

Sustainable Natural Rubber Procurement Policy

Sri Trang Agro-Industry Public Company Limited (hereinafter referred to as “the Company”) is committed to developing a sustainable business throughout the value chain by focusing on the participation of all stakeholders to pursue the Company’s vision of “Passionately, we drive possibilities” to be The Green Rubber Company.

The Company realizes that **natural rubber suppliers (hereinafter referred to as “Suppliers”)** are important stakeholders which contribute to the Company’s growth through the production, procurement and delivery of quality raw materials / natural rubber products according to the Company’s standards. However, the scope of sustainable procurement is not only limited to quality, cost and delivery, but also covers environmental and social responsibilities of suppliers and their suppliers in the supply chain. The Company has therefore established the **“Sustainable Natural Rubber Procurement Policy”** as a good practice guideline for suppliers to conduct sustainable business operations **in the same direction as the Company.**

The Company believes that business operations with environmental and social responsibilities of suppliers in accordance with this policy and guidelines will support the business performance of suppliers with sustainability, risk prevention and lower business impacts, while creating value added and confidence in business operations of suppliers to stakeholders. The Company therefore expects cooperation from suppliers who operate the business of production, procurement and delivery of raw materials/natural rubber products according to the guidelines in this policy. The Company will also monitor and report on the implementation of this policy and guidelines, with readiness to work with suppliers to improve and develop business operations towards a sustainable business growth all along.

Guidelines for Suppliers

Governance and Economic Dimension

1. Good corporate governance

- Suppliers and their suppliers in the supply chain must comply with the laws, regulations, requirements, international standards and various best practices directly and indirectly related to business operations / enterprise, environment, society, marketing and trading.



- Suppliers and their suppliers in the supply chain must not be involved and tolerate any forms of direct or indirect fraud and corruption, extortion or embezzlement, while showing their intention to fight against corruption in a concrete manner.
- Suppliers must collect and protect confidential information and/or intellectual property of their business partners, including personal information and privacy of individuals appropriately.
- Suppliers must appropriately select suppliers who deliver their raw materials.

2. Traceability and risk management

- Suppliers must keep records of their suppliers who deliver raw materials for proper traceability of raw materials acquisition data.
- Suppliers must respond to the Company's requests for information on the source of raw materials and/or methods of acquiring raw materials in a timely and appropriate manner.
- Suppliers must cooperate with the Company for the development of traceability systems, economic, environmental and social risk assessments in operations, risk monitoring, preventive action control, and appropriate reduction of negative impacts in the supply chain.
- Suppliers should work with their suppliers in the supply chain to conduct traceability of raw materials, assess and manage risks in the operations of their key suppliers properly.

3. Quality and productivity improvement

- Suppliers must procure, collect, deliver and/or process natural rubber production, as well as improve the quality and productivity to comply with quality, safety, best practice requirements and other relevant standards of the Company.
- Suppliers must communicate and/or provide knowledge and training for their employees and natural rubber producers, including smallholders, on quality and productivity improvement to improve yield and quality of natural rubber supplied by producers and smallholders.



4. Systems and Processes to Drive Effective Implementation of the Policy and the GPSNR

Policy Framework

- Suppliers must set public, timebound and geographic-specific targets and milestones with associated indicators/metrics for applying the commitments.
- Suppliers must embed commitments of the policy into decision-making processes, systems, and performance metrics of corporate management, relevant business units, joint ventures, and company affiliates and subsidiaries
- Suppliers must maintain an active, regular stakeholder dialogue to provide relevant information, and to afford Opportunities for feedback and suggestions related to fulfillment of the company's commitments
- Supplier must participate in/supporting multi-stakeholder planning and policy efforts that uphold the GPSNR principles at a landscape, jurisdictional or other spatial level

5. Monitoring and Reporting on Progress Towards, and Conformance with the Policy and the GPSNR Policy Framework

- Suppliers must regularly monitor progress toward company commitments in order to ascertain performance.
- Suppliers must apply monitoring systems and practices to incorporate crowd-sourced information from local stakeholders and affected parties regarding non-conformance with commitments. Information sources may be informal or formal.
- Suppliers must report publicly on progress and outcomes related to the implementation of policy-related commitments at least annually.

Environmental Dimension

6. Care for the environment

- Suppliers must manage to prevent and reduce negative environmental impacts from their operations.
- Suppliers must communicate and/or provide knowledge on environmental management and best practices for employees and suppliers in their supply chain.



7. Forest conservation

- Suppliers and their suppliers must produce and/or source natural rubber in a way that does not contribute to deforestation or degrade High Conservation Values (HCVs). The identification and management of areas for development and conservation follow the methodology and guidance consistent with the HCV Approach and with the High Carbon Stock Approach (HCSA). Natural rubber from areas deforested or where HCVs have been degraded after the cutoff date of 1 April 2019 is considered to be non-conforming with this policy element.
- Suppliers must not use open burning /fire in their new or ongoing/existing operations for land preparation, land management, waste management, or any other reasons other than in justified and documented cases of fire break establishment, waste management for sanitary reasons where public garbage collection is not available, phytosanitary and other emergencies.
- Suppliers must support and cooperate in the long-term conservation and protection of natural forests and other ecosystems and their conservation values, and restoring or supporting restoration of deforested and degraded rubber landscapes, including zero conversion of natural ecosystems.

8. Wetlands/peat

- Suppliers and their suppliers in the supply chain must not drain, clear, burn, or develop in wetlands/peat of any depths or for whatever reasons.
- Suppliers must not purchase/source natural rubber from plantations located in wetlands/peat.

9. Biodiversity and ecosystems preservation

- Suppliers and their suppliers in the supply chain must protect and support wildlife conservation and protection efforts. This includes rare, threatened, endangered and critically endangered species as covered by the laws from poaching, over-hunting and habitat loss in areas under the management control of suppliers.



10. Water and soil management

- Suppliers must protect water quantity and quality through managing water use for maximum benefits and preventing water contamination from agricultural and industrial chemicals, erosion, and sedimentation.
- Suppliers must prevent the discharge of wastewater which does not comply with wastewater standards and/or relevant laws in terms of both quality and quantity.
- Suppliers should conduct water source conservation activities to prevent chemical contamination, which should be done in collaboration with external agencies or with their own stakeholders.
- Suppliers must manage their activities to conserve and protect soil quality and prevent soil erosion, nutrient degradation, subsidence, and contamination. Suppliers should conduct soil protection and conservation in collaboration with external agencies or with their own stakeholders.

11. Efficient use of resources and waste management for maximum benefits

- Suppliers must manage the use of natural resources for maximum benefits, along with the reduction of waste generated.
- Suppliers must manage wastes by using the 3 Rs (reduce, reuse, recycle) principle to reduce waste disposal or sending wastes outside for disposal.
- Suppliers must reduce the use of packaging as well as materials for packaging.

12. Energy efficiency improvement and greenhouse gas emissions reduction

- Suppliers must manage the conservation and the use of energy efficiently through appropriate operations to promote and support the reduction of greenhouse gas emissions from their operations and their suppliers in the supply chain.

13. Air pollution and chemicals management

- Suppliers must control necessary chemicals use for harvesting, processing, keeping, and collecting of raw materials appropriately to deliver raw materials to the Company in accordance with the laws, regulations, and requirements of the Company.



- Suppliers must communicate and/or provide knowledge on the appropriate control of chemicals use in accordance with the Company's requirements to their employees and suppliers in the supply chain.
- Suppliers must properly control and manage odor problems from processing, keeping, collecting and transporting for delivery to the Company.

Social Dimension

14. Respect for human rights and non-discrimination

- Suppliers must respect and comply with human rights practices and related non-discrimination towards employees, customers, business partners/suppliers, and other stakeholders.
- Suppliers must communicate and/or provide knowledge related to human rights and non-discrimination to their employees and suppliers in the supply chain.
- Suppliers must provide channels for human rights complaints for their employees and stakeholders, as well as respond to complaints appropriately by having a mechanism to protect the complainants.

15. Respect for the customary, traditional and communal land tenure rights of local communities and indigenous people

- Suppliers must recognize and protect the customary, traditional and communal land tenure rights of indigenous people and local communities (IP/LC) including:
 - a) Carrying out operations in accordance with the UN Declaration on the Rights of Indigenous Peoples (UNDRIP)
 - b) Ensuring ongoing land tenure and access rights
 - c) Upholding traditional rights of access for hunting and gathering of animals and plants for the purpose of subsistence and indigenous cultural and religious traditions, customs and ceremonies.
- Suppliers must ensure that prior to any activity that might affect IP/LC rights to their lands, territories, and resources, their free, prior, and informed consent (FPIC) is secured. This includes when planning, establishing restoring, or transforming corporate plantations and/or industrial sites, as well as associated infrastructure. The FPIC



process must be done in a culturally appropriate manner and follows credible accepted methodologies and associated GPSNR guidance. IP/LC have the right to give or withhold their consent to any activity that is subject to the FPIC process.

- Suppliers must acquire lands or use of lands appropriately by legitimate means and respect the rights to land ownership and use the lands of indigenous people and local communities (IP/LC).
- Suppliers must not involve or procure raw materials from suppliers or those who have acquired lands illegally.
- Where operations impinge on IP/LC rights, suppliers must compensate and accommodate IP/LC through appropriate measures with mutual agreement of all parties that are reflected and described in the negotiated outcomes of the FPIC process.
- Suppliers must adopt measures to provide remedy through mutually agreed procedures in cases where the company previously has caused or contributed to the appropriation of or harm to the lands, territories, or resources of IP/LC without securing FPIC. Implementation is jointly monitored by the community and the GPSNR member and/or by mutually agreed third party(ies). The accepted methodologies to be followed for the FPIC process are:
 - a) UN-REDD (2012) Guidelines on Free, Prior and Informed Consent
 - b) RSPO (2015) Free, Prior and Informed Consent for RSPO Members
 - c) FAO (2015) Free, Prior and Informed Consent Manual
- Suppliers must establish or have ongoing, effective and culturally appropriate channels of dialogue or communication channels with indigenous peoples and local communities.

16. Labor and working conditions

- Suppliers must not use forced labor and child labor. In case of their family businesses which may have children living and/or helping with family work, suppliers must be able to demonstrate to the Company that the work performed by children does not expose them to hazardous situations or circumstances with negative impacts on the physical, mental, or emotional health or development of the children.



- Suppliers must manage reasonable working hours for their employees in accordance with the laws.
- Suppliers must ensure that all employees come to work voluntarily. Additionally, employees are able to resign upon appropriate notice.
- Suppliers must respect the rights to freedom for associations and collective bargaining in accordance with relevant laws, regulations, principles and requirements.
- Suppliers must pay their employees fairly and suitably for wages in the market / industry, which are not less than wages/minimum wages as required by the laws, including the provision of other welfares to employees appropriately and adequately.
- Suppliers should keep records of employees regarding their employment status and compensation.

17. Occupational health and safety

- Suppliers must prepare for emergency/disaster situations and rehabilitation/relief after an incident in accordance with the security, safety and occupational health of employees as their priority.
- Suppliers must control potential hazards in their operations and use of tools and equipment, as well as the design of machine and equipment to be safe with protective equipment installation at the machine, engineering control, and proper maintenance.
- Suppliers must provide personal protective equipment (PPE) for employees, including the communication on how to use such PPE to employees.
- Suppliers should arrange regular inspection/control of hazardous areas.
- Suppliers should provide appropriate health benefits for their employees.
- Suppliers should have appropriate safety incident control and suppression equipment in their working areas, including adequate first aid kits, along with safety equipment check-up at all time to ensure perfect conditions and readiness for the use.
- Suppliers must report emergencies which may affect business operations in a timely manner to the Company.





Sri Trang Agro-Industry Public Company Limited (Bangkok Branch)

บริษัท ศรีตรังแอกโรอินดัสทรี จำกัด (มหาชน) สาขารุงเทพ

17th Floor, Park Ventures Ecoplex, Unit 1701, 1707-1712

57 Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Thailand

อาคารปาร์คเวนเชอร์ อีโคเพล็กซ์ ห้องเลขที่ 1701, 1707-1712 ชั้น 17 เลขที่ 57 ถนนวิทยุ แขวงลุมพินี เขตปทุมวัน กรุงเทพฯ 10330

Tel : 02-207-4500 Fax : 02-108-2244

เลขประจำตัวผู้เสียภาษีอากร 0107536001656 สาขาที่ 00003

The Company shall communicate to all natural rubber suppliers that material produced and processed in accordance and conformance with this policy and the GPSNR Policy Framework will be preferred. The Company shall provide time bound requirements for meeting the policy requirements, and ensuring that supplier codes and contracts, engagement activities, and other mechanisms reflect these supplier expectations.

