



At TRC. 202/2025

1st October 2025

Subject: Notification of organizational downsizing and employment restructuring

To: All Stake Holders

Thai Rayon Public Company Limited, registered factory number 3-44-1/20, located at 36 Moo 2, Ayutthaya-Angthong Road, Posa Sub-district, Mueang Angthong District, Angthong Province, is a large factory in Angthong Province. It has been promoted for by Board of Investment (BOI) to produce synthetic fibers, sodium sulfate, sulfuric acid, and carbon disulfide. The company was established for more than half a century by starting operations in 1976 with high-standard technology and trusted by customers worldwide in more than 40 countries on every continent. Our products are considered sustainable and environmentally friendly compared to other synthetic fibers, including cotton products.

Thai Rayon Public Company Limited is the first large-scale, modern industrial factory in Angthong Province which was established in conjunction with Thailand's national development policy to transform from an agricultural society to an industrial one. In 1976, the factory's initial construction began in a rice paddy which later, communities came to settle nearby due to the employment and economic opportunities created by the factory's operations, the majority of the company's employees are locals from Angthong Province and nearby, from its initial days with only a few employees until now the company employs over 1,000 employees and contractors which the factory's operations have generated direct income for employees and indirectly distributed income to communities in Angthong Province and nearby.

Over many years ago, the company's business has become highly competitive, driven by significant growth and increased production capacity in China and other Asian countries and competition is also driven by rising market prices and costs in all areas such as energy, labor, and transportation, including raw material imports and exports. However, the company still continues to prioritize investing in the most modern and up-to-date environmental quality management and control systems for this type of business. And the company is committed to sustainable business practices and social and environmental responsibility, as you



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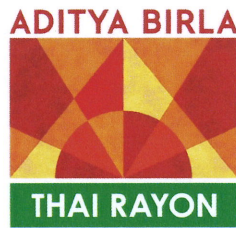
Thai Rayon Public Company Limited

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have been informed of in various meetings held at the factory and provincial levels, as well as through other communication channels of the company.

In the production process for rayon fibers inevitably involves the use of chemicals as a necessary raw material which the company has established a systematic waste treatment system in accordance with relevant legal requirements by utilizing modern technology appropriate for the organization in order to minimize environmental impacts on the surrounding community and residents. Which throughout the years ago, the company has consistently worked closely with both central and local government agencies, as well as surrounding communities. Furthermore, the company is committed to communicating and cooperating with the government and local residents to address odor and other issues in accordance with the law, while also consistently implementing community relations and social responsibility initiatives.

However, over last few years, the company has faced 4 lawsuits from some minority groups in the community by citing odor as the issue. Although the company strictly operates under the law and has a record of continuous improvement to reduce emissions which the company has significantly invested in improving its environmental quality control systems, such as installing and improving its chemical recovery system (which is a modern technology and is the only one in Thailand) and various recycling systems, continuously with an investment of over 800 million baht during in last 10 years.

In the past, the company has faced numerous crises, from Tom Yum Kung crisis in Asia, Hamburger crisis, COVID-19 pandemic which has impacted businesses worldwide, including Thailand. The company has sustained its business from the severity of COVID-19 pandemic by temporarily suspending operations under Section 75 to preserve employee employment as much as possible and minimize the impact on the well-being of employees and their families despite the company having sustained losses in past few years and the current situation, both internal and external factors, still do not allow for a better path.

However, the crisis has had the greatest impact on individuals and groups who have directly or indirectly benefited from the factory, both present and past, and from the discontent of a few individuals in the community has become a constant issue for government agencies always, which this is a claim based on personal feelings and bias. The company has therefore become the focus of scrutiny from various provincial



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government agencies which the company has always well cooperated and respected their visits and inspections. A small group of dissatisfied people had joined together to sue the company in the Environmental Court and one case among them was class action lawsuit which the court already judged in 2023, allowing for a settlement between the communities and company along with guidelines for both sectors to live together peacefully and sustainably. The company has provided progress reports on compliance with the compromise agreement to the court, village representatives, and various agencies as well. But there are currently groups of people with different opinions who have joined together by inviting outsiders to sue the company and demand nearly one hundred million baht as compensation.

In the part of government agencies, they have set additional conditions that are not realistic (practical) to comply with, and no other factory in the world has such conditions for operating. However, the company has not neglected to provide further clarification and understanding to the authorities and have also appealed the conditions to the relevant authorities, but have received no positive signal causing the parent company overseas to become concerned about the risks of investing in the company's operations in Thailand, this has resulted in the parent company reducing and limiting all factory budgets for over two years, resulting in the company lacking liquidity to continue managing the business

From the main issues mentioned above that have been pressing together and showing no end in sight resulting the company is required to reassess all business risks to ensure its survival and minimize the impact on the employment and livelihoods of its employees as less as possible, the company has therefore decided to downsize its factory operations by approximately 20 percent (one line), this downsizing is inevitably followed by a reduction in the number of employees in order to be consistent with the actual production size and capacity in order to counter balance the cost of production. Employee separation will be treated fairly across prevailing labour laws.

The company will continue to review the dynamically changing situations of business environment for sustainable operation and is committed to operate business with integrity, care, and responsibility toward society, the well-being of its employees, and the community, along with sustainable environmental



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conservation, to ensure peaceful coexistence and a good quality of life for the people of Angthong and all sectors.

For your information

Sincerely yours,

A handwritten signature in blue ink, appearing to read "S.K. Gupta".

Sushil Kumar Gupta

Unit Head



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