



Green Financing Framework

Sri Trang Gloves (Thailand) PLC



April 2024

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Sri Trang Gloves At a Glance



OUR VISION IS TO DELIVER
「Touch Of Life」TM
ON A GLOBAL SCALE

Portfolio of
13 brands

6 factories
(13 facilities)

“Sri Trang Agro-
Industry PLC”
as parent company

Global commercialization
(Asia 40%, Europe 18%,
North America 19%,
Latin America 14%)
As of Q1 2022

Since
1989

**Thailand's
Largest and
World's TOP3**
rubber gloves
manufacturer



Section 1

Introduction to Sri Trang Gloves

Established in 1989, Sri Trang Gloves (Thailand) Public Company Limited (“STGT” or the “Company”) offers wide range of premium quality latex and nitrile examination gloves as well as general use disposable gloves, both powdered and powder-free. With the Company’s vision “To Deliver Touch of Life on a Global Scale”, STGT products are being used around the world in various industries, i.e. healthcare, food, manufacturing and operations, where hygiene standards are highly valued. Believed to be Thailand’s largest and the world’s third largest gloves producer, the Company has a total installed capacity of approximately 50,785 million pieces per year and exports to over 175 countries. STGT teams collectively work with meticulous attention to detail, from selecting high quality raw materials and ensuring environmentally friendly production processes and seamless product distribution, while being committed to using the latest technology to continuously innovate and improve its offerings with maximum efficiency.

Section 1.1: STGT’s Sustainability Journey

Sustainable business operations and investment have always been at the core of STGT under the concept of “Clean World, Clean Gloves” that cares about product quality, while being mindful of environmental, social and governance issues and ever ready to deal with business risks and potential risks. The Company places strong focus on creating value for stakeholders and ensuring its credibility for business partners and consumers through the **"SHARE"** sustainability approach:



Environmental Policy and Management

Operating in the manufacturing sector, STGT is well aware of the possible environmental impacts in terms of resources, energy, water and management of air pollution, and residual waste it may have on the surrounding communities. Subsequently, the Company has adopted the ISO 14001:2015 Environmental Management System standard which covers both the use of resources and pollution control as a tool with a view to bring about continuous and proactive development.

As a good corporate green citizen, the Company adheres to its motto to conserve the environment and deliver value to the society. STGT has formulated the Environmental Policy and operational guidelines under the supervision of representatives from the Environmental Management System (ISO 14001:2015) together with a coordinating team of the Quality, Safety and Environment Management System (QSE). Such guidelines are based on the principles of 3Rs (Reduce, Reuse, and Recycle) and centered around the use of environmentally friendly technologies in order to optimise energy efficiency and ensure the highest level of energy conservation for its operations. The Company is also strongly committed to the Kaizen strategy in which demonstrates its intention to never stop striving for the best ESG policies and outcomes as seen by its continuous efforts on identifying alternative (environmentally friendly) sources of energy for its production processes.

The Company's performance and progress towards its sustainability goals are being monitored and reviewed on a regular basis, with intervals of no greater than one year. Even before the establishment of this Framework, the Company has remained transparent in term of its activities as it made public several environmental performance statistics available through both its Sustainability Report(s) and the Environmental Performance section of its website.

Examples of STGT's environmental policies are as follows:

Ethical Sourcing

STGT ensures that sourcing or procurement from suppliers are performed with highest ethical manner. In response, the Company has adopted the supplier audit form as part of the BSCI code of conduct to perform annual audit on the environmental and social operations of its key suppliers.

In 2021, the Company prepared its Supplier Code of Conduct and Guidelines to promote sustainable business operations amongst its suppliers/business partners. Such guidelines have been designed in accordance with the standards recognised by the International Labor Organization (ILO) and the United Nations Global Compact (UN Global Compact). Focusing on the environmental aspect of this guideline, it makes certain that each individual supplier complies with environmental laws and regulations while supporting green operations through process of selecting sustainable natural rubber, sourcing sustainable energy, while being aware of its impact factors as part of global warming and climate change mitigation. Today, STGT sources all concentrated latex from Sri Trang Agro-Industry, which received an ECOVADIS Silver Rating (2023), meaning the company's sustainability management is ranked within the top 25% of the industry.

Pollution Reduction and Efforts to Tackle Climate Change

STGT is well aware of the global efforts to limit global warming to well below 2°C and preferably to 1.5°C in accordance with the Paris Agreement. In an effort to contribute to this goal, the Company has set goals to reduce greenhouse gas emissions from its business processes and established management practices to align with the SDG No.13. Such internal targets involve the aim to reduce greenhouse gas emissions per product unit by 40% from 2021 base year by 2026. The Company's proactive approach involves not only identifying sources of GHG in order to reduce such emission, but also working to expand green areas to absorb CO₂. Recently in 2023, the Company conducted the Carbon Footprint of Product (CFP) to assess carbon footprints of the gloves' life cycle in order to seek for significant sources of GHG emissions for the reduction.

STGT recognises the importance of air quality to the wellbeing of not only its staff but also the surrounding communities. The Company, therefore, has developed plans to control air quality within its factory areas and vicinity with monitoring systems in order to ensure that air quality meets the legal and regulatory required standards at all times. With this, there is also a team dedicated to performing periodic air quality measurement and surveys in nearby communities in order to make certain that its community receives zero impact from its activities.

Energy Consumption

STGT is aware that its production process usually consumes significant heat, steam, and electricity. The Company has put a strong emphasis on continuous improvement on energy efficiency in production, including the use of renewable energy in order to make the most efficient use of energy while minimising GHG emissions.

Use of Biomass Energy

Today, STGT's production plants are identified as designated factories according to the Energy Conservation Promotion Act, B.E. 2535. An Energy Conservation Committee was also appointed to effectively manage energy consumption through various energy conservation projects and measures while promoting use of renewable energy in each factory. The Company is committed to using 100% biomass fuel for boilers to produce thermal energy rather than depending on fossil fuels in order to reduce GHG emissions from energy consumption.



The Company uses woodchips obtained from rubber trees as biomass fuel for its boilers. The majority of woodchips used in boilers is obtained from rubber trees, which reach the end of their rubber producing cycle. STGT also use some wood logs obtained from other perennial plants from wood factories which their business operations comply with related law and regulations. Not only does this help reduce GHG emissions, but also enables better utilisation of waste wood logs that are left once the rubber trees reach the end of the rubber producing cycle. Furthermore, replanting young rubber trees allows the soil to recover while helping to absorb CO₂ emission, thus creating a natural, sustainable, and environmentally responsible process.

Use of Solar Energy

STGT aims to reduce GHG emissions from its operations as well as reduce electricity consumption per product unit by 10% by 2024, from base year 2019, while maintaining carbon neutrality as part of its short-term, medium-term, and long-term energy conservation goals. In 2023, STGT installed the solar power generation systems (Solar Rooftop) at Hat Yai, Sadao P.S. and Chumphon branches with a capacity of 1 megawatt per branch. The average electricity production for each branch is 1,368 megawatt-hours per year (MWh/year) and 4,104 MWh/year for all three branches. The generated electricity will be used in the production processes and offices. Thus, the installation projects will reduce greenhouse gas emissions approximately 653 tons of carbon dioxide equivalent per year (tCO₂e/year) per branch and 1,959 tCO₂e/year for all three branches. Moreover, STGT approved an investment budget for the installation of solar power generation systems as further projects in which spans across approximately 18.29 MW. As for future projects, the Company has planned for the installations of floating solar(s) at its branch factories in Trang, Surat Thani, and Chumphon. Additional, solar panels powered lighting systems and other applications will also be installed at Hat Yai, Sadao P.S. and Anvar branch factories. The Company's solar projects are estimated to contribute to approximately 4% of daily electricity requirements of its operations.



Water Management and Wastewater Management Sourcing

In order to put forward preventive and mitigation measures on possible risks associated with the use of water in its production process, STGT ensures that none of its factories is located in area with potential water scarcity as determined and identified by the World Resources Institute (WRI) Aqueduct Water Risk Atlas tool.

The Company uses groundwater, treated surface water, as well as treated wastewater for its production line. STGT has established guidelines for water management in order to best utilise water and prevent possible impacts on environment and surrounding communities. These guideline are published in the Company's sustainability report. With this, the Company has set its target to reduce water consumption per product unit by 10% within 2024 (from 2019 figure).

Wastewater Management

The Company ensures that wastewater generated from its production process is treated by wastewater treatment systems to meet the minimum effluent quality standard before being discharged to ditches and channels outside the factory. Water from wastewater treatment is also reused for business activities.

The Company also installed the Biochemical Oxygen Demand (BOD) online system that monitors and records the level of oxygen needed by microorganisms to decompose organic substances in wastewater and reports real-time results to the Department of Industrial Works in order to ensure that water discharged to public sources meets legal standards.



Section 1.2: Award and Recognition

STGT's commitment and determination toward sustainability has resulted in number of awards and recognition such as the following:



SET ESG Ratings (AAA) 2023 by the Stock Exchange of Thailand (SET): for the first time (THSI; the third consecutive year) in the Consumer Products business, which a listed company that conducts business sustainably by considering ESG.



SET AWARDS 2023 by the Stock Exchange of Thailand (SET): for Sustainability Excellence (Highly Commended Sustainability Awards) as an exemplary sustainable organization with outstanding sustainable business operations which takes into consideration all stakeholders, rendering economic growth along with participation in creating positive impacts on society and the environment.



SUSTAINABILITY DISCLOSURE AWARD 2023 by Thaipat Insitute: the second year in a row as a member of the Sustainability Disclosure Community (SDC) to encourage listed companies to be aware of and give importance to ESG issues and responds to the Sustainable Development Goals (SDGs) together.



Green Industry by Department of Industrial Works:

- (2023-2026) Green Industry Level 3 (Green System) for Sadao P.S.
- (2023-present) Green Industry Level 4 (Green Culture) for Hat Yai, Trang and Surat Thani Branches



Carbon Footprint for Organisation (CFO): Five branch factories, namely Hat Yai Branch, Surat Thani Branch, Trang Branch, Chumphon Branch and Sadao P.S. Branch, have been certified and registered as CFO with Thailand Greenhouse Gas Management Organization (Public Organization) (TGO).

*Note: the above list includes only awards received from 2021-present



Section 2

Green Financing Framework

The Green Financing Framework (“Framework”) has been published with the aim of demonstrating how STGT intends to raise its funding to support the financing and/or refinancing of its “Eligible Green Projects”. This Green Financing Framework has been designed with considerations to the below guidelines:

- The Green Bond Principles (“GBP”), issued by the International Capital Market Association (“ICMA”) in June 2021¹
- The ASEAN Green Bond Standards (“AGBS”), issued by the ASEAN Capital Markets Forum (“ACMF”) in October 2018²
- Green Loan Principles (“GLP”), issued by the Loan Syndications and Trading Association (“LSTA”), the Loan Market Association (“LMA”) and the Asia Pacific Loan Market Association (“APLMA”) in February 2023³

In order to ensure the alignment of STGT project activities against the above guidelines, this Green Financing Framework has been designed to showcase STGT’s activities based on the following 4 components as recommended by the Second Party Opinion (“SPO”) provider:

1. Use of Proceeds
2. Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

Section 2.1: Use of Proceeds

Eligible Green Project Categories

STGT intends to allocate an amount of at least equivalent to its net proceeds from the upcoming green financing instrument under this Framework. The net proceeds will be exclusively used for the financing and/or refinancing of the below Eligible Green Project Categories, with initial investment up to 2 year prior to the issuance date of such instrument.

As of July 2022, STGT has a total of 68 eligible green projects to be implemented across all factories, with each of the factory receiving similar or different projects depending on individual needs/requirements. The projects can be categorised under the below 5 Eligible Green Categories.




1. https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf





2 <https://www.theacmf.org/initiatives/sustainable-finance/asean-green-bond-standards>

3 <https://www.lsta.org/content/green-loan-principles/>




Renewable Energy

Example of Eligible Green Project(s)/ Asset(s) Description	<ul style="list-style-type: none"> • Installation of floating solar, solar rooftop, and solar panel • Biomass plants with lifecycle emission of less than 100 gCO₂e/kWh from waste wood chips, waste bark, sourced from sustainable plantation, including the maintenance and replacement of equipment, e.g., back pressure turbine
Environmental Benefits	<ul style="list-style-type: none"> • To promote use of clean electricity while reducing use of electricity from non-renewable energy
Objectives and Alignment with ICMA GBP / ACMF GBS / UN SGDs	 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix



Pollution Prevention and Control

Example of Eligible Green Project(s)/ Asset(s) Description	<ul style="list-style-type: none"> • Projects to introduce higher efficiency boilers with bag filters system which enable the reduction of amount of particulate matter that is produced by the combustion of biomass and equipment acquisition and replacement, e.g., ash chain conveyor, dust collector, and wood chipper • Installation of wood bark separator to separate small wood bark from soil. Such wood barks are now being used as biomass for boilers
Environmental Benefits	<ul style="list-style-type: none"> • To reduce emission of particulate matter • To minimise waste and increase the use of wood bark as biomass fuel for boilers
Objectives and Alignment with ICMA GBP / ACMF GBS / UN SGDs	<div>  3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination </div> <div>  9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities </div> <div>  11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management </div> <div>  12.2 By 2030, achieve the sustainable management and efficient use of natural resources </div>





Energy Efficiency

Example of Eligible Green Project(s)/ Asset(s) Description	<ul style="list-style-type: none"> • Projects to introduce higher efficiency boilers with bag filters system which enable the reduction of energy consumption • Installation of new chiller • Installation of new air conditioner with high energy efficiency and lower Global Warming Potential (“GWP”) • Installation of new air compressors used in production processes • Projects to replace fluorescent tubes with LEDs • Installation of automatic air blowers for auto stripping • Installation of venturi steam traps which have better efficiency in term of energy loss minimisation as compared to float traps
Environmental Benefits	<ul style="list-style-type: none"> • To reduce energy/ electricity consumption and GHG emissions • To improve energy efficiency and reduce energy consumption of the production process
Objectives and Alignment with ICMA GBP / ACMF GBS / UN SGDs	<div>  <p>7.3 By 2030, double the global rate of improvement in energy efficiency</p> </div> <div>  <p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p> </div> <div>  </div>

Sustainable Water and Wastewater Management

Example of Eligible Green Project(s)/ Asset(s) Description	<ul style="list-style-type: none"> • Installation of new (upgraded) wastewater recycling systems • Installation of wastewater pre-treatment systems
Environmental Benefits	<ul style="list-style-type: none"> • To reduce water withdrawal and increase the use of recycled water in gloves production line • To control water pollution to be in line with legal water discharge standards. • To increase efficiency of wastewater treatment plants to support wastewater loading (input) and improve treated water (output) quality.
Objectives and Alignment with ICMA GBP / ACMF GBS / UN SGDs	<div>  <p>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally</p> </div> <div>  <p>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p> </div>

Clean Transportation

Example of Eligible Green Project(s)/ Asset(s) Description	<ul style="list-style-type: none"> • Electric vehicles, e.g., electric motorcycle, electric truck, electric forklifts • Project to renovate an area to be a battery charging station to support increased number of electric vehicles
Environmental Benefits	<ul style="list-style-type: none"> • To reduce GHG emission from mobile combustion
Objectives and Alignment with ICMA GBP / ACMF GBS / UN SGDs	<div>  <p>3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination</p> </div> <hr/> <div>  <p>7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States and landlocked developing countries, in accordance with their respective programmes of support</p> </div> <hr/> <div>  <p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p> </div> <hr/> <div>  <p>11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p> </div>

Exclusions (Non-Eligible Green Projects)

Any expenditure used to fund or related to the following activities (Non-Eligible Green Projects) will be seen as misuse of proceeds.

- Fossil fuel power generation projects;
- Large scale hydropower plants (>25MW capacity);
- Generation of nuclear power;
- Biomass plants, waste to energy power plants and geothermal plants with CO₂ emission level of more than 100 gCO₂e/kWh;
- Child labor; and
- Forced labor



Section 2.2: Process for Project Evaluation and Selection

In order to verify the eligibility of the above proposed Eligible Green Project(s), the ESG Working Group, comprising of the Corporate Governance and Sustainable Development Committee, factory managers, Sustainability Department as well as environmental team members, Investor Relations, Finance and Human Resources personnel, along with group of experienced engineers, was put together. The team shall be responsible for the evaluation and selection of the Eligible Green Project(s). Every potential Green Eligible Project will have to be evaluated using financial analysis, while making sure they contribute to the benefits of the Company as well as the environment. They also have to comply with the country's law and regulations. In order to identify the most suitable project(s) to be awarded with the proceeds, an approval from management level including that of the CEO and CFO is required. Throughout, the life of the green financing instruments, the ESG Working Group will perform its responsibilities including but not limited to the following;

- Review and validate the existing Eligible Green Project(s)
- Monitor the allocation of proceeds in order to ensure maximum utilization of the use of proceeds, as well as to facilitate the ongoing reporting
- Propose and implement new Eligible Green Project(s) in the event that certain existing project(s) no longer meet the eligibility criteria
- Oversee any ESG-related controversies such as those that may impact the local communities or the ecosystems)
- Facilitate regular reporting on Green issuance(s) in alignment with the section 2.4 'Reporting'
- Report on the amendment of the Green Financing Framework

Section 2.3: Management of Proceeds

The net proceeds from green financing instruments under this framework will be managed by the ESG Working Group who will be held responsible for the allocation of the net proceeds to the above Eligible Green Project(s).

The net proceeds will be deposited in the Company's Dedicated Green Financing Account. With this, STGT shall maintain its funding towards such project to be at least equal to or exceed the net proceeds received and shall regularly monitor its use of net proceeds from the instruments issued under this Framework. The balance figure shall be updated and reflected on the Company's website on an annual basis in order to remain transparent. As for the remaining (unallocated) proceeds, STGT may choose to hold them in either cash or investments (limited to short-term liquid instruments) and shall aim to allocate the amount to eligible green projects within 5 years of instrument's issue date.

In the event that any of the above project fails to maintain its quality and eligibility to be in accordance with the criteria, STGT shall replace such project with the alternative projects as soon as it/they are identified and approved.

Section 2.4: Reporting

Reporting of STGT's use of net proceeds from the instruments will commence within a year after the issuance/ financing and will be revised to reflect the latest data on an annual basis until the full amount has been allocated.

Allocation Reporting

Until the total net proceeds from the instrument has been fully allocated, the ESG Working Group will prepare and make available through the Company's website, a report on the fund allocation progress. This report will be designed to include the following but not limited to:

- The net proceeds figure along with amount or portion (%) of allocated funds towards the Eligible Green Project(s)
- Brief description and summary of projects financed by the Eligible Green Project(s) including location(s) and status of each project
- The amount or portion (%) used in financing as well as refinancing
- The balance or portion (%) of unallocated proceeds

Impact Reporting

STGT shall aim to communicate its progress and impact of the above Green Eligible Projects on its stakeholders on an annual basis. The company plans to track its progress based on the below impact indicators

Eligible Green Category	Example of impact indicators
Renewable Energy	<ul style="list-style-type: none"> • Increase in consumption of renewable energy (kWh) • Reduction in amount of non-renewable energy consumed or purchased (kWh) • Reduction in total GHG emissions including the indirect scope 2 GHG emissions (tCO₂e)
Pollution Prevention	<ul style="list-style-type: none"> • Reduction in vented particulate matter (ppm) • Reduction in disposal of mixture of wood bark and soil (tons) • Improvement in the utilization of biomass resources (%)
Energy Efficiency	<ul style="list-style-type: none"> • Reduction in energy consumption (GJ) • Reduction in electricity consumption (kWh) • Reduction in steam/heat consumption (GJ) • Reduction in total GHG emissions including the indirect scope 2 GHG emissions (tCO₂e)
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Increase in water recycled (m³) • Reduction in new water withdrawal (m³) • Improvement in (or the efficiency of) wastewater treatment systems (%)
Clean Transportation	<ul style="list-style-type: none"> • Annual reduction in GHG emissions (tCO₂e)

Section 3 External Review

STGT will engage DNV, an internationally recognised SPO provider, to provide an assessment on the alignment of the allocation of funds with Framework's criteria until the full allocation of the proceeds. The report will be made available to investors on the Investor Relations section of STGT's website.

Section 4 Amendment to this Framework

STGT will review this Framework on a regular basis, including its alignment to the future versions/amendments of the Green Bond Principles, ASEAN Green Bond Standards and Green Loan Principles, as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to approval of STGT and independent third-party viewer. Any future updated version of this Framework will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an External Reviewer. The updated Framework, if any, will be published on STGT's website and will replace this Framework





Clean World Clean Gloves



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Sri Trang Gloves (Thailand) Public Company Limited

17th Floor, Park Venture Ecoplex Unit 1701, 1707-1712 No.
57 Wireless Road, Lumpini, Pathumwan, Bangkok, 10330, Thailand