

“Passionately,
we drive possibilities”

the green rubber company

Sustainability Report 2016

Sri Trang Agro-Industry Public Company Limited



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VISION, MISSION & CORE VALUE

VISION

Passionately, we drive possibilities

MISSION

Year of Standardization

CORE VALUE

Specialist

Be the best in what we are doing.

Teamwork

We work as one team with determination and never give up.

Accountability

We believe in honesty, take responsibility and commit to our industry.

Statements from Chairman and Managing Director

Despite the fluctuation of world economy and the market diversification to new equilibrium in the last year, the strategies to increase market share and continuously expand production capacity for both domestic and global markets have been relied on fair trade, professional team and sustainability. These have made Sri Trang Group become strong and constantly grown for 29 years by now.

We run our business under the concept “The Green Rubber Company”. We have integrated the entire rubber industries which create the sustainability in 3 ways i.e. ESG (Environment, Social, Governance). We have also brought international management concept SDG to apply with our strategies to support our business growth in 2016. There has been also corporate restructuring to define precise responsibilities. We focus more on proactive approaches to drive our strategies of sustainability from the intra-organization to rubber farmers as our suppliers and all the stakeholders.

We also take human resources development seriously. We have implemented training programs to build up personal potential to support continuous growth of the company as well as anti-corruption. Health and wellness of employees are too our great concerns. We have provided proper accommodations, clean food from our in-house plantation, and breastfeeding rooms in our facilities. We encourage money savings. We have employed the disabled to create equality among people. These would all support the growth with internal security and social responsibility, and get us ready to bring the organization to be the national leader of green rubber industry.

We have invested in the research to develop the entire rubber industries from rubber tree farming to finished products, in cooperation with suppliers, government and universities who play the key role in sustainable and continuous development of rubber industry. This includes joining the project CSR-DIW of Ministry of Industry.

Sri Trang Group has put a great effort to develop the suppliers’ potential in the processes of material procurement and transportation. We have paid our suppliers regular visits to provide know-how about material quality and environmental concerns to reduce any negative effect from rubber tree farming. There is also an agreement signed by our suppliers to conduct the campaign “Safe raw materials transportation” in order not to cause any trouble to locals by their transportation all over the country. We have as well run the project to provide knowledge about quality cupped rubber and simple chemical test in quality control process. We have also been a member of SNR-I to show our determination to develop along with ESG in every way in long term. All these ensure our stakeholders that we have taken a great leap to being the world’s number one in green rubber industry today.



Respectfully Yours,

Dr. Viyavood Sincharoenkul
Chairman / Managing Director

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Getting to Know Sri Trang



Company Name :

Sri Trang Agro-Industry Public Company Limited

Stock Market Name: STA

Established: April 30, 1987

Headquarter:

10 Soi 10, Phetkasem Road, Hat Yai, Songkhla 90110.

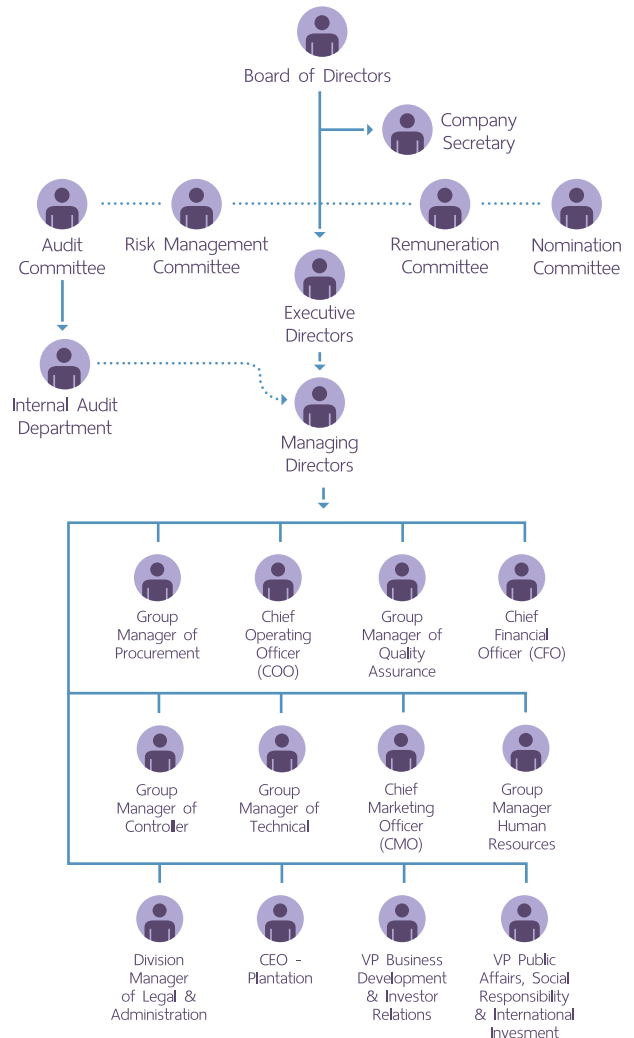


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“
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”

Sri Trang Agro-Industry Public Company Limited, so called “Sri Trang”, intends to develop the rubber business and Thailand economy to reach the world class level under the concept “Green Rubber Company”. Today Sri Trang has become the world biggest company in the entire rubber industry with production capacity more than 2.4 million tons a year from 35 factories located in the world’s top 2 countries where natural rubber products are produced i.e. Thailand and Indonesia, including Myanmar as the new production base. Sri Trang distributes all kinds of primary natural rubber which are technically specified rubber, ribbed smoked sheet and concentrated latex. Moreover, Sri Trang has also invested with overseas joint-venture for rubber processing business and finished products, and expanded to the upstream business i.e. rubber tree farming in order to manage a large scale rubber farm in full system with environmentally friendly process in many provinces nationwide under the organization structure as follows;





12%

Market share from global demand for natural rubber in 2016

1.5 Million tons

Sales volume in 2016



16%

of total import from China

30%

of total rubber production volume in Thailand in 2016

35

Natural rubber factories in Thailand, Myanmar & Indonesia



Rubber Plantation

We have the total farming area more than 8,300 acres in 19 provinces in Thailand.



Material Sourcing

We have set up local procurement centers to directly access to the material sources.



Rubber Factory

We have production capacity of 2,400,000 tons per year from 35 factories located in Thailand, Myanmar & Indonesia covering all product lines i.e. ribbed smoked rubber, technically specified rubber and concentrated latex.



Sales & Distribution

We have set up the subsidiaries to sell and distribute products all over the world.



Downstream Investment

Produce natural and synthetic gloves.



Products and Services

Upstream Business



Rubber Plantation:

Farming areas in total of 8,300 acres in 19 provinces are mostly situated in north and north-east of Thailand. They have begun to produce the materials since December 2015.

Midstream Business



3 main material products from rubber tree are technically specified rubber, ribbed smoked sheet and concentrated latex are sum of more than 1.5 million tons from 35 natural rubber factories, comprising 31 factories in Thailand, 3 factories in Indonesia and 1 joint-venture factory in Myanmar. We have built a network of procurement centers all situated in prime locations of material sources.

We have also built a distribution network for our natural rubber products in 6 countries i.e. Singapore, USA, China, Vietnam, as well as Thailand and Indonesia where are the production bases. Our key customers are located all over the world in Asia, USA & Europe.

Downstream Business



Some finished products we supply are medical rubber glove, high-pressure hydraulic pipe and escalator handrail.

Other Supporting Business



Companies who play supporting roles for our core business; **Sales and distribution networks for natural rubber products** in 4 main countries as our subsidiaries are Sri Trang International, Sri Trang USA Inc., Shi Dong Shanghai, and Sri Trang Indochina. **Starlight Express Transport Co., Ltd.** provides transportation and logistics services for rubber products distribution as well as all documentation service for import and export. **Premier System Engineering Co., Ltd.** provides maintenance service for our machines and equipments as well as improves and develops production process. **Anvar Parawood Co., Ltd.** processes and supplies kiln dried lumber from rubber trees for any uses under Sri Trang Group.

Principles of Sustainable and Corporate Social Responsibility Management

Management Committees have imposed the policies for social responsibility as a core mission for Sri Trang Group, consisting of 5 policies under the “Green” Rubber Company concept as the following;



Development Directions to be The Green Rubber Company

1. Set strategies for continuous growth in short-term and long term to cope with the diversification of rubber industry.
2. Make the business direction under external factors which are economy, society and environment.
3. Support the research and development for both internal project and external collaboration.



The Green Rubber Company

Strategies to be The Green Rubber Company

1. Aim at The World’s Largest Green Rubber Company;
 - Efficient production technology
 - Procurement of quality materials
 - Continuous expansion of production capacity
 - Continuous market expansion
2. Develop working system for more efficiency to cope with business changes;
 - Information technology system to support business growth
 - Invention for better production with efficiency and simplification
 - Reliable quality control system to ensure all parties involved
3. Create more business growth with strategic purposes;
 - Investment management for sustainability
 - Running the business with expertise, fairness and sustainability
4. Human Resources Management;
 - Continuous development of personnel management system
 - Employees with knowledge and competency to support any development.
5. CSR/Social Trust;
 - Nurture social and environmental responsibility attitude

Research Projects for Corporate Social Responsibility

1. Research for sulfate measurement in rubber material using BaCl₂ STA has invented the method to measure sulfate content in cupped rubber with quick, easy and inexpensive way to encourage the farmers to stop using sulfuric acid to form the cupped rubber from latex.



2. Research for other solidifying agents to replace sulfuric acid Due to the effects of using sulfuric acid that cause dead bark of rubber tree, skin irritation, metal machine corrosion and bad odor in rubber, to discover new chemicals (formic acid) to replace sulfuric acid helps reduce these effects, and is also environmentally friendly.



3. Research for residue powder reduction from production of concentrated latex Nowadays there has been a great deal of residue powder wasted from latex industry. It is the sediment from magnesium ion in the production process of concentrated latex. So, Sri Trang Group has invented a new process for internal complete consumption so that the residue power would not be released to the environment.



4. Research for new environmentally friendly substance for rubber viscosity control Previously, STR20CV was used to control rubber viscosity but this substance is strong acid corrodes the machines, but a newly invented substance has a soft base status (pH = 8) which is safe for human and environment whilst it maintains the same property in viscosity control.



5. Research for fresh latex preservation

This project is to preserve the quality of fresh latex as long as possible in order to feed in the production line of concentrated latex in long run. In the past, fresh latex could be kept for 3-4 days only with the old preservative agent, but now Sri Trang Group has invented new substance to keep the quality of fresh latex for up to 10 days.



6. Research for quick testing machine for fresh latex quality (TSC, DRC & NH₃) Sri Trang Group has built a prototype machine which could reduce testing duration, process and chemicals used in the test from 3 methods for 3 values (TSC, DRC & NH₃) with 80 minutes spent to 1 method for 3 values with a minute spent only, and the testing result earns confidence value (R₂) of more than 95%.



Internal Control and Risk Management

Sri Trang Agro-Industry Plc. has well realized the importance of good corporate governance in driving the organization to the sustainable success. Hence, we are always ready to cope with possible changes we have to face from both internal and external factors which might affect the competency to reach the goals of organization.

With the sophisticated external factors and ongoing changes for business, Sri Trang Group would apply risk management system as a supportive tool to create management strategies, work improvements, business opportunities, value-added organization, and to achieve the overall objectives. We mean all employees in every level to take responsibility to manage the mutual risk as an organizational culture.

Vision for Risk Management

Sri Trang Group would be the organization with integrated risk management as a whole in order to support the governance and create value-added organization.

Objectives of Risk Management

- To apply risk management system in the same direction for the entire organization, and take risk management as a part of decision making, strategic planning and administration for all companies in the group.
- To set the administrative procedures to keep the remaining risk at the organization's risk appetite, based on risk reduction measure and the effects of possible risk, to achieve the objectives of both organization and individual sectors.
- To inform the managements and the risk management committees the important information about critical risk, potential risk and overall risk, as well as monitor the risks of entire group efficiently and effectively.
- To provide all sectors the responsibilities to identify, evaluate and manage critical risks regularly, based on risk appetite and practical application with budget control.
- To communicate and convey the knowledge about risk management to employees in regular basis, and create the perception of being a risk owner and a risk manager for their mutual works.

Risk Management Policies

Sri Trang Group realizes the importance and necessity to apply risk management system with Sri Trang Agro-Industry Plc. and all companies under the group. So the policies have been imposed as the following;

- Risk management is the responsibility for all employees in every level.
- Risk management is encouraged to use as a tool for all turn-key administration for Sri Trang Agro-Industry Plc. and all companies in the group.
- The advanced information technology system would be developed to support risk management program for Sri Trang Agro-Industry Plc. and all companies in the group.
- Risk management report would be efficiently filed in the system for management committees to review.

Risk Appetite

Classified in 5 aspects as the following;

Financial Risk Appetite – Accept monetary loss or income reduction at certain level but not more than the level with significant impact to Sri Trang Group liquidity or financial status.

Risk Appetite for the Achievement of Main Objectives (for every field of work) – Accept the lower reach on objectives at certain level but not lower than the level with significant impact to Sri Trang Group work flow.

Operational Risk Appetite – Accept delay, efficiency decrease or minor mistakes at certain level without significant impact to the production outputs.

Reputational Risk Appetite – Accept negative news/rumors in limited or local areas happening in short term, but do not accept breaking news with negative and continual impact to the company's public reputation and credibility in sight of stakeholders, especially main suppliers and shareholders.

Risk Appetite for Safety – Accept minor accidents, but do not accept major accidents causing severe injuries with work suspension required, loss of organs or even death.

Risks Relating to Our Industry and Our Business

Prices of commodities in general, including natural rubber, have been volatile and we, like other participants in the natural rubber industry, have limited influence over the timing and extent of the price changes for natural rubber.

- **Supply and demand for natural rubber** - An increase in the supply of natural rubber or a decrease in world consumption level of natural rubber could create supply surplus which could, in turn, result in a decrease in average selling prices of the Natural Rubber Products that we sell;
- **Prices of crude oil, energy and oil-based chemicals** - Crude oil prices may affect the prices of natural rubber and other input materials such as oil-based chemicals used in rubber processing. In addition, the prices of synthetic rubber usually move along with crude oil prices, and the price fluctuations of synthetic rubber affects the pricing and demand for natural rubber;
- **Currency movements** - As natural rubber is traded mainly in US Dollars, any fluctuations in the natural rubber exporting currencies against US Dollars may result in corresponding fluctuations in natural rubber prices in the respective exporting countries;
- **Speculation** - As natural rubber and certain of the Natural Rubber Products we sell are traded at various commodity future exchanges, they are susceptible to price speculation in addition to local and global economic factors; and
- **Government intervention** - The governments of natural rubber producing countries such as Thailand, Indonesia and Malaysia may from time to time introduce policies to support the natural rubber industry in their respective countries. Other unpredictable factors which affect the price of natural rubber and the Natural Rubber Products that we sell include economic growth rates, foreign and domestic interest rates and trade policies.

The Natural Rubber Products that we sell include RSS, TSR and Concentrated Latex. Global demand for such products, in particular TSR, is significantly dependent upon the tire manufacturing industry. Our customers include tire manufacturers in the emerging markets such as the PRC and India and leading global tire manufacturers. The majority of our sales of Natural Rubber Products are made to tire manufacturers. If the level of activity in the tire manufacturing industry declines, the demand for the Natural Rubber Products that we sell may decrease and our business, financial condition and results of operations may be adversely affected.

While our financial reporting currency is Baht and our raw material purchases for the Natural Rubber Products that we produce are transacted in Baht and Indonesian Rupiah, approximately 75% of our total revenues are denominated in US Dollars. In addition,

the Company's Shares will also be quoted in Singapore Dollars on the SGX-ST while dividends, if any, will be paid in Baht. Fluctuations in the exchange rates between the Baht, Indonesian Rupiah, US Dollars, Singapore Dollar or other currencies, could adversely affect our business, financial condition and operating results as well as the foreign currency value of any dividend distributions. Any fluctuations in the exchange rates between the Baht, Indonesian Rupiah and Malaysian Ringgit could adversely affect our price competitiveness in relation to other natural rubber processors from Indonesia and Malaysia. We attempt to mitigate foreign exchange risks using financial derivatives to hedge our foreign exchange exposures arising from purchase and sale of products in currencies other than Baht. Should we be unable to successfully hedge our foreign exchange exposures, we may have a greater exposure to foreign exchange fluctuations and our financial condition and results of operations may be adversely affected.

Our Group is dependent upon the services of key management staffs.

One of the key reasons for the growth of our Group has been our ability to attract and retain a team of experienced professional managers.

Natural rubber business requires a significant amount of cash to operate, principally on the purchase of raw materials such as unsmoked rubber sheets, cup lumps and field latex, the Natural Rubber Products which we purchase from third party producers and from our joint venture entity, Thai Tech Rubber, from time to time, to meet customers' demand and also on the storage of the Natural Rubber Products to facilitate our sales in overseas markets. The working capital cycle for the Natural Rubber Products that we produce, from the purchase of raw materials to the receipt of payment from our customers, is approximately two to four months. We may also require substantial capital expenditures to maintain, upgrade and expand our processing and storage facilities, logistic services and other facilities to keep pace with competitive developments, technological advancement and changing safety and environmental standards in our industry. We fund our operations principally through cash flow from our operations and short and long-term bank loans. As at 31 December 2016, we have an aggregate of Baht 28,832.3 million bank loans, majority of which are short-term loans, with interest rates ranging from 1.4% to 11.9% per annum depending on the currency on which the loans are denominated. Difficult conditions in the global credit markets could adversely impact the cost or other terms of our existing financing as well as our ability to obtain new credit facilities or access the capital markets on favourable terms. A significant increase in our borrowing costs could impair our ability to compete effectively in our business relative to competitors with lower amounts of indebtedness.

We may be affected by adverse weather conditions and/or diseases which could lead to price fluctuations and an increase in our operating costs. Unsmoked rubber sheets, cup lumps and field latex are the primary raw materials for natural rubber products. The availability of these raw materials from suppliers as well as our ability to harvest field latex from our own rubber plantations in the future may be adversely affected by unfavourable weather conditions such as drought, floods, prolonged periods of rainfall, storms etc. and/or diseases which has infected the rubber plantations from which suppliers purchase the raw materials or our own rubber plantations in the future. Such events, especially if continued for a prolonged period, could affect the overall yield of such raw materials and consequently lead to price fluctuations. Any substantial decrease in the supply of, and increase in the cost of raw materials could increase our operating costs, affect our production capacity and consequently have a material adverse effect on our business, financial condition and operational results.

There may be disruptions at our processing facilities as well as the processing facilities of our associates and joint venture entity which would have an adverse effect on our operations and those of our associates and joint venture entity. Our sales of Natural Rubber Products, which are produced from natural rubber, accounted for 90.0% of our Group's revenue for the financial year ended 31 December 2016. There are a variety of synthetic rubbers available in the market which can be used as substitutes for natural rubber in the manufacture of rubber products

Expiry of concessionary tax rates and/or exempt tax status for certain of our subsidiaries and associates will have an adverse impact on our profitability. Our subsidiary, Sri Trang International, enjoys certain tax benefits under the Global Trader Programme launched by International Enterprise Singapore, pursuant to which Sri Trang International is only taxed on 10.0% of its qualifying income (i.e. income which is derived from offshore sales or sales to companies under the Global Trader Programme). In addition, our Company and certain of our subsidiaries and associates which are incorporated in Thailand have been granted certain privileges, including exemption from certain taxes, at various times by the Board of Investment of Thailand, in relation to our respective operations.

In the event of any expiry of such tax benefits, Sri Trang International, our Company and our relevant subsidiaries and joint ventures entities will be liable to the applicable taxes at the prevailing rates. This will subsequently have an adverse impact on our profitability. Our Group may be adversely affected by the imposition and enforcement of more stringent environmental regulations. Our Group is subject to a variety of laws and regulations that promote environmentally and socially sound operating practices. Our Group's principal environmental concerns relate primarily to the discharge of effluent resulting from the processing of natural rubber. Any environmental claims or the failure to comply with any present or future regulations

could result in the assessment of damages or the imposition of fines, the suspension or a cessation of our Group's operations. Environmental regulations and social practices in the countries in which our Group operates tend to be less stringent than those in developed countries. It is possible that these regulations and/or social practices could become more stringent in the future and consequently have an adverse effect on our operations and financial condition. Any failure to comply with the laws and regulations could subject our Group to liabilities which may affect our business, financial condition, operational results and prospects.

Risks Relating to the Countries in Which We Operate

Economic, political, legal and regulatory conditions in the countries in which we operate may materially and adversely affect our business, financial condition, results of operations, prospects and the market price of our Shares.

We have operations and investments in countries such as Thailand, Singapore, Indonesia, USA, and the PRC, each of which contributed 65.8%, 27.3%, 2.9%, 2.4% and 1.7% of total revenues, respectively. Accordingly, we are subject to the risks associated with our business activities in these countries. Our business, financial condition, operational results and prospects may be materially and adversely affected by a variety of conditions and developments in these countries including:

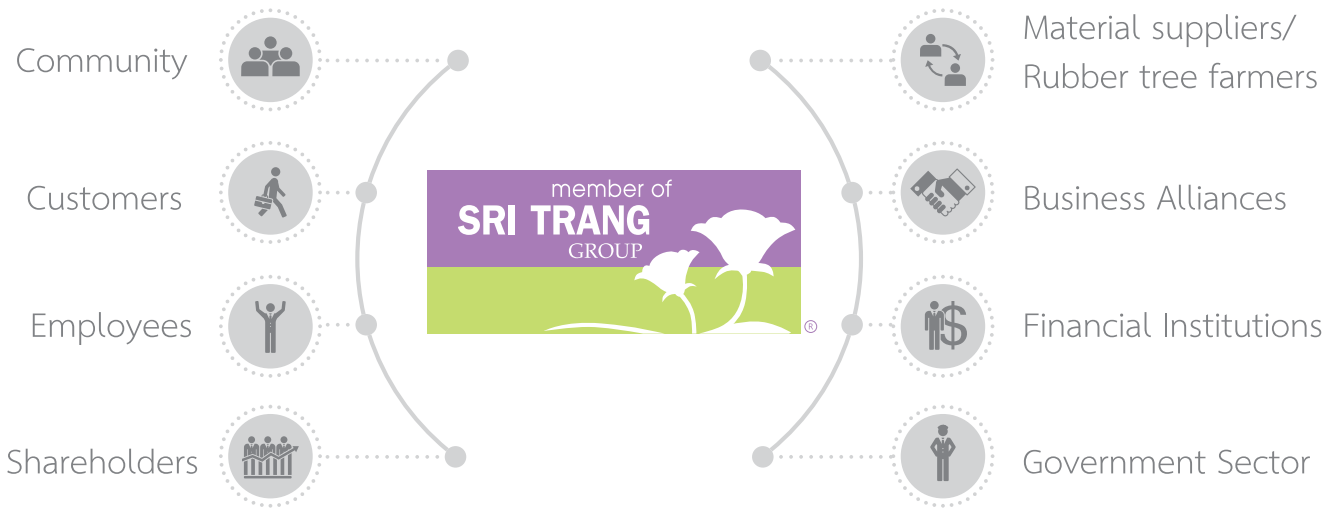
- inflation, interest rates and general economic conditions;
- civil unrest, military conflict, terrorism, change in political climate and general security concerns;
- changes in legal and regulatory conditions;
- changes in duties payable and taxation rates;
- natural disasters;
- imposition of restrictions on foreign currency conversion or the transfer of funds; or
- expropriation or nationalisation of private enterprise or confiscation of private property or assets.

Risks Relating to an Investment in Our Shares

Our foreign ownership restrictions could limit your ability to transfer our Shares and limit our ability to raise equity financing.

Our Articles of Association provide that no more than 49.0% of our Company's issued and outstanding Shares may be held by non-Thai persons. Our Articles of Association also provide that transfers of Shares in violation of applicable foreign ownership limitations may be restricted. In the event that the applicable foreign ownership limitations have been reached, Thai Shareholders may not be able to transfer their Shares to persons who are non-Thai nationals. As a result, the liquidity and market price for our Shares may be adversely affected.

Stakeholders' Relations & Identification and the Impact






Stakeholders






<ul style="list-style-type: none"> - Customers - Business alliances 	<ul style="list-style-type: none"> - Material producers - Material transporters 	<ul style="list-style-type: none"> - Employees - Customers - Shareholders - Financial institutions - Business alliances - Government sector 	<ul style="list-style-type: none"> - Employees - Transporters - Shareholders - Banks - Community - Government sector 	<ul style="list-style-type: none"> - Customers 	<ul style="list-style-type: none"> - Community - Government sector
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Issues on Impacts

<ul style="list-style-type: none"> - Fair competition - Responsibilities for products & services - Fraud & corruption 	<ul style="list-style-type: none"> - Fair treatment - Fraud & corruption - Environment - Mutual development 	<ul style="list-style-type: none"> - Labor treatment - Human rights - Fraud & corruption - Health & safety - Energy consumption - Pollution - Waste management - Information disclosure - Good corporate governance 	<ul style="list-style-type: none"> - Human rights - Labor treatment - Fraud & corruption - Health & safety - Pollution 	<ul style="list-style-type: none"> - Responsibilities for products & services 	<ul style="list-style-type: none"> - Pollution - Waste management - Health & safety
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The Practices with Stakeholders

Stakeholders	Communication Channel/ Participation	Needs/ Expectation	Responses to Expectation	Results
Shareholders and Investors 	<ul style="list-style-type: none"> - Annual shareholders meeting - Quarterly performance report - Q&A by phone, email & annual report 	<ul style="list-style-type: none"> - Profits - Good corporate governance - Stable & consistently growing company - Accurate & up-to-date company's information. - Risk management system - Good monitoring & control system 	<ul style="list-style-type: none"> - Transparent, fair & verifiable corporate governance - Appropriate dividend payment - Transparent information disclosure 	<ul style="list-style-type: none"> - Consistently growing turnover - Being listed on Thailand Sustainability Investment 2016
Employees 	<ul style="list-style-type: none"> - Monthly managements talk - New employees orientation - Suggestion box, Kaizen, QCC, TPM, 5 S. - Yearly plans for development training - Acknowledgement of employees' comments & complaints - Internal CSR activities - Sri Trang News journey - Weekly campaign for safety - Health promotion bulletin 	<ul style="list-style-type: none"> - Appropriate wage & salary increase - Proper welfare - Safety in workplace - Good working atmosphere and proper housing facilities for workers - Good career path - Training for personal development - Well being and good health 	<ul style="list-style-type: none"> - Fair payment for wage, salary & fringe benefits - Respect in human rights and equality - Implementation of standard system ISO 14001 for environment - Provident fund - Internal CSR for good health, personal financial management & housing facilities - Breastfeeding roo for new moms & babies. - Implementation of standard system OHSAS 18001 for safety 	<ul style="list-style-type: none"> - Relationships between employees and organization - Zero complaint - Resignation rate at 21.63% - Zero sick-leave from major accident
Material Suppliers / Rubber Tree Farmers 	<ul style="list-style-type: none"> - Various channels of communication - Field trip - Guidance for keeping & improving quality - Accurate & clear communication - Providing knowledge about trading and natural rubber product 	<ul style="list-style-type: none"> - Earning knowledge about proper farm keeping - Quick and updated information received in timeframe - Fair agreements - Fair & transparent competition in pricing 	<ul style="list-style-type: none"> - Compliance with procurement policies - Suppliers development by providing know-how to produce materials with high standard - Encouragement for anti-corruption policy 	<ul style="list-style-type: none"> - Quality material supplies - Punctual delivery

Stakeholders	Communication Channel/ Participation	Needs/ Expectation	Responses to Expectation	Results
Customers 	<ul style="list-style-type: none"> - Meeting with customers - Customers satisfaction survey - Factory tour for customers - Mutual activities with customers 	<ul style="list-style-type: none"> - Reasonable prices - Good products & efficient services - Compliance with fair agreements - Keeping customers' confidentiality 	<ul style="list-style-type: none"> - Encouragement for anti-corruption policy - Implementation of standard system ISO 9001 - Morals for customer's confidentiality - Providing factory tour 	<ul style="list-style-type: none"> - Customer satisfaction score at 84.10% - Sales turnover 1,500,000 tons
Business Alliances 	<ul style="list-style-type: none"> - Various channels of communication - Accurate & clear communication - Operational audit - Suggestions for improvement 	<ul style="list-style-type: none"> - Quick and updated information received in timeframe - Compliance with fair agreements - Fair & transparent competition in pricing - Production know-how 	<ul style="list-style-type: none"> - Compliance with procurement policies - Partners development by providing know-how to improve materials with high standard - Encouragement for anti-corruption policy 	<ul style="list-style-type: none"> - Punctual delivery - Materials with high standard
Community & Society 	<ul style="list-style-type: none"> - Mutual activities with community - Participation in community & social development - Quarterly field trip for community meeting 	<ul style="list-style-type: none"> - Friendship - Support for community activities - No negative impact to community & society - Transparent operation - Humanity concerns & anti-corruption 	<ul style="list-style-type: none"> - Providing support for public activities - Community complaints & problem solving team - Building trust & common understanding - Implementation of standard system ISO 14001 for environment - Encouragement for human rights campaign - Encouragement for anti-corruption policy 	<ul style="list-style-type: none"> - Social acceptance by factory neighborhood - Less complaints from community - Continuous community support - Local employment in community
Creditors/Banks 	<ul style="list-style-type: none"> - Annual report - Quarterly performance report 	<ul style="list-style-type: none"> - Fulfillment of contractual terms and conditions - Transparent operation 	<ul style="list-style-type: none"> - Compliance with contractual terms and conditions 	<ul style="list-style-type: none"> - Continuous financial support
Government Sector/ State Enterprise/ Private Sector 	<ul style="list-style-type: none"> - Company reports as per legal requirements - Tax payment - Support for government projects for public benefits 	<ul style="list-style-type: none"> - Being able to comply with state laws and regulations - No negative impact with society & environment 	<ul style="list-style-type: none"> - Compliance with state laws and regulations - Transparent disclosure of public information 	<ul style="list-style-type: none"> - Permission for long term operation

The Making of Sustainability Report

Directions of Report Preparation

Sri Trang Group’s Sustainability Report 2016 has been made in order to communicate our directions and processes to all stakeholders for sustainable operation comprising economic, social and environmental approaches. The report conformation is based on Global Reporting Initiative Version 4 (GRI G4), covering period of January 1 – December 31, 2016.

The core information has been chosen to expose with general disclosure index and special disclosure index at least 1 index for each significant issue with supplementary report for natural rubber industry in particular. The information scope covers all operational departments of the company with some adjustment of presentation format from the previous report.

Selection of Significant Issues for Sustainable Development

Sri Trang Group has reviewed significant issues for sustainable development to make sure we could respond to stakeholders’ expectations in every dimension, and to be able to evaluate and report the performance results evidently by the following procedures;

1. Identification of Organizational Sustainability Issues

The report committees gathered all issues about sustainability of Sri Trang Group from analysis of inside-out effects (company to public), outside-in effects (external factors to company), stakeholders’ needs & expectations survey, and ESG (Environmental, Social and Governance) operation.

2. Prioritization of Organizational Sustainability Issues Prioritization of significant issues could be done by evaluating the priority of issues with strong impact to company achievement in strategic objectives for sustainable development. Critical issues of ESG were also put into evaluation.

3. Validation for Completeness of Significant Issues

The report committees proposed all significant issues of sustainability to the sustainable development committees. As result, there are 19 issues chosen to be exposed in the report, prioritized by their importance in the material matrix as below;

4. Review of Reporting Issues

The report committees conducted the stakeholders’ survey for all sustainability issues exposed in the report. Their comments and suggestions would be collected to use for improvement in the next report.

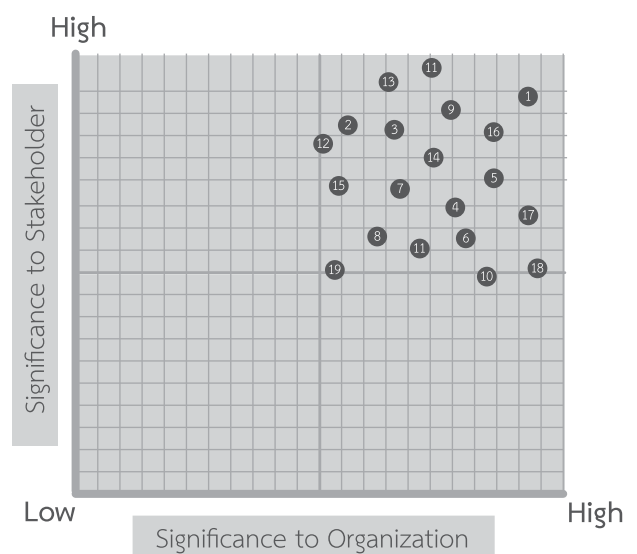
5. Trust in the Sustainability Report

This report and all performance indexes stated herein have been reviewed and validated by outsourced professional agency, and certified by company’s sustainability promotion committee and management committee on February 28, 2017. However, so far Sri Trang Group has no plan to get the report certified by external agency.

Information: Any question or suggestion, please contact CSR Department of Sri Trang Agro-Industry Plc.

Email: information@sritranggroup.com

Tel: +66 2 207 4500, **Fax:** +66 2 108 2241



Importance Issues for Sustainability and Operation

Topics	Significant Issues (GRI Aspect)	Page on Report
 <h3>Quality Economy</h3>		
<ul style="list-style-type: none"> Financial Status 	1. Economic Performance	20
<ul style="list-style-type: none"> Good Corporate Governance 	2. Anti-corruption	18
<ul style="list-style-type: none"> Risk Management and Business Continuity 	3. Disaster/Emergency Planning and Response	10
<ul style="list-style-type: none"> Research and Development for Natural Rubber Business 	4. Indirect Economic Impacts	09
 <h3>Quality Society</h3>		
<ul style="list-style-type: none"> Employees Care 	5. Employment	23
<ul style="list-style-type: none"> Stakeholders Care 	6. Non-discrimination	24
<ul style="list-style-type: none"> Community Care 	7. Occupational Health and Safety	25
	8. Training and Education	25
	9. Customer Health and Safety	26
	10. Grievance Mechanism for impact on Social	26
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 <h3>Quality Environment</h3>		
<ul style="list-style-type: none"> Energy Conservation 	13. All Kinds of Energy	34-37
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Good Corporate Governance

Sri Trang Group has applied Good Corporate Governance Practices 2006 and Code of Corporate Governance 2012 for both duty and responsibility with discretion and caution in any business decision, and also taken honesty, transparency and morals as our core values. We have taken all stakeholders (shareholders, suppliers, customers, employees & government sector to name a few) into account, and treated them all equally as well as taken care of neighboring community and environment. This includes accurate and transparent information disclosure to the public. More details of Good Corporate Governance could be further studied on “Annual Report 2016”.

Good Corporate Governance Practices have been applied for efficient improvement and development in the organization, and in 2015 Sri Trang Group has announced anti-corruption policies on corporate website www.sritranggroup.com



Fraud Prevention and Anti-corruption



Sri Trang Group has complied with fair trade and transparent business policies. We determine to oppose corruption from both inside and outside the organization in order to abide by state laws, morals and good corporate governance. We have established the rightful understanding about anti-corruption by not taking, giving, nor paying any kind of bribe/benefit for untruthful business. We have also nurtured these values into employees’ mindset to make them organizational culture by the following regulations;

1. All employees must comply with anti-corruption policies by not involving with any kind of corruption either direct or indirect way.
2. All employees should not neglect or ignore if witnessed any kind of corruption. It must be informed to direct supervisor or responsible department.
3. Sri Trang Group shall protect anyone notifying corruption issues with execution of complainant protection measure indicated in complaint acknowledgment policy.
4. Sri Trang Group well realizes the importance of providing knowledge and understanding in anti-corruption policies to employees.
5. A person proven committing corruption is subject to disciplinary punishment or shall be even punished by laws if applicable.

Governance Operation

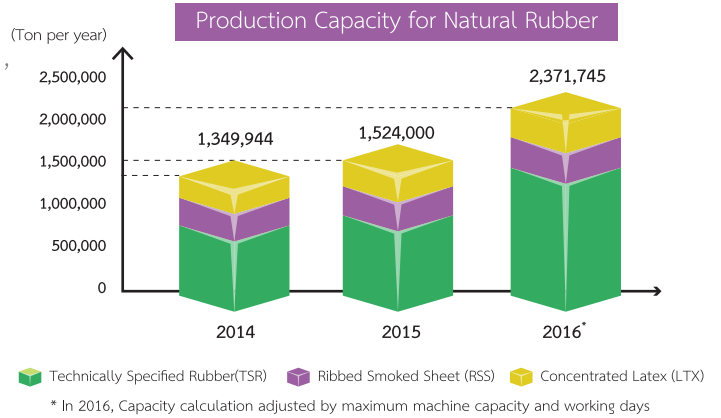
governance

- 20 Business Overview and Economic Performance
- 21 Economic Distribution to Stakeholders by
“Sri Trang, Sri Baan, Sri Mueng” Project

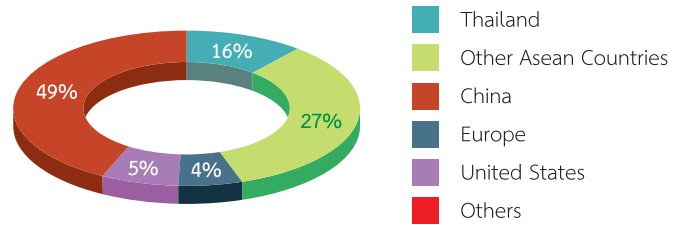
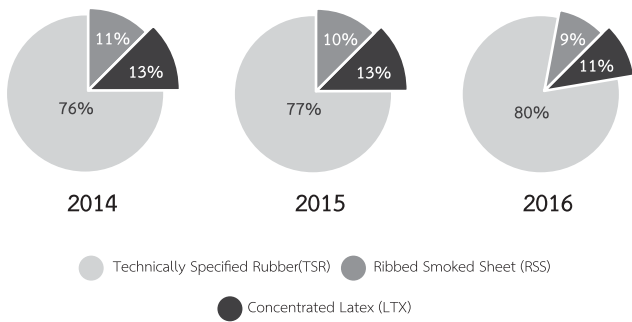
Business Overview and Economic Performance

Financial status of the company as of December 31, 2016 could be described as follows;

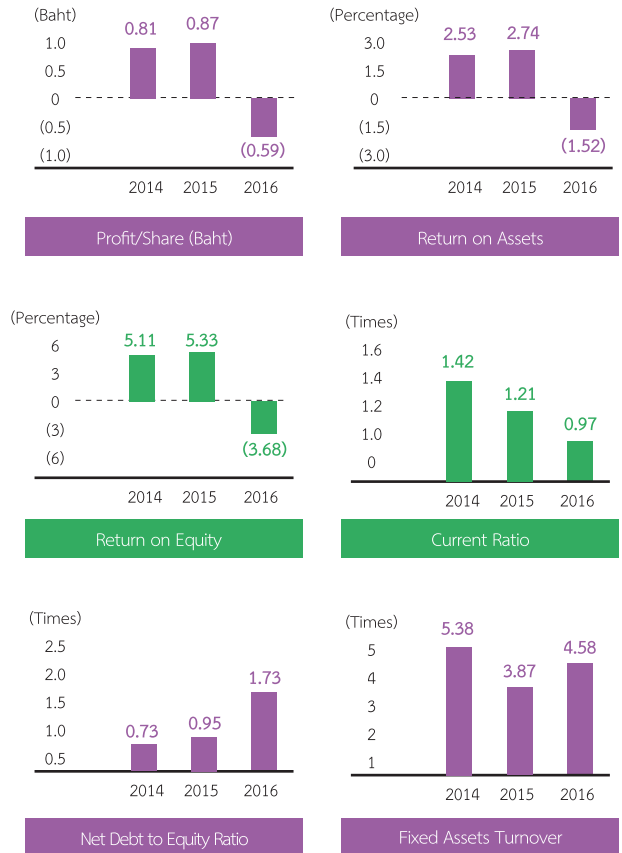
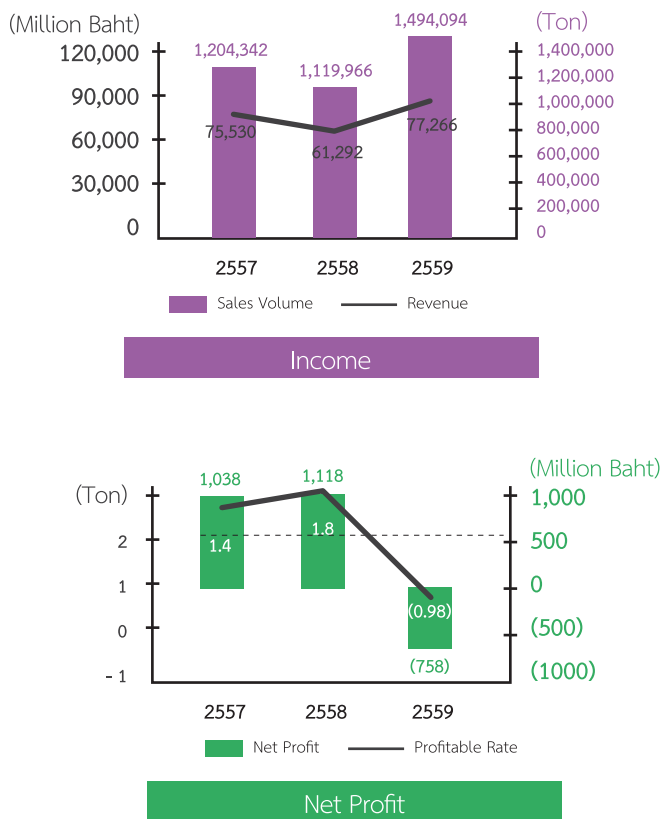
Total income of 77,907.50 million baht is mainly from sales. It has been increased from 2015 for 15,973.73 million baht (20% increase) with sales volume increased to 1,494,094 tons (25% increase), and the production capacity has been increased to 2,371,745 tons by capacity expansion in 2016.



Production Ratio by Product Categories in 2014 - 2016



Sales Volume by Geographic Locations



Economic Distribution to Stakeholders by “Sri Trang, Sri Baan, Sri Mueng” Project

Support for Religious Activities

We are proud to create employment in the agricultural community. Due to this local employment policy, local religious activities have become essential to unite people in the community, and to help us access to local relationships. So, we have supported these activities mainly by mean of people participation, not by money donation. Some religious activities are Kathin ceremony in Buddhist Lent period, Mahachat Festival, donation of construction materials for temples and sermon hall improvement to name a few. Total budget spent nationwide on this purpose is 1,230,100.32 baht in 2016.



Support for Academic Activities

Education is the most important thing for development of the nation. Apart from STEM education which is our main support, we have also extended to related academic areas such as meal support for disabled children center, donation of water purifier for sports schools, science week exhibition, charity events for scholarship, donation of construction materials for Chayaram School’s playground, support for national children’s day activities in factories’ neighborhoods. Total budget spent nationwide on this purpose is 870,100 baht in 2016.



Support for Community’s Sport Activities

We realize that good society is built by people with good health. So, we have encouraged our employees and community to exercise regularly, and supported sport activities for youth and community. Some activities are Mini-marathon with Suan Saranrom Hospital, shooting sport charity for Baan Dong Pluang School’s playground, Bike for Dad 2015, sport equipments for schools, sponsorship for Bueng Kan’s football match, students sport day, community sport day, annual boat race, donation for construction of Thai boxing center, Songkhla Nagarindra Bike Race, labor day sports, 9th Wichianmat School Sport Day, Luboh Bala Village’s Petanque Club, Sri Trang vs. Mueng Sri Kai Provincial Police Station Football Match and Basketball UBU Open. Total budget spent on this purpose is 650,000.37 baht in 2016.

Support for Community Cultural & Well-being Activities

Each community is proud of their unique culture. To take community culture importantly would help promote the identity and existence of such community. We, thus, have supported indigenous activities in various occasions such as Nanohra Pleng Bok Shadow Play Club, Mother’s Day in community, Labor Day, labor support for provincial health center renovation, participation on stage shows in community’s festivals, rocket festival for senior assembly, Loy Krathong Festival, rice harvesting ceremony, rubber farming day, Red Cross Expo, making water tanks for arid areas, Songkran Festival in respect of senior villagers, vocational support for mushroom farming community, Nahdhatud Diniah Islamic Ethics Study, local housing ceremony, conference of rubber tree farming community enterprise, fish releasing ceremony dedicated to King Rama IX and traditional boat race. Total budget spent nationwide on this purpose is 1,504,003 baht in 2016.

Social Operation

social

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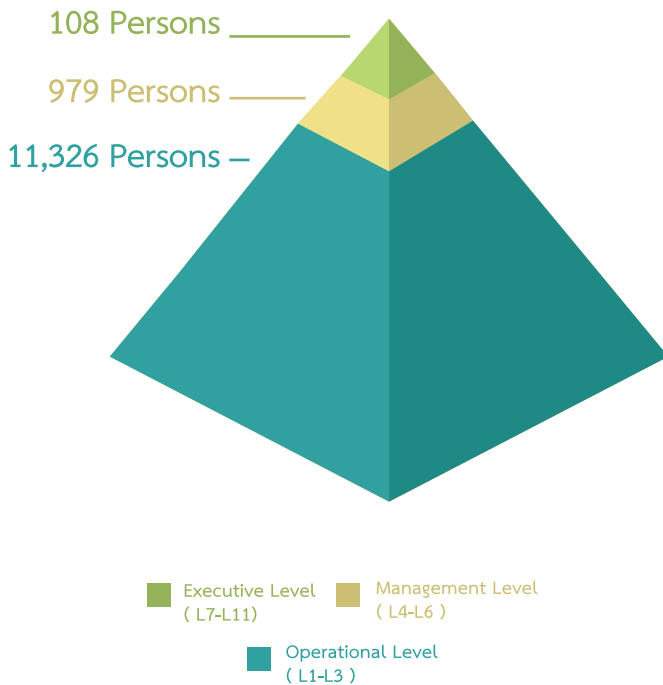
Employees' Care

Sri Trang Group values the importance of employees as the great resources of organization. People are major mechanism to drive and lead the organization to sustainability. So, Sri Trang Group has determined to take care of employees systematically from new personnel recruitment, human resource development to care of safety and health.

Nowadays, Sri Trang Group has total of 12,413 employees, classified into 3 levels as the following;



Multimedia : STA Core Value



New Employees' Care

At the early stage of employment, a person has to adapt himself/herself in both social and cultural aspects at the new workplace. As such, Sri Trang Group has set general practices for new employees by providing the following;

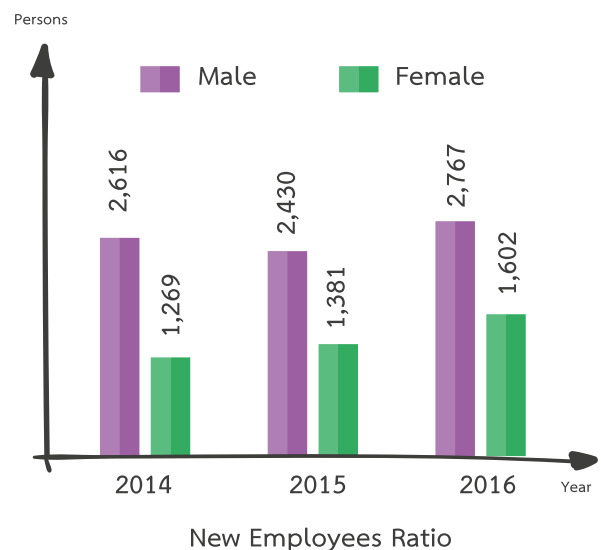
1. Knowledge and understanding about the organization
2. Safety training
3. Knowledge and understanding about job descriptions
4. Values, culture and desirable behaviors

The above practices have been implemented in order to get the new employees aware of company profile, consisting of vision, mission, organizational culture, company welfare and good working attitude. These would lead to desirable behaviors helping develop the organization and creating loyalty.

Employment

Sri Trang Group has announced the recruitment with complete requirements for the applicants e.g. positions and qualifications through various channels for job application so that the applicants may easily search and apply for their suitable positions.

In 2016, Sri Trang Group has improved the application channels for more accessibility by adding career section into company website and facebook in order to reach direct target of those who are particularly interested in working with Sri Trang Group.



Benefits and Compensations

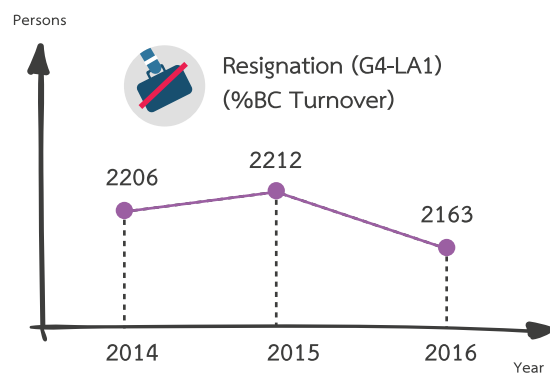
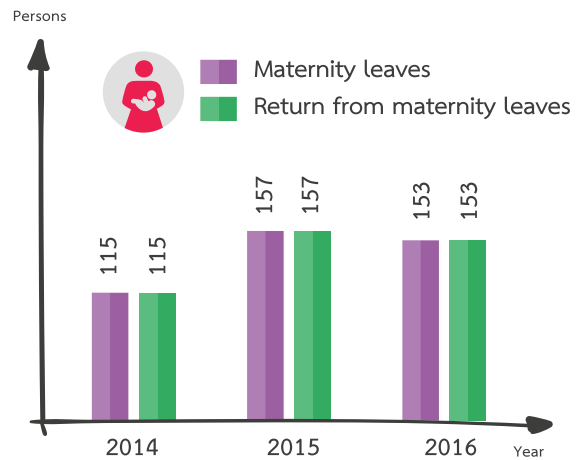
Sri Trang Group has allocated the compensation for employees by appropriation of position, profession and qualifications without sexual discrimination. We have provided salary, annual bonus, allowance, living expenses (in case of job transfer) and welfares such as medical expense, inundation support, provident fund, etc.

In 2016, Sri Trang Group has adjusted the welfare of medical expense for more coverage.

Fringe Benefits

Fringe benefits are maternity leave, complementary lunch, housing facilities for workers, in-house stadiums, fitness centers and presents for outstanding employees with punctuality and no record of leave.

Human resources are deemed the importance to drive the organization to sustainability. That’s why the employees’ care is as well our essential policy.



Panuwit Taengprom : Data Collection Officer (SA Division)

Gold medal athlete from petanque men’s doubles match of National Paralympic Games

“ It was unexpected I’ve come this far to be working here for more than 3 years now. Thanks Sri Trang for giving an opportunity for disabled people and giving us a well-being. They have given us what we have never got elsewhere. Thank you to all colleagues for giving me warmth and friendship as well as supporting me in Paralympic Games that I’ve got finally a gold medal this year.”



Orawan Saikaew: Data Collection Officer (HR Division)

Gold medal athlete from petanque women’s singles match of National Paralympic Game

“ I have been working with Sri Trang for 3 years. In athletics part, I have tried to take both roles; one is being a provincial representative, another is being a good employee. I have got many experiences from Sri Trang such as teamwork, communication with external people, living in harmony with others, and devotion to achieve the goal.”





Safety and Occupational Health

Sri Trang Group has determined to work whole-heartedly to continuously improve our performance of safety, occupational health, and working environment. Sri Trang Group takes occupational health and safety seriously to run the business. So, we have set objectives, targets and management plan with performance review and follow-up annually.

Occupational health and safety policies are necessary to be aware of and strictly taken into an action in order to create quality living by the following practices;

- Compliance with state laws and regulations concerning safety, occupational health and working environment
- Improvement, prevention and development for any risky tasks that may cause injuries or harms to employees and other people
- Regular improvement and development of management system for safety, occupational health and working environment with follow-up program
- Providing resources by means of personnel, time and budget
- Proper and sufficient communication and training for safety, occupational health and working environment for employees

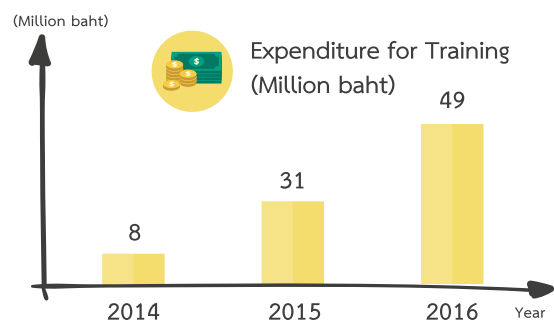
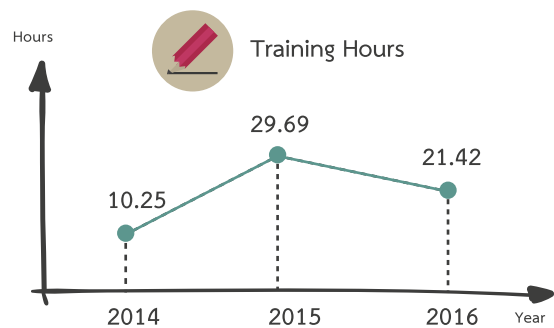
In term of safety management system, we have applied follow-up programs with indicators i.e. Injury Frequency Rate (IFR), Injury Severity Rate (ISR) and Total Recordable Injury Rate (TRIR) for both employees and contractors.

	Injury Frequency Rate 1.5 Total Workforce
	Injury Severity Rate 13.9 Total Workforce
	Total Recordable Injury Rate 19.63 Total Workforce
	Illness and death on duty 0 Total Workforce Contractor

Employees Training and Development

Sri Trang Group takes the employees as the very important stakeholders for business growth and sustainable organization. So we have valued workforce planning and personal potential development for our future expansion.

In term of human resources development by training, Sri Trang Group has implemented the educational & development system according to strategic plans with necessary information analysis from various factors which are leaders' policies, organizational structure, organizational values, economy, social, politics, as well as employees' personal profile.

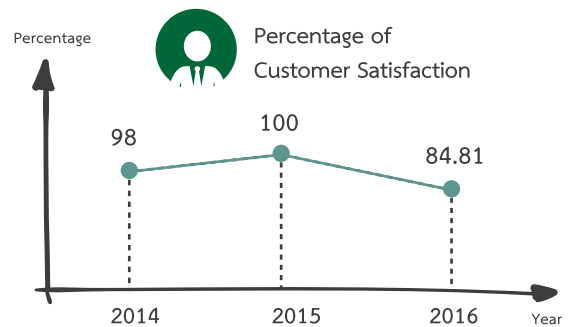


Career Path

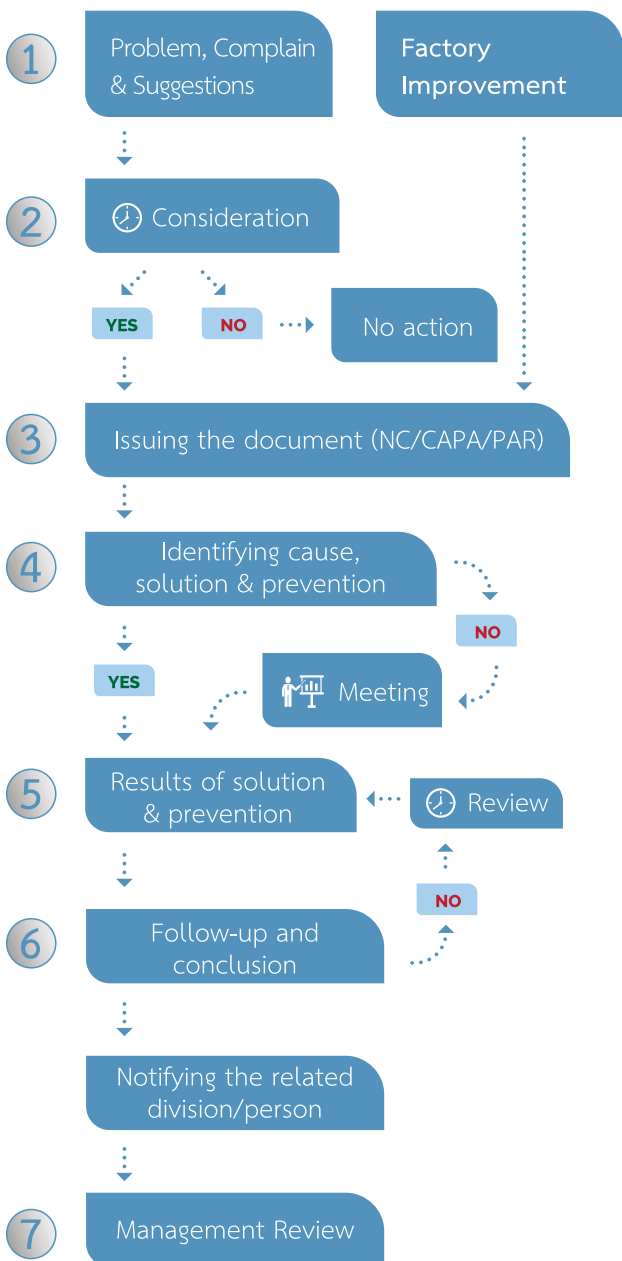
Sri Trang Group has conducted human resources development plan by giving policies, strategies, regulations, orders and practices for personnel management to create career path. Direct supervisors play an important role to promote their subordinates to grow in their fields and to develop them by individual skills. Apart from career path in their current vocational fields, if any employees deem that they are suitable or interested in another field, we also offer opportunities for development and being transferred to new field for their preferred career path.

Complaints Management

Sri Trang Group runs the business with social responsibilities as our core value. Hence, we have appointed Green Ambassadors in each factory who takes the complaints from locals, accesses to the source of problem quickly, solves the problems in timely manner, and provides the report to managements once the problem is solved in order to clarify with those affected and related by the issue.



Procedures



Customer Satisfaction

Target: Percentage of satisfaction level A & B at least 80% in total

Sri Trang Group has strictly complied with business ethics in term of customers relationship by focusing on honesty, transparency, customers satisfaction and confidence so that they receive quality products and services at reasonable prices. We provide all products information clearly and truthfully, deliver in timely manner and keep customers confidentiality. Meanwhile, we also provide communication channels for complaints and suggestions. Customers could visit our facilities on request to better understand the production process.

Sri Trang Group has implemented the certified standard system ISO 9001 which is one of management tools for product quality with quality assurance and quality control processes.

Support Community and Society Development

The company fully realizes that sustainable business operation, should include the participation of communities and society development in the company's plans. Apart from improving each community's economy, the plan to development the community should also improve the quality of living to the people, which the company value as a vital goal. Since the company's establishment, it has been participating over 200 activities and projects in 2016.

1. STEM education

The company in corporate in stem education together with the institute for the promotion of teaching science and technology to promote and increase the effectiveness of the methods of learning and develop training program focused on enhancing skills appropriate to modern methods of teaching and learning under stem scope. The company start the first pilot project at rubberland bungkhan branch together local school in the area, Nonsomboon school, Banlawthavorn school, Ban Nasawan school, Ban Nongtor school, Ban Koksawang, Nawawanpitayakom School. Total 6 schools in the network, we arranged the activities under STEM education concept in cooperate with natural rubber knowledge in total 3 rounds in 2016. The students get to know more about natural rubber industry and agriculture of natural rubber in link with stem concept to introduce technology in student creativities to improve this industry through robot tech.



Ban Nasawan School, Ban Nongtor School, Ban Koksawang



Nawawanpitayakom school



Nonsomboon school, Banlawthavorn school,

The project got great response from the network school and will continuously expand the network to other branch of the company. On top the company committed in full training employee to be certify as STEM ambassador, which arranged by the institute for the promotion of teaching science and technology. The company now got 4 employees as STEM Ambassador, which also contribute to STEM activities in other location appoint by the institute for the promotion of teaching science and technology at Mukdahan province, Chulaporn Rachawittayalai school.



2. “Water for Life” Project

Sri Trang Group, wherever we operate, we engage with communities and ensure that our actions consistently deliver economic, social and environmental value-addition. Welfare of society at large is a priority for Sri Trang in focus of Northeast of Thailand, Sri Trang helped a village in drought prone rural to overcome the problem of water shortage by helping them with rain water harvesting facilities of the factories and share to the communities in the area, provide underground public well to the community in need. This project benefited the village immensely.

4. “Sri Trang Sport Court” Project

At Sri Trang, we care about the youth in the community as scientific studies, research has shown that sport for young people can lead to improved self-esteem, Being better able to handle stress, increased academic performance, better relationships with family result stronger community. Sri Trang is proud to share our value to the community by construct sport court to the community in Kalasin, Trang and Nakornsri thamarat provinces.



3. “Sri Trang - Value of sharing” Bus shelter

A good bus shelter is an essential part of any successful urban mass-transit system. Sri Trang working with community which in need for bus shelter to create low maintenance and vandal-resistant bus shelter. The Sri Trang design allows visibility and easy access to the bus, is comfortable and convenient, provides clear information, and is safe to use in the community .

5. “Weir Construction” Project

Sri Trang in cooperation 3 provinces, Trang, Nakorn Sri - Thamarat, Suratthani Provincial Governor’s Office initiate this project to slow down the water flow in the rainy season caused of flooding and mudslide, prevent and mitigate drought, and watershed areas will absorb and hold water that will support people's water consumption and agriculture throughout the year.



6. “Sharing Water, Sharing Life” Project

Sri Trang offer to help the community fight a drought in their area. We agreed to support a water in the dry season to provide community in agriculture and personal consuming by survey the need of the community in each of dry season.



7. “Sri Trang Friend of Farmer”

Natural rubber raw materials from farmers are the main source of Sri Trang Raw material. At Sri Trang we give first priority to rubber farmer well being and also contribute in providing information, knowledge to Rubber Farmers on how to make high quality rubber sheet, cup lump, Field latex. What cause the contamination and suggest how to store the rubber stock in order to prevent contamination and increase the quality. The right coagulant agent to be use, the consequence of wrong usage of coagulant product and test kits to differentiate the contaminant coagulant agent. Also promote safe transporting vehicle for cup lump transporter to ensure no harm on environment cause by the serum from the fresh cup lump. Safe transportation and roads for the supplier and community. Together with University who came out with design and Sri Trang support on installation and promote to the supplier nation wide.



8. “Release Local breed fish in the wild”

Joining with the university to provide the fish breed to support the community and life style and reduce the hunger in unfortunate area. Fish still be the good source of food for the villager around Thailand. Over fishing and extreme long drought period might cause reduction of fishes in the wild. Sri Trang support the community through this activities in varies location to ensure community wellbeing.



9. “Sri Trang Library”

Sri Trang agreed that education are the best way to improve overall community standard in long term. Schools in rural areas with limited educational facilities are selected to receive donations of libraries, books, data-processing terminals, and equipment. The intention is to add one more school each year from now on to assist the development of elementary education in Thailand.



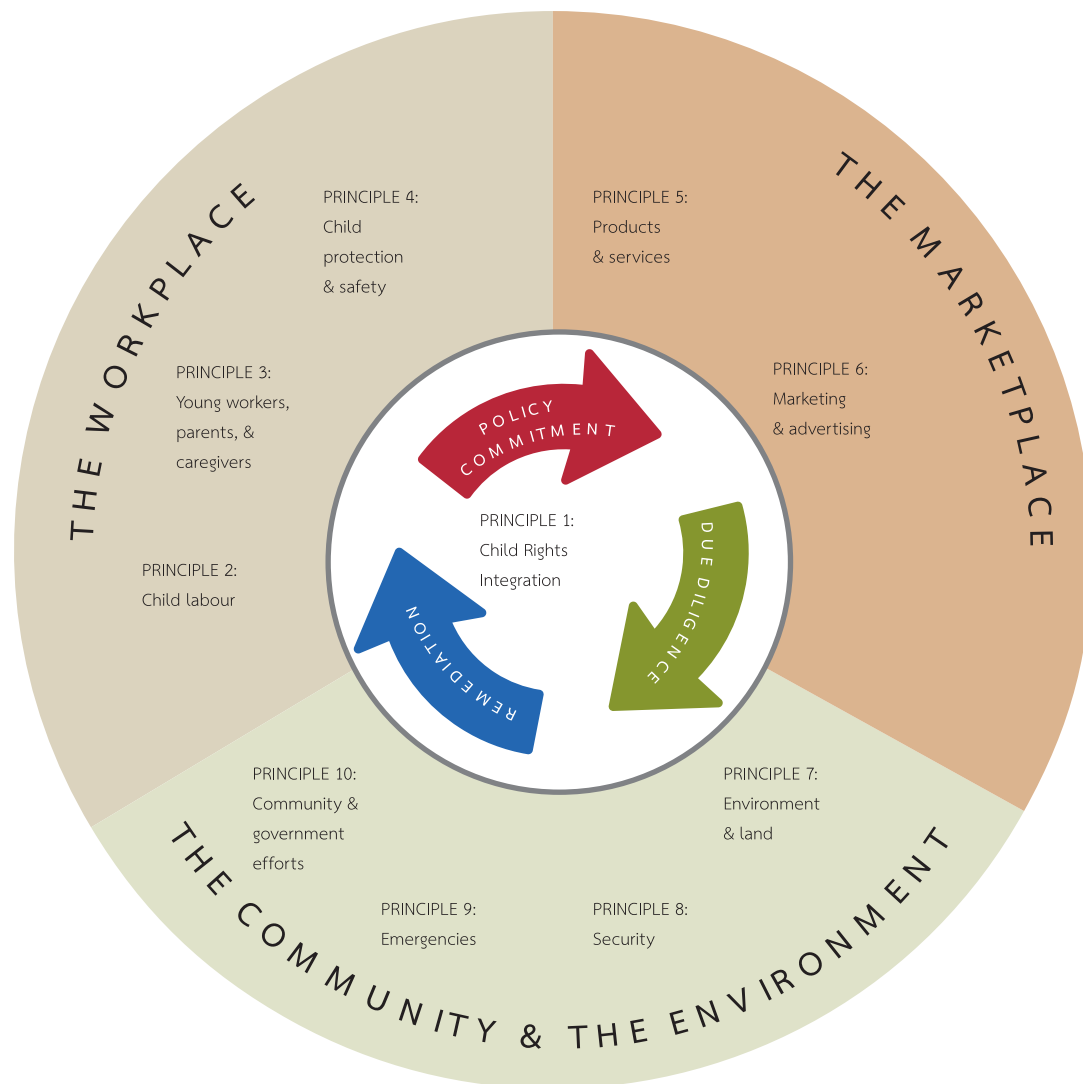
10. “School playground”

The event was another social contribution activity for an improved quality of life and proper environment for the youths of Thailand, who are the future of the nation. They jointly renovated the school playground by repairing the grounds and procuring new playthings such as swings, rocking horses, and robots. They also categorized books, conducted learning activities, painted desks, and handed out learning kits.

Summary of Performance Related to Social / Community Projects of the Year 2016

Project	Activity	Result
1. STEM education	Introduce to grade 7-12 with 6 network schools	<ul style="list-style-type: none"> - Knowledge on Natural rubber industry and Agriculture of Natural rubber in STEM concept - 4 employees as STEM Ambassador
2. "Water for life" Project	Provide underground public well to the community	<ul style="list-style-type: none"> - A village in drought prone rural to overcome the problem of water shortage - Community got underground public well
3. "Sri Trang - Value of sharing" Bus shelter	Design and install bus shelter	<ul style="list-style-type: none"> - Low maintenance and vandal-resistant bus shelter - Visibility and easy access to the bus - Comfortable and convenient and is safe to user in the community.
4. Sri Trang sport court	Construct Sport court for the community	<ul style="list-style-type: none"> - Sport court for the community - Young people can lead to Improved self-esteem - Better able to handle stress - Increased academic performance - Better relationships with family result stronger community
5. Weir Construction Project	Weir Construction in varies location	<ul style="list-style-type: none"> - Slow down the water flow in the rainy season caused of flooding and mudslide - Prevent and mitigate drought - Watershed areas will absorb and hold water that will support people's water consumption and agricultur
6. "Sharing water, sharing life" Project	Survey the need of the community in each of dry season	<ul style="list-style-type: none"> - Supporting water in the dry season to provide community in agriculture and personal consuming
7. Sri Trang Friend of Farmer	<ul style="list-style-type: none"> • Promote safe transporting vehicle for cup lump transporter • Incorporate with University on the design of safe transportation model. • Providing information, knowledge to rubber farmers on how to make high quality rubber sheet, cup lump , field latex. • The right coagulant agent to be use, the consequence of wrong usage of coagulant product and test kits to differentiate the contaminant coagulant agent 	<ul style="list-style-type: none"> - Safe road and less environmental impact cause by the serum from the cup lump - prevent contamination and increase the quality of the raw material . - Rubber farmers know how to make high quality rubber sheet, cup lump , field latex. - well being of rubber farmer
8. Release Local breed fish in the wild	<ul style="list-style-type: none"> • Support the community life style and reduce the hunger in unfortunate area. • Join hand with the university to provide the fish breed 	<ul style="list-style-type: none"> - Right breed of fish to the wild - University would have opportunity to study on the breeding technique - Add the natural breed of fish to the wild
9. Sri Trang Library	Donations of libraries, books, data-processing terminals, and equipment	<ul style="list-style-type: none"> - Assist the development of elementary education in Thailand.
10. . School playground	Renovated the school playground	<ul style="list-style-type: none"> - Contribution activity for an improved quality of life and proper environment for the youths of Thailand

Children's Rights and Business Principles



The Company deeply values the importance of human rights and the rights of equality in the work place and has been treating all employees justly and equally without discriminations under a set of ethics and code of business conducts.

The company also moving toward “Convention on the Rights of the Child” therefore in 2015 ,the company registered in 1 of 30 companies in Thailand who would be the pilot companies in the project with Unief and Thaipat Institute to promote and drive business to child friendly operation on 14th December 2015

Principle

1. Meet their responsibility to respect children's rights and commit to supporting the human rights of children
2. Contribute to the elimination of child labor, including in all business activities and business relationships
3. Provide decent work for young workers, parents and caregivers
4. Ensure the protection and safety of children in all business activities and facilities
5. Ensure that products and services are safe, and seek to support children's rights through them
6. Use marketing and advertising that respect and support children's rights
7. Respect and support children's rights in relation to the environment and to land acquisition and use
8. Respect and support children's rights in security arrangements
9. Help protect children affected by emergencies
10. Reinforce community and government efforts to protect and fulfill children's rights

Joining External Agencies in Developing the Economy, Society and Environment

In 2015, Sri Trang had guidelines for collaboration with external agencies on economic, social and environmental development for rubber industry. Furthermore, STA has joined various organizations to meet the goals according to missions. The examples thereof are as follows.



Society

- Unicef Thailand
- CSR club, Thai Listed company association
- Department of empowerment of persons with disabilities
- STEM Education Thailand
- Soidog
- RAKMAW.com



Environment

- Water Institute for Sustainability, The Federation of Thai Industries
- SNR-i Member of Sustainable Natural Rubber Initiative (SNR-i)

Economy

- Member of Thai Rubber Association
- Member of Thai Latex Association
- Member of Thai Rubber Glove Manufacturers Association (TRGMA)
- Member of Thai Hevea wood association
- Member The Federation of Thai Industries
- Member of Wood Processing Industry Club, The Federation of Thai Industries
- The Federation of Thai Industries provincial chapter
- International Rubber Association (IRA)
- Association of Natural Rubber Producing Countries (ANRPC)
- The Natural Rubber Committee, Ministry of Agriculture and Cooperatives
- International Rubber Consortium Limited (IRCO) Established by the Government of Royal Kingdom of Thailand, Government of Republic of Indonesia and Government of Malaysia
- SGX Rubber committee member, Singapore
- Rubber Trade Association member of Singapore
- Authorized economic operator member, Customs standard procedures and valuation bureau
- Thai National Shippers' Council

Environment Operation

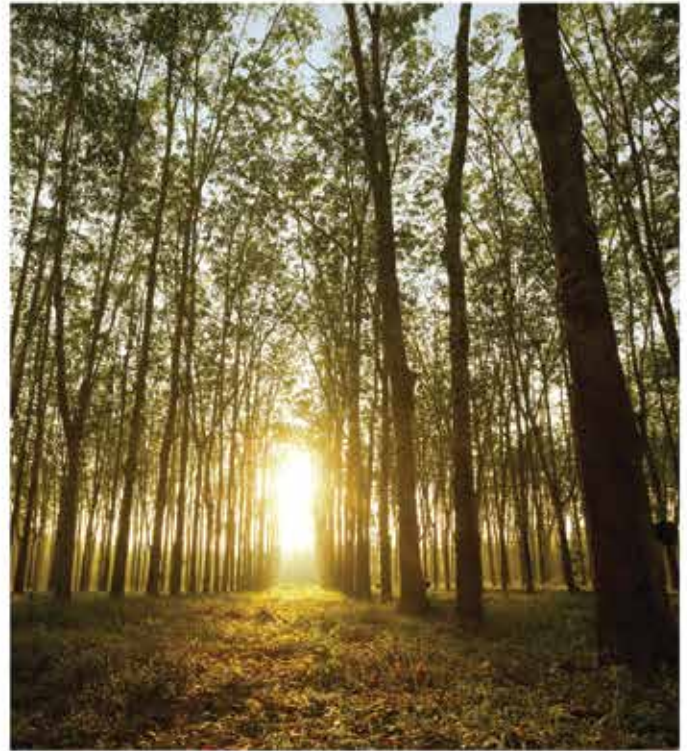
environment

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Conservation Operation
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- 38 Waste and Industrial Pollution Management

Build Sri Trang, The Green Rubber Industry

Environmental Policy

- Follow law, regulations and rules of the government agencies related to environment
- Prevent, reduce waste and encourage the reuse in order to minimize an impact on environment
- Improve and develop environmental management continuously and regularly by monitoring and following
- Conserve resources and energy by using it only for essential works and also maximize its benefit
- Educate and train employees on environment and those who work with the company in order to stimulate and build awareness on environment to realize to prevent environment from troubles
- Open and publicize environmental policy to the public

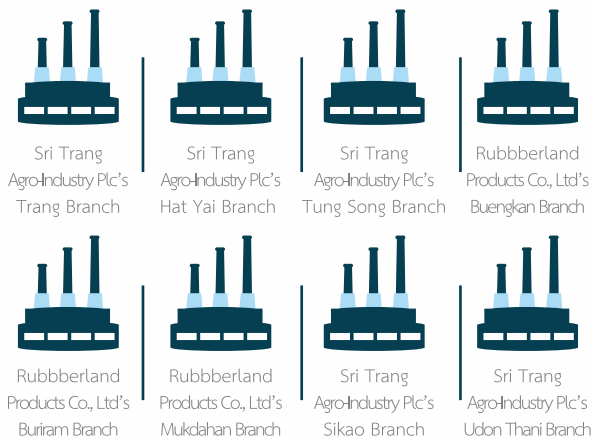


Environmental Management

Goals :

- Build environmental standard to be certified by ISO 14001
- Set up a committee on environment to know situation, suggest and review to operate environment

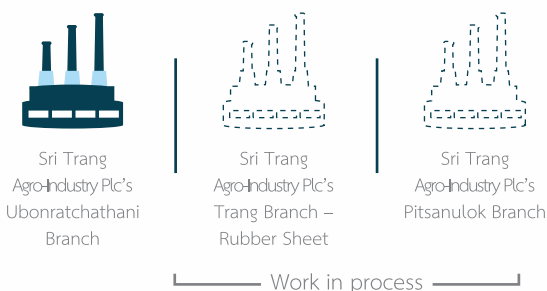
2015



Environment Committee includes :



2016

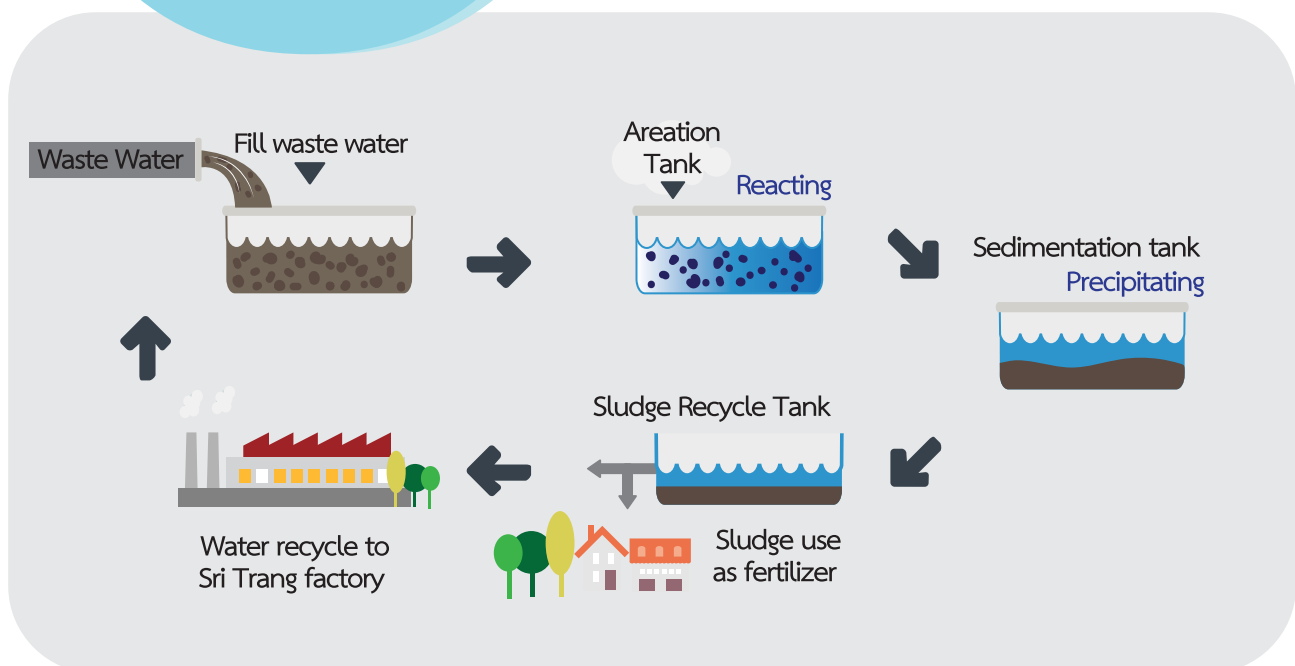


They will be in charge to review its operation in line with environmental management ISO 14001 and also have annual meeting of 2015-2016 (January 2015 - June 2016), which will cover every relevant part of the operation, as well as finding an conclusion for the next improvement.



Water Management of Organization

- Water resources are both operational cost and essential resources for production. Water management will be a key indicator of effectiveness in doing business of Sri Trang Group. Then business performance will be reviewed and pursued by Top management in every quarter.
- Water management is to manage water to be enough for use and be quality adequately. Also, water quality will not be affected to the communities surrounded the plant.
- Define a goal of more effective water use annually and also a goal of recycled water.



Co-operation Development in Water Management

Water management is a key of operating business. The pilot project of water management, under specialists from Water Institution for Sustainability, the Federation of Thai Industries, is jointly carried out with goals as follow:

1. Estimate water distribution at present
2. Improve to increase efficiency or reduce operating cost
3. Build standard in water management in organization

There are 18 plants to join the project and they've operated continuously. Sri Trang Agro-Industry Plc. was chosen as the project model in 2015 as well.

Staying with Community Sustainably

The plants in northeastern part have dug wells to keep water from rainfall as water reserve to use in the factories and provide to the rice-growing area. For example, Rubberland Products Co., Ltd's Buriram Branch has distributed water through pipe to the farmers in the dry season. While sediment, which stems from water treatment system, has been sent for analysis to find heavy metal contamination, following the law on 2005's industry waste. The analysis finds that there is not heavy metal contamination. Also, it found that there is nitrogen which is an essential nutrient for plant growth, considered as fertilizer to grow stems and leaves. It was experimented in the plant and later was distributed to the company's staff or people nearby to use in growing plant.

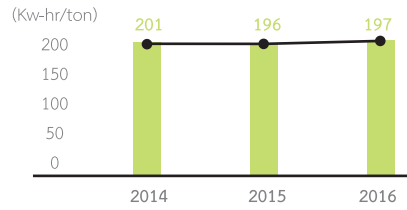
Climate Change and Energy Conservation Operation

- Sri Trang Agro-Industry Plc. has relied on energy for production. Then the company realizes climate change and global warming, caused by greenhouse gas emission
- Increase efficiency in using energy of production process, reduce its use and be environmentally friendly

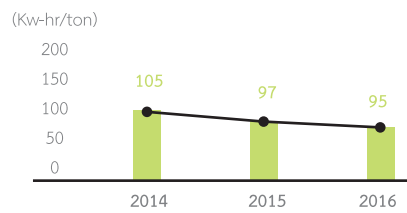
Concerning on climate change and energy conservation has goals as follows:

- Choose energy-saving equipment
- Use alternative energy such as biomass fuel for rubber drying, instead diesel fuel
- Reduce the use of LPG gas at the plant
- Choose to produce during off peak
- Improve a process which will make raw material less moisture in order to reduce fuel in rubber drying
- Use biomass fuel from coconut shell and wood piece, which will be chopped as fuel, replacing LPG gas. It has applied to additional 3 plants.
- Measure air quality which flows out of the chimney every six month and its air quality, which is measured in every plant of the company, has passed all legal criteria in 2016.

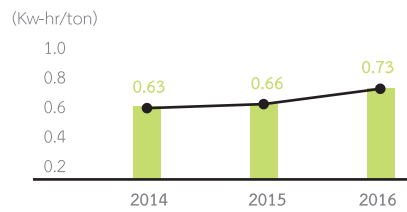
Energy consumption average per technically specified rubber factories



Energy consumption per concentrated latex factories



Energy Consumption per ribbed smoked sheet factories

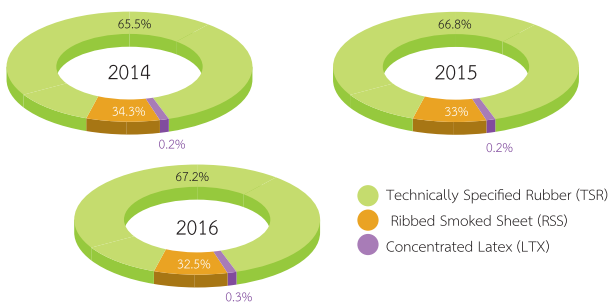


Build energy awareness to employees

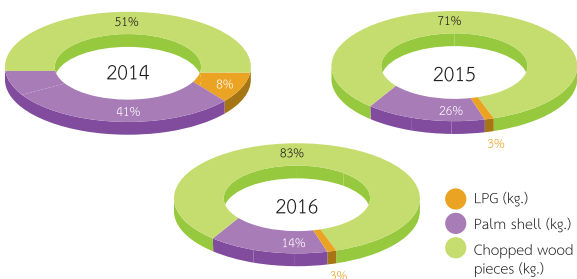
By doing so, there are activities to be promoted. For example, it includes to encourage the company’s employees in the plants to use cloth bag, instead plastic bags, use the recycled paper, ride bicycle in the plant, grow plants to increase a green area to reduce global warming and waste separation in order to promote the reuse and reduce its amount for disposal. Also, the company has joined the carbon footprint project of the products, which include rubber sheet, block rubber and concentrated latex, to assess carbon dioxide emission from production to shipping process with an aim to improve the production process to decrease carbon dioxide emission in the future. Currently, there are 3 natural rubber products of 5 companies to receive the certified carbon label for B to B (Business to Business) from Thailand Greenhouse Gas Management Organization (Public Organization) and Anvar-Parawood Co., Ltd has received a certification on wooden pallet, which uses in containing technically specified rubber with STR standard. The company also has the reforestation project to increase the green area in the plants and communities, under the company’s policy which wants to increase the green area in the plants and communities surrounded. The policy was launched since 2012.

Energy saving and alternative energy use

Operational Result from Energy Conservation



Fuel Change from LPG to wood pieces to be chopped as fuel

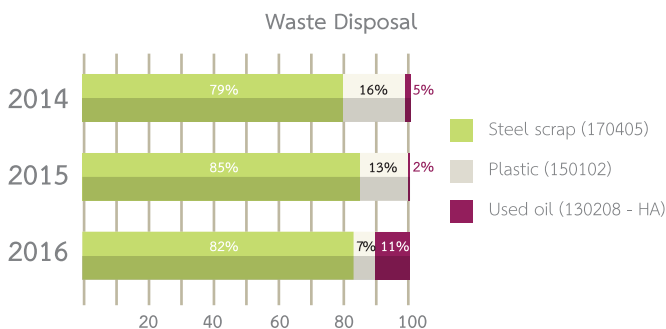


Raw Materials Management and Recycling

- Concentrate to reduce an impact on environment by maximizing benefits from the use of raw materials and materials for development and building values of materials used in the whole system from production to delivery to consumers
- Plan to manage resources, with a focus to increase efficiency of the process

The group of technically specified rubber has many production processes and use more materials and equipment. Then it has an amount of waste more than other groups. Non-hazardous waste include steel scrap from maintenance, plastic containers, while hazardous waste includes used oil from machine maintenance, ribbed smoked sheet rubber production, which use natural resources to produce water and electricity, a way which helps reduce the amount of waste. So is unused materials from uncomplicated concentrated latex production. The amount of waste is less.

Hazardous waste from engine oil change under work plan, unused materials of the plants is divided into groups as follows:



The unused materials project

- Styrene-Butadiene Rubber (SBR) which contains synthetic rubber as raw material in the company’s rubber compound production, or broken wooden pallet from work will be turned into shelves, shoe racks, tables, chairs, bookcases for internal use and giving to schools and communities which are short of equipment
- Bring sediment from rubber cup lump cleaning and microorganism sediment from water treatment with aeration system to turn it into microorganism for planting
- Destroy the former to be used to produce rubber gloves, which is ceramics to be sent to a small crushing machine. Ceramic pieces are analyzed. When finding nothing about hazardous materials or heavy metals contamination. It is used to fill road around the water treatment area and bring it to be a mixture of cement in casting pole, pouring concrete floor and putting into bag as big bag to prevent from flood

- The unused material project such as tape nylon to be turned into bag, steel scrap from maintenance to be turned into robot, plastic bottles to be turned into bin, wooden box to be turned into table for work and used fuel tank turned into chair. Encourage the use of environmentally friendly papers by using eco-fiber as an element in producing of 100%, by not using new wood pulp from any single tree for production, leading the environmentally friendly paper to have quality the same as paper produced from new wood pulp, used for the company’s publication.

Recycling

Goal of unused materials management from the factories follows the 3R principle – “reduce, reuse and recycle”.



Reduce

Reduce the water use is to use only its need and save it with an aim to conserve water resources for us to use sustainably



Reuse

Water Reuse Use reused water such as taking water from plate cleaning to pour plant, which not only help save money, but also help save water resources as well



Recycle

Use of recycled water Use the recycled water which has passed a water treatment process before reusing it

- Separation and reuse
 - Improve the working process to help reduce an amount of the hazardous and non-hazardous waste from the plants at the lowest level
 - Use resources effectively
 - Decrease waste disposal, which affects cost
- It started with a data collection of waste and unused materials from the factory with ISO 14001 before expanding to other factories. It has operated a process of unused materials management and defined a monthly data collection. Also, it has sampled the factories operation, along with an annual check of 5S of the quality department.

Waste and Industrial Pollution Management

- Sri Trang Agro-Industry Plc. has attached importance to waste and pollution management substantially by having a working committee to work with the ISO 14001 agency
- Research and develop an industrial waste and pollution management in different aspects from rubber production

Waste Water

The company has standardized waste water management by checking the waste water quality which is treated following the legal definition of quality standard, with goals as follows:

- Develop a treatment system to be more effective
- Able to recycle water to use in the production of 100%, with a closed system design
- No water via the treatment system to be discharged into public canal



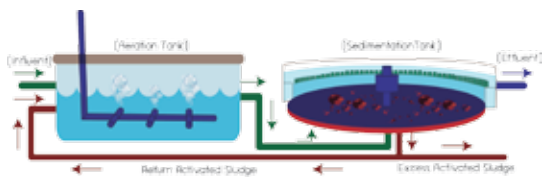
Activated Sludge (AS)

Waste Water Treatment System

It is waste water treatment by using oxygen-using bacteria, which comprises of 2 parts as follows:

Aeration Tank To fill air to make bacteria to degrade organic substance in water in the form of carbon dioxide and water

Sedimentation Tank Separation makes water clear and water on surface can be discharged into environment

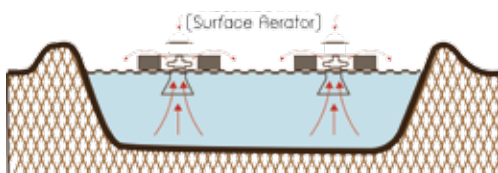


Aerated Lagoon (AI)

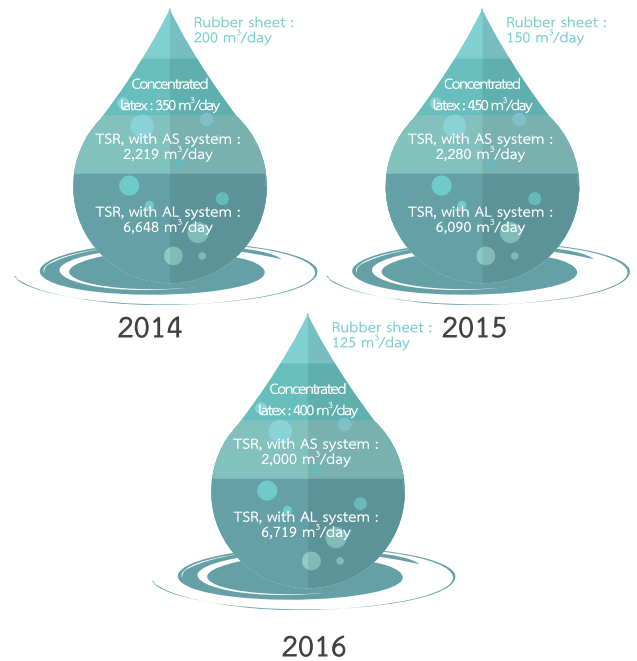
Waste Water Treatment System



It receives an oxygen filling from aerator which is installed as buoy or adhering with stand in order to increase enough oxygen in water. For microorganism, it can use to degrade organic substance in waste water faster than natural degradation



Water Management Ability in waste water treatment



Billboard for saving water campaign

Air Pollution

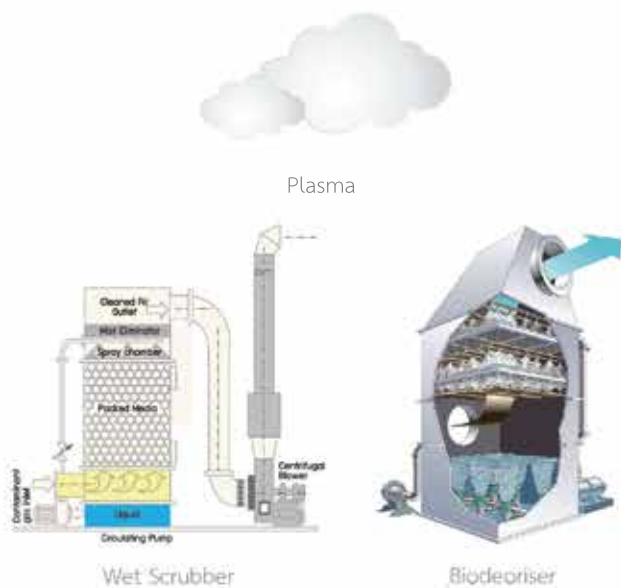
Sri Trang Agro-Industry Plc. realizes an impact from rubber odor caused by smoking and odor from a pile of raw materials, which is a key element in production, which has no technology in the market to solve this absolutely. Then, the company is committed to developing technology in order to reduce it continuously, with goals as follows:

- Control odor situation from a pile of raw materials and odor from chimney in attempt to prevent an impact on community surrounding .

Air Pollution Management

- Concentrated latex factory with an installation of the ammonia vapor system before releasing to the outside, which helps reduce the amount of ammonia vapor in the working area
- Technically specified rubber factory with an installation of the air treatment and odor reduction system in two parts as follows:
 1. Air treatment system, with a cause from rubber smoking
 2. Air treatment system, with a cause from rubber compound production, as well as the factory which uses boiler will install the wet scrubber system in order to treat air before releasing to the outside. The result of air quality after treatment passes all standard criteria imposed by law.
- Odor from a collection of cup lump rubber, with a solution by spraying wood vinegar in order to reduce its odor
- Examine efficiency of the odor treatment system from rubber smoking by setting up a team which is trained by the Pollution Control Department (PCD) and receives certification to examine odor following the PCD procedure. This working committee will examine a degree of odor concentration of the block rubber plant, which installs the air treatment system, following a specific period of time of air quality check in airflow from the chimney during 2013 – 2016.

Air pollution system used in factory



Research and Air Pollution Treatment Development

- Research and develop to find out a cause of odor and a solution of odor from natural rubber substantially
- Work with government agencies to campaign to reduce the use of coagulant agent for cup lump rubber, which is raw material of technically specified rubber and design test kit to use for contamination test
- Develop and improve the system of getting rid of odor with wet scrubber as bio-scrubber, which can increase its effective treatment and use less water of 10%
- The company has carried out the research and development in a joint operation with the Federation of Thai Industries to reduce odor from rubber smoking



Pride of the STA Award 2016

Highlight of 2016 achievements of Sri Trang Group are determined to be the Green Rubber company with the principles of sustainable development in concern of economically, socially and environmentally.



Thailand Sustainability Investment (THSI) 2016

The Stock Exchange of Thailand (SET) grants award 2016 “Thailand Sustainability Investment” for the listed companies in sustainability business conduct on environmental, social and governance (ESG) aspects.

Excellent Organization Disability Supporter 2016

At Sri Trang Group, we accommodate and welcome disable employees and also support their passion as well. Therefore, the Minister of Social Development and Human Security grants Sri Trang Group with this award .

Good Labour Practice - GLP Award

Ministry of Labour, Department of labour protection and welfare improvement program that combines establishment of industry labour guidelines with a supportive good labour practices training programme. Special attention is given to unacceptable forms of work such as child labour and forced labour.

The model of water management efficiency and expansion network for sustainability

The Water Institute of Sustainability grants the award to 19 factories in Sri Trang Group. We are honor to receive this award and be part of this network to ensure the excel of water development of the company and community .

CSR-DIW Award 2016 and CSR-DIW Continuous Award 2016

CSR-DIW award reward to Sri Trang Group on flag ships project to develop the social responsibility in creative share value concept. In 2016, Sri Trang Group award 1 CSR award and 4 awards for CSR continuous award from Ministry of Industrial, Department of Industrial Work.

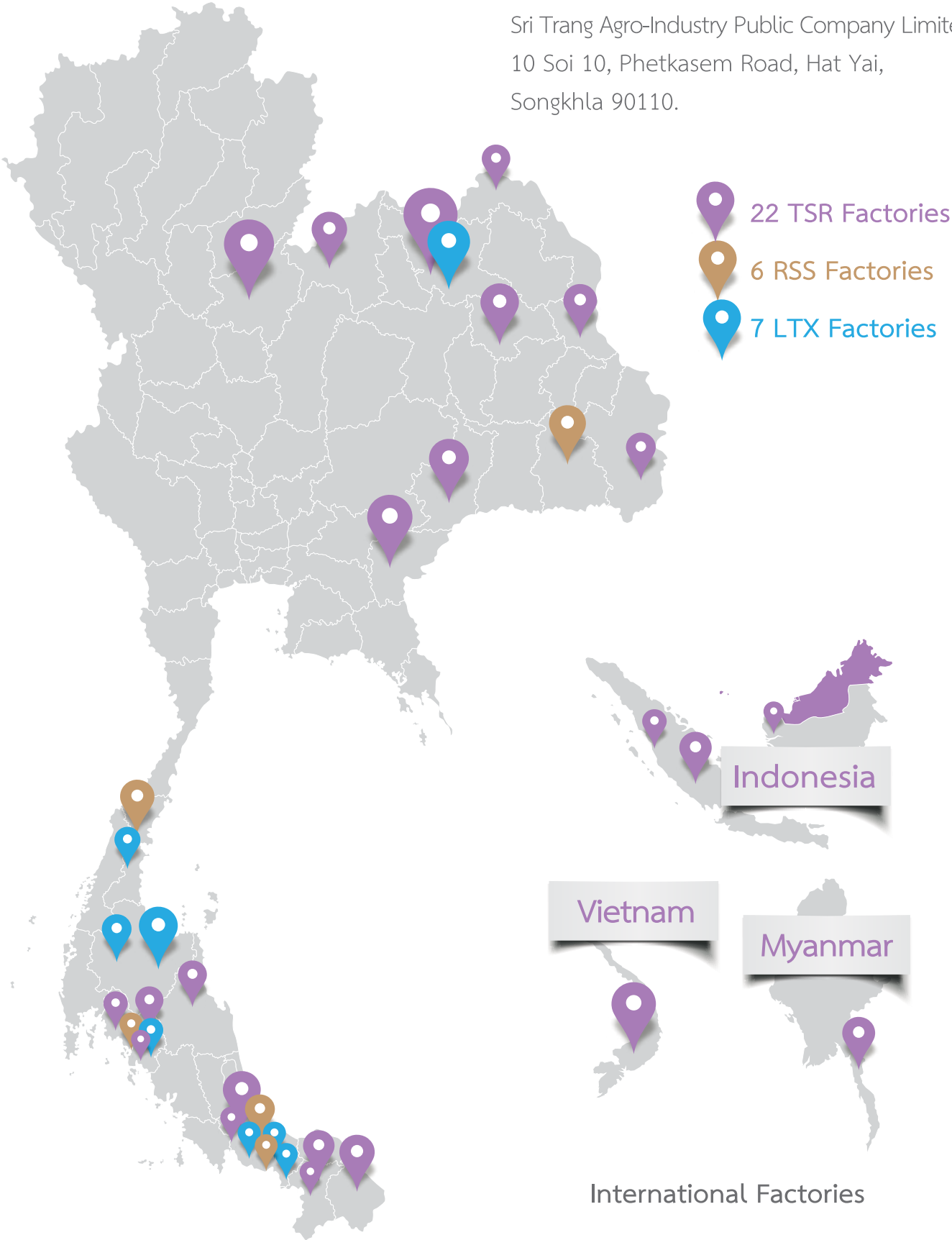
CSR Excellence Award 2016

Sri Trang Group honors to receive CSR excellent award 2016 from The Yokohama Rubber Co., Ltd. to emphasize the commitment on sustainability of Sri Trang’s CSR activities.

Information of the Organization's Locations

Headquarter:

Sri Trang Agro-Industry Public Company Limited
10 Soi 10, Phetkasem Road, Hat Yai,
Songkhla 90110.



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