



NORTH EAST RUBBER PUBLIC COMPANY LIMITED



SUSTAINABILITY

REPORT 2023

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Message from the Chairperson of the Board of Directors



Mr. Chanitr Charnchainarong
Chairperson of the Board of Directors

In the year 2023, the world has faced greatly changed and more severe situations than in the past. This was an effect of a slowdown in purchasing power due to inflation and increasing in interest rates, impacts of climate change that are becoming more severe, loss of biodiversity, trade barriers, and trade conditions that focus on sustainability based on a balance of three dimensions: environmental, social, and governance, or ESG. Amidst the challenging situations, North East Rubber Public Company Limited handles with these challenging situations and generates business opportunities through a strong and stable growth as according to our continuous business expansion plan into a high potential business through cooperation and strengthening supply chain. We still commit to operate business to the goal of creating sustainable growth and maintain leadership in natural rubber production by adhering business operation according to the concept of sustainable development.

The Company's sustainability report reflects our concepts, strategies, and activities from the organization's commitment to build participation with all sectors to propel towards sustainable development, taking into environment, social, and governance (ESG) throughout the value chain. This is due to the reason that success cannot be achieved only by any single sector but it requires cooperation from all sectors.

An important tool in the Company's sustainable development operations is an analysis of sustainability materiality topics, which considers an impact of the organization's operations on relevant stakeholders, including risks and opportunities. This will lead to the determination of business strategies and short-term, medium-term, and long-term plans that cover impact management on the business.

Along with quality business growth, NER is committed to business operation according to the concept of sustainable development in all three dimensions: environmental, social, and governance (ESG), with a focus on policy compliance, transparent and verifiable management, and caring for society and environment. This has been done through various important activities and projects by promoting careers and good quality of life, resource use reduction, increasing work efficiency and reducing production costs, increasing renewable energies use proportion, setting a goal of greenhouse gas emissions as carbon neutrality by 2030, as well as continuous consideration of stakeholders following the good governance concept. As a result, NER has been selected as one of the ESG100 companies with outstanding performance in environmental, social, and governance areas for many years, and also maintained the status of a sustainable stock assessment on the SET ESG Ratings (formerly THSI) and SET ESG Index for second consecutive year, marking as our pride which reflects NER's commitment and dedication in participation in raising the standards of long-term sustainable growth for Thai economy and society. With the dedication over the past one year, NER has grown steadily amidst challenges.

The Board of Directors would like to express our gratitude to the shareholders, joint venture partners, business partners, clients, all relevant parties, and financial institutions that have always supported our operations unwaveringly, including all employees who dedicate their energy to propel the organization, making the organization's missions achieve the goals and success until being accepted by the investors. The Company strongly believes that business operations with responsibility to the stakeholders and dedication to the cooperation will generate strength and sustainable growth for North East Rubber Public Company Limited.



Message from the Chief Executive Officer



Mr. Chuwit Jungtanasomboon
Chief Executive Officer

Over the years, NER has realized and placed importance on sustainable business operation, considering both economic, social, and environmental dimensions, including impact on stakeholders in every sectors. Sustainability is prioritized to be consistent with current situations. NER has been selected as one of the sustainable stock assessment (ESG Ratings) from the Stock Exchange of Thailand for a second consecutive year (2022-2023), and has also been assessed on the Corporate Governance Report of Thai Listed Companies (CGR), receiving 5 star or “Excellent” CG Scoring for a third consecutive year (2021-2023). The Company has also been ranked in the ESG 100 list for a fifth consecutive year (2019-2023). This report will demonstrate the Company’s commitment and development on sustainability, including projects and sustainability operations management in order to achieve the United Nations Sustainable Development Goals (UN SDGs)

In 2023, climate change from global warming resulted in the El Niño phenomenon lasting longer than usual. Farmers, including rubber farmers in Thailand faced drought and decrease in agricultural products, and this is expected to remain until the middle of 2024. Such impacts lead to an increase in price of rubber in the market and consumers of natural rubber products are required to adjust to fluctuating costs from these mentioned situations. NER views that climate change due to the amount of greenhouse gas emissions has significant impacts on sustainability and stakeholders in every dimensions. We, therefore, have adjusted the goal towards carbon neutrality to be more intense, from the original goal at 2040 to be 2030, and also adjusted our vision and missions to be consistent with our set goals.

In this regard, whether the development on sustainability of the Company will be able to achieve the goals or not, requires cooperation of potential employees in every sectors of the organization. The Company, therefore, has placed importance on increasing employees’ skills and building commitment towards the organization among employees, which will also be discussed in details in this report.

On behalf of North East Rubber Public Company Limited, I would like to express our gratitude to all stakeholders for their unwavering support. With our firmly commitment towards sustainable operations in economic, social, and environmental dimensions, we ensure that we will achieve our goals, generate satisfaction, and highest benefits for all stakeholders.





About This Report



With commitments to strong and sustainable growth in all dimensions, Northeast Rubber Public Company Limited has set our strategy and business directions towards sustainability and has been continuously progressing sustainability matters. We, therefore, prepare a sustainability report annually. The objective is to communicate and disclose management guidelines and sustainability operation performance, aligning with significant aspects of the Company and stakeholders in every sector, covering all three components: Environmental (E), Social (S), and Governance (G) or ESG, in order to present such information to the internal and external Company's stakeholders in an accurate, transparent, and verifiable manner. This report covers the period from 1 January to 31 December 2023.

All details including the audit section in the financial statement report can be accessed from the 2023 Annual Form 56-1 One Report (<https://hub.optiwise.io/th/documents/108237/flipbook>)

This report has been prepared in accordance with the reporting standards using the Sustainability Reporting Guide for Listed Company in Thailand, which follows the international reporting standards (GRI Standards). It also links the performance results responding to Sustainable Development Goals (SDGs) of the United Nations in every important aspect.



About NER – North East Rubber Public Company Limited



We are a producer of high quality natural rubber for every industry sustainably and with environmental consciousness.

General Information

Company name (Thai)

บริษัท นอร์ทอีสต์ รีบเบอร์ จำกัด (มหาชน)

Company name (English)

North East Rubber Public Company Limited

Securities abbreviation

NER

Registered date

12 June 2006

Head office address

No. 398 Moo 4, Kok Ma Sub-district,
Prakhonchai District, Buriram 31140
Telephone (+66) 4466 6928 / (+66) 4466 6929

Sale office

No. 589/156 Central City Tower 28th Floor, Debaratana Road,
Bang Na Nuea Sub-district, Bang Na District, Bangkok 10260
Telephone (+66) 83 009 7500

Website

www.nerubber.com

VISION

To be a leading natural rubber manufacturer, fostering business growth in the downstream industry with social and environment responsibility while prioritizing carbon neutrality and sustainability.





MISSION



Natural rubber manufacturer delivering best end products with cost efficiency



Engaging stakeholders for Carbon Neutrality approach



Research and development for downstream products variety



Sustainable development (ESG) and economic growth for stakeholders

North East Rubber Public Company Limited ("the Company" or "NER") was established on 12 June 2006 to produce Ribbed Smoked Sheets (RSS), Mixtures Rubber, Standard Thai Rubber 20 (STR20) and distribute to manufacturers in the automotive industry and intermediaries, both domestic and international, including in the People Republic of China; Singapore; Japan; India; and Hong Kong, etc. Also, in 2022, we have expanded our businesses into downstream businesses by researching and further developing existing materials into the finished rubber products, including livestock rubber mattresses for dairy cattle and swine.

We established a production plant in the North Eastern region, with a rubber plant growing area of about 6 million rai, enabling us to ensure steady supply and control raw material costs. In 2022, the Company's combined production capacity of RSS, STR and mixture rubber reached 465,600 tons per year. In 2023, the total production capacity increased to 515,600 tons per year, and in 2024, we plan to establish a third plant in our current production complex. After the construction is completed and the production begins, the Company's production capacity will reach a total output of 818,000 tons per year to accommodate increases in purchase orders from both existing and new customers.

With more than 17 years of experience, we have consistently grown to become one of the country's top natural rubber producers. We are authorized to conduct rubber quality analysis and testing under the Rubber Control Act, B.E. 2542 (1999) as well as continuously improving and producing quality products to meet the international standards, having obtained ISO 9001:2015 Quality Management System certification; ISO14001:2015 Environmental Management System certification; and ISO 45001: 2018 Occupation Health and Safety Management System certification. In addition, we have been certified for ISO/IEC 17025:2017, the international standard for testing and calibration laboratories, which helps guarantee the products quality, build customer confidence, and improves competitiveness at the international level.

Our Products

We prioritize products quality to maintain the existing customers base and expand businesses markets to cover both new domestic and international customers bases. We currently have products manufactured and distributed which can be categorized into four product types.

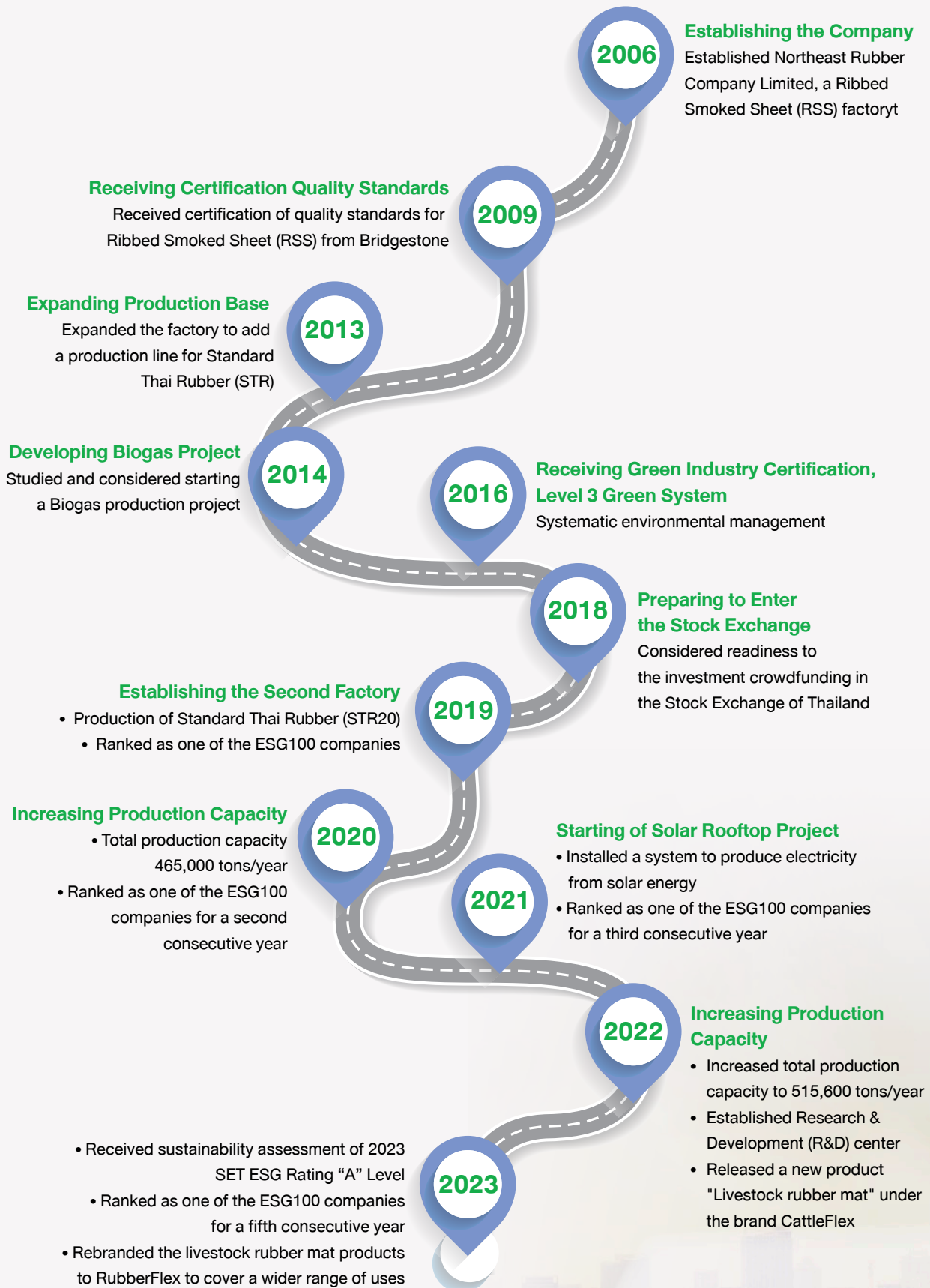


Ribbed Smoked Sheet: RSS	Standard Thai Rubber: STR	Mixtures Rubber	Livestock Rubber Mattress
<p>We began our production and sale of RSS products since 2006 with an initial production capacity of approximately 40,000 tons per year. The production capacity has been continuously expanded, eventually reaching the current level of approximately 60,000 tons each year.</p> <p>In 2023, the Company's RSS sales revenue was THB 3,576.93 million, representing 14.28% of the total sales revenue from the total sales volume of 64,586 tons, representing 12.99% of the total sales volume of rubber products.</p>	<p>STR products that we sell include STR20 and STR10. To support increasing market demand, in 2023, we increased our production capacity by 50,000 tons, resulting in a total RSS production capacity of 395,600 tons per year.</p> <p>STR is a product that generates the main revenue for the Company. In 2023, the sales revenue from STR was THB 13,283.22 million or 53.01% of the total revenue, an increase in sales volume by 54,822 tons or 25.26%, from the domestic sales volume of 197,893 tons and international sales volume of 73,947 tons.</p>	<p>Mixture rubber, or compound rubber, is a natural rubber product that is mixed with synthetic rubber and/or chemicals according to specific formula. NER currently produces two types of mixture rubber: RSS-Mixtures Rubber and STR-Mixtures Rubber.</p> <p>In 2023, we generated sales revenue from Mixtures Rubber totaling THB 8,180.66 million, representing 32.64% of the total revenue. This was divided into revenue from sales of STR-Mixtures Rubber of THB 5,135.20 million and RSS-Mixtures Rubber of THB 3,045.46 million, which came from domestic sales volume of 68,869 tons and international sales volume of 101,002 tons.</p>	<p>We expanded our businesses into downstream businesses by inventing, researching and developing the finished rubber products, in collaboration with the Rubber Innovation Research Institute, Prince of Songkla University. A livestock rubber mattress for animals' hygienic condition has been created under the brand RubberFlex, which passes the international qualification tests.</p>

We began sales and earned from the finished products in 2022, and in 2023, we intensified our penetration into dairy cattle, beef cattle, and swine markets, generating sales of THB 4.36 million. We still continue with research and development to further innovate new finished products from rubber in various forms.



The Path towards Sustainable Development



Awards and Accomplishments



The Company was selected as one of the listed companies to achieve sustainability ratings of "A" level in the SET ESG Ratings 2023.

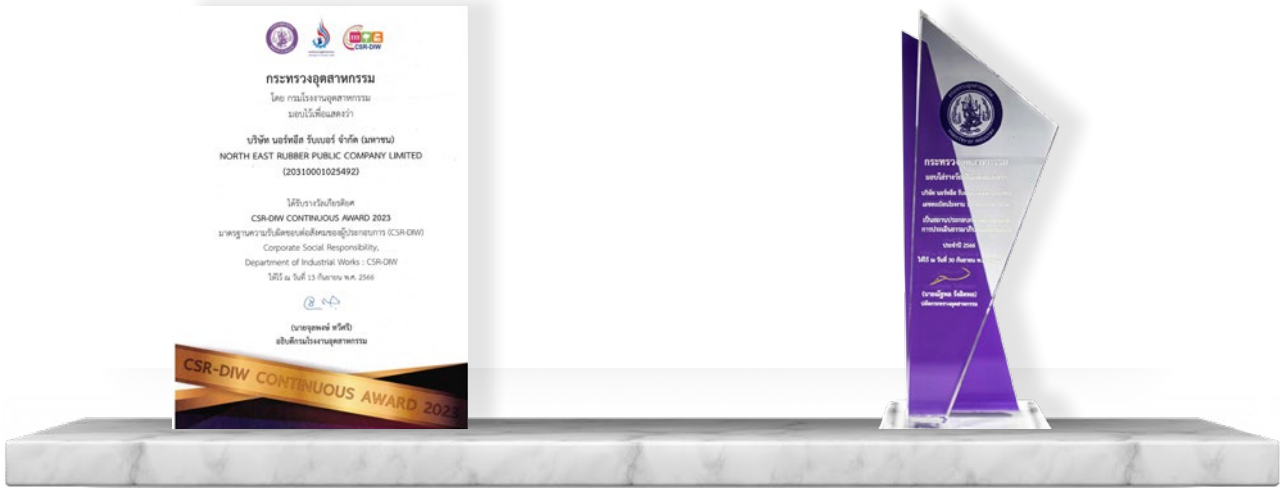
The Company is committed to maintaining excellent corporate governance. In 2023, it received 5 star "Excellent" CG Scoring.



In 2023, the Company received the ESG 100 award for the fifth consecutive year since 2019. It is a guarantee of our outstanding sustainability practices in the agriculture industry in Thailand.

The Company has received a bronze medal from Ecovadis Sustainability Rating in 2023.





The Company has received CSR-DIW Continuous Award 2023 for sustainable economic and community-driven environmental initiatives, from the Department of Industrial Works for the second consecutive year, demonstrating our commitment to international management standards, especially with regard to sustainable responsibilities towards the society and community.

The Company received an award for Establishment that passed the Environmental Governance Assessment Criteria 2023 from the Ministry of Industry.



The Company has received the Carbon Footprint for Organization (CFO) certificate from Thailand Greenhouse Gas Management Organization (Public Organization).

The Company has received the Standard on Prevention and Solution to Drug Problems in an Establishment certificate from the Buriram Provincial Labor Protection and Welfare Office.



Sustainability Policy and Strategy



North East Rubber Company Limited (“the Company”) adheres to the principles of good corporate governance, under the ethics of carrying out our business with transparency, in a fair and verifiable way, respecting the relevant rules, laws and regulations. In addition, we give importance to sustainably improving the quality of life of employees, the surrounding communities and society, including saving energy by using renewables to better care for the environment. We are committed to developing our business sustainably, by delivering natural products made via production innovation, in parallel with reducing impacts on the environmental, to ensure growth and delivery of products to consumers with smiles and happiness. We consider the impacts on communities and the environment, by adhering to the law and other related requirements. We are also determined to develop and continuously improve our operations to build a solid foundation of social responsibility. We have indicated that our responsibility towards society, which covers the economic, social and environmental dimensions of development, is part of our organizational goals, whose importance is upheld by all executives and employees.

Environmental Dimension

“Development of a management process which is eco-friendly and promotes a circular economy”

In acknowledgement of the importance of the circular economy, we focused on the management of waste from the manufacturing process and consumption waste, for instance, by recycling raw materials used in the manufacturing process or consumed in the manufacturing process or by reusing them, and the development of clean energy, which may reduce negative impacts on the environment and increase positive impacts on the economy.

Goals and commitments for the NER environmental dimension

1. Resource optimization
2. Effective water management, by treating and recycling manufacturing waste water for reuse in the manufacturing process
3. Raising employee awareness of the significance of environmental protection
4. Reduction of greenhouse gas emissions to achieve carbon neutrality

Social Dimension

“Commitment to becoming a learning organization to encourage employee bonding and development through systematic learning”

We regard our employees as our family, and believe that taking good care of our family members is the key to organizational success. Accordingly, we placed a priority on building a learning organization through the development of our personnel at all levels by emphasizing continuous improvement of the knowledge, skills and capabilities of employees for sustainable mutual growth.

Goals and commitments for the NER social dimension

1. Non-discrimination and equality on the basis of race, color, religion, sexual orientation, and support for people with impairments to ensure better quality of life for all employees
2. Personnel development, by creating a plan for continuous training
3. Workplace wellbeing, health and safety management
4. Community development operations, and the provision of support, assistance, and volunteering for activities beneficial to the community to improve wellbeing and environment in the community and society

Economic Dimension

“Advancement of innovations to deliver quality products that meet customer requirements”

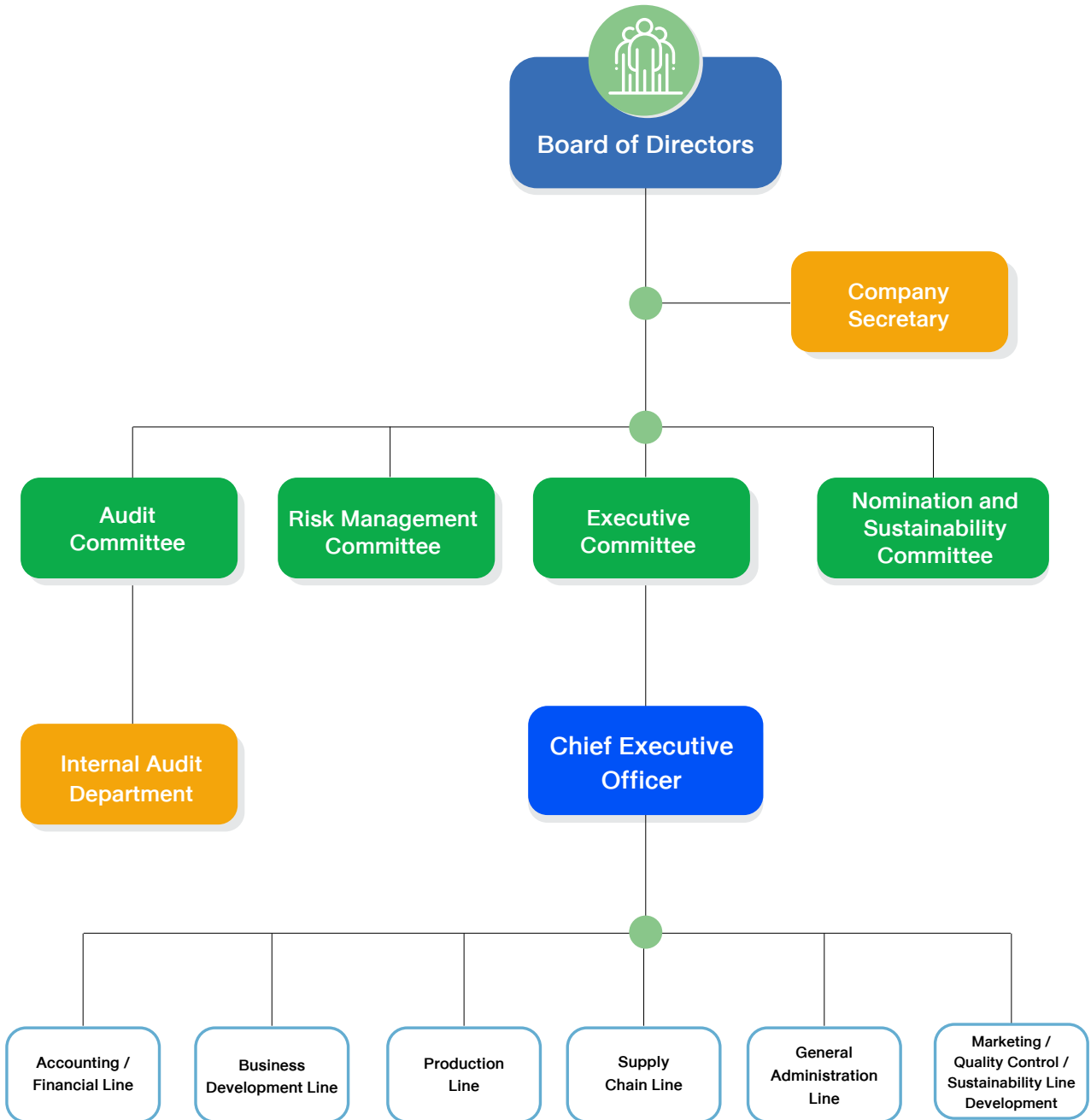
We realize the importance of changing thinking regarding innovation, which will enable efficient adjustment of the business operations to all kinds of changes in these times, and focused on traceability and the increase of channels of access for farmers.

Our goals and commitments for the economic dimension

1. Development of manufacturing innovations, including other innovations enabling access to farmers to provide further convenience for them
2. Efforts to improve efficiency and achieve "excellent" scores on the corporate governance assessment
3. Sustainable supply chain and procurement management



Corporate governance structure





“We place importance on and is guided by the principles of good corporate governance. We manage our businesses fairly and transparently to achieve sustainable growth”



We uphold, and act according to, good corporate governance practices, which follow an international standard that is in line with the Stock Exchange of Thailand's Corporate Governance Code: CG Code, as published by the Securities Exchange Commission. We envisage that governing according to good corporate governance principles will lead to fairness and transparency, which can in turn create long term returns for shareholders, boost confidence in stakeholders and increase our competitiveness, to grow and develop sustainably.

In line with the CG Code, the Board of Directors has annually reviewed and revised the Good Corporate Governance Policy, the Handbook of Ethics for Directors, Executives and Employees, the Anti-Corruption Policy, as well as the Charter of the Board of Directors and Sub-Committees. In reviewing and revising the aforementioned, we take into consideration all shareholders, customers, and other stakeholders. We have also communicated and trained our employees to be recognize and understand the importance of good corporate governance, business ethics and anti-corruption policy, so that they will adhere strictly to these standards.

In addition, to support good corporate governance practice, we have set a policy to annually review the Good Corporate Governance Code, Business Ethics, as well as the Charter of the Board of Directors and Sub-Committees. The purpose of this policy is to keep up to date and be in line with the our short and long term operational plan, to show that the we operate on good corporate governance principles and have transparency in operating our business activities.



Sustainability Management

We have three sustainability operational dimensions, which are: Environmental, Social and Governance (ESG).

Good corporate governance, which is under the supervision of the Nomination and Sustainable Development Committee, is intended to create confidence that the implementation of our business directions, policies and strategies, can govern the Company according to corporate governance framework, which enables us to return value to shareholders and all stakeholders.



Scope and Responsibility of the Nomination and Sustainable Development Committee

The Board of Directors has defined the scope, authority and responsibility of the Nomination and Sustainable Development Committee as follows:

- 1** Determine, review and revise the Company's sustainable development policies, as well as other policies and practices, to reflect changes in the business and relevant laws, and be in line with international standards.
- 2** Determine and revise the sustainable development strategy of the Company, as well as to suggest and provide advice relating to the Company's Board of Directors. In addition, to promote and push for the corporation in developing sustainability practices of the Company.
- 3** Follow up and supervise the operations according to the operational plan and evaluate the performance progress of the Company's sustainable development operations.
- 4** Continuously report on the operational progress of the Company
- 5** Review and revise the Charter of the Nomination and Sustainable Development Committee, and present the aforementioned to the Board of Directors for approval.
- 6** Perform other tasks as assigned to by the Board of Directors.



Business Ethics

We are aware of and believe in the importance of carrying out our business operations under good corporate governance and ethics. This lays an important foundation for us to grow sustainably and be able to achieve the vision and goals we have set. Therefore, we govern according to good corporate governance principles and operate our business justly according to the law, adhering to principles of morality and ethics, which can be verified through our business ethics manual. The manual is a compilation of policies and practices relevant to business ethics in carrying out business operations, including explaining the principles and setting the framework in each policy so that the directors, executives and employees on every level have the same understanding and use it to guide them in carrying out their work. The manual specifies that every supervisor on every level has a responsibility to monitor that this practice is carried out throughout the organization.

The Board of Directors has carried out its business operations according to the right purposes and with efficiency, using their experience, cautiousness, honesty and care to protect the benefit of the Company, and conducting their business according to the law, purposes, Company rules, board resolutions, and shareholder resolutions, giving due consideration to all the stakeholders and benefits of the shareholders, in keeping with its role as organizational leaders that create sustainable value for business.

Discrimination

'Discrimination' is contained within the Company's Business Ethics in: **Section 2: Responsibility in Carrying Out Business Operations**

We respect and promote human rights principles and give importance to these principles by treating all employees equally, without discrimination as to nationality, race, place of birth, religion, sex, age, or any disability, that is irrelevant to performing their duties. We also seek to make sure that none of our personnel are involved in human rights violation or illegal labor, and that they realize the importance of human dignity, equality and fairness, without discriminating because of differences in personal characteristics. We thus established a policy on non-discrimination. The guidelines for respecting human rights are as follows:

- Refrain from taking any actions or support any activities that violate human rights
- Provide knowledge training on human rights principles to employees, in order for the employees to apply them as part of the performance of their duties.
- Do not restrict the freedom of employees or differences on the basis of sex, race, nationality, gender, political stance or in other aspects, while discouraging expressions of opinions that may cause conflict or division.
- Provide communication channels for employees whose rights have been violated or treated unfairly, where they can voice their complaints directly to the Company.

Confidentiality of Information

'Confidentiality of Information' is contained within the Company's Business Ethics in:

Section 1: Responsibility of the Board of Directors and Employees in their conduct to the Company,

under maintaining strict confidentiality of customers', trading partners', and the Company's information, by taking caution not to cause any document leakage nor let them fall into the possession of an unrelated person, both of which may cause damage to the Company.

Section 2: Responsibility in carrying out the business operations, under the topic of using and maintaining internal information

As we are committed to treating all shareholders equally, important internal information or news, that is not yet available to the public and has an effect on the stock price, is treated as the Company's confidential information. Our employees have the responsibility to protect the aforesaid information as confidential information, and must not share that information, which is obtained from the performance of their duties, to others, nor to use that information to profit or benefit from the unlawful sale of stock, nor to use it in a way that indirectly or directly harms the Company.

Section 3: Responsibility to Stakeholders

Treatment of customers : create customer confidence and satisfaction in receiving good quality products and services at a reasonable price and with timely delivery, as well as maintaining good and long-lasting relationships with customers.



Guidelines : Maintain the confidential information of customers and refrain from using aforesaid information for their own benefit or benefit of others involved.

Treatment of trading partners : Treat trading partners fairly and honestly in conducting business, by strictly following the laws and rules that have been agreed upon.

Guidelines : Maintain the confidential information of trading partners and refrain from using aforesaid information for their own benefit or benefit of others involved.

Antitrust / Anticompetitive Practices

'Antitrust / Anticompetitive Practices' is contained within the Company's Business Ethics in:

Section 1: The Code of Ethics of the Board of Directors and Employees

The Code of Ethics of the Board of Directors is meant to illustrate the commitment to conducting business with transparency, ethics and responsibility towards stakeholders.

Guidelines : Members of the Board of Directors should not have a stake in businesses that are related to the Company and/or in businesses that compete with the Company, whether directly or indirectly. Where the Board of Directors or individual/legal entity related to a director has a stake in the Company, this information must reported according to the law.

Section 2: Responsibility in carrying out business operations

1. Compliance with the relevant law, rules and regulations. We give importance to conducting ourself according to the relevant laws, rules and regulations. Our employees must respect the law, refrain from violating the same, and strictly conduct their duties according to the law, rules, regulations, orders and announcements of the Company.

Guidelines: In an event that an action that violates the law, rules, regulations, orders and announcements of the Company is found, this must be reported to the departmental supervisor or through a channel for receiving complaints, according to the complaints and whistleblowing policy, as quickly as possible.

2. Anti-corruption practices: we are committed to operating ethically and in accordance with the law. We support and encourage our employees at all levels to be aware of the importance of working together to fight corruption. We have also established an internal control system to prevent corruption, receiving, or giving bribes, in all forms. Therefore, our employees will not, under any circumstances, commit or accept any form of corruption.

Guidelines : our employees will not commit or support any form of bribery, whether directly or indirectly. Our employees will not commit any conduct that shows intent to commit corruption, give or receive bribes to government and private sector officials, or stakeholders of the Company, to help the Company gain or maintain business competitive advantage, or to benefit themselves or those involved.





3. Having a stake or conflict of interest: we are committed to carrying out our business by considering the benefits to us and all stakeholders, by managing the business in a transparent and verifiable manner, and considering it the responsibility of every employee to avoid having a vested interest or be involved in actions that create a conflict of interest, which will cause the Company to lose benefits. In the event where the aforementioned cannot be avoided, the responsible department will take care in making such transactions clear, transparent and for the best interest of the Company. If the aforesaid items meets the criteria for connected transactions, as according to the announcement by the Securities and Exchange Commission, we will strictly act in accordance with the rules and procedures of the said announcement.
Guidelines : where our employees or relevant individuals need to conduct a transaction with the us, the said transaction is treated as if it is between the Company and a third party, with general trading conditions as commonly applied between general trading partners.

Section 3: Responsibility towards Stakeholders

The Board of Directors is committed to sustainably develop the business, which refers to operating the business responsibly for all stakeholders, including, shareholders, employees, customers, trading partners, competitors, creditors, communities, society, and the environment. Therefore, we have established the following policies on the treatment of stakeholders:

treatment of competitors, treating business competitors fairly and adhering to the rules of competition.

Guidelines : Act according to the rules on competition, refrain from searching for the competitor's trade secrets with methods that are not dishonest or inappropriate.

Insider Trading / Dealing

'Insider Trading / Dealing' is contained within the Company's Business Ethics

Section 2: Responsibility in carrying out the business operations, in terms of using and maintaining internal information

As we are committed to treating all shareholders equally, important internal information or news, that is not yet available to the public and has an effect on the stock price, is treated as the Company's confidential information. Our employees have a responsibility to protect the aforesaid information as confidential information, and must not share that information, which is obtained in the performance of their duties, to others, nor to use that information to profit or benefit from the unlawful sale of stock, nor to use it in a way that indirectly or directly harms the Company.

Trading stock by using inside information: employees at all levels act according to good practices in trading stock by not using inside information that has not been disclosed to the public. This is so that all shareholders and investors are treated fairly and wrongdoings by employees or those involved are prevented.





Managing the Impact to Stakeholders in the Value Chain

The Company is committed to being a leader in the production and distribution of natural rubber through efficient production system and continuous research and development of products to achieve sustainable growth. The Company emphasizes creating a work process that covers the entire value chain, to give quality products and the best value services to customers.

Value Chain

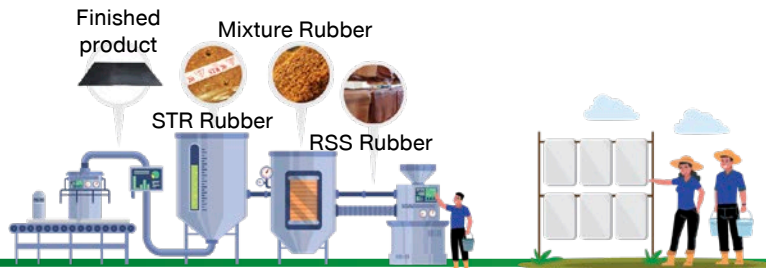


Farmers, Rubber Farmers

- Retail
- Majority
- Cooperative

NER

- solar
- biogas
- heat



Manufacturing

Storage



Sales and Marketing

- Business Matching (B2B)
- E-commerce

Distribution and Transportation

- Warehouse
- Truck
- Sea Freight
- Rail

Customers

- Factories
- Traders



Procurement	Raw material storage	Manufacturing	Sales and marketing	Transportation and distribution	Customers and consumers
<ul style="list-style-type: none"> • Procuring agricultural raw materials • Encouraging farmers to produce clean and contamination-free rubber, and supporting their efforts to do so • Managing the volatility risk of rubber prices • Promoting farmers' quality of life • Respecting human rights • Supporting and promoting use of chemicals without environmental impact 	<ul style="list-style-type: none"> • Selecting raw materials of suitable quality and price • Systematically managing raw material collection points • Consideration for integrated safety • Consideration of impact on the environment, the community and society 	<ul style="list-style-type: none"> • Managing the manufacturing process to reduce or prevent waste • Maintaining product quality to ensure consistency in quality • Consideration for energy optimization • Using manufacturing innovations to optimize manufacturing capacity • Enhancing employees' capability via training programs • Consideration for occupational safety relating to personnel and equipment • Maintenance of machines and equipment 	<ul style="list-style-type: none"> • Determining a suitable selling price • Constantly improving product and service quality • Seeking new markets to reduce the risk of customer concentration • Increasing the number of finished products • Ensuring raw material traceability • Maintaining communication channels for the company • Communicating with customers 	<ul style="list-style-type: none"> • Conducting a final check in accordance with the standards prior to delivery • Orderly storage of products for smooth packaging • Effective warehouse management • Enhancing transportation efficiency • Selecting entrepreneurs that respect human rights 	<ul style="list-style-type: none"> • Considering customer satisfaction • Constantly improving product and service quality • Ensuring raw material traceability • Maintaining communication channels for the company • Communicating with customers



1. Raw material procurement and sourcing For efficient and sufficient production, we have paid attention to the sourcing of agricultural raw materials of good quality by encouraging farmers to produce clean and contamination-free natural rubber in order to meet our raw material quality standards, and supporting them in doing so, including by managing both the volatility risk of rubber price and the suppliers, while taking impacts on the environment, social responsibility and good corporate governance principles into account.



2. Raw material storage We used an eco-friendly raw material storage system which is able to reduce air pollution. We also kept raw material storage safety in mind, and paid attention to the management of impacts on the community, society, and the environment.



3. Manufacturing process We took due care and consideration in every step of the manufacturing process, and aspire to assure our customer that the delivered products will be of good quality. In this regard, we implemented innovations and technologies to improve the manufacturing process to ensure that the product quality meets international standards. Additionally, to take potential impacts of the manufacturing process on the community, society, and the environment into account, we established the community relations team to honestly and consistently monitor the impacts, develop prevention and solution guidelines, and build relationships with the surrounding communities.



4. Sales and marketing We developed a customer sales and marketing plan by using the **"Matching Order"** strategy, and expanded the market to other countries by assuring punctual delivery and quality products and building a good relationship to ensure utmost satisfaction.





5. Product transportation and distribution Our product transportation and distribution management system enables the timely and punctual delivery of products to both domestic and overseas customers. Furthermore, we kept the appreciation of human rights in mind when selecting entrepreneurs.



6. Customers and consumers We made efforts into research and development for new products, and aspired to continually improve the quality of our products and services to ensure that the product quality meets international standards. Our traceability system allows prompt and punctual tracking from the sources of raw materials to the acceptance of delivery by the customers to ensure that the customers' requirements are met in a timely manner.

Analysis of stakeholders in the value chain

We analyzed needs and expectations based on information collected from related stakeholders in order to create an operational plan in response to their needs and expectations, and to determine channels for participation from every type of stakeholder. The analysis for both internal and external stakeholders is as follows:

Stakeholders	Needs and expectations	Actions	Participation channel
 Employees	<ul style="list-style-type: none"> • Job security and career advancement • Good and appropriate compensation and welfare • Occupational safety • Appropriate workplace environment (such as odor and improvements to the factory area) • Adjustment to changes in our business operations • Work-life balance 	<ul style="list-style-type: none"> • Constantly promoting and developing employees' knowledge and skills • Appropriately improving welfare according to requirements • Implementing international operating standards such as ISO14001, 45001 	<ul style="list-style-type: none"> • Employee participation surveys • Consideration of employees' opinions for developing a plan that takes their requirements into account • Complaint channels • Regular employee participation activities
 Community and society	<ul style="list-style-type: none"> • Consideration of feedback from the community • Fair complaint management • Safe and responsible business operations • Participation in community activities • Promotion of knowledge for community members • Transparent operations • Income generation for the community • Raising people's consciousness on natural and environmental preservation 	<ul style="list-style-type: none"> • Responsible business operations • Adopting technology and innovations in society, community and environment-friendly operations • Giving priority to legal compliance • Supporting job creation and income generation in community • Employing labour in the community where the business is operated • Promoting wellbeing and developing community, society, and local tradition and culture 	<ul style="list-style-type: none"> • Visits by the working group to receive recommendations and complaints • Meetings with community leaders and government authorities • Surveillance and resolution of issues by the working group if they have impact on the community • Participation in activities promoting the culture of the community • Company complaint channels



Stakeholders	Needs and expectations	Actions	Participation channel
 Suppliers	<ul style="list-style-type: none"> • Quick, accurate, transparent and fair procurement process • Purchase of raw materials at prices satisfactory to both sellers and buyers • Provision of information on safety practices in the factory 	<ul style="list-style-type: none"> • Complying with policy and practices on procurement • Providing occupational safety training to all suppliers 	<ul style="list-style-type: none"> • Trainings and seminars with suppliers • Satisfaction surveys • Selection and regular evaluation of performance of suppliers and contractors
 Customers	<ul style="list-style-type: none"> • Manufacturing products that meet standards • Compliance with sales agreements • Ability to resolve issues in an accurate, appropriate and timely manner • Customer confidentiality • Punctual delivery of quality products • Flexible conditions in sales contracts 	<ul style="list-style-type: none"> • Developing eco-friendly and socially responsible products and services • Complying with ethics and the customer code of conduct • Implementing ISO 9001 and 14001 	<ul style="list-style-type: none"> • Regular meetings with customers • Communication channels • Customer satisfaction surveys
 Shareholders, analysts, fund managers, and investors	<ul style="list-style-type: none"> • Disclosure of explicit, up-to-date, essential, and necessary information on business operations • Regular dividend payment • Transparent business operations • Good internal control • Respecting shareholder rights • Equitable treatment of shareholders 	<ul style="list-style-type: none"> • Complying with information disclosure principles • Operating a business consistent with our vision, mission, and goals • Making dividend payment to shareholders in accordance with the dividend policy 	<ul style="list-style-type: none"> • Annual general meeting of shareholders • Analyst meetings • Activities with investors • Quarterly earnings reports • Disclosure of information on our website • Investor relations contact • Whistleblowing and complaint channels
 Creditors	<ul style="list-style-type: none"> • On-time debt repayment to creditors and strict compliance with the conditions to avoid defaulting on debt payments 	<ul style="list-style-type: none"> • The Company sets policies and guidelines regarding creditors, debt to equity ratio, collateralization conditions, and capital management. • For debt repayment, loans, interest, and collateral responsibility, the Company strictly adheres to various contractual conditions agreed upon. • If there is any critical event which may affect the Company's financial situation, the Company must notify creditors to jointly seek for preventive measures and solutions in order to avoid damage. 	<ul style="list-style-type: none"> • Telephone (044) 666-928 - 9 • Website www.nerubber.com • Facebook • Letter to the Chairperson of the Board of Directors or Chief Executive Officer
 Related organizations	<ul style="list-style-type: none"> • Business operations in compliance with the laws, rules and regulations • Standard environmental management system • Cooperation with and support for government agencies 	<ul style="list-style-type: none"> • Complying with the laws, rules, and regulations • Cooperating with projects of the government agencies 	<ul style="list-style-type: none"> • Discussion sessions or hearings to receive opinions • Meetings, discussions, clarifications, and participation in projects



Assessment of key sustainability factors

We give importance to creating value while pursuing sustainable growth, taking into consideration stakeholders within and outside the organization. This is done through identifying material issues for sustainable development through the analysis of information obtained from stakeholder inclusiveness, business plans and strategy, our risk factors, the Sustainable Development Goals and the determination of the Nomination and Sustainable Development Committee, using the Materiality process under the to the Global Reporting Standards or GRI.

Materiality

1. Identification of important issues from the organization's stakeholders



We operate according to important GRI guidelines, which include Sustainability Context, Materiality, Completeness and Stakeholder Inclusiveness, as well as important considerations that are expected to be relevant and important to us – both internal factors (targets and business plan) and external factors (assessment and decision making of stakeholders), implications of the economic, social and environmental impacts, as well as changes arising from global trends according to the Sustainable Development Goals (SDGs) - to determine the important material issues in our sustainable development. This information is obtained through conducting informal surveys, discussions, talks, meetings, seminars with stakeholders in each group and prioritizing and determining the appropriate response.

2. Prioritization



We take the issues that are important, especially the issues that have an effect on stakeholders, and those that stakeholders have an expectation in, as well as sustainability trends in the real estate and construction sectors, to prioritize and determine Materiality issues for its sustainable development. Then, we give a ranking according to the Materiality Matrix, the vertical axis being the level of influence on stakeholder evaluations and decisions, and the horizontal axis being the significance levels of economic, social and environmental impacts.

3. Verification of Material Issues



We have verified the material issues and has presented these to the Risk Management Committee, the Nomination and Sustainable Development Committee and the Board of Directors to approve. This is so that we can plan our sustainable development strategy, set sustainability goals at the corporate level and approve of the scope of disclosure based on key sustainability issues to be included in the Company's Annual Sustainability Report, which we have started doing since 2022.

4. Continuous Review and Development



We have disclosed information and reviewed the material issues, by continuing to publish our annual sustainability report and listen to the opinions and suggestions of all stakeholders to develop and improve the said disclosure so that it is accurate and complete.

We also encouraged and promoted the participation of all stakeholders by prioritizing stakeholders and identifying and assessing the factors essential to the business which would be later prioritized in order to determine the sustainability management guidelines as shown below:

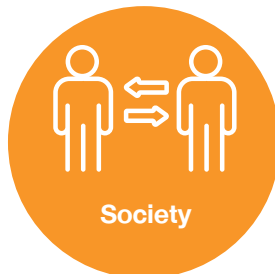
Sustainability materiality matrix



Key factors



- 1. Water management
- 2. Air pollution
- 3. Refuse and waste management
- 4. Climate change



- 5. Human rights
- 6. Employee development
- 7. Health and safety
- 8. Community and social development



- 9. Corporate governance
- 10. Innovation development
- 11. Selection of raw material sources
- 12. Organizational risk management



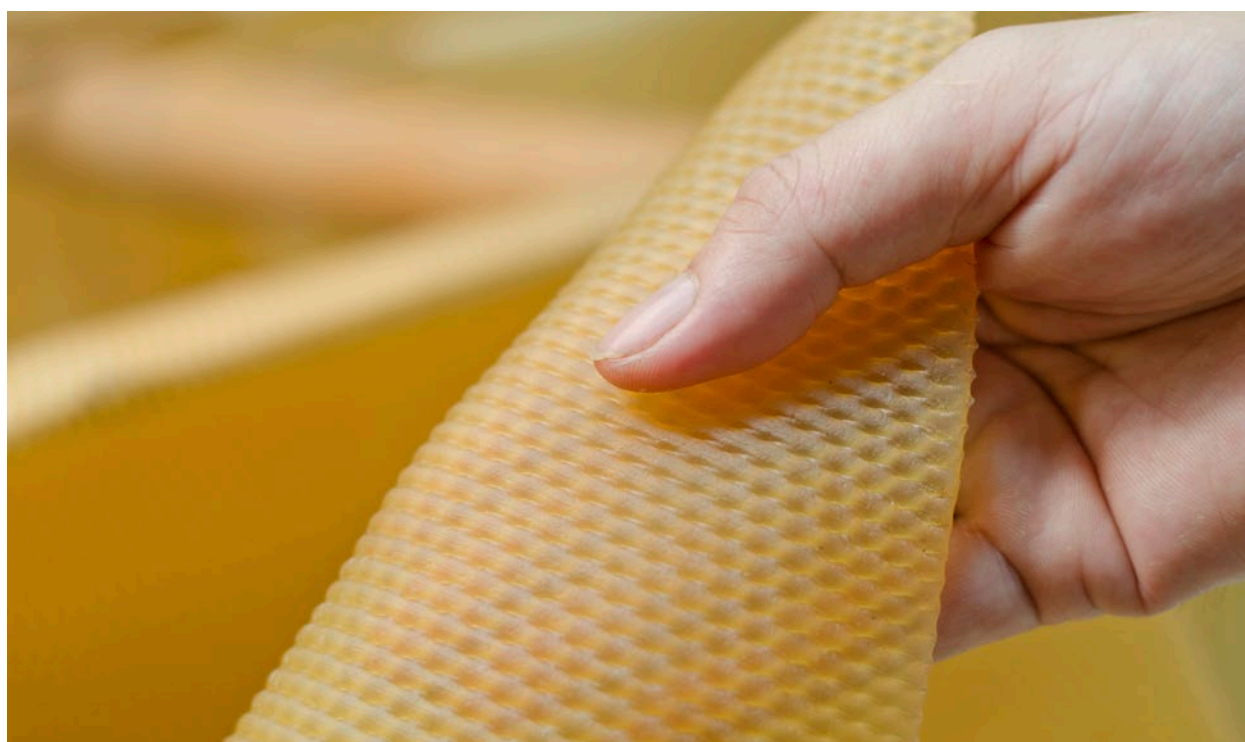
The Sustainable Development Goals (SDGs) of the United Nations that all sectors must work together to drive and accelerate for peace and prosperity now and in the future. We are committed to pursuing economic growth in parallel with conserving natural resources and caring for the environment, as well as developing and upgrading stakeholders for the well-being of people in society, with the belief that the business sector plays an important role in driving society towards achieving the sustainable development goals

To prioritize the SDGs, we analyze operations throughout the value chain. Considering the positive and negative impacts that the operations may have on society and the environment along with business drivers and important sustainable development issues (Materiality) by evaluating the consistency of the goals and objectives of the SDGs with the business activities and the potential of the company in accelerating the achievement of the goals and creating the most positive impact on the economy, society and the environment.

Sustainable development issues	Management
<p>Coping with climate change</p>	<ul style="list-style-type: none"> • Set a target to reduce greenhouse gas emissions in line with the Paris Agreement and in line with controlling the increase in global average temperature to no more than 1.5 degrees Celsius, with the goal of reaching carbon neutrality by 2020. (Carbon Neutrality 2030) • Prepare and disclose the amount of greenhouse gas emissions of the organization (Carbon Footprint for Organization). • Increase the proportion of renewable energy use. • Control the use of electrical energy for maximum efficiency. • Management of cost-effective use of resources
<p>Circular economy</p>	<ul style="list-style-type: none"> • Reduce waste in the production process to zero (Zero Waste) by increasing production efficiency. • Create success factors for the circular economy in five areas: raising awareness, creating cooperation, setting regulations, and creating innovation. and creating a management and evaluation system.
<p>Water resource management and wastewater treatment</p>	<ul style="list-style-type: none"> • Establish policies for sustainable water management and monitor water situation trends. • There is a standard wastewater treatment system. Use wastewater treatment technology by reusing all wastewater from the production process. • Manage, plan water use and prepare water use reserve plans for continuous production quality.
<p>Air quality management</p>	<ul style="list-style-type: none"> • Set up a working group to closely monitor, follow up, and solve problems that arise. • Check air quality regularly. • Have in place some management of piles of raw materials (rubber lumps) to reduce the smell of rubber, such as not keeping them piled up for a long time, chopping rubber, spraying water on the piles of rubber. • Open for the community to visit the factory to build relationships and confidence among communities in the factory area.
<p>Health And Safety</p>	<ul style="list-style-type: none"> • The Occupational Health and Safety Committee sets policies, strategies, short-term, medium-term and long-term plans, goals and indicators, as well as evaluates, supervises and monitors operations according to the plan to achieve the goals, including analyzing results to further improve efficiency • The results of occupational health and safety operations are reported. • Organize continuous activities that promote safety and create a culture of safety, including training, Morning Talk, and assessments to identify risk points and take corrective actions before an incident occurs.




Sustainable development issues	Management
Sustainable products and services	<ul style="list-style-type: none">• Use technology and innovation, increase work efficiency, product development and reduce costs.• Use the principles of the circular economy as a guideline for making the most of the resources, reducing energy, water and waste.• Research and develop new products to deliver products and services that satisfy customers in a sustainable way.
Building relationship with customers	<ul style="list-style-type: none">• Analyze and monitor customers, starting from understanding problems and needs, behaviours, purchasing choices, usage of products and services, conducting customer satisfaction survey on products and services.• Using digital technology to support services to all groups of partners and customers.• Deliver products and services that satisfy customers in a sustainable way.
Managing business partners to create sustainable value	<ul style="list-style-type: none">• Annual risk assessment and certification of suppliers using a risk management framework.• Classify trading partners.• Develop a plan to continuously develop and raise the efficiency of business partners' operations in various areas, such as ESG or raw material management.
Human rights operations	<ul style="list-style-type: none">• Announce and review human rights policies to prevent human rights violations.• Have in place a mechanism for receiving and responding to complaints.
Employee care and development	<ul style="list-style-type: none">• Have in place a plan for continuous development of personnel in each department that is appropriate to the nature of the work.• Support everyone to develop knowledge and abilities according to their roles appropriately.
Community and social development	<ul style="list-style-type: none">• There is a recruitment and sustainable development committee responsible for setting policies and guidelines for sustainable development operations.• There is a working group working on sustainable development that works with communities and society to strengthen the potential of communities in the vicinity to enjoy a good quality of life and become self- reliant in a sustainable way.





With the dedication of Northeast Rubber Public Company Limited, we have set operational guidelines in each area to support the sustainable development goals in each area in line with the Sustainable Development Goals (SDGs) of the United Nations as follows:

Area	Operational guidelines	Indicators
<p>Environment</p> 	<ul style="list-style-type: none"> Reducing greenhouse gas emissions into the atmosphere. Aim for carbon neutrality by 2030. Effective use of resources. and reuse Management of hazardous and non-hazardous waste from production processes. Using alternative energy and reducing energy use. Management of water use and wastewater treatment. Environmental management system to reduce environmental impacts from operations. Obtaining international environmental standards certification. Conservation of forest resources, increasing green space and focusing on managing biological diversity and ecosystems. Research and development, product design, improving production processes to be environmentally friendly. 	<ul style="list-style-type: none"> Equivalent amount of carbon dioxide emissions. Reduce net carbon dioxide emissions to zero. Zero waste project Reduced costs. Wastewater reuse project Artesian well water reserves. Number of projects to reduce greenhouse gas emissions. Carbon storage volume (T-VER, LESS). Energy consumption per product unit. Water usage cost per unit of product. Certified to international standards such as ISO14001.
<p>Social</p> 	<ul style="list-style-type: none"> Promoting health and safety in workplaces. Employee care and development Adhering to human rights principles, reducing inequality in society and treating labor fairly. Complaints management Supporting community participation. Creating a mechanism to encourage trading partners to have sustainable production that is responsible for society. 	<ul style="list-style-type: none"> Accident and death rates. Health assessment results Occupational diseases Results of the evaluation of satisfaction and commitment to the organization. Number of complaints, issues or human rights risk events. Number of complaints that have not been resolved. Number of partners participating in the project. Number of projects and activities. Budget used to support and develop communities Results of monitoring and evaluation of projects/activities.
<p>Good governance and economy</p> 	<ul style="list-style-type: none"> Good corporate governance, transparent and verifiable. Anti-corruption Building good relationships with business partners/customers and producing quality products that meet standards to meet customer needs. Developing partners throughout the value chain to conduct sustainable business. Promoting and developing knowledge for rubber farmer groups. Expanding production capacity and expanding markets. Focusing on creating, researching and developing new innovations. 	<ul style="list-style-type: none"> Evaluation results Evaluation results and CAC membership Results of customer/partner satisfaction assessment Number of suppliers who have signed to acknowledge the Supplier Code of Conducts and who work on joint supplier development projects. Satisfaction assessment results Economic performance Number of new innovations.



Risk and Crisis Management



Northeast Rubber Public Company Limited recognizes that the risk management is a part of good corporate governance and is an important base that helps the Company achieve the strategic goals determined. Effective risk management will help the Company make better decisions, both in governance, strategy, goals determination, and business operations matters

Risk management policy

We have prepared the risk management policy by determining the framework for the operations and processes for the risk management of the Company. In this regard, we have applied the guidelines of The COSO Enterprise Risk Management Framework to identify and assess risks of the Company's business activities that we operate.

Risk Management Structure

The Risk Management Committee is appointed by the Board of Directors to supervise the risk management along with preparing the risk management plan, operational framework, including monitoring, screening, and providing opinions and recommendation of enterprise risk management. This also includes considering the Company's various risk factors, and those risks management guidelines to be in an acceptable level (Risk Appetite) and we have assigned every sectors as a risk owner to supervise and manage the risks under their responsibility.

Risk Management Culture

Risk management culture is an important component of the Company's risk management framework. We commit to create an atmosphere and strengthen a risk management culture throughout the organization, as well as aiming to nurture risk management awareness in the operations among all employees and be responsible for the risk management. In addition, we encourage our employees to have appropriate attitudes and behavior in the risk management to create a good risk management culture. The operation guidelines are as follows:

- Determine the risk management policies, objectives, risk management framework and guidelines
- Implement the guidelines and continuously monitor the progress both at the board, management, and operational levels
- Continuously communicate and enhance knowledge and understanding of enterprise risk management through various channels, such as the public information board and training, etc.



Risk analysis, assessment, and management

1. Strategic risk

Risks from business strategic direction

As disruptive innovation and technology (one that enjoys rapid advancement) transformed business models, impacts could be seen on customer needs and business operations. Therefore, we placed importance on the determination of strategic direction for our business operations as preparation for shifts in economic, social, energy, technological, and environmental trends, and changes in consumer behavior in line with global megatrends. Any failure by the Company's strategies to respond to these changes in a timely manner might have had effects on our business operations and operating performance in the future.

Preventive practices

To seek opportunities, improve businesses, develop new products, and prepare for any possible changes, we reviewed the vision, direction, and strategy for our future operations, and had a new product development strategy in place. Risks from the business strategy were constantly monitored and assessed, with a meeting of the risk management committee held every month.

Risks from changes of government policies, rules, regulations and law

Our operations are governed by the Rubber Control Act, B.E. 2542 (1999), while the Department of Agriculture makes decisions on contributions to the Centre for Experimental Social Sciences (CESS) from exporters of rubber, which may be modified to reflect any change in a government policy. Therefore, these changes in government policies pose risk to the Company. For example, during a decline in rubber price, a government authority may announce our control over the amount of rubber allocated for export by rubber merchants as an attempt to raise the rubber price, or any change in the CESS rate may affect the costs of the Company's exports, which may affect the export volume and sales price of our products. As a result, the operating performance may be affected.

To prevent problems with the rubber price, the government has announced its inclusion of rubber in the list of controlled goods and services. As rubber is controlled under applicable law, the Ministry of Commerce has the authority to examine

and monitor data and factual information about it. As a result, the government may intervene in the rubber price situation, and this intervention may have an effect on the prices of Company's products.

In addition, as we are an exporter of goods, it is bound by laws, rules, and regulations applicable in the destination countries. Any change in these laws, rules, or regulations (such as an amendment to regulations on the import of products made from processed rubber, or an amendment to the import duty or other taxes) may have an effect on our exports to that destination country, and may consequently have an effect on the Company's operations.

Preventive practices

We closely monitor relevant information and updates on changes of local and foreign government policies that may affect the Company's operations from competent agencies to ensure that it will be promptly informed and be able to respond to the situation in a timely manner.

Risks from the fluctuation of the price of natural rubber

The key raw material used in the manufacturing is rubber. Price of rubber fluctuates in line with the global price of rubber and price of commodity is directed by the demand and supply of natural rubber. The price of rubber may be influenced by several factors, including the following.

1. Market demand and supply, whereby the rubber price is dependent upon the increase or decrease in demand for natural rubber, or the increase or decrease in the world's consumption of natural rubber.
2. Supply of natural rubber as the raw material, which depends on natural conditions, such as the climate and the amount of rainfall, which affect the amount and price of rubber.
3. The closing of the tapping season or the season of deciduous rubber trees, closing of the tapping season leads to the amount of rubber produced in that period declines, resulting in a decrease in our supply into the market. The amount of rubber supply in the market is one of the key factors that influences the rubber price at a specific time. A decrease in rubber supply may drive the rubber price to rise, the situation that may result in the rising price of the raw material purchased by the Company.



4. Prices of crude oil, which is an ingredient of synthetic rubber, a substitute product for natural rubber. Any change in a crude oil price will cause a change in the price of synthetic rubber, accordingly. As a result, the price of natural rubber will change due to the increase or decrease in our demand.
5. Prices of SICOM Rubber Futures. We base our reverse calculation on SICOM prices, as base prices, and refers to these prices in our daily purchase of raw materials. Due to these prices, we face risks from changes in rubber prices, as we need to buy rubber for use as the main raw material. Besides, the sale prices of rubber products refer to global sales prices, and therefore we face risks from the uncertainty and fluctuation of the price of the raw material we pay to the supplier and the prices of products sold to our customers.

Preventive practices

We closely monitored rubber prices both in global markets and domestic central markets to pursue reasonable purchase prices, while setting our sales prices. In the spot transactions, we had a measure in place to control costs and expenses, and set the sales prices for our products using the cost-plus pricing method, based on the average cost of the product as of the date of agreement to sell it to the customer. In addition, we stored sufficient raw materials for our planned manufacturing to ensure that our products would be delivered to customers at the scheduled time. At least raw materials sufficient for manufacturing over a three-to-five-month period were ordered to prevent the risk of shortage and the risk of fluctuation in prices.

Risks from market concentration and reliance on few products

Our revenue is generated from the sale of fits types of primary processed rubber products: ribbed smoked sheets (RSS), standard Thai rubber 20 (STR20), STR-mixture rubber, and RSS-mixture rubber. In 2023, income from the domestic sales of the Company's products accounted for 65%, and that from overseas sales accounted for 35%, of the total sales. Our major local customers are manufacturers in the car wheel industry, and our major overseas customers are traders in China and Singapore. As a result, We face risks from our reliance on few products. If other products may emerge to substitute for natural rubber, and that may result in a decrease in future demand for natural rubber and if our core

customer groups, especially manufacturers in the domestic car wheel industry and traders in China and Singapore, no longer buy our products, our income and operations can be affected.

Preventive practices

We have expanded our businesses into the manufacturing and supply of finished goods, including rubber flooring for livestock. This will help alleviate our reliance on few products and market concentration, and will generate new opportunities for higher income and gross profit. With regard to our existing products, we have a policy to expand our customer base by reaching out to overseas customers, such as those in India and car wheel manufacturers in Europe.

2. Operational risk

Risks from manufacturing interruption and business interruption

Any malfunction or interruption by an external factor (such as that caused by a natural disaster), or internal factor (such as a malfunction of a machine or public utility, including power and water supply, and labor shortage), that occurs in any procedure in the manufacturing process may cause damage to the entire manufacturing line.

Preventive practices

We communicate and coordinate with the Provincial Electricity Authority (PEA) with regard to power interruption, and we have asked the PEA to give us prior notice, with the specified date and time, to ensure that a proper work plan can be prepared, and that the manufacturing process will not be affected.

Scheduled and planned maintenance is arranged according the time frame, and spare parts are prepared for any replacements that may be required before any damage occurs.

Risks of workplace accidents

Machines, tools, and instruments are mainly engaged in every work procedure. Therefore, accidents may happen to any operating personnel, making it unsafe to work, or possibly causing a loss of an important organ. The following results are a loss of a company's personnel and sudden production stoppage due to the accident.



Preventive practices

We have set long-term plans in order to achieve a zero-accident goal with regard to accidents that cause injuries to our staff. We have control measures in place in order to minimize workplace accidents, including the implementation of work and workplace standards equivalent to international standards; raising awareness of safety and security until it has become part of the employees' work routines; and the assessment of our safety and security in order to identify risks or dangerous spots, to ensure that they will be dealt with before any accident occurs. We have security management systems covering several aspects, such as the security of the manufacturing process. These systems will be reviewed and revised on a regular basis, and will constitute a core foundation for company-wide action.

We have implemented an occupational health, safety, and environment management mechanism, in accordance with the ISO 45001: 2018 standard; and arranges activities that encourage safety and security, and promotes safety culture transformation on a regular basis, through an activity called "Morning Talk," which is arranged in the workplace to express our emphasis on safety and security, and our care for our working staff. Through risk assessment, we can identify threats and implement preventive measures in advance. We include training on occupational health, safety, and environment in our staff onboarding, and has established principles for reviewing necessary training plans with regard to safety and security, and fire prevention and suppression, to ensure that they are suitable for each position, job description, or risk activity. We have prepared training plans, which will be complied with, assessed, and recorded, and the training history will also be maintained, in order to enhance knowledge, ability, and understanding about what is potentially dangerous, and what may cause accidents, as well as how to prevent and get these dangers under control during the work. This is to ensure that our employees can accomplish their assignments in a safe workplace environment.

Risk from lower than expected demand for rubber

The key raw material used in the manufacturing is rubber, which is an agricultural product obtained from a rubber plantation. The production depends on the following factors, including: 1) Climate change. In a year of severe drought or excessive rainfall causing floods in the rubber plantation, rubber production decreases, and consequently drives the

price of natural rubber to rise., 2) Rubber production. Rubber trees stop producing rubber from March to May, as they are deciduous. During the closing of the tapping season, rubber farmers halt their rubber tapping, resulting in a decrease in rubber production, and consequently a decrease in rubber supply to the market.

Preventive practices

We have a policy to store sufficient raw materials for our planned manufacturing and raw materials will be ordered to ensure sufficiency for manufacturing at least for a three-to-five-month period to prevent the risk of shortage and the risk of fluctuation in the costs of raw material, and ensure that our products would be delivered to customers at the scheduled time. We monitor information and news updates from competent agencies with regard to weather forecast, and keep watch on the volume of rubber supply in the market on a regular basis. To diversify risks, we also procure rubber from vendors in different areas, in addition to those in the North East.

Risk from water scarcity

Water is used in each manufacturing procedure. If the production capacity increases, the need for water in production becomes greater. During the climate change these days, water has become insufficient, and our quality has changed. Without a proper, effective, and appropriate water use plan and water management, water scarcity may occur. The Company's business operations (both in terms of manufacturing and cultivating energy crops), may be affected by a lower amount and lower quality of water, which may affect the quality of our products and energy crops (used as raw materials)

Preventive practices

For every manufacturing procedure, we have set a water usage limit, and the amount of water consumption is recorded for analysis. Continuous plans have been established to control water consumption. Wastewater is reused, with standard wastewater treatment and water quality assurance conducted on a daily basis before it is brought back into the manufacturing process. In addition, we have a groundwater well to reserve water for use in the facility (we are permitted by the Department of Groundwater Resources to use groundwater), and a natural pond that can preserve a large amount of rainwater.



3. Financial risk

Risks of currency fluctuation

We export our products to multiple destinations, including China, Singapore, Hong Kong, and India. In 2023, our export revenue accounted for approximately 35% of our total sales revenue. Most of our exported products are sold in US dollars, whereas all costs of our goods sold are baht-denominated. Therefore, any severe fluctuation of the exchange rate regarding the dollar against the baht may have a substantial effect on our revenue.

Preventive practices

We have a hedging policy for risks of currency fluctuation through forward contracts, which will be made in accordance with the following two situations: 1) in baht depreciation, where the forward rate is higher than the rate provided in a sale contract, the value of forward contracts will account for 70 to 100% of the overseas sales revenue; and in baht appreciation, where the forward rate is lower than the rate provided in a sale contract, the value of forward contracts will account for 60 to 90% of the overseas sales revenue. Exchange rates involving any currencies used by the Company in our operations will be closely and regularly reviewed and monitored, while the time set for a forward contract will be monitored to ensure it is reasonable.

Risks with regard to capital liquidity and sufficiency

We have a policy to store raw materials and inventories sufficient for a three-to-five-month period, based on the sales and purchases as agreed with customers in advance, in order to prevent the risk of raw material shortage and the risk of fluctuation in the costs of raw material. To this end, we need a large amount of working capital for the procurement of raw materials and the storage of inventories to ensure their sufficiency, resulting in the increasing value of our accounts receivable and the increase in inventories each year, in line with higher revenue; and in a high amount of cash spending in operating activities

Preventive practices

We rely on internal working capital, which is obtained from our net operating profit, and on short-term loans from financial institutions and through the issuance of financial instruments. We have always repaid the debts at the scheduled time, and also look for additional sources of funds to ensure financial liquidity and capital sufficiency in

our business operations. We estimate working capital that may be needed to ensure the availability of our sources of funds. We can also rely on other financial instruments, such as through the issuance of bonds, as additional ways to help with capital management and liquidity boost.

Risks from fluctuation of interest rates with regard to loans from financial institutions

We take loans from financial institutions as a major source of working capital in our business operations, with different interest rates offered, according to the types of loans. In addition, these rates are floating rates, which change in line with the costs incurred by the financial institutions and the economic condition, and are in such a substantial proportion that they can have an effect on the Company's operating performance.

Preventive practices

To reduce risks from fluctuation of interest rates with regard to loans from financial institutions, we have a plan to decrease our dependence on loans from financial institutions, and rely more on our internal working capital and capital obtained through the issuance of financial instruments, such as bonds with a fixed rate. We also keep close and constant watch on the economic situation and monetary policy issued by government organizations.

Sustainable Risk Management Practices

1. Environmental risk

Climate Change

Climate change is one of the most important environmental problems in the world. The past measures which have been taken to control the average surface temperature of the earth not to rise more than 1.5 degrees Celsius, compared to pre-industrial revolution period level, have resulted in various intensified risks, both directly such as natural disasters, drought, etc., and indirectly such as determination of strict regulations and new standards, changes in consumer behavior, and changes in technology, etc. We, therefore, require to set the management practices and handle with climate change in order to alleviate impacts which may affect the production costs, competitiveness, and sustainability of business operations in the future.



Preventive practices

We have analyzed risks and opportunities caused by the climate change in various cases. The efficiency of machinery and equipment is increased and alternative energy is used by installing the solar roof and biogas. There is also a plan to reduce greenhouse gas emissions, aiming to achieve the goal of being carbon neutrality by 2030.

Pollution risks that affect the environment

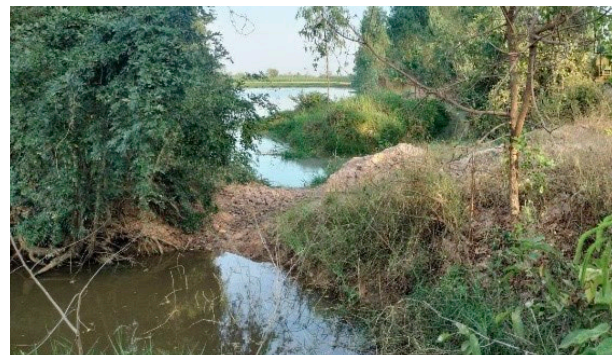
Natural rubber production generates wastewater in manufacturing. Odor pollution may affect the areas surrounding the factory. We need to operate our business under the government's environmental regulations applicable to pollution, healthcare, and environment. We, therefore, may pose risks regarding environmental management and control with regard to the communities in the vicinity, Without reasonable preventive measures or control, our operations may cause disturbance to, and consequently conflicts with, these communities, and shall not comply with the said regulations.

Preventive practices

We determine to grow our business with no environmental impact that may be caused by our operations. We work to ensure that all areas of our operations meet the ISO14001:2015 standards. We have neither loss of raw materials, nor problems with waste or detritus, (Zero Waste) as all types of our raw materials can be brought back into the manufacturing process. For wastewater treatment and the prevention of, and solution to, wastewater issues, we use aeration technology and anaerobic wastewater treatment, and wastewater obtained in the entire manufacturing process will be used in the biogas project, which produces electrical power and gas to substitute LPG for use in the factory.

According to the record of complaints regarding environmental issues, in 2023, a complaint was made by residents in the vicinity who were affected by the smell and wastewater from the Company's operations. With reference to letter No. BorRor 55301.1/959, dated 15 November 2023, issued by the Office of the Khok Ma Subdistrict Municipality, wastewater was released behind the Company's factory into local plantations. Following the complaint, we arranged for prompt solution by looking into and analyzing the incident to find the root cause, and figuring out solutions, to assure these surrounding communities that we have effective environmental protective measures. Based on our

investigation, we found that a large amount of water caused by heavy rainfall poured into the napier grass plantation, and this untreated water was an overflow out of the factory area. This issue, therefore, is not caused by wastewater from the wastewater treatment system. For short-term solutions, 50-centimeter-high concrete levees would be built, beginning from the water-resistant area at the front of the factory to the road behind the factory, and four-meter-wide levees would be built around the napier grass plantation. Construction is expected to be completed by the end of April 2024. In the long-term, a pond, with levees, will be dug for use as water storage behind the factory, to prevent any pouring into public areas.



The water barrier area around the Napier grass plot

To ensure efficient follow-up, during these undertakings, we have measures in place to strictly inspect machines and instruments used in the wastewater treatment to ensure the maximum efficiency of the wastewater treatment system. We, together with community residents, also explore community areas in the vicinity twice a month, and ask the residents about any effects on their environment, and we are doing this simultaneously with smell management.

To prevent smell from fermented raw rubber, we manage raw materials stored in the warehouse by avoiding storing them for such an extensive period of time that they cause unpleasant smell. Rubber brought into the factory will go



through the primary process, including rubber shredding and spraying water on the pile of rubber, to minimize any unpleasant smell. We are classified by the Ministry of Industry as a green industry at level 3, meaning we have systematic environmental management that is monitored, evaluated, and reviewed for continuous improvement, to ensure our sustainable growth and development.

2. Social risk

To prevent or minimize effects concerning human rights in the Company's business operations, we abide by human rights principles, as our common practices, with regard to all groups of interested parties, including employees, communities, society, customers, and business partners in our supply chain, and with regard to domestic and overseas activities. Effects on sensitive risk groups and people with special needs, such as children and foreign laborers, will be particularly assessed, while potential effects at personal, operating, and national levels will also be evaluated.

Preventive practices

We strictly comply with applicable law to ensure prudent, careful, and cautious operations, and avoid any acts that may directly or indirectly violate or affect a human right. We neither encourage nor get involved in a human rights violation. To prevent human rights violations in any business activities, business value chains, and joint ventures, that we are engaged in, we have established policies and practices on human rights, and we comply with the laws of Thailand and the laws applicable in the jurisdictions where we have our operations. In addition, we communicate and publicize our human rights practices to interested parties to ensure their participation in our human rights policy. For potential business partners to join the Company's projects, we have materials regarding how to combat human rights violations, which will be provided to them for their acknowledgement.

3. Compliance risk

We operate our businesses with responsibility for communities, society, environment, and all interested parties. Failure to maintain operations at a level expected by interested parties would affect the organizational reputation. Therefore, we have stakeholder management, whereby we constantly review, develop, and improve our operations. We promote operations in which engagement by interested parties is encouraged, in line with international standards addressing interested parties. We respond to issues that our interested

parties value, and data on their demands and expectations will be collected and analyzed. Once this analysis is concluded, we will establish practices for relevant work units to comply with, and their performance will regularly be monitored.

Preventive practices

We hold on to the principles of good governance, with an aim for organizational sustainability. We are determined to operate our businesses that will promptly meet the constantly-changing expectation of interested parties, in line with current situation, in order to minimize reputational risks. We study groups of interested parties, including employees, executives, the board of directors, shareholders, and business partners (including clients, raw material suppliers, business competitors, and accounts payable), as well as communities and social and environmental groups. We study the expectation of our interested parties for better clarification, and to minimize any effects on our operations.

Board of directors and shareholders. We work to meet our expectations in terms of good corporate governance, transparent and verifiable disclosure, compliance with the business code of conduct, and return on investment, with better profits generated.

Customers and clients. We deliver quality products to customers and clients at the scheduled time, fulfill equitable agreements, and have systematic management to address our reliance on key customers or clients, with operating power to approve sale to each customer or client, both domestically and overseas, designated.

Business partners. We have measures to examine and screen potential business partners, such as contractors and raw material suppliers. We promote business activities that we are engaged in with business partners who operate equitable businesses, with no human rights violations and with awareness of social responsibility. We have annual observation plans, and the results will be concluded, summarized, and provided to our business partners, in accordance with our business partner code of conduct. In the Company's procurement of core raw materials for use in the manufacturing of natural rubber, business partners are divided into three main groups: large vendors with high volume of deliveries, individual farmers, and cooperatives. We have risk management in place to prevent any shortage of raw



materials, under which a payment policy has been established in order to prevent any shortage of financial liquidity faced by large vendors. We give them motives to supply more raw materials, with handling charges, which will be paid upon the completion of the delivery, offered at a special rate on top on the ex-factory rubber price. Payments for these raw materials will be clearly scheduled, and communicated in writing to the business partners on the date they are recorded as our new partners.

Accounts payable. We are determined to maintain our strong long-term relationships with our creditors, based on trust we have for each other. Debt repayments are correctly, transparently, and verifiably made, as provided in the financial report.

Trade competitors. We commit no deliberate act with intention to discredit our trade competitors.

Employees. We evaluate our employees' performance and progress on a regular basis, and pays compensation that is fair and that corresponds to their knowledge, ability, experience, position, and responsibility, in several aspects. We encourage training for our employees in order to raise their potential. We evaluate the performance of each employee by taking into account our operating results, and economic and social circumstances. We have reasonable employee welfare programs, and provides appropriate benefits, which are comparable to those provided by other companies in the same or similar business sectors.

Communities and society. We encourage the development of social responsibility (CSR) models; support and promote activities that are intended to maintain valuable traditions, culture, and traditional practices; act as a good religious person and provides support for religious activities on a regular basis; and invite, and have opportunities open for, other organizations to participate in our undertakings. As we place importance on education for the locals, we cultivate a love of reading; renovates libraries and improves the quality of books available there; and ensure that schoolchildren have access to their libraries. We also improve local schools in other aspects, as we work to encourage local youths to love their hometown and be ready to develop and improve their communities when they grow up.

Government agencies. We strictly comply with applicable laws, and give our support for projects that are initiated by the public sector in the public interest.

Media. We disclose and publicize information and updates that are accurate, relevant, moral, ethical, and up-to-date.

Environment. We have a policy to transform our establishment into a "green factory," and have begun our waste segregation campaign. Segregated waste will be sent to external parties for further processing and for the production of products. We also have a policy to expand green areas in the province, under which we plan to work with Buriram Province in a forestation project in the near future.

Emerging risk

We are aware of the emerging risks that may occur and severely affect or have an impact on the opportunities of new business expansion for the organization. Emerging risk that may occur in the future evaluated and reviewed are as follows.

1. Investment Risk

Our plans are intended to boost competitiveness, and business growth and sustainability in the long term. We place importance on the management of risks that are relevant to investment, in terms of the selection of projects to invest in, the evaluation of investment worthiness, the selection of technologies, and the management of resources. Economic uncertainties at present, including the world economic situation, domestic economy, inflation, and interest rates that are likely to be raised, are posing more challenges to our investment and how we allocate our investment to be in line with the Company's goals and strategic direction.

Preventive practices

We have measures to manage investment risk, whereby investments will be allocated and investments plans will be prepared to ensure alignment with the Company's goals and strategic direction. With these measures, our investment generates healthy profits and improves investment capacity, while financial liquidity is carefully and prudently maintained, from the search for investment opportunities, to asking for investment approval through the audit committee, in accordance with the Company's investment governance process. For a large investment project in which a large amount of money is involved, the risk management



committee will take part in the consideration, and will offer advice and opinions regarding the sufficiency of risk assessment and risk management, to support the board of directors with information when they make decisions on their approval. The progress of an investment project will be systematically monitored to ensure that the Company's investment goes as planned, and an accomplished project will be evaluated with the aim of continuous improvement of our project management and the development of future projects. Issues about sustainability, including those regarding environmental technology and reduction of greenhouse gas emissions, will be taken into account, with the aim of increasing opportunities to invest in businesses that enjoy long-term growth and sustainability, and generate health returns, and with investment models that reasonably respond to the situation and new normal trends.

2. Technology Disruption

Digital technologies are likely to see further rapid development. The emergence of "new norms" after the COVID-19 crisis is accelerating the search for, and adoption of, emerging technologies in order to improve flexibility, competitiveness, business diversity, and new business opportunities. Technological advancement may trigger a change to, or a replacement of, existing business models, manufacturing processes, work procedures, or products; this is so-called "technological disruption." Some examples of disruptive technologies that may have effects on the Company are artificial intelligence (AI), robots, 5G, advance data analytics, and the development of industrial smart factories. Although these technologies help to improve the efficiency of operations and manufacturing processes, they may affect the Company's competitiveness in the long term, if we fail to adopt them in a proper and timely manner. On the other hand, the use of manufacturing innovations and technologies such as 3D printing, to better satisfy customers, will give us advantage over our competitors.

Preventive practices

We have set goals with the aim of enjoying the benefits of technology in our preparation for any future changes, improving our competitiveness, and seeking new business opportunities. We have established guidelines for seeking opportunities and learning regarding emerging technologies, in order to promote business growth and encourage access to, and learning of, emerging technologies that will

maintain the competitiveness of our existing businesses and technologies that nurture our sustainability-related ambition. We have established cooperation in the study and trial of technologies, in order to improve operating efficiency and reduce operating costs. We study, monitor, develop, and improve the technology adoption process so as to improve the competitiveness of our existing businesses, and build upon, or add value to, our existing products to maintain their competitiveness. Technologies are introduced for better operating efficiency and organizational transformation. The purposes and consequences of technology adoption can be divided into three levels, as detailed below.

1. To primarily improve efficiency and productivity.
2. To primarily change work processes and methods, and use advanced data analytics.
3. To primarily create new business opportunities, or change existing business models.

3. Cyber Threat & Data Security Risk

We aim to become a data-driven organization. As we are getting ready for a more highly complex and uncertain business world, to improve our competitiveness and flexibility, we have relied more on digital technology and the Internet of Things (IoT) in our work routine, meetings on online conference platforms, the application of robots, the storage and management of data on the cloud, and the use of AI to design and manage supply chains. On the other hand, new techniques and new forms of cyber threats have emerged, with the world's viral trends being used more for cyber deception, which may trigger risks of cyber threats. For example, a manufacturing process and operating network that are connected to the Internet may be interrupted, and the interruption may cause a leak of important data used in operations, or the personal data of a partner (so-called confidentiality and personal data breach), or important data used in the recovery of operating systems. Therefore, we place importance on systematic risk management regarding cyber threats and information security, and we work to ensure our compliance with applicable law and regulations, including the Personal Data Protection Act and the Cyber Security Act. Failure to manage these risks will affect our business continuity, reliability, image, or reputation, and may lead to lawsuits and claims filed for large amounts of compensation against and from the Company.



Preventive practices

We have established and maintained essential measures in place to prevent and minimize effects from cyber threats. We have prepared and announced our regulations, and established organizational practices on IT security, to ensure the efficient use of information systems and networks. Infrastructure has been developed, and IT security mechanisms have been established, for use in the information security management, and monitoring and prevention of any emerging threats, both for office functions and factory systems. Systems are inspected and assessed on a regular basis, to ensure that proactive preventive measures will be put into place before there is any attack. Preparations, as well as plans for information system recovery, have been made and are maintained for any cyber-attack, to ensure that we can respond to incidents in a timely manner, and therefore reduce potential damage to the information system. We have an information security management system and asset security practices that fulfill relevant international standards, and raise awareness of cybersecurity regarding the current situation and emerging threats, amid the surge in the use of technology. Among these mechanisms are the continued education for our employees about the possible characteristics of attacks; how to respond to, and prevent, these attacks; and applicable information technology law, to encourage the employees to stay cautious and use information systems more carefully and keep themselves informed of news and updates on laws and regulations that are relevant and applicable to IT security. We are considering establishing technological systems to support the management of personal data that is in our possession, to ensure compliance with applicable legal provisions, while also communicating with, providing training for, and raising awareness and understanding among, our employees.

4. Climate Change and Moving towards a Low-carbon Society Risk

Over recent years, the effects of global warming and climate change on the environment, society, and the economy have intensified, amid global cries for cooperation from all sectors to come up with concrete solutions to climate

change and global warming issues. Just like other countries that are driven by the move, in Thailand, the public and business sectors have implemented policies and set goals with the aim of reducing greenhouse gases. Businesses have paid attention to sustainable business operations, with the aim of achieving a low-carbon society, with reliance on renewable energy, clean technology, and more efficient reuse of resources within the value chain. New trade laws, rules, regulations, and conditions regarding these issues have been broadly implemented, including laws or regulations that aim to resolve environmental issues – which include carbon taxes, emission trading schemes (ETS), and rules relevant to carbon footprint that may be referred to in the establishment of stricter industrial standards in several countries. In the meantime, the carbon border adjustment mechanism may have effects on exports, while changing consumer behavior and market trends may pose challenges to our operations. We are also exposed to risks regarding the costs of business operations in the early stage of transformation, due to investment in low-carbon and environmentally-friendly technology and the higher costs of raw materials, as we are becoming an environmentally-friendlier business and relying more on renewable energy.

Risk management

We aim to reduce our greenhouse gas emissions from those in the base year of 2021, and to achieve carbon neutrality by 2030, through the improvement of, or modifications to, processes and instruments; the use of technology to improve manufacturing efficiency and the cost-effectiveness of energy efficiency; research and development with the aim of reducing greenhouse gas emissions; and less reliance on energy sources that release a high amount of greenhouse gases, and more reliance on renewable energy (solar energy and biogas energy) to replace traditional energy consumption and to reduce the emission of greenhouse gases in Scope 1 and Scope 2. We have set goals, and we are working to create networks, provide education, and cooperate with other business partners and support one another in the value chain, with the ambition to reduce greenhouse gas releases.



Sustainability Collaborative Network and Partnership



The Federation of Thai Industries



The Federation of Thai Industries,
Buriram Province



Thai National Shippers' Council



Thai Renewable Energy Association



Thailand Management Association



The Thai Rubber Association



Thailand Carbon Neutral Network



Environmental Sustainability Development



Northeast Rubber Public Company Limited is aware of the importance of responsibility towards environmental issues so we have set business policies to be in accordance with environmental rules and regulations, international standards, including voluntary participation in sustainability standards. This is to ensure continuous development in line with the United Nations Sustainable Development Goals (UN SDGs). We are committed to maintain environmental principles in goals 6, 7, 9, 11, 12, and 13.



Environmental Management Policy

In the Company's endeavors to become a leading company in rubber manufacturing and sustainable development, we developed eco-friendly and zero-waste manufacturing, optimized our resources, recognized the importance of participation in finding solutions to global warming, reduced pollution emissions, and increased the alternative uses of renewable energy in order add value to the products for the stakeholders, to achieve the utmost satisfaction of the customers, and to firmly express our responsibility towards the society and environment. We aim for genuine sustainable management and, in this respect, implemented management guidelines for the organization which meet the international standards on environmental management systems (ISO14001/EMS).

“To develop a management process which is friendly to the environment and promotes the circular economy”



ISO 14001/EMS Environmental Management Policy

1. To design and implement the environmental management system for internal use and continuously improve the system
2. To prevent pollution and strictly comply with the laws, rules, and regulations on organizational environment
3. To raise awareness on the use of resources, energy, and water and the reduction of waste and refuse through the promotion of recycling

For further details on our environmental management policy, visit the website: <https://www.nerubber.com/energy-and-environmental-care>

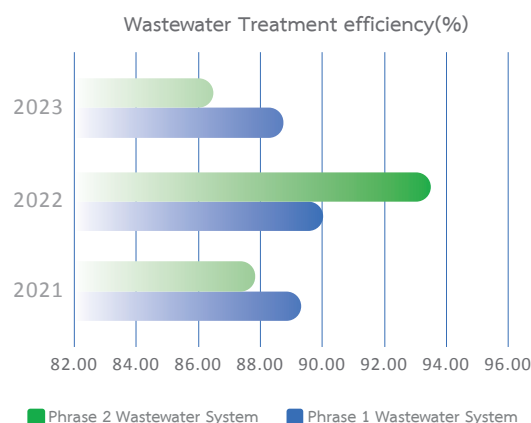


Efficient Management of Water Resources

We are located in Buriram Province in Northeastern Thailand. The general topography of this area is a slope from south to north. This region has three seasons, cool, hot, and rainy, with 113 days of rain per year (Source: Buriram Meteorological Station, 2022). With climate change leading to the risk of water shortage, and water demand increasing from a growing population, community expansion and industrial development, we acknowledge certain risks which we may encounter in the course of conducting our business activities, such as with regard to the use of water in the STR and RSS manufacturing process and the use of water for public utilities. Thus, we have developed sustainable water management policies, such as a reduction in the use of water from natural resources by relying on the external water resources for a maximum of 5% of water usage, and attempting to use 100% recycled water with zero discharge to the external environment.

Wastewater Management

As our business operations result in contamination of the water discharged from the manufacturing process, we have developed an internal water management policy which includes the recycling of water by treating water from the manufacturing process and other activities, and then reusing it in order to reduce water pollution, and preventing the discharge of wastewater to the external environment. This demonstrates the Company's awareness of and concern for the environment. The treated water would be used in the RST and RSS factories through our wastewater treatment system, consisting of the following.



Wastewater treatment efficiency, using COD measurements



Wastewater Treatment System Phase 1 This system involves both anaerobic and aerobic treatment for wastewater, and can treat up to 3,000 cubic meters per day of wastewater from the manufacturing process. Currently, the average daily wastewater treated by this system is 1,751 cubic meters per day.

Wastewater Treatment System Phase 2 This system involves the aerobic treatment of wastewater, and can treat up to 12,000 cubic meters per day of wastewater from the manufacturing process. Currently, the average daily wastewater treated by this system is 4,019 cubic meters per day.

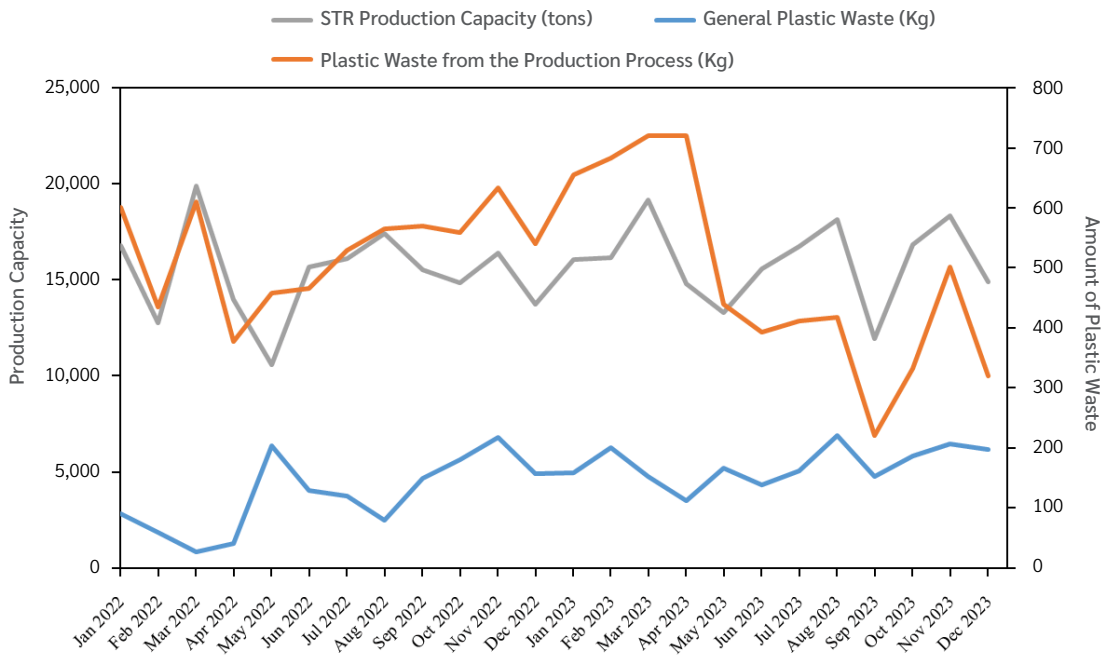
Refuse, waste, and discarded material management

We strive to reduce waste and discarded materials, starting by reducing refuse in the factory. This refuse comes from production capacity increases, packaging, and consumption by employees. We initiated **the NER Plastic Waste Reduction Project** to reduce waste and encourage the separation of plastic waste for proper recycling, which is a sustainable means of environmental management.

"15% plastic waste reduction goal"

The key activities of **the NER Plastic Waste Reduction Project** include the construction of waste separation and storage buildings, waste separation, the implementation of the 3R principle in waste and discarded material management (reduce, reuse, recycle), and the sale of separated waste to generate income to be used for further development of the project (waste-to-value).

In 2023, we continued to implement the plastic waste separation and reduction project by focusing on an earnest increase of understanding and consciousness among our personnel with regard to resource optimization. This starts by encouraging the change of daily behaviors so as to give more consideration to the environment, proper waste separation, cleaning recyclable waste before separation, the separation of waste throughout the factory by increasing garbage collection points throughout the factory, reduction of plastic waste, use of eco-friendly bags instead of plastic bags, and the use of personal lunch boxes, glasses, and water bottles instead of single-use plastic. We also provided separated waste to other projects, such as donating plastic bottles to temples, which would turn them into monks' robes, and donating snack packaging for recycling into paving blocks.



A graph showing amount of plastic waste compared to the production capacity



Plastic waste reduction activities

Air Quality Management

We recognize the importance of air quality management in all operational activities, particularly in the manufacturing process. The manufacturing process may cause air pollution which affects employees and surrounding communities, such as air pollutants emitted from chimneys, dust particles and chemicals, or odor. Hence, we developed a management plan to control the air quality on our premises, including the regular measurement and monitoring of air quality to ensure that the air quality on our premises is consistent with the law. In this respect, the key operational activities are as follows.

Odor management

In recognition of the importance of the management of odor, which is a natural occurrence in the rubber industry, we developed the guidelines for management as follows.

- Since 2020, we have required that the rubber suppliers and freight trucks install drip rails and buckets to receive wastewater dripping from the cup lump rubber generated by shipping. If these are not used, we refuse to accept rubber shipments. We also arranged a specific parking area for freight trucks while waiting for unloading of the rubber. The drip rails were also installed in this area to receive drain water from the cup lump rubber, which would then be strained to get rid of excess water prior to the acceptance of the shipment. The water from

the drip rails would be collected and conveyed into our wastewater treatment system. With respect to the management of the odor from rubber bulk, we prepared closed system buildings and separate areas for the storage of raw materials. The floor of the cup lump rubber storage would be washed, and the rubber bulk would be sprayed with pyroligneous acid and odor treatment solutions to remove odor from the decomposition of organic compounds three times each day.

- With respect to the management of odors from the manufacturing process, an air treatment system using liquid to capture dust particles, odor, and fumes from manufacturing (wet scrubber) was installed in addition to the installation of the air treatment systems which use biodegradable processes (bio-scrubbers) to remove volatile organic compounds and highly concentrated odors. We also required that the conveyance systems, including air ducts and water pipes, be cleaned at a frequency to be determined based on usage and production capacity, so as to reduce the accumulation of dirt in parts of the conveying ducts, thereby improving the efficiency of the treatment systems and reducing the emission of dust particles and odors from the systems.
- With respect to the management of odors from the wastewater treatment process, we added a treatment process for excess wastewater and thickened sludge



from the wastewater treatment system, by diverting this wastewater into the anaerobic digestion process (a closed system to reduce odor dispersion) of the biogas generation project. This would allow us to create added value to the waste by using it as the starting material for producing biogas, which would be used in the generation of thermal energy for rubber curing and electricity for the manufacturing process.

- We received assistance from the Environmental Science Program, Faculty of Science, Buriram Rajabhat University in examining and monitoring operations for odor nuisance management. The guidelines which we implemented involved the management of the manufacturing odor filtration system prior to the emission and regular cleaning of the premises.
- In cooperation with the local educational institutions, we conducted a survey on the impacts of odor on surrounding community members in order to directly address the communities' opinions through impartial synthesis and reflection, so as to further develop management guidelines.

Management of emitted air pollutants, dust particles, and chemicals

We consistently measured and monitored environmental quality with respect to the emitted air pollutants, dust particles and chemicals on a yearly basis, and have installed hoods in the laboratory to carry out the air in the measurement process. In comparison to the standards announced under the Notification of the Ministry of Industry re: Prescribing Air Pollutant Concentrations from Factories, B.E. 2549, it was found that every measured item did not exceed the prescribed value in the standard criteria. In addition, we reviewed and assessed the risk factors associated with dust particles and chemicals in every activity the company conducted, and compared the results to the standards under the Notification of the Department of Labour Protection and Welfare re: Maximum Concentrations of Hazardous Chemical Substances, B.E. 2560.

In 2023, we continued to meet our standards and review and assess the risk factors in our environmental activities associated with the emitted air pollutants, dust particles, and chemicals to measure and control every value to be in line with standard criteria, and to ensure the sustainable prevention of any possible effects on our employees and surrounding communities.





Energy conservation policy and practices

Energy conservation policy

With the resolutions of the Board of Directors and the executives to ensure that we continue to contribute to the mitigation of the climate change impacts resulting from greenhouse gas emissions by implementing an energy conservation and management policy and using electricity in the most effective manner to ensure resource optimization and minimum environmental impact, we determined the scope of operations, encompassing all relevant manufacturing processes, including design, raw material procurement, manufacturing, product distribution and transportation, and both direct and indirect manufacturing waste management.

Energy conservation and management practices

The working group on energy management was established to ensure successful activities relating to energy conservation and management. The duties of this working group are to manage, control, supervise, and monitor energy management to ensure conformity with the Energy Conservation Act, B.E. 2535, analyze and develop energy-saving and energy efficiency-enhancing measures, and develop alternative and renewable energy projects.

In 2023, we remain committed to electricity management because electricity fees are one of our significant production costs, and the prices of domestic on-grid electricity tend to increase continuously. Our key practices and operations on electricity management are as follows.

Increase of the ratio of renewable energy use in electricity generation

We operated two renewable power generation projects, as follows.

1. The NER 360 Degree Zero Waste Project – 4.38 MW EE power generation from Napier grass biogas

Renewable power generation is an internationally-recognized means of energy transition to achieve the net-zero goal. Therefore, the government has acted to promote energy management, environmental conservation, the energy

burden reduction, and the value addition of manufacturing waste. This has been a major motivation for us to study biogas production, analyze the factory's power consumption, and develop a biogas production project. Initially, we developed a project whereby biogas will be produced and used as renewable energy to generate 4.38 MWh in total (per the production capacity expansion plan of the main factory), in the form of two projects, each with a generation capacity of 2.19 MWh. Different fermentation technologies were implemented to ensure the effective management of waste and raw materials. The raw materials suitable for the biogas production are easily biodegradable organic materials with other qualities suitable for anaerobic digestion. These raw materials include, for instance, food waste, organic waste, industrial and agricultural waste, and livestock and plant waste. Currently, napier grass is mainly used as the raw material for biogas production, because it is an energy crop high potential for biogas production due to our high methane yield and low cost of cultivation. Once planted, this grass can be harvested three times per year and has a productive lifespan of four to five years. We also propagate easily and grow fast.

We have analyzed and assessed power demand in the manufacturing process since 2015, and subsequently developed a plan for the generation of electrical power with biogas derived from the fermentation of napier grass, a potential energy crop that we can cultivate on our premises and the premises of neighboring community enterprises. The biogas gained from the manufacturing process was used as fuel in the STR manufacturing process and the electricity generation through the power generator.

In this regard, the project leads to important direct-benefits and co-benefits as follows.

- Electricity production from biogas can replace the use of electrical energy from the transmission system produced from fossil fuels (natural gas and coal).
- Costs from purchasing electrical energy from the transmission system can be decreased.
- Napier grass is classified as a biofuel energy crop, which can promote and support the important national policies, such as Bio Economy under the BCG Model and policy to promote development of alternative energy and renewable energy.



Electricity Production Project from Biogas from Napier Grass

- The byproduct of biogas production system such as soil conditioners can be used in agricultural sector. We have distributed soil conditioners to the farmers in the communities. This can increase amount of products and reduce costs of purchasing chemical fertilizers.

2. Project "NER 360 Degree Clean Energy – Electricity Production from Solar Energy Installed on the Roof, size 4.992 MWp "

We are aware of the importance of solar energy which is a type of renewable energy that can be regenerated naturally. It is the clean energy with no emissions in the energy production process and Thailand has a high potential to use it in electricity production. We, therefore, have begun installing the solar power generating panels, size 0.99 megawatts since 2021 to generate renewable energy for STR1's manufacturing process in order to reduce electricity usage. Later in 2022 and 2023, we have installed additional 4 megawatts of solar energy panels to generate renewable energy for RSS' and our products production process to achieve sustainable business operations. As a result, we have a total installed capacity of electric power from solar energy 4.992 megawatts.



Electricity Production from Solar Energy Installed on the Roof Project

Energy Efficiency Improvement to Reduce Electrical Energy Usage

We have established practices for improving energy efficiency to reduce electrical energy usage as follows.

- Promoting awareness energy conservation among employees
- Shifting to high-efficiency equipment to save energy
- Creating a plan for continuous machinery preventive maintenance to reduce unnecessary energy usage
- Analyzing and monitoring electrical energy usage in STR manufacturing process to be used in renewable energy (electricity) management with efficiency and maximum benefit



- Taking hot water out of the boiler heat energy production back to use in the equipment cleaning process helps reduce electrical energy using a high pressure compressor for spraying water usage

For our operations in 2022-2023, we have a project to change to use high efficiency electric bulbs by changing to use the LED light bulbs instead of the old light bulbs. This is due to the reason that LED light bulbs provide high brightness while reducing energy consumption and helping reduce costs. It, therefore, helps increase the Company's production efficiency and reduce greenhouse gas emissions as another way to alleviate the global warming as well. In 2022, we have already changed the lamps and light bulbs to LED at approximately 30% of the total, and in 2023, we have completely changed the lamps and light bulbs to LED 100%.

NER greenhouse gas emissions reduction targets "Achieve Carbon Neutrality Goal by 2030"

Fuel management

The main fossil fuel used in the Company's main manufacturing process is LPG, which is used in the curing process. In consideration of the recent fluctuation and an increase in the LPG price, we developed the **NER 360 Degree Zero Waste Project – Substitution of LPG with Napier Grass Biogas in the Rubber Curing Process**, whereby it was estimated that the total energy demand, including renewable energy (biogas), of 50,000 cubic meters per day would be required to generate thermal power for our rubber curing process. This biogas generation system project would satisfy the demand in the manufacturing process and accommodate the renewable energy (biogas) generation process for the generation of thermal power required for four rubber curing ovens at the STR20 Phase 1 factory, with an operating period of 296 days per year.

Alternative and clean energy management

Currently, the following three alternative and clean energy projects are being implemented to substitute for on-grid electricity and LPG:

1. the NER 360 Degree Zero Waste Project – 4.38 MW EE Power Generation from Napier Grass Biogas;
2. the NER 360 Degree Zero Waste Project – Substitution of LPG with Napier Grass Biogas in the Rubber Curing Process; and
3. the NER 360 Degree Clean Energy Project – 4.992 MWp Power Generation from Rooftop Solar Panels

Policies and Guidelines for Greenhouse Gas and Climate Change Management

Climate change policy

Climate change is an environmental issue that we have been giving priority to, and we have taken action in earnest. In 2023 we moved our carbon neutrality achievement target forward from 2040 to 2030, and will continue to implement measures and projects to reduce greenhouse gas emissions.

Guidelines for Climate Change Operation and Management

Employee and organizational development

We joined the Thailand Carbon Neutral Network (TCNN) of the Thailand Greenhouse Gas Management Organization (a public organization), which aims to promote collaboration among the private sector, the government sector, and the local or community sector in reducing greenhouse gas emissions for sustainable and environmentally friendly social growth, the mitigation of climate change impact, and the achievement of zero greenhouse gas emissions in accordance with the intent of the global community. as prescribed in the goals on climate change under the Paris Agreement.





In addition, our personnel have continued to participate in training, seminars, and workshops on the management of climate change and the environment arranged by organizations and agencies.

Carbon footprint for organizations

We prepared the greenhouse gas inventory and the carbon footprint for the organization in accordance with the ISO 14064-1 (2018) international standard for the quantification and reporting of greenhouse gas emissions of the organization, adopted the Thailand Greenhouse Gas Management Organization (TGO), by developing a database of operational activities with greenhouse gas emissions and removal since 2021 to date. Our CFO was verified by a registered verification body of TGO, and certified by the TGO in 2021



Development of the greenhouse gas reduction project

We implemented the greenhouse gas reduction project, and measured the amount of greenhouse gases expected to be reduced based on the Methodology of Thailand Voluntary Emissions Reduction Program (T-Ver) in order to accurately conduct the analysis and estimation. The initial summary of the projects is as follows:



1. The NER 360 Degree Zero Waste Project – 4.38 MW EE electricity generation from Napier grass biogas

Calculation Methodology	T-VER-METH-AE-01 Version 04 Electricity Generation from Renewable Energy (Electricity Generation from Renewable Energy)
Expected Amount of GHG Reduction	17,988 tons of carbon dioxide equivalent per year
Project Status	Registered

For further details, visit the website:

<https://ghgreduction.tgo.or.th/th/tver-database-and-statistics/t-ver-registered-project/item/1374-ner-360-degree-zero-waste-electricity-generating-from-napier-biogas-of-4-38-mw-ee.html>

2. The NER 360 Degree Zero Waste Project – Replacement of LPG with Napier grass biogas in rubber curing

Calculation Methodology	T-VER-S-METH-01-03 Version 02 Switching of Fossil Fuel or Increasing of Renewal Energy Utilization to Generate Thermal Energy
Expected Amount of GHG Reduction	833 tons carbon dioxide equivalent per year
Project Status	Under Consideration

3. The NER 360 Degree Clean Energy Project – Electricity generation from 4.992 MWp rooftop solar panels

Calculation Methodology	T-VER-S-METH-01-01 Electricity Generation from Renewable Energy
Expected Amount of GHG Reduction	3,629 tons carbon dioxide equivalent per year
Project Status	Under Consideration

In consideration of reduction of greenhouse gas emissions across the supply chain, we initiated the collaborative campaign with the suppliers by applying the guidelines under TGO’s Low Emission Support Scheme or LESS whereby activities are developed under the concept of awareness-raising on and reduction of greenhouse gas emissions and showing appreciation for the participant’s efforts and contributions through award of the Letter of Recognition (LOR) Activities, through the technical analysis and assessment process, and the concept of support from the “givers” in the organizational/business sector to the “receivers” in the society/community. The assessment of amount of greenhouse gas in LESS is an initial assessment for awarding the LOR and thus the amount of greenhouse gas reduction may not be sold or purchased.

(Source: <https://ghgreduction.tgo.or.th/th/about-less/about-less1.html>)

NER Promotion of Greenhouse Gas Reduction Activities under LESS

- Reduction of electricity use
- Waste separation
- Reduction of chemical fertilizers usage in agricultural sector
- Tree planting



Development of Internal Carbon Pricing Project (ICP)

We encouraged the application of effective carbon management mechanism in respect of finance, investment, risk management and greenhouse gas reduction by participating as the pilot organization under the “Development of Economic Mechanism for Carbon Pricing and Investment for Reduction of Greenhouse Gas Emissions Project Year 3” with TGO, which is the application of the economic mechanism being the internal carbon pricing or ICP.

Purposes of the ICP project

- To analyze the risks from climate change which would affect the organization’s profit
- To analyze costs and return on investment in greenhouse gas reduction projects and technologies
- To develop a strategic plan for the application of the ICP in the organization





Importance of Biodiversity and Ecosystems Devotion

North East Rubber Public Company Limited is aware of the impacts that may arise from business operations, management, including the whole supply chain of business operations. We, therefore, place importance on the roles and responsibilities towards operations that affect environment and biodiversity. Ecosystems and biodiversity nowadays are facing threats from several factors, such as land use changes, use of agricultural chemicals, invasion of foreign species, and climate change, especially in the areas with high biodiversity. Therefore, we are aware of the importance and committed to cautiously operate business regarding possible impacts on biodiversity and ecosystems. The standards of product supply chain management start from the rubber plantation until the expansion of factory by carefully studying biodiversity that may arise from the business operations., by determining the operational and management plans and environmental monitoring, including establishing measures to prevent and reduce the possible impacts, along with regular monitoring and inspecting.

In addition, we have also announced a sustainable natural rubber purchasing policy to aim and support the natural rubber suppliers to procure and deliver raw materials for natural rubber products in accordance with the guidelines of the policy. This is to prepare for the European's regulation: EU Deforestation, ensuring that our and our suppliers' business operations will not destroy the forest or cause loss to the ecosystem and biodiversity. We also organize the activities to promote the conservation of biodiversity and natural resources, as well as promoting continuous community participation through various activities.

Biodiversity Management Practices

We have prepared the biodiversity management practices and operations outline covering from:

1. Risk assessment
2. Assessment of biodiversity loss for the new rubber plantation areas, expansion of production facilities
3. Creating a biodiversity operation plan for the areas at risk and potentially having a high level of impact on biodiversity
4. Monitoring and evaluation
5. Review and inspection

Research and Development: R&D

In the third quarter of 2023, we have initiated a new research and development project about energy and environment, namely "**Rubber Container Adjustment Project, from tractor-trailers to rail transportation**". Rubber transportation for export was previously done using the tractor-trailers with container trucks. One tractor-trailer using diesel fuel can tow one container, having a distance from the factory in Buriram to Laem Chabang Port, Chonburi province approximate 277 kilometers, while one rail transportation trip can transport 60 containers. From the preliminary data collection of our operations in the past third quarter and fourth quarter, the proportion of rail transportation was increased to 70% and only 30% was still transported by tractor-trailers.

Expected Benefits from the Project

- Saving transportation time from road transport to rail transport
- Reducing fuel used in the transportation and reducing greenhouse gas caused by fuel combustion
- Saving transport costs from large quantities of transportation per trip
- Co-benefits: reducing chances of the road accidents caused by trucks.



Photo of rail container transportation at Hin Khon station, Nakhon Ratchasima Province



Environmental performance

The environmental performance shows the per unit analysis of rubber production volume as follows

Rubber production volume

Volume/year	2021	2022	2023	Unit
Rubber production volume	393,790	427,244	467,306	Ton
% change	-	8.50	9.38	%

Fuel management

The performance of fuel management shows the consumption of LPG and diesel as summarized below.

• Summary of LPG consumption

Volume/year	2021	2022	2023	Unit
LPG consumption volume	2.80	4.33	5.76	Kilogram/ton
% change	-	54.59	32.94	%

An increase in LPG consumption volume in 2023 resulted from the production capacity increase and a decrease in the production volume of biogas to substitute for LPG from the system improvement over the course of the year.

• Summary of diesel consumption

Volume/year	2021	2022	2023	Unit
Diesel consumption volume	1.74	1.94	1.92	Liter/ton
% change	-	11.54	-0.74	%

Diesel consumption by our vehicles in 2023 decreased by 0.74% compared to 2022 due to our management plan for the reduction of energy consumption in vehicles, such as improved maintenance, repair, and journey planning, resulting in a significant decrease in fuel oil expenses.

Electricity management

• Summary of electricity consumption

Volume/year	2021	2022	2023	Unit
Summary of electricity consumption	95.17	94.90	86.53	kWh/ton
% change	-	-0.28	-8.82	%

On-grid electricity consumption volume has been decreasing consistently since the implementation of the solar and biogas electricity generation systems as part of the electricity generation from renewable energy projects in 2021-2022.

Water consumption management

• Summary of water consumption

Volume/year	2021	2022	2023	Unit
Water consumption volume	5.74	6.44	5.53	Cubic meters/ton
% Change	-	12.20	- 14.13	%



The per-unit water consumption volume in rubber manufacturing in 2023 decreased by 14% compared to 2022 due to our water consumption management via water treatment and improvement systems, enabling the recycling and reuse of water from the manufacturing process.

Refuse and waste management

• Summary of waste volume

Volume/year	2021	2022	2023	Unit
Waste volume	93,955.09	98,006.14	115,426.22	Kilograms
% Change	-	4.31%	17.77%	%

Since the **NER Plastic Waste Reduction Project** was implemented to reduce waste and encourage waste separation for proper recycling in 2022, the volume of remaining waste disposed of by landfill in 2022 drastically decreased. However, in 2023 the total waste volume rose, due to the production capacity increase.

Carbon footprint

• Summary of the greenhouse gas emissions volume for the organization

Volume/year	2021	2022	2023
GHG Emissions: Scope 1 - Direct Emissions (tonCO ₂ eq)	9,036	12,778	11,798
GHG Emissions: Scope 2 - Indirect Emissions (tonCO ₂ eq)	16,814	16,889	17,824
GHG Emissions: Scope 3 - Other Indirect Emissions (tonCO ₂ eq)	92,985	75,027	*
Total GHG Emissions:			
Scope 1 & Scope 2 (tonCO ₂ eq)	25,850	29,667	29,622
Scope 1 & Scope 2 (tonCO ₂ eq / tons product)	0.07	0.07	0.06

* The estimate for GHG emissions Scope 3 for 2023 is being prepared, and will be reviewed by an external verifier. It is expected to be completed by March 2024.





Sustainable Development in the Social Dimension



Social Policy and Practice

We operate our business sustainably, creating the highest satisfaction for all stakeholders. Alongside this, we take responsibility for our impacts to society and create the following social policies. Respecting human rights: this policy covers all groups that are at risk of human rights violation, both directly from our activities and from the business value chain. This group includes employees, children, women, disabled persons, suppliers and foreign workers. Anti-corruption: the purpose of this policy is for us to carry out our business ethically with transparency, taking care of all its stakeholder groups. **We are committed to be a learning organization to create engagement and promote employee potential through a systematic learning process.** Our social policy is disclosed on its website via the following link: (<https://www.nerubber.com/corporate-social-responsibility-policy-th>)

"Endeavors to become a learning organization to build employee loyalty and promote employee development through systematic learning"



In 2023, the number of complaints on corruption, human rights violation and unfair work practices in the our organization can be summarized as follows:w



- The number of complaints on corruption
- The number of complaints on human rights violation
- The number of complaints on unfair work practices



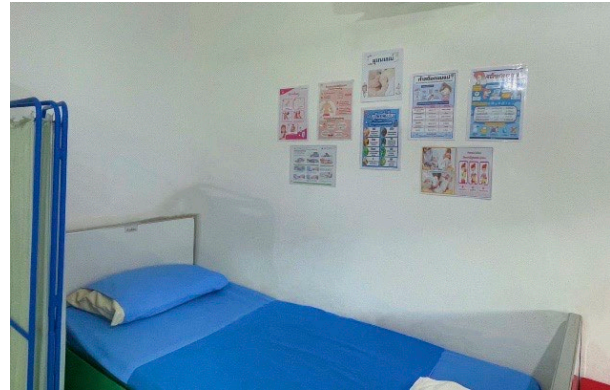
The rate of injury to the point of stopping work
less than 20 cases

1. Respect for Human Rights

In recognition of and compliance with the human rights principles and the Universal Declaration of Human Rights, we gave attention to labour practices and respect for the human rights of all stakeholders, such as employees, children, women, the community, society, customers, and suppliers, without discrimination based on age, gender, race, religion, color, or nationality. We also developed a fair practice code and give priority to the assurance of safety and a good quality of life for the community and society.

We established a human rights policy, which covers respect for human rights and the promotion of a good understanding of human rights through communications. Our executives and employees will observe this policy to ensure that our business operations would be conducted with care and diligence, and so that they do not undertake any actions which may violate or affect human rights.

We pay attention to the fair and equitable treatment of employees in terms of, for instance, nomination, employment, consideration and welfare, skill development, and training. We also created a work environment with safety and sanitation in mind, and support and encourage the employment of disadvantaged groups, such as people with disabilities and ex-offenders, so as to provide equal opportunity for a better quality of life and the opportunity to demonstrate their capabilities. This way they can earn income, cultivate self-reliance, and reduce the burden of their family or society in caring for them, leading to a decrease in social inequality, and provide for fundamental facilities.



In 2023, in recognition of the importance of breastfeeding, we established a nursing corner in the first-aid room to allow female employees a space to use a breast pump, keep their breast milk, and learn about how to pump and keep breast milk properly. This corner can also be used to raise employee awareness on the importance of breastfeeding.

2. Human Resource Management

We aim to provide every employee with the opportunity to continue to develop their capabilities through a variety of training programs and the creation of a good work environment. In this respect, we prepared a plan for effective development of personnel through an internationally accepted performance assessment system used in management of the performance of personnel at every level. Furthermore, we provide opportunities for career advancement, have prepared a succession plan, ensure good environment and safety in workplace, and provide employee welfare in accordance with the provisions of law.



Employee Training

2.1 Employee Development Program

We have prepared a personnel development plan with the goal of appropriate development of capability for employees at all levels. This plan includes programs for specialized knowledge, management skills, skills required for performance, soft skills, skills required for enhancement of work performance, such as programs for executives and supervisors, and internal knowledge and experience sharing among employees to ensure the transition of NER into the learning organization.

In 2023, we aimed for continuous employee upskilling. We provided both internal and external training for employees, including online training for the convenience of the participants. Accordingly, there were 754 employees receiving training in 2023, representing 72.9% of the total number of employees, and an increase by 190% compared to 2022.

2.2 Employee Annual Medical Checkup

In recognition of the importance of the employees' health, both physical and mental, we provide the **“Annual Medical Checkup”** welfare, which is performed by specialist physicians to ensure a proper diagnosis of symptoms which may be

caused by work and affect the health of the employees, and a prompt treatment or prevention measures. Our practices on annual medical checkups are in compliance with the Ministerial Regulation on Prescribing Criteria and Methods for Medical Examination of Employees and Submission of Examination Results to Labor Official, B.E. 2547 (2004)

The number of employees receiving health checks up in 2023 represented 85.5% of the total number of employees, an increase of 3% compared to 2022.

In addition to the employee medical checkup in 2023, we also planned to procure a group accident insurance and life insurance for the employees to be effective on 1 January 2024.



Medical Checkup at Factory in Buriram Province and Public Relations Document



2.3 Succession Plan

We acknowledge the importance of developing high-potential personnel, and to identify competent personnel to assume critical roles in the Company for seamless and sustainable business operations, we have prepared a succession plan for passing on the key positions in accordance with our purposes and policy to initially identify the successor from internal, high-potential employees. The successor is required to be prepared for the development of knowledge, skills and abilities for the succession so as to be able to efficiently and seamlessly assume the position and responsibilities and to achieve further advancement in the career.

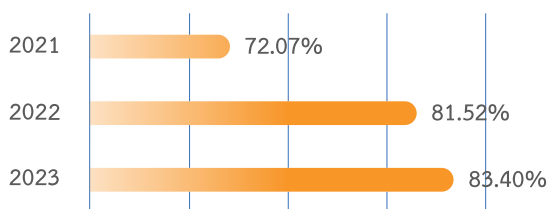
2.4 Promotion

In recognition of the importance of career advancement for employees, we have prepared definitions of position levels and capability development to allow our employees to create a career path for themselves and their subordinates. We set the criteria for consideration and assessment of performance and behavior to identify competent employees to assume a new position, and encourage them to learn and develop multiple skills, and be willing to change or take on new responsibilities in the future.

2.5 Employee Loyalty Survey

We conducted an employee loyalty survey to ensure that all employees feel they are a part of the organization. We targeted an average employee loyalty score of not less than 80%, and improved the action plans based on the feedback to ensure effective achievement of the performance goal.

In 2023, the employee loyalty score was 83.40%, representing an increase by 1.88% compared to 2022.



กราฟแสดงคะแนนผูกพันต่อองค์กรของพนักงาน (ร้อยละ)

2.6 Employment Policy on Job Creation for Community Members

It is our policy to promote employment of local people and to develop employees' competencies in order to promote



sustainable job creation for the community members. In 2023, 95 % of our factory employees were local people from Buriram province.

2.7 Employment Policy on Persons with Disabilities

We promoted and provided employment opportunities for people with disabilities, as work and regular income would improve their quality of life and allow them to realize their values and build their self-esteem. In compliance with Section 33 of the Persons with Disabilities Empowerment Act B.E. 2550 (2007) prescribing that employers or owners of business must employ persons with disabilities in the ratio of 100:1, in 2023 we employed 13 persons with disabilities, which was the number required by the law.

2.8 Being a Place of Knowledge

We allow work observation by organizations, communities or academic institutions in our facilities and accept trainees to enable university students to apply knowledge in their field of education with the actual work so as to enhance their professional skills, creative thinking, human relations and teamwork skills for work in the future, and to be conscious of corporate governance and codes of conduct. For sustainable development, we allow the university students to learn and develop to become the valuable personnel in the development of the organization.



3. Occupational Health and Safety

In realization of the importance of health, safety and occupational health of our employees and stakeholders, we place a priority on the prevention of possible accidents and raising awareness of employees on safety in every process of work. We have developed an occupational health and safety risk prevention policy and require that all units perform work in accordance with the safety, occupational health and work environment standards. The safety, occupational health and work environment committee, comprising a Chief Executive and the chairman and managers, supervisors, and operational employees as the members, was established to oversee and ensure that work is in line with the standards subject to the laws and regulations of the occupational health and safety management system, including to prepare safety training plans for employees on a yearly basis. In 2023, the training essential to the performance of work were as follows:

1. employee occupational and environmental diseases training;
2. electrical safety and resuscitation of persons with electrical injuries training;
3. hearing conservation program training;
4. chemical safety and chemical spill response training;



Forklift Safety Training



Confined Space Safety Training

5. advanced fire-fighting training;
6. machinery safety and personal protective equipment training; and
7. safety officer training (supervisory level, management level), and safety unit manager training.

Furthermore, we conducted environment quality measurement in the operational area; risk assessment; and emergency planning and rehearsal for possible emergencies. In addition to the occupational safety of the employees, we also arrange for access management for contractors by requiring training participation prior to entering the area, and execute agreements with the contractors on strict compliance with safe work procedures.



Advanced Fire Fighting Training

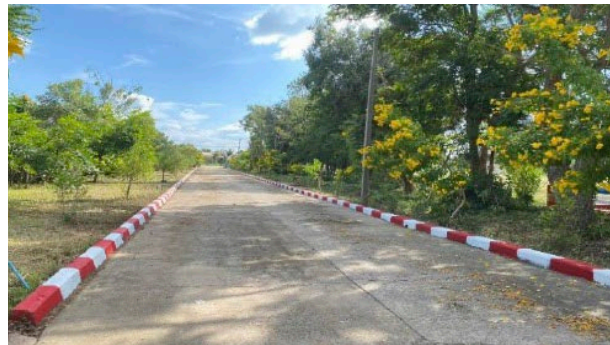
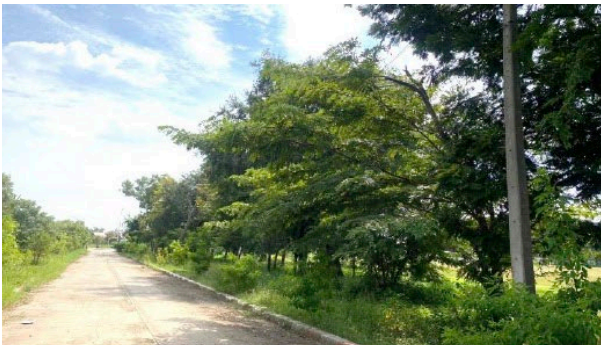


Health and Safety Promotional Campaigns

- **Zero-accident Participation Campaign:** We have prepared an occupational accident prevention plan; encourage employee safety awareness and culture, and allow employees to take part in the analysis and assessment of occupational risks and morning talks prior to starting work in preparation for safe working.
- **Contractor Safety Campaign:** To ensure the contractors' seamless knowledge and understanding on occupational safety management in overhaul, installation, and modification work, as well as the contractors' awareness on occupational safety in their field.
- **5S Campaign:** We arranged for participation of employees of all units in maintaining the cleanliness and orderliness of the office and operational areas.
- **National Safety Officer Day Campaign** In 2023, we collaborated with the Buriram Provincial Labor Protection and Welfare Office and Buriram Safety Officer Club in establishing the National Safety Officer Day Campaign under the concept of **“Buriram Safety Officers Network Engagement in Social Safety and Sustainability”** for cooperation and synergy in occupational work between the government sector and the private sector.



The campaign included three activities: 1. Community service; 2. Scholarship; and 3. Educational activities on preventive measures on occupational safety and health and the work environment, with the target participants being students, teachers and academic personnel. The purpose of this campaign is to raise consciousness on sustainable safety culture. The activities took place in Ban Khok Phet School with a total of 254 participants, consisting of 148 students, teachers and academic personnel, 31 government authorities, 45 private sector representatives and 30 parents.



Community Service Activity: Photos of a Sidewalk in Ban Khok Phet School Before and After Electrical Equipment Inspection and Maintenance, Utility Line Clearance, and Repainting



Community Service Activity : Photos of the Playground in Ban Khok Phet School Before and After Repainting



Social Performance

Health and Safety

Operational Data	2021	2022	2023
Total Accidents (case)	34	12	20
Lost Time Accident (case)	32	12	20
Accident Mortality (case)	-	-	1
Workplace Accident Mortality (case)	-	-	1
Occupational Injuries and Diseases (case)	-	-	-

Employee and Social Development

Operational Data	2021	2022	2023
Total Employee (person)	1,003	1,045	1,034
- Permanent Employee	344	408	442
- Daily Wage Employee	659	637	592
Employees Classified by Gender	1,003	1,045	1,034
- Male	673	676	659
- Female	330	369	375
Employees Classified by Management Level			
- Executive	9	8	8
- Manager	12	12	16
- Operational Officer	982	1,025	1,010
Employees Classified by Age			
- Less than 30 years old	415	426	334
- 50-30 years old	506	535	570
- Over 50 years old	82	84	80
Employees with Disabilities (person)	10	14	13
Employee Resignation Rate (%)	2.73%	6.47%	4.28%
Employees Returning after Maternity Leave (person)			
- Employees Exercising Maternity Leave	18	8	13
- Employees Returning after Maternity Leave	18	8	7*
Total Employees Participating Training (person)	77	260	754
Internal Training Courses (person/course)	2	9	22
Participating Employees (person)	49	204	576
Training Period (hour)	24	72	225
External Training Courses (person/course)	13	18	13
Participating Employees (person)	15	28	64
Training Period (hour)	162	568	331
Online Trainings (person/course)	4	22	44
Participating Employees (person)	13	28	114
Training Period (hour)	84	188	346
Employee Average Training Hours (hour/person/year)	0.32	3.1	1.19
Personnel Development Average Costs Per Year (THB/person)			
- Employee	530	881	884
- Manager	4,781	6,351	4,348
- Chief Executive and Deputy Chief Executive	225,950	63,920	80,289
Employee Loyalty (%)	72.07%	81.52%	83.40%
CSR Management Costs (million THB)	3.24	1.82	6.12

Remarks : For employees returning after maternity leave in 2023, there were 13 employees exercising the maternity leave, six of whom with the leave period ending after 2023.



Participation in Community and Social Development

Our responsible business operations towards the community and society mainly focused on reduction of environmental impacts and avoiding operations which may render negative effect on the quality of life of the surrounding communities. Furthermore, we engaged in the development of quality of life and social and community participation so as to satisfy the expectation of the stakeholders and achieve business operational sustainability. In 2023, we implemented campaigns and participated in activities with the communities as follows.

Children and Youths

We have always given importance to children and youth, because they are a considered a seedling that will grow into a force of national development. Throughout 2023, we organize projects to promote learning, whether it be academic, sports or other areas that is of importance to children and youths, including supporting the school’s activities or organized by the agency. There are 9 schools we have supported including:

1. Wat Ban Tapo Taphi School
2. Wat Taloong Gao School
3. Ban Khok Klang School
4. Wan Ban Prathat Bu School
5. Ban Khok Yrang School
6. Ban Nong Muang School
7. Ban Khok Petch School
8. Ban Krasang School
9. Ban Bat School

In 2022, we implemented the **NER Library for Learning Year 2**” Project which included developing school libraries and teaching and learning media; organizing library books and spaces; creating an environment facilitating use of the library; and providing computers for information searches, and a total number of 6,936 books donated by other agencies, to six schools near our workplace.

Subsequently, in 2023, we arranged the Library of the Year Award to promote reading habits and assess the performance of the project. We targeted use of the library service by 80 % of the total students in the school and conducted a qualitative assessment based on, for instance, the borrowing and returning system management; orderliness of the library; and book quality. A sum of THB 85,000 was given as rewards for three schools with the highest scores, namely Wat Ban Tako Taphi School; Wat Ban Talung Kao School; and Wat Ban Prathat Bu School, respectively, and honorable mentions for

Ban Khok Klang School; Ban Nong Muang School; and Ban Khok Yang School.

At present the learning resources are not limited only to books. In realization of the importance and advantages of technologies which have played a crucial role in daily life and education, the **“NER Electronic Library for Learning”** Project was developed. In this project, we contributed touch screen monitors to nine schools located within six kilometers from our workplace, namely Wat Ban Tako Taphi School; Wat Ban Talung Kao School; Ban Khok Yang School; Wat Ban Prathat Bu School; Ban Khok Klang School; Ban Nong Muang School; Ban Khok Phet School; Ban Krasang School; and Ban Batr School. This is to encourage the students to learn information by searching on the internet and to be acquainted with technologies. In addition, we provided equipment for games which promote thinking skills; problem-solving skills; concentration; and wisdom. We also arranged for the game contest in the library for learning and encouraged students to further use the library.



First Prize Award Ceremony for Library of the Year Project Ceremony at Wat Ban Tako Taphi School



Students Using the Library



We also implemented the **“NER Science and Technology Caravan: Sending Happiness to Employees’ Loved Ones”** Project to provide the children with opportunities for learning outside of the classroom, allowing them acquaint themselves with questioning, observing and experimenting in science. We hosted an activity booth sharing scientific knowledge to children of the employees and students from Ban Khok Phet School; Ban Talung Kao School; Ban Krasang School; and Ban Batr School, totaling 257 people.



Children Enjoying Activities in NER Science and Technology Caravan: Sending Happiness to Employees’ Loved

Moreover, we provided financial support of THB 50,000 to TUBTIM ROBOT, a robot team from Mattayomtubtimsiam 04 School in Amphoe Sangkha, Surin Province, which was a Thai representative in the RoboCup Asia-Pacific 2023, an international robot competition in South Korea held on 5-9 December 2023.



Students Playing Problem-Solving Games





Apart from academic and technology promotion and support, we also contributed to child and youth sports. For instance, we provided financial support to Khokma SKR, a youth football team, for participating in the Thailand Prime Minister Cup 2023 U-16 (Buriram) and Chang Thung Nade Cup 2023 U-17; provided sporting equipment to schools and sport shirts to the Khok Ma Sub-district and Village Headman Club for sport competitions to six schools in Prakhaon Chai and nine schools in the Tambon Khok Ma and Tambon Tako Taphii Group, in a total amount of THB 30,567; we also sponsored the budget and prizes for the sports day of Ban Krasang School in Tambon Prathat Bu Amphoe Prakhon Chai on 7-8 December 2023.



Sporting Equipment Handover Ceremony to 6 schools in Prakhon Chai



Prize Awarding on Sports Day of Ban Krasang School

To acknowledge the importance of safety of children, youth and community members, we cooperated with government agencies, for instance, the Buriram Labour Protection and Welfare Office, and the private sector, in holding the “12 November Safety Officer Day” activity under the concept of “Buriram Dedicated Safety Officer Network for Sustainable Safety” on 10 November 2023 at Ban Khok Phet School (Boonlue Kururatbamrung) Buriram province. The purpose of

this activity was to raise safety consciousness and awareness among students, teachers, parents and participants. The activity included eight booths providing knowledge on occupational safety; the environment; safe driving; human rights and child labour; electricity consumption; first-aid; basic fire fighting; and rubber product knowledge. Additionally, we provided a total of THB 10,000 of scholarships to 10 children, and conducted community service such as repairing and repainting a footpath and playground, and inspecting electric appliances in the school.



First-Aid Booth



Safe Driving Booth

Local Art, Culture and Tradition

Buriram is an ancient city with a long history and beautiful culture. We have put efforts into carrying on the local art, culture and tradition, and in 2023 we engaged in various traditional activities with the communities, for instance, collaborating with the community in arranging the activity “Preseving Local Songkran Tradition” of Ban Chai Phattana. The activity included a Buddhist chanting ceremony; building stand stupas; pouring water on hands of monks and elders and asking for blessings; playing folksongs; dancing; splashing water; and smearing white powder paste, which are the local customs in the Thai New Year festival.



Sand Stupa Building



Pouring Water on Hands of Monks

We were invited to partake in the foundation stone laying ceremony, which was one of the significant ceremonies of Amphoe Prakhon Chai. At this event, we contributed 1,000 kilograms of rice and dry food to elders, poverty-stricken families, and bedridden patients in the community. We were blessed to have the opportunity to make merit and at the same time to make a contribution to and enhance our good relationship with the community.

We greatly respect and recognize contributions to religions. Hence, we participated in and offered monetary donations to various religious activities. For instance, we attended and made a monetary donation to the madhupayasa offering ceremony 2023; provided drinking water and financial support for the candle festival; made a donation in the Malaidharma Meal Offering (Dharma Journey) 2023 Project held at 26 temples in Amphoe Prakhon Chai; made donations in the robe offering ceremony of the sangha in Amphoe Prakhon Chai; and attended the Ghost Festival arranged by Nang Rong Buddhist Association (Pong Lai Kao 23), which was a Chinese ritual held to make offerings to impoverished persons and making merits for spirits without any family; we donated rice and dry food worth a total amount of THB 84,000.

We developed the “**Buddhist Lent Candle Offering for 10 Temples**” Project to be held on 17-21 July 2023 at Ban

Kong Hin Temple; Ban Prathat Bu Temple; Pracha Somnuek Temple; Ban Chai Phattana Temple; Phra Phuttabat Khao Kradong Temple; Ban Batr Temple; Ban Khok Phet Temple; Khok Klang Temple; Sai Yong Temple; and Chan Phen Temple, and participated in the Kathina Offering 2023, which was considered by Buddhists to be the most meritorious deed. We were the main sponsor and co-host of the kathina offerings at 12 temples in Amphoe Prakhon Chai and Amphoe Lahan Sai, and made monetary donations totaling THB 1,020,000. This



Foundation Laying Ceremony

donation would be used for the construction of facilities in the temples and for the development of community projects.

In addition to participation in and contributions to the religious ceremonies, our employees have volunteered for community service by repairing and renovating the crematorium and the Ban Chai Phattana Monastery in Tambon Tako Taphi, Amphoe Prakhon Chai, Buriram province.



Our Employees Repainting and Repairing Ban Chai Phattana Monastery



Kathina Offering Ceremony co-sponsored and co-hosted by NER.



Employees Attending the Buddhist Lent Candle Offering at Ban Chai Phattana Temple in Tambon Tako Taphi, Amphoe Prakhon Chai, Buriram Province.

Health and Safety

In light of the current weather conditions in Thailand, with the air pollution, such as dust and PM2.5; extreme heat; and the ongoing COVID-19 pandemic, all of which constitute an adverse effect on health, we took the effort to encourage community members to pay attention to their health, particularly for vulnerable groups, and to ensure that they receive effective access to medical checkups. Hence, we came forward with the “**NER Health Care for Vulnerable Members in Four Neighboring Villages**” Project, which includes Ban Bat; Ban Krasang; Ban Chai Phattana; and Ban Khok Phet villages. The vulnerable group comprised elders, persons with disabilities, and pregnant women. The list of medical checkups comprises 17 items including pulmonary and cardiac function; complete blood count; blood sugar level; fat level; eyesight; and muscular fitness.



Vulnerable Members Receiving Health Checkup under the NER Health Care for Vulnerable Members in Four Neighboring Villages program.

The checkup results of the community members showed that among 392 members from four villages, 267 people had normal results, and 125 people had general chronic diseases, such as diabetes and hypertension, and had received treatment and a follow-up by the physician.

Additionally, we donated a sum of THB 40,000 to Huai Rat Hospital, Buriram Provincial Public Health Office for cataract screening for the general public in fiscal Year 2023, to allow the cataract patients effective access to standard services provided by the service network in Buriram province. This project was held on 23-24 March 2023 at Nong Teng Tambon



Handing Over 200 Sets of Picnic Mattresses and Fans to Ban Talung Kao Tambon Health Promoting Hospital

Health Promoting Hospital and Ban Lamduan Tambon Health Promoting Hospital in Amphoe Krasang, Buriram Province. We also donated 200 sets of picnic mattresses and fans to Ban Talung Kao Tambon Health Promoting Hospital which would handing them over to bedridden patients, elders and impoverished persons in Tambon Khok Ma, which was a community near our factory, for them to cope with hot weather.



Agriculture Promotion

Last year **we set out to encourage communities to use the soil conditioner (Napier grass slurry from our biogas production process) in growing their homegrown vegetables.** In comparison to the plots using ordinary soil, it was found that the demonstration plots using our soil conditioner yielded vegetables in larger amounts and of better quality. **Therefore, the project was continued for another year** as the **“NER Promotion of Sustainable Community Agriculture Year 2”**. We invited four farmers from four neighboring communities, namely, Ban Chai Phattana; Ban Krasang; Ban Khok Phet; and Ban Batr, to take part in the project. The vegetables to be planted were

coriander; Chinese kale; water spinach; and dill. There was growth monitoring and statistical data collection by comparing the height of vegetables grown in soil using our soil conditioner to those grown in ordinary soil. The results were satisfactory as it was found that the growth rate of vegetables grown in soil using our soil conditioner improved by 40 % compared to the vegetables grown in ordinary soil.

In addition, we collected and tested the soil samples for minerals, namely, Nitrogen, Phosphorus, and Potassium. The samples were collected from the plot, the slurry and the plot after adding the soil conditioner. The test results were shown in the table below.



Sample	Test Results		
	Nitrogen (N) (%)	Phosphorus (P2O5) (%)	Potassium (K2O) (%)
Soil from the plot	0.58	0.009	0.02
Napier grass slurry	1.13	2.10	2.04
Soil from the plot after adding the soil conditioner	0.75	0.011	0.02

The table showed that in the soil from the plot after adding the soil condition, the quantity of Nitrogen and Phosphorus, which were essential to the growth of the vegetables, increased. Thus, the soil conditioner could be used instead of chemical fertilizers, which would result in a decrease in expenses and costs for the farmers and the chemical-free agricultural produce which was safe for both the farmers and the consumers.

In light of the improved growth of the vegetables based on the soil test results and the satisfactory feedback from the four farmers, we then continued to the “NER Green Market” Project. We invited farmers from neighboring communities to participate in this project by using the slurry from our biogas production process in growing their homegrown vegetables and selling the produce in the market held in front of our manufacturing factory. This would increase income of the farmers and encourage our employees to consume organic vegetables for better health.

Additionally, with the aspiration to raise awareness of environmental protection, we encouraged the farmers to use natural materials as packaging for the vegetables, for instance, wrapping the vegetables with banana leaves and tying with banana rope or bamboo strips in order to reduce plastic use. At this event we also campaigned for waste sorting and using cloth or paper bags instead of plastic bags, the latter of which had been promoted continuously among our employees. There were cloth and paper bag drop-off and pickup points for customers coming without any bag, and the demonstration of the slurry and its origin used in the project to ensure that the customers are informed of the source of the vegetables and assured of the safety in consuming the vegetables in this project, and to publicize and attract more potential participants.



Vegetables Sold at the NER Green Market



Employees Using Cloth Bags for Shopping at the NER Green Market



SSlurry (Soil Conditioner) Demonstrated at the Ner Green Market



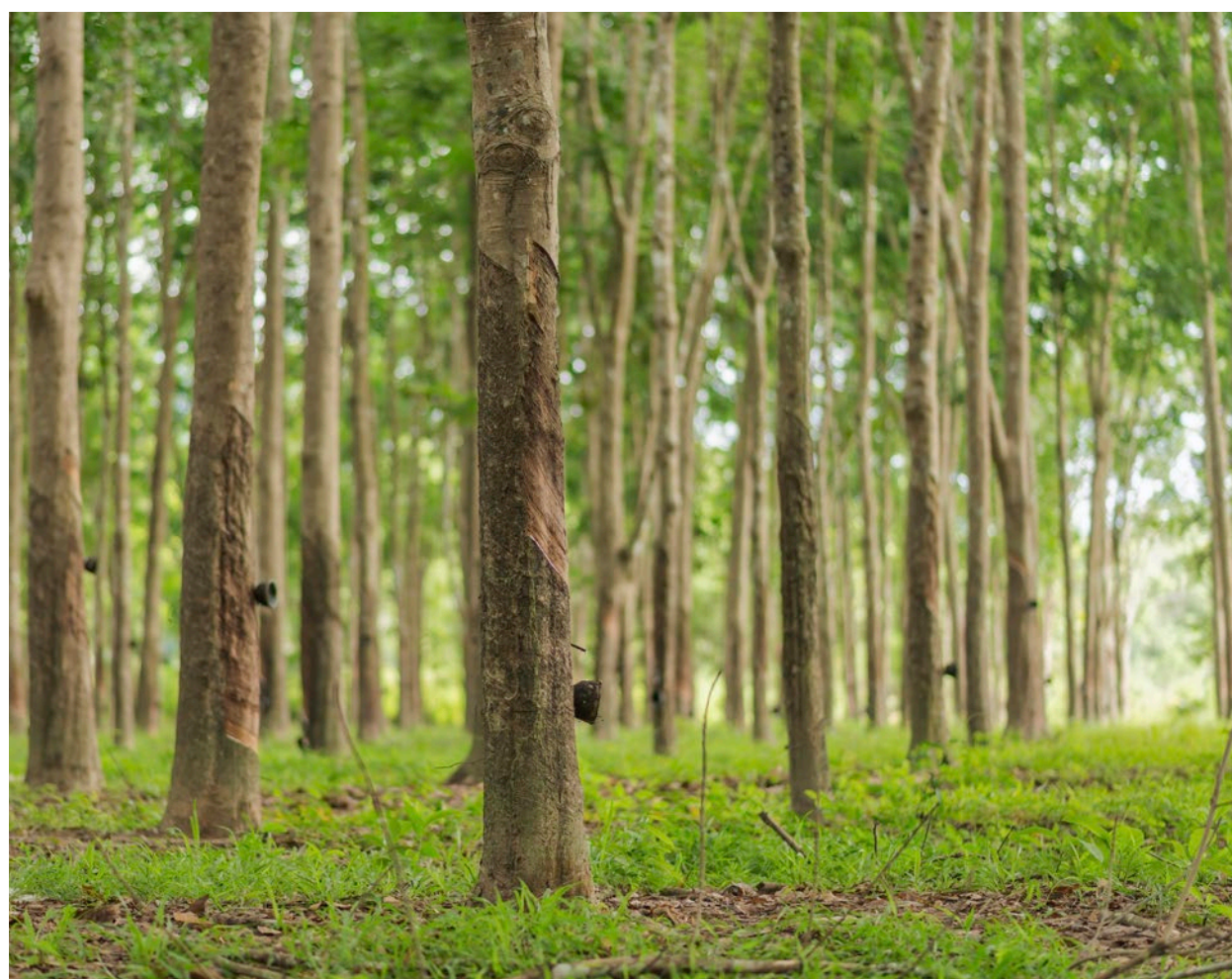
Waste Sorting Points



The “**NER Green Market**” Project was held once a month in front of our manufacturing factory, starting on 5 September 2023, and four more times by the end of 2023. It was found that the number of potential participants increased consistently since the farmers earned more income while the employees were greatly satisfied to be able to consume clean and safe vegetables at a reasonable price.

From the four times the project was held, we gathered data from the participating farmers in respect of the costs of growing and the income from sale of the vegetables. It was found that the number of farmers interested in participating in the project and using the slurry to grow vegetables increased from 15 to 32 people at the fourth market; and the farmers selling the vegetables at the market gained more income, with an average net profit margin of 38.86 % from sales in each time, per details shown in the table below.

Indicators	1 st Time (05/09/2023)	2 nd Time (05/10/2023)	3 rd Time (02/11/2023)	4 th Time (7/12/2023)
Number of Participants	15 person	24 person	28 person	32 person
Vegetable Farmers	8 person	10 person	7 person	10 person
Vegetable Weight	233 Kg	405 Kg	315 Kg	307 Kg
Sales	2,573 THB	6,085 THB	4,740 THB	6,865 THB
Profit	923 THB	2,354 THB	1,986 THB	2,675 THB
% Profit Margin	35.87%	38.69%	41.90%	38.97%





Sustainable Development in the Economic and Governance Dimensions



2023 Operating Results

North East Rubber Public Company (the “Company” or “NER”) has grown into one of the country’s top natural rubber producers. We are actively engaged in providing knowledge to rubber growers through the Rubber Authority of Thailand, rubber growers cooperatives and rubber growers nationwide, as well as in developing new products for expanding into downstream businesses.

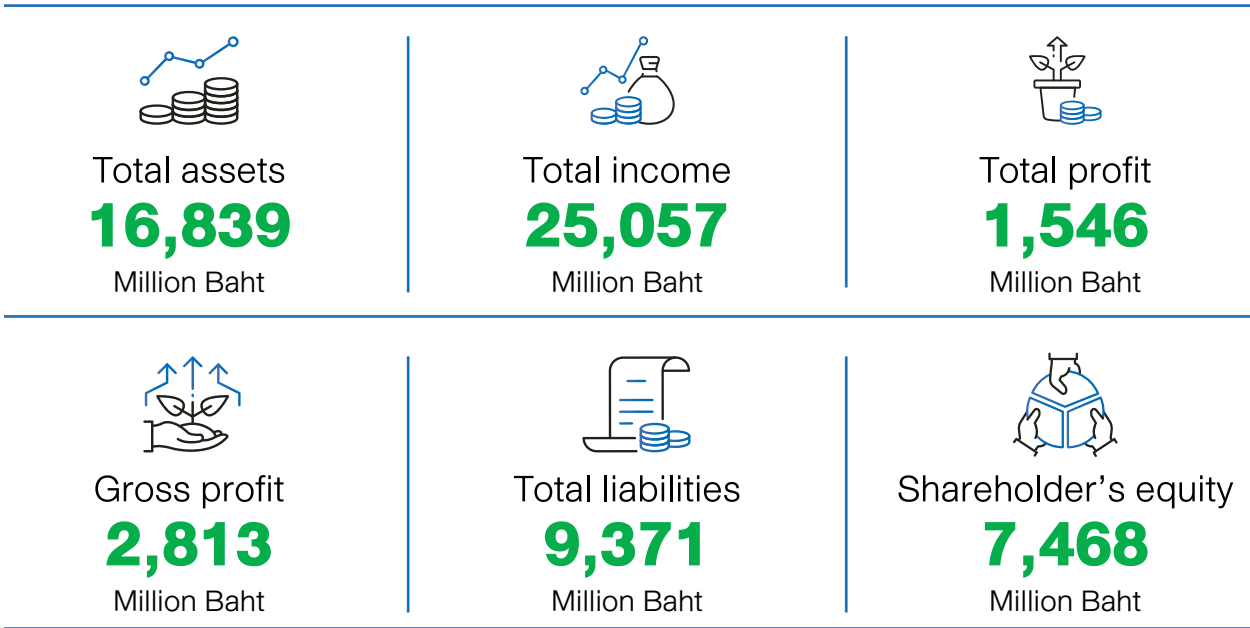
At present, the products produced and distributed by the Company can be categorized into four groups:

1. Ribbed Smoked Sheets (RSS);
2. Standard Thai Rubber 20 (STR20);
3. Mixture rubber; and
4. Livestock rubber mattresses

The Company is licensed to produce and export rubber. The Company has conducted rubber quality analysis and testing under the Rubber Control Act, B.E. 2542 (1999). With years of experience, the Company has grown consistently to become a producer and distributor of high quality RSS, STR20 and mixture rubber.

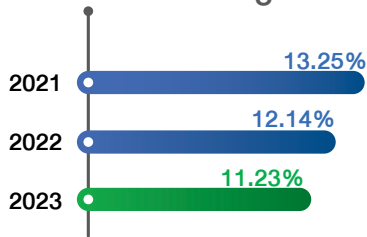
The Company has a total income of Baht 25,057 million, compared to the previous year’s total income of Baht 25,203 million, which represents a decrease of 0.58% from the previous year.

“Promotion of Innovation for Development of Products Satisfying Customer Needs”

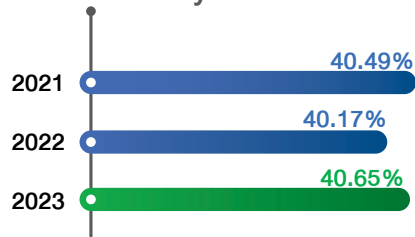


FINANCIAL RATIOS

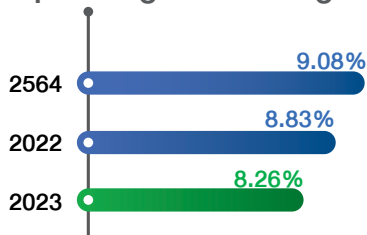
Gross Profit Margin



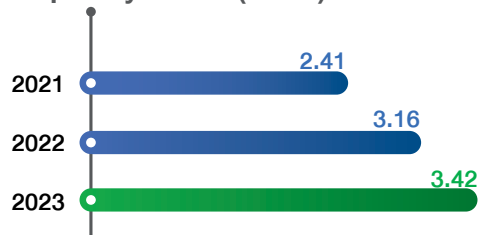
Dividend Payout Ratio



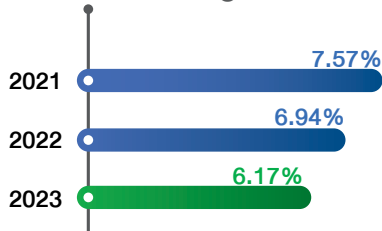
Operating Profit Margin



Liquidity Ratio (Time)



Net Profit Margin

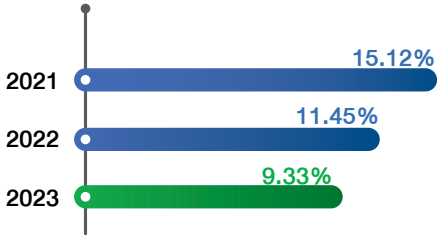


Interest Bearing Debt To Equity (Time)





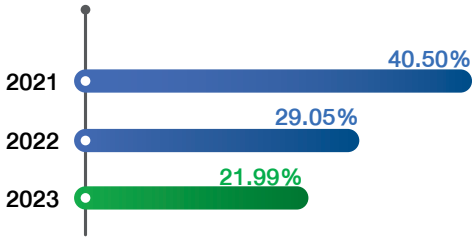
Return on Assets



Earnings Per Shares (THB/Share)



Return on Equity Holders of the Company



Dividend Per Share (THB/Share)



Corporate Governance for Sustainable Business

In our business operations, we adhered to responsibility; transparency; fairness; accountability; equality; and responsibility to the stakeholders, which were essential factors for the long-term sustainable development of our organization. The Nomination and Remuneration Committee put forward crucial policies suitable for and in concert with the business operations, as the operation guidelines for the Board of directors, the Executives and the employees, and arranged for such policies to be reviewed on a yearly basis.

In 2022, we participated in the Corporate Governance Report (CGR) of Listed Companies Project by the Institute of Directors (IOD) and received the “Excellent” or “5 Star” rating indicating our constant improvement in good corporate governance. The Annual Corporate Government Report was included Article 2 of the Annual Report and on our website: www.nerubber.com



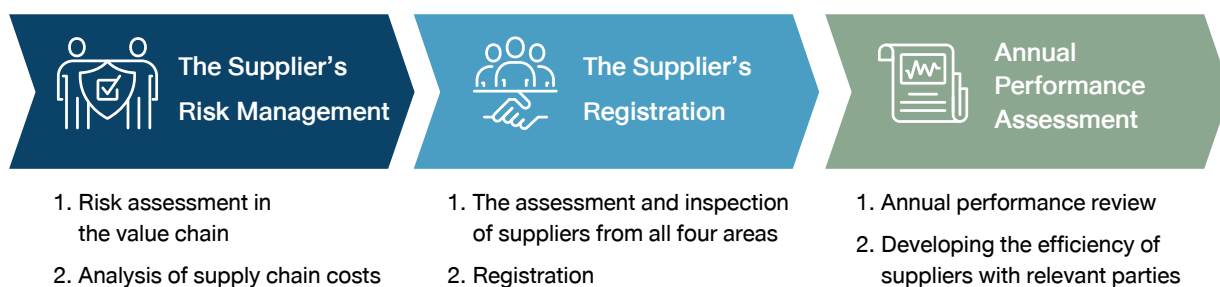
Procurement

We give importance to the procurement and management of the value chain in providing quality products and services. We have created a risk management process that covers environmental, social and governance so that the management guidelines are consistent with the risk level, taking into consideration the quality, delivery and services received, as well as the legal requirements and the various quality management systems. This is to protect and reduce risks that may affect the quality, amount, delivery, and

service, as well as the stakeholder’s trust in us to carry out our operations. We have prepared procurement regulations for our suppliers, so that its they and our employees strictly adhere to the aforesaid rules. The content and scope of the said regulations follow the relevant rules and laws; it covers business ethics, human rights, safety and the environment according to the principles. We have thus specified a policy on procurement, which contains the following important information:



1. Our procurement is done with transparency, is ethical, verifiable, and strictly follows the relevant laws.
2. We carry out our procurement according to the specified rules efficiently and effectively, considering the quality, price, quantity, service and speed of delivery of products and services, as well as taking into account our responsibility to the economy, society and environment without violating labor laws and human rights.
3. We treat all suppliers and contractors fairly, without taking advantage of them, give them information that is correct, complete, clear and adequate equally.
4. We have a policy on anti-corruption and adhere to it strictly, by opposing corruption in all forms both directly and indirectly.
5. If our suppliers and contractors found that the our personnel has carried any operations without transparency, or has a conflict of interest, they will have to immediately report this to us.



Supplier Management

We have laid out a standard for managing suppliers so that suppliers carry out their operations according to the standard that is set, are able to meet the increasing demand for our products and achieve their targets, whilst maintaining the quality of products/services and the good relationship between the supplier the Company. It also helps increase awareness among suppliers of our stance on sustainability.

We have a standard in choosing, assessing and verifying suppliers fairly and transparently, based on good governance principles, business stability and the reliability of our suppliers, including being able to meet the needs of our company well. Our supplier management consists of:

- Risk management of our suppliers consists of assessing the risk of the value chain, conducting Spend Analysis to be able to identify important suppliers in the value chain and prepare an Approved Vendor List, using the Vendor Questionnaire to verify the qualifications of those who will be registered as a supplier of the Company, which they

must pass the evaluation criteria in 4 areas as follows: 1) Technical 2) QA/QC 3) Safety, Health and Environment (SHE) and 4) Financial, including an assessment on ethics and the implementation of labor laws.

- Creating an Approved Vendor List to select potential suppliers for our business
- After the Supplier's registration, we conduct an assessment of the their performance, through a self-assessment and verification process, to follow up on the supplier's performance, according to the rules we have specified per the product or service type. Moreover, during the year, use agencies can make complaints and present problems from usage or any issues related to the environment, social and governance. We will verify the claim, consider the actions to be taken to solve the problem and provide advice along with make a plan to improve the efficiency of the supplier in corporation with all related parties from the agencies and the supplier before conducting the assessment again.



Managing and Developing the Value Chain

The Importance of this Issue

We are committed to carrying out our operations with responsibility towards the community, society and environment. We start from giving advice on cultivation, purchase of raw materials, production and transportation processes, as well as encouraging farmers and suppliers to have awareness and participate in preserving natural resources. The purpose is to deliver a good quality of life and create the highest satisfaction for all stakeholder groups.

Plan or Method for Managing Issues

In terms of the operational plan, we have assigned the purchasing department to survey the farmers' cultivation areas. Visits are conducted to the area to inquire farmers about any issues in growing rubber, and to identify important issues to be used in organizing knowledge training for farmers about the maintenance of rubber trees, producing quality rubbers, and encouraging the use of formic acid to reduce the negative effects on the environment, linking each chain from upstream to downstream, to be able to verify the source of the raw material.

In terms of the supplier, we have a plan to use sustainability criteria in the process of selecting reliable suppliers that can trace back the source of raw materials to create confidence that the raw materials sourced do not harm the environment, encroach and destroy forests and does not violate human right principles.



Performance Monitoring and Solutions

Our procurement incorporated a sustainable raw material procurement process and transparent inspection. For instance, for rubber cup lumps, the dry rubber content (DRC) measurement innovation was used in the quality inspection; for rubber sheets, the raw material quality inspection was conducted in compliance with the natural rubber sheet standards of the Rubber Authority of Thailand, and the raw material traceability was assured with the coding on the rubber sheets. In 2023, as a consequence of our diligent and thorough risk assessment and raw material procurement plan, we were able to continually procure quality raw materials without encountering any raw material shortage.

We prepared a Supplier Code of Conduct, setting requirements regarding human rights; labor; the environment; and legal compliance, as guidelines for suppliers to ensure that our business process and their business process are in concert as to the sustainable development. We also monitored the suppliers' code of conduct performance and held meetings with the suppliers to provide advice on solutions to the problems and improvement of raw material quality to satisfy our requirements, as well as efforts on environmental and social management and assessment for sustainable mutual growth.

We targeted 100 % of our main suppliers to acknowledge and sign the Supplier Code of Conduct by 2023 and successfully achieved our goal. We then prepared a monitoring plan whereby business are classified into three groups, namely, transportation; natural rubber sheets and cup lumps; and machinery and equipment, and the monitoring is conducted in accordance with the Supplier Code of Conduct, including ISO 9001:2015; ISO 14001:2015; and ISO45001:2018 systems



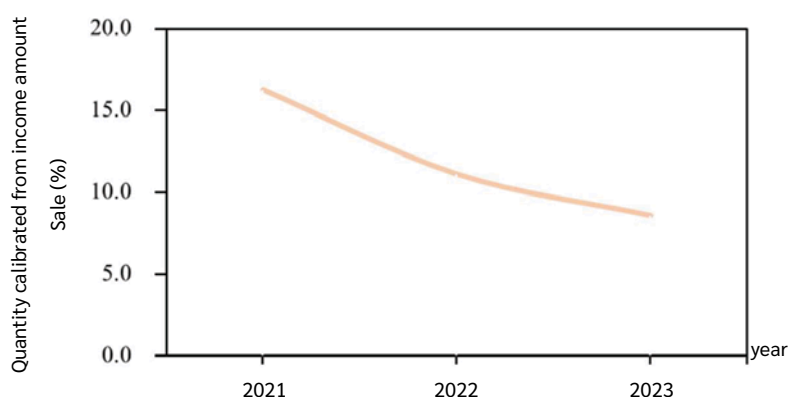
NER Supply Chain Development for Sustainability Year 2 Project



In 2023, the **NER Supply Chain Development for Sustainability Year 2 Project** was implemented consequential to the 2015 project, whereby training is arranged for farmers in Buriram, Sisaket, and Ubon Ratchathani provinces for sharing knowledge on production of quality rubber cup lumps and smoked rubber sheets in order to add value to natural rubber.

In 2023, we monitored the training results and found a decrease in contamination measured from the products sold.

Graph illustrating contamination measured from products sold



Supplier Relationship Management

We accorded priority to sustainable business relationships with suppliers by making regular visits to the suppliers' premises to strengthen those relationships; exchange knowledge or information on the rubber market to remain up-to-date; and address the problems and suggestions by the suppliers to improve our operations for future business opportunities. We assigned the Procurement Division to perform a Supplier Site Visit for both the agricultural raw material suppliers and the rubber farmers to share knowledge on how to produce quality rubber; reduce environmental impact; acquire raw material without environmental impact; increase income and improve quality of life of the

farmers; and on-site interviews to identify current problems encountered by the farmers. We would attempt to provide advice and recommendations on solutions to such problems.

The Procurement Division also visited neighbouring areas, participated in relationship building activities, and raised community enterprises' understanding of raw material purchases. In this respect, the Provision Division would explain the rubber purchase process between us and the suppliers; types of rubber purchased by us and issues of possible contaminations in rubber; and suggest methods of selling raw material purchases to us.



With regard to general procurement, apart from rubber procurement, the Procurement Division was assigned to conduct study visits with suppliers in order to exchange opinions on the product or service delivery process and to jointly identify solutions to the problems which are encountered by us or the suppliers and may affect both the suppliers and us, for continuous growth in the business.

We arranged for the supplier risk assessment to be undertaken on a regular basis, at least once a year, to ensure that the risks will be managed so that they will not affect the business, communities and environment. We also conducted an annual supplier assessment on either raw material suppliers or general suppliers, in order to provide advice on product and service quality development, or to find solutions to service and delivery problems so that our requirements are satisfied. Additionally, the social and environmental assessment was undertaken for sustainable mutual growth of both us and the suppliers.

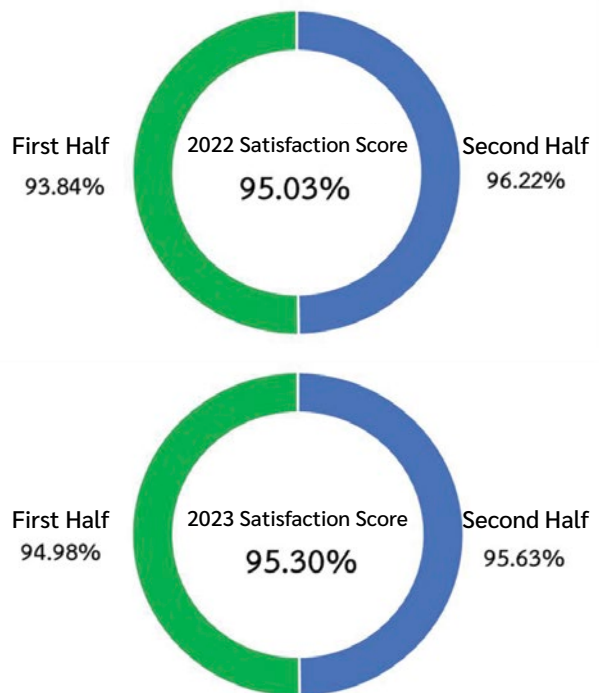
Customer Relationship and Responsibility Management

We are determined to deliver quality products to customers within the specified time, with the long-term goal of maintaining a good relationship with customers to achieve the utmost satisfaction for the sustainable building of customer base.

Customer Relationship Building

1. Marketing Communications and Customer Privacy

The Sales and Marketing Division's responsibility included communicating product information; coordinating and following up on the delivery to ensure timely delivery; receiving complaints to provide solutions and responses to the customers for their utmost satisfaction; and maintaining client confidentiality in accordance with our privacy policy. In 2022 and 2023, there was not any complaint from the customer on privacy.





2. Customer Satisfaction Survey 2023

We placed priority on customer satisfaction to ensure good relationships and sustainable building of a customer base. Our Sales and Marketing Division implemented guidelines for customer satisfaction surveys which encompass communications, service, and product quality. We aimed for a satisfaction result of 95 % or over. In 2023, the customer satisfaction was 95.30 %, representing an increase of 0.27 % compared to 2022. In case of any recommendation or complaint from the customer, the investigation, monitoring and inquiries would be undertaken on the customer by the Sales and Marketing Division via telephone, email, and

communication applications, such as Line and WeChat, in order to identify the cause, including analysing information to improve the operations and consequentially identify the solution, or cooperate with related divisions to ensure that the customer requirements and satisfaction are met.

Aside from the satisfaction survey, we emphasized complaint management by implementing the complaint response system enabling prompt resolutions of the complaints to ensure the customers' utmost satisfaction, and summarize and record the number of occurrences, causes, and solutions as statistical data for goal setting to reduce complaints in future.

Innovation

To keep up with the fast-changing technologies, competition, and business environment, both internal and external, we recognize the importance of innovation development, and thus conducted studies and research to implement innovations and technologies in the manufacturing process, and strive to develop the business to the downstream industry, with cooperation from both the government and private research institutions, in researching, inventing and developing new products to enhance efficiency of the manufacturing process and added value to the products, including sustainable innovation and technology development.

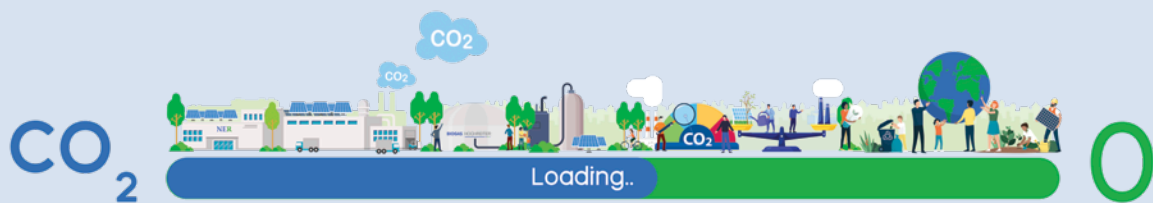
Livestock Mat

In light of the issues of livestock health and welfare in livestock farms; the environment; wellbeing; pressure injury; or ground humidity in farms, we cooperated with Prince of Songkhla University to invent and develop livestock rubber mats that are fit for purpose, easy to dehumidify and reduce accumulation of bacteria that can cause skin infections leading to diseases.

This research aimed for development of products to create the value added to the rubber product processing industry and enhance competitiveness of the domestic rubber industry. Additionally, it contributed to improvement of the overall quality of life of the farmers, including the animal health and welfare in the livestock industry. In 2023, we implemented additional innovations and expanded the products to swine industry, particularly piglet farms and nursing farms. We received good feedback from the farms due to the increased efficiency in their management, especially cleanliness and effective reduction of the piglet mortality rate.

The research and development costs in 2023 were THB 1,500,000 and we executed the Phase 3 MOU with the Prince of Songkhla University with the budget of THB 5,000,000.





NER Moving Towards a Sustainable Business

NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Head office : 398 Moo 4, Kok Ma Sub-district,
Prakhonchai District, Buriram 31140

Email : ner@nerubber.com

Telephone (+66) 4466 6928 / (+66) 4466 6929

Sale office : 589/156 Central City Tower 28th Floor, Debaratana Road,
Bang Na Nuea Sub-district, Bang Na District, Bangkok 10260

Telephone (+66) 83 009 7500