



Inoue Rubber (Thailand) Public Co., Ltd.

**SUSTAINABILITY REPORT**  
**2018**

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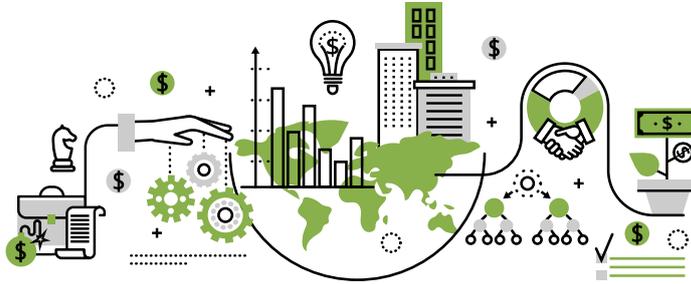
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# About this report



## Reporting Procedure

This 2018 Sustainability Report is counted as the 4th issue of Inoue Rubber (Thailand) Public Company Limited “IRC”, which is published annually. The contents of this report are consistent with Sustainability Reporting Guidelines defined by Global Reporting Initiatives or “GRI”. The contents include the assessment of IRC materiality issues, stakeholders, management process, as well as operational performance in economic, social, and environment aspects to IRC’ stakeholders during October 1st, 2017 – September 30th, 2018, which focus on sustainability development.

In this year, IRC still adopts the ‘Sustainable Development Goals’ or ‘SDGs’ as our compass in driving our stakeholder engagement and being a linkage of sustainable development at the international level.



## Scope of Report

This sustainability report presents our operational results from Motorcycle Tires and Tubes and Industrial Elastomer Parts businesses, which are located in Rangsit and Wangnoi sites respectively. The report includes financial and non-financial report.

Apart from some data that are presented in the Annual Report 2018, this report is published as a channel for stakeholder to understand how IRC drive our business towards sustainability goals.

For more information, please download the full version of this report via [www.ircthailand.com/en/investor/sustainability](http://www.ircthailand.com/en/investor/sustainability)

Or contact

<http://www.ircthailand.com/th/investor/relations/comment>

# IRC Pride

## Sustainability & Economic

one of 100 listed companies (ESG 100) from overall 683 listed companies, which is outstanding in environment, society and governance for three consecutive years



Thailand Sustainability Investment 2018 (THSI) by the Stock exchange of Thailand: The Company is one of the 79 selected listed companies, which operate business sustainably with consideration to Environment, Social and Governance.



Awards of Quality 2017 from Mitsubishi Motors (Thailand) Co., Ltd.

Certificate of Achievement from Isuzu Engine Manufacturing (Thailand) Co., Ltd. as the supplier who have average all fiscal year score points both quality and delivery



## Social & Occupational Health, Safety and Working Environment

Wangnoi Site received Gold Certificate Second Year: Thailand Safe@Work (Reduce Work Accident to zero) 2018 from the Ministry of Labor.



Outstanding Establishment on Skill Development Promotion in accordance with Skill Development Promotion Act B.E. 2545 (2002) from the Department of Skill Development, Ministry of Labor.

# Environmental

Rangsit Site received Thailand Energy Awards 2018 for Energy Conservation, Designated Factory from the Ministry of Energy.



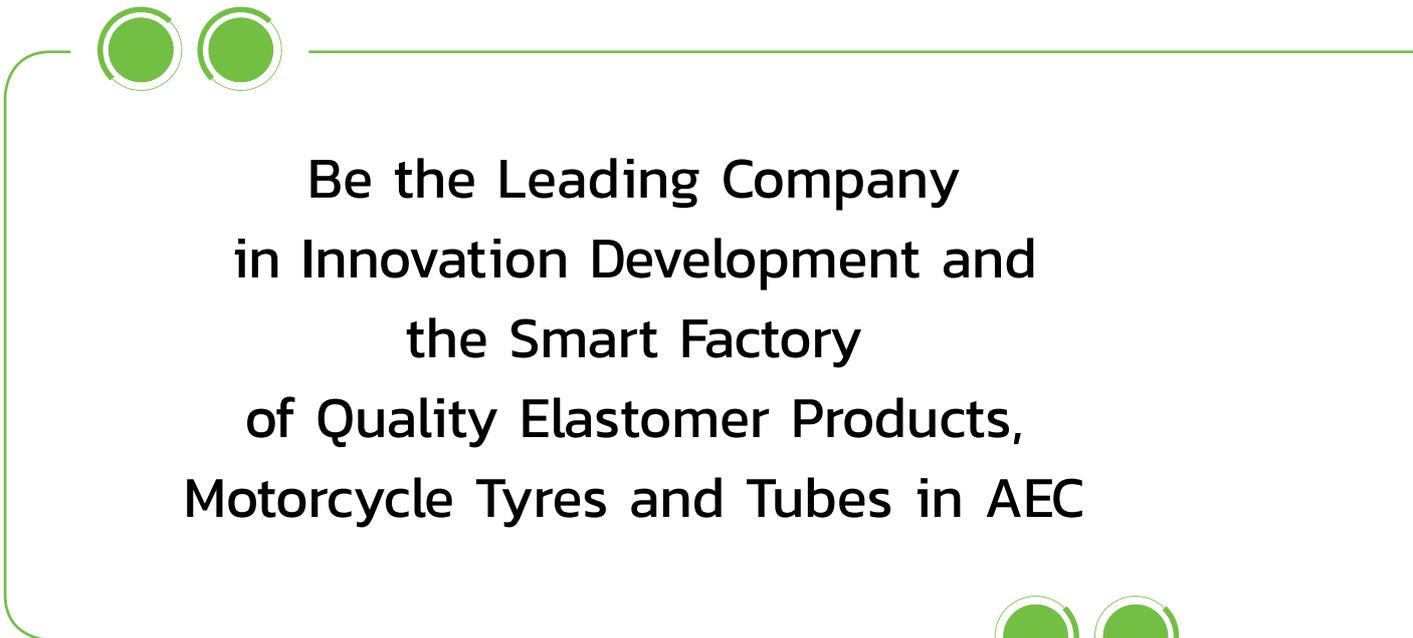
Rangsit Site has been certified as the Green Industry Level 3 (Green System) by systematic environmental engagement, monitoring evaluation, and reviewed for continuous improvement from the Ministry of Industry.

# Message from the Chairman



A handwritten signature in black ink, appearing to be 'Pimjai'.

(Mrs. Pimjai Leeissaranukul)  
Chairman



## **Be the Leading Company in Innovation Development and the Smart Factory of Quality Elastomer Products, Motorcycle Tyres and Tubes in AEC**



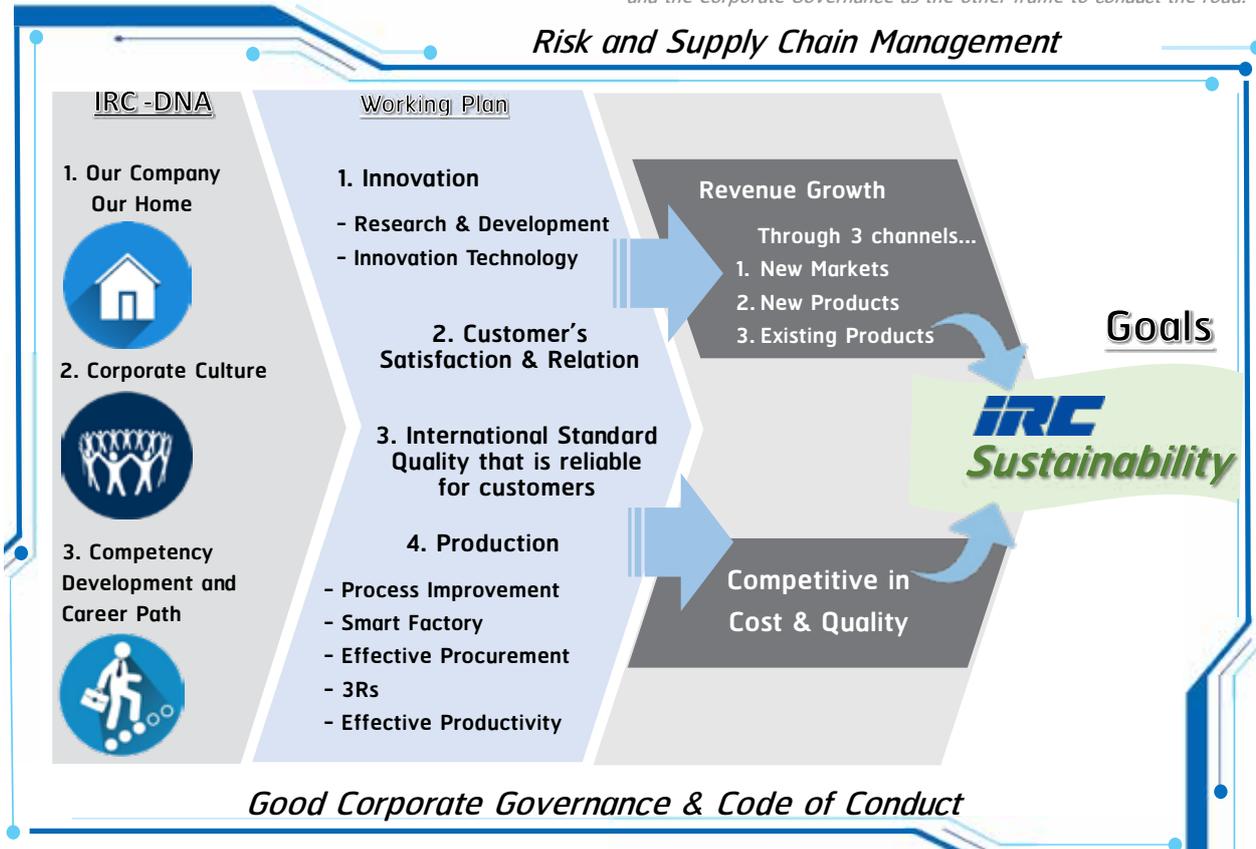
IRC aims to be sustainability organization that aware of Economic, Social, and Environment to response all the stakeholders under the company vision of “Be the Leading Company in Innovation Development and the Smart Factory of Quality Elastomer Products, Motorcycle Tyres and Tubes in AEC”. For the sustainability roadmap of IRC, there are systematic risk and supply chain management, as well as good Corporate Governance and Code of Conduct. This brings about the effective and concrete operation and innovation development in every aspect.

In 2018, IRC achieved Thailand Sustainability Investment 2018 (THSI) award which is considered as a development for the capital market, stable economic growth, and responsibility in Social and Environment, under the Corporate Governance framework.



## STRATEGY MAP

*On the way to IRC Sustainability, there are Risk and Supply Chain Management as a top frame, and the Corporate Governance as the other frame to conduct the road.*



Strategy map for IRC sustainability begins from the concrete base of everybody in IRC called IRC DNA, which consists of 1. Our Company Our Home 2. Corporate Culture and 3. Competency Development and Career Path. The risk management and supply chain management are conducted by Risk Management Committee. On the other hand, good Corporate Governance and Code of Conduct are conducted by Good Corporate Governance and Social Responsibility Committee and Audit Committee.

The roadmap for sustainability goal requires 4 key plans as follows;



**1** Innovation; included the Research and Development, and Innovation Technology



**2** Customer's Satisfaction & Relation



**3** International Standard Quality that is reliable for customers



**4** Production: included Process Improvement, Smart Factory, Effective Procurement, 3Rs, Effective Productivity

In each department consists of plan, target, and indicator, which are monitored and evaluated daily, monthly and quarterly by the Executive Committee and the Board of Directors. These 4 key plans bring about the competitiveness in cost, quality and product reliability, as well as revenue growth from 3 main channels which are 1. Existing Products, 2. New Products and 3. New Markets that are all lead to IRC' sustainability goal.

# About IRC

## Way towards sustainability

Sufficiency Economy is a philosophy from H.M. King Bhumibol Adulyadej provided to Thai people since 1974. Then on 4th December 1997, the philosophy was clearly mentioned again to be a solution solving for financial crisis in 1997, and for Thai people to live stably and sustainably against globalization and various changes.

For over 49 years, Inoue Rubber (Thailand) Public Company Limited (IRC) has continuously engaged in the manufacture of motorcycle tires and tubes as well as elastomer products for automotive and other industries. Along the path, IRC has faced with numerous challenges including industrial and technological developments, dynamic changing of consumer demand and lifestyle, political instability, economic fluctuations, and even climate changes.

Consequently, IRC has followed H.M. King Bhumibol Adulyadej's philosophy as guidance towards achievement of sustainable growth in economic, social, and environmental aspects. IRC began with using outstanding expertise and strength in research and development with the production process improvement to address various social problems or needs. Nevertheless, the Company aims to make Creating Shared Value or CSV between the Company and the stakeholders, as well as being good corporate citizenship. The Board of Directors and the Management have implemented the Company's vision and mission as **"Be the Leading Company in Innovation Development and Smart Factory of Quality Elastomer Products, Motorcycle Tyres and Tubes in AEC"**.



**1** Sustainability in Safety and Environment

**2** Quality in Each Product with International Quality Systems

under **7** policies as follows;

**3**

Best Satisfaction to Customers in 4 Product-Dimensions

- Price/Cost (P/C) at the best competitive level for customers
- Quality (Q) at the best competitive quality rating by customers
- Delivery (D) at the best competitive delivery rating by customers
- Services to Solutions (S to S) at the best services to solutions for customers at all times

**4**

Create the Opportunities of Human Resource Improvement to Achieve Competencies in All Levels

**5**

Continuous Research and Development for New Innovations, Products, Processes and Markets and Keep Generating the Outputs of Existing Business

**6**

Generating Strong Financial Status and Attractive Return to Shareholders

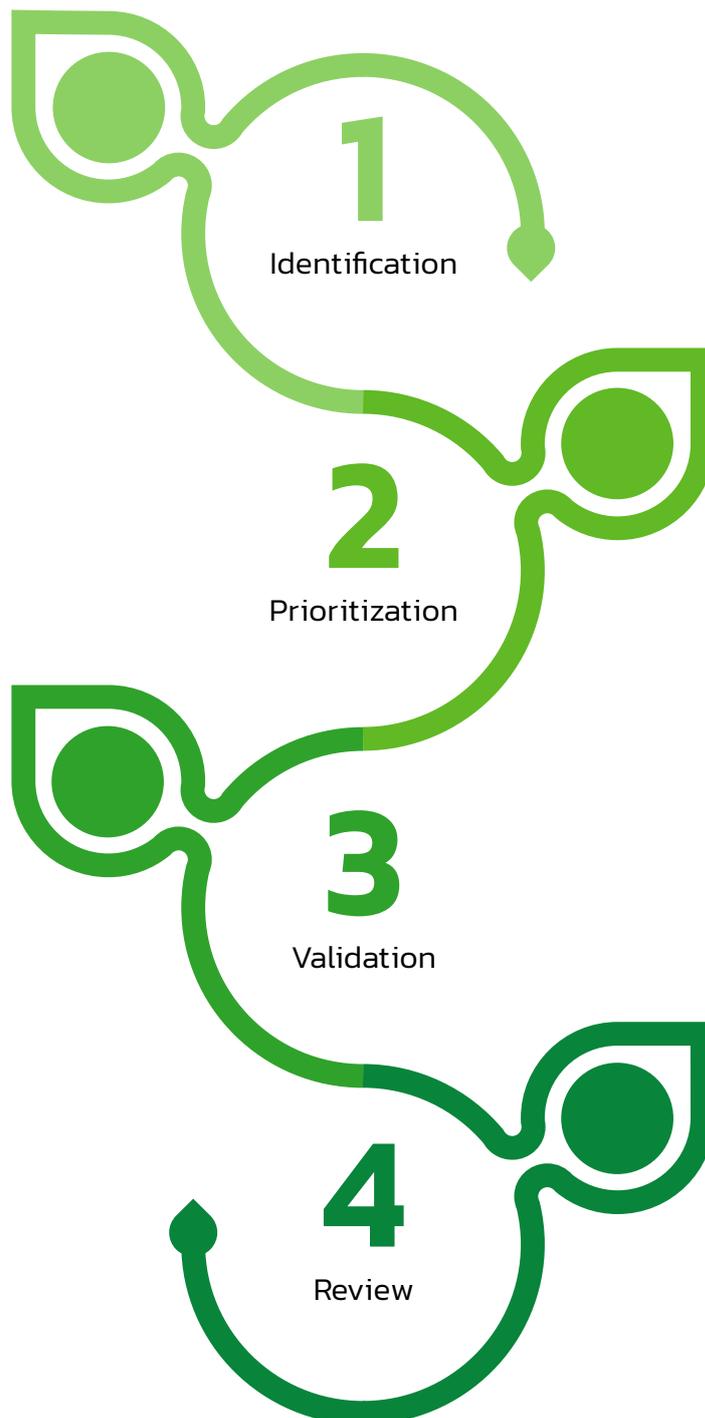
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Supporting the Good Corporate Governance and Corporate Social Responsibility

# Assessment of the Materiality Issues and the stakeholders

## Assessment of the Materiality Issues

After set the scope of this report, the Executive Committee, the Corporate Governance and Social Responsibility Committee, and the Board of Directors has considered and assessed the materiality issues that may have an impact on IRC's stakeholders and IRC's business operation by following the GRI framework.



## Step 1 : Identification

The Company considers the materiality issues that may affect IRC's mission together with the stakeholders' expectation both internal and external based on the economic, social, and environmental aspects. The Company identified the materiality issues covering 3 aspects following GRI framework first time in 2015 Sustainability Report. In this year, IRC has assessed and reviewed the identification as follows;



### Economic

1. Corporate Governance
2. Anti-Corruption
3. Risk Management
4. Customer Relationship Management
5. Supply Chain Management
6. Business and Social Innovation
7. Cost Competitiveness
8. Quality Reliability



### Social

9. Employee
10. Occupational Health, Safety and Well-being
11. Corporate Social Responsibility



### Environment

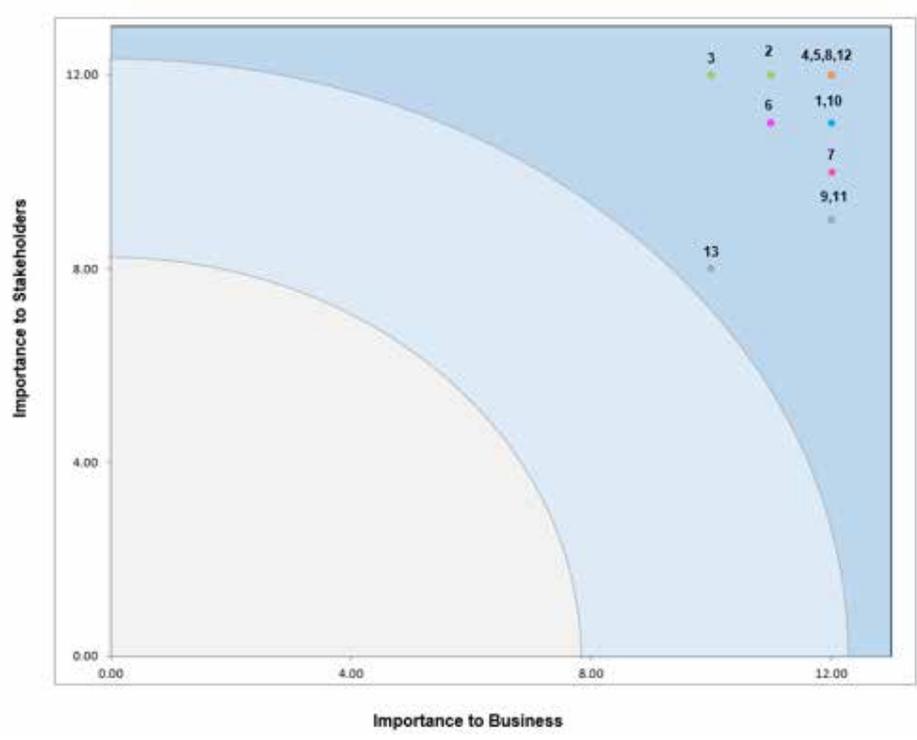
12. Environmental Management
13. Climate Change

## Step 2 : Prioritization

IRC considered the priority of each issue by separating into important and very important impact on IRC's business operation and stakeholders as presented in the Materiality Matrix.



### Materiality Matrix



#### Step 3 : Validation



In 2018, the Good Corporate Governance and Social Responsibility Committee reviewed the materiality issues by considering Thailand’s Roadmap, the development to Thailand Industry 4.0, the economic direction both domestic and international levels, and the United Nation’s Sustainable Development Goals or SDGs, then presented to the Executive Committee for consideration as a practitioner. Lastly, the materiality issues were proposed to the Board of Directors to consider whether they comply with the overall enterprise direction and appropriateness. This is to ensure that the materiality issues are selected, reviewed, and assessed comprehensively and up-to-date.

#### Step 4: Review

This report has been prepared for 4 consecutive years and has been improved and reviewed following the framework of GRI Standards. Thus, the content in this report is completed and able to response to both internal and external stakeholders’ requirements and expectation.



## Stakeholders' Engagement

The Company listens to every voice of the related stakeholders about each step of business operation, and realizes the importance of running the business with CSR-along-process. We deliberately aim to drive the strategies together with continuously improve the stakeholders' engagement to efficiently and extensively respond to their requirement and expectation. This leads to the improvement of sustainability management process.

From the assessment of the materiality issues that affected IRC Business Sustainability as shown in the topic of the Materiality Issues Assessment, the materiality issues that are related with the 7 stakeholder groups are shown as follows:

Stakeholders	Related Materiality Issue	IRC Management Approach	Feedback
1. Shareholders	<ol style="list-style-type: none"> <li>Corporate Governance</li> <li>Anti-Corruption</li> <li>Risk Management</li> </ol>	<p>The Board of Directors, as a representative of every shareholder groups, performs</p> <ol style="list-style-type: none"> <li>Determined the policy and the handbook of good corporate governance and business morality as a guideline to follow</li> <li>Continuously promote the development in corporate governance</li> <li>Support to the preparation of Sustainability Report</li> <li>Set up corporate governance and social responsibility committee, and risk management committee</li> <li>Risk Management preparation plan</li> </ol>	<ol style="list-style-type: none"> <li>All stakeholders can together understand and realize the goal and direction of the IRC's operation in long-term</li> <li>ESG 100: 2018 Certificate</li> <li>Thailand Sustainability Investment (THSI) 2018</li> <li>Analyst Meeting Activity: the Chairman presented the Company's performance to the analysts</li> </ol>
2. Competitors	<ol style="list-style-type: none"> <li>Business and Social Innovation Development</li> <li>Cost Competitiveness</li> </ol>	<ol style="list-style-type: none"> <li>A liberated, transparent and fair competition, which creates invention and innovation.</li> <li>Do not accuse or discredit the competitor's reputation, monopolized, and dump the market.</li> <li>Pay attention to social context surrounding the business environment and do not exploit benefits from natural or social situation to gain unfair advantage</li> </ol>	Brings about an efficient, cost reduction and environment-safely process including new products creation that leads business advancement and overall industrial development

Stakeholders	Related Materiality Issue	IRC Management Approach	Feedback
<p>3. <b>Suppliers</b></p>	<p>Supply Chain Management</p>	<ol style="list-style-type: none"> <li>1. The policy of transparent suppliers choosing by set up the criteria, which complies with the legal and operational base on the humanitarian</li> <li>2. The principles of behaving towards supplier with fairness</li> <li>3. Support the sustainable business operation</li> <li>4. Improve the supply chain level</li> </ol>	<ol style="list-style-type: none"> <li>1. The chosen suppliers are able to deliver quality products and services to the Company</li> <li>2. The competitiveness of the Small and Medium-sized Enterprises (SMEs) are enhanced, and they could become economic driving henceforward</li> <li>3. Social Enterprise Project: (Klongpang Cooperative, Trang Province)</li> </ol>
<p>4. <b>Employee</b></p>	<ol style="list-style-type: none"> <li>1. Employee</li> <li>2. Occupational Health, Safety &amp; Well-being</li> </ol>	<ol style="list-style-type: none"> <li>1. Determine the goal to enhance the employees in every level by providing them a special training following their ability and knowledge that are necessary to their working task</li> <li>2. Set up the training activities, seminars and field trips educating by both inside and outside</li> </ol>	<ol style="list-style-type: none"> <li>1. Employees Engagement to the Company Activity <ul style="list-style-type: none"> <li>- Thank you party</li> <li>- Happy Workplace Project</li> <li>- Sending employees to travel back home safely during festivals</li> <li>- Vocational training program for senior employees</li> <li>- Annual Merit Activities in the Company</li> <li>- QCC/Innovation Day Activities</li> <li>- Safety Day</li> </ul> </li> <li>2. Employees Engagement to the Employee Activity: <ul style="list-style-type: none"> <li>- IRC Love the World</li> <li>- Internal Sport Day</li> </ul> </li> </ol>

Stakeholders	Related Materiality Issue	IRC Management Approach	Feedback
5. Society, Community and Environment	<ol style="list-style-type: none"> <li>1. Business and social innovation</li> <li>2. Environmental Management</li> <li>3. Climate Change</li> </ol>	<p>The Company determines</p> <ol style="list-style-type: none"> <li>1. The philosophy and the organization's culture <ul style="list-style-type: none"> <li>- Efficient energy use</li> <li>- Recycling</li> <li>- Environment and biodiversity saving</li> <li>- Friendly product and production process development</li> </ul> </li> <li>2. Knowledge transfer <ul style="list-style-type: none"> <li>- Create good environment in IRC, surrounding community, society and country with the Sustainable Development Goals (SDGs)</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>1. Be a part to support and push forward this development goal so Thailand can move towards the global sustainability through the Company's activities and actions</li> <li>2. Project related with Community, Society, Environmental responsibilities <ul style="list-style-type: none"> <li>- HAI ARCHEEP – HAI CHEEVIT Project</li> <li>- Production Line Improvement Project</li> <li>- Solar Cell Installation</li> <li>- Safety Driving Campaign during Festival Project</li> <li>- Safety Driving Wearing Helmet Project</li> <li>- Projects that support Thai culture such as Making Merits on Special Religious Days, Pouring Water and Asking for Blessing from Elders (On Songkran Day)</li> </ul> </li> <li>3. Products that reduce the GHGs emission</li> </ol>
6. Customers	<ol style="list-style-type: none"> <li>1. Customer Relationship Management</li> <li>2. Quality Reliability</li> </ol>	<p>Realized and stood for the Quality Spirit</p> <ol style="list-style-type: none"> <li>1. QUALITY FIRST, DELIVERY ON TIME, CUSTOMER SATISFACTION</li> <li>2. Always keep our rules and Standards</li> <li>3. Promote the built-in quality in each section</li> <li>4. The executives fully support to QA decision</li> </ol>	<ol style="list-style-type: none"> <li>1. The awards, certificates and trophies that IRC received from both our customers and external institutes</li> <li>2. DID RIDE for LIFE (D.I.D) Activity and other activities with the customers such as AP HONDA Racing Championship and PTT Thailand Grandprix (MotoGP 2018)</li> </ol>
7. Government Agency	<ol style="list-style-type: none"> <li>1. Certification</li> <li>2. Comply with concerned Law and Regulation</li> <li>3. Control environment inside the Company at required standard</li> </ol>	<ol style="list-style-type: none"> <li>1. The Company asks permission and certification from related parties before starting the operation</li> <li>2. The Company follows concerned law and regulation</li> <li>3. Be responsible for society, as well as control, maintain, preserve and promote environment</li> </ol>	<p>The Company and its subsidiaries do not have legal dispute or lawsuit where the directors, executives, or related person are being involved.</p>

# Management Approach

## Corporate Governance

### Good Corporate Governance

Good corporate governance is the important basis for the business operation, and for the transparent, accountable and efficient management. Moreover, the business runs better if complying code of conduct in the operation. This includes respect to rights of shareholders and stakeholders' responsibilities. These are the important factors to raise value and the highest return on investment for shareholders as a long term.

IRC aims to the best of corporate governance to respond to the company's vision and mission as "Be the Leading Company in Innovation Development and the Smart Factory of Quality Elastomer Products, Motorcycle Tires and Tubes in AEC"

### Management Approach

The company specify the strategies and the management approach for the corporate governance as in the following process

#### IRC Vision

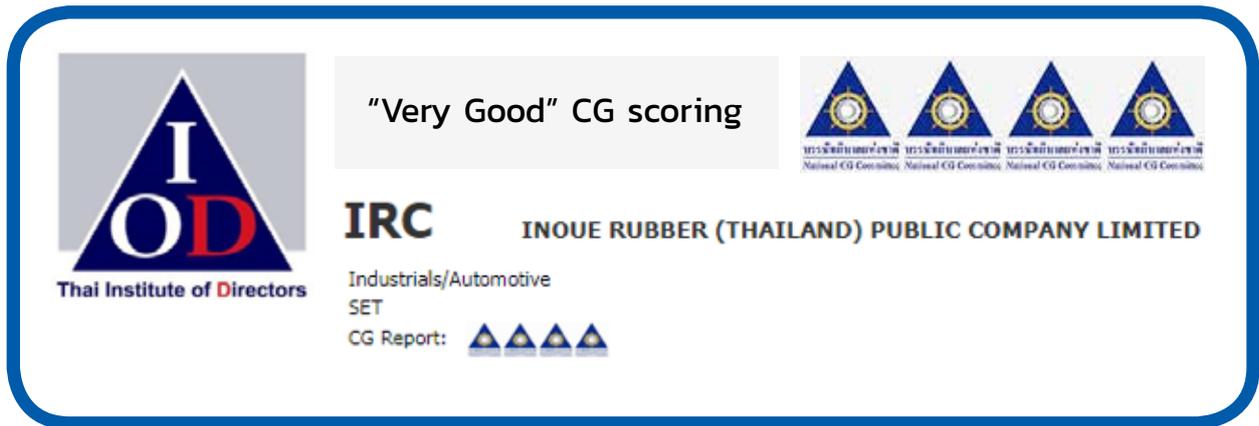
1. **Corporate Governance Code: CG Code 2017 8 major Principles of the Stock Exchange of Thailand**
2. **OECD Principles of Corporate Governance**

#### The 5 principles namely;

- I. Rights of Shareholders
- II. Equitable Treatment of Shareholders
- III. Roles of Stakeholders
- IV. Disclosure and Transparency
- V. Board Responsibilities

1. To be command in use for the operational guideline of the directors, management, and all employees level, within the company and subsidiaries.
2. Communicated through all employee by they need to signed acknowledgement and practice follow by the Corporate Governance and Code of Conduct Handbook.
3. Promoted corporate governance trainings among its directors, executives and relevant staffs.
4. Have the complaint channel and the transparency verifying process. Moreover, will keep the complaint record as the secret for respect the rights of the complainer.
5. Have the self-assessment, both as the whole committee and as an individual, and to review and conclude all opinions about the directors' performance during the year. These opinions shall collect to solve and enhance the future performance. The assessment criteria are consistent with each committees' charters and the guideline defined by the SET; for example, the forms of the Board Skill Matrix and the Board self-assessment.

Specify our policy and strategy in business operation, caring and development employees, who are the valuable assets of the Company, risk management and internal control process, as well as the financial and non-financial report. This CG Code is also embedded in our business practice to IRC's stakeholders and other activities held by us.



In 2018 got the evaluating CG Score as 4 stars for 4 consecutive years

In 2018, IRC has reviewed our Handbook of Good Corporate Governance to align with the Handling confidential, market-sensitive information: Principle of good practice and Corporate Governance Code: CG Code 2017, and the Investment and Management in Subsidiaries Policy. This is to enhance IRC's corporate governance principle and policy and to be the good practice for directors, executives, and employees to hold on.

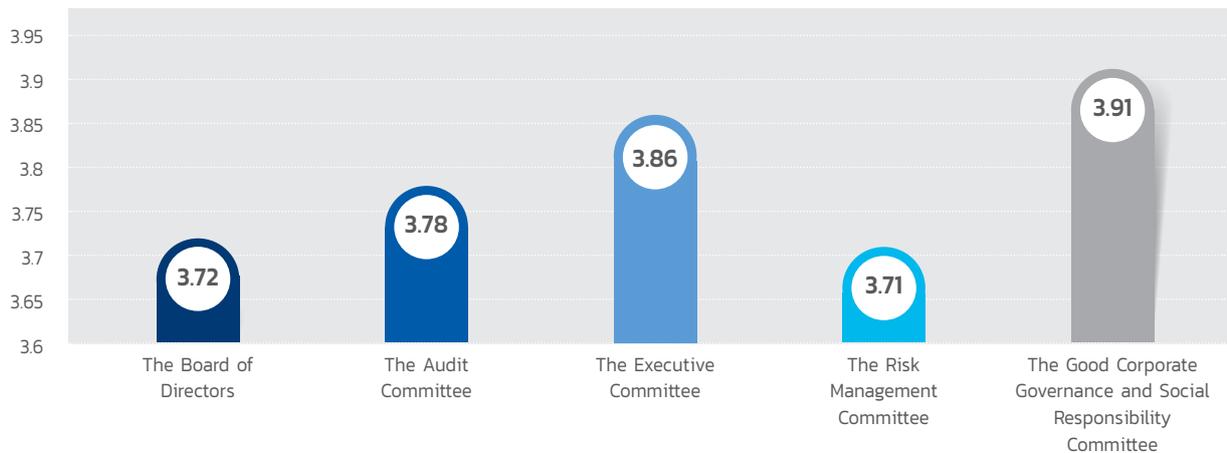
In addition, IRC also promoted corporate governance trainings among its directors, executives and relevant staffs such as Board That Make a Difference (BMD), Value Creation and Enhancement for Listed Companies with the New COSO 2017 Enterprise Risk Management (ERM), Strategic CFO in Capital Markets, and Director Accreditation Program (DAP), Meanwhile, the management and the secretary of Corporate Governance and Corporate Social Responsibility Committee were also encouraged to be trained in Anti-Corruption: The Practical Guide, the Information Disclosure Practice (CG Code) follows the Apply or Explain Principles, and Thailand's 9th National Conference on Collective Action against Corruption: Disruption Corruption. This is for knowledge and understanding regarding the roles and proper management practice based on Good Corporate Governance principles and Anti-Corruption, including transferring the knowledge learned among other colleagues within the organization.

## Performance

In 2018 the Board Self-Assessment and other sub committees covered topic as follows:

Board Skill Matrix	Self-Assessment as a whole	Self-Assessment as an individual
<ol style="list-style-type: none"> <li>1. Business Management</li> <li>2. Industry</li> <li>3. Profession Knowledge</li> <li>4. International Business</li> <li>5. Strategic Management</li> <li>6. Laws and Regulations</li> <li>7. Accounting</li> <li>8. Finance</li> <li>9. Information Technology</li> <li>10. Economy</li> <li>11. Other Specific Knowledge</li> </ol>	<ol style="list-style-type: none"> <li>1. Committee Structure and Qualifications</li> <li>2. Roles, Duties and Responsibilities of the Committee</li> <li>3. The Committee Meeting</li> <li>4. The Committee Duties</li> <li>5. Relations with the Management</li> <li>6. Self-Development of the Directors and the Executives</li> </ol>	<ol style="list-style-type: none"> <li>1. Committee Structure and Qualifications</li> <li>2. The Committee Meeting</li> <li>3. Roles, Duties and Responsibilities of the Committee</li> </ol>

## THE BOARD OF DIRECTORS AND THE SUB-COMMITTEES' SELF-ASSESSMENT RESULTS FOR THE YEAR 2018



Notice: From a total of 4 points, the conditions are as follows;

- 0 = Strongly disagree or never conducted
- 1 = Disagree or seldom conducted
- 2 = Fair or moderately conducted
- 3 = Agree or well conducted
- 4 = Strongly agree or excellently conducted

## Code of conduct

IRC has values, principles, standards, and norms of behavior  
which are followed by Code of Conduct. Moreover,  
the company manages on morality by using the protocol control  
and also balances the power, for disclosure and transparency management

Furthermore, the company has the complaint policy as shown in the corporate governance handbook reviewed version on August 10th, 2018.

For more information, please download at; <http://www.ircthailand.com/th/investor/corporate/charters>

## Sustainability Management

### Economic, Social, and Environment Practice

The Corporate Governance and Social Responsibility Committee 'the Committee' appointed the 'Working Team' consisting of executives and employees from various departments that normally have interaction with IRC's stakeholders by following their roles and responsibilities so that they can drive IRC's sustainability in terms of Economic, Social, and Environment

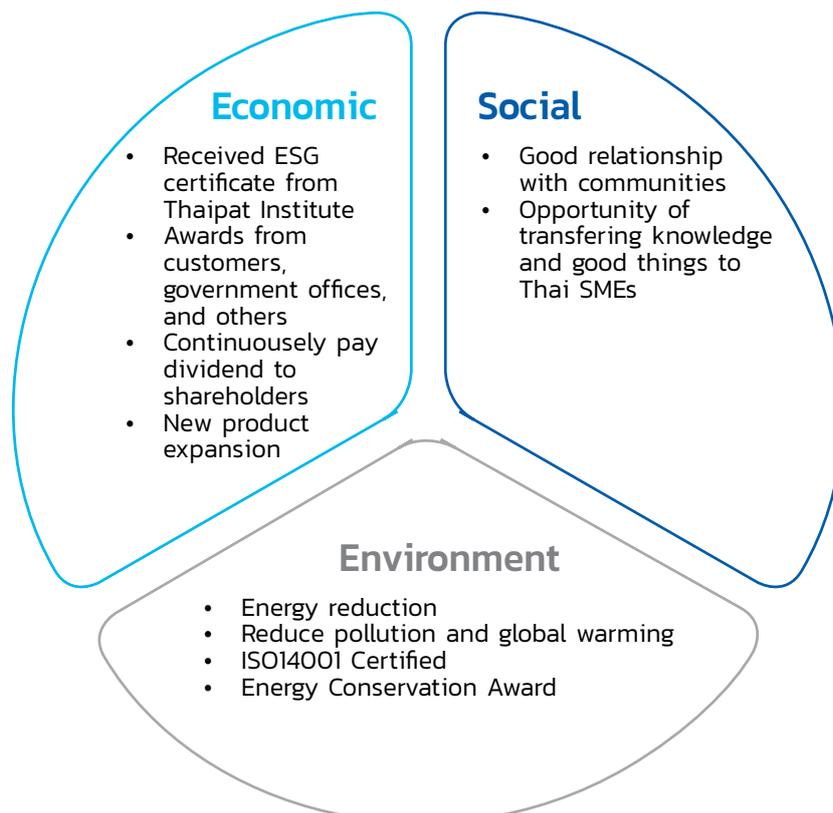
Moreover, the issues which related with **Environment, Social, and Governance 'ESG'** as policy and procedure assigned by the Committee. The Working Team shall listen and receive comments and recommendations from stakeholders then report to the Committee on a quarterly basis, or immediately. In urgent case, the Committee will be able to define the proper and prompt strategy and procedure to manage each group of stakeholders. If there are any significant issues that shall affect the Company's business strategy or forecast, the Committee shall report to the Board to consider and define the procedure to manage later on.

### Corporate Social Responsibility Activity Enhancing Corporate Sustainability

The Board, the Executive Committee and the Corporate Governance and Social Responsibility Committee together define the strategy to drive IRC's CSR activities namely;



### The Results of Pushing Forward and Implementing the Sustainability Policy



## Anti-Corruption

### Business Importance

#### Anti-Corruption

The Company realized the important of the transparency operation and follow by the good corporate governance. The operational base on performing, fair, social and stakeholders responsibilities. Moreover, the Company prevents the chance of the corruption causes.

As a corporate citizenship, IRC specify the operational principle, which is not supported to the business of the group or person who is corruption in pursuit of benefits. Furthermore, the company has been entrusted in the operational without any corruption.

The Board of directors have defined the Anti-Corruption policy as well as the responsibilities of directors, executives, and employees at all levels. This begins with creating awareness and values in 'Self-Respect' under the belief if a person perceives and respects his/ her values, it shall be the fundamental of integrity and self-control to avoid himself or herself from doing any wrong actions as well as any wrong thought.

#### Management Approach of Monitoring and Evaluating the Implementation of Anti-Corruption Policy

To encourage employees at all levels to act in accordance with procedures set in the Anti-Corruption policy, IRC has provided the communication channels such as training to existing employees, presented as orientation curriculum for new employees which there are quizzes before and after trainings to test the understanding. Additionally, IRC has provided the communication materials of the Business Morality, Code of Conduct and Anti-Corruption Policy for publication to employees during lunch.



## No Gift Policy

For no gift policy, it is a part of anti-corruption policy which was announced by the Company to set as the practice standard to all employees.

#### Whistle-Blowing Procedure

IRC has provided the channels for whistle-blowing namely;

- Filing complaints by verbal to the Company's Chairman
- Comment boxes as placed in the Company In case that the whistle-blower

does not want to disclose himself/ herself, the Company has opened the electronic channels namely;

- Email: [listen@ircthailand.com](mailto:listen@ircthailand.com)
- Website: [www.ircthailand.com/th/investor/corporate/whistleblowing](http://www.ircthailand.com/th/investor/corporate/whistleblowing)

IRC has a policy to keep all the information confidentially in order to protect the whistle-blowers from any fear of authority power or any action of the violation. After the case end, the Company will report the investigation result to the whistle-blowers as appropriated.

#### The Evaluation of Corruption Risk

The Board assigned the Risk Management Committee to assess corruption risks and impacts that might occur to the Company so that the risk has usually been examined and monitored. Moreover, the policy, procedures/ practices and the authority table are set as a part of risk management process in order to create internal check and balance mechanism. As a result, the Company has communicated this risk management for all related persons to realize and implement in the same practice for all enterprise.

#### Performance

In 2018 IRC does not has any complaint.





## Risk Management

### Business Importance

The company realize how important of the risk management, under the uncertainties. Risk management is the significant component of every process in business operation. Moreover, it related to every level and get the highest target as sustainable business operation

### Management Approach

The Board of Directors has recognized that the risk management is the significant process for business operation and sustainable growth, as well as has complied with the good Corporate Governance for listed company 2017 (CG Code 2017). Thus the Risk Management Committee has been assigned to systematically perform the Company's risk management to comply with the rules, regulations and international standards such as the Committee of Sponsoring Organizations of the Treadway Commission (COSO ERM), ISO 14001: 2015 and ISO 9001: 2015. With a clear emphasis on the management of four major risks including strategy risk, operational risk, financial risk, and compliance risk, the Risk Management Committee has determined to earnestly pursue the "Risk Appetite" framework that pave the way to strategic plan and business planning following the short-term and long-term organizational objectives and goals.

To drive the organization to a greater achievement of objectives and goals, the Risk Management Committee has determined the risk management working team's pivotal roles by stimulate risk owners to realize and understand causes and effects of their responsible risks, while having a strong sense of responsibility towards their everyday tasks. In addition, the Risk Management Committee has held an innovation and risk management contest within the organization, as part of the strategy to encourage all employees to have an inbuilt awareness of risks as well as take part in the development of risk management. This substantial commitment has been expected to foster systematic reporting of risks in an efficient and appropriate manner.

Furthermore, the Risk Management Committee has thoroughly reviewed its Key Risk Indicators (KRIs) covering the main business lines of motorcycle tires & tubes, and industrial elastomer parts to highly facilitate the assessment of key risks. Also, the Committee has strategically developed its Business Continuity Plan (BCP) to cope efficiently with changing economic situations and be prepared to tackle business crises to ensure no impact caused to the overall business process and the Company's stakeholders. Moreover, the Committee has monitored and summarized the performances of the risk management working team then reported to the Board of Directors on a quarterly basis.

## Performance

The company has the project for risk management and emergency, which cause the benefits of business included specify the benefits as the number (For example decrease budget, decrease risk, increase the revenue growth, the positive effect to IRC, or the related issues). Risk management project has 4 issues, which IRC is interested in as the following



## Strategy Risk

The company determined the strategy for support to the Research and Development of the product, for response the customer requirements. Also created the innovation to be the Smart Factory as the changes of technology, and move forward proudly to be Thailand 4.0. Moreover, the company recognize in the environmental sustainability and Zero Waste Policy, by using the 3Rs: Reduce, Reuse, and Recycle, adapted into the business process.



## Operational Risk

The Company has brought lean concept and automation system to co-develop with intelligent technologies, to enhance the efficiency and to reduce cost and losses in production management. The Company has also been encouraged to promote the Company's innovation deemed as part of the Company's corporate culture conforming to the Company's organizational vision and mission and the Thailand 4.0 model progressed by the government. These well-developed strategies will lead the Company's organization to greater competitiveness and success, while creating potential values for the Company's products and services in a sustainable manner. Moreover, to maintain the quality standard of the Company's productions, the Company has also determined to focus on controlling, developing, and maintaining machinery and equipment to ensure effective production process at all times, while preventing possible production problems that may affect customer satisfaction. Significantly, the Company has managed and improved the Company's production process to exceed the required standards and regulations continuously, and to ensure the least impact caused to the surrounding communities, in which the Company's executives have perfectly prepared to handle and manage such risks. The Company are striving to maintain good relationship and understanding with all people living in the communal areas adjacent to the Company.



## Financial Risk

Various financial fluctuations resulted in the major financial risk of the Company, which is the volatile exchange rate. The Company had transactions in both Japanese Yen (JPY), US Dollar (USD), that all have high fluctuation. Therefore, the Company observed the movement of exchange rate and raw material price closely. Moreover, the Company defined a Forward Contract policy and making options to close down this transactional risk, as well as reported to the Management and the Risk Management Committee every quarter. Additionally, the Company had defined a financial management strategy to manage the high financial liquidity by paying a dividend in a rating higher than the interest rate that the Company received from the short-term investment. Moreover, the Company plan to invest in other channels; for example, an investment in new innovation and new product's research and development, and for the development to become the Smart Factory. Furthermore, the report of the age of account receivable was made to the Management regularly, in order to follow up if a risk transaction was found, as well as reported in the financial statement every quarters. However, the most of the Company account receivables did not reach maturity, which is not affect the Company's liquidity and financial status.

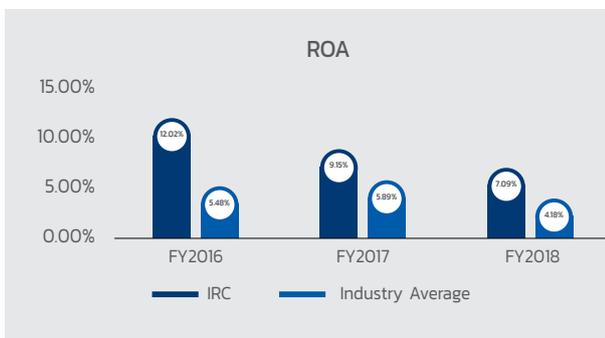


## Compliance Risk

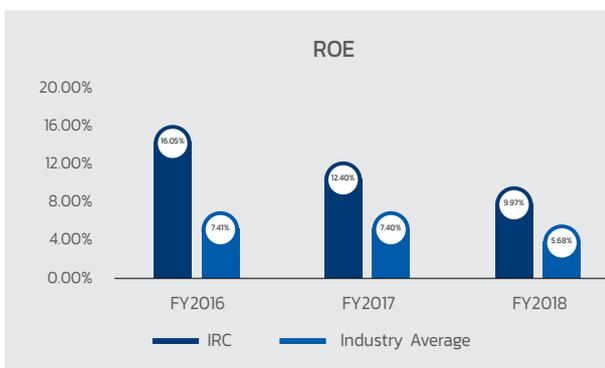
The company recognize to comply with the legal, rules, and regulations, which related to production, operation, Occupational Health and Safety, Environment, employee, disclosure, corruption, and the international standard as necessary to the business operation. **From the company performance, IRC never violated any law or regulation.**

# Economic Performance

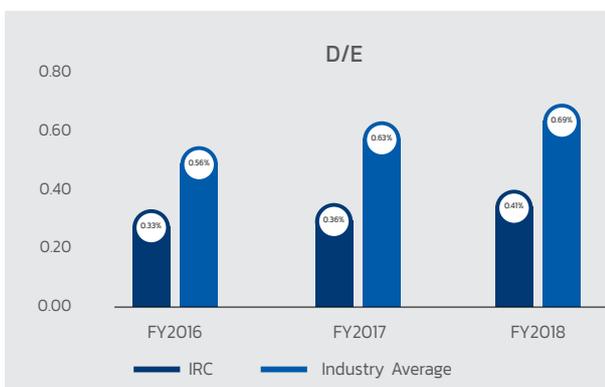
IRC continues to manufacture and develop its products to ensure sustainable economic growth and employment opportunities among local communities by focusing on raw material selection and testing procedures, enhancement of production process and techniques and innovative products creation and development. This has allowed IRC to generate total revenue at 5,614.13 million and net profit at 358.62 million Baht, with Earnings per Share of 1.79 Baht. Moreover, Return on Assets (ROA) and Return On Equity (ROE) are higher than automotive group in SET continuously. Meanwhile, Debt to Equity ratio (D/E) is lower than automotive group in SET. From the overall performance, the Company continuously pays dividend to the shareholders and allocates fair and appropriate compensations among its directors, executives and employees, as well as provides profit sharing among the stakeholders through various projects.



Year	IRC	Average
2016	12.02	5.48
2017	9.15	5.89
2018	7.09	4.18



Year	IRC	Average
2016	16.05	7.41
2017	12.40	7.40
2018	9.97	5.68



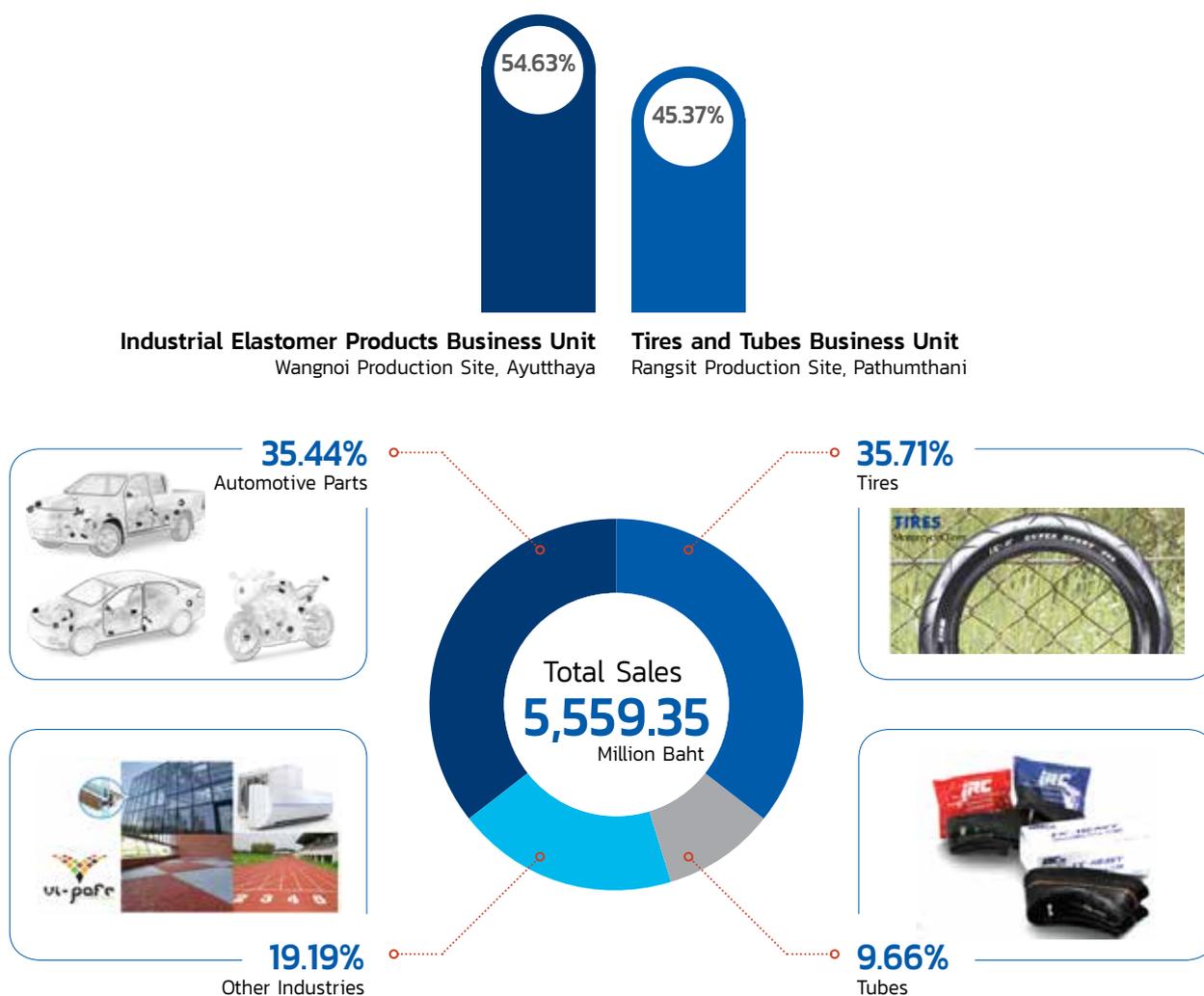
Year	IRC	Average
2016	0.33	0.56
2017	0.36	0.63
2018	0.41	0.69

Remark : Average of Automotive Industry in SET, calculated in IRC's Fiscal Year.

### Financial Reporting

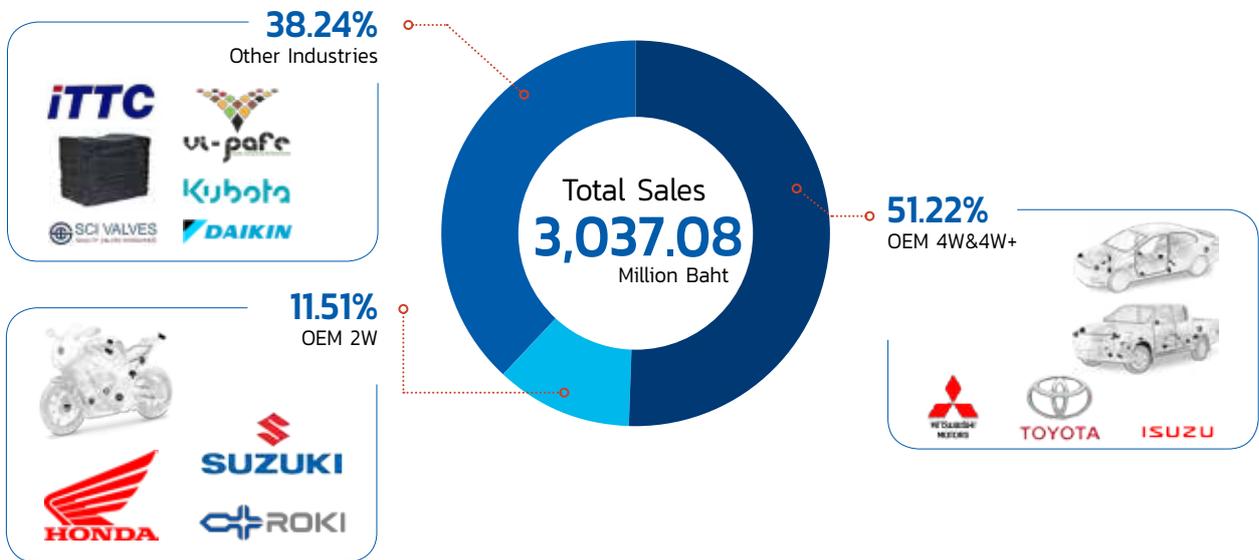
Throughout the past years, IRC managed to maintain its financial reporting standard by preparing its financial statements in accurate, transparent, reliable and verifiable manner and all of which have been independently audited and opinionated by certified auditors. In 2018, the Company has prepared Management Descriptions and Analysis (MD&A) and disclosed its quarterly and annual financial statements to the Stock Exchange of Thailand in order to publically notify and clarify its performance results among the shareholders and interested persons. At the same time, IRC has managed to uphold proper financial practice in analyzing the benefits and value for money that can be gained by the Company from making investments in machinery, production and numerous projects, including avoiding investing in businesses that are beyond its field expertise and trying to maintain sufficient capital flow for running normal operations in order to sustain the Company’s credibility as well as the highest benefits of its shareholders

### Products of IRC

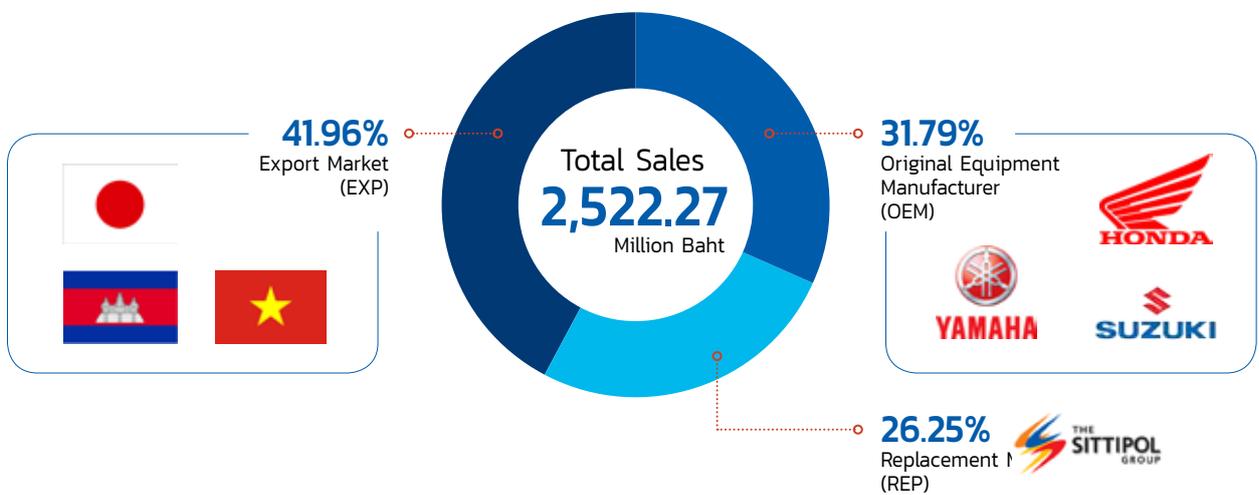


<b>Company Abbreviation</b>	<b>IRC</b>	<b>Total Shareholders</b>	1,693 shareholders (as of 8th Feb, 2018)
Established	15 December, 1969	<b>Total Employees</b>	1,679 persons (FY 2018)
Listed in SET	25 September, 1994	<b>Total Revenues</b>	<ul style="list-style-type: none"> <li>• 5,562 Million Baht (FY2018)</li> <li>• 5,331 Million Baht (FY2017)</li> </ul>
Registered Capital	200 Million Baht (Paid up)	<b>Total Net Profits</b>	<ul style="list-style-type: none"> <li>• 358 Million Baht (FY2018)</li> <li>• 424 Million Baht (FY2017)</li> </ul>
Number of Shares	200 Million Ordinary Shares		

Distribution channel and Market share of Industrial Elastomer Parts Products  
 Industrial Elastomer Products distribution channel FY2018



Distribution channel and Market share of Motorcycle Tires and Tubes Products



# Sustainability in Supply Chain

## Sustainability in Supply Chain

### Supply Chain Management

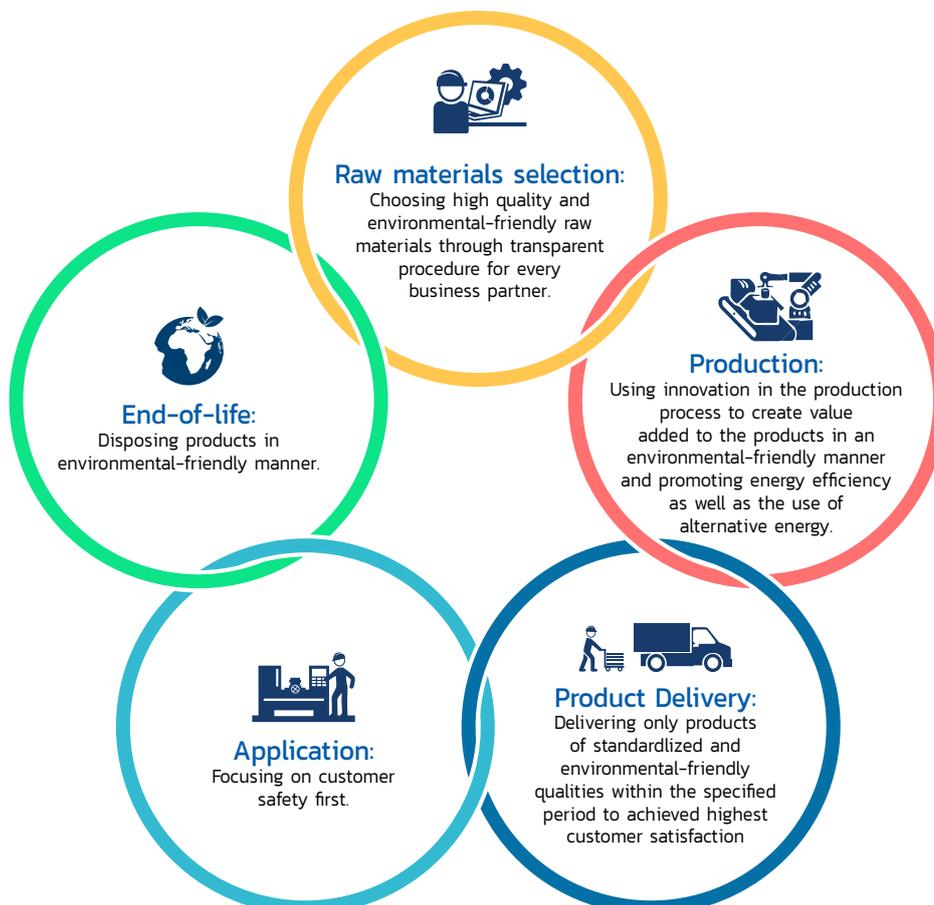
For competitive advantages, The Company has to perform in the cost management with mainly strategy in customer satisfaction by hasty response to frequently changes of customer requirements based on low productivity cost and the highest benefits by produced appropriately quantity. As the result of, the effectiveness of Supply Chain Management is necessary for the company.

### Management Approach

IRC brought Supply Chain Management continuously in the related consistency. Management system aims to response in customer satisfactions with efficiency and effectiveness, by manage the inside and outside unit could be deliver goods or work pieces continuously to the next unit. Until at the end of the production line as quality goods, and then delivery to the customers as their requirements

### Strategy and Policy

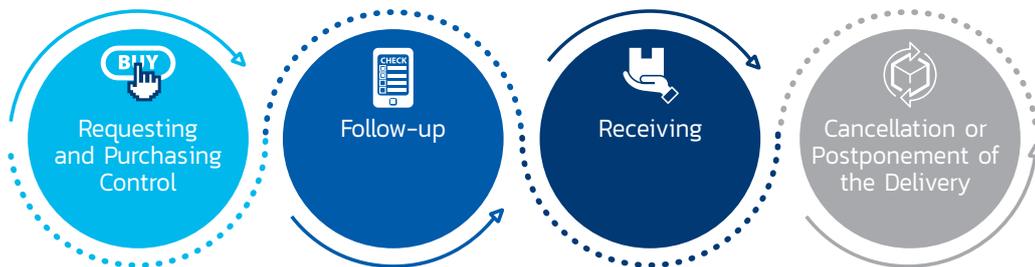
Green Value Chain is the IRC strategy, in order to establish a sustainable organization by incorporating social and environmental aspects in driving the business to promote transparency and fairness, including minimizing monetary losses, energy consumption and carbon emission as well as preventing corruptions and social inequality. Moreover, the Company has a Supplier/ Creditor policy to use as a guideline follows the Good Corporate Governance principle, the communication to supplier for their acknowledge about the Anti-Corruption policy, as well as declined every gifts offered.



## Operating Process

The sustainable supply chain management of the Company emphasize on all risk aspects of the supply chain, in order to control the financial risk, operational risk, together with the strategy risk. This is to prepare for any situation that might affect the supply chain. IRC defines a condition to control such risks for a globalization standard quality product, enhancing the production efficacy and reduced cost, given a satisfaction income for shareholders. Nevertheless, IRC does not only focus on the internal process improvement, but also the development in the first, middle, and end lines of the supply chain. IRC has made a supplier survey for those who will become the Company's supplier covering social and environmental aspects, as well as evaluated the supplier every month and vendor at their production/ inventory area annually. The results from the survey will grant the Company the risk factors which will be used to develop the supply chain further on.

### Four steps of Purchasing Control:



## Performance

In 2018, IRC has managed its operation according to the Supplier/ Creditor policy and performed follows the Good Corporate Governance policy all along, thoroughly to establish a project which benefits to the Community/ Nation in order to improve the Thailand Supply Chain 4.0 efficiency.

From the evaluation of 51 suppliers,  
the result found that;

In **"Very Good" 92.81%**  
**"Good" 7.19%**

by evaluating from



In 2018, more than half of Natural Rubber which feed in the IRC production came from Klongpang Cooperative, Trang Province. The company has been evaluated from the process of receiving latex and all the production steps until the grading process. If any points out of the standard, IRC will give an advice for improve and develop the production process for more efficiency. The great supporting from the Cooperation Promotion Department and Department of Agriculture Extension, Ministry of Agriculture and Cooperatives, for the cooperative could be produce the quality product. Moreover, build the strength of the farmers among the natural rubber price is sluggish. As the result of, for the farmers understand and recognize in the important of quality more than before. IRC has an open house day for the farmer, who is the representative from the cooperative visited in the production line and quality control in IRC motorcycle tire-tube products. IRC presented to them as how important of the quality in each pieces before the customer will receive products.



In year 2018

**50%**

of the natural rubber which  
feed in the IRC production  
came from Klongpang  
Cooperative, Trang Province

The project has run on for 3 years since 2016, the clearly result of the cooperation and development is the cooperative certified the ISO 9001: 2015 standard in 2016. In 2018, the Company has invited experts to visit Klongpang Cooperative to control and develop the latex to be able to receive the certify for three years consecutively. It can guarantee, the performance of the production in Rib Smoked Sheets international standard, which response to the market demand. Moreover, they could export to others countries without the pressure from middleman or the uncertified standard issue.

This project will be a prototype project of Thai farmer's efficiency improvement in moving forward to global competition by raising quality potentiality to international standard. The project aims to support rubber farmer's living and to help improve the community economy to sustainably grow for Thai economy stability henceforward.



*Pimjai Leeissaranukul  
Chairman of Inoue Rubber (Thailand) Public Company Limited*



**Supply Chain Development and Efficiency Improvement Project** towards to 4.0 innovation. This project aims to develop Drying Rubber subcontractors and Iron Maker Parts suppliers about 15 companies, in order to apply the knowledge and new ideas to improve the working performance such as increase sale volume, reduce cost, reduce the production waste, and improve the new working process. Moreover, the reduction of cost and transportation cost, included the competitive improvement of SMEs will be the mainly part to drive the Thailand economy as the Government Strategy.

IRC has created this project continuously as the 3<sup>rd</sup> year together with the teacher from department of Engineering, King Mongkut University of Technology North Bangkok.



## Business and Social Innovation

### Business Importance

Aside from strong production proficiency, research and development is considered as one of the strongest point of IRC. We not only target the growth of production for good quality product for the market, but also driving for new creative products and innovations in response to the needs of the customers, along with developing the production process into Smart Factory for confident, trust, and satisfactory of the customer both international and domestic. IRC persists to the work instruction, business conduct, and employee conduct. IRC aware of the importance of production process and formulation development, altogether with the conservation and protection of copyrights, patent, research information, marketing information, and customer information. The Company has fostered and built awareness of this matter to employees at all level for the sustainable growth and positive impact creation in a long run.

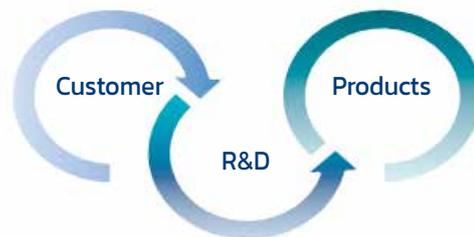
### Management Approach

IRC Asia Research Company Limited (IAR), under the supporting of Thailand Board of Investment (BOI), along with Thai and Japanese experts have brought modern machines, tools, and software to enhance the research.

Additionally, the readiness in cooperation with the customers in product development is considered as another major factors in correspondence to the needs of the customers, leading to the development of product and innovation that could answer the demand genuinely. Moreover, there are a cooperation with government sector which resulted in a research that match the government's demand. So, IAR is considered as one of the driving force in the aspect of product and service development that enhance the Company's competitiveness sustainably.



*Inspection  
Bodies  
Accreditation*



### Performance

In order to support the Company's 3Rs: Reduce, Reuse, and Recycle policy, the Research and Development Unit has studied the Eco-Carbon black, which is the product from recycle process of the old car's tire that go through the special process. The output of the process become new filler, which has the semi reinforcing property. Eco Carbon Black can replace the original Carbon Black.

From the research, the result was found that the product property was the same as the Carbon Black additive. Moreover, it could reduce old car's tire waste, as well as support recycle sustainability.

## Innovation Management

### Business Importance

Presently, innovation is important to business in the aspect of enhancing the competitiveness and build-up sustainability. The Company has foreseen the importance of the innovation development within the Company and has revised the Company's vision. The importance of innovation to organization development is the adjustment of the organization's characteristic or the organization's behavior, which has never changed before. This is a correspondence to the stimulation of globalization's context where knowledge and innovation play crucial part in value increasing, development, and quality production and service, in order to response to the needs and satisfactions of customer, survivability, and competitive ability of the organization in the global market.

## Management Approach

IRC has created many projects to promote innovation within the Company for every employee to participate in the improvement and development of the production process for competitiveness; for example, Quality Control Circle (QCC), Kaizen, and Innovation Day annually

Tools/ Projects	Details	Employee Group
Quality Control Circle: QCC	Project for work-related improvement, encouraging the employee to demonstrate their performance and improve their proficiency and learnt through each other, leading to a self-esteem of the employee at low level to the top. This creating teamwork and good organization culture, which will benefit the organization when responding to the needs of the customers, cost reduction, and further enhancing the efficiency of working performance.	Whole organization
Kaizen	The improvement of working process for cost reduction, increase efficiency, simple improvement of working environment of each individual.	Whole organization
(Innovation Day	Innovation Project contest, including Process Innovation and Product Innovation, to encourage the employee to invent new innovation continuously.	Whole organization
Automation	The innovation development for enhancing process efficacy and the Company's proficiency of competitiveness which continuously developing.	Engineering Department

## Performance

The innovation results from 2016 – 2018

Projects name	Total Projects			Productivity Up (Baht)		
	2016	2017	2018	2016	2017	2018
Quality Control Circle: QCC)	167	163	160	15,075,427	20,801,427	19,258,000
Kaizen	834	826	516	10,340,825	6,824,092	17,764,485
Innovation Day*	-	-	4	-	-	5,400,480
Automation	39	43	26	N/A**	8,834,560	53,631,520

Remark: \*Innovation Day first held in 2018

\*\*In 2016, the productivity up for Automation System Development was not calculated in baht.

# Innovation in Production Technology

## Business Importance

The improvement in various part for the growth of the business, under the focusing in innovation creativity both in products and processes, mainly improve the production process to has more automation system in various parts, then focusing on the “Lean Automation” system to control the product’s quality for confident, trust, cost control, and sustainably competitive, also for the best satisfaction of the customers both international and domestic. Moreover, IRC has held an innovation contest within the Company in the area of product innovation and process innovation which awards the winner a field trip aboard as an encouragement to the employee and create new perspectives to the winner.

For “Internet of Thing” (IoT), the Company has integrated this system to analyze efficacy and cost reduction. The Company has tested by implementing the system in major machine, although it was still in the installing and adjusting to suit the production process. From an initial evaluation, the result shown the Loss Time from production process which used to resolve the problem in the process and enhance Overall Equipment Effectiveness (OEE). After collect enough data and the development and improvement become satisfied, shall the Company continue to extent this project further and install the IoT in other machines.

## Management Approach

The expansion of an Automation System to become “Lean Automation System” and “Smart Factory” program to increase efficiency and reduce production costs. This has been supported by The Board of Investment of Thailand (BOI) and government agencies such as the Federation of Thai Industries, to achieve sustainable development. Besides, the Activity Day and First Innovation Day were held in early of 2018 at Wangnoi site, where the innovation contest was divided into 2 groups: Product Innovation, which is the development of new products, and Process innovation; the development of innovation and machinery in the manufacturing process. The Company, in cooperation with the National Science and Technology Agency (NSTDA), has sent the winner team on an International Educational Observation at China.



## Performance

In 2018, IRC has developed products and installations for automated systems in production lines, such as automatic scales for chemicals and oil, automated assembly of pins. Including with the installation of Big Data and Smart Factory software to analyze the overall efficiency of the machine to increase productivity and product quality and reduce waste in the production process.

 <b>131 Models</b> Industrial Elastomer Parts	 <b>30 Models</b> Motorcycle Tires and Tubes	 <b>26 Projects</b> Productivity Improvement Project
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# Customer Relationship Management

## Business Importance

IRC valued its Customer Relationship Management as it plays a vital role in driving the organization towards achieving sustainable growth. Therefore, IRC emphasized its customer importance and the quality of products and services delivered to the customers, ensuring that they meet the required standard, promptly delivered, and create satisfactory to customer, in response to the Company's Quality policy.

**"Quality First,  
Delivery On-Time,  
Customer Satisfaction"**



## Management Approach

IRC strictly follow its compliance with the regulations and guidelines specified in the "Handbook of Good Corporate Governance" concerning the delivery of quality products on time to meet or exceed customer expectations based on fair conditions. The Company has provided accurate, adequate and updated product and service information to customers to so that they have sufficient information for decision making without making overstatements whether by means of advertisement or any other channels of communication that may mislead the customers about the quality, quantity or any terms and conditions concerning that product or service. Furthermore, the Company strictly maintains its customer confidentiality by avoiding unlawful use of customer information for personal interests or the interests of others. Most importantly, the Company quickly addresses its customer needs and establishes efficient system and channels for customers to raise complaints concerning product and service quality and even conducts customer satisfaction survey of which the results can be useful for analysis to further review and develop current quality system.

The best satisfactory of the customers in 4 dimensions of products and services are one of the seven policies under the vision and mission that the Board of Directors and the Management determined together which will lead to the Company's goal, are consisted of;

- **Price/ Cost** at the best competitive level for customers
- **Quality** at the best competitive quality rating by customers
- **Delivery** at the best competitive delivery rating by customers
- **Services to Solutions** at the best services to solutions for customers at all times

**Driven to an engagement with stakeholders** - Next year, IRC still received a trust from the customer and chosen to be the manufacturer of rubber parts for new car models increasingly. Besides, there is a cooperation with customer for product designs both in Japan and Thailand, to strengthen the Company's designing ability. Moreover, IRC has developed the use of natural rubber in some of its products as an alternative resource aside from using synthetic rubber, and to support the government policy where they gave a helping hand to rubber farm's farmers.

**Engagement with customers in various activities** - This is for social benefit; e.g., joined the customer activity where they made a donation to Prabahtnamphu temple, Saraburi, and participated in charity event of the customer by donated items to school in the countryside.

**Addressing the important and concerned matters** – IRC has studied and prepared for the production of rubber parts for Electrical Vehicle (EV) in the future and developed new product innovation in response to the growth of other industries.

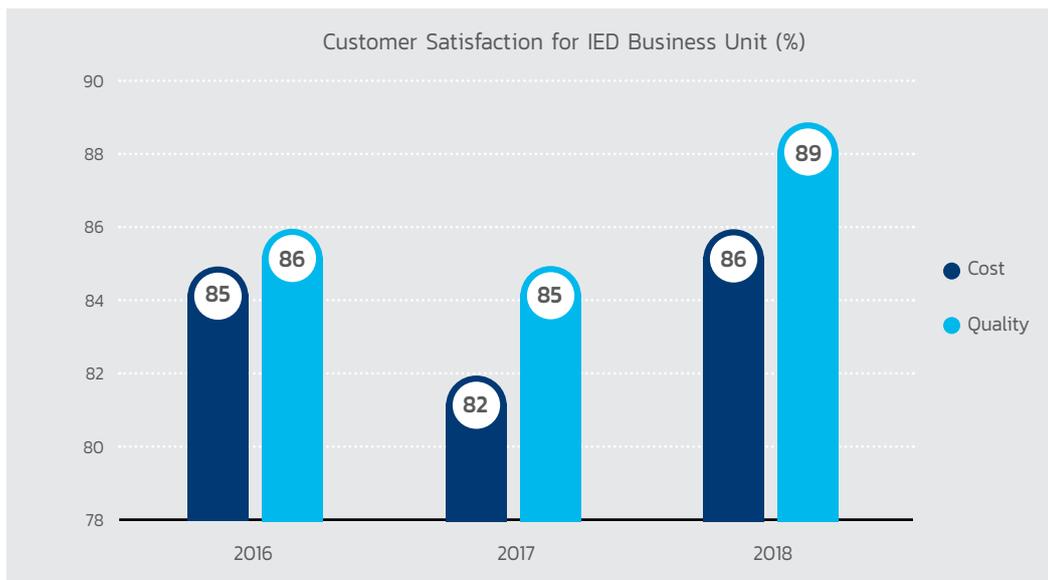
## Performance

### Customer Satisfaction Survey

IRC regularly conducts annual customer satisfaction survey covering three main aspects including product quality, product delivery and services. The questionnaire comprises of five main topics including:

1. Customer satisfaction in product quality level and product quality improvement
2. Customer satisfaction in product application
3. Customer satisfaction in product design and product ranking in comparison with other competitors
4. Customer satisfaction in product delivery, on-time service, accuracy in terms of product quantity and delivery document, packaging standard and coordination with relevant staffs
5. Customer satisfaction in service and communication, completeness and accuracy purchase orders, coordination and after-sales service

In 2018, customer satisfaction survey revealed excellent results (100% score)



### Customer Opinions

Customer opinions and suggestions are considered to be highly useful information as it can help the Company improve its product and service quality as well as performance.

The Company provides several channels for the customers to conveniently express their comments and opinions as follows:



**Rangsit Site:** Inoue Rubber (Thailand) Public Co., Ltd.  
258 Soi Ragsit - Nakornnayok 49, Prachathipat, Thanyaburi,  
Pathhumthhani 12130  
Telephone: (66) 2 9960890

**Wangnoi Site:** Inoue Rubber (Thailand) Public Co., Ltd.  
157 moo 5, Phaholyothin Rd. Lamsai, Wangnoi, Ayutthaya 13170  
Telephone: (66) 35 214932-3



<http://www.ircthailand.com/th/contact/rangsit>

# Quality Reliability

## Business Importance

IRC recognize and strict in Quality Spirit Policy as the following



- 1** Quality First, Delivery On-Time, Customer Satisfaction



- 2** Always keep our rules and our standards



- 3** Promoting the built-in quality in each section



- 4** President/MD fully support to QA-decision; (QA-decision is same as President/MD order)

Quality reliability is one of the strategy IRC hold strictly to give confidence to customers. IRC business is the mass production business, which is competitive with the limit time. Our customers are Business to Business (B2B) organization, which need the confidence in the standard, operation, and product quality control. Thus, IRC recognize the importance and fully support the Quality Assurance unit.

## Management Approach

Company has targeting to the zero claim and monitoring the product claim summary report monthly. Moreover, the company certified the standard from many institutes such as ISO 9001: 2015, ISO 14001: 2015, and ISO/IEC 17025 for the customer's confident. This included the Restriction of Hazardous Substances 2 (RoH2) that will be effective in 2019; nevertheless, the Company has already passed this restriction standard.

Quality need to be the best level against with the product quality of the customer' standard, which is one of the Satisfaction to Customers in 4 Product-Dimensions (1. Price/Cost 2. Quality 3. Delivery 4. Services/Solutions) of Product and Service. Included it is the part of the board of committee and management team specify together to be 7 policies that will lead the Company to its achievement.

## Performance

IRC reached many quality rewards from Customers and Suppliers



INOAC “Safety Award” 2017



INOAC “Automation Award” 2017



ROKI Delivery 2017 Best Award



Quality Achievement 2017  
from Mitsubishi Motors (Thailand) Co., Ltd.



Toyota “Quality Performance”  
from Toyota Co-operation Club



Cost Award 2017 from Thai Stanley Electric PCL.



2017FY Supplier Evaluation Score  
from Isuzu Engine Manufacturing Co., (Thailand) Ltd.

# Social Performance

## Social Responsibility of Business

### Business Importance

The Company listens to every voice from the related stakeholder about each step of business operation and realized the importance of running the business with CSR-along-process. IRC deliberately aims to driven the strategies together with continuously improves the stakeholder engagement to efficiently and extensively respond the requirement and expectation of the stakeholder.

### Management Approach

In 2018, IRC determined the goal and operated the activities with 6 groups of stakeholder such as Good Corporate Governance, Fair Business, Anti-Corruption, Respect Human Right, and Customer Responsibility. Through Corporate Social Responsibility (CSR) activities in many aspects which are;

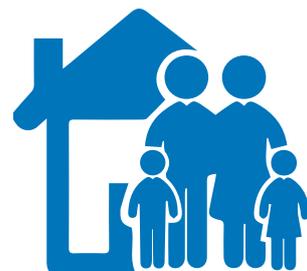
- CSR in Process** > CSR activities which recognize in impact for Social/Environment along the Company's production process
- CSR after Process** > CSR activities which is the project/activity for social/donation for the company and provide good impact to surrounding communities, society and country

## Performance

### Social/Community

IRC has confidence in sustainability of happiness, that comes from sharing and living together within the community by operates business together with develops society. Evidently, IRC does not only develop within the company, but develop outside the company, Society and Community for the balance in growth and sustainability.

In 2018, we operate in many projects following the sustainability target, to respond the customer requirements, raise value for shareholders, as well as develop society and community. We consider problem issues of society, expectation/requirement of stakeholders, world changes trend, political situation, and disaster through many projects as shown in the topic "Stakeholders Engagement".



The company donates and makes merit within festival and important days such as donate money and objects to government office, school, temple, and nearby community.



Children Day at Yoocharern Village,  
Soi Rungsit-Nakornnayok 51  
and Sriprachak  
Soi Rangsit-Nakornnayok 47



During Songkran festival, we gave presents, poured water and asked for blessing from elders in the community around the Company. We did it for fortunate life, showed gratitude and preserved on good Thai culture and tradition.



Safety Driving Campaign during Festival Project



Promoted and organized the activities of safety driving during New Year and Songkran festival by set up the rest area and facilitated people with the Provincial Government of Phra Nakhon Si Ayutthaya as well as provided drinking water, cooling towel and snack to the passengers who passed through the Wangnoi highway.



Safety Driving – Helmet wearing

IRC campaigned its employee to comply with the traffic regulations by wearing helmet from their house to the Company and from the Company to their house. This activity aims to prevent damage and accident on the road as well as to motivate the employee to aware of the safety in driving.

IRC Support Motorcycle Tires, Defective Vest and Traffic Cone to the Police in various areas in Pathum Thani province, to be used in their duty for safety, violence protection, and road accident



IRC Safe Ride aims to give teenager a knowledge and understanding of law and safety driving, as well as to basic maintenance of the motorcycle in various schools from four regions in Thailand.

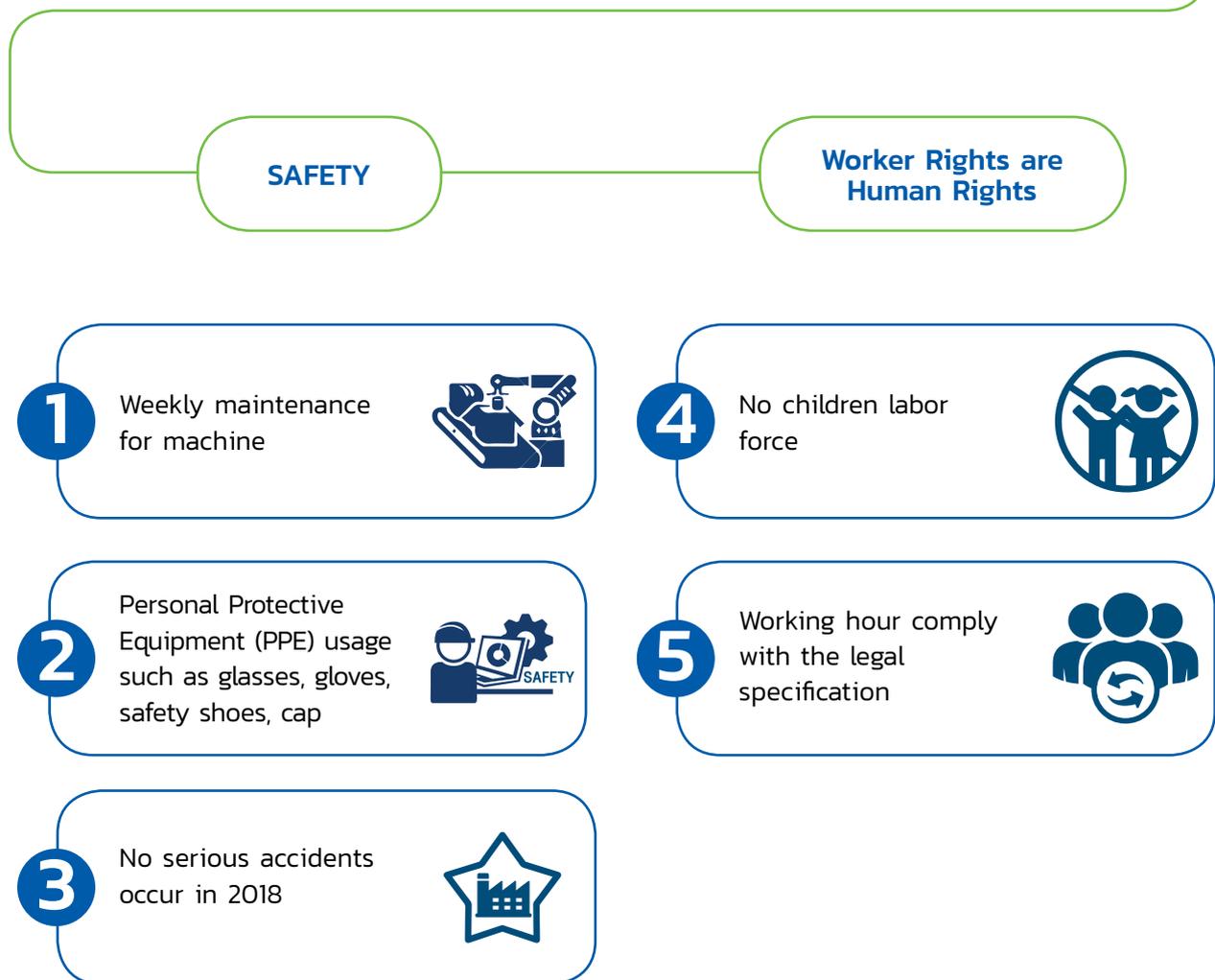


## Supplier/Customer

### Supplier Audit Project

IRC gave a chance for supplier or customer to join the safety management and labour force, by created the supplier audit sheet together between the Company and Klongpang Cooperative, Trang Province. This concerns about the safety standard in rubber production and the labor hire, which will comply with the labor force laws.

### The result of audit



The Company joined various activities with the customers in order to maintain good relationship, as well as to promote IRC's products to be more well-known through these activities; for example, 21st Honda Eco Mileage Challenge and Yamaha Moto Challenge.



# Responsibility for Employee

## Business Importance

Since employees are the main driving force towards achieving success of an organization, IRC therefore places the great importance on our employees to become **the Smart Factory**

## Management Approach

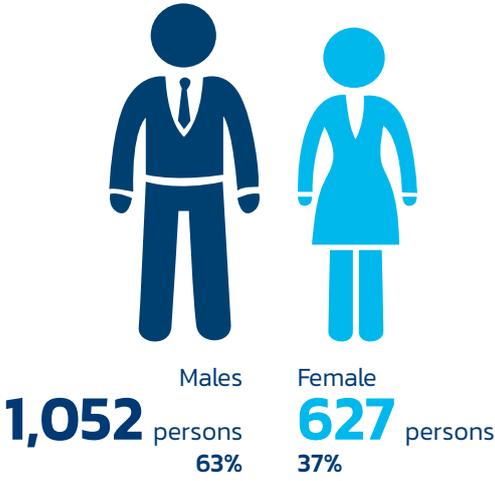
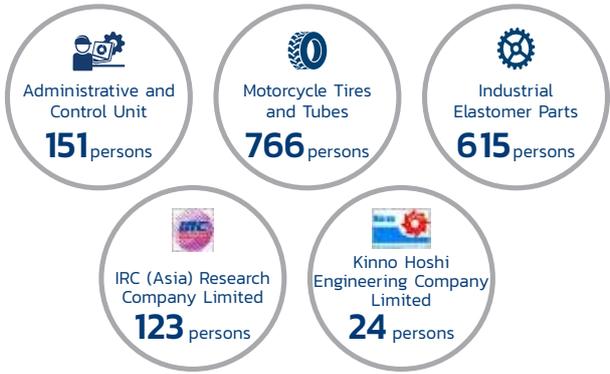
### Smile & Smart Employee

Employees are treated fairly and equally and with respect according to basic human rights required by laws and regulations during recruitment, performance evaluation or personnel development process. Moreover, training skill and knowledge are necessary in each position to improve suitably in performance and push forward creativity in career path. Thus, activities, training, seminar, and outside visiting from inside and outside experts are required.

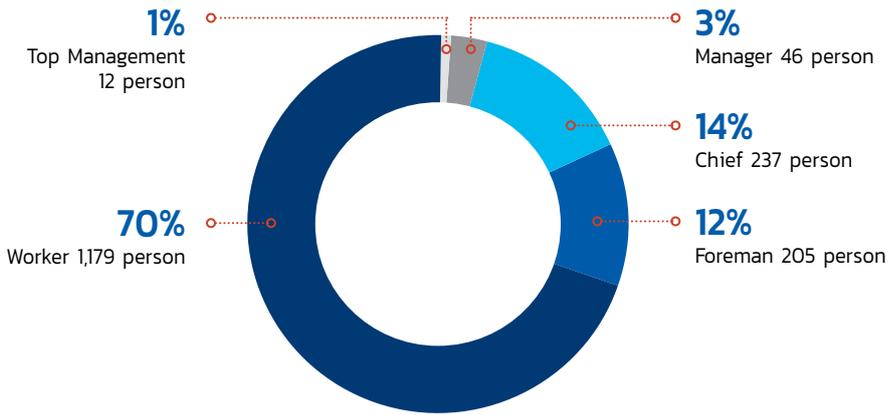
IRC has also defined operational policy and self-conduct and reaction to colleagues in its Code of Conduct and continuously provided in-house and off-house personnel trainings. The Company also recognizes the importance of maintaining proper occupational health and safety of life and property and proper working conditions for its employees by providing appropriate welfares such as hygienic and standardized cafeteria and medical service to ensure that all IRC employees are appropriately treated according to the specified policy and are working harmoniously together (Happy Workplace).

As of 30th September 2018  
the Company and its subsidiaries have a total of **1,679** employees

Number of IRC employees by business line is as follows:



Employee Proportion FY2018 (Person) By Business Unit



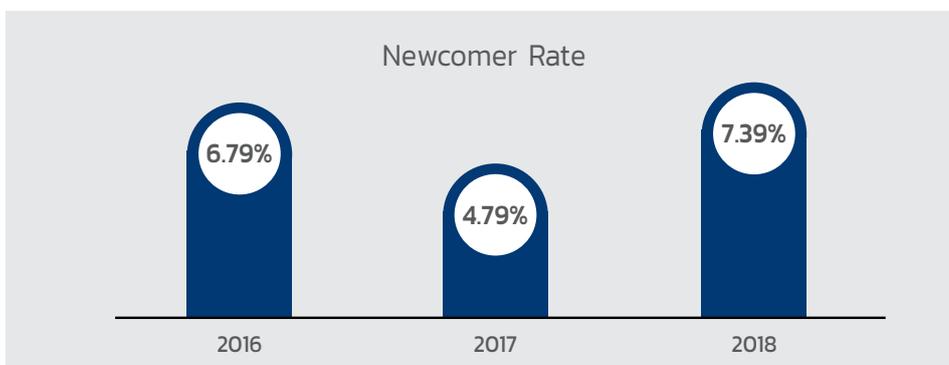
## Under 'Smile & Smart Employee', IRC employees are entitled to the following 4 main benefits:

### Joining IRC Team

At IRC, we ensure that every employee shall undergo through fair and transparent recruitment. The qualification procedures base on good governance principles and business ethics regardless of their nationality, religion, gender, age or even physical disability. Each employee shall be considered based on their qualifications, knowledge and capabilities together with their skills and work experience that are relevant to the position applied, including their potential to be further developed alongside with the organizational growth.

### Performance

From the policy under the vision and mission that stated "Be the Leading Company in Innovation Development and the Smart Factory...", the Company recruits new generation employee from the new generation to join in various unit such as Production unit and Support unit, in order to enhance the production to be more modern and to deliver the highest quality products to customers.



## IRC Employee Compensation and Benefits

### Management Approach

As means to motivate and reward our employees, IRC therefore develops fair compensation and benefits schemes for its employees at every level by surveying and comparing with the labor market and putting into account the impacts of dynamically changing living conditions. What's more, IRC employees shall be entitled to receive special compensations based on organizational performance both in short and long terms and shall be given generous opportunities and even encouraged to gain promotions and competency development based on current positions and responsibilities.

All employees shall treat and be treated with equality and fairness according to basic human right principles such as non-discrimination, no use of forced or child labor, non-participation in labor trafficking and supporting gender equality. By upholding these principles, the employees shall be appointed, transferred, rewarded and punished in the fairest and most transparent manner based on their knowledge, capabilities and suitability.

### Performance



#### Labor Rights

IRC therefore encourages our employees to form 'Labor Union', which is a group legally established to represent the overall employees in overseeing the employment conditions as well as employee benefits and welfares and at the same time collaborate with the Company in providing good and healthy working conditions through holding regular consultancy meetings between the executives and the Labor Union. The Company has also appointed Employees Committee to act as employee representative and of which its members consist of directors appointed by the Labor Union and election to consult with representatives who are senior management in ensuring that appropriate welfare and benefits are provided to IRC employees.



### Monetary Welfare

Apart from the benefits which all employees are directly entitled to, IRC also cares for the family members of its employees by providing monetary benefits for various occasions such as the death of father, mother, spouse or children of the employees, including maternity and marriage allowances.

In FY2018, IRC and its subsidiaries paid employee compensations in a form of salary, bonus, provident fund, social security and other employee welfares totaling 857.59 million baht. The details of IRC employee benefits are described as follows:

- Provident Fund Program under which the employees are allowed to make their own savings plan. The savings rate and money contributed by the employer shall start from %6-3 and continually increase according to the employment period specified by the Company.
- Medical allowance for employees, including spouse and children.
- Death, maternity and marriage allowances to aid employees and their families.
- Life insurance



### Healthcare Welfare

IRC recognizes the importance of having good physical and mental health and have therefore arranged the following health-related welfares including:

- Annual health check
- Health and Medical Center with specialized physicians to give medical service and advice to employees
- Gym and fitness center



- Healthcare Activity



- Sport Day activity



- Clean and hygienic cafeteria that serves foods at affordable price



### Other Employee Welfares

- Free uniforms and safety shoes which are provided to employees on a yearly basis
- Transportation service
- Recreational and Internet Centers
- Special privilege in buying IRC products
- Special activities such as Thank you party/ New Year party



## Development and Moving Forward Together

### Management Approach

IRC therefore focuses on personnel development while continuously moving its business forward. As part of its core missions, IRC aims not only at developing the knowledge and skills of its employees but also their attributes to ensure that every IRC employee possess the behavior and attitude that are in line with the established organizational culture. To achieve this, the Company therefore organizes employee orientation training so that new comers can gain direct learning experience from Productivity Training and Education Center covering major aspects of the organization such as employee safety which is part of the Company's top priorities. Hence, all new comers must learn safety practices through simulation and are required to recognize and understand basic operational functions of relevant machinery and equipment and at the same time avoid all potential occupational hazards. In addition, Human Resource Department shall conduct On-the-Job Training in order to assess operational readiness of newcomers in performing production work, including their performance efficiency and adaptability towards the organization.

### Performance

In respect to driving employee potentials, IRC organizes revision training program twice a year for its employees to refresh their knowledge and skills to ensure that IRC employees in every level always possess the standard knowledge and skills required. What's more, Individual Development Plan has also been established to analyze employee strengths and weaknesses and Functional Competency has been carried out by each employee and their managers to seek areas of improvement in order to accurately develop the employees and clearly observe changes in employee working behaviors after receiving the training. Meanwhile, analysis results will help to select appropriate training programs for each employee in the areas that needed further improvement. This can be done in a form of in-house training which focuses on fundamental work and promotion and off-house training which focuses on potential development of specific positions.

### In-House Training



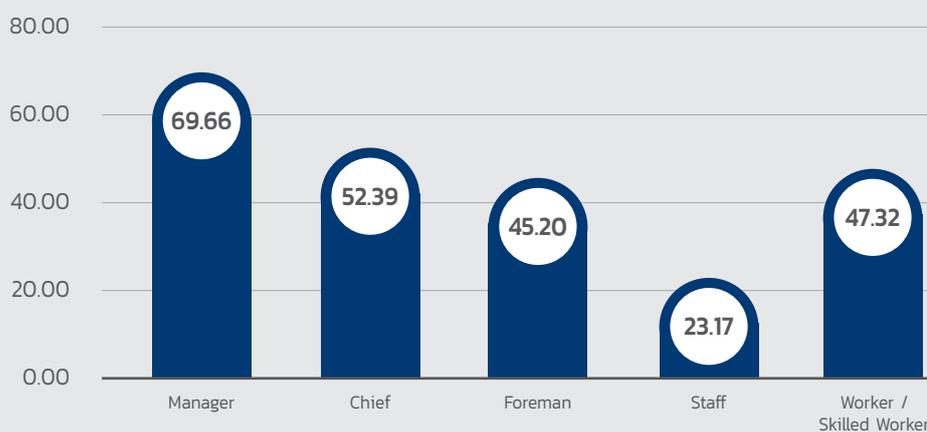
### Off-House Training



### Domestic Training Project

In 2018, approximately 99% of IRC employees received trainings with total average training hours/ persons/ years equaling to 37.93 hours.

Average Training Hours per Year of Employees  
(By Employee Level)



## Other activities for the employees

### Charity

Apart from creating happy working environments for our employees, IRC also passes on happiness to the overall society through the following activities:

- Charity and merit making on important occasions and religious holidays such as donating money and items to governmental agencies, schools, temples and surrounding communities, including merit making activities.



- Drugs Understanding Activity

IRC held activities for the employee to understand more about drugs and its consequences for doing or keeping it, in order to be the “White Industry”. Moreover, IRC has received certification in the Standard on Prevention and Solution to Drug Problems in an Establishment from the Pathum Thani Province.



## Occupational Health, Safety and Environment Performance

### Business Importance

With determination to carry out its business by upholding employee safety as part of its top priorities, IRC has therefore appointed Occupational Health, Safety and Environment Committee (HSE Committee) in compliance with Ministerial Regulation on the prescribing of standard for administration and management of occupational safety, health and environment B.E. 2549 (2006), including defining occupational health, safety and environment policy to be used as guideline of practice concerning employee welfare, safety and working environment. The Company also promotes maintenance of good health as well as provides safe workplace environment and prevents potential hazards that may occur by educating its employees on how to cooperate with safety units of the Company through safety trainings.

### Management Approach

#### IRC Occupational Health, Safety and Environment Policy

1. The Company considers occupational safety to be the responsibility of every employee and requires all employees to participate and cooperate in occupational health, safety and environmental performance of the Company. Employees are allowed to raise opinions on how to improve work conditions and procedures to ensure highest safety.
2. The Company shall support and promote safe work conditions and procedures, including the use of appropriate safety equipment and maintenance of good occupational health among employees.
3. All supervisors shall oversee and ensure occupational safety of their subordinates. All supervisors must be good role models and leaders and shall be responsible for providing trainings and guidance and motivating other employees to practice safe work procedures in line with the defined safety regulations.
4. The Company shall support and promote occupational health and safety related activities that will help to raise awareness among employees such as trainings, incentives, public relations, safety contest, etc.
5. Each employee must take into account the occupational health and safety of themselves, their colleagues as well as the Company's property as part of their topmost priority while on duty.
6. The Company shall monitor and evaluate occupational health, safety and environmental performance to ensure strict compliance and highest efficiency

### Safety Day Activity

Safety Day Activity is held to create awareness about safety. The activities are as follows;

- The executive gave a speech, and Safety Board and Slogan Award to employee.



- Employees from every department presented their Safety Board.



- Employees Participated in the Safety's Exhibition.



### Safety Simulation Room Training

To promote the safety and occupational health in workplace, as well as to control any factors that could affect nearby communities, many activities such as Safety Simulation Room Training is held. This training simulate the production process to the employee for better understanding of the danger, to be able to foreseen danger, and caution steps when operate such works. The training courses were categorized as Manager Group, Chief and Foreman Group, and Worker Group, to focus on Learner's Center teaching method.



#### Safety Simulation Room Training: Manager Group

For the acknowledge of risk or danger  
for consideration and improvement  
in management manner.

**Safety Simulation Room Training:  
Worker Group**

For the awareness of danger from workplace, cause, effect, and self-protection, also what kind of danger to expect.



**Safety Simulation Room Training:  
Chief and Foreman Group**

For the acknowledge of danger factors that could happen to employee and to control and prevent the danger.

**Fire Evacuation Training**

IRC continuously prioritize the importance of preparation for emergency; e.g., sent the employee to take course in the Advance Fire Fighting training course at Fire Fighting and Evacuation Institute that was certified by the government. This is for the employee to be ready to response to such emergency situations.

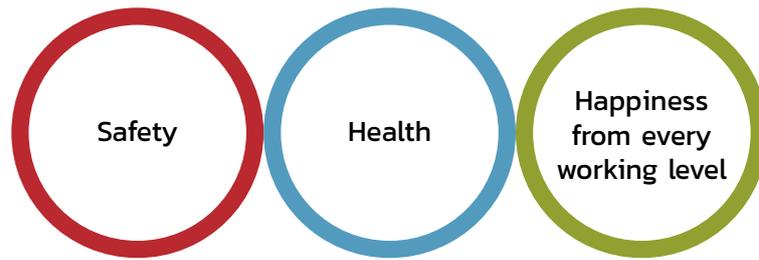


IRC also held the Advance Fire Fighting Team Competition both at Rangsit and Wangnoi site as a revision and a stimulation for the employee to acknowledge the importance of the preparation for emergency and critical situation.



IRC has joined the “Business Role Model Development, Thailand Vision Zero – Towards Sustainable Safety Culture of Prevention” from the policy of the government and globalize organization about welfare or ISSA (International Social Security Association). The defensive strategy is “the will to make a zero accident and sickness from workplace”, since accident and sickness from work related are something that can be avoided. If there is a cope between employee to get rid of the true cause for accident, the prevention from accident and sickness from work related can be achieved.

“Vision Zero” is an alternative way that will be used to prevent accident and sickness from work related, with these three aspects;



Performance



**0** Accident Rates  
No serious accidents occurred



**0** Production Safety

Times production process causing serious damage on an individual, property, environment and reputation



Personal Safety  
Wangnoi **436,748**  
Rangsit **214,319**

of working hours of employees without any serious injuries as of December 3<sup>rd</sup>, 2018

As a result of regular preparation for the emergency and critical situation, the Company did not have extreme lost time accident or injured person. This included the outcome of the Safety Simulation Room training that gave knowledge to employee at any level through simulation. The target of the employee joining the simulation course is at least 80%, where the result are as follows;



# Environmental Performance

## Environmental Management

### Business Importance

To comply with legal and regulations, which related with the company operation, and to support Paris Agreement, which is an international agreement.

### Management Approach

As part of its commitment to establish good environment within the organization as well as for the surrounding communities, the overall society and the country, IRC therefore prioritizes on handling threats resulting from climate. There are two key paths of Sustainable Development context, which the Company can contribute to address the worsening problem of climate changes, 1) reducing atmospheric temperature and 2) minimizing the use of existing resources and energy.

IRC has defined “Energy Policy” to be upheld by all members within the organization in order to drive sustainable development in the aspects of environmental conservation and maintenance of balanced ecosystem.

- 1) Improve and develop Environmental Management system which consistent with laws and other requirements concerning with organization procedures.
- 2) Efficiently and Effectiveness utilize of Electrical Power, Water, and all others resources.
- 3) Develop management process to Zero Waste and pollution occurred from production process and other activities. This includes preventing of potential pollution.
- 4) Promote and develop staff to have a green spirit for creating a culture and environmental awareness by impacts from activities that affect the environment, save for better environment to the Company and community.
- 5) Communicate Environmental policy to public.

### Performance

Through strong commitment and strict compliance with sustainable development policy, IRC finally gained environmental management system accreditation from ISO 1400, an internationally accepted standard in terms of economic and social aspect. This bring about the advantages as follows:

Widening business opportunities and building customer confidence

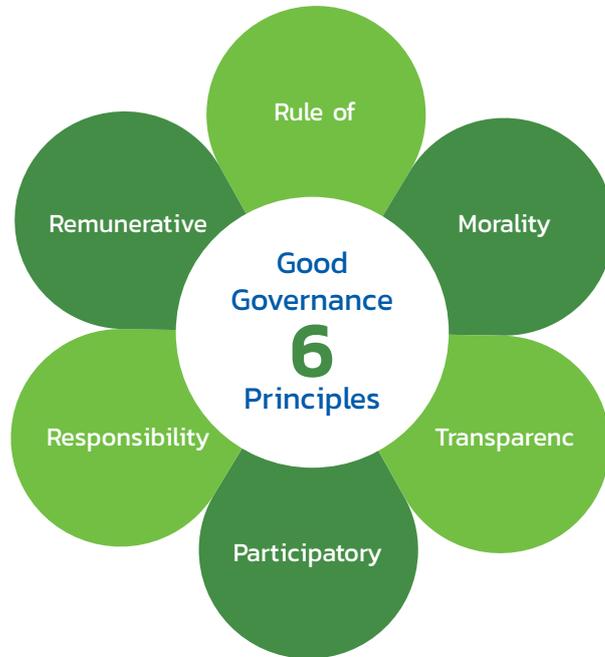
Reducing production costs through efficient use of energy and resources

Having standardized water treatment system that can provide 100% reusable water

Gaining acceptance from stakeholders namely communities, governmental agencies, customers and Shareholders

Environmental Good Governance Project

The company adhere to the method of environmental management as Environmental Good Governance principle, which is an international standard. Moreover, we comply with the 6 important principles that is transparency, fairness, and people participation toward environmental management. This lead to the suitable judgment for both policy and good operation towards sustainable environmental.



Green Industry

The Company awares of the environment importance that presently is heavily affected from the growth of industries. The Company has developed to Green Industry in accordance to the Ministry of Industry’s project. This helps promote the continuous development, as well as shows the responsibility to social and environment both inside and outside the Company throughout the supply chain. Wangnoi site has been certified as the Green Industry Level 3: Green System, since October 15, 2012. Whereas Rangsit site has been certified since September 3, 2016, and has renewed the certification in August 3, 2018 from five level which are shown below.



**Green System Level 3:** Systematic Environmental Management, Monitoring Evaluation, and Reviewed for Continuous Improvement.

“The Company intend to develop the environmental system, to be a part of green industry level 4 and level 5 onwards.”



## Water Management

### Business Importance

Drought crisis which broke out in the central region had raised great concerns among both agricultural and industrial sectors which require a large amount of water for plantation and production. Since the drought also affected IRC businesses located in Rangsit-Nakhon Nayok area as well as Wang Noi District, Phra Nakhon Sri Ayutthaya Province, the Company therefore assigned a working team to continuously monitor the water levels in major and nearby dams. Fortunately, the Company was not affected by any water issues.

### Management Approach

To expand the amount of reusable treated water, the Company therefore implemented water quality improvement program at Wangnoi site. During January 2017 – September 2018, the Company could save water by 140 cubic meters per month or 1,680 cubic meters per year, which is accounted to 1% of annual water consumption of Wangnoi site, allowing the Company to save up to 34,440 Baht of water bill per year.

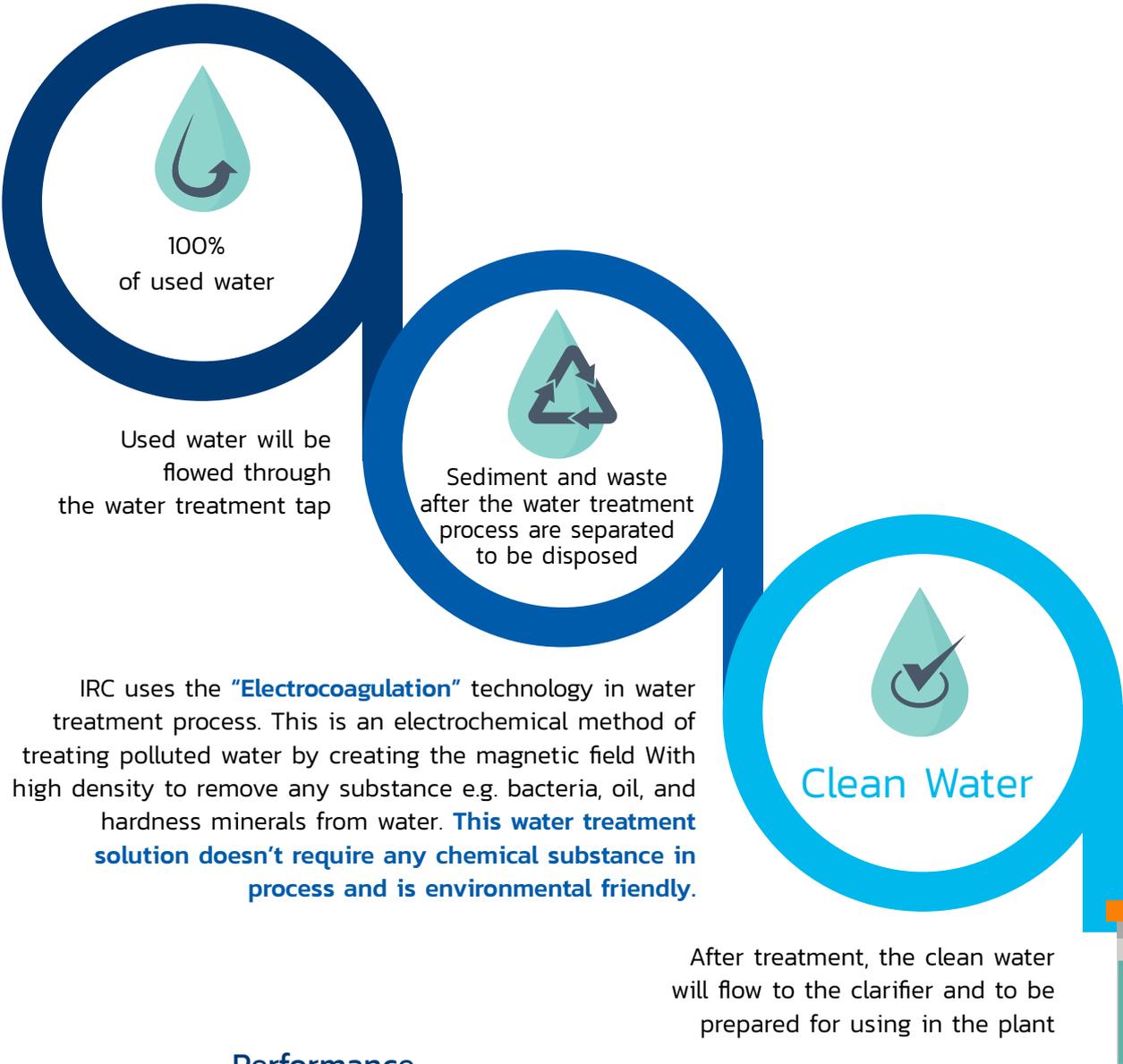




**Water Quality Improvement**

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**34,440**  
Baht/Year



**Performance**

In 2018, the organic carbon analysis was carried out by the assigned unit. The COD (Chemical Oxygen Demand) values of treated water at Rangsit and Wangnoi sites are equaled to 25.33 and 41.80 mL/liters, respectively, decreased from last year. On the other hand, BOD (Biochemical Oxygen Demand) values of treated water at Rangsit and Wangnoi sites amounted to 5.00 and 4.10, respectively, which dropped from the previous year also for Wangnoi site. The Company could still maintain its wastewater quality standard at below 20 mg/l which is in line with wastewater quality standard specified by the Ministry of Industry. The Company uses treated water for watering plants and in the cooling system and also reserves it for emergency cases like fire incident.

# Production Wastes Management

## Business Importance

IRC determines to carry out product wastes management in the most efficient manner to achieve its goals of using resources efficiently and minimizing global warming issues.



## Management Approach

The Company has adopted the 3Rs Principles in its production wastes management process starting from production planning, equipment modification to work process improvement. Moreover, the Company has adjusted employee behaviors to ensure that the least amount of wastes was created, as well as to ensure that each type of wastes is properly managed following relevant laws and utilization capacity.

### “Zero Waste” (IRCT – ZERO WASTE POLICY)

IRC aware of the reduction of all waste inside the Company and established a Zero Waste policy using 3Rs principles or Reduce, Reuse, and Recycle for the Zero Waste goal, followed the good practice and self-consciousness of the employee, altogether with the controlling in the research and development of production process technology, maintenance increment, modern quality and machine management, to effectively reduce waste and benefit to the Company. This is under the intention that aligned with the Company’s policy and activity as follows;

**R : Reduce** is to reduce usage and use only the necessity (Zero Waste). QCC (Quality Control circle) group activity and KAIZEN activity group are the activities for development in productivity, waste reduction, raw material usage reduction, energy consumption reduction, occupational accident reduction, energy management for efficiency, reinforcement of consciousness in every way of waste reduction emphasizing on culture of consciousness to the employee. It is to reduce from the thought of “Bottom-Up”, together with the “Top-Down” by environmental policy and development of manufacturing system toward Smart Factory for manufacturing and operating efficiency.

**R : Reuse** is to consume resources at maximum worthiness by reuse and improvement of waste for use in manufacturing or packaging following management policy basis.

**R : Recycle** is to convert the article which is unable to be utilized in the primary form, or called in other name as waste, through different processes into new object, and use it again. We have Research and Development Department to manage this task.



## Performance

Food wastes collected from IRC cafeteria, which was used daily by over 1,700 employees, were sold as livestock feed. Whereas rubber scraps from production process were either distributed to be used as alternative energy source to help reduce the use of fossil fuel as much as possible, or were processed as recycled rubber. These are all part of the Company's 3Rs process.

For the wastes and excess materials disposal, the Company has campaigned 'segregation of waste before disposal' to be utilized and managed them suitably and systematically. Hazardous waste is delivered to reliable licensed plant for treatment/ disposal whereas recyclable wastes are sold to recycling plants; moreover, general wastes are disposed by the municipality



## Environmental Impacts Assessment

### Business Importance

Environmental sustainability is amongst the most challenging yet crucial factors to IRC business. At IRC, we recognize and strongly believe that a good business must be able to carry out its operations alongside with community development and gaining acceptance from surrounding communities.



### Management Approach

IRC therefore always conduct environmental impact assessment prior to any of its major projects in order to correctly define operational plans and measures and ensure that all stakeholder expectations are completely met. The Company also appointed a team to specifically follow up on and listen to the problems and concerns raised by the stakeholders from nearby communities. So far, no serious issues have been reported. The Company even allows nearby communities to visit its production site and observe the environmental standards and environmental management system implemented as a way to promote transparency and verifiability.



## Performance

The performance of the continuously preventive and solving solutions of the environment, affected to the company by social acceptance as nearby community satisfaction increasing from last year. The overall average score was 90%.

# Energy Conservation and Global Warming Reduction

## Energy Management

### Business Importance

To promote efficient and sustainable use of energy, IRC therefore developed a systematic plan in improving its production process and operations.

### Management Approach

Throughout the year 2018, the Company has initiated various projects to successfully and concretely minimize its energy consumption

## Performance



### LED Lamps Installation

This project continues from 2017 the Company has replaced of fluorescence and metal halide lamps with LED lamps. This is because LED lamp capacity is equal to the incandescent of a 40W lamp but requires electric energy of only 5W and it has longer useful life comparing to other types of lamp. In 2018, IRC Rangsit site changed LED about 200 units, which was able to save energy by as much as 7,200 kW per year and saved money by 28,080 Baht/ Year. Wangnoi site changed 900 LED lamp and saved energy 134,400 kW per year, saved money by 604,800 Baht/ Year, and reduced the emission of carbon dioxide by 75.59 tons' carbon dioxide/ years.

  
**604,800**  
Baht/Year



### Replace High Bay Lamp 250 Watt with LED high Bay Lamp 180 Watt Project

Wangnoi site changed high bay lamp that using metal halide or sodium bulb to LED high bay lamp, giving the same luminescence but saving more energy. The Company reduced electricity consumption by 52,920 kW/ years, saved money by 238,140 baht/ years, and reduced the emission of carbon dioxide by 29.77 tons' carbon dioxide/ years.

  
**238,140**  
Baht/Year



### E-SAVER Energy saving controller Pump 15kW supply chiller line mixing

Wangnoi site has installed E-SAVER to readjust the electrical frequency in the motor of chiller supply under 50 Hz to reduce electricity consumption. The result founded that this project reduced electricity consumption by 20,748 kW/ years, saved money by 93,366 baht/ years, and reduced the emission of carbon dioxide by 11.67 tons' carbon dioxide/ years.

  
**93,366**  
Baht/Year



### Change High Efficiency Motor Pump Machine

Wangnoi site changed motor pump from 37kW to 22 kW with high efficiency in the Tire Curing 2 process to reduce electricity consumption. The result founded that this project reduced electricity consumption by 126,000 kW/ years, saved money by 567,000 baht/ years, and reduced the emission of carbon dioxide by 70.87 tons' carbon dioxide/ years.

  
**567,000**  
Baht/Year



### Replace Air Compressor

Wangnoi site changed air compressor in a mixing process to reduce electricity consumption. The result founded that this project reduced electricity consumption by 43,628 kW/ years, saved money by 196,326 baht/ years, and reduced the emission of carbon dioxide by 25.54 tons' carbon dioxide/ years

  
**196,326**  
Baht/Year



### Replace Split Type Air Condition

Since air conditioner in Wangnoi has not been used for so long, its efficacy decreased while the energy consumption increased, which raised the cost of electricity. In order to reduce the electricity consumption at Wangnoi site, the Company replaced the air conditioners for 26 units. The economic results are the Company reduced electricity consumption by 539,960 kW/ years, saved money by 2,429,820 baht/ years, and reduced the emission of carbon dioxide by 303.7 tons' carbon dioxide/ years.

  
**2,429,820**  
Baht/Year



### Replace High Pressure Air Compressor

After the evaluation of high pressure air compressor, it was found that the air compressor H2 and H6, had low efficiency. Thus, the Company replaced the old air compressor H2 and H6 with a new one. This saved energy consumption around 216,107.08 kW/ years and money about 799,596 baht/ years.

  
**799,596**  
Baht/Year



### Replace High Pressure Air Compressor (H2)

Rangsit site has replaced High Pressure Air Compressor (H2) due to its low efficiency whereas the new Air Compressor consumed lower energy usage but given the same volume and pressure. This saved energy consumption around 1137,348 kW/ years and money about 508,191 baht/ years

  
**137,348**  
Baht/Year



### Solar Cell Installation

This project continued from 2015 the Company has installed solar cell to promote Sustainable Energy and Alternative Energy where they are clear of pollution and to reduce the greenhouse gas emission. In 2018, the installed solar cell has saved the energy consumption it Rangsit site around 199,802 baht/ year (Data as of December 12th, 2018)

  
**199,802**  
Baht/Year

# Performance Data

GRI Standard	DATA	UNIT	FY 2016	FY 2017	FY 2018
<b>General Disclosures</b>					
GRI-102-8*	TOTAL WORKFORCE	Persons	1,782	1,713	1,679
	Workforce by Area				
	Rangsit	Persons	972	929	902
	Wangnoi	Persons	810	784	777
	<b>Total workforce by area</b>	<b>Persons</b>	<b>1,782</b>	<b>1,713</b>	<b>1,679</b>
	Workforce by Gender				
	- IRC	Persons	1,637	1,566	1,532
	- Male	Persons	984	941	927
	- Female	Persons	653	625	605
	- IAR	Persons	113	119	123
	- Male	Persons	99	101	103
	- Female	Persons	14	18	20
	- KIN	Persons	32	28	24
	- Male	Persons	29	25	22
	- Female	Persons	3	3	2
	<b>Total workforce by gender</b>	<b>Persons</b>	<b>1,782</b>	<b>1,713</b>	<b>1,679</b>
	Workforce by Level				
	> Top Management	Persons	13	13	12
	> Division Manager	Persons	9	9	9
	> Manager	Persons	31	34	37
	> Specialist	Persons	4	5	7
	> Chief	Persons	190	200	230
	> Foreman	Persons	158	161	164
	> Staff	Persons	49	42	41
	> Worker / Skilled Worker	Persons	1328	1249	1179
	<b>Total workforce by level</b>	<b>Persons</b>	<b>1,782</b>	<b>1,713</b>	<b>1,679</b>
	Workforce by business line				
	Admin & Control	Persons	160	149	151
	Motorcycle Tire and Tube Business	Persons	834	794	766
	IED Business	Persons	643	623	615
	IRC (Asia) Research Co., Ltd.	Persons	113	119	123
	Kinno Hoshi Engineering Co., Ltd.	Persons	32	28	24
	<b>Total workforce by business line</b>	<b>Persons</b>	<b>1,782</b>	<b>1,713</b>	<b>1,679</b>
GRI-102-43	Customer Satisfaction Surveys				
	Tire and Tube Products	%	100	100	100
	Industrial Elastomer Products	%	100	100	100
<b>Management Approach</b>					
GRI-103-2	NO. OF GRIEVANCE ABOUT HUMAN RIGHTS FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS	Cases	NONE	NONE	NONE
	NO. OF GRIEVANCE ABOUT LABOR PRACTICES FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS	Cases	NONE	NONE	NONE
	NO. OF GRIEVANCE ABOUT IMPACTS ON SOCIETY, FILED ADDRESSSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS	Cases	0	0	0
	NO. OF ENVIRONMENTAL GRIEVANCE FILED, ADDRESSSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS	Cases	1	0	0

GRI Standard	DATA	UNIT	FY 2016	FY 2017	FY 2018
<b>Specific Disclosures</b>					
<b>Economic</b>					
GRI-201-1	<b>DIRECT ECONOMIC VALUE GENERATED</b>				
	Sale revenues	Thousand Baht	4,954,768	5,232,565	5,562,408
	<b>ECONOMIC VALUE DISTRIBUTED</b>				
	COGS	Thousand Baht	4,028,243	4,465,927	4,788,679
	Employee Benefit Obligation	Thousand Baht	730,390	786,900	857,590
	Corporate Income Taxes	Thousand Baht	111,119	86,276	73,835
	Dividend Payment (*waiting for shareholders' approval on 2019 AGM)	Baht/Share	1.027	0.8476	0.8965
	Community Investments (Total contribution for CSR activities)	Baht	3,725,200	7,084,656	4,084,818
<b>Procurement Practices</b>					
GRI-204-1	Proportion of spending on local supplier in Thailand	%	73	73	70
<b>Anti-corruption</b>					
GRI-205-2	Percentage of employees that anti-corruption policies and procedures have been communicated to.	%	100	90	98
GRI-205-3	Confirmed incidents of corruption and actions taken.	Cases	0	0	0
<b>Environmental Performance</b>					
<b>Energy</b>					
GRI-302-1	<b>ENERGY CONSUMPTION</b>				
	Total energy consumption	GJ	322,872.20	347,250.60	350,897.62
	Total direct energy consumption (Electricity)	GJ	147,446.78	154,174.46	156,698.50
	Total indirect energy consumption (Bunker Oil + GAS LPG)	GJ	174,529.48	189,101.63	190,932.82
	<b>ENERGY CONSUMPTION BY TYPE</b>				
	Electricity	GJ	147,446.78	154,174.46	156,698.50
	Steam	GJ	0	0	0
	Fuel	GJ	150,857.15	185,868.67	188,208.34
GRI-302-3	<b>TOTAL ENERGY INTENSITY</b>	TOE/ Total Revenues	NONE	NONE	NONE
GRI-302-4	<b>REDUCTION OF ENERGY CONSUMPTION</b>				
	Electricity	TJ	3.03	2.76	2
	Steam	TJ	0	0	0
	Fuel	TJ	2.16	0.39	0
<b>Water</b>					
GRI-303-1	<b>WATER CONSUMPTION BY SITE</b>				
	Rangsit	M3	96,076	85,956	86,752
	Wangnoi	M3	126,187	115,711	105,322
	<b>SOURCE OF WATER</b>				
	- Tapped Water	M3	258,929	181,596	155,306
	- Ground Water	M3	44,659	20,071	36,768
	- Water from Other Sources	M3	0	0	0
	Water intensity	M3/ Total Revenues	NONE	NONE	NONE
GRI-303-3	<b>WATER REUSED AND RECYCLED</b>	M3	NONE	NONE	NONE
<b>Emissions</b>					
GRI-305-1	Direct GHGs Emissions (Scope1)	Tons	13,276	14,787	14,951
GRI-305-2	Energy Indirect GHGs Emissions (Scope2)	Tons	24,153	25,255	25,668
GRI-305-4	GHGs Emission Intensity	Tons/ Production Tons	0.076	0.06	0.05
GRI-305-7	Carbon dioxide (CO2)	Tons	11,201	40,733	22,852
	CO2 intensity	Tons/ Production Tons	NONE	NONE	NONE
	Total Suspended Particulate Matter (TSP)	Tons	0.29	0.29	0.18
	TSP Intensity	Tons/ Production Tons	NONE	NONE	NONE

GRI Standard	DATA	UNIT	FY 2016	FY 2017	FY 2018
	<b>AIR QUALITY AVERAGE CONCENTRATION</b>				
	SOx	Mg/M3	331.6	324.5	556.7
	NOx	Mg/M3	116.2	87.5	141.4
	<b>AIR QUALITY AMOUNT</b>				
	SOx	Kilotons	NONE	NONE	NONE
	NOx	Kilotons	NONE	NONE	NONE
<b>Effluents and Waste</b>					
GRI-306-1	<b>WATER DISCHARGE BY SITE</b>				
	<b>Rangsit</b>				
	- Water supply	M3	64,664	72,453	58,116
	- Deep well	M3	32,306	13,503	28,636
	- Total	M3	96,970	85,956	86,752
	<b>Wangnoi</b>				
	Deep well+water supply	M3	188,390	109,143	97,190
	Sanitary	M3	19,122	6,568	8,132
	Total	M3	207,512	115,711	105,322
GRI-306-2	<b>WASTE DISPOSAL</b>				
	Total hazardous waste				
	- Hazardous waste exported to Waste Management Operator	Tons	339	199	376
	- Return from selling waste	Baht	274,614	167,605	213,610
	Total non-hazardous waste				
	- Non-hazardous waste recycling	Tons	1,488	2,264	2,578
	- Return from selling waste	Baht	3,117,569	4,008,775	6,314,161
GRI-306-3	<b>SIGNIFICANT SPILLS</b>				
	Numbers of Spills	Cases	0	0	0
	Volume	Liter	0	0	0
<b>Environmental Compliance</b>					
GRI-307-1	<b>SIGNIFICANT FINE for NON-COMPLIANCE IN ENVIRONMENTAL ASPECTS</b>				
	Number of Fine	Case	0	0	0
	Amount of Fine	Baht	0	0	0
GRI-308-1	<b>THE PERCENTAGE OF NEW SUPPLIERS SCREENED BY USING ENVIRNMANETAL CRITERIA</b>				
		%	NONE	NONE	NONE
GRI-308-2	<b>NO. OF SUPPLIERS SUBJECTED TO ENVIRONMENTAL ASSESSMENT</b>				
		Supliers	NONE	NONE	NONE

## Social Performance

### Employment

GRI-401-1	<b>NEW EMPLOYEE</b>				
	New Employee	Persons	121	82	124
	New Employee hire rate	%	7%	5%	7%
	<b>New Employee hire by Age Group</b>				
	<30 years	Persons	103	66	70
	30-50 years	Persons	18	16	54
	>50 years	Persons	0	0	0
	<b>Total new employee by age group</b>	Persons	121	82	124
	<b>TURNOVER</b>				
	Total turnover	Persons	184	141	159
	Total turnover rate	%	0%	0%	0%
	<b>Turnover by Age Group</b>				
	<30 years	Persons	99	59	69
	30-50 years	Persons	74	75	66
	>50 years	Persons	11	7	24
	<b>Total turnover by age group</b>	Persons	184	141	159
	<b>Turnover by Area</b>				
	Rangsit	Persons	115	96	98
	Wangnoi	Persons	69	45	61
	<b>Total turnover by area</b>	Persons	184	141	159

GRI Standard	DATA	UNIT	FY 2016	FY 2017	FY 2018
GRI-401-3	<b>PARENTAL LEAVE</b>				
	Employee taken parental leave	Persons	75	57	49
	Employee returned to work after parental leave	Persons	75	57	49
	<b>Occupational Health and Safety</b>				
GRI-403-1	Percentage of total workforce represented in formal joint management -worker health and safety members	%	100	100	100
GRI-403-2	<b>FATALITIES from work-related</b>				
	Total Employee	Persons	0	0	0
	Workers controlled by IRC (not included employee)	Persons	0	0	0
	<b>INJURIES FREQUENCY RATE (IFR)</b>				
	RS Total Employee	Persons/ Million man-hr.	3	4.55	2.31
	WN Total Employee	Persons/ Million man-hr.	0.83	0.00	3.35
	<b>INJURIES FREQUENCY RATE (IFR) BY TYPE OF EMPLOYEE</b>				
	Total Employee	Persons/ Million man-hr.	NONE	NONE	NONE
	Workers controlled by IRC (not included employee)	Persons/ Million man-hr.	NONE	NONE	NONE
	<b>LOST-TIME INJURY FREQUENCY RATE (LTIFR)</b>				
	RS Total Employee	Persons/ Million man-hr.	0.00	0.65	1.29
	WN Total Employee	Persons/ Million man-hr.	0.00	0.00	1.12
	<b>LOST-TIME INJURY FREQUENCY RATE (LTIFR) BY TYPE OF EMPLOYEE</b>				
	Total Employee	Persons/ Million man-hr.	NONE	NONE	NONE
	Workers controlled by IRC (not included employee)	Persons/ Million man-hr.	NONE	NONE	NONE
	<b>Training and Education</b>				
GRI-404-1	<b>TRAINING AND DEVELOPMENT</b>				
	<b>Average hours of training per year per employee by gender</b>				
	<b>Male</b>				
	- RS	Avg. hrs/ person	38.74	41.94	55.49
	- WN	Avg. hrs/ person	38.74	41.94	28.14
	<b>Female</b>				
	- RS	Avg. hrs/ person	37.12	40.58	38.16
	- WN	Avg. hrs/ person	37.12	40.58	27.02
	<b>Average hours of training by employee level</b>				
	<b>RS</b>	<b>Avg. hrs/ person</b>	<b>112.98</b>	<b>123.1</b>	<b>93.32</b>
	- Manager	Avg. hrs/ person	42.64	61.36	89.50
	- Chief	Avg. hrs/ person	64.10	59.16	52.44
	- Foreman	Avg. hrs/ person	34.65	52.12	59.45
	- Staff	Avg. hrs/ person	11.85	31.56	27.50
	- Worker / Skilled Worker	Avg. hrs/ person	133.36	74.07	71.33
	<b>WN</b>	<b>Avg. hrs/ person</b>	<b>286.60</b>	<b>278.27</b>	<b>300.22</b>
	- Manager	Avg. hrs/ person	42.64	61.36	49.82
	- Chief	Avg. hrs/ person	64.10	59.16	45.62
	- Foreman	Avg. hrs/ person	34.65	52.12	30.96
	- Staff	Avg. hrs/ person	11.85	31.56	18.84
	- Worker / Skilled Worker	Avg. hrs/ person	133.36	74.07	23.32
	<b>Total hours of training by employee level</b>	<b>Avg. hrs/ person</b>	<b>399.58</b>	<b>401.37</b>	<b>393.54</b>
GRI-412-2	<b>HUMAN RIGHTS</b>				
	Total hours of employee training to human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	%	976	752	672

GRI Standard	DATA	UNIT	FY 2016	FY 2017	FY 2018
<b>Supplier Social Assessment</b>					
GRI-414-1	THE PERCENTAGE OF NEW SUPPLIERS SCREENED BY HUMAN RIGHTS CRITERIA	%	NONE	NONE	NONE
	THE PERCENTAGE OF NEW SUPPLIERS SCREENED BY LABOR PRACTICES CRITERIA	%	NONE	NONE	NONE
	THE PERCENTAGE OF NEW SUPPLIERS SCREENED BY IMPACTS ON SOCIETY	%	NONE	NONE	NONE
GRI-414-2	NO. OF SUPPLIERS SUBJECTED TO HUMAN RIGHTS	Suppliers	NONE	NONE	NONE
	NO. OF SUPPLIERS SUBJECTED TO LABOR PRACTICES	Suppliers	NONE	NONE	NONE
	NO. OF SUPPLIERS SUBJECTED TO IMPACTS ON SOCIETY	Suppliers	NONE	NONE	NONE
<b>Customer Health and Safety</b>					
GRI-416-2	NO. OF INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES CONCERNING CUSTOMER HEALTH AND SAFETY				
Tire and Tube Products	Cases	0	0	0	
	Industrial Elastomer Products	Cases	0	0	0
<b>Marketing and Labeling</b>					
GRI-417-2	SIGNIFICANT FINES for NON-COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES CONCERNING PRODUCT AND SERVICE INFORMATION AND LABELING				
	Number of Fine	Case	0	0	0
	Amount of Fine	Baht	0	0	0
GRI-417-3	NO. OF INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES CONCERNING MARKETING COMMUNICATION				
	Tire and Tube Products	Cases	0	0	0
	Industrial Elastomer Products	Cases	0	0	0
<b>Customer Privacy</b>					
GRI-418-1	NO. OF INCIDENTS OF SUBSTANTIATED COMPLAINTS REGARDING BREACHES OF CUSTOMER PRIVACY				
	Tire and Tube Products	Cases	0	0	0
	Industrial Elastomer Products	Cases	0	0	0
<b>Socioeconomic Compliance</b>					
GRI-419-1	SIGNIFICANT FINE for NON-COMPLIANCE WITH LAWS AND REGULATIONS				
	Number of Fine	Case	0	0	0
	Amount of Fine	Baht	0	0	0
	SIGNIFICANT FINES for NON-COMPLIANCE WITH LAWS AND REGULATIONS CONCERNING THE PROVISION AND USE OF PRODUCTS AND SERVICES				
	Amount of Fine	Baht	0	0	0

## NOTE:

1) Information with '0' means recorded information is zero.

2) Information with 'NONE' means there is no recorded information.

# GRI Content Index

GRI Standard Title	Disclosure Number	Reported section in SR 2018	Omission/Remarks	SDGs	Required for CORE
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General Disclosures	GRI-102-12	1.1	-	-	Core
General Disclosures	GRI-102-13	This page	Does not being a member to any international organization	-	Core
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General Disclosures	GRI-102-48	This page	No report data changed	-	Core
General Disclosures	GRI-102-50	1.1	-	-	Core
General Disclosures	GRI-102-51	This page	Latest report is Sustainability Report (SD Report) for 2017, as of September 30, 2017	-	Core
General Disclosures	GRI-102-52	1.1	-	-	Core
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