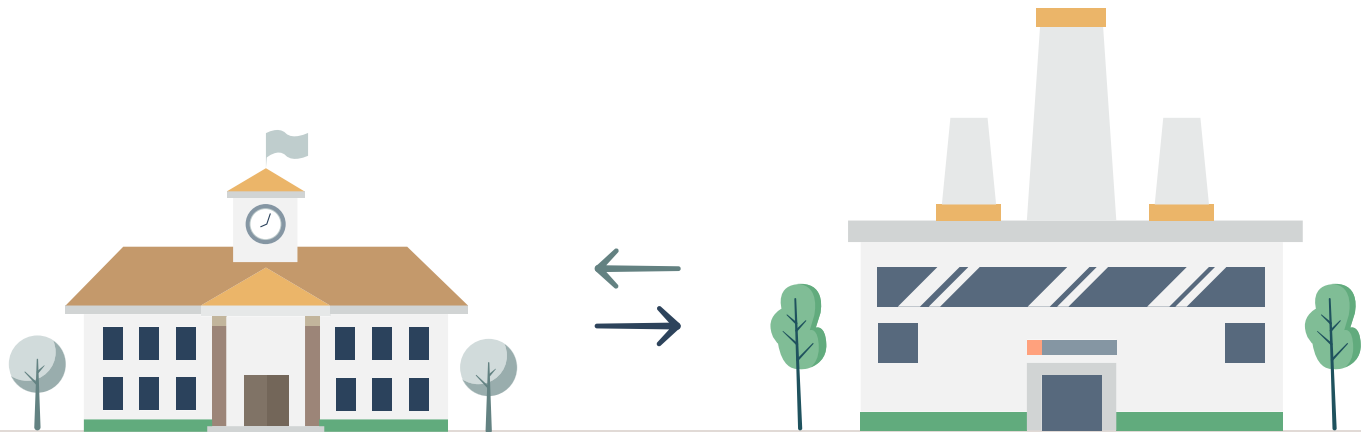
We conduct our business fully aware of our social responsibilities and consciously contribute to the development of the local communities through engaging them in sustainability activities.

Methods

- Manage according to Environmental Policy and HRLP Policy:
- Engaged in different activities, e.g. local tradition conservation, COVID-19 donation, educational support, and cleaning public places
 - Conducted enviromental impact surveys (odor surveys)
 - Provided employment opportunities for local people
 - Formalized whistleblowing channels

Targets & Results in 2021

	Targets	Results
1 Sustainability activities regarding local community engagement and social responsibilities (activities)	≥30 activities	72



Ongoing Engagement Projects with a Local Elementary School

There were 2 significant engagement projects with a local elementary school, named **Ban Klong Nokkratung School**, that we planned to carry out in 2021:

- **Sustainable Lunch for Local Students**
- **Replacing Old Light Bulbs with LED Light Bulbs**

Our Bangklam factories **BJ2**, **HX**, and **BK** had started the projects but needed to temporarily put the progress on hold owing to school closing resulted from COVID-19 situations in the country.

We had chosen this school for the projects based on two key reasons. First of all, it is the closest local school to 3 of our Bangklam factories. It is located about 3-4 kilometers away from the factories. On top of that, this school has been promoting sustainable lunch for awhile. Therefore, we believe that with our support, the school has high potential to run the project successfully. Then, we can use it as the model to run similar projects in other schools and factories in the future.

Sustainable Lunch for Local Students

We constructed a **henhouse** and surveyed **the vegetable plot** at the school to support sustainable lunch for local students. We rebuilt a **henhouse of 7.5 x 3 meters in size**, which accommodated up to **44 chickens**. Also, we surveyed the vegetable plot that the school already had to estimate the amount of vegetable seeds and fertilizer that we should provide each time. **The vegetable plot is of the size of 6 x 1.5 meters.**

We will continue the project and provide them with chickens, vegetable seeds, and fertilizer when the school resumes. This project also aims at promoting learning activities for students. Through this project, students can experience basic cultivation and livestock as well as develop teamwork and responsibility.



Henhouse Construction



Vegetable Plot Survey

Replacing Old Light Bulbs with LED Light Bulbs

We planed to replace old light bulbs in the school with LED light bulbs to contribute to energy conservation and less carbon emissions from electrical appliances. We visited the school to survey the number of light bulbs to be changed, and there were **27 light bulbs to be replaced**. Like the sustainable lunch project, we can resume the activity when schools across the country re-open.



Visiting the School to Survey the Number of Light Bulbs



Engagement Activities with a Local Communities in 2021

We had a total of **72** sustainability activities involving local community engagement and social responsibilities in 2021. Those activities also included COVID-19 mitigation activities, which some of them are presented on [pages 16-18](#). The following were some of the engagement activities.



Helped Flood Victims: YL

In January, Southland Rubber Co., Ltd. (YL Yala) volunteered to help flood victims in Yala Province and Pattani Province by providing a support team and a 6-wheeler truck to distribute aid packages to local residents who were flood victims.



Buddhist Yellow Cloth Parade Tradition: SN

In March, **20 employees** of Southland Rubber Co., Ltd. (SN Surat Thani) participated in a local tradition called Harphakhunthatu Tradition (Buddhist yellow cloth parade to worship Buddha's relics pagodas). Personnel of our factory joined with local communities in the parade to take the Buddhist yellow cloth to Phra That Si Surat (Surat Thani's provincial Buddha's relics pagoda).



Cleaning a Buddhist Monastery: FB

In February, **10 employees** of Southland Resources (Chumphon) Co., Ltd. (FB) volunteered to clean the areas around a local Buddhist monastery named Chaiyapruet monastery to improve its scenic environment. The majority of Thai people are Buddhists. Thus, Buddhist monasteries or temples are important to and have influence on local communities' way of life.



Cleaning a Local School: TG

In March, **8 employees** of Unimac Rubber Co., Ltd. (TG Trang) collaborated with a local school named Princess Chulabhorn Science High School Trang to improve its scenic environment. Clean and comfortable environment could also have positive effects on learning activities.

Provided Fertilizer to Locals: NTW

In April, Southland Latex Co., Ltd. (NTW Natawee) provided **5 sacks of fertilizer and gardening equipment (costed 5,000 THB)** for natural rubber plantation maintenance to a family of local rubber farmers. There are a number of locals who are rubber farmers around the factory. Therefore, the factory decided to support their sustaining natural rubber planting and mutual economic progress.



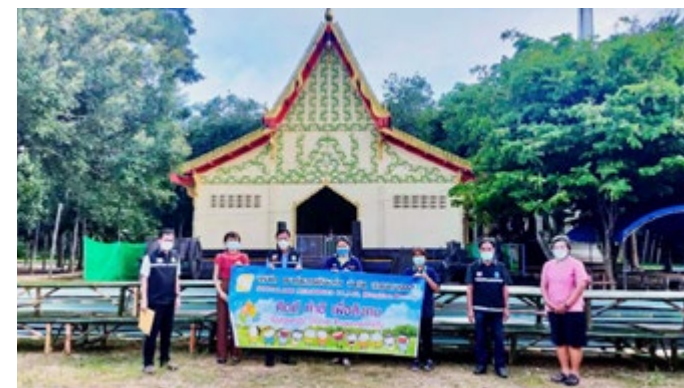
Food Donation to Local Communities: NTW

In May, Southland Latex Co., Ltd. (NTW) donated rice to Khlong Sai Sub District Administration Organization to distribute to vulnerable groups of local people in surrounding communities. The vulnerable groups included the poor and the disabled.



Donation to a Field Hospital: BJ1

In August, Southland Resources Co., Ltd. (BJ1) and its employees donated **15,000 THB** to a field hospital under Tham Phannara Hospital for purchasing medical supplies. The donation aimed to mitigate COVID-19 situations in local communities and promote the good health and well-being of local people.



Donating Beds to a Community Isolation Place: BJ2

In November, Southland Resources Co., Ltd. (BJ2 Hatyai) donated **30 beds** (costed **18,000 THB**) to a community isolation place in Bang glum district. The community isolation place is a quarantine facility where people susceptible to risks of COVID-19 infection are required to stay for a defined period of time to monitor their symptoms and prevent the potential virus spread to surrounding communities.



Food Donation to Local Communities: BJ2

In June, Southland Resources Co., Ltd. (BJ2) donated rice, instant food, and other dried food to local residents in surrounding communities. The factory wished to contribute to communities' well-being and community resilience through social contribution activities.



Provided food to employees: LS

In September, Unimac Rubber Co., Ltd. (LS Trang) provided rice and dried food to **68 employees**. The factory wished to take care of employees' well-being to improve their morale during COVID-19 and ensure decent work condition.



Provided Funding to Build a School Building: BJ4

In December, Southland Resources Co., Ltd. (BJ4) made a contribution of **5,000 THB** to a local school named Ban Non-Wang Yiam School. The funding was to be used for the construction of a new building, which directly contributed to the education of local students.

Environmental Aspect

- Biodiversity
- Climate Change & Decarbonization
- Water Management
- Waste Management
- Air Pollution



Biodiversity

Importance & Boundary

- **Importance:** Being aware of biodiversity values and the threat of biodiversity loss, we have been working to support the enrichment and restoration of terrestrial biodiversity through our tree planting program.
- **Boundary:** The tree planting program is a regular environmental engagement activity with employees. Also, we engage in biodiversity activities with other stakeholders—communities, raw material suppliers, and governmental sectors on several occasions.

Our Commitment

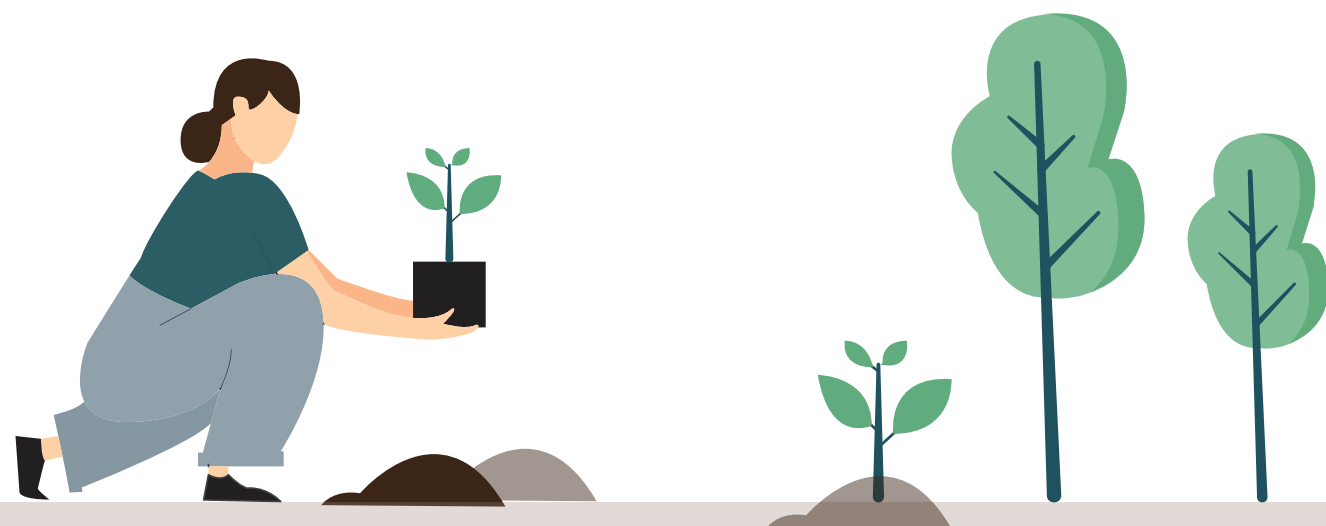
Recognizing the impact of our business may have on the natural environment and the benefits of biodiversity services, we will vigorously work toward the conservation of biodiversity and the realization of a sustainable natural environment. In particular, we will contribute to the prevention of tropical forest destruction in order to contribute to the sustainable development of natural rubber plantations, which our business is dependent on for 100%.

Methods

- ISO 14001 Environmental Management System:
- Tree planting program (began in 2018)
 - Agroforestry Project (more details are described in the Economic Aspect of the Report, [page 59](#))

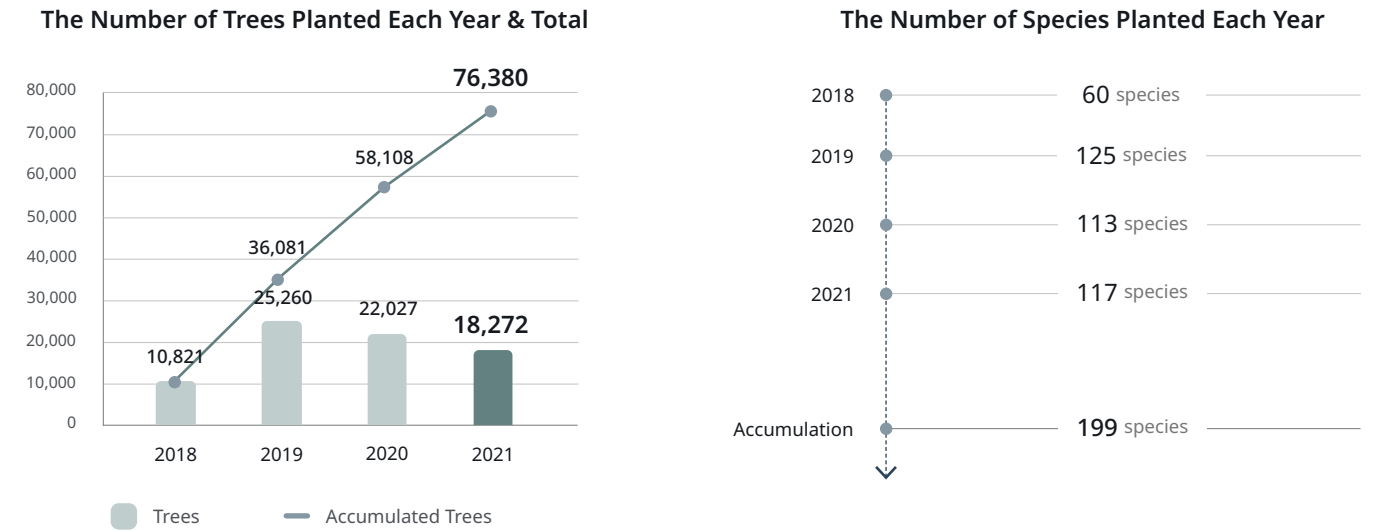
Targets & Results in 2021

No	Topics	Targets	Results
1	Number of trees planted	20,000 trees	18,272 trees
2	Number of locally found plant species planted	≥10 species/year	117 species



Tree Planting Program

The tree planting program inside our factory compounds is our main biodiversity conservation program. Other than the regular tree planting activities in our factories, we also contribute to other engagement activities regarding biodiversity with external stakeholders—governmental agencies and local communities—on several occasions. We shall organize more biodiversity conservation activities in the future to make more contribution to supporting and maintaining many beneficial biodiversity services.



Tree Planting Activities on World Environment Day

On the occasion of World Environment Day, which is annually celebrated on June 5, the Company shared the United Nations’ commitment in restoring ecosystems by having our processing factories organize tree planting activities in addition to the regular tree planting routines. On that day, each factory concurrently greened their own compounds with different locally found tree species. **12 factories** organized this activity with a total of **452 employees** participated in the activities, and **2,799 trees** were planted.



Engagement Activities Related to Biodiversity

Other than our regular tree planting activities, we also contributed to other engagement activities regarding biodiversity with external stakeholders—governmental agencies and local communities. The following are the engagement activities:

Provided Gurjan Trees to a Community State Enterprise

In January, our factory NTW (Natawee) provided 30 gurjan trees to a field latex community state enterprise called Ban Pru Teo Phatthana Fresh Latex Group. Gurjan trees provide many benefits: they provide oil which can be used as a replacement of diesel oil, have medicinal properties, and provide wood which can be used for construction work. However, the population of gurjan trees in Thailand have decreased significantly due to deforestation for developing agricultural lands. Thus, we contributed to the conservation of gurjan trees as well as promoting terrestrial biodiversity.



Biodiversity Conservation of Tapi River Basin

In June, our factory SN (Surat Thani) provided 600 young plants to the Provincial Industry Office, Surat Thani for a biodiversity conservation activity of Tapi River Basin, the longest river in southern Thailand. The factory also participated in the activity, and the participants collectively planted young plants and released fishes into the river.

Plants Provided	Quantity (trees)
Eaglewood	271
Tamarind	173
Indian areca nut palm	100
Noni	40
Mango	4
Plumeria	4
Dracaena	3
Marian Plum	3
Spiny fiddlewood	2



Climate Change & Decarbonization

Importance & Boundary

- **Importance:** Climate change and decarbonization are urgent environmental issues which have led to several severe impacts, especially extreme climate events to the world in recent years. Thus, mitigation efforts cannot be overlooked or compromised.
- **Boundary:** As a player in the industrial sector, it is also our responsibility to make a contribution to climate change mitigation and make efforts to become a greener company..

Our Commitment

We commit to efficient energy consumption and carbon emission reduction to make a contribution to the mitigation of climate change impacts.

Methods

- ISO 14001 Environmental Management Projects:
- Energy saving activities such as creating awareness among employees
 - Solar rooftop project
 - Energy switch project (LPG to LNG)
 - Energy KAIZEN (process improvement projects)
 - Preventive maintenance activities
 - 5S activities

Targets & Results in 2021

No	¹ Topics	Targets	Results
1	² Reduce CO ₂ emissions from 2017 by 2030 (%)	≥10% decrease	+5.51%
2	³ Reduce CO ₂ emission intensity from 2017 by 2030 (%)	≥10% decrease	+7.28%



1. The 2021's **targets** are our new targets for CO₂ emissions. Our previous target was to Reduce 5% of CO₂ emission intensity by 2020 (compared to base year of 2017)
2. CO₂ emissions in base year of 2017 were 106,843.68 tCO₂e
3. CO₂ emission intensity in base year of 2017 was 0.151 tCO₂e/tons of production

Energy Consumption

Figure 1: Energy Consumption (Mwh)

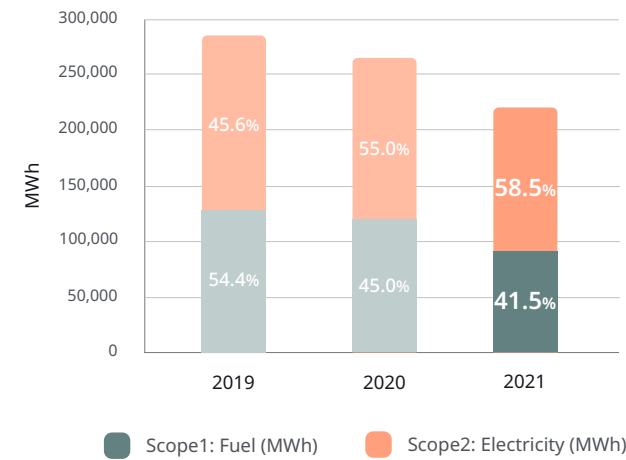
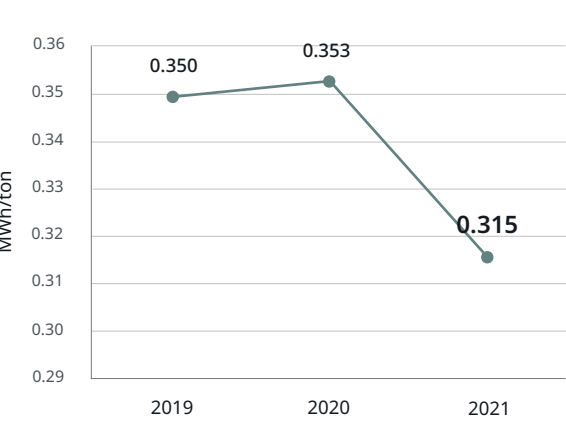


Figure 2: Energy Intensity (MWh /tons of production)



CO₂ Emissions

Figure 3: CO₂ Emissions (tCO₂e)

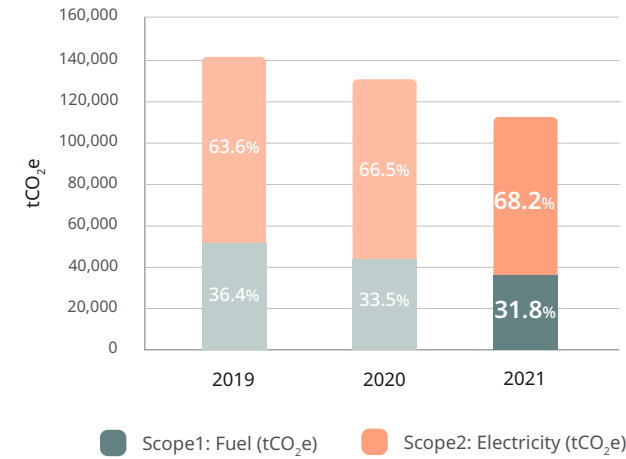
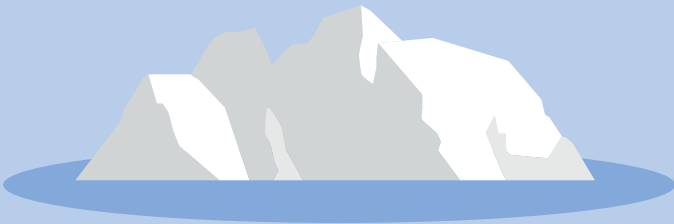
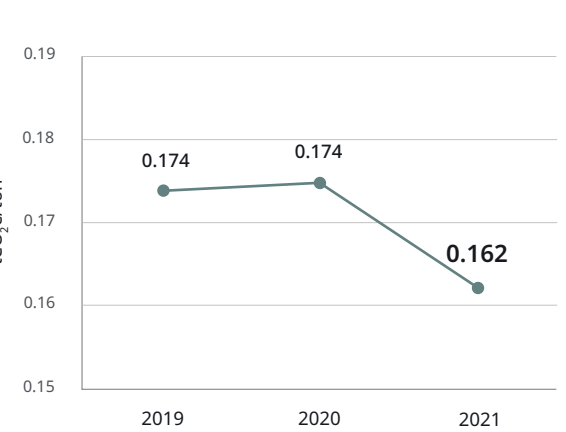


Figure 4: CO₂ Intensity (tCO₂e/ tons of production)



• **Conversion factors** for calculation of CO₂ equivalents are based on TGO: THAILAND GREENHOUSE GAS MANAGEMENT ORGANIZATION (PUBLIC ORGANIZATION).
• **Scope1** includes LPG and LNG for heating, diesel, and gasoline
• **Scope2** refers to purchased electricity

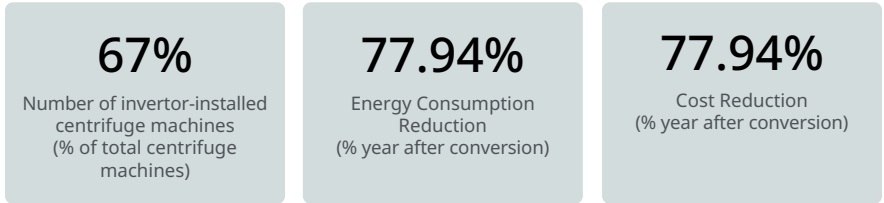
Energy Conservation Process Improvement Projects

Our factories worked on KAIZEN (process improvement projects) related to energy conservation to promote energy efficiency, CO₂ emissions reduction, and cost effectiveness. The following were some of our energy KAIZEN in 2021.

Installation of Invertors on Centrifuge Machines (NTW)

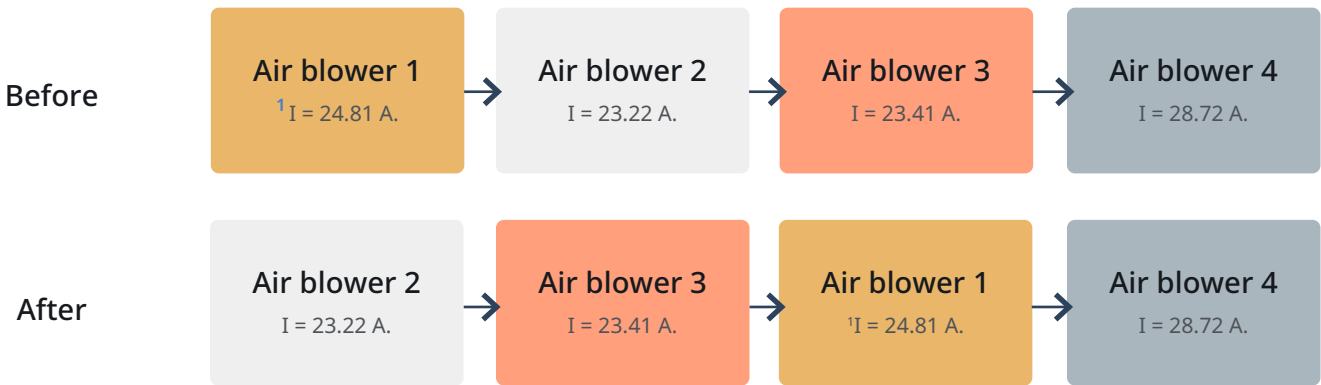
The starting period of centrifuge machines is 10-12 minutes, and the machines consumes higher electricity than usual during this period.

- **Purpose:** To save energy consumption of centrifuge machines during the starting period
- **Action:** Installed invertors to control the operation of centrifuge machines.
- **Factory:** BK, RY, NTW, PT, LS
- **Result**

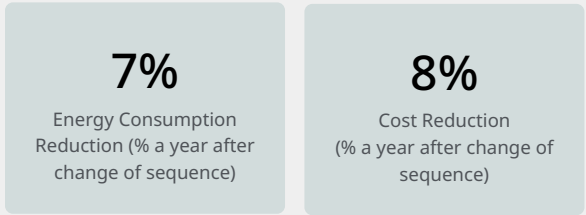


Sequential Switching On Blowers

- **About the project:** We use blowers for adding air in aeration ponds of our waste water treatment systems, and the sequence of switching on the air blowers affects electricity consumption.
- **Purpose:** To save electricity consumption
- **Factory:** PT
- **Action:** Measured the electric current of air blowers and calculate electricity consumption. Then, changed the operating sequence of the air blowers starting from the one with the lowest electric current rating to the highest.



Results:



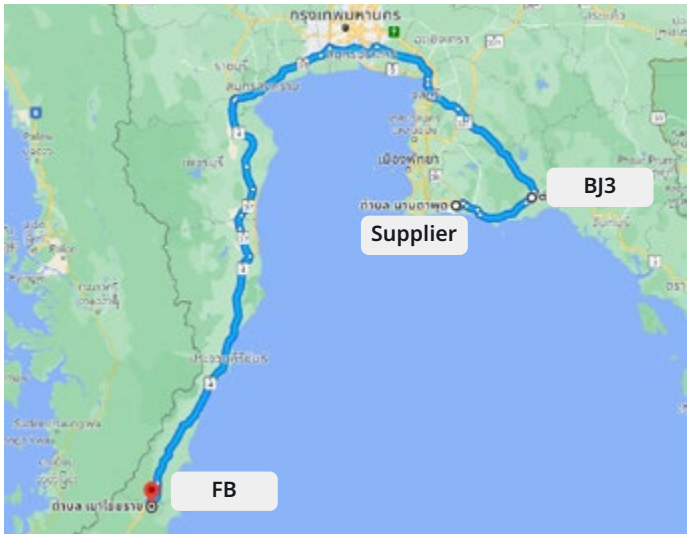
¹. I is electric current.

LNG Project as an Initiative of CO₂ Emissions Reduction

In late 2020, we started replacing some proportions of LPG used in our STR factories to LNG with the effort to achieve higher energy efficiency and lower carbon emission. Currently, The factories **BJ3** in Rayong province and **FB** in Chumphon province had used LNG for 1 year, and energy consumption and CO₂ emissions of BJ3 and FB are presented below.

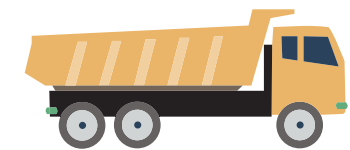
Data (YR 2021, BJ3 & FB)	Estimation in case of using LPG	Actual LNG use	Reduction of LPG Consumption
1. Consumption (tons)	2,493.78	2,349.63	-5.8% ↓
2. CO ₂ Emissions (tCO ₂ e)	7,764	6,666	-3% ↓

However, we need to consider the cost effectiveness of LNG transportation to the rest of our factories since they are located considerably far from our supplier's location.



Logistics factor in LNG conversion

- The **supplier's location** is Map Ta Phut, Mueang **Rayong** District, Rayong Province
- **BJ3's location** is Wang Wa, Klaeng District, **Rayong** Province, which is about **60 kilometers** away from the suppliers' location.
- **FB's location** is Khao Chai Rat, Pathio District, **Chumphon** Province, which is about **600 kilometers** away from the suppliers' location.



Solar Rooftop Project

We have been working on the solar rooftop project to increase the portion of green energy and make a contribution to decarbonization and climate change mitigation. We will be able to generate and use the solar energy by around the end of 2022. Our summarized plans and progress are as follows:

Plan/Items	Status
1. Select locations (January 2021, BJ3 & BJ4)	✓ Done
2. Select supplier and sign contract (January 2021)	✓ Done
3. Design construction plans (February - March 2021)	✓ Done
4. Request operation licenses	In 2022
5. Purchase equipment	In 2022
6. Proceed on construction, electricity work and system testing	In 2022



Water Management

Importance & Boundary

- **Importance:** Natural rubber processing requires large volumes of water.
- **Boundary:** Water shortages and waste water discharge harm the environment and affect the sustainability of our business and quality of life of local residents. Thus, we always pay close attention to wastewater treatment and reuse of recycled water to minimize the withdrawal of water from original and secondary sources.

Our Commitment

We are committed to contributing to sustainable availability of water as a shared resource and circular economy principles by using recycled water. Also, we commit to protect the environment from polluted water by not discharging effluents to any water outlets.

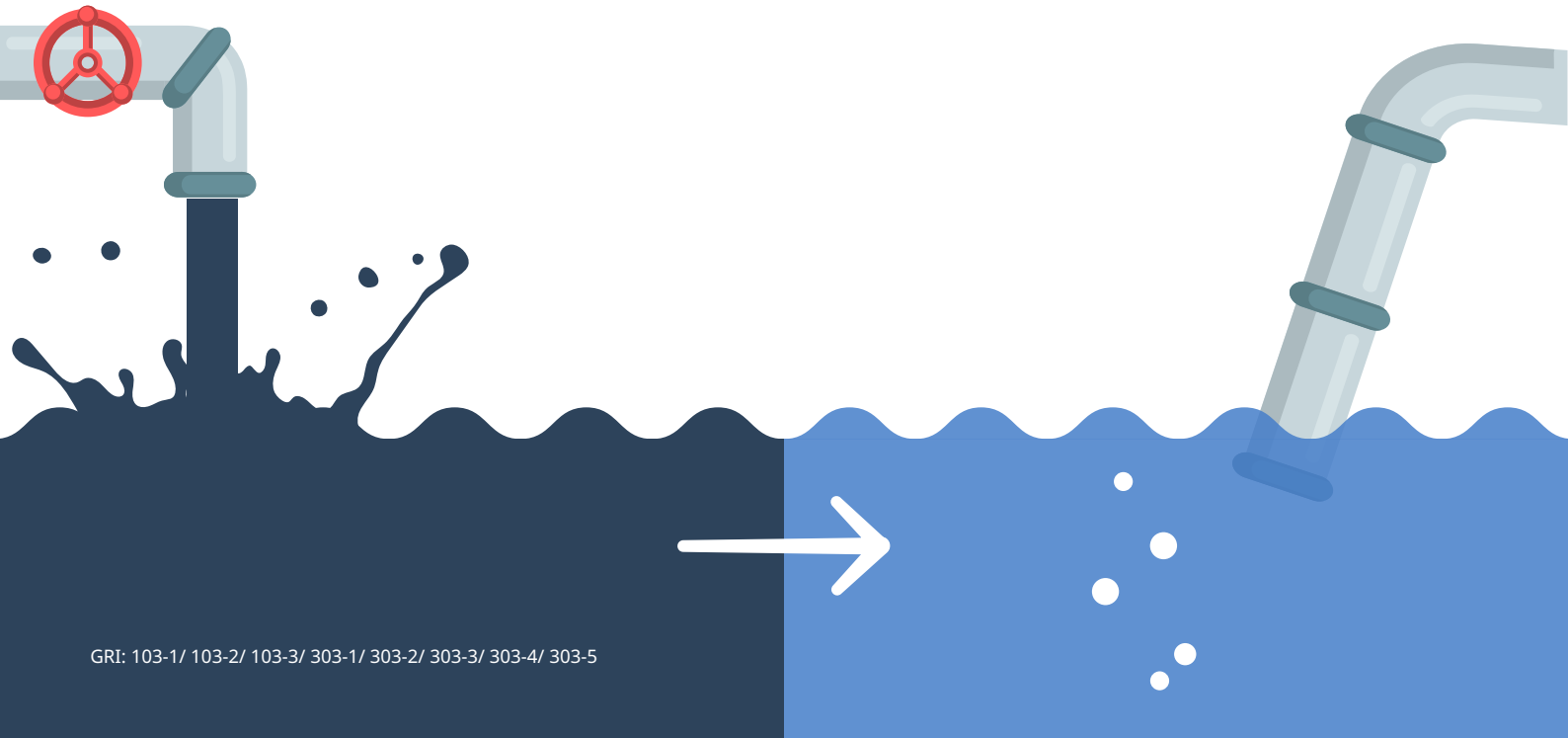
Methods

ISO 14001 Environmental Management Projects (exceeding compliance with legal requirements):

- Water saving KAIZEN (process improvement projects)
- Water treatment systems—Activated Sludge and Aerated Lagoon
- Internal monitoring and external water quality testing
- Whistleblowing channels

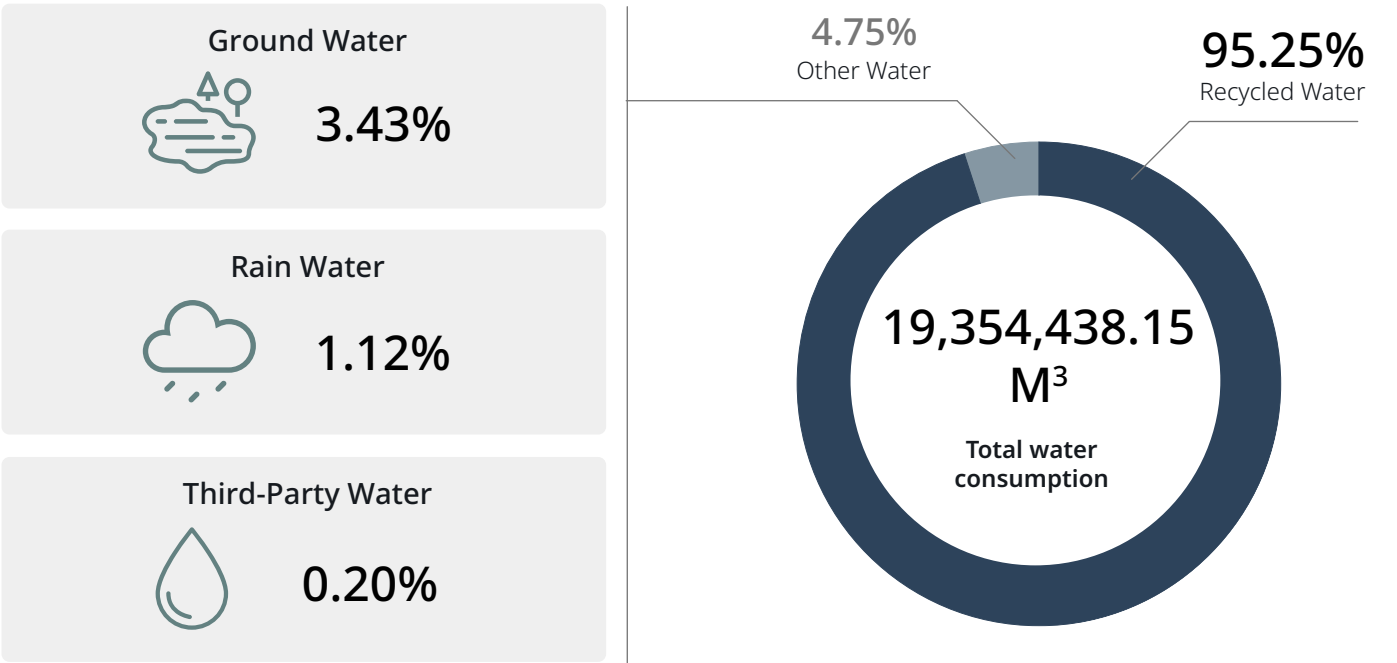
Targets & Results in 2021

No	Topics	Targets	Results
1	Recycle of wastewater	100%	100%
2	Effluent discharge	Zero discharge	Zero discharge



Water Consumption & Water Withdrawal

Our water consumption comes from 4 sources—ground water, rain water, third-party water (municipal water), and recycled water, where recycled water accounts for more than 90% of our total water consumption. The use of recycled water allows us to cut down on the volume of water supplied from the other 3 water sources. Ground water, rain water, and third-party water are only used in offices and some production areas as well as for topping up the recycled water that naturally evaporates. By using a large volume of recycled water, we contributed to the conservation of water as a shared resource and actively participated in the circular economy.



Wastewater Treatment & Zero Effluent Discharge

All of our 17 processing factories adopt one of the two closed-loop wastewater treatment systems—**activated sludge and aerated lagoon**—to recycle effluent from production processes. The cycle of water use and water treatment enables **zero effluent discharge** from our factories to external and natural water outlets such as community areas, rivers, and sea. Thereby, we had both protected the environment and contributed to long-term conservation of water resources. We implemented our water treatment and reuse cycles as follows:



Water-Related Process Improvement Projects

Using Recycled Water to Make effective Microorganisms

We previously used ground water to culture EM (effective microorganisms) solutions. EM solutions are sprayed to control the odor from natural rubber raw materials (cup lumps, and skim rubber and rubber lumps left from latex concentrate production), and also factories' areas such as water treatment ponds and drainage grids. Then, we **switched to recycled water in replacement of the ground water**. We found out that the recycled water used had only subtle difference in terms of PH, which did not affect the quality of EM. This was one improvement project that allowed more use of recycled water and reduced consumption of ground water.



Reduction of ground water consumption

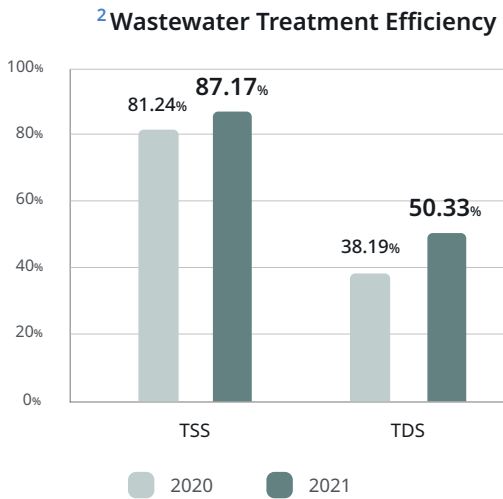
-1,084 m³/for the year

Using Water Hyacinth to Filter Recycled water

We used water hyacinth which is a commonly found aquatic weed to improve the quality of recycled water. Water hyacinth roots have properties of filtering dirt, suspended sediment, and organic matters in water. Moreover, microorganisms in the roots take nitrogen and phosphorus in water as their food. Therefore, water hyacinth is a natural filter which can help further purify our recycled water, especially during dry seasons when there is a lack of rain water to top up water treatment ponds.



The project indicated increase of wastewater treatment ¹ efficiency as follows



The efficiency of total solids (TSS) treatment

+5.93%
(Compared to 2020)

The efficiency of total dissolved solids (TDS) treatment

+12.14%
(Compared to 2020)

1. Efficiency refers how well TSS and TDS are treated. Higher efficiency means lower TSS and TDS. Water hyacinth increased the efficiency of TSS and TDS treatment since it helped reduce the amount of TSS and TDS and purify treated water by capturing these dissolved sediments into its roots.
2. Wastewater treatment efficiency presented here is the averaged efficiency for each year. We could not select and report on the data for a particular month due to the production volume gap between 2020 and 2021. The production volume in 2021 is relatively higher than that of 2020.

Waste Management

Importance & Boundary

- **Importance:** We attach importance to proper waste disposal methods by types of waste to minimize waste pollutants which can harm the environment.
- **Boundary:** We properly managed waste generated as our responsibilities to protect the environment and do no harm affecting the neighbouring communities.

Our Commitment

We are committed to adopting sound waste management as well as recovering values from waste materials so as to minimize waste disposals and hence contribute to the circular economy strategy.

Methods

- ISO 14001 Environmental Management System and Projects:
- Waste sorting based on 3R waste management principles
 - Waste material KAIZEN (process improvement projects) to add value to waste materials
 - Sludge to Fertilizer Project

Targets & Results in 2021

No	Topics	Targets	Results
1	Reduce waste disposed through ¹ landfill (compared to ² base year 2018)	Reduce by 50%	-99.18%
2	No open burning	Zero	2.80% of total waste generation

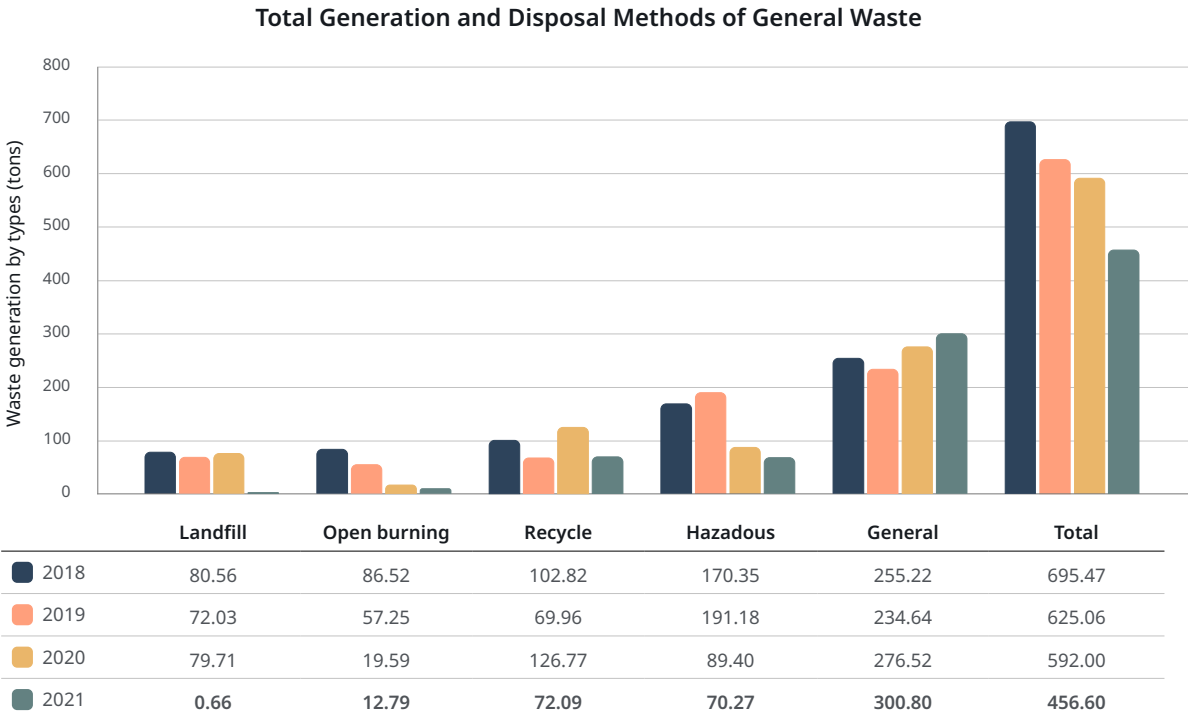


1. In 2021, we had landfill waste only in January and February. Currently we have zero landfill waste inside our factories.
2. Landfill waste in base year 2018 was 80.56 tons.

Waste Management

Waste sorting and 3R waste management principles are the key methods which we use to manage our waste generation and disposal. We aim at reducing waste generation, adopting proper disposal methods, and recovering values from waste materials. Hence, we had made efforts in reducing waste disposed to landfill and waste clearance by open burning, and had initiated activities and projects to reclaim value from waste.

This year, we reduced more than 99% of waste sent to landfill and 35% of waste cleared by open burning compared to last year. Plus, we started the Sludge to Fertilizer Project to reclaim value from sludge generated by STR production processes.



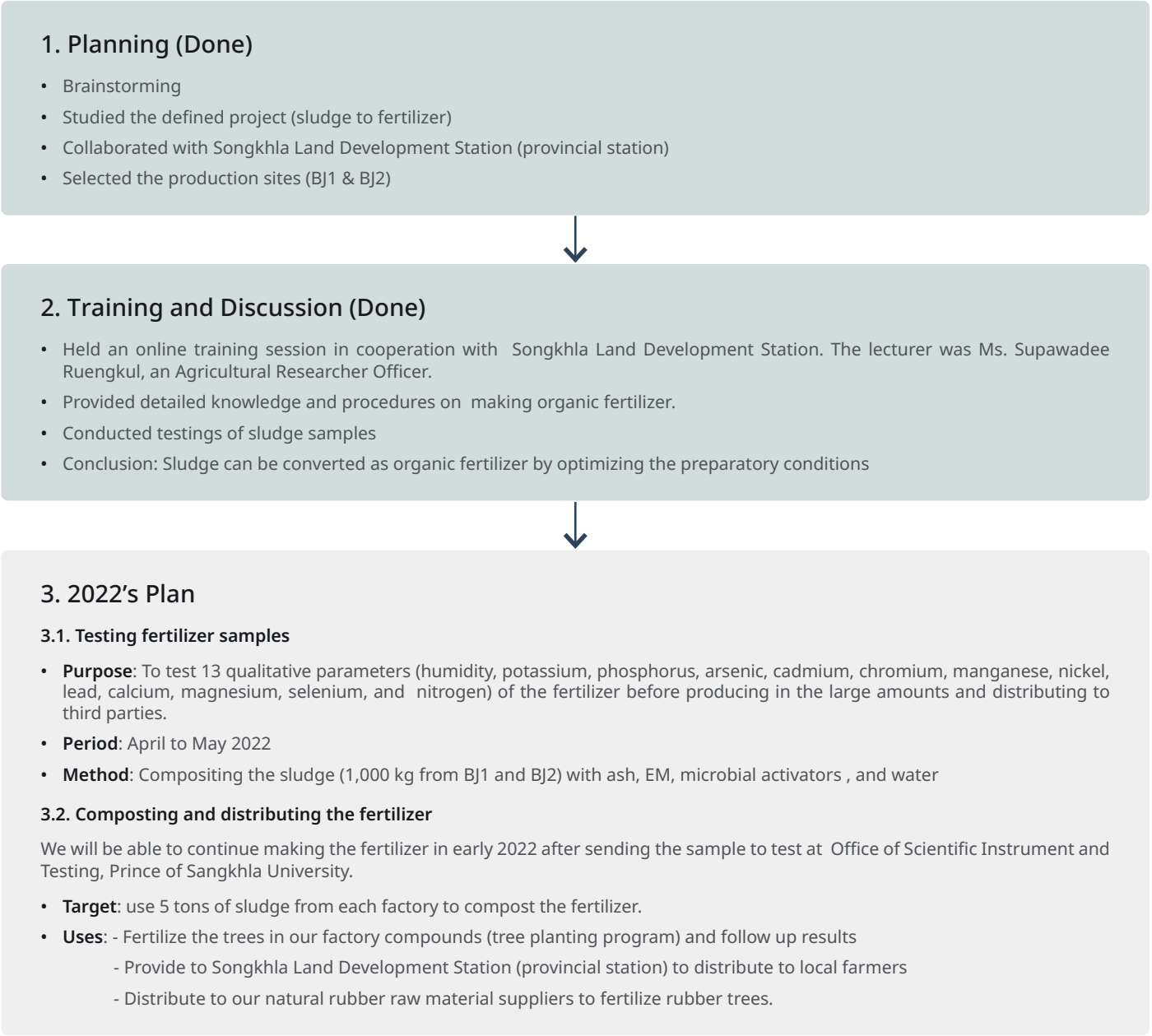
Data Comparison of 2021 and 2020



Sludge to Fertilizer Project

In the manufacturing process of STR, a large amount of sludge is generated as a waste-product in the process of milling cup lumps being the raw materials, and washing them with water to remove wood, soil and other non-rubber matters. Since Sludge contains organic substances including water-soluble nitrogen and phosphorus from cup lumps, it can be used as fertilizer.

To recoup some value from the sludge, we came up with the Sludge to Fertilizer Project which started in two of our block rubber processing factories BJ1 at Nakhon Si Thammarat and BJ2 at Hatyai. The project consisted of the following progressive steps:



Air Pollution

Importance & Boundary

- **Importance:** Air pollution from the industrial sector is another significant pollution that requires proper management. Consequently, it can degrade air quality and have negative effects on people's health.
- **Boundary:** Air pollution related to our operations include air emissions (NOx, SOx, and TSP) and fermentation odor from cup lumps and wastewater treatment ponds. We had put in place appropriate pollution controls and management as on of our social and community responsibilities.

Our Commitment

We are committed to controlling air emissions (NOx, SOx, and TSP) within defined standards of the industry as well as controlling the levels of natural fermentation odor emitted from cup lumps in STR factories.

Methods

ISO 14001 Environmental Management System (17 factories are certified)

- Compliance with environmental laws
- Monitoring Air emissions
- Whistleblowing channels
- Counter-measures for odor

Targets & Results in 2021

No	Topics	Targets	Results
1	Air quality test (NOx, SOx, TSP)	100% of factories pass	100% passed
2	Complaints regarding odor (cases)	Zero	Zero

Air Emission Test Results

Factory	Air pollutant emissions and standards				Methodology & Source of air quality standards
		NOx	SOx	TSP	
	STR & Latex factory	(≤200 PPM)	(≤60 PPM)	(≤320 mg/m³)	
	RSS factory	(≤5 PPM)	(≤5PPM)	(≤15mg/m³)	
STR Factories	100% Passed the ministry of industry of Thailand standards for air quality emissions				Our air emission quality is measured by a qualified third party, and the standards adopted are defined by the Ministry of Industry, Thailand.
RSS Factories					
Latex Factories					

Odor Control

To control the odor resulted from any operational processes, we adopted countermeasures suitable for various odor sources a follows.



Odor Source: Transportation of cup lumps

Countermeasure: Installing cup lump serum tanks on transporting vehicles



Odor Source: Natural rubber storage (cup lumps)

Countermeasure: Spraying EM solution to reduce odor



Odor Source: Factory areas (such as incoming raw materials areas)

Countermeasure: Cleaning Factory areas frequently



Odor Source: Air Emissions treatment/filter

Countermeasure: Cleaning wet scrubber frequently



Odor Source: Wastewater treatment ponds

Countermeasure: Adding air and stirring the wastewater



Odor Source: Surrounding communities (within 5 Km.)

Countermeasure: Odor monitoring (use human's olfactory sense to measure the odor)

Toward zero complaint regarding odor

Factories/Years	Number of Complaints			
	2018	2019	2020	2021
STR Factories	3	6	2	0
RSS Factories	0	0	0	0
Latex Factories	3	0	0	0

The record of tank-installed vehicles

Factories/Years	2018	2019	2020	2021
BJ1	58	82	31	43
BJ2	60	36	99	39
BJ3	61	61	37	30
BJ4	29	32	53	650
FB	73	99	5	5
FC	67	74	98	55
BH	N/A	N/A	243	184
Total	348	384	566	1006

Economic Aspect

- Natural Rubber Sustainability
- Work with Suppliers
- Product Quality & Customers



Natural Rubber Sustainability

Importance & Boundary

- **Importance:** The natural rubber agriculture and industry affect long and multiple supply and value chains, and impact on the lives of millions. For this reason, we attach importance in supporting the sustainable development of plantations and industries.
- **Boundary:** We recognize that the natural rubber supply chains involve stakeholders ranging from farmers to processors to transporters to customers.

Our Commitment

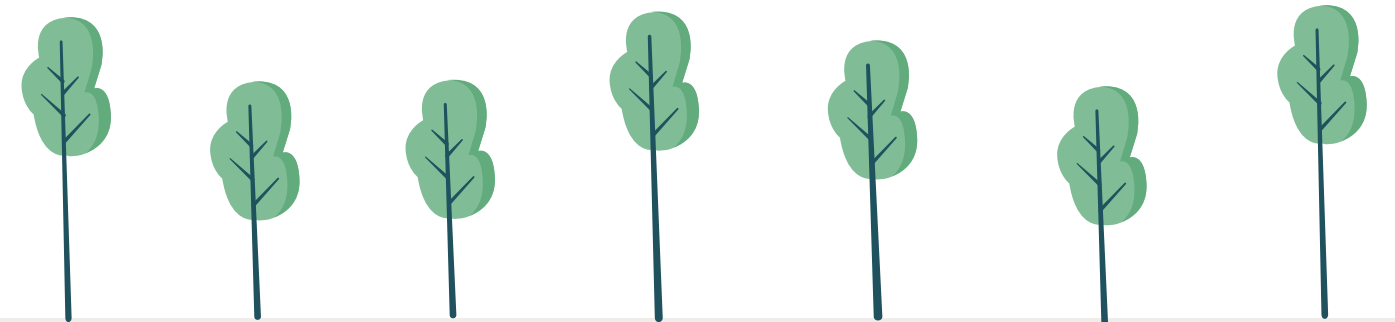
We are committed to promoting sustainable availability and meeting growing demand for natural rubber.

Methods

- Making progressive efforts toward material traceability
- Conducting supplier engagements: visits, meetings, inquiry for necessary information
- Working with PEFC (Program for the Endorsement of Forest Certification Scheme)
- Agroforestry initiatives

Targets & Results in 2021

No	Topics	Targets	Results
1	¹ Transparency of raw material at district level (traceable natural rubber supply)	100%	100%



1. **Transparency** is a traceability effort. It refers to the extent to which we can reveal the sources of natural rubber supplied to our warehouses.

Our Supply Chain

Our supply chain involves 4 levels of participants—**smallholders**, **dealers**, **rubber processors**, and **customers**— as shown in the below infographic.



Smallholders

Smallholders refer to farmers and tappers who cultivate rubber trees and sell forms of natural rubber raw materials namely, field latex, cup lumps, and un-smoked sheets to dealers.



Dealers

Dealers take the role of raw materials collectors and pass them to rubber processors.



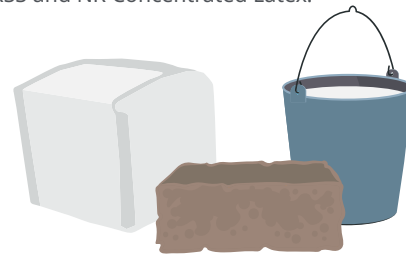
Customers

Customers refer to the manufacturers of rubber products such as tires and rubber gloves.



Rubber processors

Rubber processors are responsible for converting the raw materials into semi-raw material: STR, RSS and NR Concentrated Latex.



Procurement and Transparency of Origins of Supply

To make efforts to trace the sources of supply of our raw materials is key to our supporting ethical, environment-friendly and sustainable development of the natural rubber sector.

Traceable Raw Rubber and Sources of Raw Rubber

Traceable Raw Rubber at ¹ District Level:

100%

Traceable Raw Rubber at the ² Point of Origin

0.23%

Currently, we are able to fully identify the districts where our raw materials originate.

However, full traceability to point of plantations or trees may take more years until identity technologies catch up to provide solutions to overcome challenges of complex chains and co-mingling of supplies.

¹. District level refers to the district where first tier suppliers receive or collect natural rubber from.

². Point of origin refers to original rubber plantations which raw rubber comes from. There are 3 sources of raw rubber that we can trace back to the point of origin. Those sources include the Company's own rubber plantations, neighbouring rubber farmers, and short-chain dealers.

Agroforestry in Rubber Plantation

Traditionally, natural rubber plantations are monoculture cultivations. The RAOT and several Civil Societies believe that monoculture farmers suffer economic hardships when the price of the commodity falls. In addition, they believe that the spread of plant diseases is faster and wider in monoculture farms when it occurs. Thus the high risk.

Considering the reported benefits of agroforestry applicable to rubber plantations, we had been working on an agroforestry project in cooperation with natural rubber suppliers, which we first reported in 2020. We developed a detailed plan which will be carried out in 2022.

2021

2022

Stage 1

Planning
✔ Done

Stage 2

Promote Agroforestry as an Initiative
✔ Done

Stage 3

Embark on the Project
In progress

We created a detailed plan which consisted of 6 steps for implementing the project, and we will follow this plan in embarking on the project in 2022.

In 2020, we reported that we will consider how we can promote the idea of agroforestry.
We decided to promote agroforestry in cooperation with selected natural rubber suppliers and the Rubber Authority of Thailand (RAOT).

We will start the project in 2022 and will follow up and update on the progress and results.

Six Steps of the Detailed Plan

Step 1

Selecting a Rubber Farmer

Search for a rubber farm (supplying us) interested in agroforestry and sustainable farming practices

Step 2

Coordinating with a Third Party

Work with a third party having expertise in agroforestry to organize a training program and to design a tree/crop planting a layout

Step 3

Procuring Plants

Procure young plants and/or plant seeds which suit the interest of the selected supplier and which are appropriate for the defined agroforestry plan

Step 4

Starting the Project

Provide the young plants and/or plant seeds to the supplier to start cultivating the agroforestry project

Step 5

Following up the Progress

Regularly follow up the progress and assist the supplier throughout the project period

Step 6

Summarizing the Results

Summarize the project's results and make further decisions based on the results.

Engagement With Natural Rubber Producers

We sent our representatives to participate in a natural rubber stakeholder seminar by the Office of Suratthani Central Rubber Market, Suratthani province in September. The seminar gathered different stakeholders in the natural rubber industry which included rubber famers, intermediaries, rubber cooperatives, and rubber producers. The seminar’s topics centered on natural rubber sustainability, standards of un-smoked and smoked rubber sheets, and services of the Office of Suratthani Central Rubber Market. The seminar emphasised on sustainable forest managment, provided information on Forest Stewardship Council (FSC), explained concepts of shared knowledge and offered encouragement to stakeholders to become more aware of forest sustainability in the natural rubber sector.



PEFC Certification Project

Natural rubber products are considered products from forest-originated plantations. The preparation of land for large scale agriculture might pose the risk of natural forest invasion. As the global markets are paying more attention to sustainable forest management are considered products from forest-originated plantations, we decided to strengthen our commitment on forest protection and sustainable sourcing of natural rubber by achieving PEFC certificate (the Program for the Endorsement of Forest Certification).

We embarked on a single-site certification, a sub category of chain of custody certification (CoC) for supply chain companies, for our factory, namely, **Southland Latex (Phatthalung) Co., Ltd. or PT.**

We have started working with an external PEFC registered consultant for the preparation processes which include, training, preparing documents, field visits, and internal mock-up audits. It is estimated that we can undergo the actual audit for the certification by a third party PEFC registered certification body by 2022.

Our activities and progress are as follows:

1. Training on PEFC's requirements (May 2021)	✔ Done
2. Preparing documents (June-November 2021)	✔ Done
3. Mockup a purchase order of PEFC products (June-November 2021)	✔ Done
4. Training on internal audit (December 2021)	✔ Done
5. Conducting internal audit & management review (December 2021)	✔ Done

Internal Audit Results

We had promptly resolved **3 minor cases of non-conformities** that required corrective actions from the internal audit.

- Job description amended to cover responsibilities related to PEFC (2 cases)
- Restored record of a PEFC-related document (1 case)

6. Pre-audit by the certification body (December 2021)	✔ Done
7. Actual audit by the certification body	in 2022
8. Receive the certificate	in 2022



Work with Suppliers

Importance & Boundary

- **Importance:** To achieve a sustainable supply chain and promote natural rubber sustainability, cooperation with suppliers is highly significant.
- **Boundary:** We put efforts in reaching out to our suppliers through different engagement activities, e.g. policy communication, supplier engagement meetings, and supplier self-assessment exercise. Besides, we also place importance on training our employees who work closely with suppliers to facilitate conveying and implementing the Company's policies covering suppliers.

Our Commitment

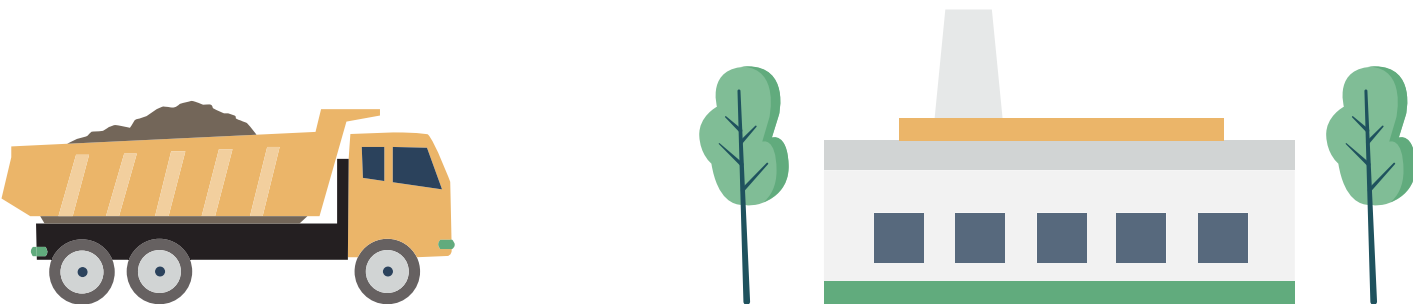
We are committed to continual engagement with suppliers in the effort of promoting natural rubber sustainability and building a responsible supply chain which in turn will benefit all our stakeholders.

Methods

- Executed the Supplier Code of Conduct (SCOC)
- Executed the Procurement Policy
- Executed the Quality Policy
- Conducted supplier engagement meetings or Supplier capacity building activity
- Circulated in-house publications of sustainability topics
- Conducted supplier self-assessment exercise
- Managed policy communication to suppliers
- Conducted policy training program for employees working closely with suppliers
- Arranged supplier visit

Targets & Results in 2021

No	Topics	Targets	Results
1	Active suppliers communicated on & acknowledge the SCOC	100%	100%
2	Purchasing employees & relevant Persons trained on SCOC, Sustainability Procurement Policy, and Quality Policy	100%	100%
3	Active suppliers participate in the capacity building activities	100%	100%
4	Active suppliers assessed on sustainability risks (supplier self-assessment exercise)	100%	100%



Training for Purchasing Employees and Relevant Persons

As a part of the Compliance Training Program, we provided the training on **3 key policies** relevant to economic aspect to our **purchasing employees, branch managers, and quality management representatives (QMR)**. The policies include Supplier Code of Conduct, Sustainable Procurement Policy, and Quality Policy.

The target groups worked closely with suppliers. Therefore, training helped them to fully understand and act in compliance with those policies when engaging or doing business with suppliers.

About the 3 policies

Supplier Code of Conduct (SCOC)

standard of practices applied to all suppliers aiming for ethical business conduct and sustainable development of the supply chain

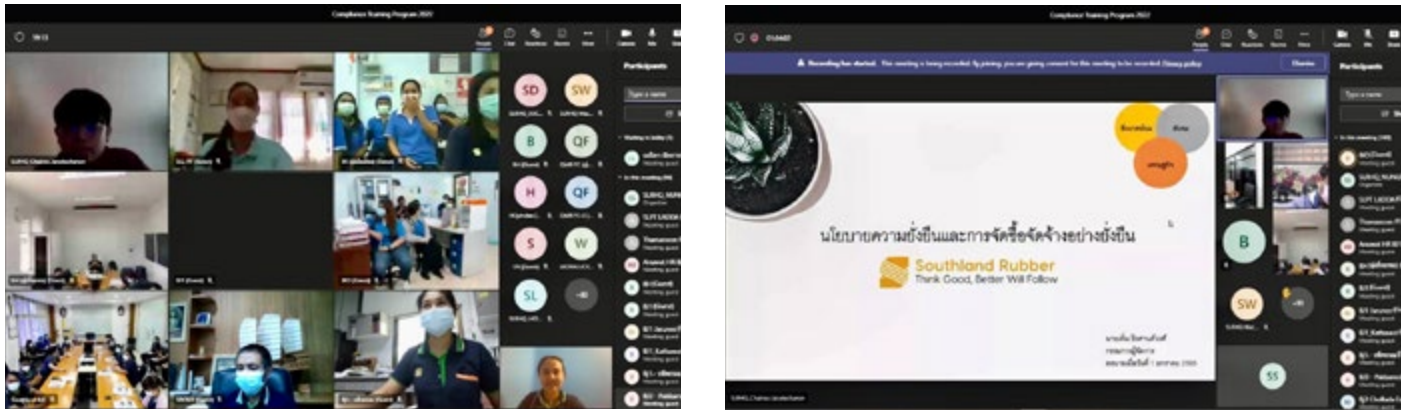
Sustainable Procurement Policy

preferred practices of suppliers in doing business with the Company and promoting sustainable and transparent procurement practices

Quality Policy

commitment to serve customers with high and consistent product quality through quality management system and 5s activities

100% of the target group attended the training program (67 purchasing employees, 17 branch managers, and 17 quality management representatives (QMR)).



Communication & Acknowledgement of SCOC

Since 2020, we worked on communicating to all active suppliers and had received their written acknowledgements of the Supplier Code of Conduct (SCOC). We asked suppliers to read the Supplier Code of Conduct and we carefully explained our requirements to them.

SCOC Communication

Face to face communication when suppliers visit a factory

Face to face communication when we visit suppliers

Other occasions when we have a chance to contact with suppliers

100% of **1,875 suppliers** on 2021's approved active supplier list were informed of and had acknowledged the Supplier Code of Conduct (SCOC)

Supplier Engagement Meetings

Supplier engagement meetings began in the third quarter of 2020, and 5 of our factories ran the project that year. Initially, the program only targeted **raw material suppliers**, which refer to rubber farmers and dealers. Later in 2021, we extended the scope of the program to also include **general suppliers, service providers, and contractors**.

The program started as **face-to-face meetings** where we invited suppliers to our factories for group activities related to sustainability e.g., policy communication and acknowledgment, discussing sustainability issues with regards to rubber cultivation, and conducting the supplier sustainability self-assessment exercise.

Subsequently, as the COVID-19 situations in the country became more alarming, we decided to continue our engagement method by using **online communication**. Our in-house publications on sustainability topics were sent to suppliers via Line chat groups every month, and those topics were based on feedback from supplier sustainability self-assessment exercise.

Engagement Topics of Each Month

The in-house publications of sustainability topics sent to our suppliers in each month comprised the following topics.

Month	Engagement Topics	Suppliers Received the Publications
February	Global warming	100% of active suppliers in each month received the publications
March	Environment	
April	Energy saving (1)	
May	Energy saving (2)	
June	Deforestation	
July	Human Rights & Labor Practices	
August	Health & Safety	
September	Anti-Corruption	
October	Product Quality	
November	Agroforestry	
December	No Child Labors	

The following were some contents of the in-house publications communicated to suppliers:

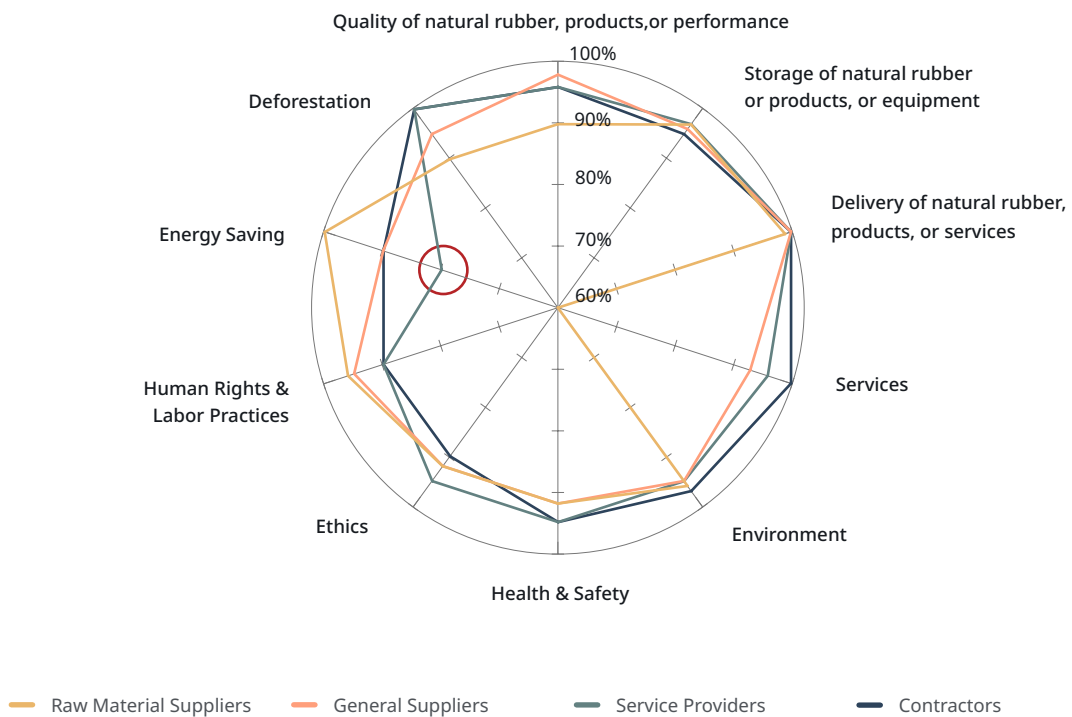


Supplier Self-Assessment Exercise

Similar to the raw material suppliers engagement meetings described on [page 63](#), we also extended cover of the supplier self-assessment exercise on quality and sustainability risks to include general merchandise and service suppliers. Every active supplier was required to complete the supplier self-assessment form once a year when they visit our factories. In the event that registered suppliers could not visit our factories by themselves, we would give them phone calls to guide them to complete the questionnaire. Results from the supplier self-assessment exercise indicate how well our suppliers perform in each area of quality and sustainability as well as highlighted any risks in their operational activities.

Supplier Self-Assessment Exercise Result

- **100%** of suppliers did the self-assessment exercise.
- Total active suppliers reached out to in 2021 were **1,875 suppliers** (raw rubber suppliers 74% , ¹ general suppliers 14%, ² service providers 7%, and ³ contractors 5%).
- The results of the supplier self-assessment exercise suggested that there were no risk declared in any topics of the supplier self-assessment exercise. Moreover, most of the scores were **above 90%**.



The assessment results suggested that the scores of the **energy-saving topic** of service providers were relatively low when compared to others. For this reason, we will focus more on energy-related topics when making in-house publications to communicate with suppliers and raise their awareness of the topic.

1. General suppliers refer to suppliers of other materials other than natural rubber such as chemical suppliers
2. Service providers refer to external parties who provide different services to the Company. Services are mainly in the areas of laboratory testing and calibration, maintenance work, and work environment inspection such as noise and Illuminance levels.
3. Contractors cover contractors of construction work and main machinery

Product Quality & Customers

Importance & Boundary

- **Importance:** Serving our customers worldwide with consistent high quality products is our top priority in line with our mission “To continue to be a Reliable and Dependable Supplier of Quality Natural Rubber.”
- **Boundary:** We value greatly the feedback from customers’ audits and the guidelines given during their visits to our factories, enabling continuous improvements to our process controls and quality management.

Our Commitment

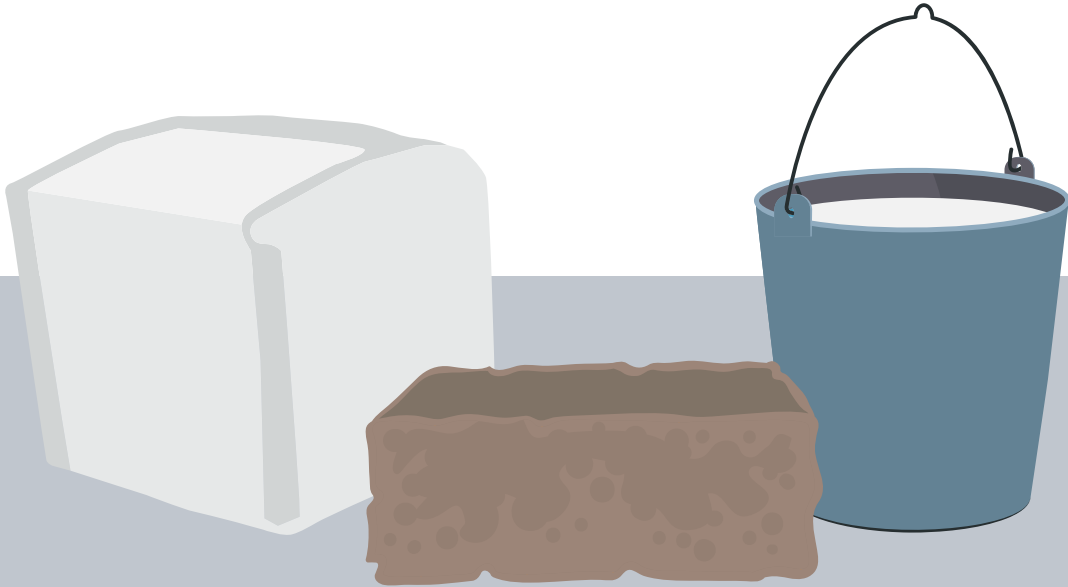
We are committed to achieving our corporate mission “To continue to be a Reliable and Dependable Supplier of Quality Natural Rubber” by continuously engaging with customers and strengthening our product quality control measures.

Methods

- ISO 9001 or Quality Management System (17 factories are certified)
- ¹ISO 17025 or Testing and Calibration Laboratories (4 factories are certified)
- Internal Quality Audits
- Engagement with customers: visits, audits, self-assessment

Targets & Results in 2021

No	Topics	Targets	Results
1	On-time delivery of products	100%	99.98%
2	Quality complaints from customers (% from total export shipments)	Zero	0.60%

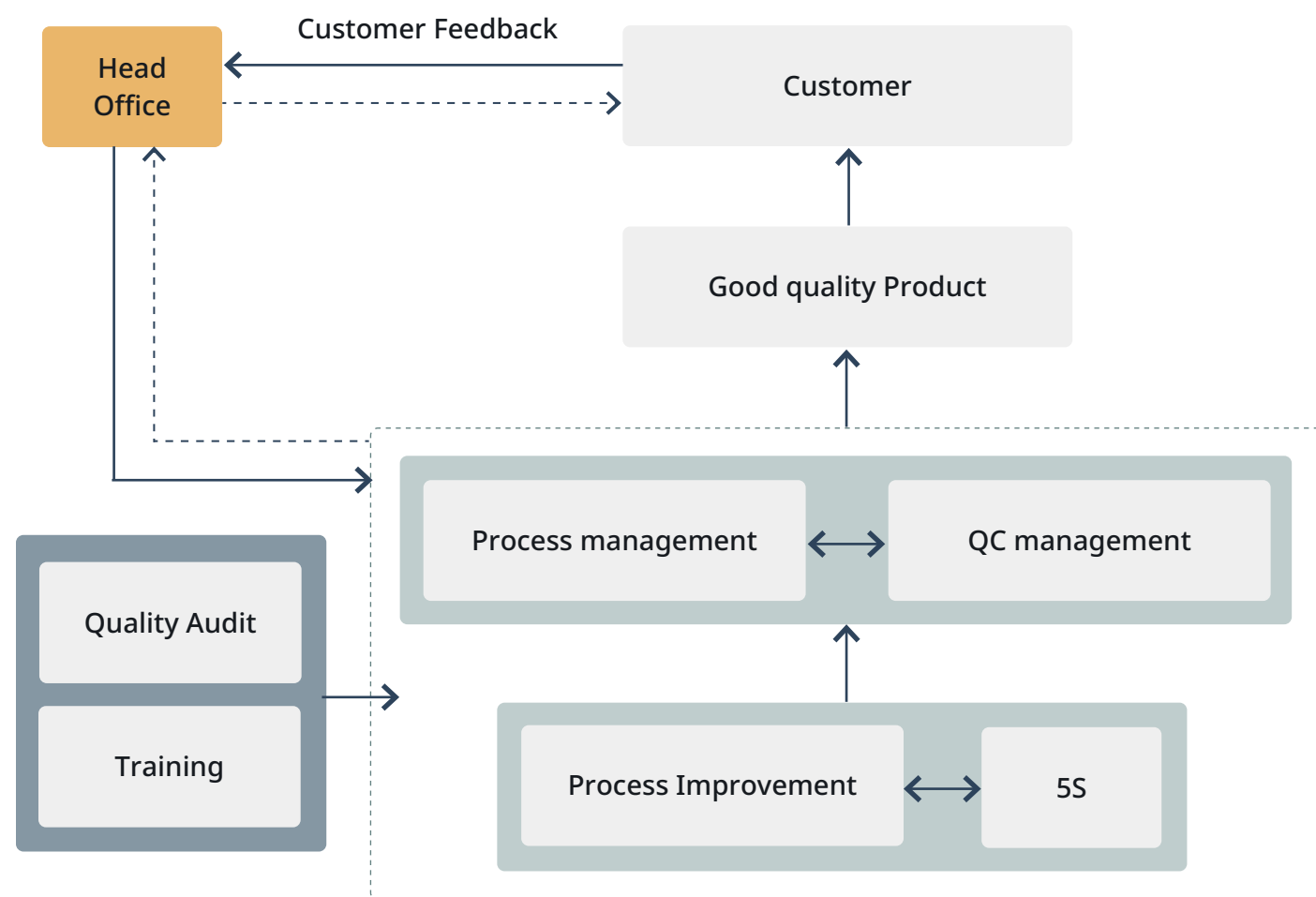


1. ISO/IEC 17025 Testing and Calibration Laboratories applies to only STR factories and Latex factories.

Quality Strategies & Management

The following were our established quality strategies and management systems to improve quality control and prevent recurrence of quality issues.

- Put in place tight quality control process starting from receiving raw materials to exporting the products to ensure good product quality and eliminate defects occurring all the way through.
- Conduct quarterly quality audit by the Quality Assurance team from the head office to inspect quality systems in all of our operating units.
- Report the results of the quality audit to the top management team and receive any directives arising.
- Conduct customer satisfaction surveys on different areas relevant to products and product delivery.
- Discuss quality feedback with customers to iron out improvement opportunities when customer representatives visit or conduct audits on our factories.
- Share customers' feedback and corrective and preventive information among factories in the form of one-point lessons (OPLs) to preempt potential quality issues, in advance.



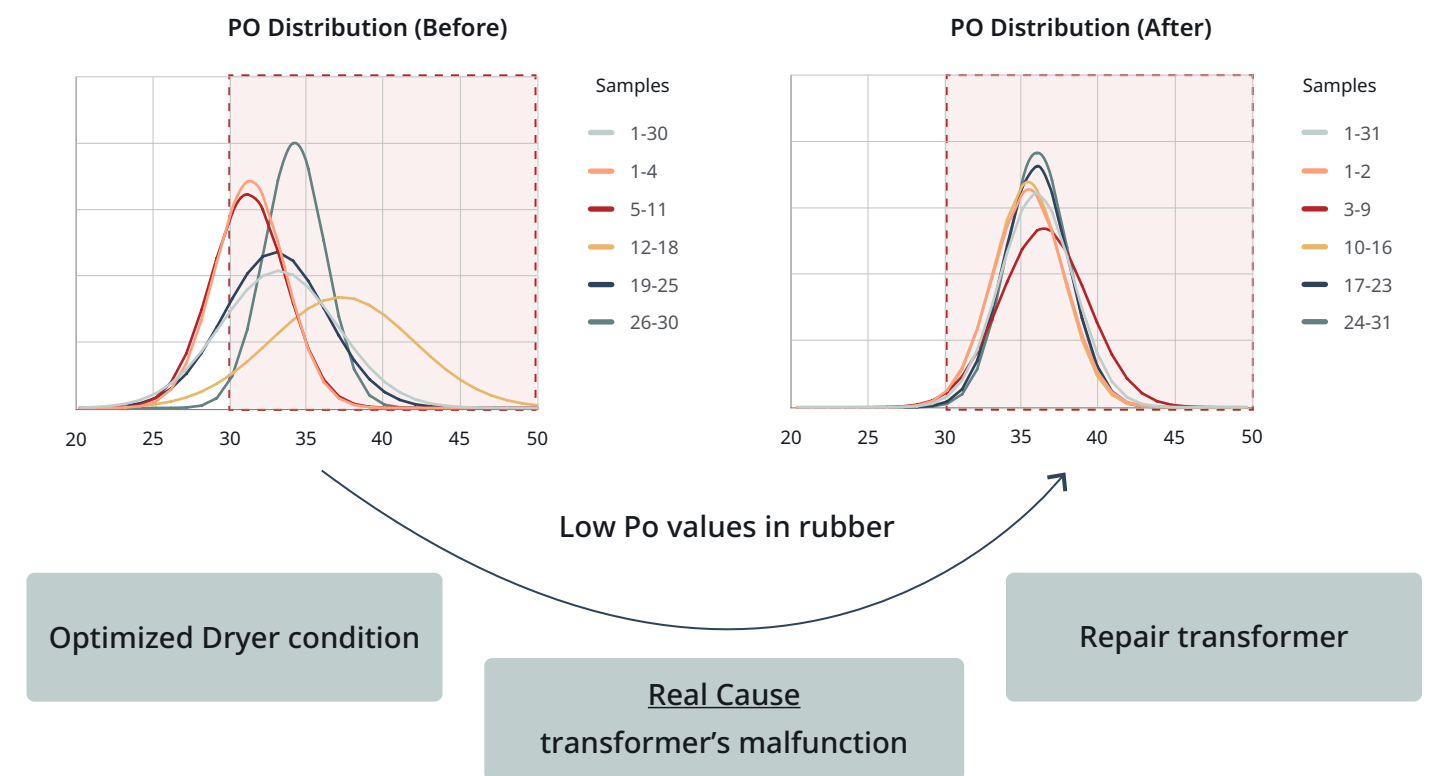
Using 7 QC tools in quality control process

We use 7 QC tools to monitor and control the quality of our products. Also, when a quality issue arises, 7 QC tools are used along with other quality strategies to analyze the root cause/s of the issue and solve it effectively.

The 7 QC tools include:

- Stratification
- Histogram
- Check Sheet
- Cause & Effect Diagram
- Pareto Chart
- Scatter Diagram
- Control Chart

The following was one example where we used control charts, one of the 7 QC tools, to help solve an issue regarding rubber properties (low Po or initial plasticity).



Solved

- Po fluctuation decreased
- Averaged Po became more stable and higher than 30
- No white spots

One of our factories faced inconsistent PO values. Po values could be affected by varying temperatures in the dryer. There were fluctuations in the in dryers' condition, which caused inconsistent Po values in as evidenced by the control charts shown above, The root cause was traced to the transformers malfunctioning.

Generally, Po is supposed to be at 30 or higher. According to the control charts, the process after implementing the countermeasures suggested a positive trend compared to the previous process.

INDEX

- Stakeholders Engagement
- Our Achievements
- GRI Content Index



Stakeholder List & Engagement

The Company has identified 8 stakeholder groups. The stakeholders are identified based on the relationship between the Company and each stakeholder as well as the impacts the we have on each other. To build a robust and sustainable business, we highly value regular engagements with stakeholders. In 2021, we had engaged with our stakeholders through the following channels and activities.



Shareholders

Key Engagement Topics:

- Good Governance
- Risks & Opportunities
- Transparency
- Business performance
- Company's Policies

Engagement Channels:

- Shareholder meetings
- Financial reports
- Performance reports
- Sustainability reports

Activities in 2021:

- Shareholder meetings
- Policy review



Employees

Key Engagement Topics:

- Company's policies
- Occupational health & safety
- Employee rights & benefits
- Career development
- Sustainability issues

Engagement Channels:

- Internal communication, e.g. e-newsletters, COVID-19 updates, safety OPL (one point lessons)
- Training & workshop
- Performance review
- Questionnaire & survey
- Internal activities

Activities in 2021:

- Compliance Program
- Employee training
- Employee satisfaction survey
- Welfare committee meetings
- Annual performance review
- Job promotion
- Safety awareness programs
- Communication on practices relevant to COVID-19



Customers

Key Engagement Topics:

- Customers' policies
- Quality feedback
- Sustainability issues
- Sustainable procurement
- Supply chain sustainability
- Sourcing raw material/ traceability

Engagement Channels:

- Factory visits & audits
- Partnership
- Seminars & conferences
- Customer satisfaction survey
- Business emails
- Sustainability report

Activities in 2021:

- Sustainability self-audits
- Customer policy announcement and acknowledgement
- Factory remote audits
- Quality feedback through business emails
- Customer meetings/ knowledge sharing on sustainability issues, e.g. risk mapping



Financial institutions

Key Engagement Topics:

- Compliance & risk management
- Transparency
- Ethical business practices
- Financial performance

Engagement Channels:

- Financial reports
- Formal & informal visits to the head office
- Factory visits
- Sustainability reports

Activities in 2021:

- Annual and quarterly financial performance reporting



Raw material suppliers

Key Engagement Topics:

- Company's policies
- Sustainability issues
- Sustainable procurement
- Chemical use
- Health & safety in Factory areas
- Anti – corruption and monopoly practices
- No Deforestation
- Sourcing raw materials/ traceability

Engagement Channels:

- Training & workshops
- Supplier self-assessment
- Questionnaire & survey
- Onsite-visits
- E-newsletters
- Phone calls

Activities in 2021:

- Communication and acknowledgement of Sustainable Procurement Policy & Supplier Code of Conduct
- Supplier sustainability self-assessment
- Identify raw material sources and risks of deforestation
- Communication on sustainability issues and practices regarding COVID-19



Communities

Key Engagement Topics:

- Community's well-being
- Sustainability issues
- Employment of local people
- Environmental impacts
- Community support & assistance

Engagement Channels:

- Questionnaire & survey
- Community visits
- Activities for social good

Activities in 2021:

- Donate money and medical PPE and other medical supplies to local schools & hospitals
- Help flood victims
- Participate in community activities
- General cleaning of public places, e.g. schools and temples
- Provide educational fund to local student



Governmental sectors

Key Engagement Topics:

- Compliance with laws & regulations
- Taxes
- Sustainability issues
- Endorsement, awards, and certification

Engagement Channels:

- Training & workshops
- Factory visits & audits
- Seminars & conferences
- Financial reports
- Sustainability reports

Activities in 2021:

- Participated in the activities hosted by government agencies, e.g. a natural rubber workshop
- Online training on making fertilizer from industrial waste
- Factory visits & audits by government agencies on compliance with laws, general practices, and COVID-19 management



Contractors & Outsourced providers

Key Engagement Topics:

- Company's policies
- Sustainability issues
- Sustainable procurement
- Purchasing procedures & regulations
- Transparency
- Anti – corruption and monopoly practices

Engagement Channels:

- Sales transaction
- Emails & Phone calls
- E-newsletters
- Supplier self-assessment
- Questionnaire & survey

Activities in 2021:

- Supplier assessment
- Communication and acknowledgement of Sustainable Procurement Policy & Supplier Code of Conduct
- Supplier sustainability self-assessment
- Communication on sustainability issues and practices regarding COVID-19

Our Achievements

EcoVadis: Internationally Recognized CSR Assessment



“Southland Rubber was awarded in ¹2022 the **Silver medal** in our third periodic EcoVadis assessment.”

Sustainability Awards & Recognitions:

No.	Awards / Endorsement in 2021	Awarded / Endorsed by	Factory Awarded / Endorsed		
			STR Group	RSS Group	Latex Group
1	Good Labor Practices (GLP)	The Department of LaborProtection and Welfare, Thailand	7/7: BJ1, BJ2, BJ3, BJ4, FB, FC, BH	5/5: YL, HX, SN, TSU, LS	4/5: NTW, BK, PT, LS
2	TSL 8001 (Thai Labor Standard):Self-declaration	Cooperation between the publicand private sectors	3/7: BJ1, BJ2, FC	2/5: HX, TG	3/5: NTW, BK, LS
3	TSL 8001 (Thai Labor Standard) :Certification	Cooperation between the publicand private sectors	-	1/5: YL	1/5: PT
4	CSR DIW Continuous Award	The Department of IndustrialWorks of Thailand	3/7: BJ1, BJ2, BJ4	-	-
5	The Standard on Prevention and Solution to Drug Problems (Mor Yor Sor)	The Department of LaborProtection and Welfare, Thailand	4/7: BJ1, BJ2, FB, FC	5/5: YL, HX, SN, TSU, TG	3/5: NTW, PT, LS
6	Outstanding Organization for Environmental Health	The Department of Health, Yala in cooperation with the Environmental Health Club of Thailand (Southern region)	-	1/5: YL	-
7	Green Industry Level 3	The Ministry of Industry,Thailand	5/7: BJ1, BJ2, BJ3, BJ4, FB	5/5: YL, HX, SN, TSU, TG	3/5: BK, PT, LS
8	Green Industry Level 4	The Ministry of Industry,Thailand	-	-	1/5: PT
9	COVID-19 Good Factory Practice(Thai Stop COVID)	The Ministry of Health, Thailand	7/7: BJ1, BJ2, BJ3, BJ4, FB, FC, BH	5/5: YL, HX, SN, TSU, TG	4/5: NTW, BK, PT, LS
10	COVID-19 Donation	Hatyai Hospital	Head Office		

Membership of Associations:



Visit our website at <https://www.southlandholding.com/new/overview/award.html> for more information about awards and recognitions

¹. 2022's results mainly cover the performance of 2021.

GRI Content Index

GRI Standard	Disclosure Number	Disclosure Title	Page	Comment
GRI 102: General Disclosures				
Organizational profile				
	GRI 102-1	Name of the organization	6	Southland Rubber, Thailand & Its entity list
	GRI 102-2	Activities, brands, products, and services	6	A processor and exporter of natural rubber
	GRI 102-3	Location of headquarters	7	55 Rajyindee Road, Hatyai, Thailand
	GRI 102-4	Location of operations	7	-
	GRI 102-5	Ownership and legal form	6	A private limited company
	GRI 102-6	Markets served		Primary markets: China, Japan, Korea, Thailand, Malaysia, Americas, and European countries
	GRI 102-7	Scale of the organization		Production capacity,the number of employees, and the number of operational sites
	GRI 102-9	Supply chain	58	Supply chain elements and their functions
	GRI 102-12	External initiatives	13,14	Contribution to Sustainable Development Goals & A founding member of GPSNR
	GRI 102-13	Membership of associations	71	Thai Rubber Association, Thai Latex Association, Thai National Shipper's Council, and The federation of Thai Industries
Strategy				
	GRI 102-14	Statement from senior decision-maker	4-5	-
Ethics and integrity				
	GRI 102-16	Values, principles, standards, and norms of behavior	10	Our business principles
	GRI 102-17	Mechanisms for advice and concerns about ethics	12	Whistleblowing
Governance				
	GRI 102-19	Delegating authority	8	Sustainability structure
	GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	8	Sustainability structure
	GRI 102-32	Highest governance body's role in sustainability reporting	3	-
	GRI 102-33	Communicating critical concerns	12	Whistleblowing
	GRI 102-34	Nature and total number of critical concerns	12	1 whistleblowing case, 3 complaints, and 3 grievances
Stakeholder engagement				
	GRI 102-40	List of stakeholder groups	69-70	8 stakeholder groups
	GRI 102-42	Identifying and selecting stakeholders	69-70	-
	GRI 102-43	Approach to stakeholder engagement	9,69-70	-
	GRI 102-44	Key topics and concerns raised	9	18 material topics in total & 8 topics of high priority
Reporting practice				
	GRI 102-45	Entities included in the consolidated financial statements	3,7	9 entities
	GRI 102-46	Defining report content and topic Boundaries	3	This Report covers the performance of our 17 factories in Thailand
	GRI 102-47	List of material topics	9	18 material topics in total & 8 topics of high priority
	GRI 102-50	Reporting period	3	Carlender year 2021 (Jan 1. - Dec. 31)
	GRI 102-51	Date of most recent report	3	2020's Sustainability Report
	GRI 102-52	Reporting cycle	3	On a yearly basis (carlender year)
	GRI 102-53	Contact point for questions regarding the report	3	csr@southlandholding.com
	GRI 102-54	Claims of reporting in accordance with the GRI Standards	3	This Report references the reporting disclosures of the Global Reporting Initiative (GRI) Standards.
	GRI 102-55	GRI content index	72-75	-
	GRI 102-56	External assurance	-	This Report has been prepared by our in-house Sustainability Working Group and we will consider external assurance in due course.

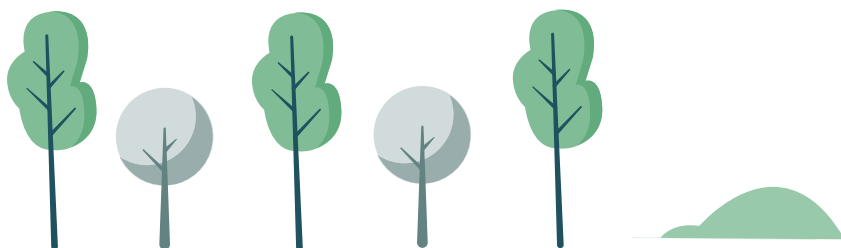
GRI Standard	Disclosure Number	Disclosure Title	Performance in each reporting year/Comment				unit	Page
			2018	2019	2020	2021		
GRI 205: ANTI-CORRUPTION (2016)								
	GRI 205-1	Operations assessed for risks related to corruption	Information Unavailable	Information Unavailable	Information Unavailable	100% (Through Internal audit)	Percent	12
	GRI 205-2	Communication and training about anti-corruption policies and procedures						12
		percentage of governance body members who have been communicated and trained on anti-corruption policies	Information Unavailable	Information Unavailable	100%	100%	Percent	
		percentage of employees who have been communicated and trained on anti-corruption policies	Information Unavailable	Information Unavailable	100%	100%	Percent	
	GRI 205-3	Confirmed incidents of corruption and actions taken	No confirmed incident of corruption during 2018	No confirmed incident of corruption during 2019	No confirmed incident of corruption during 2020	No confirmed incident of corruption during 2021	case	12
GRI 206: Anti-competitive Behavior								
	GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal actions for anti-competitive behavior, anti-trust, and monopoly practices during 2018	No legal actions for anti-competitive behavior, anti-trust, and monopoly practices during 2019	No legal actions for anti-competitive behavior, anti-trust, and monopoly practices during 2020	No legal actions for anti-competitive behavior, anti-trust, and monopoly practices during 2021	case	12

GRI Standard	Disclosure Number	Disclosure Title	Performance in each reporting year/Comment				unit	Page
			2018	2019	2020	2021		
GRI 302: ENERGY (2016)								
	GRI 302-1	Consumption within the organization	266,927.00	284,511.00	264,477.48	219,534.75	Mwh	44-45
		Fuel	119,294.00	129,612.00	118,905.36	91,093.43	Mwh	
		Electricity	147,633.00	154,899.00	145,572.13	128,441.32	Mwh	
	GRI 301-2	Energy consumption outside of the organization						
	GRI 301-3	Energy intensity	0.331	0.350	0.353	0.315	Mwh/Ton of production	
GRI 303: WATER AND EFFLUENTS (2018)								
	GRI 303-2	Management of water discharge-related impacts	Wastewater treatment system	Wastewater treatment system	Wastewater treatment system	Wastewater treatment system	100% (All operating unit)	48-49
	GRI 303-3	Water withdrawal	839,919.22	744,996.93	759,313.50	919,045.11	m³	
	GRI 303-4	Water discharge	0.00	0.00	0.00	0.00	m³	
	GRI 303-5	Water consumption	16,420,896.90	17,661,924.90	22,603,661.65	19,354,438.15	m³	
GRI 304: BIODIVERSITY (2016)								
	GRI 304-2	Significant impacts of activities, products, and services on biodiversity						41-43
		Activity	Nature in the factory	Nature in the factory	Nature in the factory	Nature in the factory	-	
		Tree Planted	10,821.00	25,260.00	22,027.00	18,272.00	Trees	
		Species	81	125	113	117	Species	
GRI 305: EMISSIONS (2016)								
	GRI 305-1	Direct (Scope 1) GHG emissions	47,512.00	51,533.37	43,806.99	35,852.76	Ton CO ₂	44-45
	GRI 305-2	Energy indirect (Scope 2) GHG emissions	85,819.36	90,048.66	87,139.47	76,884.97	Ton CO ₂	
	GRI 305-4	GHG emissions intensity	0.165	0.174	0.174	0.162	Ton CO ₂ /Ton of production	
	GRI 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Pass	Pass	Pass	Pass	-	54-55
GRI 306: WASTE (2020)								
	GRI 306-3	Waste generated	695.47	625.06	591.99	456.60	Tons	51-52
	GRI 306-5	Waste directed to disposal	592.65	555.10	465.23	384.51	Tons	
GRI 307: ENVIRONMENTAL COMPLIANCE (2016)								
	GRI 307-1	Non-compliance with environmental laws and regulations	0	0	0	0	Case	-

GRI Standard	Disclosure Number	Disclosure Title	Performance in each reporting year/Comment				unit	Page
			2018	2019	2020	2021		
GRI 403: OCCUPATIONAL HEALTH AND SAFETY (2018)								
	GRI 403-1	Occupational health and safety management system	OHSAS 18001 8 certified	OHSAS 18001 13 certified	OHSAS 18001/ ISO 45001 14 certified	ISO 45001 14 certified	Factory	6
	GRI 403-2	Hazard identification, risk assessment, and incident investigation	-	-	-	-	-	25
	GRI 403-5	Worker training on occupational health and safety	5.2	6.0	11.01	12.68	Average training hour per person per year	23,34
	GRI 403-9	Work-related injuries						23-24
		IFR	18.76	16.83	7.4	2.19	-	
		LTIFR	12.92	12.23	4.98	2.19	-	
		ISR	102.30	2,043.86	518.26	703.98	-	
GRI 404: TRAINING AND EDUCATION (2016)								
	GRI 404-1	Average hours of training per year per employee	9.0	11.7	17.5	33.5	Average training hour per person per year	32,34
	GRI 404-3	Percentage of employees receiving regular performance and career development reviews	100% (on a yearly basis)	100% (on a yearly basis)	100% (on a yearly basis)	100% (on a yearly basis)	Percent	33
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY (2016)								
	GRI 405-1	Male employees	57%	55%	53%	52%	Percent	33
		Female employees	43%	45%	47%	48%	Percent	
		Employee with disabilities	54	55	53	53	Person	
GRI 406: NON-DISCRIMINATION (2016)								
	GRI 406-1	Incidents of discrimination and corrective actions taken	No incident of discrimination occurred during the reporting period	No incident of discrimination occurred during the reporting period	No incident of discrimination occurred during the reporting period	No incident of discrimination occurred during the reporting period	case	-
GRI 412: HUMAN RIGHTS ASSESSMENT (2016)								
	GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	Information Unavailable	Information Unavailable	Information Unavailable	100%	Percent	20,22
	GRI 412-2	Employee training on human rights policies or procedures	Information Unavailable	Information Unavailable	100%	100%	100%	20,22
GRI 413: LOCAL COMMUNITIES (2016)								
	GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Information Unavailable	Information Unavailable	228 Activities	72 Activities	Engagement activities local communities	36-39
	GRI 413-2	Operations with significant actual and potential negative impacts on local communities	Information Unavailable	Information Unavailable	Mangement Approach	Mangement Approach	-	36
GRI 418: Customer Privacy								
	GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No Substantiated complaints during 2018	No Substantiated complaints during 2019	No Substantiated complaints during 2020	No Substantiated complaints during 2021	case	-



Southland Rubber
Think Good, Better Will Follow



Sustainability Report **2021**

Southland Rubber Co.,Ltd.

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<https://www.southlandholding.com>